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The Development Policy Centre

Crawford School
of Public Policy
College of
Asia & the Pacific

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Introduction

The Development Policy Centre is a research centre within the ANU's Crawford School. We promote research and discussion relating to Australian aid, the Pacific and PNG, and global development policy. The Development Policy Blog (devpolicy.org) is our platform for sharing the best analysis in these three areas, both from our own researchers and from others.

Since the first post on September 1 2010 we have published more than 500 posts from over 150 contributors. Over that time, our readership has increased greatly. Blog posts are also shared through social media and via email, and are often cross-posted.

We have also set up different series of recurring blog posts. Our monthly blog digest provides a summary of posts and themes from the past month. We have also established an expanding set of "buzzes", providing news roundups and commentaries on select development and regional themes. We provide monthly wraps on Australian aid, global development, education and development, and aid & Asia, as well as fortnightly Pacific updates, compiled in collaboration with the Pacific Institute of Public Policy.

We acknowledge with gratitude the financial support provided to the Centre by the Harold Mitchell Foundation and the Australian National University, as well as the direct financial support to our blog provided by the Asian Development Bank Institute.

Here are the 12 most popular blogs of 2012, presented in chronological order. We hope you enjoy them. Comments are welcome on all of our posts, new and old, so visit devpolicy.org and have your say.

‘Pacific Futures’: The World Bank challenges conventional thinking on the Pacific island region

Written *by* Stephen Howes and Jonathan Pryke *on* March 16, 2012

Yesterday Ferid Belhaj, World Bank Director for PNG, Timor-Leste and Pacific Islands and Vivek Suri, World Bank Lead Economist for the same region came to the ANU to present the new World Bank publication ‘Pacific Futures’.

Stephen Howes and Jonathan Pryke summarise the report and presentation below.

The starting point for *Pacific Futures* is the recognition that the Pacific island region *is* different and should not be expected to follow a conventional growth path. “Geographical factors limit Pacific Island Countries’ [PICs’] capacity to follow the path taken by rapidly growing states.” Many countries in the region are simply too small and remote to follow the conventional development path to success through industrialization and exports.

This is not to say that the PICs have no advantages. The Bank identifies three:

1. Natural resource wealth and niche opportunities (including specialised tourism). Low business costs are not a prerequisite for attracting investment when an economic rent can be earned from the exploitation of natural resources (including unique scenery) and the negative impacts of high costs of distance are less relevant. This is reflected in PICs historical heavy reliance on fisheries, minerals, forestry and tourism.

2. Remittances from their population living abroad. With a scarcity of local employment opportunities, workers have demonstrated flexibility in moving to where jobs are located.

3. Aid. PICs have been successful in leveraging their historical ties, strategic locations, and close diplomatic relations with larger economies to access sustained and durable transfers of aid.

What are the implications of a natural resource/migration/aid-based strategy to development? *Pacific Futures* argues for a four-pronged approach:

1. Integrating to reduce the economic costs of distance

- Increased labour mobility.
- Better transport and communication links.
- Harmonising regulatory frameworks and services.

2. Integrating to reduce the costs of providing public services

- Options for regional approaches include shared telecommunications and competition regulation, specialist financial management capacities (such as audit and tax assessment), and specialized health and education facilities.

3. Maximising gains from natural resource industries

- Extensive policy and regulatory reform, and institutional strengthening, are required to ensure better outcomes in PICs from natural resources.

4. Mainstreaming and maximising the benefits of aid.

- Providing sustainable donor financing for the establishment and operation of shared institutions.
- Increasing the use of budget support.
- Increasing the role of the private sector in delivering aid-financed goods and services.
- Using sustained capacity support rather than short-term capacity building in highly specialised areas with broad development impacts (for example, audit, taxation policy, or mining regulation).
- Ensuring climate change adaptation funds can be accessed and are well-utilised.

Not all of this analysis is new: some academics have long argued that remittances and aid are critical for island economies. Moreover, the Pacific island region is extremely diverse, and the Bank itself notes that its analysis applies much more to the smaller countries in the region than the larger. Overall, however, there is no doubt that *Pacific Futures* not only challenges conventional wisdom about the Pacific, but in some cases turns it on its head.

What the Bank will do with its new ideas remains to be seen. The publication itself is labelled a draft "Discussion Note." And Regional Director Ferid Belhaj stressed at the seminar the importance of consultation and experimentation. But Belhaj also suggested that now was the time to move from analysis to action, stating "we want to move from concept to reality, from concept to concrete steps."

How Australia responds to these new ideas from the World Bank will be a lot more important than what the Bank itself does. We are after all the dominant power in the region. Are we prepared to accept that aid will be a permanent feature of the Pacific? ("Overall, international assistance of various kinds is likely to remain an enduring feature of pacific Island economies for the foreseeable future.") Will we open up our labour market to the Pacific? (To remove "barriers to increased flows of short and eventually, longer-term or permanent migrant workers to large markets".) And are we willing to share our institutions with neighbours willing to adopt them? ("In some cases, more effective regional integration may arise from negotiating the expansion of larger country institutions to cover PIC economies.")

The release of *Pacific Futures* by the World Bank is an important milestone. It deserves to be widely read and debated throughout the region.

Stephen Howes is Director of the Development Policy Centre and Jonathan Pryke is a Researcher at the Centre.

Child sponsorship works?

Written *by* Terence Wood *on* April 11, 2012

A few years back I was surprised to discover that a couple of my old surfing buddies were sponsoring children in developing countries through child sponsorship programmes.

I didn't have the heart to tell them but, within the development community, child sponsorship is – how shall we put it – rather uncool.

Uncool, because it's a form of development assistance that is primarily driven by NGO marketing departments. It's done, not because it's thought to be the best possible way to tackle poverty, but rather because it's one of the better available ways of prising open people's wallets. As Stalin was supposed to have said "one death is a tragedy; 10,000 deaths is a statistic." Similarly, in aid, when confronted by the chance to tangibly help one kid people are more likely to donate than if the plea for help is pitched to them in terms of funding lawyers to contest trade deals to shift GDP growth by 0.1% per annum.

However, just because something is uncool doesn't mean it doesn't work.

Via the blog of Lee Crawfurd I recently came across an impact evaluation by Bruce Wydick, Paule Glewwe and Laine Rutledge, one of the first ever impact evaluations of Child Sponsorship. The 2011 paper hasn't been published in a peer reviewed journal yet (it's only a working paper) but it appears meticulous and well put together.

The abstract of the paper nicely summarises what they did and what they found:

International child sponsorship is one of the leading forms of direct aid from households in wealthy countries to needy children in developing countries, where we estimate that 8.4 million children are currently supported through formal international sponsorship organizations. In this paper we present results from a six-country impact study of Compassion International, a leading child sponsorship organization. Our empirical results are based on new household survey data that we collected from 10,144 individuals in Bolivia, Guatemala, India, Kenya, the Philippines, and Uganda. To achieve statistical identification of the causal effects of the program on the adult life outcomes of formerly sponsored children, we utilize an age-eligibility rule implemented as programs were introduced across different villages in the six countries from 1980 to 1992. More specifically, we compare sponsored children to their siblings who were more than 12 years old and thus could not participate in the program. Using household fixed-effects to control for family environment and inter-household selection into the program, and an instrumental variable based on sibling order relative to program rollout to control for intra-household child selection, we find that sponsorship results in 2.4 additional years of formal education, and large and statistically significant impacts on employment, occupational choice, age at marriage, age at child-bearing, dwelling quality, and community leadership. We also find evidence of positive *spillover effects for many of these outcomes onto younger siblings and other village residents of the same age.*

The results section of the paper gives some further interesting food for thought:

We find child sponsorship to be a "great equalizer" in the sense that the educational impact on sponsored children across the six countries is driven largely by counterfactuals. In the countries where existing (counterfactual) levels of formal schooling were low, we find larger impacts of the sponsorship program than we do in countries where existing levels of education were already high. In places where schooling was higher among boys, we find larger program impacts on girls. Where it was higher among girls, we find larger impacts on boys.

We also uncover impacts on many other adult life outcomes in the six countries that are both large and statistically significant. Our OLS and instrumental variable (IV) estimates indicate that child sponsorship resulted in a 19.6 (32.6) percentage point increase, respectively, in the probability of secondary school graduation, with significant spillovers onto younger siblings, a 7.1 (17.3) percentage point increase in the probability of white collar employment, a 7.3 (8.0) percentage point increase in the probability of sending remittances back to the family. Moreover, marriage by age 20 fell by 4.9 (11.5) percentage points and female childbearing by age 20 dropped by 3.3 (11.8) percentage points. We also find significant increases in the probabilities of living in a house with electricity, with indoor plumbing, and with an improved floor in adulthood, as well as an increased probability of owning a cell phone and almost a doubling of the probability of being a church, community or village leader.

These are very significant findings, I think, although there are also three points that need to be considered when evaluating them:

1. This may be a somewhat atypical child sponsorship programme in that quite a lot of the sponsorship does seem to be focused on individuals rather than communities which, despite what the ads suggest, are often – very sensibly – the focus of this sort of work.

2. These gains are statistically significant and significant in the real sense too (i.e. the magnitude of improvement's is not to be sniffed at). However, they're still not telling quite the same tale of inevitable transformation that Child Sponsorship organisations depict in their advertising.

