

PNG wants Aussie aid to be part of budget

Source: The National

PAPUA New Guinea is pushing for Australian aid to be transformed into a new form of budget support to be jointly managed under a new development cooperation agreement when the Development Cooperation Treaty expires at the end of this year.

The PNG government's position is to have the new agreement housed under an umbrella economic cooperation treaty.

At the same time, it is pushing for aid to be used as a capacity building tool for improved business and trade.

Foreign Affairs, Trade and Immigrations Minister Sam Abal put forward the government's position during his opening statement at the bilateral meeting in Alotau, Milne Bay, yesterday.

Abal said: "Every country, including PNG, wanted to be self-sustaining. "All development resources available to us, including aid, must be used to move in that direction.

"A good aid policy is one that renders itself obsolete at some time in the future. We would be an irresponsible government if we did not push in this direction," Abal said.

Australia offered PNG untied budget support aid in the first decade after Independence until 1989 when, at the Australian government's insistence, the aid programme was changed to tied programme aid. The move to programme aid was based on major reviews which reported that aid was not producing tangible development in PNG.

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