

Chapter 3

Objectives and delivery issues

Introduction

3.1 This chapter will consider the objectives of Australian aid to PNG and key issues raised regarding the delivery of the aid program. It will also consider specific areas in relation to the Australian aid program:

- aid to Autonomous Region of Bougainville (ARB);
- the Manus Island Regional Processing Centre; and
- cross-border issues.

Objectives

3.2 The Australian aid program's purpose is to 'promote Australia's national interests by contributing to sustainable economic growth and poverty reduction'. The 2015-16 budget papers stated:

DFAT will continue to implement the Government's development policy *Australian aid: promoting prosperity, reducing poverty, enhancing stability...*The program is focused on supporting private sector development and strengthening human development...Australia will continue to support its developing country partners, but will adopt an approach that acknowledges the different development trajectories of the Pacific and growing Asia.¹

3.3 In the context of PNG, the DFAT's *Aid Investment Plan* provides that from 2015-16 to 2017-18, Australia's aid program in PNG will encompass 'the following three strategic, and interlinked, objectives which are in line with PNG's priorities and where Australia can add value':

1. Promoting effective governance
2. Enabling economic growth
3. Enhancing human development

As a cross-cutting issue, all programs will effectively integrate gender equality.²

3.4 The recent PNG-Australia Aid Partnership Agreement reaffirmed that Australian aid is aligned with the priorities of the PNG government. The Alotau Accord which, in 2012, outlined the priorities of the current O'Neill PNG government

1 *Foreign Affairs and Trade, Portfolio Budget Statements 2015-16*, p. 18.

2 DFAT, *Aid Investment Plan: PNG 2015-16 to 2017-18*, 2015, p. 3.

included priority impact projects in: education; health; corruption; infrastructure; LNG projects; law and order; public sector reforms and private public partnerships.³ The PNG Government Medium Term Development Plan 2 (MTDP) 2016-17 included sixteen critical policy and program areas including 'education, health, infrastructure, law & justice and land & housing'.⁴

Inclusive growth

3.5 A key concern expressed during the inquiry was that the Australian Government's additional emphasis on private sector growth and aid for trade in the PNG aid program would impact on health, education and infrastructure services support to the people in the most need in PNG. For example, ChildFund Australia argued:

While economic growth is a necessary condition for poverty reduction, on its own it is not sufficient. Poverty reduction and protection of human rights require a broader, human development approach. Australia's bilateral aid program to [PNG] must clearly prioritise human development, specifically poverty reduction...Economic growth without attention to inclusion and equity will fail to reach the poorest. The experience of PNG over the last decade confirms that significant increases in GDP do not necessarily result in a generalised improvement to living standards.⁵

3.6 The Australian Council for International Development (ACFID) also characterised PNG as a 'powerful example of a country where headline economic growth has not translated into poverty reduction and improved wellbeing for the majority of its citizens'. In the context of Australia's aid program being reprioritised toward infrastructure, aid for trade and private sector-led growth, AFCID argued:

Australia's aid program must continue to play a vital role in addressing the root causes of poverty and instability in PNG by building the foundations for inclusive economic growth through investments in good governance, health and education, law and justice and women's empowerment and gender equality. Official Development Assistance (ODA), above any other forms of capital, is particularly suited to investments in these areas.⁶

3.7 World Vision noted that PNG lags against all development indicators despite the increasing natural resource income driving growth in Papua New Guinea's gross national income. It considered this 'demonstrates the limitations of GNI as a tool for assessing prosperity and wellbeing'. It stated:

This is also indicative of persisting inequalities within PNG, with the poorest often being women, individuals with disabilities, and those in

3 'The Alotau Accord – 2012 Summary of O'Neill Government Priorities', July 2012.

4 PNG Government, *Medium Term Development Plan 2 2016-2017*, p. 47.

5 *Submission 16*, p. 1.

6 *Submission 22*, p. 8.

remote areas. These represent groups largely unable to access the benefits of resource sector growth, and who suffer from the absence of proportionate improvements to provincial service delivery.⁷

3.8 World Vision argued for 'embedding targeted objectives which measure outcomes at sub-national levels; ensure the participation of marginalised groups including women, individuals with disabilities and those in remote areas; and prioritise human development'.⁸

3.9 ACFID noted that there are vast disparities in wellbeing, access to services and to markets between rural and urban residents in PNG.

People living in remote areas have poor access to essential services, limited educational and employment opportunities and consistently rank lower in terms of human development than other parts of the country...Growing inequality between communities is a constraint to inclusive and sustained economic development in PNG...To maximise the impact of Australian aid to PNG, aid investments must reach remote areas and isolated communities. ACFID recommends that the Australian aid program target these areas in order to address the particular challenges facing remote communities.⁹

3.10 CARE Australia also noted that 'key studies conducted over a 30 year period show that there is a strong geographic component to extreme poverty in PNG; it is possible to identify certain, largely remote, locations where the poorest of the poor live'.¹⁰ A consistent theme in the joint submission from *PNG Attitude* was that Australian aid should prioritise assistance to rural areas of PNG. It stated that the 'people of Papua New Guinea clearly understand the need for aid that helps the underprivileged rural majority'.¹¹ It noted that a perception exists in PNG that 'except certain specific locations, Australian aid offers minimal tangible benefit to the majority of PNG's rural people, 80% of the population'.¹²

3.11 Support for the basics of human development, such as education and health service, was perceived as underpinning the success of any inclusive economic growth in PNG. The Lowy Institute stated:

While Australian aid policy has a renewed focus on private sector development, it is important that Australia continues to provide significant support for education and health in Papua New Guinea. Lack of capacity and shortcomings in the provision of education and health services in Papua New Guinea make external support critical for Papua New Guinea to

7 *Submission 32*, p. 3.

8 *Submission 32*, p. 4.

9 *Submission 22*, p. 11.

10 *Submission 28*, p. 2.

11 *Submission 1*, p. 4.