3. The evaluation doesn't answer perhaps the most important question about Child Sponsorship: is it better or worse than other NGO aid? In this study the counterfactual is no assistance, as opposed to a good ongoing NGO project that wasn't designed with marketing in mind.

However, to tie this post back to my surfing buddies, I don't think that in their case the counter factual was ever going to be donating to an impeccably scoped and designed ideal NGO project. Almost certainly had their consciences not been tugged by the evocative ads they would have kept their credit cards in their wallets, and not donated to anything.

So, in that sense, you'd have to say that – uncool or not – on the basis of the best available evidence child sponsorships come out looking quite good.

On the other hand…This is the second ever impact evaluation of a child sponsorship programme. Second. Ever. After all those years of people sponsoring kids. That's appalling. What we really need now is an NGO that sponsors poor, orphan impact evaluations.

Terence Wood is a PhD student at ANU. Prior to commencing study he worked for the New Zealand government aid program.

Bad governance and politics and PNG's lost decade

Written *by* Andrew Anton Mako *on* April 12, 2012

In the last 10 years, PNG has experienced unprecedented, high economic growth. However, that decade can be seen as a "wasted decade" of missed opportunities for the resource-rich country. There is little to show on the ground in terms of tangible development. Most major towns of the country have faced dramatic fall and deterioration of public infrastructure and government services. For example, Madang which was once affectionately called "beautiful" is now dirty and is witnessing a rise in criminal activity. One can only imagine what the situation is like in the rural areas where more than 80 percent of the country's population lives. Public services and infrastructure are collapsing, and the rural population is being affected the most. PNG's Human Development Index (HDI) continues to fall – it was positioned 153 out of 187 countries in 2011 by the UNDP. Corruption remains a huge development hurdle for PNG, and in 2011 PNG was ranked 154 out of 182 by Transparency International.

I am from a very remote village deep in the Highlands of PNG. In the last fifteen years, the single health center, the primary school which I attended as a boy, an airstrip that brings supplies to the village, and agricultural extension services have all closed down, and shrubs are now growing on a new road which was built in the late 1990s to connect my village to the nearest town. The 10,000 plus people in that part of the country are literally struggling each day. That is the grim situation of most parts of rural PNG.

On International Women's Day this year at ANU, Dame Carol Kidu spoke about one aspect of PNG's decade-long record economic growth and the opportunities the country has missed to improve the lives of the people – the deterioration of the national health system broadly, and the appalling state of maternal health and child mortality in particular in rural PNG. A key cause of this, as Dame Carol pointed out, is the lack of effective leadership and management at all levels of government – local, provincial and national.

At a public lecture organized by ANU's National Security College in March 2012 titled 'Papua New Guinea: Where to Now?' three experts on PNG affirmed that political issues, especially the struggle among political leaders and their cohorts for power in government, has had a direct and negative impact on PNG's socio-economic conditions. This mismatch between PNG's record economic growth and the fall in governance and basic public services are symptoms of the so-called "resource curse" or the "paradox of plenty."

Because people in rural areas see that they have been neglected by their elected leaders and that basic services do not reach them through the normal process, their attitudes towards the government and its public service machinery have dramatically changed. To most, the government is now a cash-cow to milk. This could explain why people who live along the Highlands Highway continue to claim huge sums of compensation from the government before they allow it to fix the highway after a landslide, for example. This is also part of the reason why people continue to vote according to their kinship ties rather than along political party lines.

This shift in the mindset of the people is being compounded by the increase in resource projects in the country. As the government seems to have failed its own people in providing basic services, the people, especially the landowners from the resource projects, see the resource projects, and the compensations and royalties they provide as a quick and easy way out of poverty and to catch up with the rest of the country. However, without financial literacy and proper cash-management skills, most go on a spending spree on goods such as flashy vehicles. Although there is now a long history of such improper use of resource funds by landowners (Porgera gold mine landowners are a case in point), the lesson has not been learned.

The government, especially at the provincial and the national levels, seems to care little of such issues, as they are pre-occupied with the "competition" to be in government and control the huge resource rents (the excess mineral revenues, in particular) the country earns. Indeed, there has not been any major economic policy or reform enacted in the last ten years to turn the country's fortunes into tangible development which could improve the country's low HDI and poor governance and improve the lives of the common people in rural areas.

If history and what is currently happening in PNG's politics is any indication of the future, I doubt that this will change in the next twenty or thirty years. Many people, including myself, were hoping the recent change in government would at least start to turn things around. However, observing the events which have unfolded since the change in government makes it clear that PNG continues to go around in a political circle. It seems that the country will not break out of this circle until after the next election at the earliest, and perhaps not even in the next decade unless there are fundamental political reforms. The resource rents will increase when the LNG project starts production, and it will continue to undermine effective governance as greedy politicians compete for power and control over the rents. Unless there is a radical change in the political landscape, things will not change at all for the better.

PNG needs better laws (better than the Organic Law on Political Parties and Candidates) which, for example, could constrain the number of political parties. This will lead to stability in government so the government of the day can feel secure that it will be in power for at least the foreseeable future until the next election, and concentrate on turning the proceeds of economic growth into real development. If it means making provisions in the national constitution to achieve such radical reforms, so be it. Along with such political reforms, the existing checks and balances need to be further strengthened, and importantly the bill to establish an Independent Commission Against Corruption should be passed.

Development will also require a radical shift in the mindset of the people. Voter-education is crucial so that people start to vote along party lines instead of voting their village chiefs or their "in-laws", who will return their favour when they are in parliament. These would be radical departures from the status quo, but ones that would have lasting positive impacts on politics, governance and the socio-economic development of PNG.

Other reforms will not have teeth at all, including economic reforms. The head has to move in the right direction. Effective and stable leadership has to be set in place first. With the type of political system PNG currently has, including the large number of parties (more than 40 political parties have been registered to go into year's election, for example), there is no way PNG will have a stable government, even after the 2012 national election. And with the huge resources rents up for grabs, the political tussle to be in power will not lessen, and the people will continue to be neglected.

Andrew Anton Mako is a Research Fellow at PNG's National Research Institute. Earlier, he was a graduate student at the Crawford School, and a Researcher with the Development Policy Centre.

Painful aid

Written *by* Nik Soni *on* April 17, 2012

Has the donor world lost the plot? This is a question that most people I know who work in aid often ask themselves privately but few will raise publicly. Are the various contortions that those of us who work on the ground are forced to go through actually making the situation worse for people in developing countries or better?

It is true that the need for development assistance to help the most disadvantaged people is noble, sensible and smart. It is also true that more funds in this area would certainly help more people. But there is a growing concern amongst many practitioners in the field that the those in charge of development at the highest institutional levels have simply lost touch with reality.

Like with the eighties' obsession with MBAs coming in and telling experienced business hands how to run business they knew nothing about nor had any background in – some would argue that the world of development has become bloated with highly qualified dreamers and that as a result the development agenda has lost focus and become hi-jacked by simply following one fad after another.

It is hardly surprising that around the world the tough financial times are leading many governments' Treasuries to question why funds are being placed in development especially when the development agencies themselves seem incapable of providing anything other than pithy statements. I highlight below just some short term fads we have seen here in the Pacific in the past few years.

Aid as an industry that operates like any other in the private sector

In the private sector you are accountable to yourself so you are able to make decisions that are not questioned. In aid you are accountable to a host of external parties and so cannot make decisions. (This may be why many folk in development often dream about and try and behave like benign dictators.)

In the private sector if you mess up you pay, but by the same token you can rebuild. In aid somebody else pays and so there is no learning curve as the wrong person feels the consequences of your failure.

In government it is usually better to focus on process and not product. This is not to say the end product is not important – it is. But if we accept that the process by which we achieve a good outcome is more important that simply being presented with an outcome then we should not only be targeting outcomes and outputs. This is what the original debate on "governance" was all about – improving process. But somehow we seem to think the government is about selling something – it is not – it is about delivering a public service and that is very different to selling a product.

In the private sector you sell your outputs – so usually success is measurable, often tangible. You worry about outcomes in terms of profitability and returns to shareholder. In aid we are adopting this thinking and so there are some who think we should worry more about the return to the tax payer and not the return to recipient. **But that is not** what development should be about and by pretending to monitor output we move away from the correct mandate which is ultimately to alleviate poverty and not to focus on getting the greatest possible return to the Australian or New Zealand tax payer.

You cannot quantify the cost per unit of health or education and to do so is simply foolish. You can look at ways to deliver the same service cheaper and better but to do that you need to focus not on dreamed-up targets. Anybody can make up a random target – look at the MDG's. But few people seem have the nous to explain why we failed to get there in the first place. Simply setting more pointless targets may seem like a great day's work for those in their lovely colour-matched, air-conditioned offices but it really is quite pointless to those who are perhaps trying to actually help a school in a remote village educate children.

Zero tolerance

Zero tolerance – a big buzz word in development today. Zero tolerance is a good concept. It means we don't aim to make errors. But it does not mean that errors will never occur and that any error no matter how small should be seen as indication of disaster. It does mean that there is a process by which errors are identified and action taken resulting, over time, in as few mistakes as possible. It does not mean there will never be any mistakes.

