





# Oil Search

COMMITTED TO PNG

FOUNDER AND PRINCIPAL DONOR  
TO THE OIL SEARCH FOUNDATION

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# PREFACE

As Papua New Guinea's largest company, Oil Search is committed to taking the lead in bringing business and society together. The Oil Search Foundation was established as a way to embrace the intersection between social and business performance, with the purpose of improving the lives of the people of Papua New Guinea.

The Oil Search Foundation Strategy 2015–2020 (the Strategy) is designed to leverage Oil Search's comparative advantage, create shared value where possible, and above all, improve our effectiveness as a development partner to support better development outcomes in Papua New Guinea.

The Strategy consists of two parts: Part 1) the 'Foundation Strategy' which details the overarching strategic direction and structure of the organisation; and Part 2) specified 'Sub-Strategies' for each development stream.

Together, the Foundation Strategy and its Sub-Strategies constitute the Oil Search Foundation Strategy 2015–2020 with the high-level aim to operate as an effective and respected development partner in a manner that realises real and sustainable outcomes for the people of Papua New Guinea.



“We believe that the proactive participation of the corporate sector is not only needed, but an obligation. Oil Search is Papua New Guinea’s largest company and is an integral part of the PNG community. With this comes a responsibility to ensure our community is healthy, prosperous and safe.”

**Peter Botten**  
*Managing Director, Oil Search*

The Oil Search Foundation is a development partner dedicated to improving the lives of Papua New Guineans. We focus on health, leadership and education, and women’s protection and empowerment because in these fields we can make a real difference.

Identifying PNG’s priorities is only the first step. Working closely in partnership with individuals and communities right through to decision-makers at the national level is the key to success.

# RATIONALE

## Social responsibility

### *Why Oil Search supports a foundation*

Oil Search operates in an environment with significant challenges to delivering social and economic outcomes for Papua New Guinea's diverse and largely rural population.

The proactive participation of the private sector in assisting Papua New Guinea address these challenges is not only needed, but is a social obligation that requires unwavering leadership and commitment. For Oil Search, societal needs, not just conventional economic fundamentals, define its operating environment.

Supporting Papua New Guinea to deliver better development outcomes for its people is not only good for the country, but also makes good business sense. A stable and safe Papua New Guinea, with healthy communities and a safe and educated workforce, is a fundamental requirement for successful long-term operations. Enhancing Oil Search's reputation as a good corporate citizen strengthens the Company's social license to operate.

## Development priorities

### *Where Oil Search provides support*

The Papua New Guinea government has defined health, education and gender equality as key priorities in its development planning processes at national, district and community levels.

By providing support to the PNG Government at the local and national level, Oil Search aligns with the country's development priorities; aiming to work in close partnership with a range of stakeholders to address the country's significant burden of disease, widespread culture of family and sexual violence, and weak educational systems.

## Business synergies

### *Leveraging the comparative advantage*

As Papua New Guinea's largest company, Oil Search maintains a wide range of internal systems and support mechanisms to successfully operate its business. This offers the Oil Search Foundation a unique comparative advantage as a development partner.

In addition to utilising Oil Search's business systems, the Strategy prioritises coordination and exchange of services and expertise between the Oil Search Foundation and the Company-at-large; including in particular with the Sustainability and the Community Affairs teams, and the Medical and Occupational Health Service.



# PURPOSE

The purpose of our Strategy is encapsulated in our vision and mission statement. Our vision portrays the optimal desired future state-of-affairs to which our everyday work ultimately contributes over the long-term, while our mission defines our purpose and what we contribute to the achievement of the vision.

The Strategy is underpinned by an organisational culture expressed in our values, behaviours and operating principles. Our values define who we are, our behaviours describe how we work together, and our operating principles set forth the manner in which we deliver our programs and what we view as critical to our success.

## Behaviours

- **Accountable:** Taking ownership and holding themselves and others to account for delivery of actions and outcomes.
- **Culturally Aware:** Appreciative of cultural differences; adapting to people and environments.
- **Forward Thinking:** Analysing and integrating information and ideas to determine the best course of action; priorities and plans.
- **Resourceful:** Thinking things through and identifying and acting on opportunities to improve the business and deliver results.
- **Leading Others:** Developing and inspiring our people to perform at their potential.
- **Working Together:** Collaborating and building essential relationships to achieve our goals.

