

# Chapter 1

## Introduction

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There is a vast literature on the principles of public administration and good governance, and no shortage of theoreticians, practitioners and donors eager to push for public sector reform, especially in less-developed countries. Papua New Guinea has had its share of public sector reforms, frequently under the influence of multinational agencies, notably the World Bank and the Asian Development Bank, and aid donors, including AusAID. Yet there seems to be a general consensus, both within and outside Papua New Guinea, that policy making and implementation have fallen short of expectations, that there has been a failure to achieve 'good governance'. This impression is supported in the indifferent performance of key social indicators in Papua New Guinea.

However, since the early post-independence survey of policy making in Papua New Guinea edited by John Ballard (Ballard 1981), there has been little attempt to study the processes of policy making and implementation across a range of sectors and functions. To provide such an overview, a project was initiated in 2002 within the Australian National University's State, Society and Governance in Melanesia Program, with assistance from AusAID, involving a group of scholars and policy practitioners from Papua New Guinea and Australia with deep experience in specific areas of policy, to examine policy making and implementation since independence, across a range of sectors but within a roughly common framework. Draft papers were presented to workshops in Port Moresby and Canberra, and some further papers subsequently added.

After a lengthy gestation, this volume presents the results of the project. The volume comprises a review of the longer-term and the more recent history of public sector reform in Papua New Guinea, thirteen studies of policy making and implementation in particular sectors — the economy, agriculture, mineral development, health, education, lands, environment, forestry, decentralization, law and order, defence, women and foreign policy — and three studies of government policy responses to particular events or policy issues — the 1997–98 drought, privatization and AIDS. These chapters are not intended to provide an up-to-the-minute account of policies in their respective areas — which are subject to continuous change and evolution — but rather to provide an empirical basis for looking at how policy has been made and implemented over some two and a half to three decades since independence.

The record of policy making and implementation varies significantly between sectors and over time. Thus, for example, to take two critical and sometimes controversial areas of policy, Thomason and Kase argue in chapter 7 that since independence the health system has been in a state of steady decline, while Filer and Imbun suggest that in the area of mineral policy (chapter 6), in comparison with other developing countries 'the government has done a reasonably good job of coping with difficult circumstances and unforeseen events'. Despite the variations, however, several themes emerge from these studies.

One concerns a recurring gap between the diagnosis of weaknesses in the policy process and prescription of remedial action, and effective action to implement changes. In their overview of public sector reform in Papua New Guinea (chapter 2), for example, Turner and Kavanamur note that, in a period of 'creeping crisis in public sector management' between 1985 and 1994:

There were plenty of policy recommendations and ample policy making. There was also considerable interest and funding from donors. But policy design and implementation were often poor while consistent political support from top decision makers was not forthcoming.

Arguably, as in the case of the Public Service Commission whose demise and subsequent restoration both owed much to the recommendations of World Bank missions, or the statement by a visiting Australian consultant that Papua New Guineans had 'no capacity for problem-solving',<sup>1</sup> there have been misdiagnosed and dubious prescriptions as well as ineffective responses to reform initiatives. Nevertheless, at a number of points in this volume authors refer to instances where potentially useful reforms have not been implemented, either because senior public officials or politicians were unsympathetic to changes proposed or were inhibited by inertia, or because the resources needed to effect change were not provided, or because the proposed changes had not been adequately communicated to personnel down the line of command. In their study of lands policy (chapter 9), Power and Tolopa speak of the need for 'a synergy between active individuals in the bureaucracy and committed politicians who have a shared vision and trust with their bureaucrats' but observe that: 'These conditions do not seem to have existed at the national level in matters related to land management for many years'.

