

1. Australia's aid program in PNG must prioritise human development

ChildFund Australia believes that the primary, and overriding, objective of Australia's overseas aid program must be human development, specifically poverty reduction. As recommended by the Independent Review of Aid Effectiveness¹, Australian aid should put *people* first:

"The essential test is that there must be a credible pathway to helping people to overcome poverty. This should be the fundamental objective of the Australian aid program."

Recent changes in Australian Aid policy direction² have seen economic growth, private sector involvement, large scale infrastructure funding and aid for trade become central to the Government's aid program.

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 approach³. Australia's bilateral aid program to Papua New Guinea (PNG) must clearly prioritise human development, specifically poverty reduction.

2. If aid is to prioritise economic growth in PNG, that economic growth must be inclusive

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.

PNG is currently benefitting from its longest ever period of uninterrupted economic growth, according to the World Bank. It is one of the ten fastest growing economies worldwide and, during 2015, it is forecast that PNG will experience a one-off spike of 20 per cent in GDP, with production and ensuing exports beginning on the Liquefied Petroleum Gas (LNG) project.

Yet despite this influx of foreign investment, PNG is ranked at 157 of a total of 187 countries in terms of its human development. PNG will not meet *any* of the Millennium Development Goal targets, nor any of the lower national goals it established in 2000.

If aid is to prioritise economic growth in PNG, that economic growth must be inclusive. It is recommended that the Australian Government aid program apply benchmarks that do not rely on generalised economic growth, but inclusive growth, as recommended by the World Bank and the Australian Council of International Development⁴ – benchmarks which ensure that our aid targets the poorest 40 per cent of people in middle and low income countries. Aid must also reach those who live just above the threshold and are vulnerable to back-sliding into poverty.

¹ Independent Review of Aid Effectiveness, April 2011. <http://www.aidreview.gov.au>

² Australian Aid: Promoting prosperity, reducing poverty, enhancing stability, June 2014. <http://dfat.gov.au/about-us/publications/Pages/australian-aid-promoting-prosperity-reducing-poverty-enhancing-stability.aspx>

³ What is human development? United Nations Development Programme. <http://hdr.undp.org/en/humandev>

⁴ Benchmarks for an Effective and Accountable Australian Aid Program, Australian Council for International Development, January 2014. <http://www.acfid.asn.au/resources-publications/files/benchmarks-for-an-effective-and-accountable-australian-aid-program>

3. The role of the private sector in aid delivery in PNG

The private sector is already playing an important role in stimulating growth, reducing poverty and is increasingly acting as a direct provider of human services in PNG. However, it is important to emphasise that the private sector's chief contribution to poverty reduction will be through responsible economic investment and job creation – not as a provider of aid projects. In addition, the private sector's contribution of a fair share of tax is fundamental to poverty alleviation as the PNG government struggles to finance basic services and infrastructure.

Private sector activity is crucial for developing countries such as PNG, but there can be negative impacts particularly from poorly managed resource projects. In PNG, there are examples of positive and negative effects in recent times.

In a joint research project undertaken in 2011⁵, ChildFund and other organisations examined the impact of the LNG project at a community level in the Hela Region of PNG. One of the most significant extractive projects to take place in recent years, the project offered a variety of potential benefits to local communities, including royalty payments, small business start-up grants and increased employment prospects. However, there were also significant challenges – many communities had to be resettled, a failure to conduct proper land ownership identification resulted in strained community relations, and cash windfalls were often quickly spent with no apparent long-term benefit to families.

In contrast, organisations such as Oilsearch have set a strong example with their approach to corporate social responsibility, community engagement and increased transparency. Similarly ChildFund has valuable, highly productive partnerships with companies such as Digicel and healthcare manufacturer Kimberley Clark. The latter is currently providing support to ChildFund's maternal and child health programs, implemented at the local level. This is providing rural mothers with access to professional birthing kits, and enables ChildFund to train more village health volunteers at community level.

