

Submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade Inquiry on the role of Australia's international development program in preventing conflict.

Dr Terence Wood, Development Policy Centre, Crawford School of Public Policy, Australian National University

Contents

1. Overview	1
2. Aid effectiveness and the role of aid in reducing conflict.....	1
3. Australian aid and Papua New Guinea.....	2
4. The risk of conflict in Papua New Guinea	3
5. Australian aid and conflict in Papua New Guinea	5
References	7

1. Overview

Thank you for the opportunity to make a submission. I am a political scientist. I work for the Development Policy Centre at the Australian National University. Amongst other work, my research focuses on aid, development in the Pacific, and the political economy of Solomon Islands and Papua New Guinea.

In this submission I will focus on aid and the risk of conflict in Papua New Guinea. The risk of conflict in Papua New Guinea is higher than in any other Pacific country. Papua New Guinea's proximity to Australia provides special grounds for being concerned about conflict there.

2. Aid effectiveness and the role of aid in reducing conflict

Critics of foreign aid often claim that aid does little to promote development or that it makes matters worse in aid recipient countries (Deaton, 2013; Hughes, 2003; Moyo, 2010). However, contrary to these claims, the best available empirical evidence suggests that, on average, aid improves development outcomes (Arndt et al., 2015; Durevall & Isaksson, 2024; Galiani et al., 2017; Jones & Tarp, 2016).

Although the findings of the literature on aid and conflict suggest that aid's effects vary, there is good evidence that, when given well, aid can reduce the risk of conflict (Gehring et al., 2022). Importantly, aid can do this even when not specifically targeted at conflict prevention. By improving development more generally, aid can reduce the risk of conflicts occurring.

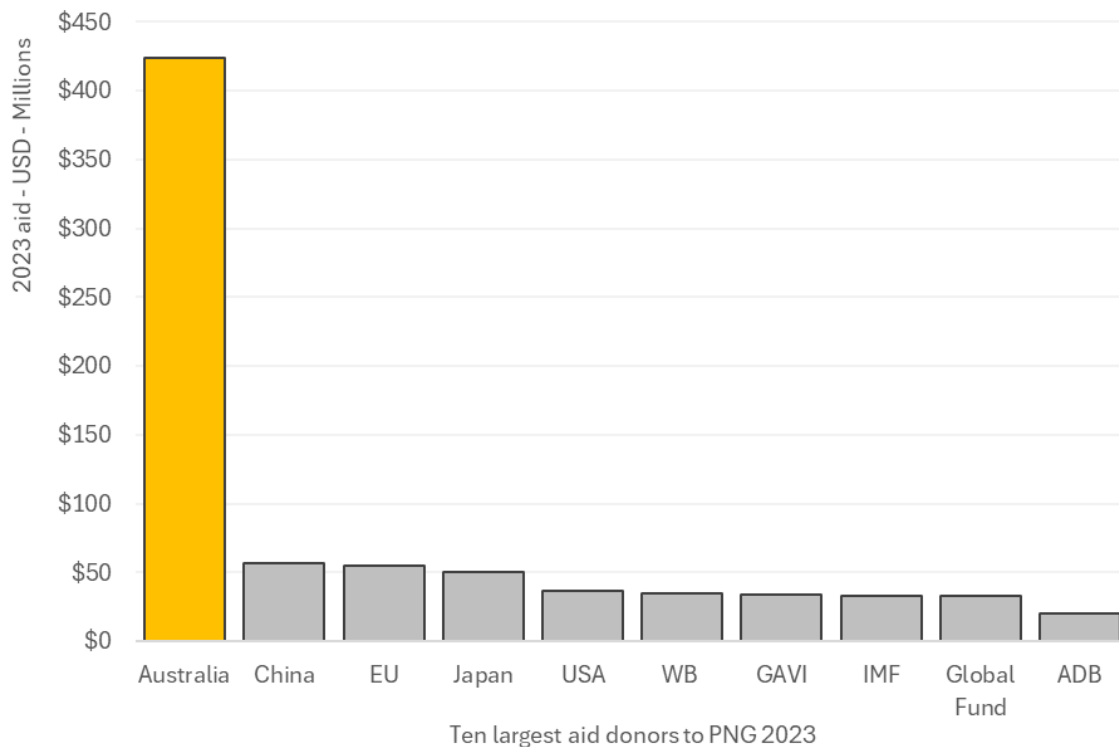
While research shows that, on average, aid has a positive impact on development outcomes, including conflict, a wide range of research has shown that the effectiveness of individual aid projects varies considerably and that the quality of aid projects plays a crucial role in determining aid outcomes (Bulman et al., 2017; Honig, 2018; Riddell, 2007). Success is influenced by a range of