Resistance to change is neither unique to Papua New Guinea nor exclusive to the public sector. Comparative studies of public sector reform provide copious examples of behaviour by public servants and ministers designed to delay, stall or generally undermine proposed changes in established policies and practices. In Papua New Guinea this tendency has probably been exacerbated by the unusually influential role which ministers and senior public officials play in policy implementation. At independence it was often argued that senior public servants, mostly schooled within the Australian colonial tradition, tended to

dominate their respective ministers, many of whom had limited education and experience in government. Over the years this has changed, to the extent that ministers frequently dictate to their departmental officials and the appointment of senior officials has tended to become increasingly politicized. Since 1995 this has been true also at the sub-national level, where in some provinces, notwithstanding formal procedures, provincial governors (who are normally national MPs) have selected provincial administrators and even district administrators who can be relied on to carry out their wishes. The high turnover of MPs (50–55 per cent from 1972 to 2002, about 80 per cent in 2002, and just over 60 per cent in 2007), and the even higher turnover of cabinet portfolios, has reinforced this trend. In this environment, it is not uncommon for politicians and even some senior bureaucrats to pursue personal agendas over national policy directives.

A second factor militating against effective policy implementation has been the relatively rapid turnover of governments, ministers and senior bureaucrats. As noted in chapter 14, for example, in the six years between 1997 and 2002, Defence had seven ministers and seven departmental secretaries. Similarly, between 1975 and 2002, Wolfers and Dihm note (chapter 16) that there were twenty-four changes of foreign minister. It is often observed that political parties in Papua New Guinea are not sharply differentiated by ideology or policy platform, and that, as a corollary, changes of government are unlikely to produce major changes in policy direction. Nevertheless, the constant turnover of ministers and senior bureaucrats, and frequent — if often relatively minor — shifts in policies create a lack of stability which makes commitment to a given set of policy actions difficult to maintain. This is particularly so where deficiencies of institutional memory are compounded by poor record keeping, as is so often the case in Papua New Guinea (as noted in chapter 12, for example, in 2004 DPLGA could not locate a copy of the National Development Charter it had negotiated with provinces three years earlier). Even where changes in senior leadership positions have been less pronounced, constant shifts in policy and personnel, as described by Guy in relation to education (chapter 8) and Dickson-Waiko for women's policy (chapter 15), can undermine effective policy delivery.

A third theme which emerges from these studies concerns the issue of policy coordination and planning. Arguably, up till 2001 (and some would say even after 2001) planning and budgetary processes were weak, notwithstanding numerous attempts to strengthen them. Donor-assisted initiatives to improve budgeting often failed because donors overestimated the capacity of departments to maintain fairly sophisticated budgetary procedures once advisers had left. Planned and actual expenditures often had only a loose relation to available revenues (and revenue estimation was sometimes unrealistic); the Defence Department's recurring overrun of its budget during the Bougainville conflict,

quoted below, provides an extreme example. National sectoral plans often bore little or no relation to planning and budget priority setting at district and provincial level. Failure of service delivery at local, district and provincial level is often 'explained' in terms of a funding deficiency, but not infrequently the real problem is either that the level of planned expenditures has been unrealistic, or that planned expenditures have not been adequately matched to available resources, or (which is often the same thing) that local-level governments have lacked the capacity to spend money allocated for particular purposes. In recent years the need for better policy coordination has been highlighted in public sector reform, but so far with limited effect on policy outcomes.

A fourth theme relates to the impact of political and administrative decentralization. The issue of decentralization is raised in several papers, particularly that on the health sector (chapter 7), in which Thomason and Kase argue that a key factor [in the steady decline in health services available to rural people] has been the impact of successive decentralization reforms on the organization and management of health services. They quote, critically, a provincial administrator who told a member of a 2001 functional and expenditure review team: 'You may have a National Health Plan and a national policy that says health is a top priority, but that's irrelevant because in our province health is a fourth or fifth priority'. Such attitudes are frustrating for people who see a need for central direction by people with technical knowledge and skills which may not be available at the sub-national level. However Papua New Guinea has opted for a decentralized political system in which some functions are exercised at provincial and local level, and if a national policy does not reflect the differences in priorities of sub-national jurisdictions, then it is simplistic to argue that a 'good' national policy has been undermined by decentralization.