## Operating principles

- We support Papua New Guinea to achieve its own development goals.
- We proactively build partnerships, as we know they are at the core of high-impact development outcomes.
- Our programs are always informed by the priorities of our key stakeholders, including government and community stakeholders.
- Our operations are underpinned by strong governance, measurable performance, risk management and ongoing capacity development of our workforce.
- We communicate accurately what we do.
- We holistically consider women's protection and empowerment in all our operations.



# VISION

Every adult and child in Papua New Guinea has access to functioning and effective health and education services.

# MISSION

To contribute to nationwide development goals by working in partnership with government and stakeholders to improve development outcomes and achieve system stability and functionality.



# VALUES

We are a **caring** organisation that operates with high **integrity** and **respect**. We are **passionate** about development and strive to deliver **excellence** through **innovation** and **partnership** with a **diverse** and highly **responsible** workforce.

# STRATEGY

## Broader mandate

### *Establishing the Oil Search Foundation*

Over the course of 2015, the Oil Search Health Foundation transitioned into the Oil Search Foundation which embraces a broader development mandate. The existing health programs of the Oil Search Health Foundation seamlessly integrate into the scope of this new entity.

Under the broader Oil Search Foundation, the organisation's strategic direction and programmatic implementation remains largely unchanged. 'Health' will remain a key development stream, alongside two new streams: 'Leadership and Education' and 'Women's Protection and Empowerment'.

## Strategic direction

### *Development streams*

Health indicators in the country show great need and Papua New Guinea is not on track to reach most of its health development goals. Health will therefore remain a prominent development stream for the Oil Search Foundation.

The 'Papua New Guinea Vision 2050' emphasizes human capital development, gender, and youth and people empowerment as one of its seven strategic focus areas. While basic education is free and compulsory in Papua New Guinea for students aged 6-14 years, its quality and reach is poor. What's more, PNG's education system is currently not equipped to produce the quality of leaders the country needs for the future.

The high prevalence of family and sexual violence in PNG, and particularly in the Highlands, is a crosscutting issue with very serious implications for health and education, economic development, justice and law enforcement and stability. Through the women's protection and empowerment development stream we contribute to widespread change by linking our support provided through the Foundation

## Good to great

### *Building on success and improving engagement*

The Oil Search Foundation was established in 2011 as the 'Oil Search Health Foundation' with its core operations focussed on delivering three public health programs in the areas of HIV, malaria, and maternal and child health. The present strategy capitalises on the achievements of these health programs, and as such, will not risk change simply for the sake of change.

In looking forward, we recognise our achievements and are determined to build on our success. With the transition to the Oil Search Foundation we will deepen our commitment in a pragmatic and realistic approach to identify areas for improvement and opportunities for expansion – both in terms of activity and geography.



## Building on success

Many aspects of the Strategy will be familiar to those acquainted with the work of the Oil Search Health Foundation and will provide the groundwork on which we will build a more integrated and effective development-focused organisation. Building on our success, we will maintain the following key approaches:

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We will continue to support effective primary and preventive health care programs that are generating improved and measurable health outcomes for agreed public health priorities. Our initial emphasis is on maintaining the quality and coverage of existing HIV, malaria, and maternal and child health interventions; although in a more integrated manner.

We will continue to provide professional grant management solutions and in doing so will ensure a strong emphasis on continual improvement. Grant management is an important aspect of our organisation in contributing more broadly to nation-wide impact in areas that we feel we can make a substantial contribution. We will look for appropriate opportunities to manage new grants.

We will continue to place a high priority on measuring and improving our expertise, our systems and our performance. We will invest in measuring our progress, and demonstrate how we contribute to change over time.

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## Deepening our commitment

The Strategy will guide us to new and innovative ways of working to ensure recognition as an effective development partner:

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We will become a more effective development partner in Papua New Guinea, engaging with stakeholders at all levels to support Papua New Guinea achieve its own development goals. We will build stronger partnerships at the national level of government, engage and add value in development forums, and robustly participate in the donor community. We are committed to sharing our ideas, lessons learned and expertise with all stakeholders.

