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Senate Foreign Affairs, Defence and Trade References Committee  
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## **The delivery and effectiveness of Australian aid to Papua New Guinea**

Please accept this joint submission from a panel of fourteen contributors associated with the *PNG Attitude* blog, a collaborative, non-profit project between Papua New Guineans and Australians now in its tenth year.

The aims of *PNG Attitude* are to create and maintain strong interpersonal relationship between citizens of both countries, to share information and views on current issues, to promote the Crocodile Prize – PNG's national literary awards - and to fund small, appropriately targeted projects in Papua New Guinea.

The panel comprised *PNG Attitude* readers who were provided with the Committee's Terms of Reference and asked to respond through the blog.

As you can see from the list below, the panel is well placed to comment on a number of the critical issues involved in Australian aid to Papua New Guinea.

**Keith Jackson AM**  
**Publisher and Editor**  
**PNG Attitude**

Phil Fitzpatrick (social mapper, author and former PNG kiap)

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Dr Clement Malau (former PNG Secretary for Health)

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Paul Oates (sometime administrator of Cocos Island and former PNG kiap)

Chris Overland (managing director, Vespasian Consulting Services and former kiap)

Max Rai (head of trade division, PNG Department of Trade, Commerce and Industry)

Gabriel Ramoi (former PNG parliamentarian and Minister)

Doug Robbins (Australian business volunteer deployed to PNG five times)

Barbara Short (former PNG secondary school headmistress)

*It should be noted that this submission is the outcome of collective endeavour and that specific conclusions and recommendations may not be shared by all panel members*

# **Submission from a panel of PNG Attitude readers**

## **1 - The political, economic and social objectives of Australia's aid**

Aid, and its impact on Papua New Guinea since independence, is a controversial issue occasioning much debate in PNG. Educated Papua New Guineans are aware that aid is disbursed on the basis of the donor's national interests and, in Australia's case, that it is also now enmeshed within the fabric of Australian politics.

There is a strong perception that Australian aid is more complex than the offerings of a Good Samaritan. The notion of "boomerang aid" (that where much of the benefit of aid 'boomerangs' back to Australia) is well understood in PNG.

There also exists a view that, except in certain specific locations, Australian aid offers minimal tangible benefit to the majority of PNG's rural people, 80% of the population.

For various reasons aid is not seen to be capable of accelerating PNG's economic development: the flow is largely governed by factors outside PNG's control; it is volatile; it is often inadequate to the task; and it is frequently mismanaged in-country.

The panel suggested that one of the methodologies of Australian aid should be to deliver more of it within the framework of local level government, which is closer to the people and tends to be more accountable than the national government.

The shift in the Australian aid from budget support to project support (to ensure it is put to better use for the PNG people) is leading to the PNG Government losing control over the allocation and utilisation of aid over which it once had direct influence. This may slightly reduce the potential for misappropriation but there is a cost in terms of the most efficient deployment of resources.

## **2 - The role of multilateral and regional organisations, non-government organisations, Australian civil society and other donors**

It is an irony of aid delivery that donors tend not to coordinate individual aid efforts nor engage in dialogue to harmonise their policies and processes.

It was suggested that the PNG Government be empowered and resourced to coordinate aid activities. Donors can undertake a number of measures in-country to facilitate such coordination. For instance, they could specialise in those sectoral and sub-sectoral areas in which they have a comparative advantage.

Many Australian companies and NGOs operate development projects in PNG. They bring in Australian citizens who are very highly paid relative to Papua New Guineans doing the same or similar work (frequently earning 4-5 times as much). It was remarked that some of these Australians are not as qualified as their PNG counterparts, a cause of distrust and even animosity.

It was also reported that the Australian Government is no longer providing funding for business volunteers in rural areas of PNG which are said to be outside Australia's current "risk framework". The panel suggests that this policy shift be reviewed.

### **3 - Scope for increasing private sector involvement in sustainable economic growth and reducing poverty**

In 2013 a tender was called for Australian aid-funded pharmaceuticals as a result of which the highest tender, and this from a non-quality assured company, was accepted by the Health Minister. There were serious concerns about non-compliance and Australian aid funding was withdrawn from this project. It was an understandable response but hardly an adequate solution in terms of the health care offered to Papua New Guineans.

This raises the question of how can Australia ensure its aid money is spent correctly and that the benefit goes to the people in need rather than being siphoned off by corrupt officials. One answer may be to directly fund projects that assist ethical PNG businesses to increase profitable trade rather than fall back on aid that only increases dependency.