Better coordination of nationally-determined priorities and the priorities of provincial and local-level governments is needed. The 'bottom-up' planning process that is supposed to take place through joint provincial/district planning and budgetary priority committees and national priority setting through the Medium Term Development Strategy do not guarantee consistent priorities at the different levels of government and administration, and some functions have been transferred to provincial and local governments without concomitant funding. However, national policies which attempt to dictate actions to be taken by sub-national authorities are doomed to fail.

One aspect of the decentralization issue is the frequent breakdown of communications, and funding arrangements, between Port Moresby and the provinces. In relation to agricultural policy, McKillop, Bourke and Kambori (chapter 5) refer to 'the constraints of a Port Moresby-based bureaucracy', and in discussions with provincial and district officials one frequently hears complaints that public servants in Port Moresby are out of touch with what is

happening at the sub-national level. This is a significant factor in the common failure of service delivery at the local level.

It might also be argued that there is a tendency in Papua New Guinea, when desired policy outputs are not forthcoming, to opt for system changes rather than to address identifiable problems within the existing system; the 'reforms' to provincial and local-level government in 1995 and the more recent calls for the creation of district authorities provide examples. Such a tendency is perhaps exacerbated by external donors who are prone to push new policy initiatives, and promote a proliferation of programs, often without knowledge of past policy experiments or a good understanding of why ongoing policies are not working effectively. Where there is not a strong sense of local ownership of policy initiatives, reforms are unlikely to take root.

More generally, while most of the authors in this volume acknowledge the important role of outside assistance in sustaining government services and achieving reforms — Holzknrecht and Golman, for example, observe in chapter 11 that the World Bank and AusAID have been 'critical in moving reform agendas in the forestry and conservation sectors' — several also comment on the downside of a growing reliance on outside assistance, including assistance from NGOs. Thomason and Kase, for example, comment that the escalating level of dependence on donor funds to maintain even the most basic of health services has probably played a role in increasing the disempowerment of senior health officials and suggest that provincial governments have been under-resourcing health services in the expectation that donors will meet the shortfall. They also argue that at the national level, 'The sheer number of donors and their teams to "be serviced" by senior health staff reduces time available for focusing on core business'. With reference to agriculture, McKillop, Bourke and Kambori suggest that a decline in the analytical capacity of the Department of Agriculture and Livestock has resulted in a 'policy vacuum' which has attracted outside consultants and lobby groups. 'Policy making in this environment', they say, 'becomes a disjointed and fragmented process that generates contradictory policies shaped by various interest groups'. Similar comments occur in the studies of forestry, minerals, and environmental policies.

But the issues surrounding external assistance are not always straightforward. In their study of the 1997–98 drought in Papua New Guinea (chapter 17), Allen and Bourke refer to Australia's intervention to provide relief to affected communities, given the clearly inadequate response of the Papua New Guinea government at the time. Australia's intervention, Allen and Bourke argue, saved lives but probably damaged the long-term capability of the Papua New Guinea government to deal with such crises in the future — posing a dilemma: 'do nothing and watch some people die; do almost everything because the Papua

New Guinea government cannot, and destroy local morale and the confidence that a crisis can be met with local resources’.

Since the latter part of the 1980s, much of the effort to improve performance in the public sector has been informed by the dominant paradigm of ‘new public management’ (NPM), with its emphasis on performance management, privatization, corporatization, and downsizing of the public sector.<sup>2</sup> A broader question relating to external influences on public sector reform concerns the impact of measures introduced within the NPM framework.