12 *Submission 1*, p. 2.

develop a future workforce capable of meeting the country's needs and driving further progress.¹³

3.12 The Burnet Institute recommended that the 'Australian aid program in PNG should have as a primary objective improving the quality of life of the population, particularly the poor and vulnerable'. It considered at least 50 per cent of the aid budget 'should be allocated to human development (including health, education and women's empowerment'. The Burnet Institute argued that while improvements in 'fair trade, strategic investments in economic growth industries and strengthened financial governance may lead to improved macro-economic indicators, they will not necessarily improve the quality of life of the very poor'.¹⁴

Strategic

3.13 Strategic objectives were seen as implicit in the Australian aid program in PNG. There was a broad consensus that a 'stable and prosperous PNG is clearly in Australia's national interest'.¹⁵ Mr Flanagan observed that, at this strategic level, there were few differences between the priorities of PNG and Australia:

Both countries want PNG to develop. Both countries want PNG to remain a constitutional democracy with regular fair elections. Both countries give priority in government expenditure to areas such as education, health, infrastructure, law and order and supporting the economic sector. Both seek inclusive, peaceful and sustainable development.¹⁶

3.14 Aid to PNG was perceived as an important tool for Australia to promote stability in its region. The Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) highlighted Australia's 'unique and powerful position in its own region' with 22 of its 24 nearest neighbours being developing countries including PNG. It noted some of these regional neighbours were 'particularly fragile and vulnerable'.¹⁷

3.15 In this context, Save the Children argued that '[a]id is a complimentary and cost-effective instrument to support our soft power and security in our region'. It described Australia's aid program as an 'important tool to promote regional stability'.¹⁸ The Lowy Institute noted that PNG is the 'Oceania region's second most populous country' (after Australia). It stated Australia 'wants and needs the population of Papua

13 *Submission 14*, p. 2.

14 *Submission 10*, p. 2.

15 DFAT, *Submission 26*, p. 1.

16 *Submission 43*, p. 3.

17 OECD DAC, *Submission 6*, p. 2.

18 *Submission 41*, pp, 6, 25.

New Guinea to be secure, well educated, healthy and prosperous and our aid program is and should continue to be focused on contributing to this objective.¹⁹

3.16 Security aspects of the aid program were also raised. The Defence White Paper 2016 includes that '[g]eographical proximity means the security, stability and cohesion of Papua New Guinea contributes to a secure, resilient Australia with secure northern approaches'.²⁰ Dr Karl Claxton and Mr Peter Jennings from the Australian Strategic Policy Institute (ASPI) commented:

Australia is served by a stable, confident, active and prosperous PNG, given its proximity and location across our direct approaches; historical and personal bonds; consular responsibilities; our trade and investment links; and expectations we'd assist if Port Moresby requested our help.²¹

3.17 However, Dr Claxton and Mr Jennings cautioned that as PNG population 'climbs toward 15 million in 2030 and up to 30 million by 2050' questions have been raised regarding whether a crisis in PNG could overwhelm the capacity of Australia to respond. They argued that 'anti-poverty and security-enhancing measures needn't be incompatible but rather overlap significantly in places like PNG'.

Funding

3.18 Australia has been providing aid to PNG since 1975, but at levels that, adjusting for inflation, have fallen over time. Though there has been a recent recovery, from 1975 to 2008, there has been an average annual rate of reduction of 3 per cent. The gradual decline in Australian aid to PNG volumes has been policy endorsed by both governments in an effort to reduce PNG dependency on Australian aid.²²

3.19 However, concerns were raised during the inquiry that the levels of funding for the Australian aid program were undermining its key objectives. For example, Save the Children considered '[i]t is simply not possible for Australia to meaningfully contribute to PNG's development challenges with a reduced aid budget'. It called on the Australian Government to restore the Australian aid budget to \$5 billion a year, indexed to CPI, and commit to increasing aid to 0.5 percent of GNI 'so that aid can contribute to sustainable development in PNG and also neighbouring trading partners across the Pacific and Asia'.

3.20 While many conceded efficiencies could be found in the delivery of the Australian aid program, the overall level of funding was identified as a key factor in the success of development outcomes. For example, Dr Claxton and Mr Jennings from ASPI observed that '[w]hile there's obviously merit in improving the quality of our

19 *Submission 14*, p. 2.

20 Department of Defence, *Defence White Paper 2016*, p. 127.

21 *Submission 17*, p. 2.

22 *Review of the PNG-Australia Development Cooperation Treaty*, April 2010, p. 2.

assistance, the quantum is also important for signalling the importance of the bilateral relationship as well as what can be achieved on the ground'.²³

3.21 ACFID emphasised 'that deep and repeated cuts to Australia's aid program undermine Australia's ability to address the root causes of poverty and instability in PNG, and to adequately tackle regional challenges, and are not in PNG or Australia's interests'.²⁴ It recommended that Australia restore funding to the aid program including over the forward estimates and ensure the aid budget grows in line with CPI. It also considered Australia should announce 'a credible timetable to allocate 0.5 per cent of GNI to Australia's aid program'.²⁵

Government assistance

3.22 The gradual reduction in the proportion of Australian aid funding relative to the PNG economy was perceived as driving a focus on 'government assistance' – supporting the PNG Government to be more effective in spending its own funding on development activities. For example, Mr David from DFAT argued that while the funding of the PNG aid program appeared large to some commentators, relative to the problem, it is small. He stated:

...PNG spends less than \$100 per person for health, of which our spend per year is about \$10 of that total. That is compared to, say, \$5,000 to \$6,000 in Australia. The issue is: how do we get the very scarce resources that exist in PNG and influence those to take these key interventions like childhood vaccination or BCG vaccination for TB to every child under five for every generation of children coming through? The point is that we have very limited resources in a very poor governance environment and we have to think about the balance of how to invest to fill gaps; but also, ultimately, to get those big shifts in mortality reductions, we have very little choice but to work with government to try to influence how they allocate their resources.²⁶

3.23 This position was supported by Mr Flanagan who considered that the central focus of the Australian bilateral aid program should be on helping the PNG Government spend its own resources more effectively. He stated:

Governance assistance helps build the environment that allows the private sector to grow. This goes beyond support for vital areas such as law and order. It extends to supporting macro-economic stability (fiscal, monetary and external), creating market frameworks that support inclusive businesses and trade, providing essential economic infrastructure and fostering entrepreneurial leadership.

23 *Submission 17*, pp 3-4.

24 *Submission 22*, p. 4.

25 *Submission 22*, pp 4-5.

26 *Committee Hansard*, 27 November 2015, p. 30.

Sustainable development goals

3.24 Australia was one of the 189 countries who committed to achieve the Millennium Development Goals (MDGs)—a set of development targets with the overall objective of reducing poverty and increasing living standards worldwide by 2015. In 2008, PNG and Australia signed a Partnership for Development Agreement. The agreement sought 'more rapid progress towards poverty reductions and other [MDGs] by 2015'. PNG did not achieve any of the MDGs in 2015.

