

**DEVELOPMENT
POLICY CENTRE**

PNG DEVPOLICY BLOGS 2017-18



Preface

This fourth collection of Devpolicy Blog posts on Papua New Guinea brings together some of the most engaging writing from 2017 and 2018.

It has been a significant time for PNG and has included the aftermath of the PNG election, natural disasters and APEC preparations. There has been considerable growth in Papua New Guinea readers of the blog, reflecting the interest in the wide variety of research, analysis and opinion we have shared during the year.

We've grouped this collection under six headings: after the elections; governance and policymaking; the economy; education, health and communications; ending violence and international perspectives.

There is a lot more on the blog that we were unable to include in this volume. All PNG posts can be found here: <http://devpolicy.org/category/png-and-the-pacific/png/>.

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The views expressed in this publication are entirely those of the authors, and do not necessarily reflect the views of any university, government or other institution.

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 our blog at devpolicy.org. You may also 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.

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After the elections

PNG after the elections: reimagining the future by reflecting on the past

By Fiona Hukula on August 18, 2017

I would like to share some thoughts on PNG after the elections. My reflections are based on nearly twenty years' experience as a researcher. It has been a little over a week since PNG's 10th National Parliament convened. The last three months has been a busy time for election officials, media and security personnel. In some places elections have been relatively peaceful. People voted and life carried on, but in other parts of the



country, violence and the unnecessary and unfortunate loss of lives has marred these elections. My observation of media reports and preliminary findings from research into women and elections in Morobe by my colleagues Mary Fairio and Sarah Kaut-Nasengom reveals that flawed electoral rolls have led to great disappointment for many people who have not been able to cast their vote.

On the international agenda, APEC 2018 is a key event that will help shape Papua New Guinea's future. At the national level, the Bougainville referendum will be an important event for PNG as the outcome of the referendum will not only dictate the political future of Bougainville and PNG but it will also set a precedent for those provinces advocating autonomy.

Women leaders

Unfortunately for the next five years, we shall not be seeing any women on the floor of parliament. In her inaugural address, the United States Ambassador Ms Catherine Ebert-Grey stated that the fact that we have no women in parliament should be of grave concern. While this is a depressing outcome of the elections it also clearly indicates the need to reassess and re-strategise how we think about this issue.

I think we need to look at the bigger picture. In analysing the performance of some of the women who came in the top three places for certain seats, we can see that women are receiving votes. For example, Delilah Gore led in the first preference votes and the second preference votes. She lost by just over 200 votes in the final count.

In terms of reflecting on how to get women into parliament, the experiences of female candidates are crucial, as are the experiences of former female parliamentarians. While we may not have women in parliament now, we do know from experience that women can be voted into parliament – this has happened on more than one occasion. For

example, Mrs Nahau Rooney, Dame Josephine Abaijah and Dame Carol Kidu were all elected into parliament more than once, so we know from the past that we can elect women into parliament; it is getting women into parliament at every election that is the challenge.

We also know that women are leaders in their communities. In my experience of researching both in urban and rural communities, everywhere I have worked, women leaders always turn up when research meetings are organised and they articulate their concerns clearly. The leadership capabilities of women at the local level is evident as we know from the last local level government elections where forty-five women were voted into local government, with a couple as Town Mayors.

As Papua New Guineans, we need to ask ourselves the hard questions such as, should we be talking about getting women into parliament in terms of gender equality and participation or should we be talking about what makes a good leader? Also, when we talk about getting women into parliament, are we using the right language when addressing different audiences?

Getting women into parliament is not only about discussing these issues in forums such as the PNG Update, but in my view it is also about trying our best to understand the ways in which our people think about gender. I make this comment because often this issue is viewed as a western agenda, maybe because we use words and definitions that are not familiar to the majority of our people. But if we look back to the Constitutional Planning Committee (CPC) report of 1974 we see that this was something that our leaders clearly thought about. If we take off the western gender lens that we often use to have these discussions and start to unpack gender relations in a way that allows us to see the worldview of our people, we will start to map a way forward that is inclusive of everyone.

Development

A lot of the debate around having women in parliament is hinged on the idea of gender equality and equal participation in the development of this country. We use this word 'development' but what does it mean to different communities? For some it means access to good roads so they can sell their cocoa and coffee and access health care. For others, it may mean access to clean water and sanitation, for some it may mean four-lane highways and a mall. This one word can trigger discussions about all kinds of things and the ways that we imagine development and our future.

As a nation, we have created some great plans and launched many policies and programs in different sectors with the future in mind and with development in mind. Many of our plans and strategies are anchored in the National Goals and Directive Principles. But how many of us know the National Goals and Directive Principles? I must admit that I am not that well versed with the National Goals and Directive Principles but sometimes when I read things about how we treat each other as Papua New Guineans or how different people imagine their future and especially when I see the growing inequalities between our people I go back and try to acquaint myself better with the National Goals and Directive Principles.

I also like to – every now and then – read bits and pieces of the CPC report just to remind myself of what the members of the CPC imagined our future to be. As a

researcher whose work is now mostly in the urban sphere, there are two statements from the CPC that I often read. I will only read the first part here of paragraph 116:

We see the darkness of neon lights, we see the despair and loneliness in urban cities. We see the alienation from man that is the result of the present machine oriented economy. We see true social security and man's happiness being diminished in the name of economic progress.

When I read this, I can see that the future was predicted accurately, but then two paragraphs later the CPC report states:

Our ways emphasise community. We exercise our rights in the context of our obligations to our community.

This sentence alone gives me some sense of hope because yes in the urban context we are now seeing increased poverty in our cities but also in my experience of growing up in this city, of living in an urban settlement as part of my PhD, and of my more recent research with urban village courts, I can see that we still hold firm many of these traits which we call our Papua New Guinean ways.

In the urban setting, we exercise these ideals by doing kinship through our street, church, sporting and work communities and it is through this sense of belonging that we need to start to address the many social issues that we face as a nation, including our high rates of violence, gender based violence (not just domestic violence but sorcery related accusation violence which many of our people suffer from) and child abuse. For when we start to harness the positive things about who we are – as people from different provinces and regions – we will build a better future for our children and their children.

Finally, my call today to you as my fellow academics, policy makers and students is to start to decolonise the way we think about development, let's strive to understand our people better instead of resorting to calling ourselves uncivilised and uneducated when our people fail to understand concepts and words that are not in their vernacular. Instead let's build on our strengths and work towards localising global concepts such as the SDGs, so that we can meet our international commitments, but also so that we can see the change that we want to see in our country.

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Experiences of female candidates in the 2017 Papua New Guinea general election

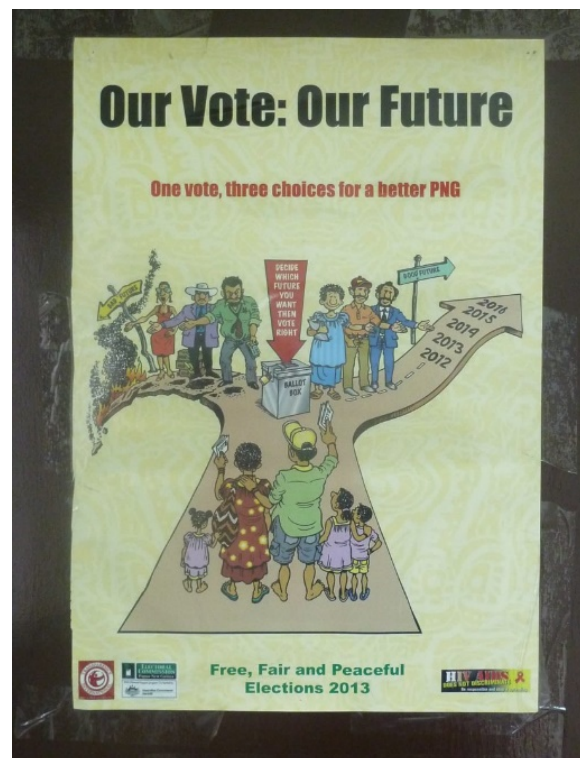
By Kerry Baker on February 6, 2018

Papua New Guinea went to the polls in June–July 2017 for its ninth general election since independence. Despite a record number of women standing — around five per cent of the total number of candidates — no women were elected in any of the 111 seats. This report draws on discussions from a debrief in Port Moresby in September 2017 with 26 women who contested the election. Participants had contested in all four regions of Papua New Guinea, so the debrief captured a variety of perspectives and experiences. This blog highlights some of the key themes that arose from these discussions.