It can take the Australian Government years to deal with complex legal cases of fraud or mismanagement. In the developing world the fact that fraud exists is seen as a reason to begin Salem witch trials against civil servants and insist on parallel systems and lots of ex-patriot consultants to handle the money.

It is rare to see a donor look at what happens after the fraud has been discovered to see if there is a process and patiently wait for that process to occur. It is more normal to assume that any fraud is a sign of bad governance rather than see what the governance process is. Zero tolerance should not mean that there will never be fraud – if that was the case no agency in the Australian or New Zealand or any public body would ever receive funds as fraud happens – it is as simple as that. What matters is the processes in place to deal with it.

Misunderstanding and papering over important issues like gender, disability and climate change. These should not become or be treated as fads.

Climate change, disability and gender are important issues. This does not mean we add a paragraph in every report on gender and disability impacts or make sure that every funding application has the words 'climate change' in them. It does mean that we look at these challenges as discrete and work out how best to address them rather than insist everybody be aware of the problem and make pithy statements about them.

Right now we all know that to get funding you need to mention these words – I recently came across people doing a gender impact study on climate change. Not because they knew anything about the subject of gender – they were all climate change specialists – but because it was the only way to secure funds for their research.

This is a tragedy not only for the climate change research as lying is rarely a good idea but also for the gender research as it progresses little. The same is true for areas like disability. I suspect disabled people don't want pithy statements in reports that may one day result in a ramp to a post with an AusAID badge on it – I suspect they do want to be able to show how they can contribute their skills to the challenges faced in many developing countries. But as long as we treat these issues like fashions – wearing them this season only because you look good by doing so – then we will never really come to grips with these issues.

Incentives

In aid we never allow spanner monkeys (who are usually grumpy old men and women soured from years in the field) any input into process as we are dominated by "big picture economists" who do not know the mechanics. It's the difference between getting advice from a kid with an MBA and no practical experience and a seasoned mechanic on how to fix your car. In aid we loved the Masters in Development or PHD kids and discount the mechanics and front line people.

In the private sector if you do that you go out of business – in aid you cannot go out of business. And therein lies the dichotomy of trying to use business models for public spending. In the private sector you either make a profit and survive or you make a loss and eventually go broke. In government you can never go broke and there is no little loss from messing up.

As a result the incentive in government is to cover up your losses – this is why no aid project is ever deemed a failure, this is also why donors almost never learn from their mistakes as they deny making them in the first place and it is also why they also are always chasing the next rainbow – as doing that is more likely to yield extra money than admitting you did something wrong and trying to fix it.

Return of the mechanics?

It is hardly surprising that around the world (including Australia) Ministries of Finance are questioning the increases in the aid budget. As long as donors continue to respond with fads, dreams and pithy statements you cannot be surprised when the reaction from governments is to reconsider giving extra money. If aid agencies cannot show direction, understanding of their business, real understanding of the practical things that are needed to address a problem then I am afraid to say that the most likely outcome will be that eventually governments around the world will renege on their aid funding pledges and they would be right to. It will be a disastrous but inevitable outcome caused by the fact there are few people heading aid agencies these days who know anything about the mechanics of government or poverty or aid. This fact is now painfully evident not just to seasoned "frontline process mechanics" like myself but also many others. It is no wonder that public opinion and many civil servants are beginning to rebel against the generally held notion that all development spending is implicitly good.

If aid spending is to survive the current financial crisis those leading the aid agencies – be they multilateral or bilateral-will have to start listening to those people trying to deliver services on the ground. If they don't they may well find that both they and those trying to deliver services all lose.

Nik Soni is the Chairman of the Pacific Institute of Public Policy and a Research Associate of the Development Policy Centre.

End of the aid boom? The impact of austerity on aid budgets, and implications for Australia

Written *by* Kathryn Zealand and Stephen Howes *on* May 4, 2012

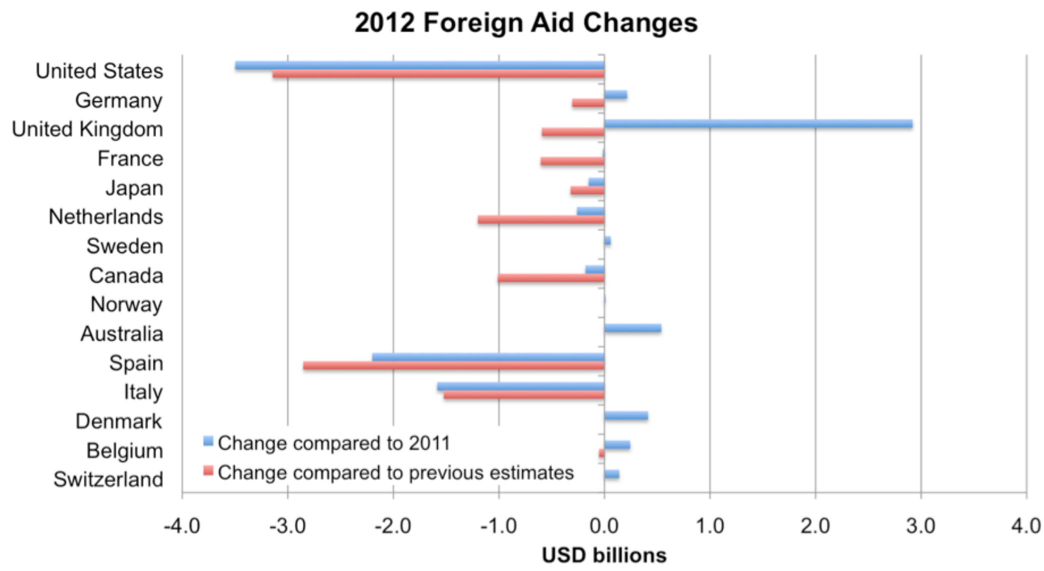
The decade from 2001-2010 saw an aid boom, with aid increasing from about $80 billion to about $130 billion over this period (in constant 2010 USD). In the wake of the 2008 financial crisis, aid initially seemed remarkably robust.

But foreign aid budgets of donor countries are now coming under pressure from austerity measures, lower than predicted economic growth, and calls to reduce "unnecessary" spending. The OECD has recently released data on Official Development Assistance (ODA) for 2011, showing a 3% decline after inflation from 2010. Our analysis of 2012 budget documents, contained in our new Devpolicy brief (available at devpolicy.anu.edu.au), suggests that more cuts are on their way, and that this is indeed the end of the aid boom.

This blog summarizes our main findings and, with the Australian budget to be brought down on May 8, explores the implications for Australian aid.

Country analysis

This figure shows, for the 15 biggest OECD (rich-country) donors, 2012 aid budget figures and estimates (using the closest fiscal year) relative to both 2011 and earlier estimates. These are imprecise estimates and comparisons, but the most recent that are available.



There are some huge cuts in the offing. Overall, our best estimate for the United States, the world's biggest donor, is a 2012 aid reduction of $3.5 billion.

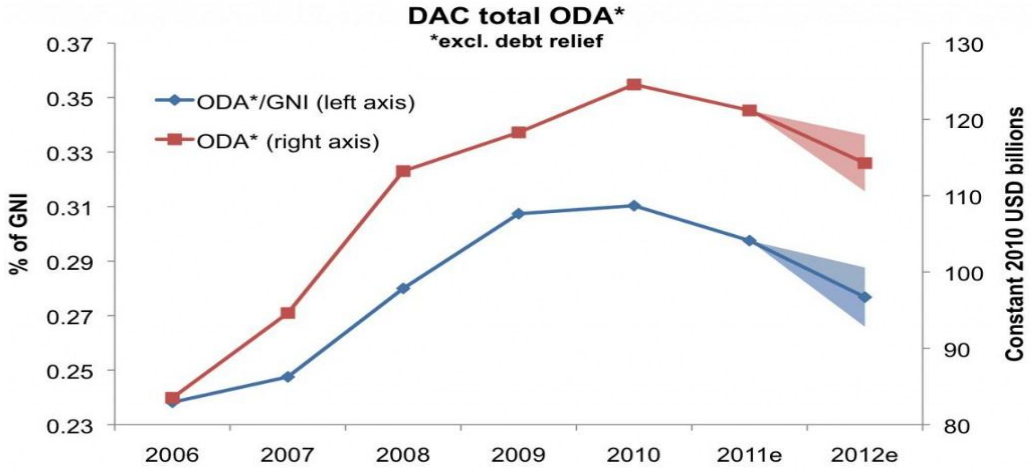
Spain and Italy are implementing devastating cuts to foreign aid. Spanish aid is expected to decline from 0.4% in 2011 to 0.19% of GNI (Gross National Income) in 2012, as its aid agency has had its €900 million budget slashed to €380 million. The budget of Italy's Directorate General for Development Cooperation has been reduced by 88% since 2008 to €166 million in 2011 and a modest €86 million in 2012.

Other cutbacks are less dramatic, but no less important. Canada has abandoned its plans to scale-up aid by 8% each year, instead aiming to shrink the budget 7% by 2015. The Netherlands has cut 2012 aid to €4,420 million, €917 million less than previous estimates, corresponding to a decline from 0.8% to 0.7% of GNI.

