



Photo: Commonwealth Secretariat/Flickr

# **ECONOMICS AND GOVERNANCE IN PNG**

## DEVPOLICY BLOG POSTS IN 2013-14

**DEVELOPMENT  
POLICY CENTRE**



# DEVELOPMENT POLICY CENTRE

## ECONOMICS AND GOVERNANCE IN PNG DEVPOLICY BLOG POSTS IN 2013-14

Edited by Stephen Howes  
and Jonathan Pryke

Stephen Howes is Director and Jonathan Pryke a Research Officer at the Development Policy Centre, Crawford School of Public Policy, The Australian National University.

The editors would like to thank Ashlee Betteridge and Cleo Fleming for their assistance in the compilation of this volume.

The views expressed in this publication do not necessarily reflect the views of Crawford School of Public Policy or The Australian National University.

## Contents

Introduction .....	2
<b>THE RESOURCES BOOM AND EMPLOYMENT .....</b>	<b>3</b>
1. Are Papua New Guineans stealing Australian jobs at the end of the resource boom? .....	3
2. More about the development contributions of mining and petroleum companies in PNG .....	5
3. Where next for job creation in PNG? Views from the private sector.....	8
<b>SERVICE DELIVERY .....</b>	<b>11</b>
1. Solid waste management in Papua New Guinea .....	11
2. Navigating the potholes that plague infrastructure development in PNG .....	14
3. PNG's lost decade? Understanding the differences between health and education .....	17
4. PNG's rural decay: a personal perspective .....	21
<b>GOVERNANCE .....</b>	<b>26</b>
1. Anti-corruption on the front line: an interview with Sam Koim.....	26
2. Time for a new approach to improving governance in PNG? Try transparency and social mobilisation .....	29
3. Improving women's participation in PNG politics: learning from recent success.....	31
4. "Good" corruption in Enga: is corruption a culturally relative phenomenon? .....	34
5. Controlling middle & backbenchers in PNG Parliament for political "stability" .....	38
6. Every cloud has a silver lining: Papua New Guinean understandings of corruption and anti-corruption .....	41
7. Sometimes corruption makes sense: insights from research into Papua New Guinean understandings of corruption .....	43
8. Without fear or favour? O'Neill's District Authorities to build capacity and consolidate MP powers in PNG .....	47
9. PNG anti-corruption agencies show their teeth .....	52
10. PNG's elections: the most expensive in the world, and getting worse .....	54

## Introduction

Welcome to this collection of some of the best PNG posts to appear on the Devpolicy blog over the last year, from the start of June 2013 to the end of May 2014. We publish a lot of articles on PNG on our blog, and we have restricted this collection to those on economics and governance to release at the 2014 PNG Update.

If you go to our blog you'll find lots of other issues covered on the blog site, especially on the Manus Island resettlement agreement with Australia, and on aid to PNG, and on family and sexual violence in PNG. These are **all** important topics, but we had to restrict the selection to make this collection manageable. We also excluded those posts which have already been published elsewhere, and a couple which were in the nature of updates and which have already become out of date. All PNG posts can be found here: <http://devpolicy.org/category/png-and-the-pacific/png/>.

We hope that this collection will give you a taste of the PNG material on Devpolicy and that, if you aren't already, you will become a regular reader of the blog. You might also want to consider becoming a contributor: we are always keen to receive new posts and comments. Visit the blog or contact us at [Devpolicy@anu.edu.au](mailto:Devpolicy@anu.edu.au).

<http://devpolicy.org/>

## THE RESOURCES BOOM AND EMPLOYMENT

### **1. Are Papua New Guineans stealing Australian jobs at the end of the resource boom?**

*Colin Filer, June 3, 2013*



Viewers of the ABC's [7.30 Report on the 28<sup>th</sup> of May](#) this year might have been alarmed by a story that represented half a dozen Papua New Guinean diesel mechanics on 457 visas as a threat to the livelihoods of upstanding white citizens in the coal mining communities of northern New South Wales. As reporter Matt Peacock put it: 'What makes it worse for the Gunnedah locals is that while they've

been sacked, six Papua New Guinean workers brought in on 457 visas have kept their jobs as diesel fitters, doing maintenance on the big coal trucks.' The Papua New Guineans in question were understandably reluctant to be interviewed, mindful perhaps of Julia Gillard's [complaints](#) about the 'roting' of the 457 visa scheme. As if to explain their reluctance, Matt Peacock thought he had evidence that most of the Australian tradesmen who had been sacked by their employer were solid trade union members with 'multiple qualifications', while the Papua New Guineans who kept their jobs had 'next to none'. It soon began to sound like a story about filthy, foreign, fly-in-fly-out scab labour in the mining industry. Tony Windsor even popped up to link the 'gutting of regional communities' with the 'politics of boat people'

Now we know that Tony Windsor has been much exercised by the social impact of commuter mining and 'fly-in-fly-out' forms of employment on rural and regional Australia because he has chaired a [parliamentary inquiry](#) into the subject. But where do Papua New Guinean mine workers fit in this scheme of things?

It may come as a surprise to discover how few Papua New Guineans are living and working in Australia – at least to judge by official statistics. According to the 2011 national census, the total number of people living in Australia who have Papua New Guinean mothers and fathers is less than 9000. About 1500 of them are Papua New Guinean women who have migrated to Australia as a result of marriage to men who are not Papua New Guineans. About 2000 are students (or members of their families) who normally return to PNG on the completion of their studies. The available evidence suggests that another 2000 could be mineworkers and members of their families, some of whom may now be Australian citizens, but most of whom have permanent or temporary residence visas.



Evidence from the Department of Immigration and Citizenship appears to confirm that the recent resource boom has created a new opportunity for Papua New Guineans to migrate to Australia – albeit in relatively small numbers. It has certainly created a bigger opportunity than the Pacific Seasonal Worker Scheme [previously discussed](#) on this blog. Only 82 PNG citizens entered Australia by this route between the middle of 2010 and the middle of 2012, and all have since gone home. During that same period, 354 PNG citizens arrived on temporary 457 visas, while 764 seem to have acquired permanent residence as a result of their employment, and 366 as a result of their family situation. Out of 327 PNG citizens holding 457 visas in the middle of 2012, almost three quarters (238) had been sponsored by employers in the mining industry.

In 2012, my colleague Ben Imbun at the University of Western Sydney located and interviewed a sample of 39 Papua New Guineans currently employed in the Australian mining industry as part of an AusAID-funded study of the impact of the resource boom on job opportunities in PNG. We cannot tell whether this is a representative sample, but the results are interesting. They had all grown up in PNG, more than 80% had tertiary qualifications, and 50% said they were earning more than A\$4000 a fortnight after tax. They were clearly a well-qualified and well-paid group of workers. They had been in their current jobs for an average of 2 years, and all seem to have been employed in the PNG resource sector before migrating to Australia. I actually met one of them on a plane trip from Cairns to Sydney the other day. He is PNG's most highly qualified petroleum engineer, has an honorary position at the University of New South Wales, and – guess what – he has now taken a job back in PNG on a 'fly-in-fly-out' basis while his Papua New Guinean wife and six children remain at his home in Western Sydney.

Australians who complain about 'their' jobs being taken by Papua New Guinean immigrants who commute from urban areas to rural and regional project locations should remember that the number of Australians who work in the PNG resource sector on a fly-in-fly-out basis is roughly the same as the number of Papua New Guineans employed in the Australian resource sector, although most of the Papua New Guineans have brought their families to live in Australia. The Australians who work in the PNG sector are generally paid more than twice as much as their local counterparts with the same qualifications, which is why their local counterparts have an incentive to migrate to Australia, where they no longer suffer this form of discrimination. And to judge by the evidence of our sample, the Papua New Guineans now working in the Australian resource sector make a far bigger contribution to development at home, in the form of regular remittances, than the handful of temporary agricultural workers recruited through the Pacific Seasonal Worker Scheme.

If there is one common strand to Australian policy towards PNG since independence, it has been a determination to limit the number of Papua New Guineans coming to

Australia. Prime Minister Peter O'Neill [complained about this](#) on the occasion of Julia Gillard's recent visit to PNG. To judge by the official statistics, the policy has been enormously successful. If the resource boom has enabled 2000 Papua New Guineans to breach the walls of the Australian fortress, it is not so much a lamentable brain drain from PNG, let alone a rude attack on the rights of native Australian workers, as evidence that some Papua New Guineans can compete as equals in a global labour market and still contribute to PNG's national development.

*Colin Filer is an anthropologist and Deputy Director, Resources Environment & Development Group, Crawford School.*

## **2. More about the development contributions of mining and petroleum companies in PNG**

*Margaret Callan, July 16, 2013*



In a recent [blog post](#) I summarised data for 2009-11 on financial flows with potential development benefits from Papua New Guinea's four largest mining and petroleum operations. I estimated the size of the main categories of financial flows. In descending order they are: taxes, royalties and dividends to the national government, procurement from PNG-based business, payments to development

authorities and trusts, compensation and royalties to landowners and communities, expenditure on company community development programs, and dividends and royalties to sub-national levels of government.

This post considers the information available on the second last category — company community development programs — and finishes with some overall conclusions about the mining and petroleum sector's contribution to development in PNG. These draw on my presentation at the Development Policy Centre's recent [PNG Update](#) (podcast available [here](#)).

### **Development benefits from corporate community development programs**

Estimated total payments for community programs by four companies (Lihir Gold Limited, Oil Search Limited, Ok Tedi Mining Limited (OTML) and Porgera Joint Venture) amounted to PGK176 million per year from 2009-11. This sum is modest compared with the size of taxes and other payments to the national government (PGK1568 million). However, in the context of company payments to sub-national governments of



PGK140 million, and the national government's 2011 budget contribution of PGK210 million to all provinces for education, health, transport infrastructure, village courts, town and rural services, PGK176 million is a significant contribution to meeting development needs in PNG's provinces and districts.

A word about information sources. Three of the four companies publish annual sustainability and responsibility reports (Lihir and Porgera through the reports of their parent companies, Newcrest and Barrick); Ok Tedi and Porgera produce annual statistical summaries ('Porgera Information Booklet', 'Ok Tedi Mining Historical Statistics') that include community programs. In general, these reports outline the company's commitment to supporting community development and provide descriptions of selected programs with supporting data and photographs of some facilities and beneficiaries.

From company reports one can get a reasonable overview of the types of programs supported and a sense of the extent of their reach, for example, number of people accessing company-funded health facilities. However, the data is far from comprehensive. So, for example, it is not possible to accurately assess expenditure by sector. But the reporting is sufficiently detailed to rank the sectors. It seems clear that infrastructure, health and education are the largest components of corporate community programs. Infrastructure programs include building and maintaining roads, bridges, wharves and airstrips, schools, health facilities, community centres and women's facilities, power supplies, and water supply and sewerage works. Support for health services includes extending to the community access to medical services provided for employees, as well as funding and providing logistical support for community health centres, health patrols, disease control and treatment, and medical or health emergencies. Education, including scholarships for school and university, and small business development and rural livelihoods are two other important areas of focus.

The published information is generally inadequate for assessing the development contribution of these corporate community programs. We know that company programs are highly valued by those who access them, but we know much less about population outcomes or impacts. For example, what proportion of the local population is served by the infrastructure or services provided? Are there teachers, instruction materials and other supplies at the schools that have been upgraded? Are education, health and income indicators improving?

It seems that few companies monitor and report publicly on this sort of information. It isn't easy to do and it requires companies to make a significant investment in program monitoring and evaluation. One exception I found was Oil Search Limited's 2011 sustainability reports which included *inter alia* health indicators for populations with

access to health services in project impact areas. While it is not clear how robust the data is, at least the company has taken the first step of tracking the effectiveness of its community health program using PNG's national health information system indicators. It reported that: HIV-infected pregnant women receiving anti-retro viral treatment reached 100% in 2011 (50% in 2009), the percentage of children under 5 who were completely immunized was 77% in 2011 (52% in 2010), and malaria incidence fell from 218 per '000 in 2009 to 120 per '000 in 2011.

Fortunately the information gap in corporate reporting is partially filled by independent research, often sponsored by the resource companies. Such research is frequently disseminated through PNG's National Research Institute and Institute of National Affairs as well as academic journals and universities. Data on corporate programs is also sometimes available from commercial sources, for example, the contractor for OTML's community health program (AbtJTA) publishes annual progress reports and independent evaluations.

Health appears to be the sector most studied by independent researchers. Their studies provide evidence that company health programs in some project areas have made a significant difference to immunization rates, nutrition, antenatal care, supervised births and the incidence of malaria and filariasis. Balancing these positives, researchers have also documented negative socio-economic impacts from mining, particularly for women, such as increased family violence, extramarital liaisons, abandonment and food insecurity due to the loss of food gardens and insufficient alternative livelihoods. See for example, the [report](#) [pdf] of the Porgera Environmental Advisory Komiti.

## **Conclusions about development contributions and reporting**

The following five points stood out for me from this case study:

1. Companies should raise the bar on their reporting. It took a lot of time and effort poring over reports and seeking clarification and additional information to extract some fairly basic data and other information for this research. It is hard to understand why it should be this difficult, particularly when they all endorse the monitoring and reporting principles of the Global Reporting Initiative and have publicly committed to contributing to the development of PNG and mine-affected communities.

The data that was easiest to obtain, though by no means straightforward, covers financial flows. But without information on how money is spent and who benefits, we know little about its development impact. Many companies collect some of this potentially useful information, but they may need more expertise in data collection and analysis, as well as leadership from their management executives, before publishing more and better data that is relevant for assessing their development contributions.

2. Health is an important exception. Studies in some project areas provide evidence of improved population health and better access to services as a result of corporate programs that are closely integrated with government and other service providers, including churches. This experience may provide a model for the health programs of other companies in the sector, and for other key sectors for resource companies such as transport infrastructure and education.

3. More research would be needed to throw further light on the development impact of corporate procurement (benefit distribution along the supply chain), and of compensation and royalty payments to landowners and communities (control and benefit sharing in families and communities).

4. Project communities and responsible PNG authorities would do well to identify ways to improve the accountability of the provincial development authorities and trusts that receive funds from resource companies. At the very least they should publish audited annual reports.