We will coordinate and collaborate more effectively with Oil Search to find synergies and leverage our private sector comparative advantage.

We will deliver effective performance measurement and reporting mechanisms, and commit to strong workforce development, good governance and effective organisational management.

We will move from implementing vertical health programs by separate disease-focused teams to an integrated primary health care model at the community and district level. This will streamline our public health interventions into a more effective and efficient model based on selected geographical locations and enable expansion to areas that are of high priority to our stakeholders.

We will work, where appropriate, with districts to bring in other partners such as bilateral and multilateral aid agencies, non-governmental organisations, faith-based organisations, and the private sector to assist in meeting those district priorities that are not within our mandate or capacity to support.

We will become experts on the social and political dimensions that define the districts where we work.

We will align our operating areas with our comparative advantage. For instance, we receive ongoing core funding from Oil Search and will implement Signature Programs in selected locations in the Papua New Guinea Highlands and Gulf – which are in the Company's operating area.

We will complement our development portfolio with two new development streams in the areas of 'Leadership and Education' and 'Women's Protection and Empowerment'.

We will focus on new ways of engaging with district and community level partners. This approach recognises recent reforms in Papua New Guinea's intergovernmental political, administrative and financing arrangements. Working at this level will provide the best opportunity for Oil Search to make a difference.

# ORGANISATIONAL STRUCTURE

PURPOSE

## Core components

The Strategy enables the Oil Search Foundation to develop expertise in specific locations in the Papua New Guinea Highlands and Gulf where we will build partner capacity to deliver services and direct the country's own resources towards development priorities that are most beneficial to communities. We will support national development priorities through our commitment to grant implementation as well as engage as an active development partner with a focus on achieving better outcomes for Papua New Guineans.

PILLARS

GOALS

## Organisational pillars

The Strategy is underpinned by three organisational pillars, each with a high-level development goal. Across the three pillars we focus our operations on achieving seven development objectives. Progress toward each objective will be measured against indicators and targets defined in annual works plans.

OBJECTIVES

## VISION

Every adult and child in Papua New Guinea has access to functioning and effective health and education services.

## MISSION

To contribute to nationwide development goals by working in partnership with government and stakeholders to improve development outcomes and achieve system stability and functionality.

## VALUES

We are a caring organisation that operates with high integrity and respect. We are passionate about development and strive to deliver excellence through innovation and partnership with a diverse and highly responsible workforce.

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## SIGNATURE PROGRAMS

We deliver signature programs in selected locations to improve development outcomes.

### Service Delivery

To run integrated primary and preventative health programs that contribute to improved and measurable health outcomes for agreed public health priorities.

To implement leadership and education and women's protection and empowerment programs that contribute to the overall improvement of key social development indicators.

### Systems Strengthening

To contribute to rebuilding district systems as a systems-enabler and increase focus on engagement with local level authorities.

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## DEVELOPMENT PARTNER

We support the national development agenda as an active and effective development partner.

### National Engagement

To be respected as an effective long-term development partner.

### Partnerships

To maintain strong partnerships at all levels of the system with relevant public and private development stakeholders.

### Grant Management

To deliver best practice grant management solutions.

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## ORGANISATIONAL PERFORMANCE