Resourcing campaigns

Many female candidates highlighted the issues they had in resourcing their campaigns. In general, women contesting Papua New Guinea elections have fewer financial resources than their male counterparts, and well-resourced campaigns are often the most successful (see also Haley and Zubrinich 2013). Participants in the debrief shared their difficulties in raising funds. Most of the candidates affiliated with political parties reported that those parties did not provide financial or other resources to them, even when help had been promised, which compromised their campaign plans and even damaged their credibility as candidates [1]. Many debrief attendees reported that their campaigns had been a financial strain on themselves and their families.

One way of countering resource shortages, which was highlighted in the debrief, was pooling resources with other candidates — sometimes men, but often other women. Thus, female candidates running in separate seats (for example, if one was running for the provincial seat and one for the open seat in an area), or even the same seat, would work together. This involved sharing transport and coordinating events, arranging preference-swapping deals and providing moral support during the campaign period. These networks of female candidates were used in different parts of Papua New Guinea during the campaign. Participants suggested nurturing these networks and potentially also using them for mentoring purposes, and for supporting women who want to enter local-level politics.



Taking a long-term approach

The importance of starting early was emphasised by candidates and is borne out by research on Papua New Guinean electoral politics. When women began to visit voters after the official campaign period had started, many were told they were 'late', and that some of their male counterparts had been campaigning for a long period before. While campaigning is not allowed outside the official period, women attending the debrief stressed the importance of 'visibility' — visiting different areas of the electorate throughout the electoral cycle, so that you are well known before an official campaign begins.

Several of the higher-performing female candidates in the debrief noted that they had only decided to run relatively late, which gave them much less time to prepare. A longer preparation time was seen as the potential difference between winning and losing. Making your intention to run known early can also give your campaign a boost, through allowing more time to raise funds; perhaps discouraging male relatives from also putting up their hands and possibly splitting the vote; and signalling your interest to potential supporters, so they do not promise their votes to other candidates first.

Structural barriers

Money politics was a recurring theme during debrief discussions [2]. The general consensus was that money politics was practised differently from past elections, but that the results were ultimately no less detrimental to the chances of female candidates. The election campaign was reported to be 'dry' in some electorates, with less money handed out than in previous elections, but with significant amounts of money concentrated in the hands of a few parties to support their favoured candidates. In areas where the campaign period was 'dry', women candidates felt they had a more even playing field to work on; however, in many places money politics was practised in the late stages of the campaign, around one to two weeks before polling or on the eve of polling. This was allegedly in the form of both vote buying (and gifting) and the bribing of electoral officials.

Female candidates reported feeling disadvantaged by issues with electoral administration. The most often cited were the serious problems with the electoral roll, as reported in the media and by international observer teams. On a structural level, dealing with issues of money politics, instances of electoral fraud, and failures in electoral administration were seen as vital to address if the aim is to increase women's political representation.

Positive experiences

There are undisputed dangers involved in engaging in Papua New Guinean politics as a woman (or indeed, as a man). One woman reported being attacked by supporters of a rival candidate; others reported receiving threats of physical violence and destruction of property. Yet the vast majority of debrief participants reported positive — if at times challenging — experiences in contesting the 2017 election. Most agreed they would consider running again in future elections.

This is important, as evidence shows that many Papua New Guinean politicians were not successful the first time they contested. The majority of politicians who entered parliament for the first time in 2017 had contested at least once before, and three in five

of those who unseated incumbents had run in the same seat in the previous general election. It is important to take a long-term approach to entering politics. Thus, encouraging unsuccessful female candidates to recontest — especially those who achieved highly credible placings in their electorates, as numerous debrief attendees did — is a crucial part of the strategy to increase women’s representation in the future.

Notes:

[1] There were exceptions to this rule, including the Social Democratic Party which provided significant financial and strategic support to one debrief participant.

[2] For more on the proliferation of money politics in Papua New Guinea elections, see Haley and Anere 2009, Haley and Zubrinich 2013, and Haley and Zubrinich 2015.

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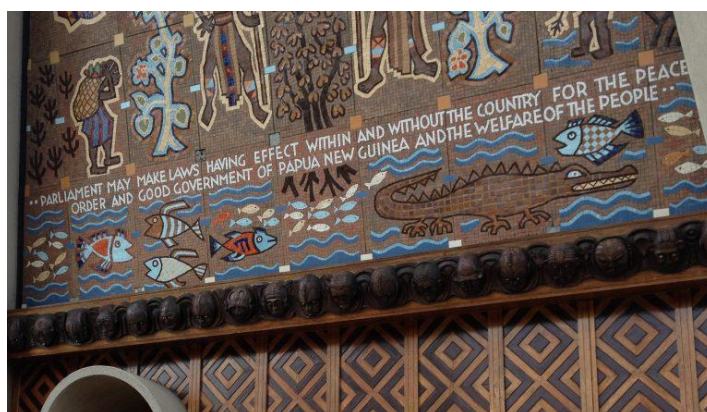
Haley, N. and K. Zubrinich 2013. 2012 *Papua New Guinea General Elections Domestic Observation Report*. Report prepared for Cardno Emerging Markets.

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Moving beyond now in women’s political representation in Papua New Guinea

By Michelle Nayahamui Rooney on April 5, 2018

On 6 March 2018, PNG’s Prime Minister Peter O’Neill reportedly announced a shift from limited preferential voting (LPV) back to the first past the post voting (FPTP) system in PNG’s national elections. This announcement will likely spark intense debates about the pros and cons of each voting system. It also raises questions about women’s political



representation in PNG. For decades, debates about women’s political representation have waxed and waned depending on who is in parliament, who constitutes the women’s lobbying group, the state of the national women’s machinery, funding availability and – because most funding is from donors – the priorities and direction that donors choose.

Early debates revolved around a proposal to invoke a provision in the PNG Constitution to nominate a woman’s representative. This debate culminated in 2009 when the Somare-led government backed Dame Carol Kidu, who was then a member of the cabinet, to put a motion to parliament for women to be nominated as representatives of parliament, based on this constitutional provision.

The parliament rejected the proposal, but it was an important moment because it deepened the debate about legislative reform and paved the way for progressing the drafting of the Equality and Participation Bill (also referred to as the Women’s Bill). After many months of sustained national debate, consultations, lobbying and drafting,

women scored another victory on 22 November 2011 when the parliament voted to allow the 22 reserved seats for women under this bill. Leading up to the 2012 national elections, the leaders' summit agreed to support reserved seats for women in parliament.

The process involved a concerted effort, with the sole woman MP Dame Carol Kidu as the champion, pulling together a diverse range of stakeholders and securing the support of a significant number of male members of Parliament. Some argue that this national backdrop may have contributed to three women winning seats in the 2012 national elections.

During the next parliamentary term, debates waned. Dame Carol Kidu retired. The passing away of the late Scholar Kakas, the President of the National Council of Women (NCW) and a vocal supporter, created another vacuum in advocacy. The three women members of parliament reportedly withdrew their support for the Women's Bill. A proposed bill in 2015 to legislate that ten percent of candidates endorsed by political parties be women, was met with mixed reactions by members of parliament, including one of the women MPs.

Fast forward to the 2017 national elections and none of the women who contested the elections won their seats. This prompted calls for revisiting the debate to introduce seats for women candidates, as well as other temporary measures. These calls included national and international stakeholders noting the difficult conditions that women faced. As one female candidate implored:

The Government of PNG and the development partners need to move beyond short term interventions to implementing a well-planned and comprehensive intervention package with the overall objective to create a level playing field for women in PNG politics.

What will constitute 'moving beyond' the status quo of donor interventions is debatable, but the realities for women who want to enter national parliament will remain the same for a long time. The failure to push legislation through stems from people's perceptions that it is a donor-driven agenda. Some say that the debates around the women's bill served the purpose of meeting the needs of the international community. Three Pacific women leaders interviewed in this report offer advice, caution against overestimating the 'relevance and effectiveness' of donors' support, and suggest that donors take a long-term approach that includes widening the scope of support beyond national political representation to include other areas where women exercise public leadership. Dame Meg Taylor, Secretary General of the Pacific Islands Forum Secretariat, on International Women's Day reflected on a need to move beyond standard measures of women's political participation.

For the PNG women's movement, unapologetically owning and leading the agenda for women's political representation will be important in the lead up to 2022. This is a highly political and contested space – after all, it is politics! Pushing for women's political representation requires PNG women to take a moral, political, social and cultural stand against the prevailing norms in PNG and against perceptions that they are simply the vessels of an outside agenda. For many PNG women who decide to engage in this space as researchers, activists, or political candidates, their decisions come from a conviction that women's political engagement is desirable personally and collectively.