5. Finally, all mining and petroleum companies are required to report regularly to the Department of Environment and Conservation on the socio-economic impact of their projects. But the Department has set no guidelines for these reports, does not provide any response to them, and does not publish them. The PNG Chamber of Mines and Petroleum could make an important contribution to transparency and accountability in PNG by doing three things: introducing a standard format for members' reports that includes clear and consistent information about payments and programs; publishing these reports; and disseminating them widely.

*Margaret Callan is a Visiting Fellow at the [Development Policy Centre](#).*

### **3. Where next for job creation in PNG? Views from the private sector**

*Aaron Batten and David Freedman, November 28, 2013*



Over the past decade, the strong performance of PNG's non-mineral economy has seen formal employment grow by an average of 6% per year. This has almost doubled the size of the private sector workforce, and created new opportunities for an emerging middle class. However, as the construction phase of the PNG-Liquefied Natural Gas (LNG) project winds down and external

conditions become less favourable, growth in PNG's non-mineral economy continues to

slow. Non-mineral [GDP growth](#) [pdf] fell from 9.1% in 2012 to 5.5% in 2013 and is now expected to further decline to around 1.3% in 2014.

Overall GDP growth will receive a large boost in late 2014 and 2015 from the onset of LNG exports and other new mining operations. However, stimulating growth in the more labour intensive non-mineral sectors will be crucial in ensuring that the pace of job creation does not slow.

What needs to be done to fuel the next round of non-mineral employment growth in the PNG economy?

A [business survey](#) carried out by the Institute of National Affairs (INA) with financial assistance from the Asian Development (ADB) offers a number of insights on how PNG's investment environment might be improved and complements similar surveys that were carried out in 2002 and 2007.

As in the [previous two surveys](#) [pdf], law and order was again identified by business as the top business constraint, with the investment decisions of 36% of respondents being either highly or very highly affected by crime. Effectively, crime imposes a large tax on businesses, especially smaller ones. Corruption was listed as the second most important constraint to business activity, with transport and electricity infrastructure ranking third and fourth, respectively. Other top constraints in descending order of importance included the availability of skilled labour, a lack of political and regulatory stability, transport and telecommunications infrastructure, inflation, high cost of goods, and land access and compensation issues.

Although there are few surprises amongst this list of business constraints for people familiar with PNG's development challenges, the data does reveal some informative trends.

The most significant progress can be directly attributed to improvements in macroeconomic management over the last decade. Inflation, interest rates and exchange rate variability all recorded significant declines as problems for business and investment. This is a testament to the value of stable monetary and fiscal settings in fostering more inclusive economic growth, and reinforces the need to maintain that stability as the external environment now becomes less favourable.

Further, while law and order issues remain an acute constraint for business, the severity of the problem appears to have fallen – or perhaps businesses have become more adept at dealing with it. The percentage of respondents who were highly or very highly affected dropped from 59% in 2002 to 36% in 2013. Similarly, the proportion of

respondents that said they were highly or very highly affected by political and regulatory uncertainty has also declined significantly since 2002.

Concerns relating to telecommunications infrastructure also showed significant improvement between 2007 and 2012. Undoubtedly, this result is closely tied to reforms in the sector during 2006 that introduced competition into the mobile telecommunications market and the resulting drop in prices and increasing coverage this facilitated. It also powerfully illustrates how the entry of the private sector into areas of the economy formally reserved for state owned enterprises can benefit the population as a whole. Nevertheless, telecommunications remains a key concern for business, suggesting the need for more reforms to increase access and reduce costs further.

On the downside, there appears to have been little or no progress in a number of key areas. Corruption is rated as a major problem for business and does not appear to have improved in the last 10 years. In 2012, 28% of businesses said their investment decisions were highly or very highly affected by corruption. Poor transport and electricity infrastructure also continues to cause severe problems for business, and these concerns appear to have increased since 2007.

Much attention has been paid to the great potential PNG has to develop its mineral sector. However, long term job creation from current and future mineral projects will be limited since these are highly capital intensive activities. Broader employment growth will depend on PNG's ability to improve the business environment by addressing the core constraints to private sector investment. As PNG looks back on a decade of impressive job growth, the stage is now set for further reforms to foster the next wave of investments that are needed to create employment opportunities for PNG's rapidly growing population.

*The INA private sector survey is supported through ADB's [Private Sector Development Initiative](#), (PSDI). PSDI will be releasing an analytical summary of the survey to complement the INA's report in December 2013.*

*Aaron Batten is the ADB's Country Economist at the PNG Resident Mission. David Freedman is ADB's PNG Private Sector Development Coordinator at the PNG Resident Mission.*

## SERVICE DELIVERY

### **1. Solid waste management in Papua New Guinea**

*Thomas Wangi, August 12, 2013*

This research covers two PNG cities, Port Moresby (POM) and Lae. POM has a population of 650,000+ and Lae has 200,000+. Both cities expect rapid population growth (due to urban drift) and economic boom (due to gas, oil and mineral projects), and therefore the level of waste generation and management is becoming a real concern.

The waste management in both cities is managed by local government authorities: Lae City Council (LCC) and National District Capital Commission (NDCDC) through their Waste Divisions. Waste management systems in both cities do exist. However, both authorities experience poor management standards, insufficient funding (resources) and no policy/strategy guidelines.

The landfills in POM (Baruni Dump) and Lae (Second Seven) practice open burning of waste, causing huge pollution to surrounding environment. This practice has become a serious health and environmental concern to the public.



### **Institutional issues**

The National Government of PNG has no SWM strategy or regulation or law to manage waste in the country. The waste management authorities in both cities use the the 1973 Public Health Act, the 2000 Environment Act and their own bi-laws. The Public Health Act was passed to manage medical waste while the Environment Act was passed to manage industrial waste. This implies that there is no specific act in SWM. Both authorities enforce these laws with minimal compliance and no performance monitoring. This is reflected in both cities in which waste of all types are found anywhere.



The Japanese International Cooperation Agency (JICA) has initiated the upgrading of Baruni landfill in POM at the cost of PGK2.5 million through technical support. The upgrading of the facility will cost PGK10 million (PGK1 million from NCDC and PGK9 million from PNG National Government). The National Department of Environment and Conservation approved the project, which is yet to start.



The LCC has made a funding proposal to Cairns City Council, Australia, for possible funding assistance but this is yet to be approved. The rehabilitation work on the Second Seven landfill will cost about PGK11 million. The project will come in three components; a feasibility study, research and documentation – PGK1.5 million; construction of the facility and procurement of equipment – PGK8 million; and training and management – PGK1.5 million.

### **Technical issues**

The waste generation in both cities is expected to increase in the future given high population growth and the economic boom. Waste generation trends are challenging and becoming a real concern for PNG.

About 60kg of medical waste per day is incinerated within the hospital premises. The fumes from the incinerator cause huge pollution affecting nearby city residents. In POM, the incinerator is down so all medical waste are buried at a designated landfill near the hospital. The burying of the waste is of high health and environmental risk.

In POM, NCDC provides standard waste bins to certain institutions like schools and hospitals while residents provide their own bins. In Lae both institutions and residents pay for their own bins.

Both cities engage contractors to collect waste and dispose of it at the landfills. The contractors use their own resources like trucks, tipper trucks, compactors, bulldozer

and labour. In both cities, waste management system involves collection and disposing. There is no waste transfer and treatment.

### **Financial issues**

The waste collection in POM is funded by the NCDC. The annual waste budget for 2012 is PGK10.4 million. Funding is sourced through commission's internal revenue sources like land tax, licensing fees and garbage tariffs (e.g., residential garbage fee is PGK33.68 per month). All payments are made in cash at the revenue counter, involving no bank transactions.

LCC funds waste collection in Lae. The annual waste budget for 2012 was PGK0.5 million. The funding is sourced through the council's internal revenue of about PGK8 million. About 80 percent of council's revenue is collected from internal sources like land tax, licensing fees, and garbage tariffs (e.g.; household garbage fee is PGK36.00 per month for high covenant residential areas). The other 20 percent comes from provincial government grants. The council has a high rate of tariff and fee collection (80 percent), all payments are made in cash and bank deposit to a council account.

In both cities, legal actions and other penalties are enforced for non-payments of tariffs, fees, taxes and other charges.

### **Public awareness**

Public awareness and education is the key tool to address SWM issues in PNG. The Bank South Pacific (BSP) is the only corporate body that does public awareness on waste management in the country. The Bank has a public awareness program known as "Go Green" with the aim to educate people to be responsible for their own waste like placing rubbish in the bins. BSP rolls its "Go Green" campaign nationwide through its branches at the cost of over PGK3 million per year. The program is part of its social obligation to the community. BSP conducts awareness in schools and communities. The bank also provides funding and logistical support to community and institutional groups that are willing to collect rubbish. The "Go Green" campaign is also going on in Fiji, Solomon Islands and Niue where the BSP has branches.

The BSP initiative has not had much effect so far. The "Go Green" campaign only targets urban areas (below 15 percent of the population), and still there is a huge need in public awareness for rural majority. Even in the cities, evident of the waste on the ground is abundant.

### **Conclusion**

The main issues identified during the research are as follows:

- There are few public awareness programs or initiatives.
- There is no regulatory framework or legislation on solid waste management.
- There is a lack of adequate funding and resources.

Solid waste management is a neglected area in PNG. It needs to be taken much more seriously.

*Thomas Wangi is a Lecturer in Economics at the University of Papua New Guinea. This post is based on his talk (podcast available [here](#) and powerpoint [here](#)) to the 2013 Pacific and PNG Update, and is based on research undertaken by him for the ADB.*

## **2. Navigating the potholes that plague infrastructure development in PNG**

*Anthony Swan and Matthew Dornan, August 20, 2013*



With the Rudd–O’Neill asylum deal likely to involve a “[realignment](#)” of the Australian aid program toward [new infrastructure](#) spending in PNG, the [mother of all potholes](#) – one that severed four lanes of Port Moresby’s Poreporena Freeway in March 2012 – is a reminder of the challenges facing infrastructure development in PNG. Although the collapse of Port Moresby’s main road was due to a blocked culvert

that was washed away, the underlying cause was a lack of maintenance, poor planning and institutional arrangements, and bad weather – problems that afflict most public infrastructure across PNG. Addressing these underlying problems could bring significant benefits to PNG through better infrastructure and lower costs associated with repairs, rehabilitation, reconstruction, and loss of service. Indeed, the cost of the repairs to the Poreporena was around K5 million (approx. \$A2.3 million) and most in Port Moresby will attest to the lost time and income spent in congested traffic resulting from the road collapse.

There is scope to improve infrastructure development in PNG through the government’s Infrastructure Development Authority (IDA), which is in the process of being established by the Department of National Planning (with help from development partners). The IDA proposal came about through the advocacy of former Prime Minister Sir Mekere Morauta. Sir Mekere proposed an [independent infrastructure authority](#) that would utilise resource revenues, particularly dividends from the PNG-LNG project, to

finance the rehabilitation and maintenance of PNG's debilitated infrastructure. He argued that his proposal would not only result in greater levels of infrastructure funding, but would combine within the new infrastructure authority the functions of a large number of disparate government agencies that suffer from unclear and uncoordinated responsibilities.

The authority would undertake infrastructure planning, funding and implementation for major infrastructure assets. The operation and associated policy responsibilities for that infrastructure would remain with the government agencies that are currently responsible for those assets. Sir Mekere emphasized the need for the authority to have the freedom to "operate outside of the public sector box" if the poor infrastructure development outcomes over the last ten years are to be avoided.

National Planning Minister, Charles Abel, recently [reiterated](#) the government's commitment to the establishment of the IDA. He said that the IDA would deal with projects valued above K50 million and, it seems, relieve the Central Tenders and Supply Board (CSTB) of its procurement and tender functions for these projects. However, there are many questions that remain unanswered. These relate to the functions that the IDA will perform; its funding mandate; level of independence from government; and transparency, financial reporting obligations and oversight provisions.

Earlier this year we submitted a review of the IDA concept to the Asian Development Bank as part of its support for infrastructure development in PNG. We argued for the IDA to be established as an "apex" infrastructure agency, which would have a broad range of responsibilities and a significant level of independence from the machinery of government. In our view, the IDA should be required to:

- Undertake and maintain a register of infrastructure assets of national importance that are public goods. The register should state the condition of infrastructure assets; cost of rehabilitation to a predefined standard of service delivery; an appropriate maintenance schedule, including cost of ongoing maintenance; and likely timing of asset end-of-life and replacement cost.
- Produce and regularly update a publicly available Infrastructure Investment Master Plan based on the asset register in consultation with government, international donors, infrastructure experts, private sector, and members of the public. Through the Master Plan, the IDA would direct spending to where the returns are the highest, such as by allocating appropriate funding to asset maintenance, thereby preventing the continuation of the [build-neglect-rebuild paradigm](#).

- Undertake independent project procurement and tendering. This process could replace the functions of the CSTB and the National Executive Council (NEC), which have a track record of major delays in the approval process, little or no transparency in decision making, and decisions made with seemingly little regard to recommendations provided by technical committees.
- Undertake project construction or rehabilitation as well as oversight for large or nationally significant projects. However, the implementation of routine maintenance for these assets should remain with the current asset owners but be funded by the IDA in accordance with the Infrastructure Investment Master Plan.

Our preference for the “apex” IDA model reflects our view that the alternative, which would most likely involve restricting its function to infrastructure financing and/or review, would do nothing to fix an already broken or at least largely ineffectual system. Fundamental changes are needed to fix infrastructure in PNG. The establishment of an organisation with a narrow set of responsibilities will not suffice.

Inevitably, there are risks that the IDA will under perform due to lack of capacity and coordination, and duplication of roles. The IDA in this context could become another layer in an already inefficient and bureaucratic process for infrastructure development. The key to managing these risks is strong governance arrangements, transparency and financial reporting requirements, regular audit and peer review, and high-level political support. We should also be realistic about the prospects for immediate change. It will take years for the IDA to develop the capacity to effectively carry out a wide range of responsibilities. Transitional arrangements are therefore of great importance.

In terms of governance arrangements, Sir Mekere proposed that IDA management should report to a board of directors consisting of government and independent nominees, but with a government majority. Indeed, we believe that not only should the government have the majority of positions on the board, but that the Chair of the Board should be the prime minister or some other readily identifiable and influential government minister. The idea behind this is to ensure political support and greater accountability by aligning the performance of IDA with the actions of those in the highest level of government. We view this as necessary to avoid a repeat of the experience with the National Road Authority, which was established with donor support, but was never given the necessary resources by government to perform its mandate.