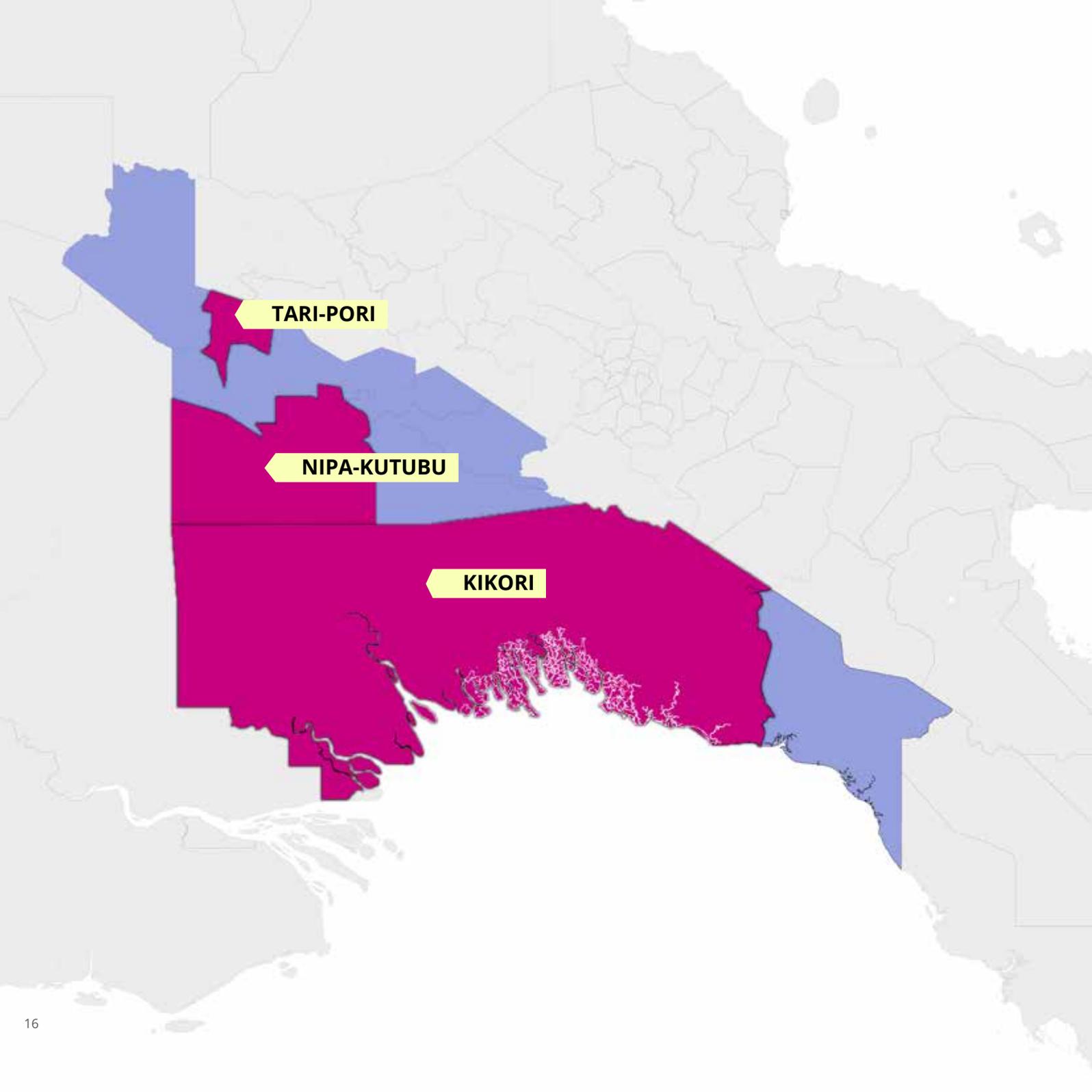
We have appropriate internal support systems to achieve our objectives and deliver on our purpose.

### Organisational Support

To maintain processes, systems and structures to be an effective and efficient organisation.

### Performance

To adequately recognise, capture, measure and enhance organisation-wide performance.



**TARI-PORI**

**NIPA-KUTUBU**

**KIKORI**

# PILLAR 1

## SIGNATURE PROGRAMS

WE DELIVER SIGNATURE PROGRAMS IN SELECTED LOCATIONS TO IMPROVE DEVELOPMENT OUTCOMES.

### **Tari-Pori District**

Hela Province

*A significant portion of the PNG LNG facilities, of which Oil Search is a major shareholder, are located in this district.*

### **Nipa-Kutubu District**

Southern Highlands Province

*A large portion of Oil Search's facilities are located in this district.*

### **Kikori District**

Gulf Province

*Oil Search pipeline and operational facilities are located in this district.*

With Oil Search continuing its role as core donor of our Signature Programs, our development streams and selected locations of operation align with the Company's social responsibility and sustainable development goals – and aim to maximise our comparative advantage.

We will negotiate financial and non-financial counterpart support from government partners as per partnership agreements. In addition, we will explore opportunities to receive funding from other donors, but will not be reliant upon any additional funding to implement our Signature Programs.