The 15 aid budgets we considered together forecast 2012 aid spending at $3.4 billion less than in 2011. Adjusting for inflation, the real value of this year's aid budgets for the top 15 donors is 4.9% less then in 2011. Only Australia, Belgium, Denmark, Switzerland, and the UK are expected to increase aid in 2012 by more than inflation.

We can also compare the most recent estimates for 2012 aid spending to projections donors themselves made in 2010 or early 2011. This year, aid agencies in the top 15 donor countries will receive as much as $12 billion less (in current dollars) than they would have anticipated based on their own governments' earlier strategy and budget documents. This $12 billion discrepancy is much greater than the $3.4 billion cut from 2011 because several countries which did not reduce their absolute aid levels nevertheless abandoned their plans to scale up aid.

The figure below summarizes our estimates for aid in 2012 compared to historical spending, in constant 2010 dollars. To make our estimates comparable with historical data, debt relief has been excluded from aid or Official Development Assistance (ODA) figures. To allow for uncertainty in calibrating 2011 budget items for the top 15 donors to historical ODA volumes from all donors, we present a range of estimates. (For more detail on methodology, see the policy brief). Our best estimate is that OECD aid (excluding debt relief) in 2012 is about $114 billion or about 0.28% of total OECD GNI, its lowest level since 2008.



Filling the gap?

Aid from non-OECD donors (such as China and Brazil) is significant and growing, but it is still small compared to OECD aid. One estimate puts it at about $10 billion. Over the longer term, increasing aid volumes from emerging donors may well fill gaps left by OECD donors, but not in the next few years.

What about philanthropy? Global philanthropy has also been on the rise. But, sensitive to economic hardship and worth less than half of total ODA, in the short term changes in private giving are unlikely to offset government aid cuts.

Implications for Australia

The UK – with its commitment to increase ODA to 0.7% of GNI by 2013 – and Australia – with its commitment to increase ODA to 0.5% of GNI by 2015 – are the two countries doing the most to help mitigate the recent and projected cuts to global aid.

The figures in our brief and this post cover Australia up to the current fiscal year July 2011-June 2012. What will happen to Australian aid next year is currently a matter of much speculation in the run up to the 2012-13 budget. Australia is in fact particularly strongly positioned to help shore up global aid. As a country which is not suffering fiscal stress and has benefited greatly from the resource boom, we can afford to give more. As a country which is still well below average in aid generosity (12th out of 15 in terms of aid/GNI), we should give more. And as a country with (according to the recent Independent Review of Aid Effectiveness) an “improvable but good” aid program, our aid will make a difference.

The Global Fund’s money woes are well known. Other agencies and countries reliant on the aid dollar will also face cutbacks. Not all aid is well spent, but ultimately the end to the aid boom has to be expected to hurt the world’s poorest. Now more than ever, to help fill emerging global aid gaps, we need more and more effective Australian aid.

Kathryn Zealand was a Researcher for the Development Policy Centre and is currently a Business Analyst at McKinsey. Stephen Howes is the Director of the Centre.

Weak on quantity, strong on quality: the 2012 Australian aid budget

Written *by* Stephen Howes *on* May 9, 2012

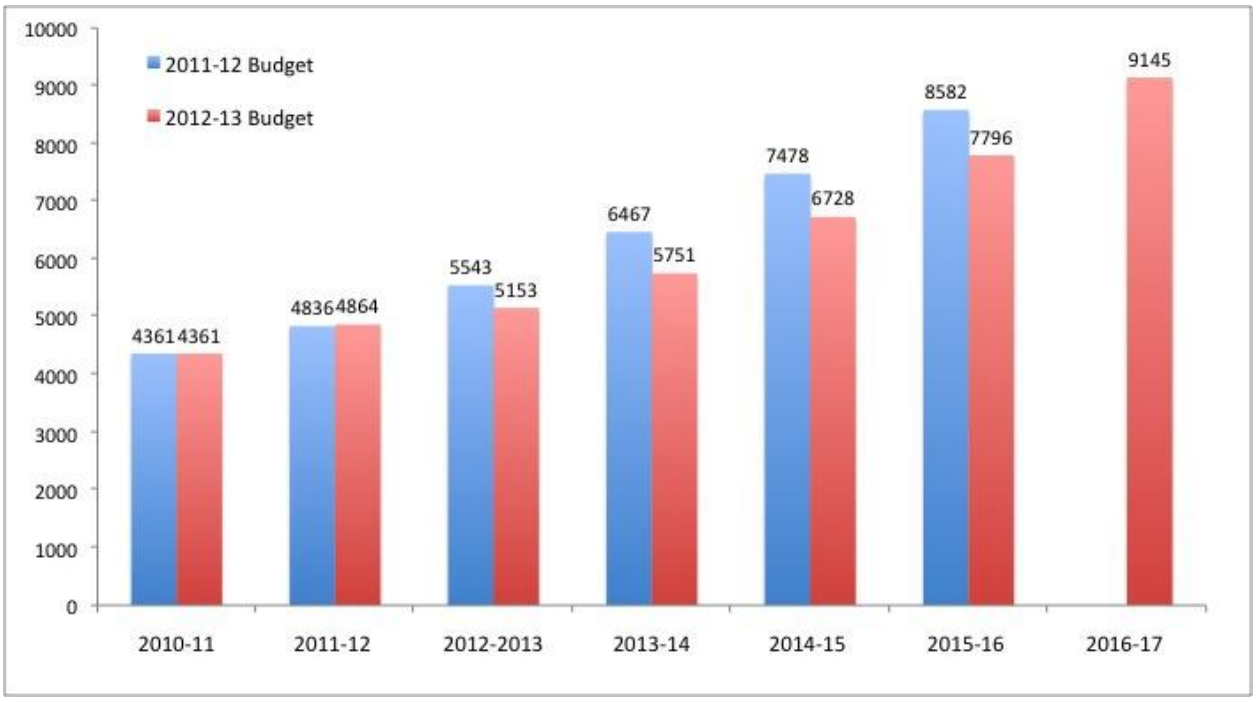
Are we serious about 0.5?

The 2012-13 Australian aid budget, delivered last night, pressed the pause button on the ascent of Australian aid as a percentage of our economy (GNI) towards the previously bipartisan target of 0.5% by 2015. That ratio was at 0.35% in 2011-12, and was meant to increase to 0.38% in 2012-13, but instead will stay at 0.35% for another year. This means an increase in aid not of $700 million as originally planned, but only $300 million. After inflation that is about a 4% increase. It is one of the lower growth rates we've seen in the Australian aid budget since it began its dramatic expansion in 2001-02. In the 12 years since, on average the aid budget has grown (after inflation) by 6% a year.

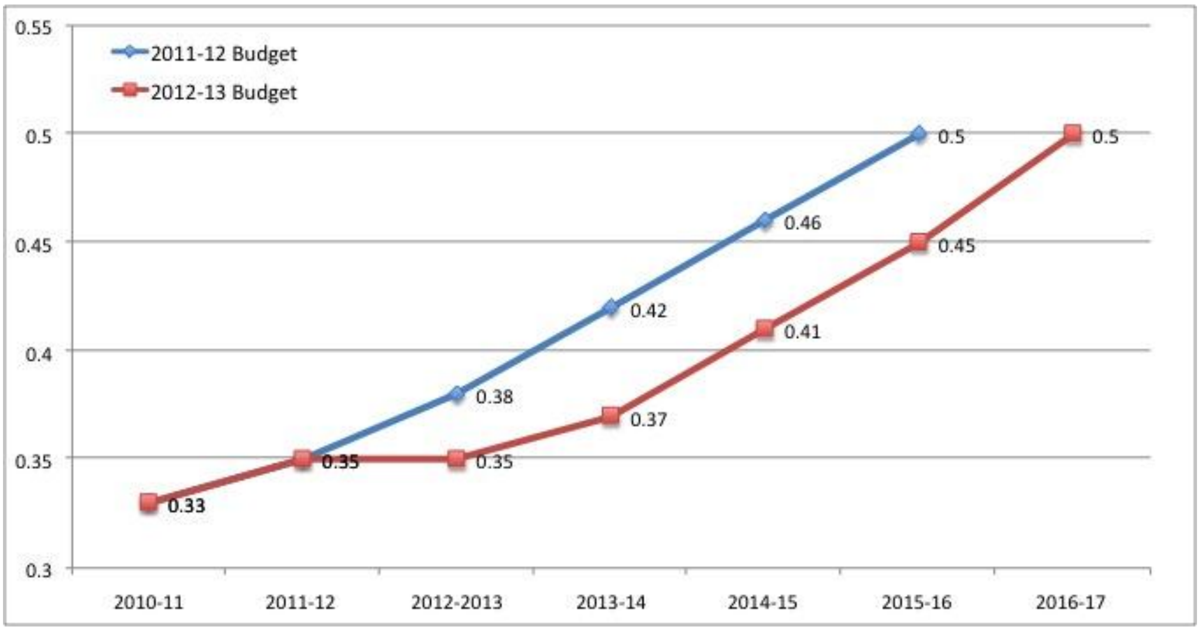
Back in 2000-01, just before the scale up began, the aid budget was just (in today's prices) $2.4 billion. In 2011-12, it was $4.8 billion and in 2012-13 it will be $5.1 billion rather than the $5.5 billion originally planned.