While much aid is directed towards the activities of the public sector and for humanitarian purposes, little is utilised for the development of the private sector or for the establishment of institutions supporting entrepreneurship. There is no doubt that PNG small businessmen need substantial assistance with capital, advice and marketing.

PNG has many products that, with the right amount of targeted assistance, could supply domestic needs and be readily sought by countries like Australia. Encouraging local business opportunities implies exploring viable markets and providing assistance in financial management, production and marketing.

Signed contracts with ethical business to provide agreed outcomes would need to occur and any monetary assistance would be phased, benchmarked against periodic deliverables and audited before contractors received final payment. If a project was not meeting predetermined benchmarks, aid must be discontinued.

### **4 -Scope for expanding private sector partnerships in leveraging private sector investment and domestic finance**

The view of the panel was that Australian aid should not be applied to private sector partnerships where investment criteria are strictly commercial in nature. This would both lead to a lack of detachment from the aid giver and the aid receiver and a tendency to try to 'pick winners' which has never been a strength of politicians or the public service.

### **5 -Improving PNG's progress towards internationally-recognised development goals**

#### **5.1 Training & exchange programs**

Australian aid funds should be spent to bring large numbers of Papua New Guinean students to Australia for secondary and tertiary education. More Papua New Guinean teachers and nurses can be trained in Australia, lifting the standards of those professions.

Many teachers in Papua New Guinean schools, especially at the primary level, are barely literate themselves and are passing on their ignorance to generation after generation of students.

Public servants and administrators should also be trained in Australia in large numbers.

Exchange systems could be initiated to fund senior Papua New Guinean and Australian public servants to spend time working in each other's country to encourage relationship building, cultural understanding and skills exchange.

## **5.2 'Twinning'**

Twinning programs between equivalent public and private sector organisations in Australia and PNG would match entities in a long-term relationship for the most part conducted online.

From time to time, employees would be attached for up to six months to the twinned organisation to gain exposure of working in a different culture with different work processes, work ethics and organisational philosophies.

One Papua New Guinean observed: "We have had Australian development practitioners work with us in PNG. Their role is to provide support to our internal policy development process, strategic plans, targets etc. They merely facilitate. We decide whether to accept their advice or not. We set the agenda and have the final say as to what is good for us."

## **5.3 Literacy & literature**

Falling literacy rates in Papua New Guinea are reaching alarming levels. The nexus between literacy and social well-being and economic advancement is acknowledged by Australian and Papua New Guinean governments but seems to be little understood by either.

A social mapper remarked: "There appears to be a belief that literacy levels will improve with increased economic activity. Encouraging literacy is regarded as a feel-good activity, not to be taken seriously."

Aid programs in the areas of literacy and education need not be necessarily based in Papua New Guinea. The Crocodile Prize national writing contest and *Buk Bilong Pikinini* (children's libraries' project) have ably demonstrated that much of the organisational work can be effectively done in Australia.

## **5.4 Rural development**

The people of Papua New Guinea clearly understand the need for aid that helps the underprivileged rural majority. This includes assistance to rural schools and health facilities and road building. It was widely remarked that the schools, hospitals and roads Australia built in PNG in the 1960s and 1970s are in need of repair or rebuilding.

# **6 -Supporting inclusive development by investing in good governance, health and education, law and justice and women's empowerment**

## **6.1 Beneficial 'boomerang aid'**

Paradoxically perhaps, it was suggested that the most effective way of delivering effective, continuous aid to PNG could be through the often despised 'boomerang' method. For decades Australia has directly invested billions of dollars in aid to PNG only to see much of it dissipated in flawed and unsustainable projects, unfinished buildings and shoddy workmanship. Or, arguably worse still, siphoned off into private hands.

One alternative is for aid in the form of health, education and other pursuits to be delivered by affiliation with relevant institutions in Australia.

James Cook University in Townsville has a campus in Singapore. Why not in Port Moresby? Central Queensland University in Rockhampton has four campuses elsewhere in Queensland. Why not in Rabaul?

If a new hospital is needed in Alotau, why not build it as if it were an annex to Cairns Base Hospital with construction, maintenance and staff supplied initially by Cairns until local staff can be trained, doing theory at the Cairns campus of James Cook University and practical at Cairns Base Hospital.

It will cost millions to operate these PNG affiliates, but they would be viable, well operated facilities, exactly what PNG needs and the funding would come from Australia's PNG aid budget.

Such boomerang system would benefit both Australia and the people of PNG.

## **6.2 Governance**

Poor political and bureaucratic decision making, incompetence and endemic corruption have seriously compromised project governance and aid effectiveness in PNG.