Some people may be concerned that under this proposal, the prime minister and other government representatives would have substantial control over infrastructure development, including planning, procurement and tendering decisions. Yet in the

current system, these decisions are made by a multitude of public servants across sector based government departments, SOEs, and CSTB – all behind closed doors and with little accountability or transparency. International experience (in India and South America) has shown that high level political representation on the Board of infrastructure agencies can be a powerful mechanism for achieving real improvements in infrastructure services.

There are some similarities between our proposal for IDA's governance structure and the recent [announcements](#) by Prime Minister O'Neill on the restructure of the PNG government's petroleum and mining assets and SOEs. These assets and enterprises will be transferred into three new "Kumul" entities that would be overseen by current and former prime ministers. It is hard to evaluate these reforms without further details; not very much information has been released by the PNG Government. And whether government should be investing its time in running commercial businesses is unclear. What is clear is that, as in our proposal for the IDA, leaders need to play a central role in ensuring that government entities are accountable to Papua New Guineans. The success of infrastructure development in PNG will depend on the strength and good-intention of the political leadership. It may be some consolation that if infrastructure development in the long-run does not improve, then at least the politicians can be voted out of office.

*Anthony Swan and Matthew Dornan are Research Fellows at the [Development Policy Centre](#).*

### **3. PNG's lost decade? Understanding the differences between health and education**

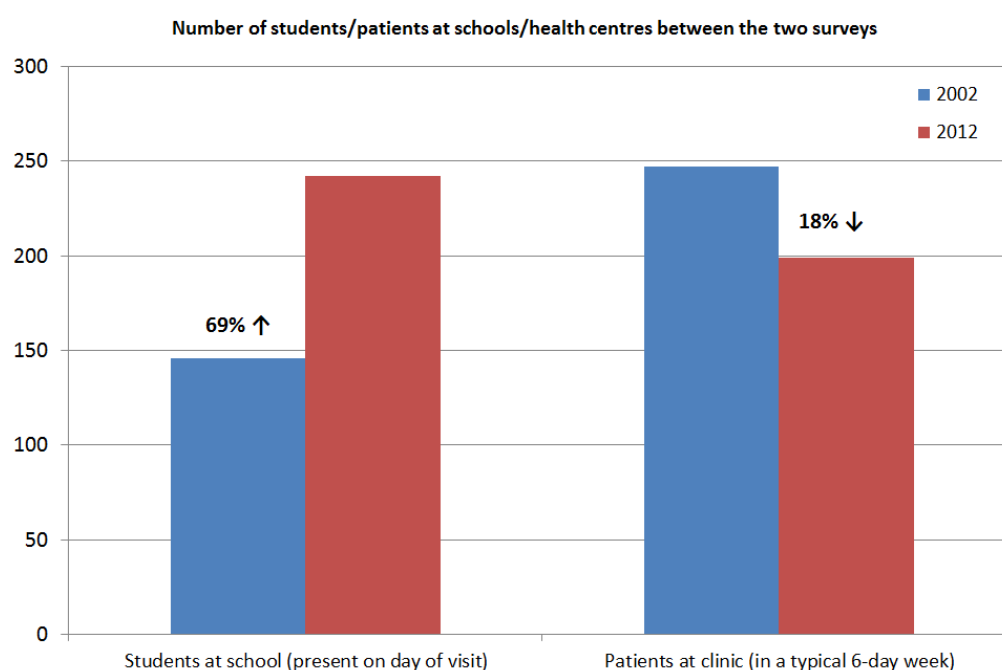
*Thomas Webster, Andrew Anton Mako, Stephen Howes, Anthony Swan, Grant Walton and Colin Wiltshire, September 27, 2013*

Last Thursday, September 19th, we released preliminary results from the 2012 PEPE ([Promoting Effective Public Expenditure](#)) survey of schools and health clinics undertaken by the [National Research Institute](#) (NRI) and the Australian National University's [Development Policy Centre](#). The survey included randomly selected schools and health clinics (but not hospitals) from eight provinces in a nationally representative sample. The provinces covered were Gulf, West Sepik, Morobe, Enga, Eastern Highlands, National Capital District and East and West New Britain.

Our 2012 survey included the same 166 schools and 63 clinics surveyed ten years ago by the NRI, in 2002. (In total we visited 214 schools and 141 health facilities.) By comparing the results from 2012 with those from 2002, we are able to address, for the first time, the pressing question of whether PNG has so far been able to translate its booming mineral wealth into services for ordinary people.

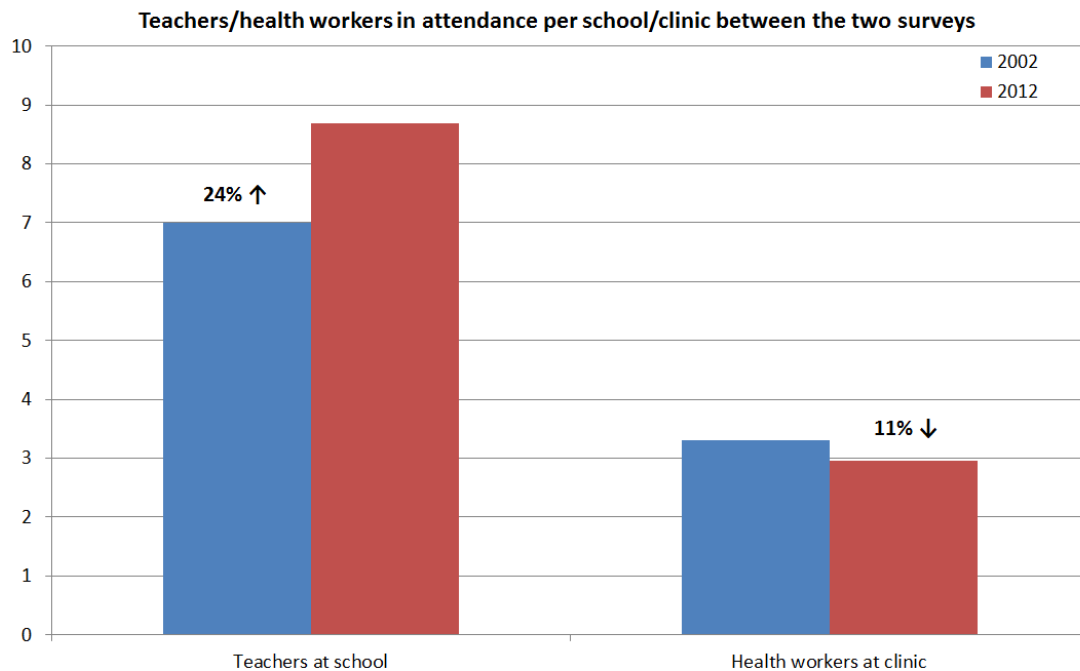


The results are revealing. The most striking difference is that the number of children recorded as being present at school increased by 69%, whereas the average number of patients utilizing a health clinic fell by 18%. We also know that the population grew over the last decade by about 30%, and that the number of schools increased slightly, whereas the number of health clinics fell. Putting all this together, we can conclude that the proportion of kids attending primary school increased by more than 40%, whereas the proportion of the population utilizing a health clinic fell by more than 50%.



There are other indicators that the education sector has done much better than health. The number of teachers and classrooms increased over the last decade, the quality of classrooms also improved, and teachers reported greater adequacy of school supplies, such as textbooks.

The performance of health clinics unfortunately went in the opposite direction over the last decade. There was a decline in the availability of some key drugs and medical supplies. While many health staff are clearly very dedicated (three-quarters contribute from their own salary to running costs), the number of health staff working at clinics fell by around 10%, as the graph below shows.



This is not to say that there are not problems in education. To the contrary, the results show schools face some of the same problems which hinder health clinics. For example, about 40% of staff homes for both teachers and health workers and 25% of class rooms and clinics require rebuilding due to a lack of maintenance.

Nevertheless, these clear differences in the direction of performance between the education and health sector over the last decade demand an explanation.

The policy of abolishing school fees has boosted school attendance, but the number of clinics charging fees has also fallen. The new policy of free health care will not be enough to turn around performance, and indeed may exacerbate existing problems as health centres are starved of cash.

The analysis undertaken so far suggests four reasons for these differences. First, more teachers have been hired than health workers. The inability to replenish the health labour force is a critical problem which will require both funding and training to address.

Second, primary schools have benefited from funding direct to schools from the national government (85% reported receiving both their 2012 subsidies). By contrast, health centres are reliant on the health function grants, and in most provinces these funds are not reaching the health centres (whether directly or in-kind). As a result, they are unable to carry out basic functions such as patrols and drug collection or distribution.

Third, primary schools seem to be better connected to their communities. Nearly all have boards of management with community representation and a parent and citizens (P&C) committee. Health clinics don't have a board of management and only 60% have a village health committee. School P&C committees are also more active than village health committees, meeting almost twice as often on average.

Fourth and finally, primary schools are more likely to receive a visit from their supervisor than rural health clinics are.

These initial results illustrate the sort of analysis now possible with this unique longitudinal data set. Other results presented and discussed last week show that there is enormous variation in performance across provinces. A lot can be learnt from looking at the better-performing provinces. There is also some evidence that church-run health facilities perform better than government ones. We will be releasing further results and analysis in the coming months. We will be also undertaking much more detailed analysis at the facility level to better understand the determinants of performance over the last decade. We look forward to sharing more detailed findings from the survey as they become available.

The fact that we can now look at these questions shows just what a huge gap this new data set fills in our knowledge about service delivery in PNG. For the first time we actually have data on what is working and what is not, what has improved and what has gone backwards in service delivery in PNG.

While data and analysis are essential, so too are engagement and dialogue. The point of this exercise is not to lay blame or to point fingers. Over the last month, we have gone back to seven of the eight provinces from which we collected our data last year, presented our preliminary results, and sought their feedback. All have welcomed the availability of this new data and expressed their desire to use it to improve service delivery.

And last week we had the Acting Secretaries of both the Education and Health Departments there for the entire forum. Both talked about the value of this data, and the way they want to respond to its findings.

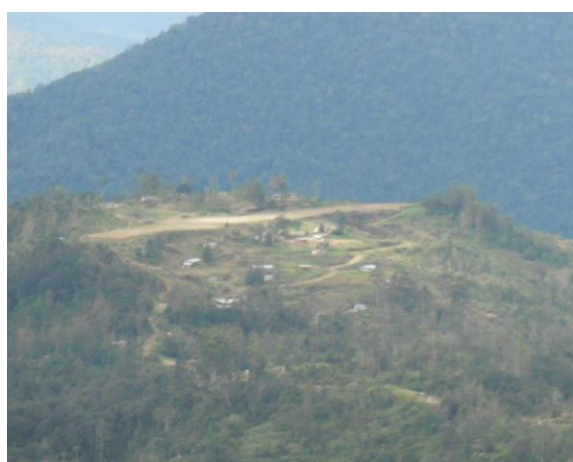
Was the last decade a lost one for PNG? As often happens, the answer is more complex than the question suggests. The last ten years have not been good ones for the health sector, and it is hard to see evidence of the additional money allocated to the sector on the ground. But for education, while many challenges remain, there are also important indicators of significant progress.

This variable performance has much to teach us. Free education or free health is not enough to guarantee expanded and improved provision of service. Getting frontline staff in place, getting funds and/or resources to the facility level, and strengthening community engagement and supervisory arrangements all seem to be important for improving service delivery in PNG.

*Thomas Webster is Director of the PNG National Research Institute, and Andrew Anton Mako is a Research Fellow and PEPE Manager at the NRI. Stephen Howes is Director of the [Development Policy Centre](#) at the Australian National University. Anthony Swan and Grant Walton are Research Fellows at the Centre, and Colin Wiltshire is the PEPE Manager at the Centre.*

#### **4. PNG's rural decay: a personal perspective**

*Andrew Anton Mako, October 18, 2013*



The last decade in PNG's socio-economic development has been claimed by many, including Prime Minister [Peter O'Neil](#) and [me](#), to have been wasted, as the excellent economic growth the country recorded has failed to translate into tangible development to improve the socio-economic conditions of the people. The [preliminary findings](#) of the PNG PEPE survey, which I helped run, show more children in school, but fewer patients in clinics and worse

accessibility by transport.

I would like to share my personal story to put into perspective why I assert that it is not just the last decade, but in fact the last twenty years in PNG's development that have been wasted. I am sure that my story is not unique. Many Papua New Guineans of my generation, and some of those who are currently attending school, would easily relate to my story. Specifically, the challenges we have encountered and the difficult but crucial decisions we have needed to make at certain points in our lives to get to where each of us is today.

#### **1980s to mid-1990s: the heyday**

Born in the mid-1980s, I grew up in a beautiful government outpost called Kolombi, which was established by early Christian missionaries during the colonial era. Kolombi is still the main centre for Paiela-Hewa Local Level Government (LLG) in Enga province.

It is situated in the west of Porgera district, which hosts the world-class Porgera goldmine. The LLG has a population of over 10,000 people.

Today it is run down, as the photo above shows, but, during its heyday, Kolombi was more than just a government outpost. When I was a kid, it had a well-functioning health centre, where my biological father worked as a community health worker and the supervisor of more than 10 aid posts attached to the health centre. There was a police post with a permanent police officer (who, together with a formidable village-court magistrate, ensured law and order was maintained), an agriculture extension officer to promote agriculture services, particularly for cash crops (especially coffee and pyrethrum), and a kiap or government administrator. There was an LLG chamber which ensured regular LLG meetings were held, and a community school which I attended as a boy.

Before a road was built by a former Member of Parliament (MP) in the late-1990s to connect Kolombi to the nearest town, Porgera, the only link between Kolombi and the outside world was an operational airstrip. The airstrip brought supplies for the health centre and aid posts (including medical supplies and health workers), police post, kiap and the local council, community school (teaching materials/supplies and teachers), the local churches, and local businesses (especially the trade stores which sold basic manufactured items, including food, fuel, tools, fertilizers, cooking utensils, and clothes).

The economy of Kolombi and the LLG was based predominantly on local agriculture, retail, and a barter system. Each Friday was the big market day for Kolombi, when people traded cash for locally-raised vegetables, fruits, meat and cash crops. Cash was brought into the local economy by the public servants, the local government administration, and local business people. It was a thriving government outpost where the modern cash-based economy started to co-exist with the traditional barter economy.