Because of the small increase in this budget, the government felt compelled to push the 0.5% target back by a year from 2015-16 to 2016-17. You can see how the scale up has been pushed back between the last budget and this budget in the graphs below, first in terms of dollars (our estimates), and then in terms of the aid/GNI ratio (official figures).

Aid dollar comparisons ($ billion)



ODA/GNI comparisons (%)



Even with a year's delay, it will be a steep climb to get to 0.5, requiring, on average, increases of about $1 billion for each of the next four years from 2013-14 to 2016-17. The aid program has never had an annual increase of anything close to $1 billion. The biggest increase was $626 million in 2008-09, the second biggest $500 million in 2005-06. Even with looser fiscal constraints, it will not be easy to sustain support for a single $1 billion increase, let alone for four such increases consecutively. Yet this is what it will take to get to 0.5% under the new timetable.

Are we serious about 0.5%? Not if this or recent past budgets is a guide. True, the government only delayed the target by a year. But if we are serious about it, we have to shift from modest aid increases of half a billion or less to large, one-billion-dollar increases. Whether a bipartisan consensus can be re-established around a delayed 0.5 target, and whether governments then have the courage to translate that target into large increases year after year remains to be seen. There will certainly be plenty for supporters of aid to campaign about.

Are we serious about quality?

Not all aid spending is equal, and aid quality is just as important as aid quantity. Though it will probably go little noticed, the budget did contain a number of aid reforms which push forward the aid effectiveness agenda. These require careful study before anything definitive can be said, but overall the budget seems to be several steps in the right direction on the effectiveness front.

Some of the details are explored in the two companion budget blogs by my colleagues, Matt Dornan (on geographical allocations) and Dinuk Jayasuria (on accountability reforms). Here's my brief checklist, with six positives, and two negatives: see my pre-budget blog for the background and the Independent Review of Aid Effectiveness (disclaimer: in which I participated) for many of the details.

First, the six **positives**:

- **The Comprehensive Aid Policy Framework**: a four-year strategy recommended by the Aid Review to provide the road-map for the scale up that has been missing so far; perhaps light on detail and numbers, and heavily skewed to a 2015-16 scale up that we might never achieve, but no doubt a major breakthrough.
- **The Results Framework**: Dinuk covers this in more detail, but this new statement of targets includes important and monitorable commitments to reduce staff churn, and improve the management of aid projects.
- **Independent Evaluation Committee**: ditto an important reform – again see Dinuk's post.
- **Major expansion of global programs**: Another positive, and consistent with the Independent Review's recommendations. Most (60%) of the 2012-13 (admittedly modest) total aid expansion is through global programs: some core funding to NGOs, but mainly core funding to multilateral organizations.
- **Humanitarian aid:** Disaster aid is up about $50 million in the budget to about $500 million, with significant funding increases for future years. This is an effective form of aid, with strong public support.
- **Research:** Increased funding for agricultural research, though nothing on new funding for medical research.

And now the two **negatives**:

- Continued scaling up through **New Policy Programs (NPPs).** The Aid Review recommended discontinuation of the practice of scaling up through NPPs, but this has clearly been rejected, and the budget has some 8 NPPs worth $1.5 billion. NPPs might work for other parts of government, but they don't for aid, where the distinction between new and ongoing projects makes little sense, as projects are always turning over, and priorities and approaches changing.
- **Continuation of the Latin America program, and continued expansion of the Africa program.** The Aid Review recommended the Latin America aid program be scrapped and the Africa program be capped at $200 million. Instead the former is held constant at $50 million, and the latter is now at $350 million and growing. This suggests inadequate attention to the need for greater selectivity and consolidation.

In summary, I come away from the budget not that convinced that we will get to 0.5%, but reassured that aid effectiveness should improve. Perhaps lifting effectiveness will help generate more support for more aid. I live in hope.

Stephen Howes is Director of the Development Policy Centre.

Should aid workers lead comfortable lives?

Written *by* Terence Wood *on* May 25, 2012

In May last year a friend lent me their jeep while they went home to Australia for a holiday. Large and white, it was a development archetype – one of the famed vehicles that signal the arrival of aid workers everywhere on Earth. It was also a god-send. At the time I was in the process of organising permissions for my PhD research, which meant shuttling from office to office and from one end of town to the other. I had been travelling by bus, taxi and on foot, which was rapidly wearing me out. Upon the arrival of the jeep, slow, stop-start commutes were replaced by air-conditioned travel into town in under 10 minutes. Hillside suburbs were now easily accessible and, all of a sudden, I could get several things done in a morning.

And yet, at the same time the jeep created barriers. Instead of saying good morning to the street sellers whom I walked past on the way to the bus stop, I now trundled past them encased in a vehicle they could never afford. I'm not going to pretend that before the jeep I was living as the locals do. I wasn't. But, for all the comfort it brought, my newfound private motor vehicle did, at the very least, contribute to the gulf that existed between my life and theirs.

Nowadays, I'm back on the bus, with all the additional tiredness that this brings to my life, but I was reminded of my jeep driving days when reading of the recent furore associated with Oxfam closing the pool in its guesthouse in Nairobi. The guest house is run on a for-profit basis by Oxfam (who then use the profits to fund aid work) and its clientele is predominantly aid workers. The pool wasn't custom fitted by Oxfam – it came with the guest house property. On one hand Nairobi is hot and dry, and having a pool to soak in must make aid workers' lives somewhat more pleasant. On the other hand Nairobi is hot and dry, so hot and so dry that it has been in the middle of a drought. The water used to fill the pool has no material impact on the drought itself but it was thought that aid workers soaking while the rest of the country baked would be a bad look, and so the pool was closed.

And in their different ways, my jeep and Oxfam's pool tap into an aspect of aid work that is rarely talked about but also the subject of profound discomfort amongst many aid workers: the difference in living standards between aid workers (at least most of the time) and the people with whom they work.

In Honiara the differences are readily apparent: while much of the city lives crowded into informal settlements, most aid agency staff enjoy comfortable residences nestled the various hillside suburbs nestled behind the town (for the record this PhD student hasn't quite made it into the hills but can be found in a very comfortable room, just a short dash from the cooling Pacific ocean).

There are three reasons why I think we find aid opulence discomforting.

The first is financial: every dollar that is spent on residences for aid agency staff could, in theory, be spent on vaccinations, or roads, or nurses, or teachers or other actual end products.

The second reason is to do with information: isolated in enclaves, it can be hard for aid workers to stay in touch with the real needs of the people they work with.

The third is to do with local perceptions: aid discourse may be all about partnership and this may be genuinely intended by aid agencies, but when aid staff lead isolated lives of astounding affluence (by local standards) this would seem likely to undermine ideals of equal partnership, at least in the minds of aid recipients.

Above and beyond this, I think a lot of people feel uncomfortable, simply because it feels wrong to be experiencing comfort in the midst of such profound lack.

These are all good reasons for concern. But on the other hand, there are also very good explanations for why the discrepancies exist.

There's safety for a start: Honiara's not particularly dangerous, but home invasions occur and expats have been murdered over the years. And other aid destinations (think the large cities of Africa or Latin America or Port Moresby) *are* often very dangerous. Safety necessitates enclave living.

There's also exhaustion. People living in the comfortable, orderly, temperate cities of the average donor country may scoff at this. But the fact of the matter is that aid work is often hard work. And living in most developing countries can be profoundly exhausting. But, as I learnt, creature comforts can ease this to some extent. Given how hard most aid workers work, it seems unfair, not to mention ultimately inefficient, to expect aid workers to spend their entire careers in a state of uncomfortable exhaustion.

Finally, urban areas in most developing countries are often cleaved by deep economic inequality. There often isn't much in the way of middle class living for aid workers to be inserted into. Affording aid workers some degree of comfort and safety often requires going all the way to affluence.

This doesn't excuse every excess that occurs in the world of aid. Some consultants are paid far too much for example. Or, in the case of Honiara, a reasonable number of short-term aid workers end up in the city's most expensive hotel, when they could be accommodated just fine in other nearby hotels for quite a lot less.

Nor do my justifications in the second half of this article mean that the sources of discomfort that I raised aren't real. They are. But I guess that this is – for the most part – an inescapable aspect of the deeply unequal world that we live in: the fact that even attempts at doing good often bring with them huge inequalities of their own.

Terence Wood is a PhD student at ANU. Prior to commencing study he worked for the New Zealand government aid program.

Sachs' Sustainable Development Goals – vision of the future or more pie in the sky?

Written *by* Joel Negin *on* July 13, 2012

The Millennium Development Goals (MDGs) – that have guided much of the international development arena over the past decade – are due to expire in 2015, leading many to ask: what happens next? Ban Ki-Moon, the UN Secretary-General, appointed a panel of experts (that included our own Kevin Rudd) that recently issued a report recommending the world address the pressing challenge of moving towards a more sustainable global economy and system. They called for more focus on the nexus between food, water and energy; on the full environmental and social cost of production and consumption; and on social exclusion and equity. Finally, they recommended the creation and adoption of a set of Sustainable Development Goals (SDGs) to replace the MDGs.

The formulation of SDGs was one of the (or perhaps the only) outcome of the Rio+20 conference held last month. There was agreement that such goals must be developed but no agreement on the goals themselves. An "open working group" of 30 nations was agreed that would decide upon key themes by September 2013 which would then see a transition period between MDGs and SDGs.