3.25 On 25 September 2015, the member states of the United Nations agreed to the 2030 Agenda for Sustainable Development which includes 17 sustainable development goals (SDGs) and a large number of targets associated with those goals. Australia actively participated in international discussions to design the SDGs.²⁷

3.26 Some submitters, such as the Burnet Institute and the Reef and Rainforest Research Centre, considered that Australia's aid program to PNG should be closely aligned with the priorities identified in the SDGs.²⁸ For example, Australian Doctors International suggested this alignment should be prioritised towards the health and education needs of those living in rural and remote PNG.²⁹ Save the Children emphasised that the previous MDGs had been 'a game changer' in terms of focusing the world's attention on development results:

Going forward, for consistency with aid investment internationally, Australia's aid to PNG should be aligned with the Sustainable Development Goals. This is also consistent with PNG's own development agenda...³⁰

Delivery issues

Role of NGOs

3.27 DFAT outlined that in 2014-15, 13 accredited Australian NGOs implemented 33 projects in PNG, with a combined budget of over \$7 million funded through the DFAT managed Australian NGO Cooperation Program (ANCP). Under the ANCP, Australian NGOs implement projects in PNG across a range of sectors including maternal and child health; water, sanitation and hygiene (WASH); education; governance; gender equality; and disaster risk reduction.³¹ Another Australia aid NGO program is the Church Partnership Program (CPP) - a partnership between seven PNG churches and their seven counterpart Australian faith-based organisations. DFAT

27 DFAT, 'Global development: The 2030 Agenda for Sustainable Development', available at <http://dfat.gov.au/aid/topics/development-issues/global-development-agenda/Pages/global-development-agenda.aspx> (accessed 3 May 2016).

28 *Submission 10*, p. 3; *Submission 38*, p. 2.

29 *Submission 20*, p. 2.

30 *Submission 41*, p. 9.

31 *Submission 26*, p. 50.

noted the CPP is 'focused on strengthening partnership and coordination between the seven churches, building their capacity to deliver services, increasing their support for gender equality approaches and the empowerment of women, and increasing Church engagement with the PNG Government to encourage good governance'.³²

3.28 NGOs were seen as valuable partners in the PNG aid program. ACFID noted there were over 40 ACFID members are currently working in PNG, in partnership with local organisations, to reduce poverty and promote development and stability, with the assistance of the Australian Government, the Australian public and private sector, and other donors. ACFID argued for a balanced approach to delivery of the Australian aid program. It believed 'that civil society and NGOs – both in Australia and PNG – have important strengths that the Government should leverage in the delivery of its PNG bilateral aid program':

Different delivery partners bring unique strengths and expertise to the provision of aid programs. The aid program must achieve a balance between supporting government, the private sector, multilateral institutions and civil society, so as to maximise the strengths of each sector and reflect its ability to achieve results and deliver sustainable development outcomes.³³

3.29 The capacity of NGOs to reach the poorest and most difficult to access members of the PNG community was highlighted. For example, World Vision described the ANCP as 'an effective means of reaching the poorest and most vulnerable with initiatives embedded in a long-term presence in their communities'.³⁴ Save the Children stated that 'NGOs often work with the most vulnerable populations in the hardest to reach places'. It gave the example of its malaria prevention project which 'operates in remote parts of East Sepik Province, where many households within the project's catchment are unable to access health facilities during the wet seasons'.³⁵ These are neglected areas where functioning government services may not yet be in place due to a range of factors including remoteness, conflict and corruption. It noted that there are no market incentives for commercial investment as there is often little profit in going to these places.³⁶

3.30 The Church Agencies Network (CAN) highlighted the importance of church organisations in the delivery of aid to PNG, describing them as 'critical for regional sustainable progress'. It noted that faith-based organisations, away from key administrative centres, 'often have more influence and certainly more "presence" than state institutions and officials'. The PNG Government has recognised the role of

32 *Submission 26*, p. 50.

33 *Submission 22*, p. 18.

34 *Submission 32*, pp 5-6.

35 *Submission 41*, p. 19.

36 *Submission 41*, p. 20.

churches in providing vital services such as 'minimising law and order issues and providing health and education services to the rural majority of the population'.³⁷

3.31 CAN highlighted that churches 'make a huge contribution to education in PNG, with approximately 50% of both elementary schools and primary schools administered by churches'. It also noted the work of church-run program addressing adult literacy.³⁸ Churches are also the biggest partner in delivering health services with the PNG Government.³⁹

3.32 ACIAR described them as the 'backbone of PNG communities':

In particular, faith-based organisations, provide not only traditional religious services, but also run about half of both elementary and primary schools. They also provide health services for about two-thirds of primary education and provide health care in rural areas. These organisations have long histories in, and strong and established links with, communities.⁴⁰

3.33 Mr O'Callaghan from CAN noted that from a 'PNG citizen's point of view churches have a demonstrated track record of delivering outcomes in education, health care and social services and also in response to environmental disasters or natural disasters'. He stated:

[C]hurches are really the only institutions in PNG which have a full reach and delivery capacity into every village in the country...[W]orking together and alongside our Papua New Guinean church partners over the last decade, seven churches from Australia have been successful in such areas as gender based violence, child protection, peace building, literacy, disaster preparedness and response, and also improved management of church run schools and health centres. It is worth bearing in mind that the collaboration with the Australian government is at the level of about 0.01 per cent of the bilateral aid between Australia and Papua New Guinea [through the Church Partnership Program].⁴¹

3.34 CARE Australia noted that, despite the important role of NGOs in supporting development in PNG, '[t]here is currently no policy statement on the role of NGOs in the Australian aid program to PNG'. It considered that a NGO policy statement could provide a clear strategy for DFAT and NGOs in the PNG aid program and help both parties understand their respective strengths.⁴²

37 *Submission 23*, p. 2.

38 *Submission 23*, p. 3.

39 *Submission 23*, p. 2.

40 *Submission 8*, p. 9.

41 *Committee Hansard*, 21 September 2015, p. 17.

42 *Submission 28*, p. 8.