As there was no road-link till the late-1990s, children from Kolombi and Paiela-Hewa LLG went to the nearest high school, in Porgera district, at the beginning of the year and returned at the end of the year by plane. This was my dream as a boy. Flying in a plane (or being a pilot) was an aspiration for all kids in the village as there was not much exposure to the western lifestyle apart from the regular helicopter and plane flights, and regular visits by missionaries. It was, therefore, a huge motivation for each kid at the community school to study hard. In fact, I can recall vividly that each of the village kids' toys were planes and helicopters made of bush materials and scrap paper. This was the life in Kolombi from PNG's independence to the mid-1990s.

## **Mid-1990s to 2000s: disaster leads to a difficult decision**

Disaster struck just after the mid-1990s when the only link to the outside world, the airstrip, was closed down. I understand a number of things happened in the 1990s which had significant economic and administrative impacts on PNG as a whole, including a fiscal crisis, major political and administrative reforms, and a severe drought. The airstrip was shut down in July 1996 largely due to lack of maintenance (i.e. failure to cut the grass on the landing strip, remove debris from it and fix its fence). The LLG was responsible for the up-keep of the airstrip, but it had no funding allocation from the provincial government to pay labourers and materials that year, or in subsequent years to re-open it. After flights stopped, the local community indicated its willingness to help fix and then maintain the airstrip to re-open it. However, an agreement was required among key stakeholders — particularly the LLG, the district and provincial administrations, and the airline companies — to re-open the airstrip. This never happened and, to my understanding, no-one in authority took any initiative, including the allocation of funding, to bring all the stakeholders to the negotiating table.

When the airstrip closed down, Kolombi started to face “rural decay.” All the vital government services slowly ceased: the police-post closed down, the kiap left, most health workers left (and all the aid posts shut down), the agriculture extension officer departed, and the community school closed down as the teachers left. Without the presence of a government authority, law and order started to deteriorate.

I was a teenager attending grade six at the community school when the school closed in mid-1996. It was a sad day, not least because my childhood dream of flying in a plane to get to high school, or indeed to be a pilot later in life, was shattered. Since I was in grade six, I was to sit the examinations at the end of that year and then, if I passed, fly to attend high school the following year. I was crushed, but what could I do? I spent the rest of the year with my childhood friends romping in the jungles hunting wild game, swimming in fast-flowing rivers and playing with toy planes.

In March 1997, after waiting for my community school to resume classes for two months, it dawned on me that the airstrip was permanently closed and that no teacher would come again (even though teachers were officially posted by the provincial government). The only option for me to continue my education and fulfill my boyhood dreams was to leave Kolombi and walk a day to get to Porgera.

It was a radical decision to make. I was to leave my family, my relatives, my village, my culture and tradition, my childhood friends, and everything that I knew growing up as a village boy to go to the “unknown” — a totally different setting of a modern, mining township. I wasn’t afraid to make the journey however, as my heart and thoughts were fixated on getting an education. The decision to leave my village and family was mine



because my biological father was away in Port Moresby at the time. My mother and the rest of my family agreed, even though they were worried that I was going alone to a totally different place.

I was 13 years old. With my small rucksack of some clothes as my only possession (I didn't even take any money), I walked for 12 hours with a small group also going to Porgera on a very treacherous bush track through deep gorges, fast-flowing rivers, knee-deep mud, and thick jungles. In bare feet, I walked over sharp stones, slippery rocks and logs, sometimes in drenching rain, and sometimes with an empty stomach. It was dusk when I arrived at Porgera. I was hungry, but I was glad and excited that I had finally made it. I slept in a house where the rest of the travellers stayed for the night. It was indeed a very different setting to my village, and I could confirm the tales I used to hear from those who had been to the mining township before me.

### **Things improve for me**

The day after I arrived in Porgera, I met a woman with a golden heart. She is the woman I owe so much in life to and to this day I call her my mum (and I still stay with her family when I return to Porgera for holidays). If it wasn't for her and her family, I wouldn't have been where I am now. Fortunately, she had known me before when I was a toddler as she, her husband and my biological father were colleagues in the health centre in my village. But our meeting was quite by chance. When I told her that I was in Porgera alone in search of a school to continue my education, she took me to her home and family and had me enrolled in grade six at the nearby community school the following day. It was a miracle!

Knowing that I was given a second chance in life, unlike my peers whom I had left behind in my village, I studied hard. I passed the grade six examinations and went on to high school (grades 7 to 10) at the nearby Porgera High School. Even though I didn't live my boyhood dream of flying in a plane to get there, I embraced the chance of getting a high school education. Four years later, I entered secondary school. From 2002 to 2003, I studied at Wabag Secondary, in the provincial capital of Enga, Wabag. In 2004, I was accepted into the University of PNG (UPNG) in Port Moresby to study economics. I finally realised my boyhood dream when I flew on Air Niugini from Mt Hagen to Port Moresby. My maiden flight to Port Moresby was on a much bigger plane than the ones which used to land at my small village airstrip. After graduating from UPNG, I landed a graduate researcher job at the National Research Institute (NRI) in 2008, before proceeding to work at the Pacific Islands Forum Secretariat, Fiji Islands, in September 2008, which was my first overseas job and trip. In mid-2010, I was awarded a two-year ADB-Japan scholarship to do post-graduate studies in economics at the Australian National University. And now I am back at NRI as a Research Fellow.

## But not for my village

The once bustling government outpost of Kolombi, and the entire Paiela-Hewa LLG of 10,000 plus people is in dire need of basic services such as health, education, law and order, transportation, and agriculture extension services to this day. The airstrip has not been re-opened since it was shut down in 1996. After the airstrip closed down, a road was built to reconnect Kolombi to Porgera, but shrubs are now growing on the road due to lack of maintenance, despite



numerous promises by local development authorities and MPs (both regional and local) over the last decade. The people of Kolombi and Paiela-Hewa LLG are struggling each day, despite the fact that the giant mining operation in nearby Porgera has been pumping millions of Kina into the coffers of the Porgera Development Authority, as well as other financial and spin-off benefits to the district since the early-1990s. These funds are meant for socio-economic development activities in Porgera and Paiela-Hewa LLGs. (According to [this](#) NRI report, that money disappears with little accountability and developmental trace.)



At Christmas in 2007, I walked back to Kolombi from Porgera (as the new road and the airstrip were still closed) to visit my birth family and relatives. It was really sad to see the once-bustling Kolombi decaying. All basic government services remain closed, and people rely largely on traditional farming to survive. With no economic activities, such as cash-cropping

and retail to support the local economy, Fridays are no longer the big market day. Those who are very sick but able to make the 12 hour journey must walk to Porgera to seek medical treatment. Children from Kolombi and the entire LLG continue to miss out on an education, except for those who are determined to go to Porgera to look for a school, as I did in 1997. My biological family, except for my mum, moved to Porgera when my biological father was transferred to an aid post in Porgera in the mid-2000s. From stories I heard from my biological mum when we were both in Porgera last Christmas, Kolombi is still closed to the outside world. After nearly 20 years, all my childhood

village friends whom I went to school with are just hanging out in the village. Life there is a struggle without opportunities, access to basic services, jobs or income.

In the late-1990s, the PNG budget was collapsing. But over the last decade, PNG has enjoyed a massive increase in revenue and a resultant three-fold increase in government spending. Despite this, many rural areas, including Kolombi and Paiela-Hewa LLG, have been neglected and remain closed to the outside world, just as when I left in 1997 as a teenager.

Personally, if I hadn't made that decision to walk the treacherous 12 hour journey to the nearest town in search of an education and leave everything behind, I would be in the village now like my childhood peers, unemployed and scraping to get by. I am truly blessed and privileged, and thanks to many wonderful people, I have made it this far in life. But my heart goes out to the people of Kolombi and Paiela-Hewa LLG, and many other rural villages and towns in PNG which have experienced rural decay over the last 20 years.

We can and must do better. If we could organise basic services to rural villages like mine 20 years ago, why can't we today when the government is so much better resourced?

*Andrew Anton Mako is a Research Fellow at PNG's [National Research Institute](#) and a Research Associate of the [Development Policy Centre](#).*

## GOVERNANCE

### **1. Anti-corruption on the front line: an interview with Sam Koim**

*Grant Walton and Sam Koim, June 11, 2013*



incident will not deter him or his team.

For those on the front line, fighting corruption in Papua New Guinea can be a dangerous occupation. It wasn't that long ago that a former Ombudsman Commissioner [was shot](#). Sam Koim, chairman of PNG's anti-corruption coordinating body, Taskforce Sweep, knows all about the dangers that come with the job. In February this year his office was ransacked. In [video footage](#) of the aftermath Sam looks down the camera lens in defiance; he asserts that the

The office of Taskforce Sweep was targeted because of its success. It has registered over 200 cases of corruption, and recovered over 68 million PNG Kina (around \$A32million). It is this success that has meant Sam has become somewhat of a celebrity, sought by the

media, researchers and policy makers. Despite his busy schedule, I managed to catch up with him while he was in Geelong for [Deakin University's Symposium on PNG](#). This blog post, based on our conversation, reports on Sam's perceptions about corruption, the taskforce, new anti-corruption organisations, the challenges facing anti-corruption organisations, solutions and the road ahead.

Taskforce Sweep is a multi-agency taskforce that was established by the National Government of PNG in August 2011. Initially set up to investigate allegations aimed at the Department of National Planning, the taskforce's mandate was subsequently extended to cover other government departments. Sam told me that the government recently agreed to support Taskforce Sweep until arrangements for a new anti-corruption institution are decided. As outlined in PNG's National Anti-Corruption Strategy 2010-2030, this new institution is likely to be an Independent Commission Against Corruption (ICAC).

Establishing an ICAC in PNG is not a new idea. In the late 1990s, a proposed Organic Law on the Independent Commission Against Corruption failed to win parliamentary support. There is still concern about creating an ICAC in PNG: some fear that it would suck resources from established anti-corruption organisations, such as the highly regarded but poorly resourced Ombudsman Commission. Sam was aware of these concerns, and acknowledged that any new anti-corruption institution could potentially 'divert government attention away from existing agencies, or cause territorial conflicts [between agencies]'.

However, he was adamant that an ICAC could be effective if it was 'appropriate for PNG'. This meant that any new institution should integrate into existing government systems and reflect local values. Sam warned against importing an ICAC model—such as those from New South Wales or Hong Kong—without considering the local context. To account for local complexities, he said that moves to install a new anti-corruption organisation must slowly evolve.

Asked to reflect on the success of Taskforce Sweep, Sam was modest, saying that that he would leave it up to others to judge. But he was satisfied with the 'amount of deterrents that are being created'. He noted that, 'in the past, people would do anything and steal [with impunity]; but now they know that somebody's looking over their shoulders'. While Taskforce Sweep has recovered stolen money and has helped with the arrest of suspects, its conviction record is yet to be established. On this front, Sam hopes that he and others can learn from Indonesia's anti-corruption commission, the *Komisi Pemberantasan Korupsi* (KPK). Until recently the KPK had an impressive 100% conviction rate for corruption cases.

[Australian media](#) has quoted Sam as saying that half of PNG's 7.6 billion kina development budget was lost to corruption between 2009 and 2011. Even with the difficulties of measuring corruption (corruption is conducted in secret making the extent of the problem difficult to gauge), this estimate is astounding. So I asked Sam why corruption has become a problem in PNG. In response he linked corruption to inequality. Seeing, reading and hearing about money in the midst of poverty brings

about ‘frustration’, that means many Papua New Guineans don’t feel compelled to play by the rules, he said. Sam added that, as an ‘inclusive society’, many people benefit from corruption, which means they are less inclined to speak out against it. He was particularly concerned about the pressure on government workers to provide for their *wantoks*—literally ‘one talk’, a system of obligation between kin—means many public servants look for ways to augment their salary.

The Australian press also heavily publicised Sam’s concerns that Australia had become the preferred destination for money gained corruptly—in October 2012 he called Australia the [Cayman Islands of PNG](#). In my interview with him, Sam didn’t back away from these comments. But he did say that he’s been happy with the way Australian officials have worked with him and his team since his speech. While wary about revealing details, he suggested that Australia is now doing a better job of identifying suspicious transactions from PNG and monitoring those accused of corruption. This is perhaps evidenced by the [recent seizure](#) of businessman Eremas Wartoto’s Queensland property by Australian authorities, and the [cancelling of his 457 visa](#). Wartoto is accused of misappropriating more than A\$30 million from the PNG government.

No discussion about corruption in the country would be complete without exploring PNG’s multi-billion kina question: what is to be done? Sam believes that corruption can be curtailed in PNG through three interlinked strategies. First, he believes there needs to be greater focus on training honest public servants about the principles of good governance. Second, he wants to see government departments better coordinate their anti-corruption responses.

And finally, he would like to see legislative reform. As outlined in his speech during Deakin’s symposium on PNG, he believes that laws need to be revised to better reflect PNG’s diverse cultures. He would also like to see a stricter enforcement of the country’s *Proceeds of Crime Act 2005*—an act that was considered ineffective by a [2011 report](#) [pdf] by the World Bank and the Asia/Pacific Group on Money Laundering.

But all this, he suggests, will require political will, resources and incentives. In PNG, government departments and politicians need to actively support anti-corruption reform. He called for Australia to provide more money for anti-corruption initiatives. Sam also suggested that Australia condition its aid by allocating money to PNG based on the PNG government’s willingness to tackle corruption.

There’s no doubt that Sam and his team have achieved much despite the dangers associated with anti-corruption work in the country. Onlookers like myself wait to see if these efforts translate into convictions and what role Australia and other donors will play in supporting anti-corruption efforts in the future. As Sam suggests, if PNG does decide to establish an ICAC, it is critical that support for this new institution, through donors and the government, does not undermine existing anti-corruption efforts.

In the meantime, Sam and his team continue their fight against corruption. It’s a tough job, but someone has to do it.

*Grant W. Walton is a Research Fellow at the [Development Policy Centre](#).*



## 2. Time for a new approach to improving governance in PNG? Try transparency and social mobilisation

*Stephen Howes, June 12, 2013*



In his insightful [blog post](#) of January 24 this year, which provoked a lively on-line discussion, Graham Teskey, AusAID's principal governance adviser, asked the question: What can donors do to improve governance in PNG? His basic argument was that it had to be something different. What had been tried to date hadn't

worked. Graham had several suggestions for what a new approach might look like, including working with non-state partners, building local capacity, and providing conditional grants into MP constituency funds.

