

The socioeconomic effects of corruption on Papua New Guinea both present and future

One of the factors that cause development stagnation in PNG is corruption. Corruption is defined as ‘the abuse of entrusted power for personal gain’ and it is a global phenomenon. In PNG, corruption is widespread and endemic, penetrating all levels of society. Although, corruption flourishes in secrecy, the social and economic effects of it are visible and affect everyone in the country.

PNG’s economy is boosted by large reserves from the natural resources like gold, copper, nickel, oil and gas. The PNG liquefied natural gas (LNG) project is expected to contribute 30 billion dollars into PNG economy over the next 30 years. This is anticipated to contribute additional 20% into the country’s GDP. In addition to this, the Ramu nickel mine and other mines around the country have started shipping overseas hence they become major sources of foreign revenue for the country.

Despite unprecedented economic growth with the country experiencing a decade of mineral resources boom, the value of kina has not performed well at the international market. Moody’s 2015 report shows that PNG’s B1 foreign currency and local currency ratings have dropped significantly from stable to negative. Due to government embarking on ambitious development programs our fiscal deficits have widened significantly, hence our external debt had risen to an estimated 37.7% of GDP in 2014. PNG’s debt level, according to Moody’s report exceeded 40% which means our expenditure has significantly exceeded our production and revenue. Many international commentators further state that the government’s preaching about growing economic boom has brought nothing or had little effect on the lives of the ordinary citizens. Poverty is still widespread.

Various social and economic indicators demonstrate the visible effects of corruption in the country. According to Transparency International’s 2013 Corruption Perception Index, PNG is ranked 150th out of 176 countries, with a score of 25 on a scale of 0 – 100, where zero means that a country is highly corrupt and hundred means a country is very clean. According to the World Bank, PNG’s Human Development Index (HDI) was ranked 153rd out of 187 countries and for Gender Inequality Index (GII) PNG was again placed 153rd out of 187 countries. More than 80% of the country’s population lives in the rural areas where subsistence economy remains the main source of income and daily sustenance. It was estimated that in the period 1993–2002, approximately 57.4% of the population survived on less than \$2 a day, suggesting that 70% of the population live below poverty line. The latest Economic and Social Survey Report of the Asia Pacific region reports negatively that the income inequality is widening significantly to the detriment of women, especially in the rural areas. Efforts to eradicate poverty through various initiatives have failed due to corruption and poor governance. Lack of political will and ineffective government policies, especially in the agricultural sector, have failed to help the bulk of the population living off the land. Coffee production by smallholders, which used to be major source of income in the Highlands, has fallen on hard times due to factors such as law and order, land disputes, lack of basic coffee farming skills, no political will, and poor rehabilitation of existing coffee trees.

The current population growth increases at a rate of 2.9% per annum and this could double itself in 29 years. The school age population is predicted to grow by 25.7% between 2005 and 2014. This puts much pressure on the education sector to respond to and absorb the rapid growth whilst working towards improving the quality of service delivery and focus of educational programs effectively. However, the current literacy level still remains low with an estimated 65.4% for males and 59.4% for females. Significant social indicators such as unemployment is increasing and the current rate is estimated to be higher than 70%. The growing number of “street children” found in PNG’s major towns and cities speaks for itself and has become an eye sore challenge for government’s public policy and development strategies for the future.

Subsequent to current government's free education policy schools throughout the country have reported mass enrolment of children with little or no infrastructure such as classrooms in place to cater for them. Numerous complaints have been raised about the shortage of trained teachers to teach and the ratio between teacher and student is disproportionately large – that one teacher is teaching about fifty to sixty children, which contravenes best practice policies in the extreme.

The health sector is also battling with very troubling health issues in the country. Many of PNG's premier hospitals have run down with little or no lifesaving equipment such as kidney dialysis, angiogram machine and even X-Rays and other lifesaving machines are almost in near death stages. PNG's maternal mortality ratio is 230 per 100,000 women, which is worse than India's with almost half of all women giving birth without the assistance of a doctor or midwife.

The infant mortality ratio is 63 deaths per 1,000 live births in children under five and 56.7 deaths per 1,000 live births in infant under one. Tuberculosis, malaria and other communicable diseases cause 62% of deaths nationwide. Although the National AIDS Council had declared a decline in the HIV prevalence in the country (0.9%), it still remains highest in the Pacific. The combination of HIV/AIDS and TB are found to be major killers of PNG's population.

According to World Health Organisation PNG has less than 400 medical doctors of which only 51 work outside Port Moresby, despite 85% of people living in rural areas. The doctor to patient ratio is one doctor per 17,068 people compared to 1 doctor per 1,000 people in Fiji and one doctor per 302 in Australia. This complements with the recent media report stating that 'more than 3 million Papua New Guineans do not have access to a doctor'. Most critical of all is the grave shortage of health workers – with a ratio of 0.58 per 1,000 people.

This has become an issue of concern for the Minister for Health and HIV/AIDS and he talks about hiring medical doctors and nurses from overseas to come and work in many of the hospitals in the country. But is the idea of hiring doctors and health workers from overseas going to solve all these issues? Look at the current living conditions of health care workers. Virtually all of them live in the settlements and come to work. The same happens to teachers and all other middle income earners in the country.

The current Government is preaching a lot about prioritising health and education in the country but with very little or no tangible effects. They have paid lip service only and have not combatted the real issues yet. If the country's money and wealth is substantially squandered on low priority areas with no attention given to health and education infrastructure, unemployment, law and order and the development of human resource then the state is going to lose in big time.

By Mr Gabriel Kuman
Research Officer for Community Coalition Against Corruption
Transparency International (PNG) Inc.
2nd Floor, IPA HAUS, Konedobu, NCD
Papua New Guinea