They do so breaking ground in navigating a long path that also extends national debates into their homes and social relationships. To overplay the role of donors undermines the leadership and conviction of the many Papua New Guinean women who have been involved in this journey – as leaders, advocates, support workers, volunteers, employees of international organisations, members of political parties, journalists, and as candidates in the national elections.

And yet, donors do still need to make some funds available to Papua New Guinean women and institutions, especially the younger generation of women who may wish to pursue this agenda. This will require donors to innovate how they provide support, and take a lower profile.

Donors need to know who is available, people's different strengths, and when to use them. This is a space where the lines blur between the researcher producing the evidence base needed for women's political engagement, political activism and lobbying, and actions – of women candidates, legislative drafters, and lobbyists. All these actors are important for change, but each has a unique combination of these attributes. For example, a researcher might know how to consolidate complex findings, but a political activist or lobbyist knows which doors of parliament to knock on. Only a woman with a hunger to enter national parliament will put her hand up to contest, but without strong activism to create awareness that women matter, her aspirations diminish.

Men matter! History has shown that Papua New Guinean Prime Ministers, especially Michael Somare and Peter O'Neill, are willing to work with women on this issue. They need support to frame these debates to the wider community, and especially to their fellow MPs. An opportunity currently exists because Prime Minister O'Neill has indicated his support to revisit the debate about legislative reform for women's political participation.

Peter O'Neill's recent announcement about a return to the FPTP voting system hints at how he envisages the conduct and outcomes of the next elections. In this parliamentary cycle, the field of donors in PNG has changed compared to the past decade and, given the traditional influence of donors in this space, new donors may weigh into the debate. There will be implications for the outcomes of women intending to pursue candidacy in the national elections. Being prepared to change tactic, to revisit old and spark new debates, including boldly taking up Prime Minister O'Neill's support to revisit the legislative reforms, is a necessary part of moving beyond the current situation.

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What's the matter with elections in PNG?

By Terence Wood on September 7, 2017

There are still reports to be written, official verdicts to be made, and electoral petitions to be heard. But media reporting alone is enough for the most important point to be clear: the 2017 elections in Papua New Guinea were not good enough. There were major roll issues, there were likely cases of fraud, and electoral violence is ongoing. Voters deserve better.



The first step in making sure improvements occur is diagnosing the issues. That's what I'm going to do in this post. I'm going to look at the structural drivers of PNG's electoral problems. I'm not here to level accusations at individuals. If people have committed crimes they should be tried. Yet many electoral officials worked hard during the 2017 elections. And most of the country's citizens wanted nothing more than to exercise their democratic rights. But the elections went awry regardless. And 2017 isn't the first time PNG has had major problems with its elections. So I'm not going to get personal. Instead, I'm going to provide a social scientist's answer to the question, 'what's the matter with elections in PNG?'

The central problem is political. And simple. Most of Papua New Guinea's members of parliament don't care how well elections are run. Because of this, no political pressure is placed on the Electoral Commission to perform. It isn't given the resources it needs either. In 2016, it was reported that the PNG government had only budgeted half as much for the running of the 2017 elections as had been spent on the previous ones. Savings are always good, but half price elections are impossible. No government concerned about good elections would have budgeted so little.

Why aren't most politicians in PNG concerned about electoral quality? The answer lies in the voter-politician relationship. In Papua New Guinea, most voters vote for the candidate who they think is most likely to help them, their family, or their community. They don't vote on the basis of national issues. Voting this way isn't unique to PNG. It happens all over the developing world. You can find it in the recent histories of many OECD countries too. PNG's voters aren't doing anything wrong when they vote in search of localised or personalised assistance. Most have acute and immediate needs. And most have never seen those needs met by national policy. Under these circumstances, voting in search of direct assistance is perfectly reasonable. It's what I would do.

Unfortunately, however, because candidates want to be elected, and MPs re-elected, voting for personal or local benefits has a harmful side-effect. It causes MPs to focus on channelling state resources directly to their supporters. They do this at the expense of national governance and national issues. Elections are a national issue. Politicians have no political reason for caring about well-run elections. They're not going to get punished at the ballot box if they mess up. Indeed, if anything sitting MPs — as powerful political

actors — are likely to benefit from poorly run elections; they're much easier to subvert locally. And so most of PNG's politicians proactively ignore the task of strengthening the country's electoral infrastructure. Which is why the Electoral Commission ended up starved of resources during the same political term that the District Services Improvement Program (government money which MPs can effectively lavish on their supporters) increased substantially.

It's true that some politicians in Papua New Guinea have, at times, worked hard to improve the country's electoral infrastructure. And others have tried particularly hard to make it worse. PNG's politicians have some agency and so deserve to be credited or blamed for their actions. But the broader dynamic I have described is always present; it has a broad effect on political actions and — at a national level — it is a strong force working against well-run elections.

Amidst the overarching effects of this national dynamic there is important variation. Some parts of the electoral process work better than others. And some parts of the country have better elections than others. Nothing is perfect, but counting is better than roll compilation, for example. And elections are worse in the Highlands than in other parts of the country. I've written about this in depth in this discussion paper. For now I want to highlight two important lessons from the variation. Generally, the best aspects of elections are the most transparent aspects. Counting is usually OK (albeit slow) because all candidates have scrutineers in counting places. This transparency makes it harder, although not impossible, to cheat. Also, elections are usually better in places where power is diffuse. In electorates where candidates can muster the power to capture polling stations, polling is — unsurprisingly — worse. But in other parts of the country it's simply not possible for candidates to do this. When it isn't, most candidates will have scrutineers watching polling, and brazen cheating is less likely.

Even in the best parts of the electoral process, in the best parts of the country, matters aren't perfect. But they are good enough. Overall, PNG's 2017 elections weren't good enough. The question now is how to take what we know of the dynamics of the country's electoral problems to improve elections in the future.

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Governance and policymaking

Promises, promises: a decade of anti-corruption budgets and spending in PNG

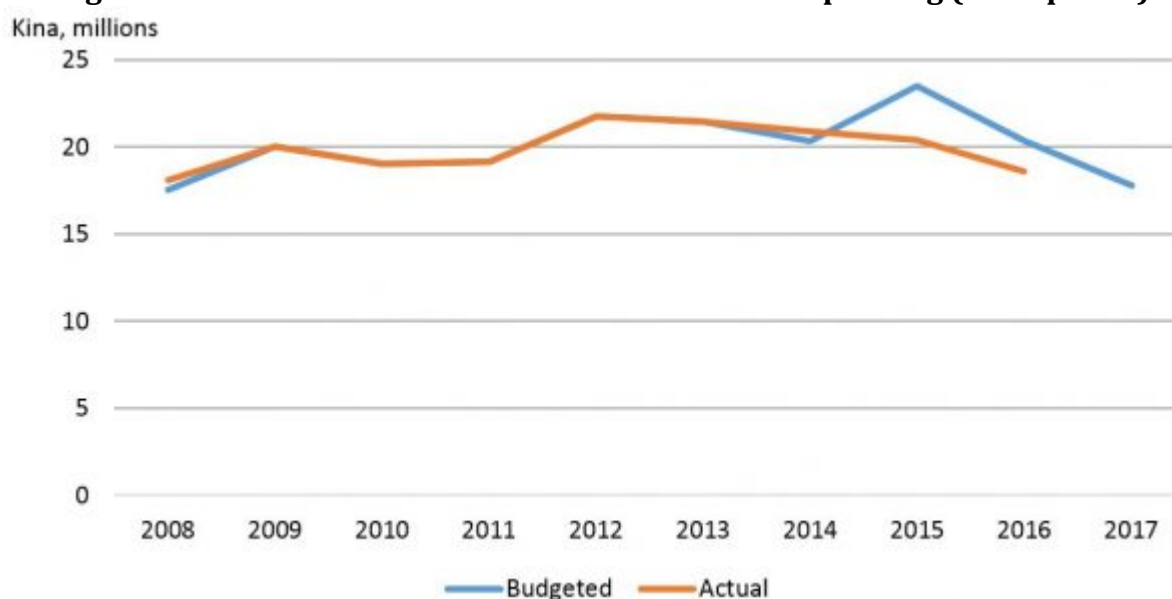
By Grant Walton and Husnia Hushang on August 16, 2017

In Papua New Guinea, government responses to corruption have received a great deal of media attention over the past decade. Despite this coverage, there is still much we don't know about the state of the country's anti-corruption agencies. Indeed, many struggle to provide the public with basic information about their activities. We could not obtain a copy of recent annual reports from the Ombudsman Commission, despite a request [i] (frustratingly, you can view the covers but not the content of recent annual reports).