Ultimately, governance in PNG is a matter for PNG itself. But donors can play a useful role at the margin. I agree with Graham that it is time to try something new. I also agree with him that working with non-state partners is important. I have long advocated that the aid program should work more with the churches who provide about half of PNG's health and education services. I'm not so convinced that giving additional funding to MPs is such a good idea. They will struggle to spend all the funds they already have.

I want to put two ideas for new directions on the table. They are not new from a global perspective, but a lot more use could be made of them in PNG.

The first is transparency. I was struck by the [speech](#) given by Finance Minister James Marape in the [Devpolicy-NRI budget forum](#) in February of this year. The Minister spoke about all the new funding going to MPs and the steps the government was taking to ensure probity in spending. The focus of the Minister was on centralized procedures: plans had to be submitted, funds had to be acquitted, audits would be undertaken, and so on. Missing from his list of measures was the use of transparency as a tool to promote effective spending. What about requiring that all MPs publish their annual plans, perhaps on a central government website, and on notice boards in their constituency? What about requiring that every MP also have to publish an annual report of their spending? It couldn't harm, and it might help.

It is not only in relation to MP funds that a bit more transparency might come in handy. PNG actually has a rich data base on its key services. The Government retains data on how many kids each health centre immunizes, what the condition is of nearly all of its roads, and what the test scores are of its school children. Most though not all of this data



is collected centrally. None of it is made public, at least not regularly, and not in a timely disaggregated manner.

While decisions about data release are for governments, they are certainly ones AusAID could influence. AusAID is a key funder of both the road quality and the health centre performance data bases. Recently, AusAID started co-funding with the PNG Government the payments it now makes to schools in lieu for the revenue schools lost from the abolition of school fees under the Government's free education policy. AusAID could have made its funds conditional on each school being required to put on a noticeboard when it received their funds, and what it planned to do with them, and then what it did do with them. Unfortunately, no such policy has been put in place.

The other strategy worth considering is social mobilization. Many are now familiar with the [Uganda experiment](#), under which, in 25 communities, NGOs organized meetings of residents and health care providers about the quality of care in public clinics. Monitoring of health services was undertaken both in these villages and in others where nothing happened. In the former group, immunization rates went up and child mortality rates went down.

Social mobilization is not guaranteed to succeed. Another similar experiment in relation to [schools in India](#) failed. But it would be worth trying in PNG. AusAID actually promoted such an approach in its PNG Basic Education Project (BEDP) which ran from 2004 to 2010. Unfortunately, an end-of-project review of BEDP has never been published. Some who remember the project speak well of it. Perhaps it is worth trying to resurrect, at least on a pilot basis, the underlying idea of mobilizing communities to take greater responsibility for service provision, part of which will mean becoming more demanding of service providers.

These are not terribly innovative nor radical ideas. They might or might not make a difference. But what Graham Teskey says is right: we should be on the lookout for new ideas to improve governance and service delivery in PNG. Transparency and social mobilization are two strategies worth trying. Both the PNG Government and AusAID could do more in these areas.

*Stephen Howes is Director of the [Development Policy Centre](#).*

### 3. Improving women's participation in PNG politics: learning from recent success

Anthony Swan and Grant Walton, June 21, 2013



August 6, 2012 felt like a watershed moment for PNG politics; this was the date that Julie Soso Akeke was declared the third woman elected to parliament in that year's national election, and the first to ever hold a seat in the PNG Highlands region. Her election, along with Delilah Gore and Loujaya Toni was never assured. Indeed, many in PNG feared that with the retirement of Dame Carol Kidu, at the time PNG's sole female MP, it would be a long

time before another female MP stepped into Haus Tambaran (Parliament house). This against-the-odds effort was a small but important victory.

In this blog we look at why supporting women's attempts to get into formal politics in PNG is important, how one female MP (Soso) came to power, and what her success means for donor efforts to support female candidates.

#### Why support women candidates?

Judging from PNG statistics, support for women candidates is long over due. The election of three women in 2012 was, along with the 1977 election, the highest number of women ever elected to parliament since the first general election of 1964. Papua New Guinean women now make up only 2.7 per cent of total MPs. This figure is less than the 3.7 per cent average across the Pacific (excluding New Zealand and Australia) – a region with the lowest rate of women's participation in formal politics in the world.

Increasing female participation in formal politics has flow on effects that can help raise women's status. According to the [2012 Women's Political Participation Report Asia-Pacific](#) [pdf], in New Caledonia and French Polynesia reserved parliamentary seats for women have helped secure resources targeted at improving women's well-being, and has positively shaped debates about female leadership. While we acknowledge the often controversial nature of the issue of reserved seats for women, the report nonetheless suggests that female parliamentarians are often better placed to promote women's rights.

In PNG, female politicians have been at the forefront of raising awareness about the challenges facing women. Dame Carol Kidu has been a tireless campaigner for social issues, with a particular focus on [women's rights](#). It appears that newly elected MP and

Governor of the Eastern Highlands, Soso, has continued on with Kidu's concern about raising the status of women – albeit in her own way (unlike Kidu she disagrees that women should have reserved parliamentary seats). At a recent [seminar](#) at the Australian National University, she outlined a number of initiatives that she hopes will improve the status of women in the Eastern Highlands.

The importance of female focused initiatives cannot be understated. According to the UNDP's Human Development Index PNG has [not improved gender equality](#) over the past decade. Women suffer from poorer health, education and labour market outcomes than males. As highlighted by recent media reports (for example, [here](#) and [here](#)), they can also be the victims of terrible violence.

### **How have women broken through? Learning from Julie Soso Akeke's success**

As Jo Chandler powerfully illustrates in a recent [article](#) for the Griffith Review, without money, status, education and security women candidates find it difficult to attract a supporter base. Chandler also highlighted the violent backlash that women often face when speaking up or taking on non-traditional roles.

It took Soso a long time to overcome some of these challenges: she ran unsuccessfully as a candidate three times before her success in 2012. In her opinion, there were a number of local and external factors that assisted her election. One of the main local factors was the limited preferential vote (LPV) system, introduced in the 2007 election. In 2012 Soso was behind after the first few rounds of counting but won due to second and third preferences. This highlights the benefit of LPV to candidates that enjoy broad support in the electorate, but would not receive enough primary votes to win outright under a first-past-the-post system. For the many women candidates who cannot afford to compete in the common practice of vote buying, LPV offers a better chance of success.

Soso said her good family name (she comes from a prominent Eastern Highlands family) and her Christian values helped, as did her campaign strategy to improve the state of health, education and roads if elected. She said that people in her electorate had become disenchanted by state service delivery under male leadership and were open to change.

According to Soso, external support from the UNDP's [Practice Parliament](#) (PP) training and the Centre for Democratic Institutions' (CDI) inaugural PNG Women Candidates Training Strategy ([WCT](#)) also helped her electoral prospects. Both training programs were organised by the PNG Office for the Development of Women, with the WCT funded through the Australian Aid Program. The training was open to all PNG women (and their campaign managers in the case of WCT), although limited positions in each program restricted numbers (58 for the PP and 74 for the WCT). Successful female MP Loujaya Toni also participated in the training, although Delilah Gore did not.

## **How can donors support female candidates in the future?**

There is an array of factors that impact on women's electoral chances in PNG, and from Soso's presentation it appears that many may be beyond the scope of donor interventions. But the WCT program shows how donors can make a difference.

According to CDI Program Manager, Luke Hambly, the program was successful because it responded to demand from female candidates. Rather than trying to recruit women into politics, the program supported women who were already interested in becoming candidates, he said.

Hambly also stressed that the WCT did not promote a particular policy agenda. Instead it explored how women could practically respond to the difficulties of standing for office and campaigning in PNG. The program showed women how to enrol as a candidate and identify their constituency. Acknowledging women's limited financial resources, it highlighted the importance of efficiently raising money and using it well. The WCT also provided strategies for meaningfully engaging constituents as opposed to buying their vote.

Last year the Australian Government announced \$320 million over ten years to support gender equality in PNG and the Pacific. The [Pacific Women Shaping Pacific Development](#) strategy flags support for female candidates and the creation of reserved seats for women parliamentarians. This funding is welcome, however, the complexity of the problem and potential for backlash against these programs cannot be understated. According to Chandler, PNG academic Dr Orovu Sepoe has said that foreign assistance has resulted in widespread accusations of neo-colonial cultural interference. Still the example of the WCT program shows that engagement with women candidates can support internal demand and avoid imposing a policy agenda.

Expanding programs like the PP and WCT must be done with care. Properly evaluating their impact on the number of women candidates will be an important next step. Examining the potential for these projects to expand beyond focusing on national elections is crucial. Such programs could provide much needed support for women in the Local Level Government (LLG) elections to be held this year. Greater gender equity at this level is important both because of the vast increase in devolved funding to lower government levels, including LLGs, and the need to provide a stepping stone for women who might run for a seat at the national level in the future.

PNG does not have reserved seats for women (a bill to introduce 22 reserved seats failed to gain sufficient political support prior to the 2012 election, and has lost support since) and women only made up 4 per cent of candidates in the 2007 and 2012 elections. These factors make supporting female participation in politics all the more important. It's critical that Papua New Guineans provide leadership on this issue – as

many are already doing. These efforts should be supported by donors, but they must tread carefully.

*Anthony Swan and Grant Walton are Research Fellows at the [Development Policy Centre](#).*

#### **4. “Good” corruption in Enga: is corruption a culturally relative phenomenon?**

*Marcus Peltó, June 26, 2013*



At a recent community forum in the Southern Highlands of PNG a participant said, “We don’t need any more bad corruption in the Southern Highlands. We need good corruption like they have in Enga.” This person went on to describe the public services delivered personally by some high profile politicians in Enga as “good” corruption, as opposed to the “bad” corruption in the Southern

Highlands, where services are hardly seen to be delivered at all (at least in the view of this forum participant).

This statement highlights the challenges involved in applying the modern concept of corruption to societies with social structures dramatically different to that of developed societies, such as OECD countries.

The definition of corruption used by Transparency International is, “The abuse of entrusted power for private gain.” This definition is approximately shared by all international organizations such as World Bank and the UN, as well as bilateral donors such as AusAID. The common feature of the definition used by all is the separation of public and private realms. But as one delves into the application of this definition in a practical sense in societies such as PNG, an uncomfortable question arises: what about societies where the accepted differentiation between what is public and what is private is hotly contested?

[Transparency International PNG \(TIPNG\)](#) has undertaken a research project over the last five years on this question. The research framework was designed by Dr Grant Walton (I was project manager of the quantitative survey) and the final report is [available online](#). The research project used both focus groups and a quantitative survey of about 1800 respondents across all regions of PNG to find out what they thought of when they heard or saw the word “corruption”. The research uncovered a lot of interesting data and information, and some of it confirmed what those of us working in this field for some years vaguely suspected – when Papua New Guineans hear or see

the word “corruption” some very different, and in some instances completely contrary, pictures appear in their minds. In general morality looms large. For most respondents, homebrew drinking and sexual relations undertaken by young women is one of the most corrupt acts in society, far worse than a government driver being employed through nepotism, or a defence minister owning a company that receives a million dollar defence contract, or a contractor bribing public servants for contracts. For younger, better-educated urbanites, the Transparency International definition aligns much closer with their own.

Dr Walton has written a [paper](#) that explores the focus group research in detail. He concludes, perhaps controversially, that:

“... the key argument emerging from this data is that in weak states, like PNG, petty corruption is one of the few mechanisms that can strengthen ties between marginalised citizens and the state. Responses to corruption that assume that petty corruption is axiomatically detrimental to the state may, ironically, unravel these ties. Formalising petty corruption may be one way of preventing weak states becoming failed states.”

### **The king cannot be corrupt if everything belongs to the king**

There is scholarly literature that proposes that in societies where there is no agreed and clear distinction between “the king’s role as a private person and the king’s role as a king, it is impossible to accuse the king of corruption in the use of public monies.”

Samuel Huntington wrote this in a [seminal article](#) in 1968, ‘Modernization and corruption’. Huntington’s article is controversial for a few reasons, and one of them is that he thinks corruption is an inevitable (and thus acceptable) aspect of developing countries, or societies in transition. Huntington includes the USA, Britain and indeed all societies in his proposition.

‘Modernization and Corruption’ was written almost 50 years ago, yet the thrust of its thesis seems at least partly relevant to Papua New Guinea in 2013, and it can be argued that it has been partly validated by the data drawn from the TIPNG ‘Citizens’ Perceptions of Corruption Survey’. There is no doubt that PNG is currently in rapid social and economic transition. Its cherished traditional values such as egalitarianism are being eroded by development and change. New sources of wealth such as resource royalties have arisen that challenge traditional governance structures. And the expansion of modern government has resulted in the provision of private rents to office holders more than it has the expansion of the provision of public goods.

Is there “good” and “bad” corruption? Are attempts to transfer the definition of corruption between societies such as Australia and PNG bound to fail? What then do we make of anti-corruption efforts in PNG? Are they a waste of time?



A very recent [working paper](#) [PDF] by Rothstein and Torsello from the Quality of Government Institute, University of Gothenburg entitled, 'Is corruption understood differently in different cultures?' considers this issue and firmly answers "no": "Our findings support our argument that corruption is a phenomenon that is universally understood in a similar manner across different cultures." But, the authors agree that corruption is interpreted differently in different societies:

"The variation in what is understood as corruption lies in the variation in what counts as (and the extension of) public goods in the cultures, and not in a variation if it is morally wrong to turn a public good into a private good. Hence, our hypothesis is that a culture in which the private and public goods are neatly separated both conceptually and customarily, i.e. in their access and management, will have less fear of corruption. On the other hand, corruption will be a relevant issue whenever the private and public goods overlap or are easily converted by those who have access to them."

Interestingly Rothstein and Torsello directly consider the Melanesian "Big Man" system. They write, "One might say that notions of public and private goods are mutually convertible as the Big Man reconfigures them to remain competitive and maintain legitimacy."