Advisers

3.35 The committee received conflicting evidence regarding the value of advisers and technical assistance to the Australian aid program. Dr Howes noted that 'more than half of Australia's aid to PNG takes the form of technical assistance'. He reminded the committee that the 2010 *Review of the PNG-Australia Development Cooperation Treaty* (which he co-authored) had concluded that technical assistance 'has had little impact'. His view was that, at the current time, 'the Australian aid program is still overly tilted towards technical assistance':

A reduction in the total aid spend on personnel would raise the bar for advisory effectiveness, which seems to remain very low. (As there is no cost sharing with government, there is always massive excess demand for advisers)...[I]t should be noted that technical assistance is very expensive to deliver in PNG because of the security umbrella DFAT is required to aid-funded personnel provide due to PNG's high rates of crime.⁴³

3.36 CARE Australia also noted that 'Australian aid program's approaches have largely relied on technical assistance, by placing advisers and Australian Government officials in PNG Government agencies in long-term positions'. It stated:

Technical assistance can effectively contribute to development outcomes, especially when advisers play a facilitative role and where there is strong local ownership and leadership. Sometimes, however, there is an over-reliance on technical assistance at the expense of other more promising approaches. A number of commentators have highlighted that expectations of what technical assistance can achieve are unrealistic, given that change is complex, slow and gradual and requires conducive leadership, incentives and political economy. Some have concerns that technical assistance sometimes promotes technical solutions that are not appropriate to the context. As a review of DFAT's Strongim Gavman Program found, there are also risks that technical assistance can undermine local capacity when advisers take a more capacity-substitution role.⁴⁴

3.37 In contrast, Coffey International defended the value of technical advisers in the Australian aid program, noting a study from November 2014 found that 'counterparts, stakeholders and senior managers in the PNG Government commonly expressed views about, and reported instances of, the success of the (adviser) placements'. It recommended:

While it is important to adopt a range of practical and flexible aid modalities in PNG, technical assistance and advisory support is important for sustaining and improving the core functions of government. The Australian government should continue to fund such assistance as a complement to other support options.⁴⁵

43 *Submission 42*, p. 36.

44 *Submission 28*, pp 5-6.

45 *Submission 24*, p. 3.

3.38 However, Coffey observed that in performing their roles in PNG '[a]dvisers may require assistance to be "politically conscious" especially in environments of corruption and poor decision-making around spending public funds'. It had found that 'overt activity or reporting by advisers may jeopardise their position or compromise the trust of their PNG counterparts...'.⁴⁶

3.39 A large number of advisers from Australian Government agencies work in PNG as part of the Strongim Gavman Program (SGP).⁴⁷ DFAT noted:

[T]he PNG Prime Minister announced plans to remove all foreign advisers by 31 December 2015. After that date, Prime Minister O'Neill indicated that all advisers would be recruited and employed directly by the Government of PNG...Australia currently has a total of 217 advisers deployed in PNG funded directly out of the aid budget, made up of 34 Strongim Gavman Program advisers, 110 contracted advisers and 73 Australian Federal Police personnel.

In preparation for these discussions DFAT is actively considering options for moving advisers to in-line roles, including through consultations with staff who have worked on previous aid adviser reviews and with academics, think tanks and other agencies. There may be positive development benefits to shifting to inline advisory support in some contexts, and Australia will be discussing these in detail with the Government of PNG.⁴⁸

3.40 Mr Kimberley from DFAT told the committee:

We agree that it is important that PNG agencies have a greater role in managing advisory resources. We do, however, have concerns about the transition time frames that have been proposed. We have suggested to PNG that the transition period needs to be longer—something more like 1 July 2016.⁴⁹

3.41 On 6 January 2016, it was reported that 15 adviser positions in the PNG departments of finance, transport, treasury and justice ended on 31 December 2015. However, DFAT stated that 18 other Australian public servants remained in their advisory positions and new liaison officer roles were being established.⁵⁰

46 *Submission 24*, p. 4.

47 DFAT, response to question on notice from hearing on 27 November 2015.

48 *Submission 26, supplementary submission 2*, p. 1.

49 *Committee Hansard*, 27 November 2015, pp 19, 28.

50 'PNG removes foreign advisers with 15 Australian Government aid positions targeted', *ABC News*, 6 January 2016, available at: <http://www.abc.net.au/news/2016-01-06/png-removes-foreign-advisers/7070344> (accessed 11 February 2016).

Institutional linkages

3.42 The capacity of 'twinning' institutional linkages to empower local development activities was highlighted by the joint submission from *PNG Attitude*. It proposed:

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.⁵¹

3.43 It quoted a PNG national:

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.⁵²

3.44 Mr Flanagan also argued for increased institutional linkages between Australian and PNG as 'they mirror the long-term challenges facing PNG' and provide a basis for strong partnership approaches 'building on our shared ties, history and common interests'. He stated:

Long-term institutional linkages mirror the long-term challenges facing PNG. They provide a basis for a strong partnership approach, building on our shared ties, history and common interests. The commitment must be long-term...Institutional linkages activities can apply across the public, private, educational and community sectors.⁵³

Long term and predictable commitments

3.45 The benefits of predictable and long-term commitments to aid programs are well-recognised. In 2013, the OECD DAC recommended that 'Australia increase the medium-term predictability of its aid for all its partner countries'.⁵⁴ The importance of long-term and predictable support was also identified in relation to aid to PNG. Short-term projects, frequent policy changes and unexpected cuts to funding were all perceived as undermining effective development.

3.46 For example, the Church Agencies Network noted that 'multi-year commitments result in higher impact programs with sustainable results'. It

51 *Submission 1*, p. 4.

52 *Submission 1*, p. 4.

53 *Submission 43*, p. 9.

54 *Submission 6*, p. 5.

recommended the Australian Government 'makes long-term commitments to enhancing Church and State partnerships in health and education, reduction of gender-based violence, and improvements in child protection'.⁵⁵ ACFID also emphasised 'the great and ongoing need for development assistance, and the importance of a stable and predictable aid budget to support PNG's development, both now and in future years'.⁵⁶ World Vision argued that stability and predictability of funding to NGOs was necessary to ensure gains made by NGOs are not lost, and 'that transformational change to underlying social conditions can continue in the long-term'.⁵⁷

3.47 Longer term contracts with delivery partners were also as a reform to improve efficiency. Ms Newton-Howes from CARE Australia stated:

We would like to see long-term commitments, not year by year contracting; simple contracts. We respect DFAT's right to evaluate us. The evaluation of one major project is not a simple piece of work. Ultimately, the contracts should be simple. They should focus on key indicators and not be year-by-year contracts, which we suffer from enormously; they should be three- to five-year contracts so that we can demonstrate, build on, and achieve the results.⁵⁸

3.48 Dr Howes from the Development Policy Centre noted that, while views differ on whether the Australian aid program should be responsible for the delivery of basic services, '...we can all agree that if Australia takes on these responsibilities, it should hold on to them for some time'. He argued for more continuity in the PNG aid program:

There are many good things that Australian aid could do. There are many needs in PNG currently unmet. What is more important is that the aid program should learn what works and stick with what it is doing well. Initiatives that succeed should be continued with. This is equally relevant to both the bureaucratic managers and political masters of the aid program. More discipline is needed, especially when initiatives come to an end. If they are positively evaluated, they should be continued, indeed expanded, over a timespan of a decade or decades.⁵⁹

3.49 ACIAR noted that in agricultural areas, 'aid delivered through short-term task-based consultancies has proved largely ineffective':

The intractable nature of many agricultural challenges, as well as the need for patient investment in capacity building, requires sustained long-term research partnerships and trust. It also requires the engagement of a range of partners with different but complementary organisational and individual

55 *Submission 23*, p. 5.