Major corporate partner Digicel, in partnership with ChildFund and the Family and Sexual Violence Action Committee, has recently launched a new project which will produce a national counselling hotline service later this year, offering support to survivors of family and sexual violence. This is the first of its kind.

There is considerable potential for more partnerships between responsible corporations and civil society organisations that address human development needs in PNG.

⁵ The Community Good: Examining the Influence of the PNG/LNG project in the Hela Region of Papua New Guinea, 2012. <https://www.childfund.org.au/sites/default/files/publications/Report-PNG-LNG-project.pdf>

4. Macro-economic growth must be accompanied by micro-economic growth

Most PNG families are dependent on subsistence agriculture or micro enterprises, such as street vending and market stalls. To increase household living standards it is vital that household agriculture and micro businesses are given the opportunity to grow, gain access to assets, achieve access to markets, and are provided with safe environments to operate, receive support and incentives. If attention is not given to the micro-economy in PNG, poverty reduction through economic growth will not be achieved.

ChildFund is currently undertaking projects with PNG farmers to equip them with the skills necessary to effectively manage their businesses. As the potential for farmers to grow cash crops on a larger scale increases, access to financial services is becoming essential to manage their income. Consequently, ChildFund is working with Bank South Pacific (BSP) and the Fresh Produce Development Agency.

For many rural communities, opening a bank account would usually require a long and rough trek down often inaccessible roads into Port Moresby from the mountains. This is followed by hours in bank queues and then weeks until bank cards are ready. Instead, BSP now conducts community visits to establish bank accounts for farmers.

Access to mobile banking, EFTPOS and electronic payments reduces the amount of cash-handling and enables rural farmers to access new markets in Port Moresby as buyers are able to make payments directly into farmers' accounts. Direct account payments means farmers are no longer spending all their cash immediately – instead they are able to budget, save and spend wisely.

If Australian aid is to be prioritised to foster economic growth, it must focus on development of the micro-economy in PNG.

5. More aid should be directed to community-led, provincial and district level projects in PNG

A considerable proportion of Australian Government Aid to PNG is allocated to capacity building projects at national level. This is typically the case also for other institutional donors such as the Development Banks and UN agencies.

Many such projects have focused on governance, capacity building for ministries and departments, anti-corruption initiatives, projects to improve the regulatory environment, enabling trade and business operations. Many of these activities are delivered by external consultants, private managing contractors and advisors.

These initiatives are designed to develop the capacity and skills in PNG's administrative bodies. However, their effectiveness is uncertain and there is minimal evidence of resultant change in services and conditions at village level.

While some level of aid investment at national level is necessary, greater attention should be given to district level and below initiatives, and local civil society organisations should be given a much greater role and responsibility.

Churches, women's groups, associations, local NGOs and international NGOs are generally highly effective at securing community level understanding, participation and ownership that result in tangible outcomes for people in the districts.

Australian aid NGOs have a strong track record. Many successful projects have been completed through the Australian NGO Cooperation Program (ANCP). A wide range of projects – often involving simple, low-cost interventions – have been delivered by organisations working at the local level, with demonstrable improvements for communities.

For example, ChildFund PNG has successfully implemented a range of agricultural livelihoods projects,⁶ which offer farmers training on crop diversification and livestock management, as well as start-up supplies. These projects not only result in improved household incomes, but also have a positive impact on child nutrition, through the diversification of crops. In addition, increased incomes for families allows the opportunity for children to attend school, and attend for longer.

Through strong community consultation, and active involvement from all local stakeholders including families, village leaders, local government organisations and national bodies, ChildFund's grassroots approach to aid programming has, over time, demonstrated real improvements for children and their families.

Local civil society organisations and experienced international NGOs with established grass roots presence should be given a far greater role in the design, management and implementation of aid projects.

6. Australian aid must prioritise health and education programs in PNG

PNG's indicators in health and education significantly lag behind its neighbours and most countries around the world.