### **Is corruption a contextual issue or can it be approached universally?**

There are some conclusions that sit uncomfortably with the status quo of anticorruption efforts, if we accept that the "contextual corruption" analysis is correct. The primary conclusion is that interpretations of corruption are a product of a socio-political process, and have nothing to do with technical ignorance. This would mean that the resources allocated that focus on corruption as a legal and administrative problem (technical assistance for state agencies) may be partly missing the point. Anticorruption support by donors in PNG has always been mainly focused on technical assistance, and this continues today. And what of the status quo of anticorruption advocacy by groups such as Transparency International? Huntington would probably disagree with the "new morality" campaigns, but many other scholars would endorse the idea of Papua New Guineans constructing their national mores and norms as a key component of a successful anticorruption effort. Groups such as TIPNG are part of the development process, and are a central part of the "norming and forming" process that is determining what in PNG should be a public good and what should be private.

### **The future for anticorruption efforts in PNG?**

A [sophisticated report](#) from the Norwegian aid agency entitled, 'Contextual Choices in Fighting Corruption: Lessons Learned' was published in 2011. This report largely affirms the analysis that the context of corruption is society-specific, and doesn't lend



itself well to technical transfer from alien political systems and societies. The report says that efforts that focus on setting up and reinforcing “norm-infringing” institutions (i.e. Ombudsman, ICAC, and similar) have a poor record, because the problem is not that norms are being infringed. Rather the problem is that societies have different norms, and transferring norm-infringing institutions from universalist societies (such as Australia) to particularist societies (such as PNG) and expecting them to succeed is wishful thinking. The report recommends anticorruption efforts should concentrate on “norm-building” institutions such as internet infrastructure, reduction in red tape, economic openness, civil society activity, freedom of information acts and media freedom. I would respectfully add mass literacy to this list.

This is quite radical for anticorruption experts, because to date national anticorruption interventions, plans and strategies have been primarily focused on technical and financial support for formal legal and judicial norm infringing institutions, such as police fraud squads, the Ombudsman, Leadership Code Commissions, Attorney-General’s Department and the like. The alternative view of a long line of esteemed scholars is that the solution is long-term, complex, political and resides in societies adopting operating principles such as openness, transparency, inclusiveness, and universalism. The Norwegian aid report says:

“... the question ‘what causes corruption’ is therefore absurd. Particularism exists by default since most human societies have limited resources to share, and people tend to share them in a particular way, most notably with their closest kin and not with everyone else. Modern states are based on universal citizenship, which entails fair treatment of every citizen by the government. But there are very few states that have thus far succeeded in moving from the natural state to this ideal of modernity. The question should change from ‘what causes corruption’ to ‘what makes particularism evolve into universalism’? What determines a change in the equilibrium?”

Is it possible that pursuing the fight against corruption as a technical and administrative problem partly misses the point? Should we be changing course to *stopim korapsen long PNG*? What is the appropriate mix between support for imported norm-infringing institutions and indigenous norm-building projects?

*Marcus Peltó is an independent organisations and institutions consultant.*

## 5. Controlling middle & backbenchers in PNG Parliament for political “stability”

Andrew Anton Mako, July 11, 2013



PNG politics was labelled unstable for many years, but today we have the opposite problem: too much stability and of the wrong kind.

The notion of political “stability” in PNG has often been used by many governments to increase their political longevity in Parliament, and to quash any attempts of change in government. This is a narrow

definition of political stability, which was [described as elusive](#) at best and has been “achieved” in many ways that have undermined parliamentary democracy, and lessened the power of the Parliament or the Legislature over the years.

Constant change in government is disruptive to socio-economic development and should not be encouraged. However, in PNG the Executive Government’s practice of amassing power, particularly in the last decade, at the expense of the Legislature, the second arm of government, is in itself undemocratic, and impedes the separation of power between these two arms of government.

Since 1977, PNG has had only coalition governments – small parties coming together to join a party which had won many more seats (although on average less than 30 percent of total seats contested across PNG) than the other parties. Successive coalition governments have been fragile and, until the last decade, haven’t lived out their full terms of five years in Parliament. In the PNG Parliament, the balance of power that ultimately determines the lifespan of a government lies with the middle and backbenches of the Parliament. This is where “unattached” Members of Parliament (MPs) are seated. By “unattached” I mean those MPs who either aren’t in government, or at least do not occupying portfolios in the government. They aren’t important powerbrokers in the coalition.

History shows that ensuring the support of the middle and backbenchers has been an important goal of any government. If a coalition government can successfully “shut out” the middle and backbenchers of the Parliament, it can ably last a full term of five years. This was brought to the fore in the last decade under Prime Minister (PM) Somare’s two terms of government.

## **How did the previous governments control the middle and backbenchers?**

Formal attempts were made by the Executive Government during the early 2000 to bring stability into Parliament – in the context of this article – to “control” the middle and backbenchers. The government headed by then PM Sir Mekere Morauta enacted the Organic Law on Integrity of Political Parties & Candidates (OLIGPPAC) in 2000 which required that all MPs voted along party lines, including in an event of a change in government. For a decade, the OLIGPPAC successfully “controlled” the power shifting forces of the Parliament until 2010, when Supreme Court [ruled](#) that the particular provision (of compelling voting along party lines) of OLIGPPAC was unconstitutional. This high court ruling rendered OLIGPPAC ineffective as far as “controlling” the middle and backbenchers was concerned. The middle and backbenchers of the Parliament have since become the key power brokering/shifting force of the political landscape of PNG.

Before the 2010 Supreme Court ruling, from 2002 to 2010, the coalition government headed by then PM Sir Michael enjoyed nearly a decade of political “stability” in the history of this nation. This is largely due to OLIGPPAC, as well as by employing other control mechanisms to evade any opposition. This included gagging of debate in Parliament, and “appeasement” of the middle and backbenchers by promises of privileges like easy access and timely release of District Services Improvement Program (DSIP) funds, and other funding streams like the Provincial Services Improvement Program (PSIP). However, during this period, a dangerous precedent was set as far as the balance of power between the Executive Government and the Legislature is concerned, i.e. the former amassed powers by eating into the latter’s powers in its quest to successfully control the middle and backbenchers.

Yet, there would always be disgruntled middle and backbenchers that made this group a “powder keg”, ready to explode any time when ignited. This became apparent at the end of the last decade, and apparently after the OLIGPPAC was quashed by the Supreme Court in 2010. In 2011, when the opposition finally had a breakthrough in having its voice heard in Parliament, it moved for a change in government when the incumbent PM was in hospital overseas. Almost the entire middle and backbenchers crossed the floor to join the opposition to form a new government.

## **How is the government currently dealing with power shifting forces of Parliament?**

The above is the unfortunate situation of PNG Parliament the current coalition government inherited after the 2012 National Elections. Given the legislative void, the Executive Government faces a mammoth challenge in ensuring the middle and backbenchers are appeased and supportive. The current coalition government couldn’t use the same tactics as its predecessor mainly because: (i) the Parliament now has a

Speaker who is “resilient”, and has proven that he cannot be easily influenced to gag Parliamentary debate; (ii) promises of privileges to “appease” the middle & backbenchers can be ineffective mechanism to contain them because, like in 2011, they can easily cross floor to form a new government; and (iii) the coalition government has publicly announced that it will be a transparent and responsible government. So to ensure political “stability” or for the coalition government to live out the full five years term in Parliament, the Executive Government had to further lessen the powers of the Legislature by amending key legislations including specific sections of the supreme law of the land, the Constitution. An example of such legislative change enacted in recent months was to extend the grace period to 30 months (from 18 months).

Recently, the government has [announced](#) that further legislative changes will be made to ensure political “stability”. The proposed Constitutional amendments will: (i) require a mover of motion of no-confidence against an incumbent PM/Government give three advance months (an increase from one week), and ensure signatures of 1/3 (an increase from 1/10) of total MPs nominating an alternative PM; and (ii) reduce the minimum sitting days of Parliament from 63 to 40 days. The nature of the proposed legislative changes is such that the demarcation of powers will again be negatively impacted – more powers will be amassed by the Executive Government at the expense of the Legislature. Essentially, this will lessen the noise (if any) the middle and backbenchers could make against the government.

The opposition [strongly opposes](#) these proposed legislative changes. However, it is powerless to effect change given it now has less than eight MPs as the majority of its initial MPs (some of whom were very vocal and critical of the Executive Government) have [left](#). They have either joined the government (and become backbenchers) or are in the middle-benches. All these former opposition MPs claimed on their dates of departure that being in the opposition would be to miss out on [bringing development](#) to their electorates/provinces. This is a diplomatic way of saying they’d miss out on privileges enjoyed by those MPs in government or middle-benches, e.g. the timely and easier access of DSIP and PSIP funds. And those MPs still in opposition claim their development funds have been [withheld](#).

What has been happening in the parliament and the actions successive Executive Governments have taken since the last decade (and proposes to take) are due to the “fear” the incumbent governments have of being ousted by the (minority) opposition when the (majority) middle and backbenchers rise against them. How can this dilemma be addressed? This calls for a bi-partisan approach that could introduce radical political reforms to be passed by Parliament which would bring meaningful solution(s). Reforms that would turn political “stability” in PNG on its head are needed. Such reforms for example, should include the reduction of the number of political parties. This could be

done without restricting democracy, for example, by lifting the bar on the registration of political parties, and/or, requiring that they contest a larger minimum number of seats.

*This was originally published as a Commentary piece from the [National Research Institute PNG](#).*

*Andrew Anton Mako is a Research Fellow under the Economic Policy Research program at the National Research Institute. The views expressed here are his own and do not necessarily reflect those of NRI or any political party.*

## **6. Every cloud has a silver lining: Papua New Guinean understandings of corruption and anti-corruption**

*Grant Walton, December 3, 2013*



On Wednesday, 13 November, [Transparency International PNG](#) launched a report that outlines how Papua New Guineans understand corruption and anti-corruption efforts. The report, entitled *Papua New Guinean Understandings of Corruption* (available [here](#)) draws on findings from a household survey. Over 1,800 people participated in the study, with interviews conducted

between 2010 and 2011 in nine out of the country's 22 provincial divisions: Eastern Highlands, Milne Bay, Madang, National Capital District, New Ireland, Southern Highlands, West Sepik, East Sepik and Enga. The sample was representative of each of these provinces.

As one of the authors of the report, I presented the findings to a range of policy makers, including: The Australian High Commission, DFAT and the Australian Federal Police, as well as the PNG Ombudsman Commission, Taskforce Sweep, local NGOs, Churches and the private sector.

The findings of the study fill a gap in our knowledge about popular perceptions about corruption in PNG. While there has been much discussion about corruption in the country, little is known about what citizens think about it.

The report shows that most respondents defined corruption as a type of immoral behaviour. Urban respondents were more likely to define corruption as 'the abuse of public trust for private gain' – a popular definition with anti-corruption organizations.

The questionnaire asked respondents to evaluate nine scenarios depicting different scales and types of corruption. For instance, one scenario involved a candidate bribing a voter with 50 Kina (about AU\$ 20), another described a contractor bribing a public official. In turn, respondents were asked to rate the degree to which the scenarios were unacceptable, harmful and corrupt. Most rated the scenarios as unacceptable, but fewer believed they would cause harm or were corrupt.

This is despite almost half of all respondents reporting that they had personally found out about a case of corruption over the past two years. Of these respondents, 77% said that they were personally affected by corruption.

Those affected by corruption were unlikely to report it. Only one quarter said that they knew the process for reporting corruption. Reporting was also affected by community norms and prosecution rates. Three-quarters of respondents said that reporting corruption was affected by the inaction of others, and the fact that very few people are prosecuted for corruption in PNG.

All this sounds rather grim (and it is), but there is a silver lining. For a start, the survey finds that most people were concerned about corruption, and wanted it addressed. Almost 80% of respondents agreed that government corruption affects the provision of good schools, health facilities and roads. Three-quarters agreed that the government should prioritize the fight against corruption.

In addition, a high proportion (65%) of respondents agreed that PNG is completely democratic. And there was great trust expressed in the churches, with 70% agreeing that they are effective in keeping the government accountable. This finding suggests that the churches are well placed to play an increased role in helping to address corruption in PNG. In comparison, only 20 to 30% said the Parliament, Police or the Office of the Prime Minister effectively held government to account.

The report makes a number of recommendations for anti-corruption policy makers and activists. Recommendations are geared towards further engaging citizens in the fight against corruption. This includes encouraging citizens to hold government and political leaders to account. With 58% of respondents agreeing that politicians favour corruption, we think that such initiatives would be welcomed.

The report also calls for clearer communication about corruption (particularly in terms of the damages it can do), and for educating people about how it can be reported. At the same time, there is little point in raising awareness about corruption without strengthening anti-corruption organizations. The Police, Ombudsman Commission, Taskforce Sweep and others need further support, particularly if more people are to be educated about reporting corruption.

There is also a need to ensure higher rates of prosecution. Recently, PNG's National Research Institute has – in their response to the draft Independent Commission Against Corruption (ICAC) bill – called for an Office of Special Prosecutor of Corruption to be set up as a part of the proposed ICAC. The findings of our study suggest that such initiatives would be welcomed in PNG, where many leaders are investigated for corruption but few are prosecuted.

Other recommendations from the report include:

- Building a common understanding about corruption between policy makers and citizens by encouraging debate about corruption and anti-corruption in PNG.
- Fighting the structural causes of corruption by addressing the causes of poverty and poor infrastructure.

Given the extent of the problem, narratives about corruption in PNG can leave people feeling powerless and overwhelmed. Indeed, after I presented, one participant said they felt depressed by some of the findings. For those of us with such pessimistic thoughts, it's worth remembering that there are many Papua New Guineans who are concerned about corruption and want to see it addressed. There's still much that policy makers can do to help channel this discontent to ensure citizens are meaningfully engaged in the fight against corruption.

*Grant Walton is a Research Fellow at the Development Policy Centre. He, along with Sarah Dix, authored the report: [Papua New Guinean Understandings of Corruption](#).*

## **7. Sometimes corruption makes sense: insights from research into Papua New Guinean understandings of corruption**

*Grant Walton, December 4, 2013*

As discussed in [this blog](#), I recently helped launch a report on Papua New Guinean perceptions of corruption. The report focused on findings from a household study undertaken in 2010/11. Preceding this study, in 2008, I was engaged by [Transparency International PNG](#) – who were funded by the agency formally known as AusAID – to conduct focus groups in rural locations in Madang, Southern Highlands, East New Britain and Milne Bay provinces. The aim of the research was to better understand citizens' understandings of corruption. We conducted 64 focus groups with 495 people in two locations in each province: one remote and one close to resources. The results of these focus groups informed the larger household study.