factors including donor motives, donor structure, donor attention to country context and project design (Dreher et al., 2024; Honig, 2018; Riddell, 2007).

3. Australian aid and Papua New Guinea

As Figure 1 shows, Australia is by far the largest donor of aid to Papua New Guinea.

Figure 1 – The 10 largest aid donors in Papua New Guinea



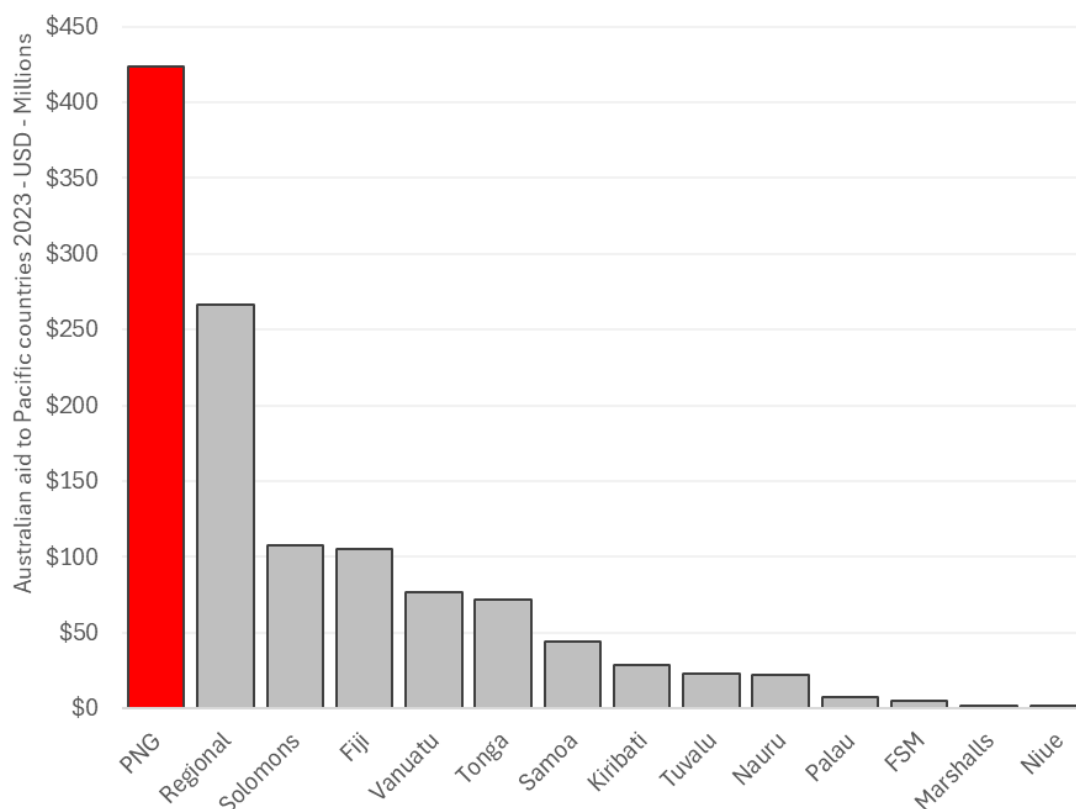
Data from the Lowy Institute (Lowy Institute, 2025)

Australia rightly places particular importance on its aid relationship with Papua New Guinea.