In June, Jeffrey Sachs, one of the architects of the MDGs, came out with his vision in the *Lancet* for a new set of global objectives to guide international development policy for the next 15 years. Acknowledging that the content of the SDGs is still up for grabs, Sachs has put a stake in the ground with his view of what the SDGs should contain.

Disclaimer: I worked for Professor Sachs for five years and maintain ongoing collaborations with his team.

For the SDGs, Sachs proposes three broad categories of economic development with a focus on basic needs (SDG1), environmental sustainability (SDG2) and social inclusion (SDG3) with good governance as an overarching dependent condition (SDG4). He calls for a move away from traditional measures of economic performance such as gross domestic product to better capture wellbeing, happiness, life satisfaction and freedom from suffering. At the Rio conference, UNDP moved in this direction with their Human Development Report team unveiling efforts to better measure progress within a sustainability lens.

These SDGs continue some elements of the MDGs but also represent a fundamental departure in that developed countries are included among those who must strive to achieve these goals. In this way, the SDGs are less paternalistic and less aid-focused and more about mutual global cooperation and national responsibility. Australia for example would continue to support reduction of basic needs poverty in developing countries but would commit to achieving universal access to services in indigenous communities, would move towards a "low-carbon energy system", and would adopt sustainable food and energy strategies. Sachs sees a much bigger role for emerging middle-income countries in the new global partnership.

Sachs' vision is very optimistic. His SDGs call for "government at all levels to cooperate to promote sustainable development" and for the world community to help low-income countries bear the additional costs involved in adoption of sustainable economic systems. On current evidence from Copenhagen and other global summits, the adoption of any concerted action on the environment is stuck in a quagmire.

Despite this, the call for "all the world's people" to have access to safe water, sanitation, adequate nutrition and basic health and for the promotion of "the wellbeing and capabilities" of all citizens is achievable and necessary. Indeed, we as a global community, should be striving for nothing less. By definition, 15 year goals should be transformative and ambitious.

There will, of course, be critics and critiques. Especially after the lack of real progress seen in Rio, there is not much evidence around us of global cooperation and leadership that would be needed to underpin any type of SDG framework. But there is an opportunity for the SDGs to herald a new engagement by the emerging economies of the world that will be the global leaders of the next 15 years. While there remain those that are trying to persist with the traditional western model of development, perhaps China, Brazil, India, Indonesia and South Africa should lead SDG development.

Sachs, as is his wont, had taken a fairly extreme view at one end of the spectrum and has outlined his vision for the SDGs. His view will rightly be criticised but, as he often does, he has managed to put his views out in the open and start a debate that the world community needs to have.

I'd be very interested in the views of the Devpolicy readership on the post-MDG world. Do we need SDGs at all and, if so, what should the principles be?

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Can social media transform Papua New Guinea? Reflections and questions

Written *by* Michelle Nayahamui Rooney *on* July 31, 2012

As of July 2012 there just over 100,000 registered facebook users in Papua New Guinea (PNG), most of whom are below the age of 35, and an increasing array of PNG related websites. The explosion in the use of social media by Papua New Guineans is changing the way that they are engaging in politics, business and social activities on the home front. It is also changing the way that the international community is engaging with Papua New Guinea (PNG). In an unprecedented style, resonant with tours made by highly public figures and dignitaries, a young PNG man (Martyn Namorong, prolific blogger, self-described betel nut seller and grassroots person) undertook a privately sponsored two week visit to the Australian cities of Brisbane, Sydney, Melbourne and Canberra in 2012. This visit entailed an advance announcement and a highly publicised agenda and programme wherein he met with prominent Australian PNG experts, politicians, journalists, ordinary Australian residents and gave seminars to a variety of Australian audiences.

A number of recent articles and radio interviews with pioneering social media practitioners reveals some important features of the emergence of social media in PNG. These people include Emmanuel Narakobi (administrator of the Masalai Blog and the facebook forum Sharp talk); Tavurvur who administers the Garamut blog); Martyn Namorong, Alexander Rheeney (PNG journalist and administrator of PNG Perspective); and Nou Vada (law student, blogger and administrator of The Edebamona Blog). In recognition of this emerging form of media Malum Nalu (Journalist and administrator of the Malum Nalu blogspot) was awarded the UNESCO/Divine Word Institute Award for Communication and Development in 2011.

In her paper “Rausim! Social media and political protest in Papua New Guinea”, Sarah Logan talks about the use of social media in the recent political gymnastics in PNG. Inter alia, she highlights two roles of social media. The first is the role of social media in facilitating political protest and the second is its facilitation of civil society engagement in the practice of politics. She also highlights that the limitations on the use of social media include the limited numbers of users and the general sense of “political apathy” and “fragmented political identity” associated with PNG politics.

Martyn Namorong and Alexander Rheeney have highlighted (of ABC Radio Australia) how PNG society is very community based. Many educated and urban based Papua New Guineans remain closely connected with their rural based families. They point out that this means that the current numbers of facebook users represents a significant mass of PNG society whose engagement through social media has the potential of being translated and amplified through various offline networks. The far wider coverage of basic mobile phone services (phone calls and text messages) adds to this amplification effect.

Much of the discussion is focussed on how social media is revolutionising the way in which Papua New Guineans are engaging in the political arena. For example, in a Radio Australia interview Narakobi highlights that during the Easter 2012 political protests membership of the sharp talk facebook forum jumped from between 3000 and 4000 to over 6000.

Yet, other questions emerge beyond the potential role of social media in political transformation. Core to these is: How do social, development and political actors (national and international) translate this social revolution into something that matters for those that need it most? In this regard, two questions emerge:

1. How can society manage the institutions that are created to ensure the principles of democracy – accountability, transparency, fairness, justice and equality – function to protect society as it shifts and responds to new and emerging power actors that are in a position at this point in history to harness the power of social media for a specific agenda?
2. How can the power of social media facilitate a better engagement between, not only civil society and political actors, but also between civil society and development actors to bring about tangible development outcomes?

Both these questions are particularly important within the PNG context where lack of political will, corruption and lack of implementation capacity are the main impediments to development; violence is an explicit and blatant form of power; literacy rates are below 50%; over 30% of the population live below the poverty line; there are over 700 languages; and systems of law and order and law enforcement are dysfunctional at best. They are also important for development policy where an environment of functioning democracy, political stability and protection of society is the foundation for the achievement of development outcomes.

The following paragraphs are intended to highlight just some of the dynamics emerging in the social media sphere in PNG.

That the social media pioneers mentioned above have chosen different forms of public representation – real name versus pseudonym – is revealing of the social and political dynamics underpinning the use of social media in PNG. Namorong says that using his real name adds credibility and accountability to his writing. Another advantage is the direct credit that one receives for their contribution via social media. One disadvantage is the security of a person who speaks out on a sensitive issue such as corruption. On the other hand, Tavurur has blogged very successfully (high quality, high number of followers and sustained over a number of years) for several years now. In other cases, such as a facebook forum, the use of a pseudonym poses questions of transparency and accountability on the part of a forum administrator.

In a country where names are often synonymous with ethnicity, family and sometimes political affiliation and in a context where corruption and violence are widespread, it is understandable that some may wish to conceal their real identities when engaging in the public sphere. It is also interesting to see that many people use their real identities and openly write about issues such as corruption and violence. In one example, a woman in a forum of over 1000 people wrote how she did not support a relative who was a candidate in the election. She acknowledged that she might get in trouble with the family for speaking out but felt that she needed to have her say. In another example, in the PNGians against domestic violence forum, which has over 6000 members, women publicly plead for help to deal with violent situations. These examples reveal a civil society that is actively engaging on matters that affect their lives and that social media presents an accessible avenue to do so. Whether it is a safe and free median to engage is yet to be seen.

The table below provides a snapshot of some of the forum profiles and membership figures and reveals a variety of styles: closed versus open groups; known administrators versus unknown administrators; provincial focus versus national or issue-based focus. Membership of groups ranges from anywhere below 100 to over 6000.

Snapshot of some facebook forums in Papua New Guinea (as at July 2012)			
National/Provincial focus	**Name of group**	**Description of group**	**No. of members**
Central	Central Province Papua New Guinea	Open group, includes election updates	646
Jiwaka	Jiwaka Elites Forum (JEF)	Closed group with known administrator	105
	Jiwaka Province	Open group	503
Gulf	Kerema, Gulf Province	Closed group	342
Manus	Head Toktok	Open group	1872
	Admiralty Islands Forum	Open group	1017
Oro Province	Better Oro province beyond 2017	Closed group, known administrator	479
Enga	2012 General Election updates 4 Enga Province	Closed group. Known administrator	74
PNG	Papua New Guineans against domestic violence	Open group	6269
PNG	The National Research Institute	Closed group	144
PNG	Institute of National Affairs	Organisation page. No members	
PNG	University of Papua New Guinea	Open group	1178
	PNG University of Technology	Open group	221
PNG	Sharp talk	Open group with known administrator (from around between 3-4000 it jumped to over 6000 during the constitutional crisis	6600
PNG	PNG Elections 2012 Forum	Open group, known administrator	348
PNG	PNG Women in the 2012 National elections	Open group. Administrator not listed	82
PNG	Against PNG Policy Brutality	Closed group. Known administrator – profile image is a photo of a man brandishing a gun	516

I conclude by raising some issues for consideration in the hope of stimulating further dialogue.