To address this knowledge gap, our recent Development Policy Centre Discussion Paper tracks ten years of budgetary allocations and spending on key anti-corruption agencies: the Ombudsman Commission, the National Fraud and Anti-corruption Directorate, Taskforce Sweep, the Auditor-General's Office and the Financial Intelligence Unit. In this blog we examine one of the three research questions we answer in the paper, namely: how have allocations for and spending on anti-corruption organisations changed over time? By comparing budgetary allocations and actual spending, we highlight the degree to which governments have fulfilled their budgetary promises.

PNG's Ombudsman Commission is one of the few agencies in our analysis where budgeted and actual spending have mostly been in sync – that was the case until 2015 when allocations outstripped spending (Figure 1). Budgetary allocations for 2017 suggest the organisation's funding will decline even more; on current projections the organisation will end the decade in the same financial position it was at the beginning.

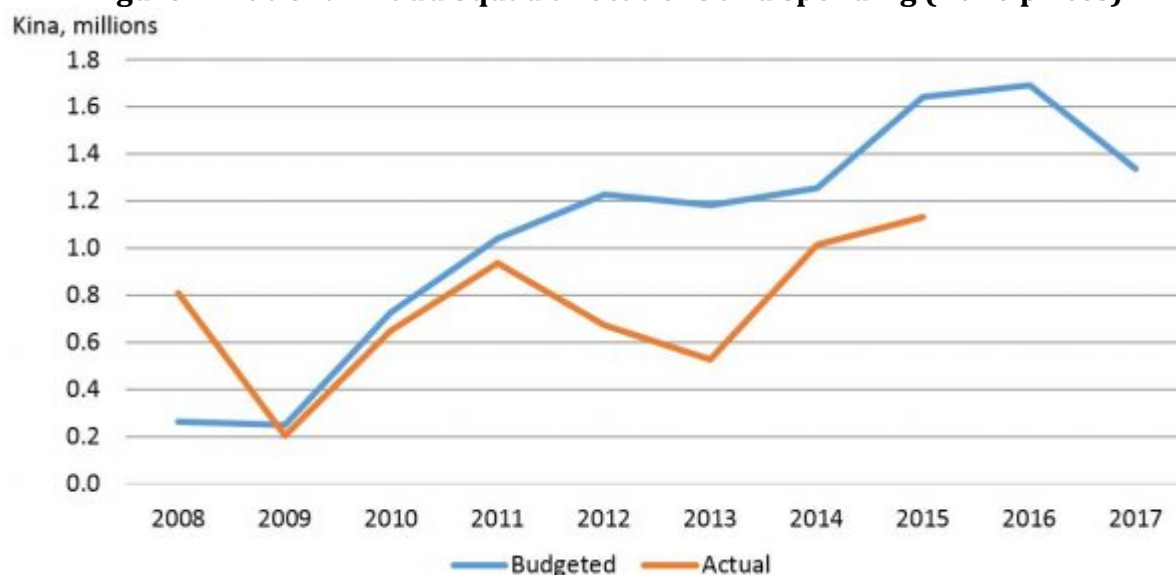
Figure 1: Ombudsman Commission allocations and spending (2016 prices)



Located with PNG's police department, the National Fraud and Anti-Corruption Directorate (Fraud Squad) plays a significant role in fighting corruption. Figure 2 demonstrates that spending on the Fraud Squad, despite its role in attempting to arrest the Prime Minister Peter O'Neill and other senior ministers, increased between 2008

and 2015. Yet there has been significant variation. Between 2011 and 2015 there were large gaps between allocations and spending, although the gap has been declining. Reduced spending in 2012 and 2013 is likely due in part to resources being reallocated to Taskforce Sweep, which was established in 2011. Budget allocations declined by 23 per cent between 2016 and 2017.

Figure 2: National Fraud Squad allocations and spending (2016 prices)



The third anti-corruption agency we examine is the Financial Intelligence Unit (FIU) – now known as the Financial Analysis and Supervision Unit – an agency with a mandate to investigate money laundering and terrorist financing. At the time the 2015 budget was announced, the media made much of the fact that the FIU was allocated less than the police band’s budget. Our analysis (Table 1) shows the difference in spending between these organisations was even worse. In 2015, in real kina 1.07 million kina was spent on the PNG police band and the FIU received 264,364 kina – so the police band received almost four times more than the FIU. For the two years data is available (2014 and 2015), spending on the FIU was less than half of allocations.

Table 1: Financial Intelligence Unit allocations and spending (kina, 2016 prices)

Years	Allocation	Actual
2014	730,340	310,563
2015	714,228	264,364
2016	641,700	--
2017	454,476	--

The Auditor-General’s Office is tasked with inspecting, auditing and reporting on accounts, finances and properties of government departments, agencies, and public corporations. Figure 3 shows that in 2012 the agency’s allocation rose above spending, and 2013 spending rose above allocations. By 2015, spending had declined to 21 million kina, and then increased slightly in 2016 to 22.3 million kina. However, funding is set to decline, with allocations reducing to 16 million kina by 2017; in real kina this is less than the agency was allocated at the start of the decade.

Figure 3: Auditor-General’s Office allocations and spending (2016 prices)

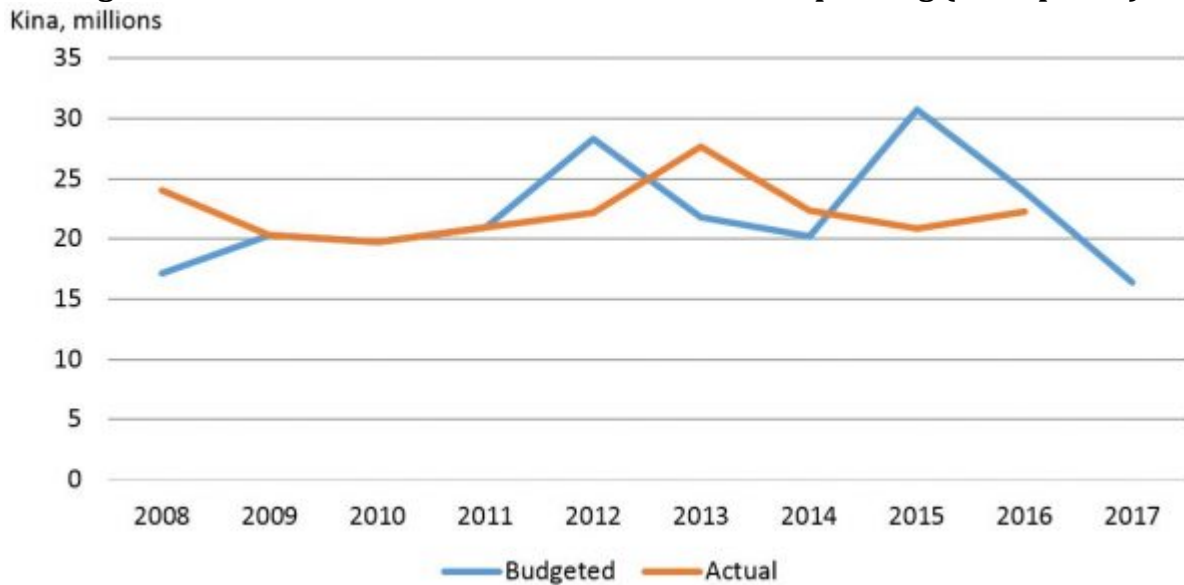
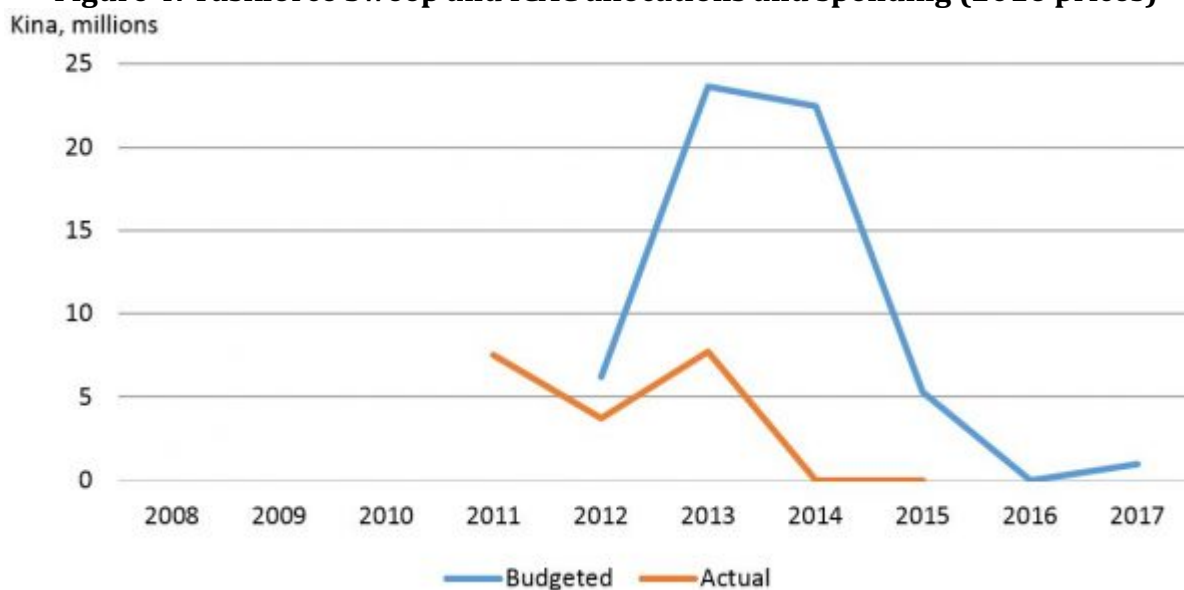


