Chapter 2

Explaining Public Sector Reform Failure: Papua New Guinea 1975–2001

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Reforming the bureaucracies bequeathed by departing colonial powers has been a ubiquitous item on the policy agendas of newly independent countries. The contents of the policies have changed over the years and have varied between countries and political regimes. But the declared commitment to public sector reform has remained constant. By contrast, implementation of the reforms has often remained weak, leading to persistent failures or disappointment with the results (Polidano 2001; Hulme and Polidano 1999; Langseth *et al*. 1995; Kiggundu 1998; Manning 2001).

Papua New Guinea appears to have conformed to this pattern since independence in 1975. A promising start with public sector reform was soon overtaken by policy failure. A succession of reports and publications has traced and lamented declining efficiency and effectiveness in public sector performance (World Bank 1983, 1995, 1999; AusAID 1992, 1994, 1996; Turner 1997; PDP 1997). Conventional explanations blame inadequate bureaucratic capacity or inappropriate donor solutions. Such accounts have validity at one level of analysis, but as one digs deeper another explanation of policy failure is uncovered. That is politics. The hypothesis of this study is that chances of reform failure increase when important sections of the political elite see no direct benefits accruing to themselves or their supporters from public sector reform. While they may wish to control the public sector, they may not wish to pursue reforms which would lead to better performing and more accountable public institutions. Changing reform menus may have little effect in such situations where local political dynamics determine the outcomes of the policy process. For similar reasons, decision-makers may choose to ignore lessons that are known. Building bureaucratic capacity in such circumstances may be a dubious policy, as that capacity may be ignored or misdirected instead of being harnessed to serve the public interest.

1975–1984: tinkering with bureaucracy

Just before independence in 1975, Michael Somare, the prime minister-to-be, expressed concern that ‘the public service systems inherited from Colonial

Administration have been unsuitable for a self-governing and eventually independent Papua New Guinea' (Somare 1974, 4). He noted that the public service was an alien apparatus designed for alien purposes. It had an inappropriate modern technology and was too expensive (*ibid.*; Ballard 1981). Reform was undoubtedly needed, said Somare, but incrementally, to avoid undue disruption.

Paradoxically, the period started off with a piece of radical reform. The state was restructured through a devolutionary form of decentralization. Michael Somare had originally dispensed with the Constitutional Planning Committee's recommendation for decentralization, but a secessionist move and other micronationalist movements exerted strong political pressure to follow the devolutionary path. The 1977 Organic Law on Provincial Government gave elected provincial assemblies the responsibility for a range of functions mostly involving service delivery. But the centre still retained some controls. The purse strings were held by the Department of Finance while staff of the new departments of the provinces kept their status as national public servants. Central agencies were often unenthusiastic about decentralization while many public servants were reluctant participants in the process. By 1979, Somare was voicing concern about the implementation of provincial government and in 1985 he wanted a national referendum on its future. Other parliamentarians joined the supporting chorus, possibly through anxiety over the growing power of provincial politicians.

The other leading policies of public sector reform were incremental in nature: localization, public sector growth, training and restructuring. They were non-threatening and elicited widespread support from public servants and politicians.

Localization was the replacement of foreign public sector employees by Papua New Guinean staff. The policy had been instituted before independence. Post-independence localization extended the process upwards and also looked to the total elimination of lower-level foreigners in a short space of time. There is some dispute over the number of expatriates employed in the public service and hence no agreed figure on the rate of localization. Dwivedi (1986) counted 4135 expatriate public servants at independence declining to 2480 in 1985. Another study located 6730 expatriates in 1976 reducing to 3000 in 1985 (Goodman *et al.* 1985). Whatever the numbers, the policy was popular with Papua New Guinean public servants as it opened up numerous promotional opportunities. In financial circles it was applauded because of savings from expensive expatriate salaries. However, one commentator pointed to an 'administrator development lag' (McNamara 1983). He thought the localization process had proceeded too rapidly with the new incumbents of executive positions often lacking the experience and qualifications to undertake their roles effectively.