56 *Submission 22*, p. 7.

57 *Submission 32*, pp 5-6.

58 *Committee Hansard*, 22 September 2015, p. 8.

59 *Submission 42*, pp 24-25.

strengths and skills, to create an environment where collaborative work will continue long after a project concludes.⁶⁰

3.50 A specific concern raised was that the reprioritising of 30 per cent of aid to PNG over the next three years to private sector led growth initiatives through phased reductions in basic service delivery. For example, Professor Brassil from Family Planning NSW argued a 'three-year transition is too short a time frame when you work in PNG'.⁶¹ Family Planning NSW supported the transition of responsibility 'for basic service delivery to the government of PNG at a rate that is sustainable and achievable'. It warned that '[a]ny sudden diminution in Australian aid programs that support that capacity building would undermine a successful transition'.⁶² Save the Children also did not support the Australian aid program 'transitioning away from service delivery'. While it agreed there should be a long-term exit-strategy, 'a transition period of three years is simply too short – it will have a dire impact on the most vulnerable people'.⁶³

Other donors

3.51 While Australia is the dominant donor of overseas aid to PNG (74.2 per cent in 2013), other donors such as China, New Zealand, the United States and Japan also provide assistance. Significant multilateral aid is also provided through organisations such as the Asian Development Bank and the Global Fund. While net ODA to PNG has steadily fallen since 1975, it has recently rebounded with the share of multilateral aid increasing.

3.52 A significant recent change has been increasing development assistance by China to PNG. Research by the Lowy Institute's Dr Philippa Brant has shown that China's aid to Papua New Guinea has become more significant in recent years. Over the period 2006 to 2014, cumulative Chinese aid to Papua New Guinea has totalled US\$440.3 million, making China the second largest bilateral donor in PNG. To put this in perspective, Australian aid over the same period (on a cumulative basis) totalled approximately US\$3 billion.⁶⁴

3.53 In 2013 Australia and China signed a Memorandum of Understanding on Development Cooperation to facilitate collaboration on development issues in the Asia-Pacific region. On 15 November 2015, the Foreign Minister announced a trilateral three year initiative between Australia, China, and PNG to focus 'on strengthening PNG's health systems by improving the capacity of key PNG medical institutions to correctly diagnose and treat malaria'. Australia will contribute

60 *Submission 8*, p. 10.

61 *Committee Hansard*, 21 September 2015, p. 22.

62 *Submission 18*, p. 6.

63 *Submission 41*, p. 10.

64 *Submission 14*, p. 1.

\$4 million to this initiative while 'China will provide technical expertise as well as an in-kind contribution'.⁶⁵

Specific areas

Bougainville

3.54 DFAT outlined that Autonomous Region of Bougainville (ARB) faces a range of constraints to economic growth and human development. However, it noted there are unique factors affecting Australia's aid program to the ARB 'as a result of the nine year (1989 to 1998) civil conflict in the region'.⁶⁶ DFAT stated:

The majority of our assistance to Bougainville is delivered through PNG national programs in the sectors of health, education, law and justice, and transport infrastructure. Australia also funds region-specific initiatives in governance and peace building to help the [Autonomous Bougainville Government] respond to the particular challenges posed by Bougainville's post-conflict and autonomous status.⁶⁷

3.55 *A new direction for Australian Aid in PNG* raised the prospect of additional funding for a separate Bougainville-specific suite of activities as a new area of Australian aid investment in PNG to support economic growth. This would be designed 'to support governance, economic development, the peace process and preparations for the referendum'.⁶⁸ DFAT's *Aid Investment Plan* outlines that Australia, in consultation with the PNG Government and the Autonomous Bougainville Government (ABG), would increase its assistance to Bougainville to support stability by 'strengthening governance and service delivery, promoting social cohesion and economic growth, and empowering women and youth'. It indicated that assistance to Bougainville would be 4 per cent of the Australian bilateral program expenditure in 2015-16.⁶⁹

3.56 Between 2015 and 2020, the ARB is scheduled to hold a referendum on independence under the Bougainville Peace Agreement. The importance of increased support to Bougainville in the lead up to the referendum was emphasised in the inquiry. The National Research Institute considered that 'given the past history of conflict and the destruction arising, the Autonomous Region of Bougainville needs special and close attention of both the governments of Australia and PNG'. It considered:

65 The Hon Julie Bishop MP, Foreign Minister, 'Australia, China and PNG Working Together to Tackle Malaria', *Media release*, 8 November 2015.

66 *Submission 26*, p. 37.

67 *Submission 26*, p. 37.

68 DFAT, *A new direction for Australian aid in PNG*, 2014, p. 6.

69 DFAT, *Aid Investment Plan – PNG 2015-16 to 2017-18*, 2015, pp 8-9.

Growth of private enterprise in Bougainville has the potential to contribute to sustainable development whilst under-girding peace. Harnessing the entrepreneurs for the above has to be part of a deliberate strategy of socio-economic development for Bougainville.⁷⁰

3.57 Dr Claxton and Mr Jennings from ASPI argued that 'our aid investment in preserving peace on Bougainville was, until recently, slightly above the Autonomous Region's share compared to other provinces on a per-capita basis but far below what mutual security interests warranted'.⁷¹ In previous a ASPI report on Bougainville, they had recommended:

Australian development assistance spent on Bougainville should temporarily be tripled ahead of the referendum to \$100 million per year by providing up to \$40 million in budget supplementation and approximately doubling the \$35 million currently spent on sectoral support and the activities of contracted advisers...An expanded aid program delivered now will create a substantial long-term cost saving if it helps us avoid a large-scale Defence-led intervention some years in the future.⁷²

3.58 Australian Volunteers International (AVI) felt 'it is important for AVID to increase its presence in Bougainville to support the ARB and civil society during this time'. In particular, it emphasised the importance of continued support to women organisations in the ARB:

Women in ARB played a vital role in the peace process initiatives during the decade long conflict and in post-conflict reconciliation processes. Established in 2006, the Bougainville Women's Federation (BWF) has quickly become recognised as a leading organisation representing the women of ARB, promoting leadership and encouraging greater representation in decision-making in government and non-government institutions.⁷³

3.59 The Church Agencies Network noted the work of churches to support the 'lost generation' in Bougainville, 'young people who have lost one or both parents and who did not have access to education during the Bougainville civil war'. It argued that '[d]ue to the complex post-conflict environment in Bougainville positive improvements for this young generation will only come through long-term contextualised engagement'.⁷⁴

3.60 The Bougainville Freedom Movement highlighted that the area was still recovering from the 'prolonged and brutal war'.