Papua New Guinea is the largest country in the Pacific. Papua New Guinea is Australia's closest neighbour. Papua New Guinea is, by most metrics, the poorest country in the Pacific. Even by global standards, poverty and underdevelopment are major issues in Papua New Guinea. (For example, only Afghanistan and a group of countries in Sub-Saharan Africa score worse than Papua New Guinea on the UNDP's Multidimensional Poverty Index (UNDP, 2025).)

Reflecting these facts, as can be seen in Figure 2, Papua New Guinea is the largest Pacific recipient of Australian aid. (Papua New Guinea is also the largest recipient of Australian aid globally.)

Figure 2 – Pacific recipients of Australian aid in 2023



Data from the Lowy Institute (Lowy Institute, 2025)

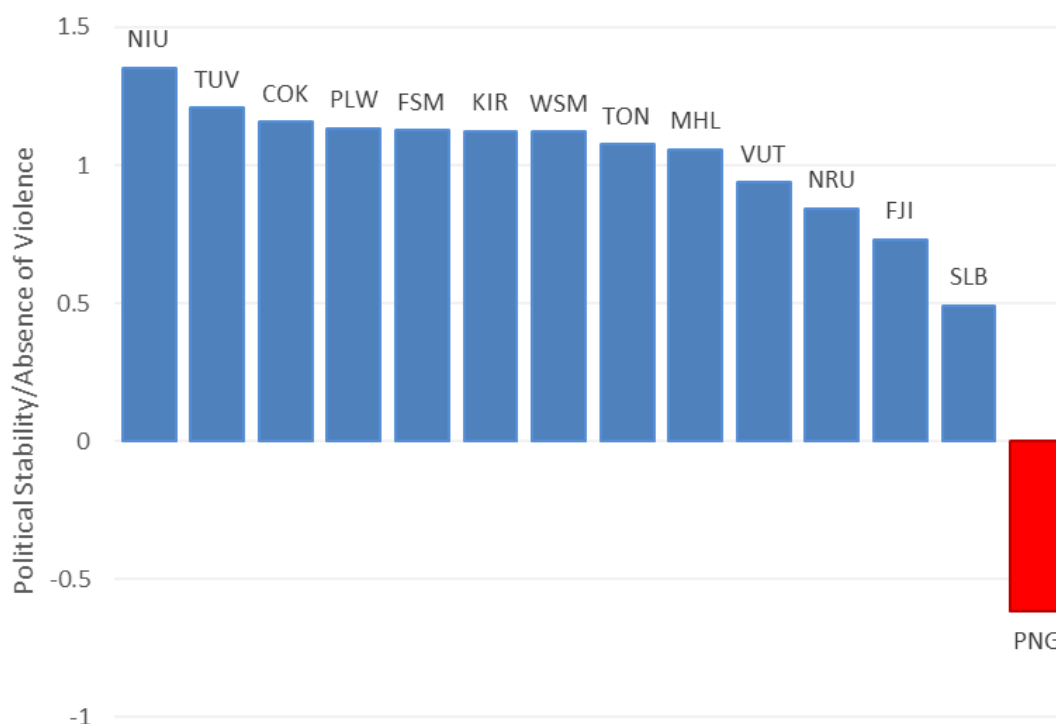
4. The risk of conflict in Papua New Guinea

From the Tensions in Solomon Islands, to rioting in Tonga, to coups in Fiji, intrastate conflict of various forms is present in the Pacific. However, although other parts of the region have suffered from problems, the greatest risk of conflict is in Papua New Guinea.

Figure 3 shows the countries of the Pacific, rated based on the World Bank's assessment of their safety from violence, conflict and terrorism. Lower scores indicate a greater risk of conflict.

As the figure shows, the risk of conflict and related issues is much worse in Papua New Guinea than elsewhere in the region. Significantly, Papua New Guinea is the only country with a score of less than zero. Globally, Papua New Guinea is in the bottom quarter of all the World's countries. Papua New Guinea's violence and conflict score is very similar to those of Tajikistan and Tunisia. By global standards, the risk of violent conflict in Papua New Guinea is concerningly high.

