Political economy drivers of decentralisation in Papua New Guinea:

Comparative case studies from three District Development Authorities (DDAs)

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Overview

1. Political context of decentralisation reform in PNG
2. DSIP project allocations based on political support
3. Early implementation challenges with DDA operations
Decentralisation – MPs driving development

• Governance arrangements for service delivery have been driven by decentralisation reforms:
  – Organic Law on Provincial Governments (1977)
  – Proposed Organic Law on Decentralisation (2015/16)

• Trends in decentralisation reforms show increased focus on districts with more discretionary powers for MPs to drive development for their electorates.

“You will find that since independence there was absolutely minimum funds allocated to where 85 per cent of our people live, and as a result, when we came in 2012, we decided to decentralise most of the resources.”

(Hon. Peter O’Neill, PNG Post Courier, 28/10/2016)
Increases in constituency development funds overtime (kina millions)

Note: Adapted from Howes et al. (2014). Electoral Development Funds and District Support Grants 1984-2005 and DSIP thereafter. SIP includes PSIP and LLGSIP funds. 2015 onwards are projected figures. Sources: Ketan (2007) and budget documents (PNG Treasury).
Changes in constituency development funds over current electoral period (kina millions)

Sources: PNG Treasury (2013; 2016)
District Assessment & Political Context Analysis

- Conducted assessments of DDA progress in three districts:
  - One in Eastern Highlands Province
  - One in Morobe Province
  - One in Simbu Province

- Political economy analysis used to assess opportunities and challenges for working with districts in transition to DDAs.

- Four separate research instruments were utilised:
  - Two semi-structured survey questionnaires with elected officials and bureaucrats at provincial, district, LLG and ward levels.
  - Joint District Assessment Workshops
  - Community focus groups selected based on 2012 election data in communities that strongly supported the MP, mixed support and no support

- Close to 300 participants involved in the research altogether
51 – Yanura (Lamari LLG)
489/491 = 99.6%

52 – Kuranumbuna (Lamari LLG)
590/593 = 99.5%

53 – Samura Mission (Lamari LLG)
740/741 = 99.9%

54 – Asara (Lamari LLG)
1945/1953 = 99.6%

55 – (Lamari LLG)
569/570 = 99.8%

57 – To Okena (Lamari LLG)
985/1007 = 97.8%

58 – Ahea (Lamari LLG)
992/1014 = 98.5%

75% of first preference votes come from north-east Lamari LLG.
Three community focus groups were conducted in each district:

- Strong support for the Open MP
- Mixed support for the Open MP
- No support for the Open MP

So how were DSIP projects distributed?

- Small number of large projects mainly to base areas political support
• The Incumbent MP did not have a clear stronghold area of block votes.

• Highest percentage of votes received at one ballot box was 69% in an area outside the MPs home LLG.

• Only two other ballot box locations where more than 40% of vote was received.

• Incumbent MP received first preference votes at all ballot boxes, except one.
Percentage of votes received by second place candidate at LLGs

- Wapi: 90%
- Nanima-Kariba: 6%
- Kapao: 2%
- Kome: 2%

Percentage of votes received by third place candidate at LLGs

- Wapi: 92%
- Nanima-Kariba: 1%
- Kapao: 1%
- Kome: 6%
• The top five candidates received strong base votes from 36% of ballot boxes

• ‘Other candidates’, who did not finish in the top five received strong support at 32% of the ballot boxes

• In this fragmented political context, we found that there were a large number (almost 100) small DSIP projects delivered across the electorate
<table>
<thead>
<tr>
<th></th>
<th>LLG 1</th>
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<tbody>
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<td>Turnout 2012 National</td>
<td>6,550</td>
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<td>Turnout 2013 LLG</td>
<td>4,899</td>
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<td>Voting Age in 2000</td>
<td>5714</td>
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<td>Raw discrepancy 2012</td>
<td><strong>-836</strong></td>
<td><strong>-5,032</strong></td>
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<td>Raw discrepancy 2013</td>
<td>815</td>
<td>1,719</td>
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DDA decision making is driven by the Open MP

Accountability requirements specified under DDA Act (2014):

- Board meetings should be open to the public.
- Minutes and resolutions be displayed on a public notice board
- Quarterly and annual reports produced for the public
- Financial delegation for District Administrator increased to K500,000 and establishment of a DSTB
- DDAs are able to employ and dismiss staff
DSIP Spending – National Guidelines vs Actual Practice

- Infrastructure: 62% (Guidelines), 30% (Actual)
- Health: 20% (Guidelines), 3% (Actual)
- Education: 20% (Guidelines), 8% (Actual)
- Law and Justice: 10% (Guidelines), 2% (Actual)
- Economic: 10% (Guidelines), 2% (Actual)
- General Admin: 21% (Guidelines), 3% (Actual)
- Electoral Office Support: 3% (Guidelines), 2% (Actual)
- Project Mobilisation fee: 4% (Guidelines), 0% (Actual)

Legend:
- National Guidelines
- Actual spend
The politicisation of contracting and implementation

Two similar classrooms in the same location but one was more than double the cost.
District Administrations have weak capacity

Supportive conditions for the districts to implement projects are poor:

- Staff positions and housing
- Power and water supply
- Vehicles, communication and banking
- Development plans and budgets
- District management and functions
  - DDA spending on security for MP/DA
- Aspiring to replicate the past
Leadership of the District Administrator/DDA CEO

- Provincial Administrator
- Open MP
- Deputy Provincial Administrator
- DDA Board
- District Administrator / DDA CEO
  - Sector Managers: Education, Health, Works
  - LLG Managers: Agriculture, Business
MPs as project managers and implementers
Implications of DDAs/DSIP on National Politics

‘the Executive Government has placed undue, indirect as well as very direct influence on the Opposition. This has been happening for several decades but has become more distinct with introduction of District Services Improvement Program funding. This makes MPs act like project managers to access the funds necessary for their districts. Many Opposition MPs have had to forego their principled opposition to the Government of the Day just to access those funds for their districts.’

We are not interested is who will become the prime minister but all we are concerned about the DSIP funds... You’ve seen so many attempts in parliament to change the prime minister but have not been successful. Why? The reason is because DSIP is there, that’s why we will be in the government and support the O’Neill-Dion Government.’

Hon. Sam Basil, 2014

Hon. Joe Sungi, 2016
Conclusion

• DDAs consolidate a trajectory of decentralisation reforms with MPs gaining more power to determine development priorities.

• DDAs will change institutional arrangements for development and are unlikely to be retracted. Divide between policy and practice.

• Tying political motives to development projects is unlikely to improve the equitable delivery of public services. No baselines.

• Raises questions about whether these decentralisation reforms promote or erode democratic principles. 2017 elections.

• Significant implications for donor investments that need to work with politics to be effective.