Figure 4 depicts the PNG government’s budgeted and actual spending on the short-lived but relatively successful Taskforce Sweep and the yet to be established Independent Commission Against Corruption (ICAC). After Taskforce Sweep’s role in the attempted arrest of Prime Minister Peter O’Neill, spending slumped sharply to 5 million and zero kina in 2015 and 2016 respectively. However, the amounts reportedly spent are far lower than allocations. While the O’Neill-Namah government quickly spent 7.5 million kina (non-budgeted) on the agency in 2011, since then the difference between allocated and actual spending has been significant. Just under one million (real) kina was allocated for the yet to be established ICAC in 2017. Thus, our analysis shows that the meteoric rise and fall of Taskforce Sweep was accompanied by unfulfilled spending promises.

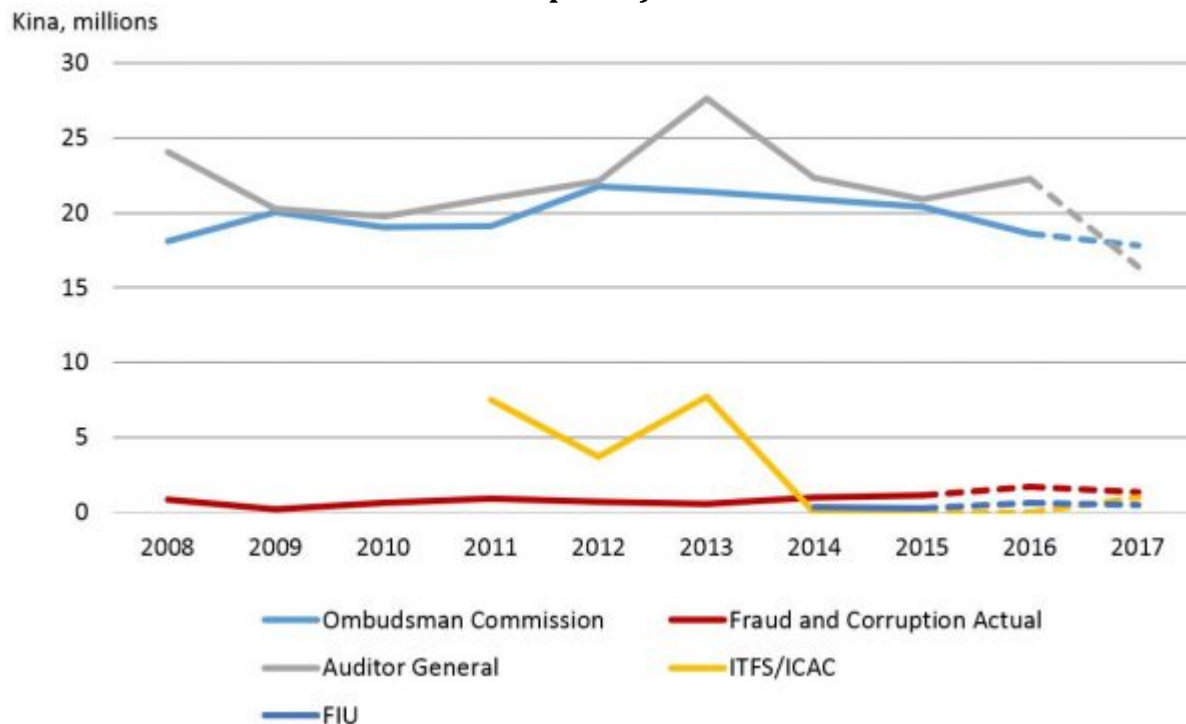
Figure 4: Taskforce Sweep and ICAC allocations and spending (2016 prices)



To get a sense of the relative spending on each organization, Figure 5 compares actual spending over time (and allocations where spending data is not yet available) of each of these organisations. It shows that out of the agencies we examine, the

Ombudsman Commission and Auditor-General’s Office are by far the most heavily funded. Traditionally, more has been spent on the latter than the former, although in 2017 this appears set to change, with the Auditor-General’s Office facing severe funding cuts. In comparison, other agencies receive paltry sums.

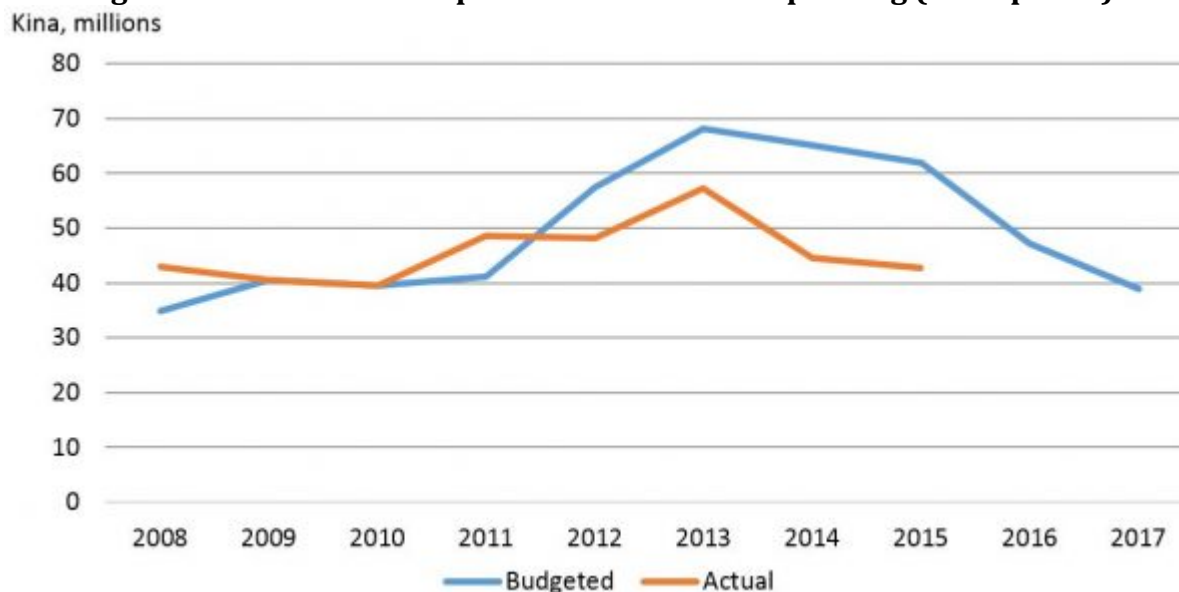
Figure 5: Spending on five anti-corruption organisations, 2008-2017 (2016 prices)*



**Actual spending solid lines; budgeted dashed lines. 2016 figures for Ombudsman Commission and Auditor-General’s Office from Final Budget Outcome (2016).*

Figure 6 shows that overall spending on anti-corruption agencies has been less than allocations since 2012. Overall spending and allocations have been reducing since 2014; because budgetary allocations are made the year before (i.e., the 2014 allocation is made in 2013), this means that the PNG government was significantly reducing its commitment to anti-corruption agencies before Taskforce Sweep helped organise an arrest warrant for then Prime Minister O’Neill.

Figure 6: Total anti-corruption allocations and spending (2016 prices)*



**Total Anti-corruption Spending – Ombudsman Commission/National Fraud and Corruption/Auditor-General’s Office/Taskforce Sweep/FIU/Anti-corruption program Department of Finance*

Amidst calls for the new government to establish an ICAC, these findings suggest anti-corruption activists and policy makers should be pressuring the PNG government to close the gap between budget promises (allocations) and actual spending. In addition, greater efforts are needed to ensure that spending on existing anti-corruption agencies does not continue to fall.

Note:

[i] We understand that it is now possible to get a hardcopy of recent annual reports from the Ombudsman Commission’s office.

