Provincial Road Management in PNG

Matthew Dornan, Australian National University; Ronald Sofe, Chris Banga and Carmen Voigt-Graf, National Research Institute

PNG Update Conference, UPNG, 3-4 November 2016
Road Management Reform: The Papua New Guinea Road Fund and National Roads Authority

Abstract

Road management and funding in Papua New Guinea has been difficult for many years, resulting in the deterioration of the road network. The Government of Papua New Guinea, with the support of development partners, has sought since 2005 to commercialize road management in order to address the problem through the development of a Road Fund and National Roads Authority. This paper examines the establishment of these organisations and their impact on road maintenance. It finds that reforms aimed at commercialising road management have been undermined by a lack of support from political leaders and parts of the civil service, and that the newly established road management organizations remain underfunded as a result. A number of policy lessons are discussed.

I. Introduction

The poor state and limited reach of the road network is one of the greatest barriers to economic development faced by Papua New Guinea (PNG). Limited access to transportation prevents access to markets, and to health and education services. An analysis of household income and expenditure data shows the inability to access roads is positively correlated with higher incidence of poverty (Gibson & Rosalia 2002). In the 1997-2001 Living Standards Measurement Survey, PNG households identified the costs of transport infrastructure as the third most significant constraint to business activity and investment, marginally lower than law and order issues and corruption (Asian Development Bank 2004).

The primary reason for the poor state of PNG’s road system is deficient road management and funding. Funding for road maintenance in PNG has not kept pace with population growth in the 30-year period after independence due to the decisions of political leaders with the result being the deterioration of the road network (Korea, et. al. 2009). Per capita infrastructure spending by government fell in real terms (2011 Kina) from approximately K230 in 1975, to K20 in 2001. The effect of this decline was that links to rural communities were cut, adversely impacting livelihoods, education, and healthcare provision.

1 This data was collected as part of the 1997-1998 PNG Household Survey. Similar analysis of subsequent household income and expenditure surveys was not possible due to the measurement of expenditures on items from road infrastructure.
Research questions

Overall Research Question:
How are non-national roads funded and managed?

Policy: Who is responsible for management of non-national roads; how is management planned and coordinated?

Funding: What funding is available for non-national road management? Where does the funding originate, and in what form?

Implementation: What are the arrangements for road works? (construction, rehabilitation, and various maintenance activities)
“Papua New Guinea’s transport networks are failing. Major roads, including the crucially important Highlands Highway, have deteriorated alarmingly, raising the costs and reducing the availability of transport services. Most of the feeder roads are frequently impassable. Communities... are becoming more isolated because of deteriorating physical infrastructure. The dilapidated state of infrastructure is largely the result of inadequate maintenance and poor management over a long period... Almost half of national roads and two thirds of provincial roads need rehabilitation or reconstruction before they can be properly maintained.”

- PNG Government, 2013 Budget (vol 1)
Decentralisation

• 1977 Organic Law on Provincial Government
• 1995 Organic Law on Provincial and Local Level Government
• 2005 NEFC’s Cost of Services study – RIGFA established as a result
• 2012 Alotau Accord announces establishment of district development authorities
Spending performance on infrastructure maintenance

Source: NEFC, Provincial Expenditure Review 2012
Example: Gulf Province Funding
Lack of ownership/accountability

“MPs are passing the buck to one another.”
   — Provincial Administrator

“In Waigani, they think that cooperation is the norm. This is not happening in the province.”

“The provincial government plan says one plan, one budget, one account – all through coordination. But we currently have 3 plans, 3 budgets, and if you include the local level governments, 13 budgets, and 13 accounts.”

   — Deputy Provincial Administrator
Funding

• Capital / recurrent expenditure not determined on the basis of need
• No coordination between level of capital and recurrent expenditure
Quality of spending

Quality of DSIP/PSIP spend variable

“In my opinion, DSIP/PSIP is a waste of money”
  – Provincial Administrator

“PSIP is not really helping us fund according to our plan. It is very hard to measure, or to justify, that (PSIP) expenditure against the plan the province has.”
  – Provincial Engineer
Issues

• No ownership/accountability in responsibility for road management and is compounded by lack of coordination

• Capital vs recurrent expenditures; Funding not based on technical/economic assessment – political

• Lack of capacity for implementation– skills shortage (engineers), procurement.
Recent developments

• DSIP expenditure report provincial government
• Updating of ‘Determination of Service Delivery’ functions – key in specifying responsibilities of provincial, district and local level govts
• DoW supporting DDAs

➢ These are positive developments, although implementation will be tricky.
Conclusions