PNG has the worst maternal and child health indicators in the Pacific. The majority of child deaths under the age of five years can be attributed to preventable causes, such as diarrheal disease and other vaccine-preventable illnesses. Immunisation coverage is extremely low; in fact it is in decline – falling from 57 per cent in 2008 to 46 per cent in 2012⁷.

Rather than the existing health system reaching out to communities, it is up to individual families in rural and remote areas to access immunisation services at local aid posts and health centres, which are often under-resourced, under-staffed and situated long distances from many villages.

Malnutrition continues to be a serious concern, with around half of all children under the age of five in rural areas suffering from stunting. Basic water and sanitation is lacking, and many children and families do not have access to even the most rudimentary health services.

⁶ Cultivating for the future in PNG, ChildFund Australia 2014. <https://www.childfund.org.au/blog/cultivating-future-papua-new-guinea>

⁷ 2014 National Human Development Report, Papua New Guinea: From Wealth to Wellbeing, Translating Resource Revenue into Sustainable Human Development. http://hdr.undp.org/sites/default/files/2014_png_national_human_development_report.pdf

Less than seven per cent of PNG women have attended secondary school compared to 19 per cent of Afghan women. On gender equality, PNG (135) ranks lower than Pakistan (127) on the Human Development Index. Around 75 per cent of pregnant women living with HIV in PNG do not receive treatment to prevent mother-to-child transmission, compared to 25 per cent of women in Kenya.

Education is also a major concern. While more children are now attending primary school, the government is struggling to meet capacity, with shortages in school infrastructure, staff, teacher quality and educational equipment. Today, the average adult in PNG has only experienced around four years of formal schooling.

Diseases such as leprosy, unheard of in developed nations, remain endemic in PNG's coastal regions. Tuberculosis (TB) occurs at alarming levels and is now one of the biggest health challenges in PNG. The incidence of TB is also increasing. In the last ten years there has been a 42 per cent rise in the number of new TB cases, with children disproportionately affected. Cases of the particularly dangerous, multi drug resistant TB are also on the rise.

It is impossible for PNG to achieve growth and improved living standards without basic, accessible healthcare and education. Poverty reduction and prosperity will not be attained without an educated, healthy population. As such, it is absolutely vital that aid investments be prioritised to health and education. Targeting of health and education investments to district level, and with greater use of civil society organisations, increases the chances of successful outcomes.

An example is seen in the recent awarding of a \$22m Global Fund program for TB to World Vision which highlights the effective role of churches, NGOs and community members in making improvements to education and health at the local level. ChildFund PNG is already partnering with World Vision, the National TB program and Central Provincial Health on the *Stop TB in my Lifetime* campaign. This training program has seen a marked improvement in health workers ability to detect and treat TB, and provided the skills to support awareness and advocacy in halting the spread of TB.

One of the strategies Australian Aid could more actively promote is to support community-level volunteers in extending the reach of basic services in areas such as maternal and child health, immunisation and education on communicable and non-communicable diseases. ChildFund has found that Village Health Volunteers are a vital first line of response to a range of health issues which the Government system used to provide through patrols but which have now lapsed due to shortages of staff, meagre operating budgets and low levels of motivation and morale. The latter has resulted in the closing of many rural health facilities. By contrast, in Timor Leste, a network of such community volunteers (known as PSF) are now a recognised part of the official health system.

Access to safe water and improved sanitation facilities are essential for achieving better health outcomes. Many of the under-five deaths of children in PNG are attributed to poor water, sanitation or hygiene. Again, small and localised interventions such as community health education, rainwater harvesting and 'tippy taps'⁸ which collect rainwater for health and hygiene purposes, and which are supported by education and awareness-raising initiatives, can result in improved health outcomes for community members.

⁸ Tippy taps in PNG, ChildFund Australia 2014. <https://www.childfund.org.au/blog/world-water-day-tippy-taps-png>

7. Promoting the rights of women is vital to overcoming poverty for children and families

The promotion of women and children's human rights has widespread implications for economic and social development. For example, investment in girls' education has proven to increase the number of female wage earners in society⁹, increase productivity for employers, and reduce the incidence of child marriage and HIV rates.

