



SOLUTIONS TO POOR SERVICE DELIVERY IN PAPUA NEW GUINEA

2018 PACIFIC UPDATE

UNIVERSITY OF SOUTH PACIFIC, FIJI (SUVA)

05 – 06 JULY 2018

RON DUNCAN & CHRIS BANGA

OUTLINE

- ABSTRACT
- INTRODUCTION
 - HISTORY OF DECENTRALIZATION AND SERVICE DELIVERY IN PNG
 - THE INTERNATIONAL LITERATURE
- CHALLENGES FACING SERVICE DELIVERY IN PNG
 - SUPPLY-SIDE
 - DEMAND-SIDE
- CONCLUSION

ABSTRACT

- THE PAPER DISCUSSES THE PROBLEMS THAT HAVE PLAGUED SERVICE DELIVERY IN PAPUA NEW GUINEA—BOTH OVER THE LONG TERM AND WITH THE ROLL-OUT OF THE DISTRICT DEVELOPMENT AUTHORITY (DDA) ACT OF 2014. VARIOUS PRINCIPAL/AGENT AND MORAL HAZARD PROBLEMS ARE IDENTIFIED; AS WELL AS THE PERSISTENT POOR DELIVERY OF NATIONAL GOVERNMENT FUNDS TO THE LOCAL LEVEL; THE DIFFICULTY OF RECRUITING CIVIL SERVICE SKILLS INTO POSITIONS IN LOCAL-LEVEL GOVERNMENT; AND CONFIRMATION THAT THE POWER TO MAKE DECISIONS AT THE DISTRICT LEVEL REMAINS MUCH THE SAME AS BEFORE WITH THE COMPOSITION AND INFLUENCE OF THE DISTRICT DEVELOPMENT AUTHORITY BOARDS LITTLE CHANGED FROM THE FORMER ARRANGEMENTS.
- LOOKING AT SERVICE DELIVERY FROM A SUPPLY-DEMAND PERSPECTIVE, WAYS ARE SUGGESTED IN WHICH IMPROVEMENTS MAY BE REALISED. IT APPEARS MORE LIKELY THAT IMPROVEMENTS WILL COME FROM AN EMPHASIS ON INCREASING THE DEMAND FOR BETTER GOVERNANCE OF SERVICE DELIVERY RATHER THAN FROM CONTINUING TO SEEK IMPROVEMENTS IN THE SUPPLY SIDE OF SERVICE DELIVERY.

INTRODUCTION

- SERVICE DELIVERY IN PNG CLEARLY NEEDS SIGNIFICANT IMPROVEMENT.
- “DESPITE SIGNIFICANT INCREASES IN RESOURCING OVER THE LAST TWO DECADES, SERVICE DELIVERY IN PNG IS STILL FAILING TO REACH MOST CITIZENS.” (REILLY ET AL, 2015:1)
- EFFORTS TO DECENTRALIZE APPEAR TO HAVE FAILED, RESULTING IN POOR SERVICE DELIVERY OUTCOME (GELU 2008; GELU AND AXLINE 2008; NEFC 2005, 2010; STANDISH 2013; KETAN 2013).
- INTRODUCTION ON DISTRICT DEVELOPMENT AUTHORITY (DDA) IN 2014 RAISES TWO IMPORTANT QUESTION THAT HAVE NOT BEEN RESEARCHED IN DETAIL.
 - ARE DDAS DIFFER IN TERMS OF THEIR ADMINISTRATIVE ARRANGEMENTS?
 - CONSIDERABLE BURDEN IS NOW PLACED ON DDAS TO DELIVER?

HISTORY OF DECENTRALIZATION AND SERVICE DELIVERY IN PNG

- AXLINE (1986) ARGUED THAT PNG IS A HIGHLY DECENTRALIZED UNITARY STATE
- UNCLEAR ROLES AND RESPONSIBILITIES OF NATIONAL AND PROVINCIAL GOVERNMENTS.
- THE TRANSFER OF STAFF AND FUNCTIONS ALSO REMAINED UNCLEAR.
- IMBALANCE BETWEEN RESPONSIBILITY AND FUNDING TO THE SUBNATIONAL GOVERNMENT.

HISTORY OF DECENTRALIZATION AND SERVICE DELIVERY IN PNG

- AN ANALYSIS OF THOSE REFORMS BY SIMONELLI (2003) SOUNDS EERILY LIKE THE WAY THAT THIS LATEST REFORM IN THE FORM OF THE DDAS IS SHAPING UP: IT BEGAN BY IDENTIFYING THE SAME PROBLEMS (POOR SERVICE DELIVERY, LOCATION OF POLITICIANS AND PUBLIC SERVANTS IN CITIES AND ISOLATED FROM RURAL POPULATIONS, POOR SUPPORT INFRASTRUCTURE, AND LACK OF EXPERIENCED AND CAPABLE STAFF).

THE INTERNATIONAL LITERATURE

- DECENTRALIZATION IS A NEW CONCEPT
- DEVELOPING-COUNTRY COMMUNITIES PRESSURES
 - BETTER TRANSPARENCY AND ACCOUNTABILITY TO DEAL WITH CORRUPTION,
 - EFFECTIVE PRIORITY SETTING AND EXPENDITURE.
- SUBNATIONAL GOVERNMENT CAN ALSO BE SUSCEPTIBLE TO CORRUPTION.
- THEREFORE, BUILDING GOOD GOVERNANCE SYSTEM TO ENSURE GOOD PERFORMANCE IS VITAL. EQUALLY IMPORTANT IS THE INCENTIVE THAT IS BUILD INTO THE SYSTEM.