Figure 3 – Risk of violence and conflict in Pacific countries



Data from: World Bank (2025); values are means across years 2019-23. From left to right countries are Niue, Tuvalu, Cook Islands, Palau, Federated States of Micronesia, Kiribati, Samoa, Tonga, the Marshall Islands, Vanuatu, Nauru, Fiji, Solomon Islands and Papua New Guinea.

5. Specific conflict risks in Papua New Guinea

When it comes to large-scale conflict in Papua New Guinea, there are four major areas of concern:

1. Successionist/internequine conflict in Bougainville
2. Urban unrest
3. Tribal fighting
4. Election related violence.¹

The situation in Bougainville is stable at present but there is little sign of any willingness from Papua New Guinea's politicians to increase Bougainville's autonomy, despite this being what the people of Bougainville want. As a result, at some point in the future, there is a non-trivial risk that conflict will return (Pullen, 2025).

Urban unrest is not a form of conflict *per se*. However, in Port Moresby and other larger urban areas, outbreaks of violence and rioting, such as Black Wednesday riots, have posed a major threat to public safety (Swanston et al., 2024). In addition to the direct consequences of events of this nature, there is an additional risk that sustained or repeated disturbances could undermine economic development and/or serve as catalysts for more sustained and systematic instability.

Although **tribal fighting** has been a problem in Papua New Guinea since long prior to independence, instances of conflict appear to be increasing, and are being perpetuated by the retaliatory nature of

¹ It is beyond the scope of this submission, which is focused on large scale conflict. However, there are other serious issues present in Papua New Guinea including violence against women and violent crime.

tribal fighting (Lewis, 2024). Moreover, the availability of guns is making the consequences of this type of conflict worse (Dinnen, 2022).

In parts of Papua New Guinea, particularly the Upper Highlands, **election related violence**, has been closely tied to tribal fighting, with tribal tensions precipitating violence at election times, and electoral conflict being the source of subsequent tribal fighting. However, although tribal fighting and electoral violence are closely related in places, in other parts of the country – such as urban areas, and rural areas outside of the Upper Highlands – electoral violence occurs independently of tribal conflict. Of particular concern, electoral violence appears to be increasing in severity and is spreading to parts of the country that have previously been free from it. In recent elections, violence has led to the loss of hundreds of lives and the displacement of thousands of people (Haley & Zubrinich, 2013, 2018; Oppermann et al., 2025; Wood et al., 2023).

Of all the forms of instability described above, in the short to medium term electoral violence appears to be the greatest risk to national stability in Papua New Guinea. This is both because the problem is becoming worse, and because – importantly – it is directly linked to the country's political process. Because of this link, should electoral violence continue to worsen in Papua New Guinea there is a real risk that it will lead to broader instability. Large scale political instability would – obviously – come at an immense cost to the people of Papua New Guinea. Given its proximity, major instability in Papua New Guinea would be a source of significant problems for Australia too.

5. Australian aid and conflict in Papua New Guinea

While effective electoral assistance and aid focused on peacebuilding will be important, the purpose of my submission is not to advise the Committee on what Australia should focus its aid on in Papua New Guinea. Rather my advice pertains to how Australia should structure its aid activities in Papua New Guinea with a view to increasing the chance that its aid to the country is as effective as possible.

There are two reasons why effective aid is important in Papua New Guinea. The first is direct: if conflict prevention aid projects succeed, they ought to directly reduce the risk of conflict. The second is that effective aid can improve development outcomes more broadly and this in turn can reduce the risk of conflict and instability.

