Our program of assistance to PNG has undergone radical changes since PNG gained independence in 1975. Most importantly, budget support — aid in the form of direct grants to the PNG Government — has been replaced by jointly programmed activities. This process is now complete. Australia provides $314 million in assistance each year.

But our aid relationship with PNG cannot adequately be described by reference to dollars alone. It is a deep and complex relationship and one firmly grounded in a commonly shared aspiration for a stable and prosperous Papua New Guinea. For this reason, our activities in PNG encompass the widest range of assistance the aid program offers, including projects in the health, education, infrastructure and governance areas. This special edition of Focus describes some of these activities and the ways in which they improve the lives of Papua New Guineans.

The scale of our commitment to PNG is impressive and there have been significant achievements of which we can all be proud. On the education front, Australia has been providing assistance to the PNG Government as it moves toward its goal of universal basic education. An additional 192,000 children (a one-third increase) are going to school compared to four years ago. Over the same period we educated 450 tertiary students and 600 secondary students in Australia.

Providing basic health care to Papua New Guineans is also an important part of our aid work. Since 1996, Australian-funded immunisation campaigns have helped immunise more than 1.5 million children under five years of age in the fight against poliomyelitis and measles. These campaigns have also immunised over 10,700 women against tetanus.

Helping PNG to achieve good governance is one of the most important priorities for the PNG aid program. Although relatively new compared to our work in areas like infrastructure, there have nonetheless been some substantial achievements. We helped the PNG Government conduct its national census in July this year. The statistics arising from the census will provide the latest population figures and will better enable PNG to plan for the delivery of public services in the future. We have also supported programs aimed at strengthening the legal system in PNG and improving the effectiveness of the police force.

In a country as rugged as PNG, transport infrastructure is vital. Since 1996, more than 1,000 kilometres of roads have been maintained, 21 major bridges have been replaced or rehabilitated and about 150 smaller bridges on national and provincial roads have also been improved. Maintenance and upgrading of PNG’s airstrips continues to be an important infrastructure activity with $100 million spent in the civil aviation sector by 2003.

A recent focus has been assisting with peace-building, reconciliation and the reconstruction of the island province of Bougainville. Bougainville was ravaged by years of debilitating conflict. There is a need not only to rebuild schools and hospitals but also to help the Bougainville people to readjust to normal life after the war. With our help, schools and roads have been rebuilt and essential supplies are being delivered to remote communities.

Achieving strong developmental results in PNG is a challenge. As the drought and the tsunami in 1998 have shown, PNG faces the constant threat of natural disasters that can wipe out years of hard-won development gains.

Widespread poverty persists also. PNG is ranked 133rd on the UN’s Human Development index. Nearly one-third of all Papua New Guineans have access to safe drinking water. Over half the population cannot read or write. Thirteen out of every 100 children die before the age of five. Addressing poverty remains the key objective of our aid program with PNG. All development projects must demonstrate a contribution to poverty reduction.
Australia is working with the PNG Government to introduce a number of innovative approaches to service delivery and to improve the quality of activities undertaken.

First, Australia and PNG have agreed on new benchmarks for the aid program against which we can jointly monitor performance. The benchmarks framework, set out in the new Treaty on Development Cooperation, comes into effect this month. Benchmarks cover the key sectors of health, education and infrastructure. There will also be program-wide benchmarks on PNG participation in the aid program and the provision of counterpart funding for Australian aid projects. Performance against the benchmarks will be used to determine the volume and type of aid in the future. This is the first time such an approach has been undertaken in the Australian aid program.

Second, a new system of sector-wide funding is being piloted in the health sector of the PNG program. Under the Health Sector Improvement Program, Australia will move away from design, implementation and monitoring of projects to long-term health sector support, increasingly through Papua New Guinea mechanisms and procedures. This is a revolutionary approach to the way we do business. It will be based on sound analysis of sectoral policy, planning and resource allocation. The approach involves setting aside financing for strategic recurrent costs in the health budget and linking this to core health indicators and performance targets. It will also enable us to reduce the number and complexity of projects over time.

Third, a new mechanism for rewarding good performance has been established. The Incentive Fund, which commenced on 1 July, starts from the premise that if strong performance by organisations is rewarded, it provides an incentive to others to perform better. The Fund will support PNG’s emerging civil society because a strengthened civil society will improve standards of governance. If the Fund does as well as we expect it could eventually account for 20 per cent of our support to Papua New Guinea.

Australia’s commitment to assisting development in PNG is unquestioned. We hope and expect that continuing improvement and innovation will ensure we help make a real and positive difference to the lives of all Papua New Guineans.

Bruce Davis
Director General

Evaesa Futagepa, a health worker at Asuro Health Centre weighs seven-year-old Esevo. Asuro Health Centre is one of many rural health centres receiving Australian support for staff, equipment and training.