The empowerment of women and girls is also a priority for the Australian Government aid program. The new performance framework announced by the Department of Foreign Affairs in 2014¹⁰ states: "One of the best ways to promote economic growth is to empower and make better use of the skills and talents of women and girls, and to advance gender equality." This framework includes 10 key targets, one of which requires that more than 80 per cent of investments, regardless of their objectives, will effectively address gender issues in their implementation.

Gender equality in PNG is currently among the worst in the world. Barriers to women's economic opportunities include: unequal gender relations manifested at the household level with decision making; family expectations which prioritise boys' education and vocational training over girls'; and men's inappropriate use of money earned by women.

In addition, the environment within the communities in which ChildFund Australia works in PNG is not always supportive of local businesses. This, coupled with the lack of strong female role models in local and national government, have created limited opportunities for women to engage in economic activities in the country.

ChildFund Australia and other international aid organisations implement a range of programs at community level in PNG to encourage greater participation by females, children and adults alike, in their local community. These may include developing economic opportunities for women in urban centres; access to vocational training in roles that are lacking in village life, such as healthcare; business start-up support and micro finance savings and loan schemes.

Ensuring access to education for girls is critical. This is a priority for ChildFund and other INGOs. It requires engagement with the PNG government to ensure that school facilities and teachers are available in rural areas, and working with village leaders to educate parents on the importance of sending their girls to school.

Education has an intergenerational impact, with educated women more likely to send their children to school and for longer periods of time with each successive generation. It has also been found that women and girls who earn an income reinvest 90 per cent of it into their families¹¹. Education is a powerful tool in poverty reduction, particularly for women.

⁹ United Nations Foundation: Why invest in adolescent girls.

http://www.clintonglobalinitiative.org/ourmeetings/PDF/actionareas/Why_Invest_in_Adolescent_Girls.pdf

¹⁰ Making Performance Count: enhancing the accountability and effectiveness of Australian Aid, June 2014.

<http://www.dfat.gov.au/about-us/publications/Pages/making-performance-count-enhancing-the-accountability-and-effectiveness-of-australian-aid.aspx>

¹¹ Why Invest in Adolescent Girls, United Nations Foundation,

http://www.clintonglobalinitiative.org/ourmeetings/PDF/actionareas/Why_Invest_in_Adolescent_Girls.pdf

8. Australian aid must address the high incidence of family and sexual violence in PNG

Violence against women and children is at an extreme level and represents one of the biggest challenges to PNG's social and economic development. Australian aid has an important contribution to make in addressing this problem.

In 2013, ChildFund Australia and ChildFund PNG conducted quantitative and qualitative research into family and gender-based violence in Papua New Guinea, focusing on the experiences of children and families in Rigo District in Central Province, as well as women who had sought refuge at a women's safe house in Port Moresby (Haus Ruth).

It has been widely reported¹² that violence occurs in more than two-thirds of families in PNG, with some experts stating that this figure may actually be much higher. ChildFund's study confirmed the previous research, with all 37 female interviewees stating that they had subject to violence by a partner.

Violence against children in PNG is amongst the highest frequency and severity of any country. This often begins before birth, with one study finding that 86 per cent of women in PNG experience physical violence during their pregnancy¹³. Violence against children is committed by a range of adults in private and public settings – parents, teachers and other figures of authority.

However, violence within the family appears to be the most endemic. ChildFund's study found that children are often witnesses to assaults against their mothers, and around 60 per cent of children suffer physical abuse from the same assailant.

Typical barriers to preventing the abuse of women and children include the fact that family violence is usually a hidden crime, occurring in family homes and behind closed doors. In PNG, cultural norms mean that too often family violence is not seen as a crime but as a normal part of family life, and those tasked with law enforcement are reluctant to intervene in what is seen as a private matter. Traditional practices such as early marriage, dowry systems, beliefs in sorcery and a lack of education for girls exacerbate the problem.