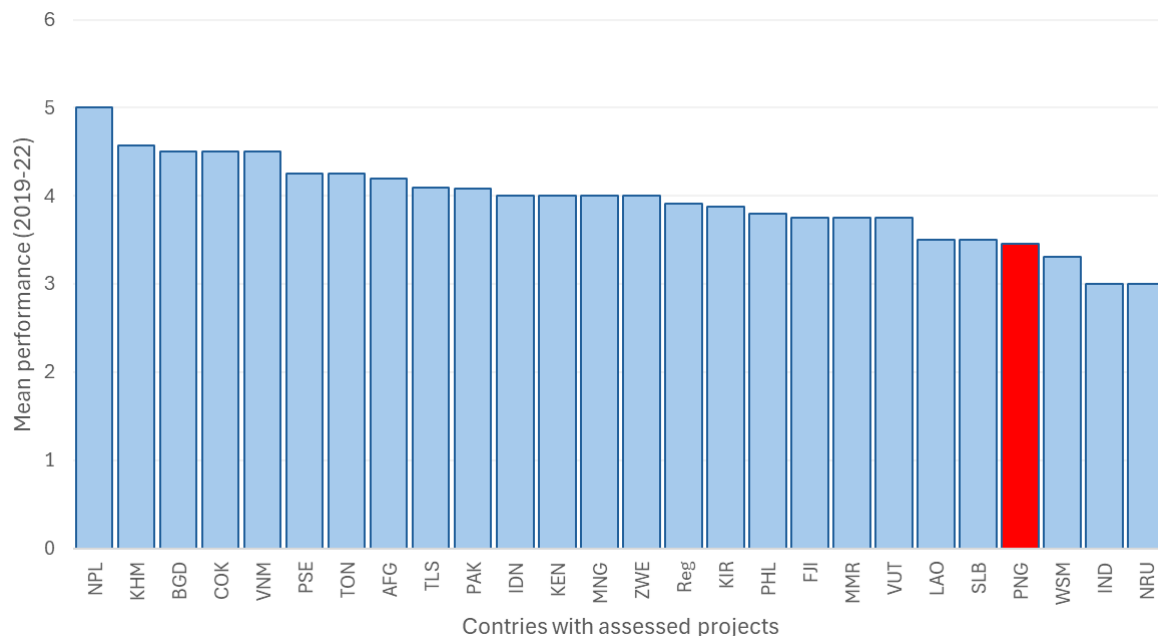
At present, while it is possible to find examples of successful aid projects funded by the Australian government in Papua New Guinea, the country context – and particularly issues associated with poor governance and challenging geography – makes it hard to give aid effectively there. The challenges associated with giving aid effectively in Papua New Guinea are reflected in the data charted in Figure 4. The data come from DFAT performance assessments of its own projects.

DFAT assesses the performance of all or almost all of its aid projects with budgets over AU \$3,000,000. Typically there have been problems with the accuracy of the self-assessed project performance data that have emerged from this process. However, over the period from 2019 to 2023, DFAT subjected all of its self-assessed project scores to rigorous external review. Review of this nature is best practice and almost certainly resulted in more accurate project performance scores. (For a full explanation of how performance scores were produced, how external review changed scores, as well as how data were analysed see: Wood & Howes, 2025).

The resulting data are shown in Figure 4. Figure 4 shows mean project performance scores for the 2019 to 2023 period, broken down by aid recipient country. The score for Papua New Guinea is

shaded in red. As can be seen, assessed Australian aid project performance in Papua New Guinea was worse than was the case in almost all the other countries where Australia ran large aid projects during that period.

Figure 4 – Average assessed performance of Australian aid projects by country



Data from: DFAT as compiled in Wood & Howes (2025).

Reflecting the challenges associated with delivering effective aid in Papua New Guinea, reflecting the importance of Papua New Guinea to Australia, and reflecting the potential role that aid could play in reducing the risk of conflict in Papua New Guinea, I strongly encourage the Committee to investigate the following improvements to how Australian aid is delivered in Papua New Guinea.

First, the Australian government should ensure that its aid is given with the objective of improving development outcomes in Papua New Guinea. At present, geostrategic objectives are guiding much of Australia's aid giving in the Pacific, including in Papua New Guinea. International evidence shows that aid given with geostrategic motives is less effective than aid given with the intent of genuinely promoting development (Dreher et al., 2024). For this reason, if it wants its aid to be as effective as possible in improving development outcomes and reducing the risk of conflict in Papua New Guinea, Australia needs to focus its aid first and foremost on trying to achieve these goals.