Public sector growth was another popular policy. The prevailing argument supporting this was enshrined in the Eight Aims which guided Papua New Guinea's national development strategy: 'Government control and involvement in those sectors of the economy where control is necessary to achieve the desired kind of development' (PNG 1976, 15). This justified extending the range of government activities and the numbers of staff engaged in some existing ones. At independence there were approximately 50,000 public servants and another 15–20,000 labourers and employees of statutory authorities (Turner 1991). This represented about 40 per cent of formal employment. By 1981, there were 55,000 public servants. The government began to feel the economic pinch and in 1983 reported that 'Continuing international recession has reduced government revenues…[and] the scale of the adjustment problem is far more serious than previously anticipated' (PNG 1983, 1–2). A retrenchment program was introduced with aim of removing 3,300 funded positions and their 'ineffective' occupants (Turner 1991, 98). The government also justified the policy in terms of the 'very large number of public servants per capita' (PNG 1983, 87), an assertion questioned by some authors (Dwivedi 1986; Bailasi 1990; Turner 1991). The initial experiment with downsizing was not successful in reducing the size of the public service but it did halt expansion.

Training was a major thrust of Papua New Guinea's post-independence strategy to improve its public administration. Training was equated with capacity-building. Knowledge, skills and values were learned by new and existing staff and then put into practice to make for better organizational performance. The Administrative College (Adcol), an arm of the Department of the Public Services Commission, was given major responsibility for the training function. It ran a wide range of pre-service and in-service courses of varying durations covering fields including district administration, public administration, social development, financial management, accounting, general management, local government and librarianship. But concern grew that administrative training had failed to bring about the promised improvements in public sector management. One report concluded that Adcol was characterized by inefficient resource deployment and courses which were no longer appropriate (Turner 1985). However, training was still perceived as a valid strategy for public sector reform, and additional reports recommended better resource management and increased investment in training (Gibson 1983; Creedon 1984).

The final strategy of public sector reform in the immediate post-independence era was restructuring. This involved amputating sections of departments and then reattaching them to other departments or parts of departments. Reshuffling heads of departments and statutory bodies often accompanied this process. What was occurring in Papua New Guinea under the name of restructuring actually left the structural features of organizations largely intact. They did not become less bureaucratic. Indeed, the basic organizational dysfunctions were preserved but were now accompanied by a sense of insecurity and lack of continuity in leadership.

The first decade of independence was characterized by an incremental strategy of public sector reform. The reform and capacity-building activities threatened neither basic organizational forms and practices nor leading officials. Indeed it was a time of great opportunity for officials to get ahead through localization and public sector expansion. However, concerns were being expressed that all was not well with the system of public sector management. The ToRobert Report of 1979 found that Papua New Guinea's administrative system was not responding effectively to national plans and objectives. Capacity problems in public sector management were identified as the culprit and the incremental approach to reform was reaffirmed in the report (PNG 1979). The resulting Administrative Improvement Programme contained various familiar human resource management items on staff development and training, manpower statistics and assessment, job evaluation, documentation of simplification of procedures, staff assessment and appraisal, and career streaming (PNG 1980). There is little record of action and achievement in these or other areas of concern identified in the ToRobert Report. The first World Bank report devoted to public administration in Papua New Guinea reiterated the issues raised in the ToRobert Report but described public administration in Papua New Guinea as a 'generally well-functioning system. In particular, [there were] strong and carefully controlled budget procedures' (World Bank 1983, 1).

1985–1994: the creeping crisis in public sector management

The decade from 1985 can be seen as one of a creeping crisis in public sector management. The term 'creeping crisis' refers to situations 'where a succession of events transforms itself into an acute crisis' (Rosenthal *et al.* 1989, 27). The crisis was not brought about by a lack of policy or interest. 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. Concern with accountability faded. The result was a decline in bureaucratic performance, and the public service management that the World Bank had described as 'basically sound' in 1983 became basically unsound by 1995.