Well-targeted aid can make a difference and there are a growing number of initiatives in PNG in this area. For example, with funding support from the European Union, ChildFund is aiming to strengthen the capacity of on-the-ground services related to GBV prevention and response, in both urban and rural areas of PNG.

Under the project, ChildFund PNG will work in partnership with the City Mission-run women's refuge Haus Ruth in Port Moresby to improve the services and support available to child and adult survivors of violence. Activities will include upgrading and expanding the accommodation available to provide safe refuge, including the provision of child-friendly facilities and services.

ChildFund PNG will also invest funds in training and supporting community-based human rights defender groups in urban and rural areas, such as local advocacy networks, church representatives, safe house staff, community members and survivors, to provide increased protection, refuge and

¹² Gender-Based Violence and the Impact on Women's Health and Well-Being in Papua New Guinea, Margit Ganster-Breidler 2010. <https://archive.org/details/Ganster>

¹³ Ibid.

remedial services. Further, an outreach team will be established to engage community and government stakeholders and improve coordination of services.

Prioritising this issue and developing new aid programs that focus on both prevention and response are essential if Australia's aid program is to make an impact on the current extreme levels of violence in PNG, and remove one of PNG's biggest development challenges.

9. The Australian Government must continue to be a dependable, predictable aid donor

Australia's bilateral aid to PNG over the years has been substantial in size and scope, and has been an important element in the close connection between the two countries. Outcomes from the aid program have been mixed and less than ideal. Nevertheless there are many examples of achievement, influence and progress.

Australia's contribution has been, by far, the largest of any donor. Without Australian aid, the situation for the people of PNG would have been considerably worse. This provision of this support has been the right and fair thing to do for one of our nearest neighbours and former territory. Any reduction in aid to PNG, is likely to risk undoing the progress already made.

It is very important that Australia maintain its role as PNG's most important aid donor, in order to sustain the effort to reduce poverty and to maintain friendship between the countries. This is in the interests of PNG children and families. It is also in Australia's interests to see PNG achieve rising living standards which will reduce the risk of population displacement in the Pacific and establish PNG as a prosperous trading partner.

The Australian Aid program has contributed to many improvements in living standards in PNG and has established a reputation for being a responsible, professional, transparent donor to PNG and the wider Asia-Pacific region. Australian aid administration has served as an example to other government donors.

Heavy cuts to the Australian Aid budget during the last three years, totalling almost \$11bn, put at risk Australia's reputation, role and contribution. If substantial reductions were to be made to development assistance to PNG, it would be a massive step backwards and would erode the important relationship that has been built up between the countries.

Medium to long-term predictability of aid flows is also important. Short-term projects, frequent policy changes and unexpected cuts to revenue all undermine effective development. Predictability in aid programming to PNG will help ensure that the best possible outcomes can be achieved.

Australian aid objectives in PNG should clearly and unambiguously focus on human development, specifically poverty reduction. Aid objectives should not be confused or muddled by tying Australian support to refugee resettlement programs, as is the case currently¹⁴. Nor should the new policy

¹⁴ Memorandum of Understanding between the Government of the Independent State of Papua New Guinea and the Government of Australia, relating to the transfer to, and assessment and settlement in, Papua New Guinea of certain persons, and related issues. <http://dfat.gov.au/geo/papua-new-guinea/Pages/memorandum-of-understanding-between-the-government-of-the-independent-state-of-papua-new-guinea-and-the-government-of-austr.aspx>



focus on economic growth become conflated with trade objectives that primarily seek to increase markets for Australian companies.

As world leaders finalise the new set of global development goals, the SDGs, it is important that Australia's bilateral aid program is able to retain its levels of professionalism, integrity and know-how, particularly in terms of supporting countries like PNG which continues to have an enormous need for Australia's expertise and assistance.

Annex

To follow are attached the following documents in PDF format:

- *Family and Sexual Violence Papua New Guinea, 2013, ChildFund Australia & ChildFund PNG*
- *Stop Violence against Women and Children in Papua New Guinea, 2013, ChildFund Australia*