Second, reflecting the practical challenges associated with giving aid effectively in Papua New Guinea, the government should create a specialised entity within DFAT focused solely on delivering effective aid in Papua New Guinea. Because Papua New Guinea is a difficult country to give aid effectively in, understanding the country context and understanding how aid can be given effectively there is crucial. This requires institutional learning. At present DFAT staff spend comparatively short periods of time posted in Papua New Guinea before being transferred to different roles in different parts of the world. As a result, opportunities for institutional learning are lost. Establishing a specialised entity with a focus on Papua New Guinea will enable the Australian aid program to systematically build an institutional knowledge base. Establishing an entity of this nature will also allow the cultivation of specific aid expertise. The best aid workers are not generalists, they are specialists. Diplomacy and aid delivery are very different jobs involving very different skillsets. The integration of AusAID into DFAT brought a significant decline in aid expertise in the Australian

government (Wood et al., 2017; Wood et al., 2019). Australia will maximise the effectiveness of its aid in Papua New Guinea if experienced aid professionals are in charge of delivering this aid.

Third, changes in the institutional structure underpinning aid giving in Papua New Guinea should be accompanied by changes in the process of aid giving to Papua New Guinea. Processes should be established to ensure that all aid projects are very carefully designed to take into account the context in which they are given. Everything from Papua New Guinea's political economy to community-level constraints needs to be taken into account as projects are designed. In addition to this, all aid projects should be very carefully and systematically evaluated.

Although there are already project design protocols used by the Australian aid program, they are not thorough enough to maximise the effectiveness of aid projects. And, although aid projects in Papua New Guinea are usually evaluated, evaluations are often insufficiently rigorous and fail to provide real insights into how projects can be improved.

Some of the changes that I have recommended could be easily adopted. Other changes – such as reducing the extent to which geostrategic priorities shape aid giving, and creating a specialised aid entity – will take longer and involve tougher choices. However, Papua New Guinea is the largest recipient of Australian aid, Australia is the largest donor in Papua New Guinea and Papua New Guinea is Australia's closest neighbour. Of all the donors working in Papua New Guinea, Australia is in the best position to promote development and reduce conflict risks in the country. What is more, because of its proximity, conflict in Papua New Guinea brings with it very real risks to Australia. A more stable Papua New Guinea is in Australia's interest.

For all of the above reasons, Australia needs to maximise the effectiveness of its aid in Papua New Guinea.

References

- Arndt, C., Jones, S., & Tarp, F. (2015). Assessing Foreign Aid's Long-Run Contribution to Growth and Development. *World Development*, 69, 6-18.
<https://doi.org/https://doi.org/10.1016/j.worlddev.2013.12.016>
- Bulman, D., Kolkma, W., & Kraay, A. (2017). Good countries or good projects? Comparing macro and micro correlates of World Bank and Asian Development Bank project performance. *The Review of International Organizations*, 12(3), 335-363. <https://doi.org/10.1007/s11558-016-9256-x>
- Deaton, A. (2013). *The Great Escape: Health, Wealth, and the Origins of Inequality*. Princeton University Press.
- Dinnen, S. (2022). Plural Policing in Papua New Guinea: More Than the Sum of Its Parts? *Journal of Contemporary Criminal Justice*, 38(3), 280-294.
<https://doi.org/10.1177/10439862221096954>
- Dreher, A., Lang, V., & Reinsberg, B. (2024). Aid effectiveness and donor motives. *World Development*, 176, 106501.
<https://doi.org/https://doi.org/10.1016/j.worlddev.2023.106501>
- Durevall, D., & Isaksson, A.-S. (2024). Aid and child health: A disaggregated analysis of the effects of aid on impaired growth. *World Development*, 182, 106689.
<https://doi.org/https://doi.org/10.1016/j.worlddev.2024.106689>
- Galiani, S., Knack, S., Xu, L. C., & Zou, B. (2017). The effect of aid on growth: evidence from a quasi-experiment [journal article]. *Journal of Economic Growth*, 22(1), 1-33.
<https://doi.org/10.1007/s10887-016-9137-4>

