

1. Aim of Development Cooperation to PNG

(1) Papua New Guinea (PNG) is located at a strategic geopolitical crossroads along the sea lanes connecting Japan and Australia, and is one of the major countries in the Pacific Islands region, with the largest land area (about 1.2 times the size of Japan) and population (about 10 million). PNG is rich in natural resources such as natural gas, gold, copper, oil, fishery products, and timber. Approximately half of the natural gas exported from the country is destined for Japan, and its exclusive economic zone (EEZ) accounts for about 25% of Japan's tuna and Skipjack catch (as of 2021), making it a prime fishing ground. From the perspective of Japan's energy and food security, PNG's importance as a stable source of resources is expected to increase further in the future.

(2) At the same time, in PNG, it is urgently required to develop other industries and cultivate a high-quality workforce to improve its industrial structure of resource-dependent economy. Additionally, the deterioration of public safety, caused by traditional tribal conflicts in rural areas and high unemployment rate due to population growth in urban areas, is the most serious issue. Addressing infrastructure development in transport and energy, and tackling deforestation and forest degradation including illegal logging of tropical forests are also important. Furthermore, low literacy rates and high infant mortality rates in rural areas remain challenges, necessitating improvements in education and health indicators. In particular, the Global Gender Inequality Index ranks PNG 151st out of 193 countries (UNDP, 2022), highlighting the need for gender mainstreaming.

(3) PNG's "Medium-Term Development Plan IV" (July 2023) emphasizes the necessity for development investment to address the aforementioned issues. Prime Minister Marape, who was re-elected in 2022, has outlined a vision to strengthen connectivity in sectors such as transportation, communication and electricity, to develop economy by promoting domestic manufacturing sector and resource extraction projects, as well as to strengthen efforts to improve public safety including enhancing police capabilities.

(4) By cooperating with PNG to address its development challenges, Japan can assist to ensure the stability of the country and strengthen the bilateral relation, which in turn contributes to the "Free and Open Indo-Pacific" (FOIP).

2. Basic Policy of Japanese ODA: Achievement of "high quality growth" and improvement of the living standard of Papua New Guinea by strengthening socio-economic foundation

Based on PNG's national development plan, Japan's Development Cooperation Charter, and Japan's policies expressed at the "Pacific Islands Leaders Meeting," Japan will support PNG for stable society and economic development by realizing the "high-quality growth" through enhancing the foundation for economic development as well as cooperation contributing to the "human security".

3. Priority Areas

(1) Strengthening of the Foundation of Economic Growth

To achieve stable development through "high-quality growth," Japan will assist development and maintenance of the infrastructures for transportation, power and energy which are essential for livelihoods and economic activities. Japan will also support the improvement of the investment environment and the promotion of trade, as well as the fostering of industries and commerce including agriculture, forestry, fisheries and mining. Additionally, Japan will provide cooperation for the restoration of public safety and the reinforcement of the rule of law through capacity building in legal and judicial affairs as well as the police structure.

(2) Addressing Social Disparities in Areas including Education and Healthcare

To improve education standards, Japan will focus on enhancing the quality of teaching and curriculum development, and address educational disparities through cooperation for the education in distant locations. Additionally, Japan will cooperate in improving the healthcare system, particularly in the area of infectious disease control such as lymphatic filariasis, and in nurturing local healthcare personnel. Furthermore, Japan's cooperation will also aim to promote gender

mainstreaming.

(3) Environment, Climate Change, and Disaster Prevention

Japan will cooperate in environmental conservation including the improvement of waste management. In addition, Japan will support forest conservation and disaster prevention efforts as the mitigation and adaptation measures for climate change.

4 Points to Note

(1) Japan will actively engage in discussions with other donor countries, including major donors such as Australia, New Zealand, and the United States, to ensure that each assistance generates synergies, and will strive to implement effective and efficient aid.

(2) From the perspective of the strategic use of ODA budgets, Japan will work to formulate projects that combine different schemes and approaches to achieve high overall development impact.

(3) To effectively utilize national revenue generated from natural resources in a way that benefits the entire population and addresses regional disparities, it is important to note that the PNG government must implement public spending in line with policy priorities and focus on improving key social services.

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