- How does PNG society ensure that this shift in power and voice towards those who master the art of social media is made in a way that new power actors are equally held accountable for what they say and do with their skill in an evolving social context?
- How does society protect the rights and security of those who wish to speak up on corruption and violence?
- How does society respond to social demands created by the opportunities opened by social media? For example the voices of women who publically seek help in violent situations invoke a joint social responsibility for immediate support but they also create opportunities for those in the policy and development arena to formulate appropriate responses.
- Are issues on cyber education and safety, including the protection of children, being integrated into the formal and informal education system? Is funding being made available for organisations to run training courses on cyber safety in all communities?

- In terms of public and private partnership, might we see a proliferation of bill boards, TV advertisements, mobile phone alerts akin to donor supported HIV/AIDS and other billboards promoting the safe and responsible use of social media?
- Has the PNG Ombudsman Commission created an avenue to enable engagement with civil society through social media?
- Has the Royal Papua New Guinea Constabulary created an avenue to enable engagement with civil society through social media?
- Is there an Electoral Commission facilitated forum to enable feedback and election observation through social media?
- Some development agencies, including donors, multilateral agencies, international financial institutions and NGOs are already engaging with civil society through social media in some of the countries they work in. Is it time for development partners and donors in PNG to embrace this social revolution in the same way?
- Are those tasked with development policy formulation, implementation, and monitoring and evaluation, actively exploring ways of tapping into the opportunities presented by social media to engage with civil society?
- Is it possible that in the near future PNG will have an online and social media facilitated "development partner" and "civil society" forum?

Whatever the answer to these questions, it is clear that there are huge implications for the practice of development in PNG. If social media is to make a difference in PNG beyond its ability to reshape the political arena, it must be utilised as a tool by all actors interested in the development of PNG to translate this new energy into tangible development outcomes.

Michelle Nayahamui Rooney is a PhD student at the ANU. Prior to commencing study, Michelle worked as a national officer in the development sector in Papua New Guinea.

Benefits from mining in Papua New Guinea – where do they go?

Written *by* Margaret Callan *on* September 10, 2012

The National Research Institute (NRI) has published an interesting study of the economic benefits from the Porgera Gold Mine over its lifetime, see NRI Discussion Paper No 124, Peter Johnson, *Lode Shedding: A Case Study of the Economic Benefits to the Landowners, The Provincial Government, and the State from the Porgera Gold Mine, Background and financial flows from the mine* available from the NRI website.

Benefit flows

The Porgera gold mine in Enga Province has been producing gold for over 20 years. This research identifies the benefits distributed from Porgera's operations from 1990 to 2009 at Kina 6.4 bn (at 2009 exchange rates, USD2.3 bn). Of this total, Kina 4.8bn was distributed to groups and institutions in PNG in line with the mine's Memorandum of Agreement and Kina 1.6 bn was distributed to international stakeholders.

According to calculations in Table 1 of this report, the share of total PNG benefits accruing to various parties amount to: national government Kina 1.7bn; landowners Kina 1.2bn; 'PNG nationals' Kina 1.1bn (mainly wages and contracts); Enga Province Kina 424m; Enga Provincial Government Kina 279m and; Porgera Development Authority Kina 130m. In 2009 alone, Kina 56 million in royalties, compensation and dividends was injected into the Porgeran economy, equivalent to approximately Kina 3935 per person, a contribution substantially higher than PNG's 2009 per capita income of Kina 2337 (US$850).

Johnson analyses Porgera's benefit flows by type of benefit as well as beneficiary. Wages and taxes have each accounted for 31 per cent of financial benefits from the mine, with business contracts close behind at 29 per cent. By contrast, royalty and compensation payments, while large kina payments, accounted for only 4 per cent and 3 per cent respectively of total benefits paid.

However you cut it, it is clear that the Porgera mine has delivered massive resources to the national government, provincial authorities, development authorities and the people of Enga province. With what results?

Impact and accountability

Section 6 of the report titled, Expenditure of Financial Benefits By Sector, is sobering reading. It concludes that the mine has put a lot of financial resources into the hands of landowners and in this respect their expectations of the mine are likely to have been achieved. However, Johnson's examination of expenditure by the services arms of government (Porgera Development Authority, Porgera District Authority and local level government) concludes that it is not possible to determine how financial flows have been turned into infrastructure or health and education services.

Johnson finds a "complete lack of transparency and accountability in many of the institutions associated with the Porgera mine" (p88). Over a billion kina in cash and benefits have been spread through the Porgera region but it is almost impossible to know where the money has gone.

This finding was highlighted by Thomas Webster, Director of the National Research Institute of PNG, in an interview with Stephen Howes reported in his Devpolicy post on 31 May. Webster noted that the operator of the mine paid different government institutions and landowner groups as they were required to do, but "… it's clearly government institutions which are not doing what they were expected to do on the ground …" and "… the mine pays particular individual or landowner groups, but these accounts are managed by – I don't know how they do it, but it's said one or two principal landowners, and then from quiet conversations, they said that these individuals are living in Port Moresby or in Australia."

The report sets out to shed light on the perennial question of why Papua New Guinea is resource rich yet its citizens are poor. It concludes that for the communities who are supposed to be the beneficiaries of the mining wealth, the legal and payments system is complex, opaque and one-sided, and there remains a lack of transparency at both national and sub-national levels of government. The report also notes weaknesses in the national government:

a failure to report the details of payments from and to mining project stakeholders, and the lack of a system that tracks how stakeholders under its control operate.

Recommendations

The report includes a number of recommendations to improve the transparency and accountability of responsible institutions. It identifies the implementation of the Extractive Industries Transparency Initiative (EITI) as the first step. But it argues that a more important step would be to increase transparency by creating an audit trail of payments from national and provincial governments to other institutions such as the Porgera Development Authority, the Porgera Landowners Association and local-level governments. Such a second-tier transparency initiative would increase the accountability of these institutions. The report argues that current mining policy debates in PNG are being conducted in an information vacuum and risk missing the larger issue of whether monies meant to improve development outcomes in Porgera have been spent appropriately.

Comment

There are a few other perspectives I would add to Johnson's. The first is that while accurate, clear and timely information is a critical first step in improving the accountability of all institutions receiving mining benefits, it is equally important to strengthen community-based engagement in planning and monitoring agreements associated with mining projects so that local citizens are better able to demand accountability from those in positions of responsibility.

Community engagement must pay particular attention to the interests of women. A recent study by the Porgera Environmental Advisory Komiti on the social impact of the mine on women found that while the mine has provided some facilities previously lacking such as roads, hospitals and schools, many women had been impoverished and disempowered by losing access to land and livelihoods. In Porgera's predominantly patriarchal society, the benefits from the mine overwhelmingly favour men as employees or landowners. The report of this study is available online.

Another issue highlighted by this report is the relatively small shares of royalty and compensation payments in total benefits to landowning communities. So it is perplexing that during community consultations on new mining projects, these shares tend to be given a great deal of attention and the potential benefits from employment and contracting opportunities relatively less.

Finally, I note that AusAID hosted a Consultative Forum with Business (21 August) at which the government's *Sustainable economic development strategy* was launched. That strategy includes the Mining for Development Initiative which itself includes support for EITI. It will be interesting to see how the Mining for Development initiative plays out in PNG and whether it extends beyond EITI to working with mining companies, communities and governments to help improve the development results from mining projects such as Porgera.

While this is an important report it isn't easy reading. That is due partly to the complexity of the subject matter: nothing about the regime of benefit-sharing for mining projects in PNG is straightforward. So it is very difficult for new researchers to be confident in understanding this complexity and equally challenging to write about it in an accessible way. I recommend readers with limited time tap into the Executive Summary and Overview, read Section 2 on Negotiated Responsibilities, then skip to Section 8 General Observations and Section 9 Conclusions.

Margaret Callan is a Visiting Fellow with the Development Policy Centre at the Crawford School, ANU, researching the contribution of the private sector to development in Papua New Guinea.

How do I get started in a career in development?

Written *by* Jonathan Pryke *on* October 9, 2012


Australian National University

Development Policy Centre
Crawford School of Public Policy
ANU College of Asia & the Pacific

Careers in Development

Jonathan Pryke

Note

This discussion paper is not written by a careers expert. It is rather a work in progress based on my own experiences trying to start a career in development with extensive input from colleagues that have many more years of experience. The objective of this paper is to start a conversation about careers in development and is not intended as a comprehensive or prescriptive careers resource. It will be progressively updated with feedback and broader input. Because this is based around my own experiences it will be somewhat Canberra focused, though the lessons and opportunities can, by and large, be replicated across Australia (and beyond). If there are any omissions please contact me. This blog also pulls together a great variety of posts addressing development careers. Chris Blattman has also covered this topic in multiple posts here. A special thanks to all of my colleagues at Devpolicy for their valuable insights.

Note: This paper was updated on 15th November 2012 to incorporate commentary and feedback, which is still highly encouraged.

Discussion Paper 24

OCTOBER 2012

There are lots and lots of young Australians interested in development. Oaktree has thousands of members. The Australian Medical Students Association attracts some 500 medical students to its annual Global Health Conference. Development studies and international relations are amongst the most popular undergraduate university courses in Australia. How this young and enthusiastic generation can get started in a career in development is an important question. And it is one that I have tried to answer in my new Devpolicy discussion paper.