Despite its declared general satisfaction with public sector management in Papua New Guinea, the World Bank's 1983 report actually pointed to a number of major problems which required urgent remedial treatment. The public service was too big, over-centralized, hamstrung by excessive proceduralism, lacking incentives for staff, biased against training provincial public servants, and presided over by a Public Services Commission (PSC) which 'could and did ignore the Government of the day' (Cochrane 1986, 58). The response of the Papua New Guinea government was to request assistance from the World Bank to revise the constitution to pave the way for a reduction in PSC powers and then restructure the public service. The request was positively received by the World Bank and in 1984 the Programme Management Unit (PMU) was set up to accomplish these ambitious objectives.

The major casualty of these reforms was the PSC. Since independence it had determined personnel matters and had an autonomy which could lead it to oppose or obstruct government policy. Politicians believed that the PSC was simply too powerful while administrators were frustrated by PSC-induced delays to their projects. Its conversion to an advisory body at the margins of government was not mourned in official circles. The cabinet now became responsible for the broad direction of human resource management (HRM) policy and for appointing heads of departments and agencies. A new 'streamlined' Department of Personnel Management (DPM) was allocated some of the PSC's former general functions and was answerable to cabinet. Many personnel responsibilities were scheduled to be delegated to departmental heads. Efficiency was to be the hallmark of the new HRM system.

Results did not support the theory. The demise of the PSC heralded the increased politicization of the public service. Personal connections started to become more significant determinants of who occupied seats on boards of public authorities or filled the higher departmental positions. The new DPM turned out to be 'a renamed and slightly restructured Department of the PSC with the same staff, the same equipment and the same premises' (Turner 1991, 102). There was no visible improvement in efficiency and no formal monitoring or evaluation. It was somewhat optimistic to expect the Department of the PSC, renowned for red-tape and slowness, to reinvent itself overnight. A succession of projects promised significant improvements in DPM efficiency but there is little evidence of their operations or achievements.

Restructuring was also in the PMU's terms of reference. Detailed diagnoses of organizational pathologies were conducted and remedies suggested for each of the cases. It is doubtful whether the PMU's efforts resulted in improved organizational outcomes. Weak monitoring and evaluation processes meant that, with the demise of the PMU, nobody was examining the implementation of the departmental reform programs.

Another PMU initiative was the Resource Management System (RMS). The RMS had been decreed by cabinet in 1984 but it took the PMU some time to decide what it actually was. The thrust of RMS was to create a new comprehensive planning system which would encompass all the activities of departments and agencies. There would be no divide between recurrent and project budgets. Evaluation would be according to outcomes and outputs and not simply expenditure control. It was to be authentically Papua New Guinean with a strong participative bottom-up approach. The system-wide re-engineering of public sector management would produce accelerated development. This was not to be: there was much objective-writing, timetable-setting and mission-debating, but the RMS did not eventuate as the guiding force of the public sector. There were few supporters outside of the PMU. Many departments did not understand the RMS and saw it as theory devoid of practical relevance. The cabinet appeared to lose interest, absorbed as ever by crisis management and maintaining numbers in parliament. This made it even easier for large central agencies to resist RMS advances. There were also financial constraints greatly exacerbated by a secessionist movement on Bougainville which destroyed the country's largest mine and export earner.

Training was the final component of PMU's broad-ranging activities. The PMU had identified a range of training requirements through its work in organisational analysis. A Central Planning Assistance Team (CPAT) was set up 'to generate training needs and requirements at the provincial level' (PMU n.d., 1). A Transitional Training Unit (TTU) was also formed to conduct management. Like most PMU activities, the TTU initiative started with great enthusiasm but had either disappeared or become entirely marginalized before its declared use-by date. The World Bank now stepped in to assist with the ever-popular non-threatening reform strategy of training. The Bank agreed to fund the government's 1989 National Training Policy. The project was costed at $US23 million and comprised yet another capacity-building effort in DPM, institutional strengthening of the Department of Labour and Employment, support for the new National Training Council, and overseas fellowships. But once again, implementation was not as anticipated in the project plans, and achievements fell well short of targets.