The development streams in which we deliver our Signature Programs are 'Health', 'Leadership and Education', and 'Women's Protection and Empowerment'. The provinces and districts selected for our Signature Programs are located in the proximity of Oil Search operations and have some of the most challenging environments and poorest social outcome indicators in Papua New Guinea.

## Service Delivery

*(a) To run integrated primary and preventative health programs that contribute to improved and measurable health outcomes for agreed public health priorities.*

We maintain a strong focus on delivering effective primary and preventive public health care interventions through an integrated primary health care model focused at the community and district level. The transition from a disease specific, resource inefficient approach to a more integrated primary care approach means the program will have the flexibility not only to maintain support for quality HIV, malaria and maternal and child services but also the inclusion of other public health priorities. These may vary from district to district and community to community.

*(b) To implement leadership and education, and women's protection and empowerment programs, that contribute to the overall improvement of key social development indicators.*

We will work with partners and local stakeholders to design strategic interventions that deliver sustainable early childhood education programs; create opportunities to advance the development of promising young PNG leaders; and provide a safe, supportive and progressive work environment for women. We encourage and embrace programmatic synergies. For instance, addressing women's literacy would serve both our education and empowerment objectives of respective development streams.

## Systems Strengthening

*To contribute to rebuilding district systems as a systems-enabler and increase focus on engagement with local level authorities.*

With this new approach we undertake to be a systems-enabler. Leveraging our private sector comparative advantage, and ensuring business synergies within Oil Search, we will increase engagement with local authorities and leaders to contribute to repairing and rebuilding local level and district systems through performance-based partnership agreements.

Working with local partners we will assess needs, undertake joint planning, agree shared targets and mutual responsibilities, and measure and report on our performance. Together, we will seek to attract programs and resources from Papua New Guinean government funding sources and other development partners.

Where possible, we will undertake trials of innovative interventions to stimulate community participation in and utilisation of public services, and promote the improved quality of services available through local facilities.

We will work at the district and local levels of government in recognition of their increasingly significant role in service delivery. We are mindful of the unprecedented levels of funds flowing to them through mechanisms like functional and development grants, funds distributed through Members of Parliament and royalties. We also note the establishment of District Development Authorities, who will play a major role in coordinating and monitoring service delivery.

# PILLAR 2

## DEVELOPMENT PARTNER

WE SUPPORT THE NATIONAL DEVELOPMENT AGENDA AS AN ACTIVE AND EFFECTIVE DEVELOPMENT PARTNER.

The second pillar for the Oil Search Health Foundation focuses on nationwide impact through our role as an active development partner in Papua New Guinea. We will contribute to advancing the national development agenda through active engagement at the national level, building and maintaining partnerships with government and other stakeholders, and providing grant management services beyond the confines of our Signature Programs.

**“We proactively build partnerships, as we know they are at the core of high-impact development outcomes.”**

### National Engagement

*To be respected as an effective long-term health sector development partner.*

We will engage at the national level to influence and contribute to Papua New Guinea’s national development policy agenda by investing time and effort to build and maintain strong and trusted relationships with government and stakeholders.

We will be active participants in development forums, robustly contribute in the donor community, and commit to sharing our ideas, lessons learned and expertise – particularly in delivering development programs in remote locations.

We will initiate and sustain dialogue within the private sector and with our resource industry peers to jointly influence policy and the national development agenda.

## Partnerships

*To maintain strong partnerships at all levels of the system with relevant public and private development stakeholders.*

Building partnerships is at the core of high-impact development outcomes. We will embrace partnerships at all levels, and pursue in particular private sector collaboration and public-private partnerships. We recognise that no single organisation can solve major social and development problems. Large-scale change to the lives of Papua New Guineans comes from better coordination rather than from isolated interventions of individual organisations.

Private sector collaboration is essential. Only through collaboration we can effectively pool our comparative advantages to bring about collective impact on the systems in Papua New Guinea. We will demonstrate leadership in encouraging the private sector to take a proactive stance in contributing to initiatives that have a meaningful impact on the lives of Papua New Guineans. We will champion and support selected development initiatives coordinated by the private sector and resource industry.