Based on my own experience and drawing on extensive consultation, the paper aims to start a conversation about what a career in development actually is, what you can do to better your chances of getting started and where you can look. The paper is by no means comprehensive or prescriptive and is intended to evolve over time with feedback and comments.

Instead of trying to summarise in this blog what has turned into quite an extensive exercise, I want to tell you my story, as someone just beginning a career in development, and share some tips that have certainly helped me in my career to date.

I am 25 years old and have aspired to a career in development for some time now. My path has not been linear and has been littered with some significant failures, changes of direction and crises of confidence. My passion to work in development was inspired largely by 6 months I spent in Laos during my undergraduate years taking part in a very informal development internship with a Technical Assistance program sponsored by the Asian Development Bank and the European Commission (facilitated through a family connection). This experience helped me to realise (which has been confirmed by my colleagues) how important volunteering abroad is for an extended period of time, and how great opportunities such as the AYAD program are for facilitating that. Even if you don't manage to do a lot of good, spending a substantial amount of time in a developing country will also help you to decide if this kind of career is what you really want (remembering that a career in development is not the only way to do good in the world).

This internship experience aside, by the time I made it to the end of my undergraduate degree (a Bachelor of Commerce from Sydney University) I had not been proactive enough and was still lacking direction and opportunities. It was at this point that I turned to more study (this time at the ANU, a dual Master's in Public Policy and Diplomacy) to not only improve my chances of getting into graduate programs (such as AusAID), but also to gain more experience and a better feeling about what I wanted to do. Pursuing further study was one of the best decisions I have ever made. Some people get into development as generalists. But obtaining a specialization, whether it's in economics or medicine, international relations or community development, is normally a good pre-requisite. Postgraduate study not only has made me more employable and productive, it also exposed me to a whole new network (networking is also very important) and eventually led to the opportunity of working at Devpolicy.

Upon moving to Canberra I also started volunteering (and still do) at organisations such as Oaktree and engaging in development outside of the classroom. I wish I had done this much sooner. Volunteering, both at home and abroad, is the singularly most important thing you can do to demonstrate your commitment, highlight your passion for development and expose you to similar like-minded people. It is also very rewarding. And it can make a difference.

I also began applying to various positions here in Canberra. It is really important to cast a wide net when you get started, as there are multiple ways to get started in the development industry. Applying for jobs gives you vital experience in application and employment processes where, particularly at the interview stage, you will certainly get better with practice. To illustrate this point, I have applied for the AusAID graduate program twice, and both times I have been rejected. The first time I didn't make it though the first round, while the second time (after my first year of Master's) I made it to the interview. It was the first in a string of graduate interviews I did that year and the first formal interview I had ever done. To say I was nervous was an understatement. Of the four interviews I did that year I was accepted into the other three (including treasury and DFAT), and I attribute a lot of that success to prior interview experience.

My failures illustrate a final point that I think is vitally important. You have to be persistent and keep an open mind. Every rejection is brutal, but the more it happens the more you realise how many pathways into development there really are. When moving to Canberra I would have never expected to be working where I am today. If I hadn't been persistent and kept myself open to new opportunities I doubt I would be anywhere close to what I have achieved to date.

The story I have highlighted above is a very personal one. And it's just one example. I plan in the coming months to provide a series of interviews and discussions with development professionals from all sectors and points in their careers. We would also like to hear your stories, either through comments below or contacting me directly. Getting started in a career in development is tough, but hopefully this resource can make it that little bit easier.

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The MDGs post-2015: why we should do less

Written *by* Bill Morton *on* November 2, 2012

Three years out from the 2015 deadline for the MDGs, and debate about "what next" is already reaching fever pitch. Proposals for a post-2015 version of the MDGs are coming from an increasingly crowded field that includes individual experts and academics, think tanks and research institutes, NGOs and civil society groups.

The Centre for International Governance Innovation proposes 11 potential goals, targets and indicators, including areas such as ensuring freedom from violence and sustainable management of the biosphere. The Center for Global Development (CGD) also identifies possible goals, targets and time frames, and even goes so far as to incorporate them into suggested draft language for an updated Millennium Declaration. Just a few days ago, Oxfam released a draft paper on how a post-2015 agreement can drive 'real change' (and is calling for comment).

These and other proposals amount to a substantial body of thinking, so there is no shortage of options for the post-MDG framework. But what do they tell us about we should do in the lead up to 2015? The best that organisations like CIGI, CGD and Oxfam can do, as well as the rest of us based in developed countries, is to take a deep breath and do less.

Adopting a "do nothing for now" approach at the moment when debate is hotting up on the post-2015 framework might be anathema to those deeply invested in development thinking and action, and in ensuring the next version of the MDGs is better than the first. It might also be just what developing countries need right now: the rest of us out of the way, and the time and space to stake their own claim on the post-2015 agenda.

Here's why. The majority of proposals on the next MDGs have been put forward by people and institutions based in developed countries. Thinking and proposals emanating from developing countries, and that reflect the interests and priorities of people in those countries, have so far gained relatively limited traction in policy debates and discussions.

That's not to say they don't exist. Ernest Areetey (Vice Chancellor of the University of Ghana) and Charles Abugre (Africa Regional Director of the UN Millennium Campaign) both recently shared their thinking on the post 2015 framework. Abugre argues for a model aimed at the global community that addresses systemic threats to equitable and sustainable development, and is based on the principle of 'common but differentiated needs and responsibilities', which (among other things) would tackle the global financial, food and energy systems.

The UN Economic Commission for Africa is also taking a role in articulating that continent's perspectives on the post-2015 agenda. Drawing on studies and consultations with member countries and other stakeholders, it proposes a model that would adapt the existing MDGs while maintaining a balance between development outcomes and enablers, the latter including aspects such as good governance, human rights for all, and a credible participatory process.

These are just a sample of what developing country thinkers and stakeholders are saying. Yet the noisier proposals coming out of North America and Europe, mostly from usual suspects like CGD and the Overseas Development Institute, are dominating the conversation. And who can blame them? Everybody wants their proposal to be the one that makes a difference, what's the point of putting it forward otherwise? What this means though is that in the rush to prepare for 2015 we are at risk of making exactly the same mistake that we made when designing the MDGs. On that occasion, people in developing countries had woefully inadequate engagement in the process. If proposals emanating from developed countries continue to dominate policy dialogue on the post-2015 model, many people will see the outcome in the same way that they now see the MDGs: as something concocted by the elite, that has little relevance for them, and that they have little ownership over.

The UN appears to have recognised that it's essential that the post-2015 framework should take developing country priorities and perspectives into account. UNDG is set to conduct consultations in 50 countries. So far, Papua New Guinea and the Solomon Islands are the only Pacific Island countries on the list but there could be more if, as has been suggested, the number of countries is increased. UN agencies will also canvas opinion on nine thematic areas, including on topics not covered by the MDGs such as inequality, growth and employment, and population dynamics.

Then there is the question of how the consultations will be conducted, and with whom. As a ONE report recently suggests, "notwithstanding [the UN's] impressive program of consultation, there is a real risk that the most critical voices will be largely missing – *the world's poorest citizens".* To its credit, UNDG seems to be aware of this possibility, and has developed comprehensive guidelines for undertaking the country dialogues, "to ensure the post-2015 debate is informed by inputs and ideas from a broad base of civil society, marginalized groups, and others previously left out of discussions on development priorities".

But irrespective of how well the consultations are conducted, the UN remains an outside actor intervening within countries to *extract* information. As a result, the consultations run the risk of being seen as a yet one more externally-driven process, designed and undertaken not by local actors within each country, but under the auspices of the UN, and contrived within an unrealistic time frame: the country consultations will be completed by March 2013, and thematic consultations by June 2013, so that they can feed into the next major UN meeting on the MDGs in September 2013.

It's not surprising that there are alternative suggestions for generating developing country engagement with, and ownership over, the process. The ANU's Scott Wiser suggests in a recent paper that deliberative (rather than extractive) approaches be used, which would complement the UN and other consultations. These could take the form of citizen assemblies, in which participants would have the opportunity not just to speak, but also "to be heard, listen, reflect, negotiate, analyze and decide" on issues. An IDS project called "Participate: knowledge from the margins" focuses on participatory methodologies, and aims to engage vulnerable and marginalised groups. ONE proposes a "What the World Wants Poll" to canvas opinion in both developed and developing countries.

These suggestions on *process* remind us that existing proposals for the format of the post-2015 framework are putting the cart before the horse. By identifying new goals and targets they are pre-empting the information gathering and consultation processes that should inform what the final framework will look like. The problem is that the suggestions on process are also coming from developed country individuals and organisations. And together, they add to the increasingly cluttered array of options on the post-2015 MDG agenda, one in which developed countries are over represented.

That's why now is the right time for practitioners and analysts in developed countries to take a step back, and to make room for people in developing countries to advance their own thinking on a post-2015 framework. That doesn't mean the existing thinking isn't worthwhile. It's just that there is enough of it for now. It's fair enough that we loosen our grip on the post-2015 agenda a little, and give those who it will affect most the opportunity to shape it.

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