Grant Walton is a Fellow and Husnia Hushang is a Program Officer with Devpolicy. This blog is based on the Discussion paper, ‘Promises, Promises: A Decade of Allocations for and Spending on Anti-Corruption in Papua New Guinea’ available at <https://devpolicy.crawford.anu.edu.au/publications/discussion-papers>

Too many parliamentary committees in PNG Parliament
By Werner Cohill on December 21, 2017

On 29 September this year, during its first meeting, the government appointed 17 parliamentary committees. These permanent committees will remain for the whole 5-year term and are part of the 31 permanent committees that were supposed to be appointed in parliament on that date. What happened to the other 14 permanent committees? Word got around in the wings of parliament that the government does not have enough MPs to muster chairmen for the remaining 14 committees.

The failure to appoint all 31 permanent committees in the first formal meeting of parliament has never happened before in PNG's short parliamentary history and is solely the result of this year's national elections.

The real test for the government came when parliament needed to appoint MPs to the 31 parliamentary committees that form a vital part of the work of parliament. When considering the number of MPs remaining after the ministers and their deputies were appointed, there were simply not enough chairs to go around. Only 17 of the 31 committees have been provided membership, with 14 committees yet to be appointed. On the one hand, a smaller number of parliamentary committees would mean that the government would not be faced with too many committee places and too few MPs. On the other hand, why it is so difficult to appoint Opposition MPs as chairmen of parliamentary committees when there are insufficient government members? The by-laws of the committees provide for the former option but PNG politics does not, an unwritten understanding of the political culture.

The PNG Parliament probably has the largest number of parliamentary committees among Pacific island countries. In a parliamentary term there can be 34 or 36 committees appointed; the 31 permanent or standing committees, and as many as 5 special committee. These special committees are appointed during a term of parliament to inquire into a particular issue, and remain for the whole term.

Why are parliamentary committees important? Parliamentary committees are small groups of MPs appointed by Parliament to consider, investigate and report to Parliament on a particular matter, they keep the government accountable. This results in greater participation of MPs in the work of Parliament. Law making and representation are also very important features of the work of parliamentary committees. This makes active committees virtually 'mini-parliaments'.

Parliamentary oversight is an essential tool of democracy. According to the IPU/UNDP Global Parliamentary Report on parliamentary oversight; Parliament's power to hold government to account (2017), parliamentary oversight is one of parliament's three core functions. It is the means by which parliaments hold government to account on behalf of the people. It is a vital part of the system of checks and balances that ensures that no one institution is able to wield absolute power in a democracy. The report further stresses that parliamentary oversight improves the quality of government by helping to keep in check the power of the executive, and contributes to strengthening a democracy.

Parliamentary oversight committees in PNG have never performed to their full potential. They have failed to hold the executive government accountable by

scrutinizing the bills before Parliament, investigating government policies, and conducting appropriate reviews and screening of appropriation bills before Parliament. Only a few committees have been effective, notably, the Public Accounts Committee and the Constitutional Laws, Acts and Subordinate Legislations Committee. Nevertheless, even their effectiveness has been overshadowed by the fact that the majority of their recommendations, particularly the Public Accounts Committee reports, are dropped into the 'too hard basket'. On the other hand, committees like the Constitutional Laws and Plans and Estimates have become 'rubber stamps', for the government to bulldoze through proposed laws and the budget appropriations.

What are some of the immediate reasons hindering these oversight committees from fully performing their functions in parliament? They range from the administration of the committees, to the procedural provisions, to the nature of support committees require from parliament itself.

First and foremost, the system needs streamlining. Of the 31 committees appointed as permanent, there are 7 sessional committees and 24 standing committees. The standing committees are oversight committees which frequently have overlapping functions that complicate and frustrate the committee system as a whole.

The second important reason is that there are relatively few resources available to committees. Resources involve two factors – staffing and funding. With such a large number of committees one would expect adequate secretariat staff, staff with relevant qualifications and experience to handle committee responsibilities on all fronts. Furthermore, there must be adequate funding for the committees to function and discharge their responsibilities well. The system needs more resources.

The overarching reason is the need to operationalise the role and function of committees as provided for in the legislation. The Constitution, as well as other relevant Acts of Parliament, including the Standing Orders of Parliament, has provisions for the establishment and work of committees but there is a failure to give effect to this legislation in the work of committees in current practice.

These are three key reasons that must be addressed for the parliamentary committee system to be effective and worthwhile. However, it is perhaps the size of the committee system that matters the most. The PNG Parliament is a small legislature compared to others, for example Australia's Federal Parliament or the Parliament of the United Kingdom, and the size of its committee system appears to be disproportionately large. That the government has failed to appoint all 31 permanent committees at once speaks to the urgent requirement to reduce the number of parliamentary committees. What is needed is the political will to make that change, and while such change may not happen overnight, the inadequacies of the current committee system may gradually drive this much needed change.

Werner Cohill is the Acting Director of Parliamentary Committees at the PNG National Parliament. The views expressed in this article do not represent those of the Parliament but are his own.

The elephant in the room: addressing corruption in PNG

By Eric Kwa on November 17, 2017

There is a general consensus that Papua New Guinea (PNG) is in a deep financial crisis. The country is in desperate need of help from both within and outside PNG. The political and bureaucratic leadership is working hard to sustain the country under this financial climate.



The Government has reached out to the international community for financial assistance. There are some positive responses, which is encouraging for the country. However, this is a temporary measure and not sustainable. The real challenge is dealing with the elephant in the room – corruption – which permeates all aspects of PNG society. Unless PNG tackles this problem head on, any external or internal interventions to financially rescue the country will be futile.

The new Government has acknowledged that improving governance is crucial to the future of PNG. The Government is now embarking on several initiatives to improve governance systems to restore confidence in the government and its systems and processes. The Constitutional and Law Reform Commission (CLRC) has been party to many of these initiatives and it is in this context that I would like to share with you these proposals.

If PNG is to improve governance and encourage investment in the private sector, and strengthen its bureaucracy to deliver basic and other services to the people, the new Government must first of all combat corruption as its number one priority. Corruption is a major problem for PNG. In 2016, it ranked 136 on the Transparency International's Corruption Perception Index, the same ranking as Guatemala, Kyrgyzstan, Lebanon, Myanmar and Nigeria. As one of the most corrupt countries in the world, PNG has a huge task ahead to improve this image. PNG signed on to the United Nations Convention Against Corruption on 22 December 2004 and ratified it on 16 July 2007.

In 2011, the Government launched the National Anti-Corruption Strategy. After the 2102 National Elections, the O'Neill Government supported the establishment of an inter-government anti-corruption unit called 'Task Force Sweep' to investigate and prosecute crimes of corruption. This team was disbanded about two years later when the Prime Minister was implicated in a corruption scandal.

The Government, however, in 2014 proceeded to request that Parliament approve the establishment of the Independent Commission Against Corruption (ICAC) by amending the Constitution. A new Division VIII.3 under Section 220 of the Constitution was inserted through *Constitutional Amendment No. 40*, enabling the establishment of ICAC.

This constitutional amendment paves the way for the enactment of an Organic Law on the Independent Commission Against Corruption and its full establishment.

In 2015, the Parliament took carriage of the proposed ICAC Organic Law Bill. The Bill was referred to the Parliamentary Committee, and unfortunately that's where it stayed. The current Government has firmly resolved to tackle corruption. At the formation of the new Government (the Alotau Camp eventually formed Government on 4 August 2017), the Alotau Accord II was adopted, a political strategic plan to guide the Government through the five-year term of the new Parliament.

The Alotau Accord II sets out five priority areas for the new Government. These are: economic growth; infrastructure; law and order; education; and health. The Government acknowledged that to deliver on these five priorities, it needed to reform and strengthen the systems and processes of government. A key element of this strategy is to improve good governance – meaning fighting corruption!

The Prime Minister has publicly announced that the Government would like to introduce the Organic Law on ICAC either in this month's sitting of Parliament, or in February 2018. The Minister for Justice and Attorney General, Hon. Davis Steven, has been tasked with finalising the ICAC bill for presentation to Parliament.

The key elements of the Organic Law on ICAC are:

1. Purpose – the main purpose of ICAC is to prevent, reduce and combat corrupt conduct.
2. Jurisdiction – ICAC's primary jurisdiction is to investigate and prosecute 'corrupt conduct' of 'public officials'. The definitions of these two terms are broad and cover a wide range of corrupt conduct by public servants and public leaders.
3. Powers and functions – ICAC has a wide range of powers and can investigate and prosecute those guilty of corrupt conduct, either with the support of other agencies or on its own.
4. Composition of the Commission – ICAC will comprise three Commissioners who must be persons of integrity, and can be non-citizens.
5. Whistleblowers – there are strong provisions for the protection of whistleblowers.

