



NEW ZEALAND AGENCY FOR INTERNATIONAL DEVELOPMENT

PAPUA NEW GUINEA STRATEGY 2002-2007

1. Executive Summary

Papua New Guinea is facing immense developmental challenges. Successive budget deficits have left the public sector under-resourced and unable to arrest a decline in basic living standards and services for its predominantly rural population.

To further constrain Papua New Guinea's development efforts, natural disasters – most recently the Mt Pago eruption, the Wewak earthquake and droughts – continue to divert resources and attention from the long-term change required.

The country is responding to the situation by revisiting its development strategy, the primary mechanism for which is a Poverty Reduction Strategy (PRS), which will be integrated into the new Medium-Term Development Strategy (MTDS), 2003-07. It is also tightening spending and renegotiating with major donors for a more flexible assistance regime to meet recurrent costs in priority areas.

NZAID has affirmed its commitment to Papua New Guinea and its determination to target resources strategically to enhance the effectiveness of each dollar spent. It aims to do this through basing resourcing decisions on the outcomes of thorough research, to focus activities in four sectors and specific provinces, and to align the strategy to the priority areas of the Papua New Guinea government.

The four key sectoral focuses are rural livelihoods for women and youth, maternal and child health, basic education and civil society strengthening.

This strategy is based largely on the findings of 'NZODA to Papua New Guinea – Country Strategy Review' (June 2002) and the draft MTDS which will reflect the findings of the draft PRS.

2. PNG's Development Challenges

According to the draft MTDS, social indicators in PNG are among the lowest in the Pacific with a low life expectancy (57 years), low levels of literacy (64%) high infant mortality and extremely high maternal mortality. It is estimated 37% of the population live in poverty.

Eighty to 85% of people in Papua New Guinea live in rural areas where poverty is concentrated. Living standards vary considerably. In the worst affected regions there are serious levels of child malnutrition, high and increasing population densities and an alarming increase in the incidence of HIV-AIDS. Opportunities to improve the living standards in these areas are compounded by land issues, land degradation, declining crop yields and food shortages, and poor access to services and markets due to poor transport and communications.

As public revenue falls, due substantially to decreased earnings from petroleum and other mining activities, fewer public funds are available for rural development. Experience from other Melanesian countries indicates a lack of attention to rural development needs can undermine stability and security. It is therefore incumbent on the government to focus its resources on programmes that will generate the greatest social and economic returns.

While PNG's challenges are considerable, there are significant opportunities for growth, particularly in forestry, agriculture and fisheries.

The draft PRS states the context for poverty reduction in PNG as:

“PNG is a society that has strong traditional, cultural and social values and obligations. Contemporary forms of development challenges continue to provide new and diverse opportunities for all people to improve their standard of living. The desire to improve standards of living throughout PNG must be pursued by all individuals, localities, communities and public/private institutions.”

Poverty is defined in the draft PRS as:

“... lack of access to economic and financial opportunities and the inefficient delivery of, and lack of access to basic services. The factors contributing to this definition include weak governance, weak social support systems, unsustainable use of natural resources, unequal distribution of resources, and a poorly maintained infrastructure network.”

The draft PRS, the primary goal of which is poverty reduction in Papua New Guinea, identifies five pillars to represent the secondary goals and objectives, and immediate goals. The secondary goals and objectives are to:

- Strengthen governance – improve service delivery, government institutions and law and order.
- Increase development of land and natural resources – maximise economic and social returns on land usage, exploration and sustainable use of resources and agro industry and urban planning.
- Improve and maintain infrastructure – improve maintenance and capacity of transport infrastructure and utility networks.
- Improve and expand economic opportunities – improve access to financial services and facilitate income-generating opportunities.

Papua New Guinea's development will be guided by the MTDS 2003-07 which will be largely informed by the PRS.

