

## Japan's ODA Policy for the Independent State of Papua New Guinea (PNG)

### 1. Significance of Japan's Assistance to PNG

PNG is one of the leading countries of the Pacific region since its independence in 1975. Its land size is larger than any other Pacific island countries (PICs). Comparing to Japan, for instance, it has 1.2 times larger land size. Its population, about 6.88 million, is also the biggest of all PICs. PNG is blessed with abundant natural resources such as gold, copper and petroleum. Production of Liquefied Natural Gas (LNG) will begin in a few years. Starting from 2014, Japan will be a major importer of the so-called PNG LNG as receiving 50% of the production. Japanese companies' investments related to LNG are expanding in PNG. Japan expects that a closer economic relationship between PNG and Japan will develop further, increasing investment from Japan to PNG, as PNG becoming one of Japan's stable suppliers of natural resources. At this stage, it is deemed important for Japan as a partner to play a role of enhancing PNG's efforts towards sustainable development.

When it comes to infrastructure in PNG, such fields as in transport and electrification are not developed enough to meet the level of growing demand for the economic activities in the country. A widening inconsistency in socio-economic conditions between rural and urban areas seems to be reaching a point of seriousness. The living conditions deteriorates due to over influx of population into urban areas while in rural areas, low literacy, high infant mortality, limited opportunity for earning cash income are observed. Developing natural resources, on the one hand, has a negative impact on the environment. While PNG has the largest tropical forest in all the PICs, its forest faces decrease and degradation.

In fishery sector, PNG and Japan are keeping an amicable relationship. The bilateral fishery agreement enables Japan to operate fishing vessels in Exclusive Economic Zone (EEZ) of PNG.

In the international arena, PNG and Japan are in mutually supportive relationship. PNG has been supporting Japan's international status for candidacies to the key positions in international organizations. It has been said, however, that Japanese presence in PNG seems to have been somewhat comparatively lower while newly emerging donors become more influential to PNG.

It is important that Japan should continue to support PNG towards the PNG's self-sustaining development and accordingly to strengthen the PNG-JPN overall bilateral relations. PNG, as a resource-rich country and an investment destination

for Japan, is considered significant and developing mutual economic relations is widely expected.

## 2. Principle of Assistance

Overall end is the achievement of sustainable economic growth and improvement of the living standard by strengthening basic socio-economic foundation.

The Government of Japan (GOJ) intends to support the development of socio-economic foundations as the infrastructure for sustainable economic growth, improvement of fundamental social services, environmental conservation and climate change. It addresses such issues as environmental pollution and climate change based on the Medium Term Development Plan from 2011 to 2015, PNG Development Strategic Plan 2010 to 2030, PNG Vision 2050, and Japan's Assistance Policies highlighted at Pacific Islands Leaders Meeting (PALM) held in Japan every 3 years since 1997.

## 3. Priority Areas

### (1) Strengthening of the Foundation of Economic Growth

Japan will focus, for sustainable economic growth, on transport and energy/electricity infrastructure by developing and maintaining roads, bridges, sea/air ports, and power stations and grid systems. They are basic needs for national economic activities.

Japan is also willing to support the improvement of investment environment and promotion of trade and is interested in promoting commerce, industry and agriculture, forestry and fisheries of PNG.

Capacity building will also be focused in the said areas.

### (2) Improvement of Social Services

Contributing to raising living standard and enhancing human resource development, Japan intends to support the improvement of basic education, and address access to education with qualified teaching in science and mathematics. Japan's assistance in education sector is designed in view of equality and efficiency as seen in the regional expansion approach applied in EQUITY 2 project which targets 12 provinces.

Strengthening secondary school education and vocational training will be also in focus. Medical services such as control of infectious diseases and capacity building for rural public health care are also considered priority areas.

### (3) Environment and Climate Change

To tackle the increasing deterioration of natural environment, Japan has an intention to support the improvement of waste management and sewage

treatment contributing to conservation of environment and reduction of environmental damages. Mitigation and adaptation measures to climate change and disaster prevention will be of shared interest.

Note:

Japan is taking into account the improvement of investment environment particularly after Japan and PNG signed the Investment Agreement in 2011. More Japanese private investments are expected in PNG. To implement assistance programs and projects in more efficient and effective way, Japan would engage in dialogues with other major donors such as Australia, New Zealand, USA, World Bank, ADB, and UN.

To realize fair redistribution of national wealth to all PNG nationals through development of abundant natural resources, Japan deems it necessary that the government of PNG should make efforts to improve essential social services and apply a good management of its finances adopting an appropriate and prioritized disbursement in accordance with its development policy.

(End)