In 1990, budgetary pressures and continuing concerns over the size of the public service led to another downsizing exercise. In common with its predecessors it failed to achieve its objectives (AusAID 1992). While retrenchments were double the 1,250 target, the public service remained the same size because of new hiring. Also, the scheme's generous benefits proved attractive to more competent public servants. In 1992, the government established a Rationalisation Task Force with a familiar brief: 'to examine ways in which the national departments could be restructured and their management practices improved so that the cost of government could be reduced and its efficiency improved' (AusAID 1994, 146). Two years later, an AusAID review of Papua New Guinea noted that the task force's report had been referred to the Policy

Coordination and Monitoring Committee for consideration but that the report was not available for public discussion.

Another familiar theme on the public sector reform agenda was the question of what to do with public enterprises. In 1979, there had been a report by an IMF adviser recommending the government to 'get prices right' (Millett 1993, 6). No action was taken by the government, and in 1982 a study was commissioned by the private sector think-tank, the Institute of National Affairs (INA). This study advised that many public enterprises had performed poorly and needed attention (Trebilcock 1982). Recommendations to improve efficiency and to privatize were provided but not acted upon. In 1983, a public enterprise reform policy was belatedly unveiled based on the 1979 IMF report. It contained various actions to improve the efficiency of public enterprises and by 1987 their performance had improved in absolute terms and in terms of returns on assets (Whitworth 1989). In 1989, privatization was mooted in the Administrative Reform and Improvement Programme in a proposed project to prepare a program of public enterprise sale and to determine what to do with non-performing assets. The structural adjustment loan of 1990 then resulted in the establishment of a national privatization committee. However, progress on privatization was slow and corporatization was only marginally superior. In 1992, the PNG Holdings Corporation was established to develop and implement policy on privatization but little progress was recorded (AusAID 1994). During the period 1985–1994 there was a great deal of policy talk on corporatization and privatization but action was much less apparent. (Policies on privatization are discussed in more detail in chapter 17.) The similarity with downsizing, restructuring and other areas of public sector reform is striking. In all cases there was little implementation.

Meanwhile there was mounting evidence that service delivery was continuing to decline. Mainly in reference to provincial government, May (1999, 123) referred to 'copious documented and anecdotal evidence of lax and inefficient administration, nepotism and outright corruption', noting that he had also witnessed such things in his own fieldwork. As the mid 1990s approached, the World Bank (1995, 12, 16, 19, 22) reported a health system that was 'deteriorating', an education system that 'does not appear to be improving', 'a totally inadequate sum' of government money devoted to agriculture, and 'considerable scope for increasing the effectiveness of infrastructure expenditure'. Everybody agreed that the public was not being served properly and that the situation was getting worse. The creeping crisis in public sector management appeared to have transformed into an acute crisis.

1995–2001: the acute crisis of public sector management

The period 1995–2001 is characterized by recognition of the urgency of the need for public sector reform by government, donors and the long-suffering public.

A steady stream of reports reiterated the need for action to address serious problems in almost every aspect of public sector management (World Bank 1995, 1999; AusAID 1996, 2000; PDP 1997; Turner 1997). The result was a corresponding stream of reform initiatives. These derived both from the external pressures of donors and from domestic initiatives.

One of the first reforms was very much a domestic matter. This was the introduction of major changes to the provincial government system which had been subject to increasing criticism. National politicians and public servants claimed the system was too expensive, lacked financial accountability and was responsible for poor service delivery. Others saw the reforms being about national parliamentarians seeking control over subnational resources and management and not about efforts to improve governance (Filer 2000). There is no systematic evaluation of the 1995 changes but available evidence points to widespread policy failure.[1]

Pre-existing capacity problems in provinces and districts were not fully appreciated by the law's drafters and appear to have been exacerbated. There have been complaints that funds are inadequate to perform decentralized functions. There has been little training. There is weak planning capacity at all levels and infrastructure is in severe decline. The National Monitoring Authority which was established to develop minimum service standards and monitor performance has not been effective. Officials in rural areas complain that the system is complicated and creates confusion among stakeholders. They also report that the bottom-up system of district and provincial planning committees has been characterized by misuse of funds. Many district planning committees exist only in theory while lack of proper accounting records at provincial level facilitates financial mismanagement (see chapter 12).

