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# FOREWORD

## ACRONYMS

APEC	Asia-Pacific Economic Cooperation
DICT	Department of Information and Communications Technology
DTI	Digital Transformation Index
ESCAP	Economic and Social Commission for Asia and the Pacific
GDP	Gross Domestic Product
GovPNG	Government of Papua New Guinea
	Human Resources
ICT	Information & Communications Technology
LTE	Long Term Evolution
MSME	Micro, Small, and Medium Enterprises
OECD	Organisation for Economic Cooperation & Development
PNG	Papua New Guinea
PSICTSC	Public Service Information and Communications Technology Steering Committee
PU	Policy Unit
SDG	Sustainable Development Goal
TA	Technical Assistance
	Terms of Reference
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
WIMAX	Worldwide Interoperability for Microwave Access

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# CONTENTS

Preamble

Introduction

Aim, scope, and benefits

Compatibility with Existing Policy, Legislation, and Plans

Courses of Action and Tasks

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Annex A: Documents Pertaining to Digital Transformation

Annex B:

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## PREAMBLE

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This plan conforms to these requirements.

In reading the document, it is important therefore for stakeholders to keep in mind that the intention has not been – and should not have been – to state explicitly how their respective interests might be catered for. This is not a document that attempts to be all things to all people, nor should it be. The almost complete absence of systematic, comprehensive, recent, and valid data upon which to base rational and impartial decisions about digital transformation in PNG effectively prohibits this.

Accordingly, the overriding purpose of this plan is to start to rectify such ‘data-deprivation’ by operationalising and making as effective as possible as quickly as possible an ICT governing body that is already established in law and, thereby, to provide the bases for taking a small number of well-informed and judicious first steps towards an inclusive digital economy.

Done well, the data collection and analysis and other tasks that are assigned to this body under the Plan will provide grounds for the gradual expansion and acceleration of digital transformation in government, and more broadly, that will have clear benefits for a growing number of stakeholders.

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3 The general approach adopted here is endorsed by the OECD (2021) – See Coupienne and Harihareswara (2021) [Overcoming exclusion in digital economies](#). In [Development Co-operation Report 2021: Shaping a Just Digital Transformation](#), [online source](#). For lower income countries, an ‘agile’ and ‘lean’ approach is also advocated by The Rockefeller Foundation (2018), one that enables governments to adopt ‘lean’ platforms that are less expensive, rapidly deployable, interoperable, modular, and user-centric...that are designed to scale [so that] when the opportunity presents itself, lower-income countries can position themselves for further expansion when the value proposition of the platforms has been proven.’ See: [Promoting Digital Transformation in Lower-Income Countries](#), [online source](#)

4 In their recent assessment of the digital landscape of countries in the Asia Pacific, UNESCAP (2022) emphasise the serious limitations arising from a lack of data:





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## COURSE OF ACTION 1: OPERATIONALISE PSICTSC AND SECRETARIAT

Under this course of action, the DCIT will:

Operationalise the PSICTSC.

Establish a high quality, medium-term (3 years) technical support facility or secretariat (the Secretariat) for the PSICTSC that contains, or has institutionalised easy access to, high level capabilities in digital transformation, development management, qualitative and quantitative data collection and analysis, and organisational development and change.

- c. Draft detailed terms of reference (TOR) for the Secretariat; job descriptions and person specifications for its staff; and a recruitment and selection strategy.

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A critical path for these tasks is in Annex C

A critical path for these tasks is in Annex Annex D

An instrument that has been used to good effect in other settings should be selected such as the one developed by the World Bank. This assesses digital readiness in terms of leadership and governance; user-centred design; public administration and change management; capabilities, cultures, and skills; technology infrastructure; data infrastructure governance and strategies; cybersecurity privacy and resilience; legislation and regulation; and the digital ecosystem. See World Bank (2020, April). [Digital Government Readiness Assessment Toolkit V31](#), [online source](#)

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## ANNEX A: DOCUMENTS PERTAINING TO DIGITAL TRANSFORMATION

#	INSTRUMENT	LENGTH (PAGES)	STATUS
	The Constitution of PNG		Approved, in effect
	PNG Vision 2050		Approved, in effect
	PNG Development Strategic Plan 2010-2030		Approved, in effect
	National ICT Act 2009		Approved, in effect
	National Broadband Policy 2013		Approved, in effect
	PNG National Security Policy 2013		Approved, in effect
	ICT Road Map 2018		Approved, in effect
	PNG Medium Term Revenue Strategy 2018-2022		Approved, in effect
	PNG NSDS Volumes 1 and 2 2018-2027		Approved, in effect
	Digital Transformation Policy 2020		Approved, in effect
	Cloud Policy 2021		
	Universal Access Policy 2022		
	National Cyber Security Policy 2021		Approved, in effect
	Digital Government Act 2022		Approved, in effect
	Digital Government Plan 2023-2027		Approved, in effect
	Right to Information Policy (2020-2030)		Approved, in effect
	National Public Service Gender Equity and Social Inclusion Policy		Approved, in effect
	APEC Internet and Digital Economy Roadmap 2017		Approved, in effect
	Chair's Era Kone Statement 2018		In effect
	SDG Report 2022		Approved, in effect