70 *Submission 5*, p. 14.

71 *Submission 17*, p. 4.

72 Karl Claxton and Peter Jennings, 'A stitch in time: preserving peace on Bougainville', *APSI Special Report*, November 2013, p. 9.

73 *Submission 13*, p. 7.

74 *Submission 23*, p. 5.

An estimated 15,000 to 20,000 people of Bougainville lost their lives. The survivors had to endure years of conflict during which basic supplies including medicines were withheld, schools were closed and a generation grew up with no education and no experience of civil society.⁷⁵

Bougainville Freedom Movement strongly advocates that Australian aid should be directed to the people of Papua New Guinea and Bougainville in forms that are of direct assistance to the people, have the support of local people and are environmentally sustainable. Assistance is required in so many areas to build hospitals and schools, build infrastructure for development in accordance with the traditions and wishes of the people.

3.61 The difficult political sensitivities concerning this region were illustrated during the inquiry. A newly established diplomatic post in Buka was intended to provide 'greater focus for Australia's development assistance to Bougainville'.⁷⁶ However, the announcement by the Australian Government of this new post was not received positively by the PNG Government.⁷⁷

Manus Regional Processing Centre

3.62 Concerns regarding the relationship between the Australian aid program and Australia's broader relationship with PNG were raised. In particular, the Manus Island Regional Processing Centre was identified as an important recent influence. For example, Dr Standish pointed out this was an area where 'aid is getting caught up in political issues that are very significant to Australia'. He stated:

[T]ensions are affecting the Australian aid programs arising from the burden of the regional processing centre on Manus Island. It is said that cooperation and planning of programs has been damaged, as have contacts with the Australian government at the highest level in Port Moresby.⁷⁸

3.63 The existence of the Regional Processing Centre on Manus Island was perceived as a key reason that PNG had been spared the worst of recent cuts of the aid budget. For example, Mr Pryke from the Lowy Institute stated:

We cut the aid program by 20 per cent last year, and Papua New Guinea was only cut by five per cent. I think that that is a reflection of the relationship we have over Manus Island.⁷⁹

3.64 Dr Howes argued that 'Australia has lost leverage over the PNG aid program because of the Manus regional agreement relating to asylum seekers'. He cautioned:

75 *Submission 34*, p. 3.

76 *Foreign Affairs and Trade, Portfolio Budget Statements 2015-16*, p. 19.

77 Address by the Hon Peter O'Neill MP, Prime Minister of PNG, 14 May 2015, <http://auspng.lowyinstitute.org/publications/address-hon-peter-oneill-cmg-mp-prime-minister-papua-new-guinea> (accessed 4 May 2016).

78 *Committee Hansard*, 27 November 2015, p. 2.

79 *Committee Hansard*, 22 September 2015, p. 34.

Australian leverage in relation to the aid program is important not because Australia knows best or should throw its weight around. But there is the risk that Australia will not say "no" when it should, and will end up taking responsibility in areas beyond its capability.⁸⁰

3.65 DFAT outlined the broad range of assistance being provided to Manus Province including 'support to education, health, transport infrastructure, climate change and disaster risk management'. It also listed a number of aid projects to be undertaken '[o]ver the next few years'.⁸¹ However, ACFID questioned the increased Australian aid to Manus Island. It stated that '[g]iven the scale of poverty across PNG, directing funding to one region on the basis of Australia's domestic political considerations rather than considerations of need, is a poor use of a limited aid budget'.⁸²

3.66 Similarly ChildFund Australia stated that 'aid objectives should not be confused or muddled by tying Australian support to refugee resettlement programs'.⁸³ Save the Children also considered the 'use of Manus Island to outsource Australia's humanitarian refugee processing obligations runs counter to the principles and core objectives of Australia's aid and development program'.⁸⁴

3.67 The Australia-PNG Ministerial Forum Communique in March 2016 noted ongoing discussions regarding the extension of the Regional Resettlement Arrangement until 2017. However, a recent ruling Supreme Court of PNG on the status of detainees at the Manus Regional Processing Centre has created uncertainty regarding the future of the centre and Australia's regional processing arrangements with PNG.⁸⁵

Cross-border issues

3.68 Effective management of transboundary issues was highlighted as significant to development issues and mitigating risks for PNG. Issues included communicable diseases, people movements, biosecurity issues, illegal fishing and traffic in

80 *Submission 42*, p. 29.

81 *Submission 26*, p. 38. See also DFAT, *Economic and Development Benefits to PNG of the Regional Resettlement Arrangement, as at 8 September 2015*, pp 1-2.

82 *Submission 22*, p. 11.

83 *Submission 16*, p. 8.

84 *Submission 41*, p. 8.

85 Eric Tlozek and Stephanie Anderson, 'PNG's Supreme Court rules detention of asylum seekers on Manus Island is illegal', *ABC News*, 27 April 2016, available at <http://www.abc.net.au/news/2016-04-26/png-court-rules-asylum-seeker-detention-manus-island-illegal/7360078> (accessed 27 April 2016); Stephanie Anderson, 'Manus Island detention centre to be shut, Papua New Guinea Prime Minister Peter O'Neill says', *ABC News*, 28 April 2016, available at <http://www.abc.net.au/news/2016-04-27/png-pm-oneill-to-shut-manus-island-detention-centre/7364414> (accessed 28 April 2016).

endangered species. For example, Dr Nunn from ACIAR noted the risk that *Taenia solium*, a tapeworm that can be transmitted from pigs to humans and causes cysts on the brain, could migrate over the border to PNG from the west.⁸⁶