The panel does not believe that PNG lacks good systems and processes of governance but it does believe that many of the administrators operating the system are not delivering outcomes that are effective or ethical.

PNG does not lack resources: its problem is the efficient and honest targeting of resources to areas which can make a difference for its people, especially those who dwell in rural areas.

Australian aid needs to be relatively narrowly targeted in two main areas: rural people who desperately need government services and the creation of new or restored infrastructure.

Tackling corruption is urgent and should not be ignored by the Australian Government, no matter what the diplomatic intricacies may be. Australia should make the establishment of an independent and effective Independent Commission Against Corruption or similar entity a pre-condition for granting aid.

Often aid is used to replace the funding of projects that should be budgeted for by the PNG Government. Sometimes this is because of corruption. The malaria eradication program – in recent years built to a high level of efficacy through aid – is now in a precarious position as aid is about to be downscaled. The PNG Government has not committed to replacing it.

In 2008, medical supplies at Goroka hospital were being stolen and sold privately by administrators leaving the hospital without vital drugs and equipment. Senior nurses were suspended when they complained through official channels.

These distortions of the intent of Australian aid must be addressed and, however difficult the subsequent negotiations may be, Australia should not shirk its responsibility to harness its aid program to PNG to honest, efficient and accountable governance.

## **6.3 Education**

One of the best things Australia can do, albeit in a medium-term perspective, to instil good governance in Papua New Guinea aid project management is to help educate its people, an issue already partially addressed in this submission.

Educated people are more aware of the complexities of politics and administration and are more likely to demand accountability and adherence to good public policy.

It is arguable that only when many more people in Papua New Guinea have a reasonable education, especially people in the rural areas, that endemic problems of corruption, mismanagement and inefficiency can be brought under control.

More Australian aid should be channelled into tertiary institutions. All need better resourcing but the University of Papua New Guinea in particular is in a terrible state, being run down and bereft of resources.

There are many small but powerful projects that well-targeted aid could assist: renowned Australian academics assigned to short-term teaching programs; the establishment of good internet access assistance and the renewal of libraries. Of the 16 high schools in Simbu Province, for example, only six have libraries and only two are equipped with science laboratories.

#### **6.4 Health**

More attention needs to be given to rural health. Most of the aid posts and health centres established in colonial times and in the early years of independence are derelict or in a terrible state of repair. The Australian government would do well to concentrate some aid on rural health infrastructure, especially building aid posts and small health centres.

Given the poor performance of this sector (recently the subject of research by the Australian National University and the Institute of PNG Studies, see [http://asopa.typepad.com/asopa\\_people/2014/10/how-to-make-service-delivery-work-in-papua-new-guinea.html](http://asopa.typepad.com/asopa_people/2014/10/how-to-make-service-delivery-work-in-papua-new-guinea.html)), a specific issue that needs to be addressed by the Senate is the way in which Australian contractors have been engaged and have implemented projects in PNG.

There is a view in PNG that contractors often have great influence over the composition of project review teams thus assuring themselves of participation in future and continuing projects.

A Papua New Guinean health expert on our panel said more focus is needed on “getting the basics right, as the colonial administration once did, rather than building massively expensive temples to modern medicine that few people can actually access.”

One specific area which greater aid could be considered is in the treatment of spinal cord injury patients who, because their care is highly specialised and expensive, are often condemned to short and miserable lives in PNG hospitals.

### **7 -Establishing realistic performance benchmarks to assess aid outcomes against set targets and to improve accountability**

The panel believes that aid is best delivered through government-to-government contracts with predetermined achievement targets and intermediate benchmarks that allow instalment payments and a goal that must be met to allow final payment.

There must be an audit plan and regular independent auditing of aid programs made against benchmarks. Audit reports need to be transparent and made publicly available

The panel’s experience is that such many, if not most, projects are inadequately monitored and that outcomes are not subject to regular appraisal.

The PNG Government needs to demonstrate its commitment to improve its management of aid. Current efforts to promote performance-based allocation of aid should be continued and deepened.

It needs to play a larger role in the design, management, and evaluation of aid activities. If the PNG Government shows little ability to improve its performance, aid should be refocused on enabling the non-government sector to meet basic needs and human capital investment.

### **8 - The extent to which development outcomes in PNG can be improved by learning from successful aid programs in other countries**

One panellist observed that “not all things from Australia are good for us” and, while the panel does not feel it is in a position to offer case studies or examples of world best practice, it strongly approves of the general principle that Australia should be constantly seeking to adopt methodologies and techniques of aid delivery that have been shown to be efficacious in other jurisdictions.