This blog summarises the findings from focus groups, and reflects on what they mean for addressing corruption in PNG.



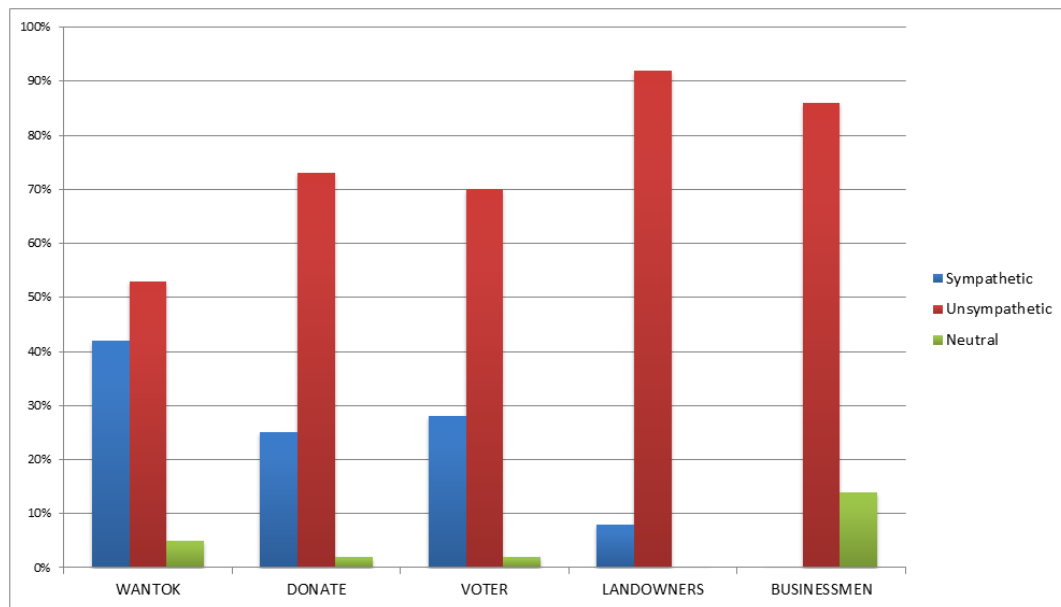
Focus group participants were asked a range of questions; this included responding to five scenarios that represent different scales and types of possible corruption. As shown in Table 1, three scenarios represented possible petty corruption while two represented possible grand corruption. Scenarios involved public officials, the private sector and citizenry, and featured embezzlement, abuse of power, bribery and nepotism. Respondents were presented with these scenarios and asked: 1) if the type of activity mentioned occurs in PNG and why it does or does not; 2) what they thought about the actors mentioned in the scenarios; and 3) what they believed the consequences of such scenarios would be.

**Table 1: Scenarios**

Scenario	Code	Scale
1. A public servant employs her relative as a driver. The relative is well qualified but the appointment was made without following proper procedures.	WANTOK	Petty
2. A teacher takes pads and pencils from school, without permission, to give to a local community centre.	DONATE	Petty
3. A political candidate offers a voter 50 Kina (~AUD\$20) to vote for him, the voter takes the money.	VOTER	Petty
4. A logging company provides free travel and accommodation to two local landowners. The landowners allow the company to access their land without the consent of other community members.	LANDOWNERS	Grand
5. A group of businessmen persuade the government to, legally, reduce the tax their business pays.	BUSINESSMEN	Grand

When analysing the results, focus groups were categorised by whether or not respondents were sympathetic to one or more of the respondents depicted in the scenarios. As Figure 1 illustrates, most were not sympathetic. However, there were significant differences between responses to scenarios suggesting different scales of corruption; more focus groups were sympathetic to those engaged in petty corruption.

**Figure 1: Responses to scenarios**



Unsympathetic respondents rallied against what they saw as the transgression of rules and laws. This was particularly the case with the Wantok scenario, with respondents – particularly those with higher levels of education – concerned that the public servant knowingly abused the official appointment process. As a result, one male from Milne Bay said, ‘if I missed out on this [job] I would be angry... it’s not right’. Respondents were also concerned about the impacts such transactions could have on their communities. In response to the Donate scenario, a young male in his twenties from Madang, said such acts, ‘deprive children of learning’. A female in Milne Bay feared that ‘the school will run out of materials and [children] will give up school’.

Responses to both scenarios depicting grand corruption were overwhelmingly unsympathetic. Most responding to the Landowner scenario were concerned about negative social and environmental consequences. For example, a male in Madang, said, ‘this is happening now to us, the company has destroyed our natural resources, we have nothing’. Responding to the Businessman scenario, respondents feared a reduction of social services, and that the company would increase the price of their goods regardless. In other words they believed they would see no benefit from the business having a lower tax rate.

Unsympathetic respondents were, at times, passionate about disciplining those involved in the scenarios. They spoke of taking wrongdoers to court (although many doubted the effectiveness of this strategy) and even beating them up.

Sympathetic respondents highlighted the social, cultural and economic factors that shape such transactions. Many suggested that scenarios reflecting possible petty

corruption could help address poverty. One male from East New Britain said that the public official's relative employed in the Wantok scenario was likely poor and that getting a job, no matter what the circumstances, meant they 'could now eat rice'.

Some believed the scenarios could redistribute state resources. Responding to the Voter scenario, a male from Southern Highlands, summed up this position, saying, 'such bribes should be given to the whole community and leaders so every one benefits and not only a few people'. Respondents also spoke about the importance of kinship ties. Responding to the Wantok scenario, a man from the Southern Highlands said the public official was right to employ her relative as she was acting out of 'traditional obligations', and rightly supporting a member of her tribe.

Females, those who identified as illiterate, and those from the most remote villages were most likely to sympathise with scenarios depicting petty corruption. It was these groups who were least likely to understand state rules and laws, and expressed concern that they were excluded from state resources.

Conclusions emanating from this research are discussed in length elsewhere (see pay-walled article [here](#); and online report [here](#)), for the purpose of this blog I'll conclude with two points. First, understanding corruption in PNG means acknowledging the context in which these transactions occur. There is a tendency in the corruption literature and the policy documents of donors to view all forms of 'corruption' in a normative light: corruption is considered immoral behaviour that can only lead to dysfunctional outcomes. While most respondents supported this view, sympathetic respondents highlighted how social, economic and cultural factors play an important role in attitudes towards (particularly small-scale) corruption in PNG.

This suggests that ignoring how marginalised communities can benefit from corrupt transactions, in the midst of a weak state, can misrepresent the problem and overlook the reasons for citizens supporting those who engage in corruption.

Second, findings suggest that mitigating corruption in PNG will require a broad range of approaches. With some respondents unsure about the laws and rules that applied to the scenarios, it is important to educate citizens about the law, as well as their rights and responsibilities (proper voting practices, for example). Many unsympathetic respondents were keenly concerned about the activities depicted in the scenarios and suggested that they would take action against those involved. This suggests it is important to improve mechanisms for reporting corruption and to support those who are willing to report it.

However, responses also suggest that there are constraints on collective action against corruption. In rural settings where there are strong cultural ties and a weak state,

supporting corruption can make sense. Given this, encouraging collective action against corruption in PNG remains a key challenge for policy makers.

There's no quick fix to this challenge; but here's a couple of ideas that might help. First, encouraging collective action could mean working with communities to demonstrate how, by following due process, the entire community – particularly the poor and marginalised – can tangibly benefit from developmental processes. This could include mobilising communities to keep the development actors accountable when providing health, education and infrastructure (as explored in this [blog](#)).

It may also require encouraging cultural practices that deter corruption and support openness and transparency. This approach has been taken by the PNG Department of Personnel Management, which has drawn on local and Western ethical frameworks to develop their new Leadership Capabilities Framework (highlighted in this [blog](#)). The effectiveness of this program is still not clear, but such approaches are important for discovering how culture might augment anti-corruption efforts.

Some fear that highlighting structural constraints (such as the impacts of culture and poverty) in debates about corruption, can excuse corrupt behaviour. However, not acknowledging these factors runs the risk of misunderstanding the problem of corruption, and failing to meaningfully address it.

*This blog is based on a recently published [article](#) (pay-walled) in the journal Public Administration and Development and a [preliminary findings report](#) [pdf] published by Transparency International. Grant Walton is a Research Fellow at the Development Policy Centre.*

## **8. Without fear or favour? O'Neill's District Authorities to build capacity and consolidate MP powers in PNG**

*Colin Wiltshire, January 13, 2014*



Few people may know that PNG's current Prime Minister, The Honourable Peter O'Neill, authored an ANU [discussion paper](#) [pdf] in 2006 while leader of the opposition. His paper proposed an amendment to the Organic Law on Provincial and Local Level Governments to establish District Authorities across PNG. In late November 2013, O'Neill finally got to present the District Authorities Bill to Parliament as Prime Minister.

The District Authority will replace the increasingly prominent committee with the always convoluted name – *Joint District Planning Budget Priorities Committee* (JDPBPC). All public

servants in the district, including police, teachers and health workers will come under the District Authority, whose CEO will be the District Administrator. The Members of Parliament that represent open district electorates and hold 89 of the 111 seats in the National Parliament, commonly referred to as Open MPs, will be the Chair of their respective District Authority, giving them greater influence over funding allocations and human resources.

Surprisingly, the Bill passed through uncontested 92 votes to zero, with even Governors of Provinces, who represent the other 22 seats, voting for (or at least not voting against) a bill that could potentially undermine their own political influence. O'Neill's proposed District Authorities will further decentralise governance arrangements to improve the capacity of districts to deliver better public services. This may make sense when considering districts across PNG have received enormous increases in devolved development funds for capital projects in consecutive budgets, even though they lack an administrative structure capable of spending and reporting on it all. District Authorities are likely to give Open MPs greater control in deciding what gets spent and where in their districts.

### **Peter O'Neill's District Authorities – His vision coming together**

Peter O'Neill has been a strong advocate of District Authorities for many years. His 2006 ANU discussion paper not only articulates the benefits of establishing District Authorities, it even provides a published copy of the proposed amendment to the organic law. Clearly, the District Authorities Act is Peter O'Neill's initiative and his ownership over these reforms has not diminished since 2006.

From [transcripts](#) of O'Neill's recent address to Parliament, his arguments for establishing District Authorities have also stayed the same. Essentially, O'Neill claims that PNG lacks the institutional and human resource capacity to effectively deliver services. Therefore, it must strive for a public sector with management practices purposely fit to the PNG context. O'Neill believes national development programs are not responsive to the needs of the majority of the population in rural areas. Instead, he is a strong advocate for further decentralisation to district and local levels in recognition that development needs across PNG are widely variable. O'Neill's paper states:

"The disparities in affluence, basic life-support services, and essential infrastructure between provinces are criminal."

In Parliament, O'Neill compared his District Authorities Bill to major constitutional amendments and law reforms since independence. He told Parliament that District Authorities are the way forward for PNG:

“Mr Speaker in order for the country to continue to grow we must take action to strengthen districts. We must return to the original intention as expressed in the CPC (Constitutional Planning Committee) – we need to bring government to the people and empower people to make decisions for their own future.”

### **Financial and operational realities in PNG districts**

There are already two financial reforms that reflect the decentralization of service delivery financing, decision-making and spending in PNG. O’Neill’s speech to Parliament states that:

“unprecedented levels of funding are now flowing directly to provincial and Local Level Governments.”

The first reform, which predates O’Neill, relates to greatly increased operational funding to provinces for activities like health outreach patrols and delivery of materials to schools. These functional grants are released from the national budget to provinces and districts on the basis of need. As a result, most provinces, especially poorer ones with less internal revenue, have received substantial increases of funding to meet their operational requirements for delivering basic services over the last few years.

The second reform relates to devolved development funding for projects. The massive increase in this type of funding was the signature reform of O’Neill’s first (2013) budget. As the PM proudly declared:

“Mr. Speaker, as a direct response to the cries of our people in rural areas in the 2013 Budget Provincial Governments and Local Level Governments received significant amounts of development funding for the districts... Finally money was being paid directly to where it matters the most – districts and Local Level Governments.”

Districts have become the center of development financing across PNG with their key funding and decision-making body, the JDPBPC and soon to be District Authority, firmly in control of spending these [increased allocations](#). The JDPBPC has become critical in funding projects in the Open MP’s name under the controversial and rapidly expanding District Services Improvement Program (DSIP). There have been many critics of DSIP spending through the JDPBPC, who claim these committees are dominated by the Open MPs political interests and used as their personal ‘slush funds’.

Of course, Open MPs strongly disagree with these sentiments and claim the opposite is true, as reflected by O’Neill’s address to Parliament:

“Mr Speaker, the JDPBPC has been so successful that it has outgrown its original design.”

By law, the JDPPBC is not directly answerable to any level of government. The national government, which funds the DSIP, cannot practically monitor 89 districts and may risk political backlash if it tried. The Prime Minister acknowledged the gap between the legal framework and operational realities:

“Mr. Speaker, we all know that in reality the JDPBC is doing far more. It is now involved in the implementation of plans and programs at the district level. We need a proper legal framework for it to operate in.”

Replacing the JDPBPC with the District Authority, which will become a Statutory Authority, further legitimises the Open MPs’ control over their districts. All public servants under and including the District Administrator will be accountable first and foremost to the priorities of the District Authority. This is different to current arrangements under the JDPBPC, where Open MPs have to rely on district and provincial administrations to implement their projects. Their projects often compete for priority with increasing provincial budgets that fund service delivery programs. With limited implementation capacity, the projects of District Authorities are likely to be prioritised. This could shift focus away from spending recurrent function grants on basic services in order to implement capital projects decided on by Open MPs.

### **Possible implications of establishing District Authorities**

Funding dedicated to improving service delivery is available in abundance at the district level. However, there is a serious lack of capacity to effectively utilise available funds and decision-making is often politically driven. In comments made on the 2014 budget last year, the National Economic and Fiscal Commission claimed that less than half of service delivery function grants had been spent with less than a month remaining in the 2013 financial year. On the development side, of the DSIP K10 million allocations, only about K5 million had been released in November 2013. Releasing funding so late in the financial year with a ‘spend it or lose it’ policy, as specified in the 2013 budget instructions, does not build a foundation for promoting effective expenditure. The incentive to spend quickly late in the year can often result in purchasing expensive assets that are easy to procure, such as new 4WD’s, rather than rehabilitating an aid post or teacher’s house.