3.69 The concerns regarding the potential for drug resistant tuberculosis to spread from the Western Province of PNG to northern Queensland were repeatedly raised. The Medicine for Malaria Venture highlighted that PNG's shared borders with Indonesia and the Solomon Islands would be a critical challenge in the development of Australia aid. Shared borders created additional malaria control and elimination challenges due to cross border transmission. In particular, MMV noted the potential dangers of the regional spread of emerging artemisinin and multi-drug resistant *Plasmodium falciparum* parasites, and the insecticide resistant mosquitos.⁸⁷

3.70 Dr Butler from the CSIRO described the Torres Strait; Western Province, PNG; and Papua Province, Indonesia as 'probably one of the most complicated social or political areas of the world':

One of the big questions that is emerging is the rapid growth of both the population and the economy in Papua Province is placing enormous pressure on the communities on the New Guinean side of the border and therefore, by association, with Australia as well. At the moment the Torres Strait Treaty, being a bilateral treaty, does not really cope with a lot of those pressures that are coming from just a few kilometres away, literally, across the border.⁸⁸

3.71 The CSIRO stated:

Although Indonesia and PNG are connected by land, Australia has not succeeded in integrating Australia-PNG-Indonesia trilateral initiatives. This is of critical importance to Australia's northern border of the Torres Strait, where current arrangements under the PNG-Australia Torres Strait Treaty can only manage environmental, fisheries, health, biosecurity and border security issues relating to these two countries. However, the PNG-Indonesia border also adjoins the Torres Strait, and the rapid development of Indonesia's Papua Province is driving new pressures on the border region, such as illegal trade, people movements, biosecurity and environmental impacts. Consequently, a tri-partite approach to managing the Torres Strait-Western Province-Papua Province border may be necessary, supported by collaborative research and development to analyse trans-boundary issues and solutions.⁸⁹

3.72 The Torres Strait Treaty between PNG and Australia, signed in 1978, governs the sovereignty over the islands in the Torres Strait and establishes maritime

86 *Committee Hansard*, 21 September 2015, p. 9.

87 *Submission 19*, p. 8.

88 *Committee Hansard*, 21 September 2015, p. 8.

89 *Submission 47*, p. 10.

boundaries, and seabed and fisheries jurisdiction lines. The Gizra Tribe, located in the Western Province of PNG, argued that developmental issues for economic sustainability could be addressed through the Torres Strait Treaty. They held the belief that through the review of the Treaty 'bilateral aid to Western Province can be easily channelled through these arrangements without any interference from corrupt bureaucrats in Port Moresby'. The Gizra Tribe requested this matter be the subject of a separate parliamentary inquiry.⁹⁰

ACFID's view that such a large and rapid shift in itself presents serious risks to the wellbeing of vulnerable groups in PNG. This is particularly the case given current issues with governance and institutions in PNG and the low levels of government service provision.

ACFID emphasises that any transition that does occur must be appropriately staged in a manner that accounts for the current lack of government capacity, and be supported with strong and sustained investment in local capacity building and systems strengthening. Appropriate safeguards must also be put in place to ensure this transition does not pose a risk to the most vulnerable in the short or longer term.⁹¹

Committee view and recommendations

3.73 Development assistance to PNG cannot be considered in isolation from the rest of Australia's aid program. The committee has previously identified a lack of strategic clarity in the Australia Government's approach to foreign aid. This is perhaps best illustrated by the recent changes to the funding to Australia's overseas aid programs. Despite earlier bipartisan commitments to the goal of increasing Australia's overseas aid to 0.5 per cent of GNI, Australia's foreign aid budget has been the subject of substantial reductions. The 2015 OECD DAC assessment of overseas aid identified Australia as a country with one of the 'largest decreases recorded'. Australia's ODA/GNI ratio was 0.27 per cent in 2015, down from 0.31 per cent in 2014.⁹²

3.74 The committee has previously recommended that funding levels of Australian aid be broadly maintained and urged that a bipartisan approach be adopted to agree to a pathway to achieve an ODA/GNI target of 0.5 per cent by 2024-25.⁹³ Other countries, notably the UK, have demonstrated it is possible to weather difficult economic times but still maintain and increase the levels of support for overseas assistance programs. The UK has achieved an ODA/GNI ratio of 0.67 per cent in 2015.⁹⁴ Other countries have also managed to reach or exceed the internationally

90 *Submission 3*, p. 2.

91 *Submission 22*, p. 10.

92 OECD DAC, *Development aid in 2015 continues to grow despite costs for in-donor refugees*, 13 April 2016, pp 2, 6.

93 Senate Foreign Affairs, Defence and Trade References Committee, *Australia's overseas aid and development assistance program*, March 2014, pp 94-95.

94 UK Department for International Development, *Provisional UK ODA as a proportion of GNI 2015*, p. 4 (depending on methodology used).

recognised target of 0.7 per cent ODA/GNI ratio. In contrast, Australia's ODA/GNI ratio could reach a historic low point of 0.22 per cent in 2016-17.⁹⁵

3.75 Australia can afford to give more, and it is clearly in Australia's interest to give more to the least developed countries in our region. A number of Pacific countries, and particularly PNG, are likely to require a level of development assistance from Australia for the foreseeable future. In this context, a long-term perspective for Australia's foreign aid is required. Investing in assistance to PNG to support its path to development in the next ten years, will benefit Australia in the future decades.

3.76 The committee acknowledges that the aid program to PNG (and the Pacific) have been protected to some extent from some of the funding cuts to the rest of Australia's overseas aid budget. This acknowledge of the importance of development assistance in PNG is welcome. However, in the coming years the constraints on additional funding (while the population of PNG continues to grow) will be a brake on potential development. As some others countries in Asia progressively achieve success in their development and, in some cases become donor countries themselves, Australia should recommit to maintaining and increasing its overall level of assistance in developing countries, such as PNG, which still require assistance.

3.77 Projections of lower than expected economic growth and substantial cuts to PNG's national budget in the areas of education and health are concerning. This is likely to have a broad range of consequences. If publicly funded services are reduced or cut, this will increase the demand on other services including those funded by Australia through the aid program. In the short term, the Australian aid program's current approach to 'further develop PNG's own capacity to deliver services to its population using its own resources' may be substantially undermined.⁹⁶ The Australian Government should engage with PNG officials to understand the consequences of these recent budgetary decisions and determine if the Australian aid program should be reoriented to reflect these changed circumstances.

Recommendation 1

3.78 The committee recommends that the Australian Government reverse funding cuts made to the Papua New Guinea aid budget as part of a broader commitment to progressively increase Australia's official development assistance to 0.5 per cent of gross national income by 2024-25.