THE INTERNATIONAL LITERATURE

- FISCAL ACCOUNTABILITY
 - WHICH BUILDS INTO THE SYSTEM MECHANISMS TO ENSURE THAT DECISION MAKERS ARE HELD TO ACCOUNT BY THEIR CONSTITUENTS.
- THIS INCENTIVE IN THE FORM OF OUTCOME-BASED INCENTIVES AND ACCOUNTABILITY MECHANISMS, HAS RECEIVED MOST ATTENTION FROM RESEARCHERS AND POLICYMAKERS IN EFFORTS TO DEVISE WAYS TO IMPROVE LOCAL GOVERNMENT PERFORMANCE BY OVERCOMING FUNGABILITY PROBLEMS, MISMATCH OF PRIORITIES BETWEEN CENTRAL AND LOCAL GOVERNMENTS, PRINCIPAL/AGENT PROBLEMS, AND MORAL HAZARD PROBLEMS.

CHALLENGES FACING SERVICE DELIVERY IN PNG

- SUPPLY-SIDE ISSUES:
 - INCONSISTENT FUNDING FROM THE TREASURY
 - DELAYED FUNDING (FUNDS DISBURSED TOO LATE OR TOO SLOWLY TO BE SPENT EFFECTIVELY)
 - CONFUSION OVER DIVISION OF RESPONSIBILITIES
- THE DDA ACT REDUCES THE OPPORTUNITIES FOR PRINCIPAL/AGENT PROBLEMS.
- PRINCIPAL/AGENT PROBLEMS REMAINS.

SUPPLY-SIDE ISSUES

- DEVELOP BENCHMARK INDICATORS
- A 'TOURNAMENT-BASED' APPROACHES (ZINNES, 2009), TO IMPLEMENTING A FORM OF COMPETITION AMONG LOCAL GOVERNMENT AND REWARDING (SAY, WITH ADDITIONAL FUNDS) THOSE THAT PERFORM WELL, WOULD BE BETTER MEASURE FOR PNG, INSTEAD OF THE 'SANCTIONED' APPROACH.

DEMAND-SIDE ISSUES

- THE WORLD BANK NOTED THAT SERVICE DELIVERY CAN BE MADE EFFECTIVE BY PUTTING POOR PEOPLE AT THE CENTER OF SERVICE PROVISION, BY ENABLING THEM TO MONITOR AND DISCIPLINE SERVICE PROVIDERS, BY AMPLIFYING THEIR VOICE IN POLICYMAKING AND BY STRENGTHENING INCENTIVES FOR PROVIDERS TO SERVICE THE POOR.
- BUDGET TRACKING INITIATIVE BY THE CIMC-A COUNCIL CHAIRED BY THE MINISTRY FOR NATIONAL PLANNING AND MONITORING, FUNDED BY THE NATIONAL GOVERNMENT, AND REPORTING TO THE NATIONAL PLANNING COMMITTEE.
- HOWEVER, GIVE THE LOW LEVELS OF LITERACY AND NUMERACY IN RURAL PNG, IT WILL BE A LONG AND RESOURCE-INTENSIVE PROCESS TO TRAIN PEOPLE TO THE REQUIRED LEVELS IN ALL PROVINCES.

DEMAND-SIDE ISSUES

- THE 2009 REVISION OF THE LAWS-ILG & VCLR.
 - ALLOWS THE LONG-TERM LEASING OF CUSTOMARY LAND BY INDIVIDUALS OR CORPORATIONS.
- THE VALUE OF SERVICE DELIVERED BY THE GOVERNMENTS (INFRASTRUCTURE, EDUCATION, ETC) WILL BE CAPITALIZED INTO THE VALUE OF THEIR LAND.
- INDIVIDUAL HOUSEHOLDS WILL HAVE AN INCENTIVE TO MONITOR HOW EFFECTIVELY THE FUNDS THAT ARE BUDGETED FOR SUCH SERVICES ARE SPENT AND THE GROWTH OF INDIVIDUAL LEASES TO CUSTOMARY LAND SHOULD COMPLEMENT THE CIMC IN THEIR EFFORTS TO IMPROVE THE EFFECTIVENESS OF GOVERNMENT EXPENDITURE ON SERVICES.

DEMAND-SIDE ISSUES

- THE OWNERSHIP OF INDIVIDUAL LEASEHOLD TITLE SHOULD ALSO BOOST LOCAL TAX REVENUES, WHICH IN TURN SHOULD IMPROVE TRANSPARENCY OF EXPENDITURE ON SERVICES.
- BOOST BUSINESS OPPORTUNITIES AT THE LOCAL LEVEL AND REDUCE THE INFORMAL SECTOR AND THEREBY BRING MORE ECONOMIC ACTIVITY INTO THE FORMAL SECTOR AND BOOST TAX REVENUE.
- FUNDS GENERATED AT ONE LEVEL OF GOVERNMENT AND SPENT AT ANOTHER LEVEL RAISES A MORAL HAZARD PROBLEM.

CONCLUSION

- RELIABILITY OF FUNDING AND CLEAR (DEFINED) ROLES AND RESPONSIBILITIES.
- SUBNATIONAL GOVERNMENT TO RAISE OWN FUNDS.
 - LLGS IN PNG SHOULD BE ENCOURAGED TO RAISE MORE OF THEIR OWN REVENUES AND THEREBY DEVELOP MORE OWNERSHIP OF OUTCOMES FROM EXPENDITURE ON SERVICES.
- LONG-TERM LEASE OF CUSTOMARY LAND FOR BUSINESS BENEFITTING FROM THE LEGISLATIVE REFORMS.

WAI WO – THANK YOU