Given this context, building greater capacity at the district level so more funding can be spent may appear to be the logical next step. However, getting projects finished and launched so the Open MP can cut the ribbon and claim ownership over the project can become the primary motivation. Effectively delivering completed projects serves to consolidate their position of authority in the district, especially if they can choose the communities that receive projects. Considering Open MPs are primarily motivated to be re-elected, District Authorities may help to strengthen existing patronage networks for



the Open MP. This can also serve to promote a system of narrowly appropriating private goods to supporter bases as opposed to public goods and services for the whole electorate. It should be acknowledged, however, that there are other Open MPs who may be committed to restoring public services broadly across their electorate and could view the District Authority as a way for them to better represent their constituents.

In time, District Authorities may also seek to control other aspects of the national and provincial budget. This could and perhaps should include recurrent funding for important service delivery activities that may be best allocated to the District Authorities as well. Committing to new capital projects or rehabilitating existing social infrastructure requires an ongoing recurrent component to fund operational expenses. However, too much control over budgets needs to be carefully considered as Open MPs may have their own incentives to favour particular sectors over others. It could be more useful for the Open MP to have the support of the district police station than the health centre when election time comes around. The same could also be said for supporting religious groups in the district that may advocate support to the Open MP amongst their congregation in exchange for project support.

While District Authorities seem to decentralise powers to district and local levels, their creation also centralises power at the national level. Recent media reports suggest that the Prime Minister may be trying to strengthen his parliamentary coalition in asserting control over other Open MPs, particularly the opposition, by withholding their DSIP funding. Prominent opposition MP, the Honourable Samuel Basil, took to social media stating that Open MPs had to line up for their DSIP cheques after they passed the 2014 budget. He posted 'DSIP has allowed the PM to manipulate MPs in parliament... DSIP has replaced without Fear or Favour with Fear and Favour!!!.' This is not the first time opposition MPs have voiced concerns that they may have received less or late DSIP funding compared to Open MPs in O'Neill's coalition government. If District Authorities, similar to the JDPBPC, continue to be funded through the national government, the potential for national level politics to impact district allocations may become more prominent in the future.

While the incentives to establish District Authorities seem clear, there are many unanswered questions about how they will work in practice. Simply creating an amendment to the organic law is not enough to increase capacity and control for Open MPs at the district level. Further policy considerations about core funding, human resources, enabling infrastructure, reporting, accountability and relationships with the provincial and local governments still need to be addressed.

O'Neill is personally invested in the District Authorities concept and will further advocate for its implementation in 2014. As Prime Minister, he is also likely to receive strong support from Open MPs in his coalition government, who may welcome greater

control and more capacity to initiate their own plans and projects. While District Authorities may help Open MPs to consolidate influence and power across their electorate, pursuing these political objectives may ultimately conflict with the goal of improving broad-based service delivery for the whole district.

*Colin Wiltshire is the Devpolicy Program Manager for the PNG [Promoting Effective Public Expenditure Project](#). He is also undertaking a PhD in the State, Society and Governance in Melanesia Program at ANU.*

## **9. PNG anti-corruption agencies show their teeth**

*Grant Walton, April 4, 2014*



The Papua New Guinea Ombudsman Commission has been rather quiet of late, leaving many in PNG to wonder if the old lion has been sleeping. But over the past fortnight the Commission has been on the attack. Last week, recently appointed Chief Commissioner Rigo Lua, and Ombudsman Phoebe Sangetari, announced that they had issued a directive to freeze progress on a 3 billion kina (AUD 1.25Billion) government loan from Swiss financial services company, UBS. The government will to use the loan to purchase a 10.01 per cent share in [Oil Search](#) – a partner in the country’s liquefied natural gas (LNG) Project.

After the Commission’s public announcement, senior government members admitted that the deal had already been [signed](#) on March 13, one day before the Commission issued their directive. Despite not being able to stop the deal from going ahead, the Commission will review the legalities of the transaction. Prime Minister Peter O’Neill welcomed an investigation, claiming that no wrong doing had taken place and that owning Oil Search shares would ensure that PNG would benefit from the forthcoming LNG project – a project set to substantially raise the country’s GDP.

The Commission’s move was made amid growing frustration about the UBS deal. Former Treasurer, Don Polye, recently alleged that the Prime Minister tried to strong-arm him into signing off on the loan and, in so doing, unconstitutionally by-pass parliament. Polye didn’t sign and was sacked as a result. As featured [in this blog](#), PNG’s National Research Institute also strongly criticised the deal, suggesting it was financially risky, contravened principles of good governance and was illegal. Their critique made it to the front page of PNG’s *National* newspaper. Last Thursday, the University of Papua New Guinea’s Student Representative Council [announced](#) that it was petitioning the government to drop the loan. They questioned its legality and said that that more should be done to enable ordinary Papua New Guineans to own shares in Oil Search.

A few days after announcing their investigation into the UBS loan, the Commission reportedly issued a directive for the state to stop the building of a skyscraper in Port Moresby. The 1 billion kina (AUD 390 million) project was signed in Singapore, with Naima Investment Ltd., now known as Central Lands Limited. PNG's *Post Courier* newspaper reported that senior state officials – including the Prime Minister and State Solicitor – have been concerned about the legality of the procurement process of this deal since April last year. While the Chief Secretary's office said the project is on hold, it was reported that workers were still busy at the site late last week.

There's still a long way to go before these investigations are concluded, and it is far from clear as to whether the Commission will secure any convictions or, in the case of Central Lands Limited, cause workers to down tools. Still, it's good to see the Commission on the prowl.

PNG's newest anti-corruption predator, Taskforce Sweep, has recently shown that its bite can be as bad as its bark. The first case it investigated after its creation in 2011 involved a 10 million kina (AUD 4.1million) deal between infamous businessman Eremas Wartoto and former Minister for National Planning and Monitoring, Paul Tiensten. The payment was made to Wartoto's airline company, Travel Air. The case went to trial where Tiensten was found guilty of misappropriation under Section 383A of the Criminal Code. Last week he was sentenced to nine-years of hard labour, one year short of the maximum sentence. He'll serve five years if he pays back the 10 million kina. Tiensten has lost more than time and money, he has also been forced to step down from his seat in parliament.

This is a significant victory for Taskforce Sweep. There have been few convictions of politicians over PNG's history. The last prominent case was that of the then Prime Minister, Sir Michael Somare, who was taken to court by the Commission for submitting late and incomplete financial statements over 20 years. Then Chief Commissioner Ila Geno announced the investigation just before his retirement. Some suggest Geno's timing was politically smart: it meant that he could conduct the investigation without it affecting his career.

After a mammoth legal struggle Somare was [found guilty](#) of 13 charges of misconduct in 2011 but was given a slap on the wrist: he was suspended for two weeks without pay. In comparison, Tiensten's nine years hard labour is a substantial sentence.

Despite these developments, there's still a lot more investigation needing to be done. After leaving his post, Don Polye went on radio openly accusing the Prime Minister of corruption by signing a letter to release funds to Paul Paraka Lawyers. Paraka was arrested in October 2013 over the 71.8 million kina (AUD 29.7 million) his firm allegedly received from the Finance Department. The letter authorising the payment

appears to bear the Prime Minister's signature, although O'Neill has said that it is a forgery. In his radio interview Polye insisted the signature was real. A Taskforce Sweep investigation into the matter concluded that the Prime Minister had [no case to answer](#). Polye's explosive revelations may give the Taskforce grounds to reopen the case, and answer critics who accuse it of only targeting O'Neill's enemies. If Polye's Triumph Heritage Empowerment Party – a key government partner – removes him as their leader, as they've [threatened to do](#), Polye may be more inclined to cooperate with an investigation.

There's also a need to investigate the government awarding the firm [Borneo Pacific Pharmaceuticals](#) a 71 million kina (AUD 29 million) contract to procure medical supply kits into the country over the next three years. Civil society groups and medical experts [questioned the decision](#) given that Borneo's tender was more expensive than two companies that, unlike Borneo, held international quality assurance (ISO 9001) accreditation. Concerns have also been raised about Borneo's [links](#) to substandard and possibly counterfeit drugs. Australia's aid Program pulled funding to distribute these medical supply kits across PNG as a result of the decision.

In March the PNG parliament passed a bill to institute a constitutional amendment for an Independent Commission Against Corruption, with an overwhelming 91 votes for the motion and none against. It is hoped that this new institution will augment existing anti-corruption efforts in PNG. However, given the serious concerns raised about the draft ICAC bill (see this [PDF](#)), many fear that this new institution will fail to live up to expectations.

In the meantime, it's heartening to see PNG's existing anti-corruption agencies baring their teeth.

*Grant W. Walton is a Research Fellow at the Development Policy Centre.*

## **10. PNG's elections: the most expensive in the world, and getting worse**

*Stephen Howes, May 12, 2014*



An interesting [evaluation](#) has just been released by DFAT of Australia's assistance to PNG to help it hold elections over the last decade.

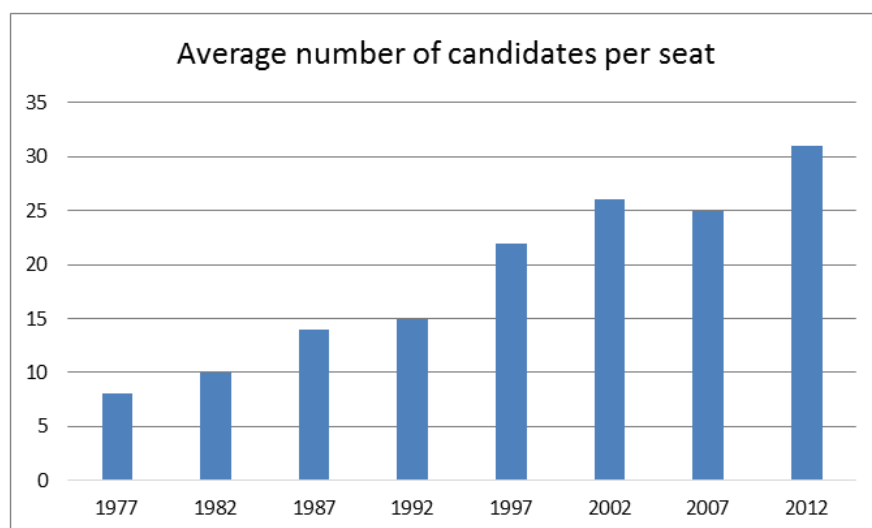
The evaluation estimates that the PNG Government spent \$US207 million on the 2012 elections, and the Australian Government spent another \$US35 million. This takes the total cost per voter to \$US63, the highest in the world. The

typical cost of an election is apparently US\$5 per voter.

What's more, elections are getting more expensive in PNG. The report estimates that the 2007 election cost 68% more than the 2002 election and the 2012 election cost 54% more than the 2007 election, so that the 2012 election was 2.6 times as expensive as the 2002 one – and all those numbers are after inflation.

Costs might be increasing, but that doesn't mean that quality is improving. The evaluation finds that the 2007 election was better than the 2002 election (the "worst elections ever" and "a debacle"), but that the 2012 election was worse than 2007. For example, the 2007 election rolls are estimated to have had half a million "excess voters" (more names than there should have been). This was an improvement from the 1.4 million excess voters on the electoral rolls in 2002, but the number increased again to 900,000 in 2012.

Another world record PNG might hold is the number of candidates per seat. The report has a fascinating table, graphed here, showing the steady rise in the number of election candidates per seat since 1977.



Finally, the evaluation points to problems with seat sizes. The average seat in the 2012 elections had 53,700 registered voters, but the largest (Laigip-Porgera Open) had 122,202 registered voters, and the smallest (Rabaul Open) only 22,403. The report informs us that "Parliament has systematically rejected all proposals made by the PNG Boundaries Commission to redress present inequalities, without legislating alternative approaches that might solve the problem." (p.15)

The evaluation also makes a number of interesting observations about the effectiveness (or otherwise) of Australian assistance. This assistance has come in two forms: longer-term capacity building and short-term, focused efforts every five years to help run the

elections. The evaluation finds that there have been some improvements over the last decade in the capacity of the PNG Electoral Commission (PNGEC) but that these are “not commensurate with the effort invested.” (p. 28) And the two types of assistance were not well coordinated. At one point, close to the 2012 elections, there were advisors under the AusAID PNGEC capacity building project for gender and HIV/AIDS, for M&E (1.5 advisers in fact), and for corporate planning, but there was only one actual elections operations adviser (p. 32). It is telling, and an indictment, that the report is forced to recommend that “[a]ny future Australian electoral assistance to PNGEC should focus mainly on strengthening election delivery capacity.” (p. vi)

There is a lot in this evaluation for both governments to reflect and act on before the next round of PNG elections in 2017. The Coalition might have [decided](#) that Australia won’t be distributing text books or drugs in PNG since these are “the responsibility of sovereign governments,” but there is no suggestion that we won’t be working with PNG to deliver the next election, even though it is hard to imagine any government responsibility more core than the holding of elections.

We’ve been [critical](#) of late of a number of evaluations coming out of DFAT and its Office of Development Effectiveness. This evaluation shows just how useful they can be. Credit to its authors, Simon Henderson and Horacio Boneo.

*Stephen Howes is Director of the [Development Policy Centre](#).*



# DEVELOPMENT POLICY CENTRE

The Development Policy Centre (Devpolicy) is a think tank for aid and development serving Australia, the region, and the global development community. We undertake independent research and promote practical initiatives to improve the effectiveness of Australian aid, to support the development of Papua New Guinea and the Pacific island region, and to contribute to better global development policy.

We were established in September 2010 and are based at Crawford School of Public Policy in the College of Asia and the Pacific at The Australian National University.

Our publications, discussion papers, policy briefs and reports make our research available for all. Our events are fora for the dissemination of findings and the exchange of information and ideas. The Devpolicy Blog is our platform for analysis, discussion and debate.

VISIT US

[devpolicy.anu.edu.au](http://devpolicy.anu.edu.au)  
[devpolicy.org](http://devpolicy.org)