

Aid to PNG: a long game

by Stuart Schaefer

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As the former head of aid in PNG, I was often asked, “why are we still giving \$500 million a year in aid to PNG”?

“Why are we not giving more?” one may well ask.

To put Australia’s aid to PNG in perspective, the ACT government spends more than the whole PNG aid budget on our [public hospitals](#) alone ([\\$900 million in 2012-13](#)). As many Devpolicy readers know, PNG’s population of 7.5 million (around 20 times that of the ACT), is spread over rugged and unforgiving terrain around twice the size of Victoria. Moreover, PNG is still a relatively young nation with highly distinct ethnic groups that is marking just 40 years of independence this year.

In short, we have a large developing country right on our doorstep. Aid is complimentary to our investments in diplomacy and defence, and a cost-effective instrument to support sustainable development and security in our region.

In recent times, PNG has managed to achieve strong economic growth and wealth creation, largely through natural resource extraction. Over the past decade, economic growth in PNG averaged around 6 percent a year in real terms. Yet, PNG is not on track to meet any of the MDGs. By stark contrast, neighbouring Fiji and Vanuatu are on track to meet at least some of the MDGs, including a reduction in child mortality.

In [Save the Children’s submission](#) to the PNG aid inquiry, we have argued that economic growth is not the issue in PNG, inclusive growth is.

The central focus for Australia’s aid program should be in helping the PNG government transform the benefits of its natural resource wealth into improved well-

being for all Papua New Guineans.

To that end, we are not convinced that a compelling case has been made to re-prioritise 30 percent of the aid program to private sector led growth and aid for trade (see [PNG aid assessment](#)). Of course, the private sector drives economic growth. Aid investment decisions, however, should be based on the comparative advantage of aid in any given country and the best return on investment for Australia's aid dollars. In PNG, this includes investment in health and education. If large-scale aid investment is contemplated in the private sector, this should be non-government service providers, including the churches.

In PNG, 13,000 children die each year before the age of five (see [UNICEF statistics](#)), largely from preventable causes. Preventable and treatable diseases like pneumonia, diarrhea, measles and malaria are the biggest causes of child deaths. No child should die from preventable illnesses, especially when there are simple and low-cost solutions that can help. We are deeply concerned about any rapid transition away from service delivery. In PNG, spending on core services is insufficient. For example, [public health expenditure](#) is only 12.6 percent of total government expenditure in PNG (this includes aid funding); in Australia health is 17.8 percent of total government expenditure. There are major gaps in service provision and it is the most marginalised and deprived that are missing out. With private wealth accumulating from natural resources projects, there is a serious underclass developing in PNG.

To its credit, the PNG Government has started to implement free education and health policies. This is a costly and complex exercise, particularly in reaching populations in remote areas who risk being left behind. There is much the Australian government can do to assist. Performance benchmarks should continue to focus on Australia assisting PNG to spend more on services and to spend better.

We also welcome the aid program's strong focus on gender equality, particularly in PNG. Gender inequality in PNG manifests itself in extreme violence. Alongside targeted interventions to support women and girls, we recommend more engagement with men and boys (already starting to happen) and investment in reducing child abuse and neglect (currently, minimal investment). We recognise that child protection work is very difficult, even in Australia. DFAT leading by example with its own child protection policy is a good first step. The Australian Government could also support PNG to develop its own Child Protection Policy and establish a specialised unit to facilitate implementation.

With a renewed commitment to Australian aid assisting the PNG Government to meet the needs of all Papua New Guineans, incredibly difficult policy dilemmas will

arise. In my time, Australia cancelled funding for the distribution of quality assured medical supplies due to a compromised procurement process. The decision to withdraw was extremely difficult. A prior evaluation found quality assured medical kits had saved lives. However, this was an important stand for the Australian Government. It reflected a groundswell of public opinion in PNG that this procurement process was corrupt. Corruption as an issue gained traction because of the impact on services and ordinary people's lives.

Forty years is a relatively short time in a nation's life. Australia should stand firm on aid commitments to drive inclusive growth and shared prosperity in PNG. Echoing the words of Australia's former Prime Minister Gough Whitlam at independence, "Papua New Guinea is embarking on that most difficult of all courses – the effort to make democracy work. Nowhere in the world is this – man's noblest experiment – altogether beyond challenge, beyond the possibility of failure". Development in PNG is a long game and one that we cannot afford to lose.

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