Public-private partnerships seek to capture private sector resources and expertise to improve provision of a public service. We are confident that in partnership, the private and public sector can truly leverage their respective skills and experience to deliver the best possible development outcomes. We will encourage national and provincial governments, as well as non-governmental organisations and other stakeholders, to participate in public-private partnerships that support and align with the country's national priorities.

## Grant Management

*To deliver best practice grant management solutions.*

Grant management is an important instrument for the Oil Search Foundation to support other parts of Papua New Guinea beyond the confines of our Signature Programs. We will build and maintain strong capacity in grant proposal writing, financial and contract management, program design and implementation, and donor reporting and accountability. To derive greater efficiency from available resources we will explore opportunities for collaborative funding and work with donors on innovative ways to appropriately attribute their contributions.

We will ensure that budgets allow sufficient financial and human resources to manage additional activities in a way that does not compromise the delivery and quality of our Signature Programs. Our capacity to manage grants on behalf of donors is largely reliant on the availability of external funding to resource our grant management team. We will therefore request cost recovery from donors where appropriate, however, under certain conditions – as directed by the Oil Search Foundation Board – we may provide in-kind or other support for grant implementation.

In applying for – or agreeing to – grant management roles, the coordination of private sector initiatives, or participation in public-private partnerships, we will ensure a feasible scope of work, adequate resourcing, follow relevant government priorities, and align with our private sector comparative advantage and expertise.

# PILLAR 3

## ORGANISATIONAL PERFORMANCE

WE HAVE APPROPRIATE INTERNAL SUPPORT SYSTEMS TO ACHIEVE OUR OBJECTIVES AND DELIVER ON OUR PURPOSE.

The organisational performance pillar constitutes of the fundamental internal support systems required to deliver our Signature Programs, support the national development agenda, and ultimately achieve our objectives and deliver on our purpose.

### Organisational Support

*To maintain processes, systems and structures to be an effective and efficient organisation.*

#### **Governance**

We will focus on delivering strong internal governance, including the adoption of appropriate policies, ensuring strong risk management systems (including decision-making frameworks) are in place, and support the Oil Search Foundation Board with timely and relevant information to facilitate its governance function.

#### **Business synergies**

We will coordinate and collaborate with other parts of Oil Search, in particular Sustainability, Community Affairs and the Medical and Occupational Health Service.

#### **Workforce development**

We will develop and implement a workforce development

strategy for both the Oil Search Foundation and our PNG partners to ensure that, together, we have the skills and expertise to implement our Strategy.

#### **Public relations and communications**

We will ensure that our mission, activities and impacts are communicated through culturally sensitive approaches and ensure recognition is given to all partners involved in contributing to successful outcomes.

### Performance

*To adequately recognise, capture, measure and enhance organisation-wide performance.*

We will develop and implement effective performance measurement systems to report and ensure accountability to donors and partners as well as to learn lessons to enable continual improvement across the organisation.

# FUNDING & GOVERNANCE

OIL SEARCH IS THE FOUNDER AND PRINCIPAL DONOR TO THE OIL SEARCH FOUNDATION.

BETWEEN 2011 AND 2015, OIL SEARCH DONATED **USD \$28.2 MILLION** TO ITS FOUNDATION.

THE FOUNDATION'S GOVERNANCE, PERFORMANCE AND OUTCOMES ARE CLOSELY MONITORED BY OIL SEARCH.

# DEVELOPMENT ACTIVITIES

WE IMPROVE THE SURVIVAL OF CHILDREN THROUGH OUR PROGRAM TARGETED AT IMMUNISATIONS AND IMPROVED NUTRITION.

WE CONTRIBUTE TO A VISION OF PAPUA NEW GUINEA IN WHICH GENDER EQUALITY IS REALISED AND WOMEN ARE EMPOWERED TO LIVE PRODUCTIVE LIVES FREE OF VIOLENCE.

WE ARE BUILDING PARTNERSHIPS TO HELP GROW PROMISING PAPUA NEW GUINEANS TO BE THE LEADERS OF TOMORROW.



# Oil Search

PRINCIPAL DONOR TO THE  
OIL SEARCH FOUNDATION

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