There are three main criticisms of the draft Organic Law on ICAC: (1) power to arrest; (2) power to prosecute; and (3) unexplained wealth. The Government has listened and sought advice from police and the Public Prosecutor on the first two matters. In relation to the first issue, the police have explained that the Constitution and recent Supreme Court decisions declare that only police can make arrests when there are allegations of crimes.

With regard to the second issue, the Public Prosecutor has indicated that he will not be sharing this constitutional function with another agency. Only the Public Prosecutor has the power to delegate his powers of prosecution to another agency or person.

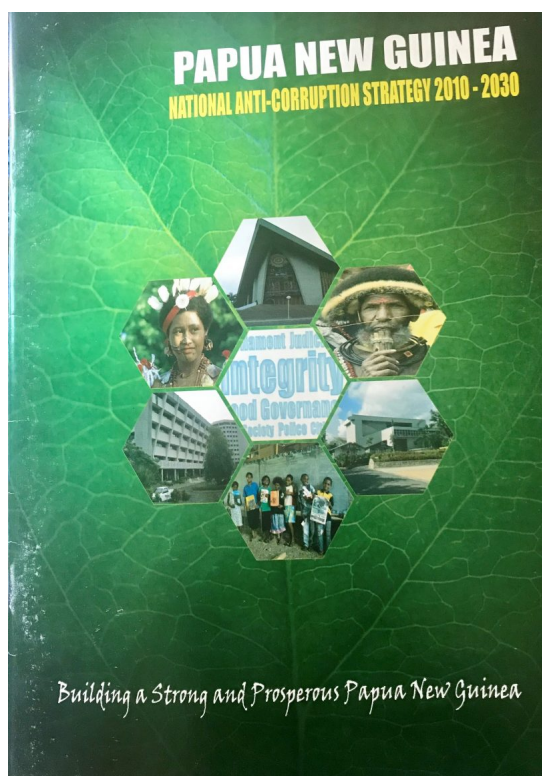
The final point is covered by the Leadership Code, which is handled by the Ombudsman Commission. It is the Ombudsman Commission that can seek explanations from leaders about unexplained wealth. For the public generally, the *Proceeds of Crimes Act* is already in place to capture such instances.

In my view, the most critical goal at the moment is to establish ICAC and get it operational. The Constitutional Amendment establishing ICAC is already in force. PNG needs only to enact the Organic Law on ICAC to fully implement and operationalise ICAC. It is encouraging to note that the Government is serious about ICAC and wants to see it established sooner rather than later.

This is an edited version of a lecture given by Eric Kwa, Secretary and CEO of the PNG Constitutional Law Reform Commission, at Devpolicy on 15 November 2017.

Proposed PNG ICAC legal framework needs a lot of work

By Sam Koim on May 1, 2018



The setting up of a centralised anti-corruption agency (ACA) is an important decision for a country, and in 2014 Papua New Guinea took the first step, amending its Constitution to create an Independent Commission Against Corruption (ICAC).

Although this was on the back of the progress made by (now abolished) Investigation Task-Force Sweep (ITFS), the Peter O'Neill government was unable to progress the ICAC, since the Prime Minister himself became the subject of a corruption allegation that resulted in a protracted legal battle. With the Supreme Court decision invalidating the warrant of arrest against Prime Minister O'Neill in December last year, the government renewed its interest to progress the setting up of the ICAC. A draft organic law to implement this constitutional body has been circulated around for public comment.

Given these developments, first and foremost we should ask the question: do we really need an ICAC when we have existing law enforcement agencies? If the answer is yes, then what ACA structure or model would be beneficial in the PNG context? Many countries have departed from reliance on traditional law enforcement agencies and have established ACAs. Sadly though, only a few have succeeded. Can we learn from their experiences and design an ACA that is compatible with our own settings?

If PNG is to have an ICAC we need to acknowledge that there are numerous problems with the current and proposed legislation. Firstly, the definition of "corrupt" conduct stipulated in the draft organic law is not only ambiguous, but subjects ICAC to duplicate the functions of the Ombudsman Commission and Police. Pursuant to the Organic Law on the Duties and Responsibilities of Leadership, the Ombudsman Commission's remit includes some forms of corruption such as misappropriation, conflict of interest, and

bribery. The Criminal Code Act 1974 also empowers police to investigate official corruption, abuse of office, judicial corruption, and bribery. The definition of “corrupt conduct” under Section 6 of the proposed ICAC organic aw is no different to offences of the existing law.

Secondly, the recently-amended Constitution provides little recognition of the limitations of existing law enforcement agencies. Section 220D(f) suggests that the ICAC, after it has conducted its investigations and is satisfied that corrupt conduct has been committed, has to refer the case to either the police or the public prosecutor for further action. However, in PNG the police are severely under-resourced and can be corrupt themselves. The public prosecutor is often unaccountable for the exercise of its own power. A new ICAC will not be effective without reforming existing law enforcement agencies. Whilst some reforms may be incremental, there are some that need to occur simultaneously to feather-bed the establishment of the ICAC. Looking to examples in other contexts, Croatia, apart from establishing its ACA (USKOK) also established another unit (PNUSKOK) within the Ministry of Interior (police) to collaborate and cooperate with USKOK in combating corruption. Singapore and Hong Kong have demonstrated exemplary progress on reforming and realigning police and other agencies with their respective ACAs.

Thirdly, more needs to be done to simplify the proposed ICAC legislation. The draft organic law is convoluted with matters dealing with administration and procedure, offences and investigations, and whistle blowers protection, just to highlight a few. There seems to be a lot of duplicative provisions with no definite purpose and logical organisation to aid comprehension. For instance, “Meaning of retaliates” (s.11), “Meaning of Occupational detriment” (s.12), and “Part 8. Protection of People of who assist the Commission”, should be separated into a Whistle Blower Protection legislation. Another example is the mandatory requirement under section 133(3) & (4) for investigators to be issued and carry identity cards at all times. This is an unnecessary requirement that can potentially question the validity of actions if the investigator somehow does not bear the ID at the time of taking certain actions. Such lengthy statutes require more effort to understand and increases the compliance burden. We can learn about the benefits of brevity in legislative frameworks from successful ACA models like Singapore’s CPIB and Hong Kong’s ICAC. In PNG, the organic law and the Constitution must be revised to make them consistent, coherent and robust to not only enable the fight against corruption, but also withstand any challenges as the ICAC turns the heat on corruption.

Finally, the legislation needs to pay more attention to political will and the politics of anti-corruption. Like it or not, combating corruption requires the unwavering resolve of the Prime Minister. The foreshadowed composition of the ICAC Appointment Committee is the same as that of the Ombudsman Commission, except for the chairperson of the PNG Council of Churches. I consider another framework where a delicate balance has to be struck. The Prime Minister must be given the prerogative to nominate the candidate(s), and that person has to undergo a fitness test by an independent authority. The removal can take a similar path. In that way, the Prime Minister commits the political will to a person of his choice who has an impeccable reputation. Lessons can be drawn from the United States of America relating to the appointment of certain top officials such as the Attorney General.

Overall, the fundamental question that we should ask is whether these legislative frameworks, when implemented, will produce the desired policy outcome in an effective manner. I doubt the proposed structure will produce such a result. Establishing an ICAC must not be just a “ticking the box” exercise. The ICAC must not only be able to do its job effectively but must also be able to endure.

So, does PNG need an ICAC? Given the success of ITFS and the significant problems of corruption I believe PNG urgently needs such an organisation. But that doesn't mean we create an ICAC that looks like a tiger on paper only. PNG cannot afford to create an organisation that, instead of fighting the monster (corruption), becomes the monster itself (corrupt).

Sam Koim is a Papua New Guinean lawyer whose career has focused on anti-corruption efforts. He was a Principal Legal Officer at the PNG Department of Justice and Attorney General, and then Chairman of Investigation Task Force Sweep, PNG's multi-agency anti-corruption body. He is a Council Member of the Papua New Guinea University of Technology.