Consistent with the PRS, the underlying theme of the MTDS 2003-07 is on poverty reduction and rural development. The priority expenditure areas over the next five years will be basic education, primary health, maintenance of transport infrastructure, law and order, and promotion of income-earning opportunities focused in rural areas.

Papua New Guinea is likely to rely heavily on donors for the next 20 years. Currently half of its development budget (as assigned in the national budget) is made up of donor funds. In 2000 these totalled US\$330.6m bilateral and US\$21m multilateral. The main bilateral donors are Australia, Japan, China, New Zealand and Germany with Australia contributing 82.3% of the combined development assistance contributions and New Zealand around 1.9%.

There is a need to alleviate pressure on PNG institutions from the administration of donor projects without compromising accountability and to communicate and work with other donors. Multi-donor approaches, such as the health sector-wide approach, are being supported.

Civil society, particularly church agencies, contributes substantially to the provision of essential social services. The capacity of civil society agencies and NGOs varies. Private sector organisations and small to medium enterprises are critical to establishing a domestic market for goods, services and jobs and generating the country's domestic and export revenue. Strengthening the framework for broad-based economic growth is a priority of the PNG Government.

3. NZAID Priorities

NZAID programmes are guided by an overarching policy framework and a human rights policy that require the agency to work towards poverty elimination and mainstream human rights issues. Impending policies on education, gender, and trade and development, and a Pacific poverty study and a Pacific strategy will further inform NZAID practice.

The draft NZAID Pacific strategy identifies strengthening governance, including basic service delivery as the key strategic focus for NZAID. It lists priority areas as basic education including vocational and informal education, primary health care, security and justice, sustainable economic growth, youth, civil society/community development and rural development.

4. Future Programme and Strategy

The NZAID goal for the Papua New Guinea programme 2002-07 is to contribute to poverty elimination by supporting the economic and social development of Papua New Guinea.

The sub-outcomes for the strategy are improved social indicators for less-advantaged rural communities, and improved earning capacities for rural men and women.

NZAID will look to deliver assistance to Papua New Guinea over the next five years in these sectors/areas

Rural livelihoods

Improving rural livelihoods through food security and local economic development activities, with a particular focus on women and youth

Health

Support to maternal and child and community-based health services

Continued support to the Health Sector Improvement Programme

Education

Support to basic education including curriculum resources.

Strengthening local educational institutions providing training in the rural development, health and education sectors.

Management training for NGOs.

Awards and scholarships

Post-secondary and specialist training in New Zealand.

In-country awards focusing on access for youth and women, particularly in the areas relating to health, agriculture and education.

Civil Society and Governance

A small project scheme to provide advice and funding to NGOs and agencies with projects that contribute to the social and economic well-being of the most disadvantaged groups in society.

In implementing the strategy, the NZAID PNG programme will:

- Be consistent with NZAID'S policy statements and operating principles, particularly NZAID's vision of 'a safe and just world free of poverty' and a mission of 'eliminating poverty through development partnerships by protecting human rights (including gender equity), through a strategic approach to poverty elimination, sustainability, co-ordination, access and accountability.
- Seek strategic outcomes through interventions which include fulfilment of basic needs, sustainable livelihoods, sustainable and equitable development, and safe, just and inclusive societies (NZAID's strategies and policies reflect the agency's long-term commitment to working with partners and international community to achieve the Millennium Development Goals and International Development Targets).
- Be consistent with key PNG Government policies and plans, including the MTDS 2003-07 and the PRS.
- Be implemented in full co-operation, consultation and partnership with relevant Papua New Guinean authorities.
- Improve the impact of NZAID assistance by focusing and specialising in a limited number of sectors and provinces. These sectors and provinces will be determined as a result of the project identification, scoping and review activities undertaken this year.
- Integrate capacity building, good governance, gender and development, youth development, environment, human and indigenous rights into all interventions.
- Provide fewer and larger multi-year projects that are soundly designed, well implemented, and monitored to ensure enduring impact on the recipient communities and continued support from the PNG government.
- Use a community development approach– emphasising empowerment of people to address their needs through education, capacity building, facilitation, advice, resourcing and advocacy.
- Rationalise study awards to improve the access and participation of students from disadvantaged communities and to align training to the focus areas and projects of the new NZAID/PNG programme.
- Explore and be open to the use of various delivery options including, sector-wide approaches, in-country suppliers (NGOs, institutions, private sector) and regional programmes in addition to service contracts with New Zealand and Australian consultants and institutions, and the use of volunteers.
- Provide an environment to increase the NZAID allocation to PNG subject to identification of viable projects in line with the proposed areas for intervention under the new strategic direction.