- Gehring, K., Kaplan, L. C., & Wong, M. H. L. (2022). China and the World Bank—How contrasting development approaches affect the stability of African states. *Journal of Development Economics*, 158, 102902. <https://doi.org/https://doi.org/10.1016/j.jdeveco.2022.102902>
- Haley, N., & Zubrinich, K. (2013). *2012 Papua New Guinea General Elections Domestic Observation Report*.
- Haley, N., & Zubrinich, K. (2018). *2017 Papua New Guinea General Elections: election observation report*.
- Honig, D. (2018). *Navigation by Judgement: why and when top-down management of foreign aid doesn't work*. Oxford University Press.
- Hughes, H. (2003). Aid has failed the Pacific. *CIS Issue Analysis*, 33.
- Jones, S., & Tarp, F. (2016). Does foreign aid harm political institutions? *Journal of Development Economics*, 118, 266-281. <https://doi.org/https://doi.org/10.1016/j.jdeveco.2015.09.004>
- Lewis, L. (2024). 'Chopped him with a bush knife': A PNG massacre killer says 'revenge' is the only way. Radio New Zealand. <https://www.rnz.co.nz/international/pacific-news/510613/chopped-him-with-a-bush-knife-a-png-massacre-killer-says-revenge-is-the-only-way>
- Lowy Institute. (2025). *Pacific Aid Map*. Retrieved 15/12/22 from <https://pacificaidmap.lowyinstitute.org/>
- Moyo, D. (2010). *Dead Aid: Why aid is not working and how there is a better way for Africa*. Farrar, Straus and Giroux. <http://books.google.com.au/books?id=nlyomAEACAAJ>
- Oppermann, T., Haley, N., & Wiltshire, C. (2025). *Informalisation and Electoral Inequality: Report on the 2022 Papua New Guinea General Election*. A. Department of Pacific Affairs.
- Pullen, K. (2025). *Bougainville's independence deadline exposes peace agreement gaps*. The Lowy Institute. Retrieved 1/12/2025 from <https://www.lowyinstitute.org/the-interpreter/bougainville-s-independence-deadline-exposes-peace-agreement-gaps>
- Riddell, R. (2007). *Does Foreign Aid Really Work?* OUP Oxford.
- Swanston, T., Gunga, T., & Kora, B. (2024). *Death toll in PNG riots jumps to 22 after gruesome discovery of bodies in burnt out shops*. Retrieved 6/1/26 from <https://www.rnz.co.nz/international/pacific-news/506642/death-toll-in-png-riots-jumps-to-22-after-gruesome-discovery-of-bodies-in-burnt-out-shops>
- UNDP. (2025). *2025 Global Multidimensional Poverty Index (MPI): Overlapping Hardships: Poverty and Climate Hazards*. <https://hdr.undp.org/content/2025-global-multidimensional-poverty-index-mpi#/indicies/MPI>
- Wood, T., Burkot, C., & Howes, S. (2017). Gauging Change in Australian Aid: Stakeholder Perceptions of the Government Aid Program. *Asia & the Pacific Policy Studies*, 4(2), 237-250. <https://doi.org/10.1002/app5.173>
- Wood, T., & Howes, S. (2025). The impact of independence on reported aid performance. *World Development*, 186, 106829. <https://doi.org/https://doi.org/10.1016/j.worlddev.2024.106829>
- Wood, T., Laveil, M., & Kabuni, M. (2023). Troubles and Puzzles: The 2022 General Elections in Papua New Guinea. *The Journal of Pacific History*, 58(4), 444-466. <https://doi.org/https://doi.org/10.1080/00223344.2023.2248008>
- Wood, T., Muller, S., & Howes, S. (2019). *Australian aid five years on: the 2018 Australian aid stakeholder survey*.
- World Bank. (2025). *Worldwide Governance Indicators*. The World Bank. Retrieved 8/9/2023 from www.govindicators.org