95 Stephen Howes and Johnathan Pryke, 'Biggest aid cuts ever produce our least generous aid budget ever', DevPolicy Blog, 15 December 2014, available at: <http://devpolicy.org/biggest-aid-cuts-ever-produce-our-least-generous-aid-budget-ever-20141215-2/>.

96 DFAT, *Aid Investment Plan: Papua New Guinea 2015-16 to 2017-18*, p. 3.

Recommendation 2

3.79 The committee recommends that the Australian Government reassess the priorities of the aid program in the context of the PNG Government's recent budgetary cuts to education, health and infrastructure.

3.80 The importance of inclusive and equitable development should be explicitly recognised in the core objectives of Australia's aid program to PNG. This addition would acknowledge that recent years of economic growth in PNG have not led to equitable development outcomes. Programs supported by the Australian aid funding to support economic growth should be clearly articulated and directed to benefit the 3 million people in PNG who live in poverty. In the view of the committee, this commitment to the objective of equitable development outcomes should be cast as an objective similar to gender equality.

3.81 Australia has been an active participant in the development of the sustainable development goals (SDGs) which were announced last year. The committee notes that the *Aid Investment Plan* and the *Papua New Guinea-Australia Aid Partnership Arrangement 2016-2017* do not include mention of the SDGs. Future policy documents in relation to the Australian aid program to PNG should include an articulation of how Australia's aid program to PNG aligns with these broader internationally agreed development targets.

3.82 The committee was surprised by the fact that only four per cent of the Australian bilateral aid program to PNG is delivered by NGOs (compared to 58 per cent by commercial suppliers). The committee accepted the consistent evidence that NGOs often have the better reach into the most disadvantaged and isolated communities in PNG. The relatively small base of funding allocated to churches through the PNG Church Partnership Program also appears starkly at odds with the range of education and health services provided by church organisations and the cultural influence of churches in the lives of the ordinary people in PNG. The committee notes that the *A Lost Decade* report recommended that '[g]iven the superior performance of church-run schools and health clinics, existing partnerships with church education and health service providers should be expanded'.⁹⁷ In the view of the committee, a balanced Australia aid program should include increased support for the work of NGO partners in PNG.

Recommendation 3

3.83 The committee recommends that the objectives of the Australian aid program to Papua New Guinea explicitly include inclusive and equitable outcomes in development.

97 Stephen Howes et al, *A Lost Decade: Service Delivery and Reforms in PNG 2002-2012*, October 2014, p. xiii.

Recommendation 4

3.84 The committee recommends that the key policy documents of the Australian aid program to Papua New Guinea articulate how development objectives align with the Sustainable Development Goals.

Recommendation 5

3.85 The committee recommends that the Australian aid program to Papua New Guinea include increased support for non-government organisations, civil society and churches delivering assistance to rural and remote communities.

3.86 Some submitters have linked levels of funding in the Australian aid program directed to PNG with agreement and cooperation on regional processing issues. The committee notes that if this agreement ends, it would be unfair for the people of PNG to be consequently allocated a lower level of development assistance from Australia. Such an outcome would not be compatible with the alignment of Australia's national interest and foreign aid policies.

3.87 The PNG Prime Minister has indicated that the closure of the Regional Processing Centre at Manus will have a 'detrimental effect on the local Manus economy' and this will have to be 'carefully managed'.⁹⁸ In the view of the committee, the Australian Government should examine the consequences of the closure of the Regional Processing Centre on the local people of Manus Island. It should use this assessment to determine whether the priorities of the Australian aid program should be changed to mitigate any negative consequences. There may be opportunities in the closure of the centre which should also be explored. In particular, the *Regional resettlement arrangement between Australia and Papua New Guinea* included that 'Regional Processing Centres will be developed so that they can be utilised flexibly for the benefit of local communities or for wider national purposes'.

Recommendation 6

3.88 The committee recommends that the Australian Government conduct an assessment of the impact of the closure of the Manus Island Regional Processing Centre on development activities.

3.89 The committee is persuaded that there is scope for an increased focus on institutional linkages between Australia and PNG. The committee has familiarity with these programs from the existing Pacific Parliamentary Partnership Project which 'twins' Australian parliaments with Pacific parliaments for the purposes of capacity-building activities. In this program, the Queensland Parliament has the privilege of being 'twinned' with the PNG Parliament. Long term institutional links with Australian institutions can provide a broad range of benefits to their counterparts in PNG. These include promoting people-to-people links and the transfer of training,

98 PNG Office of the Prime Minister, 'PM O'Neill: Manus Regional Processing Centre will close', *Media Release*, 27 April 2016.

skills and knowledge. The Australian Government should examine an expanded program of institutional linkages which could extend beyond public sector to other Australian institutions.

Recommendation 7

3.90 The committee recommends the Australian Government examine an expanded program to link institutions in Australia and Papua New Guinea for the purpose of capacity building.

3.91 Cross-border issues also appear to be an area where additional work can be undertaken to support the delivery and effectiveness of aid in PNG. As a foreign aid donor to both PNG and Indonesia, Australia is in a solid position to propose initiatives to address the various shared cross-border issues raised in the inquiry. These include the spread of communicable diseases, economic pressures, illegal trade, people movements, biosecurity and environmental impacts.

Recommendation 8

3.92 The committee recommends the Australian Government assess how cross-border initiatives with Papua New Guinea and Indonesia could contribute to the objectives of Australia's aid program.

3.93 While it is falling as a portion of the PNG economy, Australian aid continues to be the dominant contributor of ODA to PNG. This is an unusual situation. The evidence received during the inquiry suggested that the international community considers development assistance to PNG as a 'special responsibility' for Australia.⁹⁹ However, in the view of the committee, combatting poverty and promoting human development are global ambitions. Nor is it sensible to think that Australia's aid program will always have the most effective solutions to PNG's development challenges.

3.94 In the view of the committee, there are further opportunities to partner with other emerging donors, other countries and multilateral organisations to increase the impact of Australia's aid funding and benefit from the expertise of others in relation to development assistance. For example, the UN World Food Programme does not have a presence or programs in the Pacific, including in PNG.¹⁰⁰ Given the context of PNG rates of childhood malnutrition and stunting, this appears an opportunity to draw in additional assistance from multilateral organisations to support efforts in this critical area. The committee supports the Australian Government's commitment to 'continue to work closely with multilateral partners to encourage their increased and effective presence in [PNG]'.¹⁰¹

99 OECD DAC, *Submission 6*, p. 2.

100 World Food Programme, *Submission 2*, p. 1.

101 *PNG-Australian Aid Partnership Arrangement 2016-17*, p. 6.