While central-local relations were being reformed the country was experiencing severe economic difficulties necessitating a World Bank/IMF-sponsored stabilization and structural adjustment program (SAP) in 1994. Thus, in order to secure release of the second tranche of a $US50 million loan from the World Bank in April 1995, the government promised: a public sector wage freeze from April–December 1995; retrenchment for 7.5 per cent of public servants; improvement of personnel management and payroll controls; restructuring of finance and planning functions; privatization; and regrouping, consolidation and corporatization of agencies. The reform agenda was now being set by the multilateral financial institutions, although some of the reform measures were very familiar.

The most familiar measure was downsizing. Under the government's 1995–96 economic reform program, around 3,800 positions were scheduled for abolition (AusAID 2000). Another 700 positions would go later. As usual, the figures were confusing. Some suggest that 2,750 public servants were retrenched (Kavanamur

1998) while others claim that the public service actually increased by 3,183 persons between 1993 and 1997 (Kavanamur and Kinkin 2000). Other reform initiatives to satisfy the multilaterals included a continuation of non-threatening institutional strengthening projects; the normal and ineffectual restructuring of agencies, such as the planning office three times between mid-1995 and 1999; and shuffling of executives (Turner 1997; World Bank 1999). The World Bank was disappointed with progress on conditionalities while the Papua New Guinea government thought the Bank was interfering with the nation's sovereignty (Kavanamur 1998). Relations between the parties deteriorated and the second tranche of $US25 million was released only after the personal intervention of World Bank president, James Wolfensohn.

The government of Prime Minister Bill Skate was next to introduce public sector reforms, not at the behest of the World Bank but on the advice of one of its former Papua New Guinea specialists, Dr Pirouz Hamidian-Rad. While he argued that the World Bank was trying to bully Papua New Guinea to making policy decisions, some of which were unnecessary, he also announced that what Papua New Guinea needed was an aggressive public sector reform program (Wesley-Smith 1999). He believed political manoeuvring in Papua New Guinea would always derail any piecemeal approach. Politicians and bureaucrats would initially agree to reforms only to relent later once loans were released (personal communication, Hamidian-Rad 1998).

Despite the anti World Bank rhetoric, the reform program which emerged in the 1999 budget had strong affiliation with World Bank orthodoxy, except it seemed to be more extreme. The situation was neatly summed up as 'structural adjustment without loans' (Filer 2000). Seven thousand (later 7,500) personnel were to be retrenched. There were no plans indicating who would go, no strategic review of personnel needs. This ambitious policy of across-the-board cuts failed to materialize due to the government's inability to raise the necessary funds to pay for it. Paradoxically, one analyst claimed a net increase of 3,000 public service employees in 1999 (Manning 1999). Privatization returned to the policy agenda with a move to establish a Private Enterprise Ministry to identify which government agencies should be privatized. The 1999 budget also contained provisions to relocate 2,000 personnel to the provinces; the abolition of fifteen statutory authorities and committees; and yet another restructuring for most government departments. Skate's reform effort provoked considerable opposition and his government collapsed in July 1999.

The World Bank breathed a sigh of relief as Sir Mekere Morauta, a technocrat, stepped up to become prime minister. He soon unveiled a reform program which he was anxious to differentiate from previous ones so as to harness local support. Earlier programs, he said, were externally imposed, not understood, and never fully implemented (*Papua New Guinea Post-Courier* 30 November 1999). Thus, Morauta adopted the label 'Structural Reform Program' (SRP) to distinguish his policy.

But whatever the rhetoric, this new reform initiative embodied ideas favoured by the multilateral financial agencies and had the support of foreign consultants to the Morauta government. His broad goals were to promote good governance and strengthen the institutions of state; to build macroeconomic, financial and budget stability; to introduce public sector reform for improved public sector performance; and to remove obstacles to economic growth. It had obvious kinship with measures proposed in earlier reports for the World Bank (1995, 1999) and AusAID (1996), which called for an urgent adherence to good governance and institutional strengthening.