An account of privatization in Papua New Guinea is provided by Curtin in chapter 18. It records a saga of discontinuity in policy, dubious transactions and popular opposition which, taken against a background of some spectacular private sector failures in developed Western countries, points to the limitations of privatization in small countries with poorly developed capital markets and weak regulatory regimes. Similarly, attempts to corporatize government operations in selected areas, beginning in 1991 with the Papua New Guinea Forest Authority (a move which had more to do with attempts to curb corruption than to promote efficiency) and progressing through civil aviation, quarantine, fisheries, marine safety and mineral resources, have had at best mixed results in achieving more efficient use of resources and have sometimes clouded issues of accountability. Downsizing, or ‘rightsizing’, of the public sector — which has a history dating back to 1990 and an association with World Bank structural adjustment loans — has also been questioned in Papua New Guinea (and elsewhere), especially in view of the fact that, by international standards, Papua New Guinea’s ratio of government expenditure to GDP is modest and a large part of the government’s wages bill goes to teachers and health workers, such that further downsizing is unlikely to be achievable without placing service delivery in priority areas at even greater risk. The applicability of the NPM model to small developing countries is coming under increasing challenge internationally;<sup>3</sup> Papua New Guinea’s experience probably lends weight to such challenge.<sup>4</sup>

The authors of the various studies in this volume were not asked to provide recommendations for policy reform or institutional change, but in the course of their analyses of policy making and implementation a number of issues were identified as weaknesses in the policy process. Many of these will be familiar to students of public administration anywhere, though some have distinctive Papua New Guinea dimensions.

One is an apparent decline in capacity in many parts of the bureaucracy, as training regimes have languished and many of the more capable public servants have migrated across to the private sector. A particular aspect of this is what McKillop, Bourke and Kambori refer to, in relation to agricultural policy, as a ‘decline in analytical capacity’ and Mowbray and Duguman (chapter 10) identify

as a disengagement of policy making from research. The studies contained in this volume leave little doubt that in a number of instances policies have been formulated, and sometimes embodied in legislation, without proper analysis of their feasibility, their likely impact, or the extent of support for or opposition to them.

A second is the generally poor level of coordination between government departments and agencies, both horizontally amongst national departments and agencies, and vertically between Port Moresby and the provinces, districts and local-level governments — though, as noted above, there has probably been some improvement in this area since 2001 and a welcome shift to a ‘whole-of-government’ approach in several instances.

A third is the frequent lack of commitment to policy directives and institutional mechanisms designed to ensure efficient and equitable service delivery and accountability, from the most senior levels down to local officials. At its worst, this is associated with what many see as a rising level of corruption in both the public and private sectors (Ayius and May 2007). In 1981 Ballard wrote that in most new states ‘state penetration of society was limited’ (Ballard 1981, 3). A quarter of a century later this is still true of many parts of Papua New Guinea, leaving state institutions and agencies vulnerable to manipulation by bigmen and other personal and local interests.

A fourth concerns Papua New Guinea’s capacity to absorb advice and assistance from external donors and NGOs without losing a sense of ownership of policy initiatives.

Under the public sector reform agenda introduced by the Morauta government in 1999 and consolidated and extended under the Somare government of 2002–2007, many of these issues are now being addressed. Although there appears to be some way to go before the reporting and monitoring provisions embodied in the reforms (see chapter 3) come fully into effect, it is to be anticipated that these requirements will eventually provide a clearer picture of how effectively the policies embodied in the government’s Medium Term Development Strategy are being carried out and where remedial action needs to be directed. In the meantime, the studies presented in this volume provide some baseline data for the assessment of policy making and implementation in Papua New Guinea since 1975.

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## Endnotes

<sup>1</sup> Denis Ives, presentation on Public Sector reform in PNG at the Papua New Guinea update, Sydney, May 2004. See <http://peb.anu.au/pdf/PNG%20Update%202004-Ives.pdf>.

<sup>2</sup> See, for example, World Bank (1992); Osborne and Gaebler (1992); Barzelay (1992); Pollitt (1993); Turner and Hulme (1997); and in relation to Papua New Guinea, World Bank (1999).

<sup>3</sup> See, for example, Schick (1998); Polidano (1999); Minogue (2000); McCourt and Minogue (2001); Batley and Larbi (2004).

<sup>4</sup> For a review of NPM and its application in Papua New Guinea, see Whimp (forthcoming). Also see Curtin (1999).