- Ensure effective working relationships among the PNG government, project partners and other donors by reviewing communication systems and responding to initiatives to harmonise development assistance efforts.
- Undertake a strategic reassessment in 2006 with a view to developing a NZAID PNG bilateral strategy for 2007-12.

The key mechanisms for delivering assistance will be through:

- Appropriate use of MSCs, co-financing, trust fund and sector-wide approaches, to deliver substantial multi-year projects and programmes.
- Study awards and scholarships – tertiary and short-term training and attachments in NZ and in PNG to build human resource capacity for the health and rural sectors
- Small projects – with a cross-sectoral and civil society focus aimed at supporting activities that meet the goals and objectives of the poverty reduction strategy.

5. Bilateral relationship

New Zealand's bilateral relationship is underpinned by the assumption that the Papua New Guinea Government will commit to and pursue its own development strategies. NZAID effectiveness is directly related to the effectiveness of the Papua New Guinea Government and its advisors in attending to major problems of governance, infrastructure and security.

While New Zealand financial resources are not comparable to those of other donors, NZAID can also provide support through advocacy particularly in the areas of fair and open trade, human rights, indigenous rights, security and through technical assistance.

NZAID's partners for the delivery of ODA in PNG should be the PNG Government at national and provincial levels, and civil society agencies.

The Bougainville programme and level of current allocation will be reintegrated within the overall PNG programme.

6. Review and sectoral study schedule

All design studies will consider the integration of Bougainville activities.

Rural Livelihoods

NZAID involvement with the Fresh Produce Development Company (FPDC) is to be reviewed to determine what support, if any, will continue to be provided, and to identify whether FPDC can deliver a wider range of rural development services.

The results from this review will feed into wider rural development scoping and design studies for projects to improve the livelihoods of women and youth.

Health

A review of NZAID involvement in the health sector will determine more clearly its role in providing support to this area, identifying appropriate activities, areas, and delivery mechanisms, including through the HSIP. Project identification teams will be engaged to identify robust, multi-year projects in the areas of child and maternal health and to identify appropriate delivery and management mechanisms for these.

Education

The School Journals Project is to be reviewed to assess its value and to recommend options for the future. This will be followed by scoping studies to identify to other areas where NZAID can engage in support of basic education.

An evaluation will take place of the AISP-Continuing links programme.

The NGO Not-for-Profit Management Diploma project is to be reviewed to ascertain its value to NGO capacity building and to identify an appropriate management regime and process for institutionalising it in Papua New Guinea. This review will be done in conjunction with a wider review of NZAID support to civil society.

Civil Society Review

A review of assistance to, and partnership opportunities with, civil society will be undertaken this financial year. The review team will consider the management of the contestable small project support fund to build capacity building – through advisory assistance – and provide funds to PNG NGOs and other agencies.

NZAID-Wide Reviews

NZAID's Pacific strategy and a Pacific poverty study are in progress and will provide guidance as to the agency's key focus areas in its Pacific programmes.

An NZAID education review is underway and will address NZAID's engagement with the education sector throughout all of its programmes, and the value and management of study awards and scholarships.

The Head of Mission Funds are to be reviewed in 2003.

An offshore capability review will provide recommendations on NZAID staff capability at Posts.