The Morauta government's wide-ranging reforms also included a new element — political parties and the electoral process, which were seen as being at the heart of bad governance and irrational behaviour by public officials. The quality of the policy process could be improved through political engineering rather than traditional capacity-building initiatives (*The National* 24 April 2001). This new approach led to the Organic Law on the Integrity of Political Parties and Candidates of 2001. Its objective was to limit the numerical dominance of independent MPs and their party-hopping practices as well as to reduce the burgeoning number of political parties. There were additional proposals to reform the electoral system by replacing the current first-past-the-post method with a limited preferential voting (LPV) system to broaden a candidate's representativeness and hence accountability. Under the first-past-the-post system candidates often won seats with small proportions of the total vote, not infrequently under 10 per cent, and then devoted their parliamentary activities to satisfying that narrow constituency (Reilly 2002; Kavanamur 2001; Okole 2001).

Privatization returned to the forefront of reform with the decision of the Morauta government and the Privatisation Commission to sell 75 per cent of the state-owned Papua New Guinea Banking Corporation (PNGBC) to a local private bank (*Papua New Guinea Post-Courier* 24 January 2002). PNGBC was a badly performing asset but opposition to its privatization was strong. In 2001 student-led protests against privatization and land reform resulted in the deaths of three students at the hands of police riot squads, but Morauta pushed on with the privatization.

Morauta also made efforts to restore power to the Public Services Commission (PSC). The objectives were to eliminate the power of politicians to appoint cronies and business associates to senior positions in the public sector; to curb the proliferation of consultancy positions; and to strengthen the PSC's role in appeals on personnel matters. The politicians baulked at the power losses entailed in this legislation and the item was removed from government business.

Morauta halted Skate's policy of downsizing the public service by reinstating suspended officials. But he lined up the Papua New Guinea Defence Force (PNGDF) as a new target of downsizing. Mutiny, disorder and a government-threatening stand-off with troops accompanied this policy initiative. The troops were particularly angry about foreign involvement in determining the downsizing. A new reform package designed internally saved the day but did not prevent a further mutiny in 2002 (see chapter 14). Morauta also responded to multilateral and domestic concerns over the sorry state of the public sector financial system, including widespread corruption.

To pay for these public sector reform initiatives, multilateral assistance was sought. A Governance Promotion Adjustment Loan (GPAL) for $US90 million was provided by the World Bank in 2000 for improving budget management, including debt management, through increased transparency and accountability; delivery of provincial services; forestry management; and the efficiency of financial services, including the privatization of the PNGBC, as well as enhancing the operating environment for business. The Asian Development Bank (ADB) also contributed a $US25.8 million loan in association with AusAID and UNDP in October 1999 for a Financial Management Project (FMP) aimed at improving: planning and budgeting systems; budget execution and accounting systems; information technology systems; the government enterprise network; training and human resources development; and change and program management (ADB 1999). By December 2001, the ADB had approved a further $US70 million loan towards a second public sector reform project known as the Public Service Program (PSP), to be completed in 2003. This program was aimed at supporting policy and institutional reform to build a performance-based public sector and reorient human resources management systems and processes in public sector organizations (ADB 2001). Part of the loan was for short-term structural adjustment costs relating to retrenchments and service improvement plans.

To oversee these and other reforms Morauta established an interdepartmental panel known as the Central Agencies Coordinating Committee (CACC) headed by the chief secretary. The CACC closely liaises with the Public Sector Reform Management Unit (PSRMU), which like the Chief Secretary's office is located within the Department of the Prime Minister and National Executive Council. Parallels with the PMU of a previous decade are obvious. The CACC coordinates implementation of reforms and reports on a monthly basis to the cabinet, the World Bank and other donors such as AusAID.

Conclusion

Public sector reform in Papua New Guinea can be regarded as a case of poor policy practice. There has been no shortage of policy making. Many initiatives can be identified. Where the policies have come to grief has been in implementation. From a technical point of view we can identify a familiar list of problems. There has been little attention to policy analysis, specifically an anticipation of where policies could go wrong. For example, policies are announced when the capacity to implement them is obviously lacking or the financial ramifications are not worked through. Other technical deficiencies include poor definition of processes and responsibilities; inadequate supervision; lack of trained staff; slowness of bureaucratic action; constant turnover of managers; insufficient coordination; and infrastructure shortcomings.