## ANNEX B: ENABLING ACTIONS FOR DIGITAL TRANSFORMATION

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ANNEX E: CRITICAL PATH 3 - START DIGITAL TRANSFORMATION PROJECT APPRAISALS

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## ANNEX F: BRIEFING NOTE 3

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### PROJECT PROPOSAL FOR TECHNICAL ASSISTANCE TO THE SECRETARIAT OF THE PSICTSC & FOLLOW-UP

The recently approved National Digital Transformation Plan (the Plan) recognizes that decisions regarding digital transformation in government that are optimal for equitable and sustainable development can only be made in the light of impartial assessments of the best available empirical evidence (e.g., on development need, on digital readiness, on demand and citizen satisfaction with public services, on digital development-effectiveness and need

## ANNEX G: BRIEFING NOTE 4

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### PROJECT PROPOSAL TO ASSESS DIGITAL READINESS AND CITIZEN SATISFACTION

The recently approved National Digital Transformation Plan (the Plan) recognizes that decisions regarding digital transformation in government that are optimal for equitable and sustainable can only be made in the light of impartial assessments of the best available empirical evidence (e.g., on digital readiness, on demand and citizen satisfaction with public services, on digital development effectiveness and need and who is likely to benefit, and on digital cost-effectiveness).

The Plan also acknowledges that the demands, complexity, and vicissitudes of the PNG development context and political economy, and the high costs of digital transformation, require decisions to be transparent, highly selective, incremental, and low risk.

Accordingly, the plan of the GovPNG is to provide as soon as possible for the generation and analysis of recent, valid, and reliable data to inform government decisions regarding inclusive digital transformation.

Important foundations of such data collection and analysis will include:

- A comprehensive (whole of government), independent digital readiness survey.

- An independent survey that measures citizen satisfaction with public service delivery as a baseline for gauging the effects of digital transformations.

The surveys' results will be collated, analysed, and presented in separate reports that tease out the implications of the findings for the extent, direction, and scheduling of digital transformation in government.

To protect against conflicts of interest, the Plan proposes that the surveys be 'independent'.

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## ANNEX I: BRIEFING NOTE 6

### PROJECT PROPOSAL TO EXAMINE COMBATING TAX EVASION WITH DIGITAL TRANSFORMATION

#### INTRODUCTION

The economy of PNG is dominated by two sectors: the **agricultural, forestry, and fishing sector**, which employs the majority of the labour force (most, informally); and the **minerals and energy extraction sector** which accounts for the majority of export earnings and Gross Domestic Product (GDP) (World Bank, 2017).

Tax evasion is a major problem in the extractives sector, a problem that is starkly exemplified by the logging or timber industry in PNG. PNG is now among the world's largest exporters of tropical wood. In 2014, PNG exported 3.8 million cubic meters of unprocessed tropical wood, mainly to China.

In addition, there is considerable scope to increase government revenues by changing policy on tax expenditures or tax incentives. Such taxation policy is too lenient according to the World Bank (2017), which sees the potential for significant revenue increases arising from: 'the mineral and petroleum sector by discontinuing the practice of providing significant tax concessions to companies operating in this sector' and that this 'will improve both the fiscal balance and the foreign exchange position in PNG.'

However, perhaps the most serious and neglected taxation problem is transfer pricing, as demonstrated below.

#### TRANSFER PRICING<sup>5</sup>

In a report released early 2016, the Oakland Institute exposed massive tax evasion and financial misreporting by foreign logging companies in PNG, leading to the non-payment of hundreds of millions of dollars in taxes.

According to Mousseau (2016):

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3 Such as through the use of transfer pricing.

4 World Bank (2017), [online source](#)

5 Transfer pricing is a means of tax evasion that entails selling at well below market prices goods produced in one country to a subsidiary of the producer/seller that is located in a tax haven, where the products are sold-on at true market value and/or purchasing services or other means of production at inflated prices from subsidiaries. For a graphic example, see: Gulbrandsen C, Veileborg H. & Fraser, N. (2013). *Stealing Africa - Why Poverty?* [online source](#); see also José G. Vargas-Hernández (2014). *Income Distribution in Multinational Firms through Transfer Pricing*. Journal of Finance and Economics, 2014, 2(3), 60-66.

6 This same company owned the main English language national daily newspaper in PNG - The National - and clearly exercised strict editorial control on anything that could be regarded as adverse coverage of its logging activities.

7 See: Mousseau, F. (2016). *Putting a halt to the great timber heist in Papua New Guinea*. Lowy Institute: The Interpreter: [online source](#)

The same study recommended that government should:

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 ". 7&% . -7"+ . -: '- .B'9OP'>- /&B'/\$<<+%7PK<3'UL3

It seems unlikely that much has changed in the intervening years.

This briefing note is designed to help the DICT obtain support for a donor funded consultancy that will contribute to the work of the PSICTSC and its secretariat by investigating how digital transformation could help to stem the substantial losses to transfer pricing and other forms of tax evasion, particularly in the extractives sector.

The main features of the consultancy will be:

**OUTPUTS:** an inception report (no later than 20 days from commencement) that sets out the approach that

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