While the technical explanations of policy failure have validity in delineating what the public sector lacks, it is in the political dimension of reform that we find the important root causes. As Caiden (1969, 8) advised, public sector reform is 'transformation against resistance'. In Papua New Guinea the capacity to resist has been extremely strong. Sometimes it may be better described as the capacity to ignore, the exercise of power by doing nothing (Lukes 1974). The technical shortcomings occur because there is no concerted effort by the political elite to ensure that implementation of public sector reform conforms to the policy plans. Despite the numerous consultants' reports and grand statements by prime ministers, there appears to have been remarkably little interest in following through on public sector reform. Leading officials have not monitored reforms, demanded regular updating, enforced accountability and supervised reform initiatives.

There are several reasons for this. In part it stems from the nature of Papua New Guinea politics, in which particularistic concerns of staying in office and of satisfying small groups of supporters have dominated political life. Parties do not have platforms or policies. Thus, Prime Minister Morauta's attempts to engage in political engineering may have a more profound effect on public sector performance than repeated institutional strengthening programs. Secondly, crisis government is typical, and in such circumstances long-term public sector reform is simply not a priority. It is rather dull and does not attract votes. It thus becomes unattractive to own public sector reform. Ownership is sometimes forced upon unwilling political leadership by multilateral financial agencies, but in such circumstances, domestic commitment may be limited.

The third political aspect of public sector reform relates to control of public resources, the public service, and appointments in it. It is significant that the public service reforms that have been pushed through parliament have been of domestic origin and concerned with enhancing the power of the national political elite. They have secured control of appointments and subnational government while simultaneously allowing accountability to go into decline. When looked at from this viewpoint, public sector reform which produces good governance is actually a major threat to the political elite. While the system does not work for the majority of Papua New Guineans it may well work for many in the political elite.

One final and little-used explanation of the unreceptiveness of stakeholders in Papua New Guinea to reform measures concerns the organizational model which they use as a reference. It is a model of bureaucratic organizational structures and practices. This model has inherent dysfunctions such as an input orientation rather than a focus on results. Its colonial origins may also put it at odds with indigenous culture as Michael Somare observed before independence. But in Papua New Guinea the dysfunctionality has been greatly boosted by unplanned changes such as the politicization of appointments, the weak development of public accountability, the absence of evaluation, and low morale. The result is a severely deformed bureaucratic form of organization which bears little if any resemblance to the rationality of the Weberian ideal type. Its members are highly suspicious of change and anyway often lack the capacity to design and implement changes that would lead to performance improvement. The pursuit of political agendas has contributed to the bureaucracy's incremental decay rendering it inappropriate for the tasks it is supposed to perform.

The quest for public sector reform will undoubtedly continue. In 2002 multilateral and bilateral agencies were pouring in money for this purpose and hopes were high. According to the ADB (2001), Papua New Guinea is 'moving to a performance based public sector'. This may prove to have been an optimistic assertion. Previous predictions of reform success have often fallen short of expectation. Some rethinking of policies is essential, as is the capacity to learn the lessons of earlier failures. The learning is not simply a matter for Papua New Guinean officials but also for the international financial agencies which have been and still are so heavily involved in promoting public sector reform. There is also much room for popular involvement, not simply as presenting unrealistic wish lists of projects but in sharing information, participating in planning and assuming some responsibility for accountability. Seeking good practice in Papua New Guinea and how to replicate it is another underutilized strategy, as is good research on management matters. A continuing problem is that we still know very little about how organizations work in Papua New Guinea. But above all else there will need to be changes in the politics of public sector management if reforms are to be successful and the ADB's promised 'performance based public sector' becomes a reality.

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Endnotes

[1] A pilot study of governance in a sample of districts, coordinated by the State, Society and Governance project at the Australian National University in collaboration with Nancy Sullivan, Madang and the National Research Institute, was undertaken in 2004-05. See May (2005).