The economy

Foreign exchange restrictions in PNG: costs and remedies

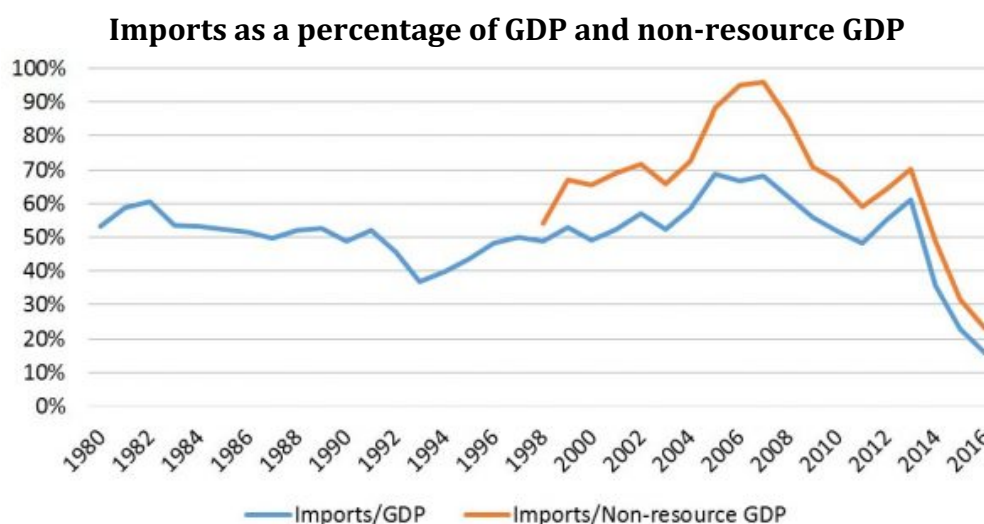
By Rohan Fox, Stephen Howes, Nelson Atip Nema, Marcel Schröder on September 22, 2017

Three years after their introduction in mid-2014, foreign exchange (FX) restrictions continue to be in place as at July 2017. Unofficial ballpark estimates of excess demand range between US\$300 million to 1 billion.

In a 2017 Business Advantage survey of CEOs, 60% nominated access to foreign exchange as “the major obstacle, ... more than double any other challenge.” Interviews with businesses reveal that they have to spend significantly more time on finding FX and managing the credit situation with their overseas suppliers. This increases their administrative costs, which are likely passed on to the consumers. In addition, firms are piling up “dollarized” debt when there is depreciating pressure on the kina.

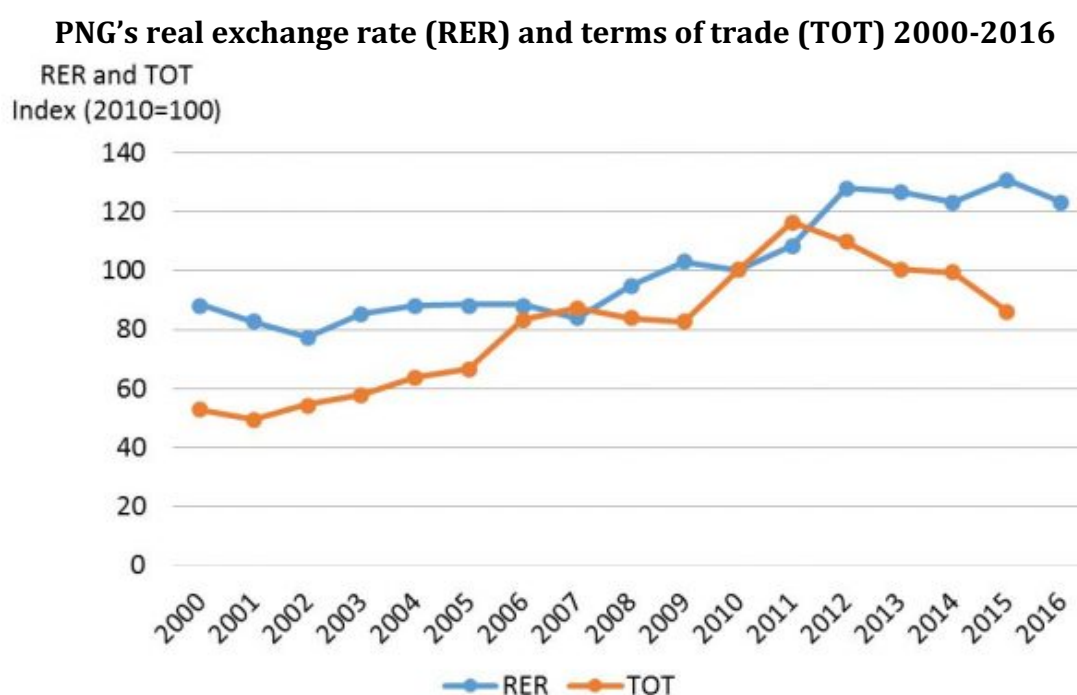
The excess demand for foreign currency has led to a substantial delay in the processing time of FX-orders, which is now reported to be between 6 and 16 weeks. The processing duration is a function of fluctuating FX availability and the priority of an order, which the Bank of PNG (BPNG) sets at its own discretion. The general pattern is that imports of basic food (especially rice) and fuel are favoured over other consumer goods, or raw materials for construction. Dividends and repatriation are near the bottom of BPNG’s priority list, and the majority of such orders do not get processed at all.

To grasp the severity of the situation, and the extent of import-compression, consider the share of imports to GDP. From 1980, the value of imports tends to hover around 50 per cent of GDP, but over the past two years imports have collapsed to 15 per cent of GDP, with the start of the sharp fall coinciding with the imposition of the FX-restrictions in 2014. This decline in imports is far greater than the one experienced in 1994 when PNG underwent a currency crisis. The argument could be made that the decrease in imports could be overstated due to the LNG project, which provided a substantial boost to GDP, with no commensurate increase in the demand for imports. However, imports as a share of non-resource GDP (that is, GDP excluding the mining and oil/gas sectors) have also collapsed to 23 per cent.



Source: WDI and BPNG

The foreign exchange restrictions are a strong indication that PNG's real exchange rate (RER) is significantly overvalued. The RER measures the domestic (Kina) price of foreign goods relative to domestic goods, and takes into account not only the market exchange rate but also the difference between domestic and international inflation rates. Since PNG is a resource-dependent country, theory suggests that there should be a strong co-movement between the Kina and commodity prices. The graph below plots PNG's RER together with the terms of trade (TOT), which primarily reflects the strength of commodity prices. The RER and TOT indeed move closely together, but only during the boom up until 2012. Since the end of the boom, the two series have been diverging in the sense that the terms of trade decline while the RER continued to appreciate. This suggests that, all else equal, the RER has begun to deviate from its equilibrium value, i.e. is overvalued. Econometric results suggest a RER overvaluation of about 20 per cent.



Source: World Development Indicators (WDI)

The quickest and easiest way to correct a real overvaluation is through a depreciation of the nominal exchange rate. BPNG now sets the USD-Kina exchange rate. Between 2015 and early 2016, the Kina lost its value vis-à-vis the US dollar at a rate of about 1 per cent per month. However, the rate has remained fixed at approximately US\$0.31 per Kina since March 2016.

While international experience shows that a depreciation would have huge benefits, it would also have short-run costs. What typically makes highly import-dependent countries such as PNG reluctant to devalue are concerns about rising inflation, especially in relation to staple foods, e.g. rice. Moreover, a depreciation causes a fall in real income for predominantly the urban elite that is often politically influential. Another reason for the hesitation to devalue is the prevalent “elasticity pessimism”, the belief that PNG exports are inelastic with respect to prices, due to capacity constraints. However, there is ample empirical evidence that a real depreciation boosts the exports of even primary product-dependent low-income countries. In PNG, depreciation would boost not only agricultural commodity producers (of coffee, cocoa, etc.) but also

vegetable producers (since they would be more able to compete against vegetable importers). Academic research shows that in PNG “smallholders are responsive to market opportunities” and sensitive to price changes, and that domestic food production expanded substantially due to the devaluation of the kina in the 1990s.

The longer a RER overvaluation persists the more difficult a correction typically becomes from a political perspective. But international experience also suggests that every RER overvaluation needs to be corrected eventually. PNG is no exception. The government could allow the exchange rate to once again depreciate gradually (as it did over 2014 and 2015), but a larger devaluation would bring forward the benefits. It could do this either by floating the exchange rate once again, or by BPNG retaining control of the exchange rate, but devaluing it.

A good solution to the above political economy problems could be the implementation of a transitional dual exchange rate system. This would operate as follows. The current official rate could be maintained for important imports (e.g. food, essential pharmaceuticals, and fuel), whereas a significantly depreciated rate, perhaps even one freely determined by the market, could be applied to all other transactions. To minimize the economic distortion costs associated with such a policy, a binding time limited of, say, 18 months could be imposed before the exchange rate is unified again. Several developing countries in the past have used this device as a short-term strategy to help depreciate their overvalued exchange rates.

This post is based on the 2017 PNG Economic Survey, authored by a team of ANU and UPNG economists, and available at <https://devpolicy.crawford.anu.edu.au/publications>.

Looking at the PNG economy through a tax lens

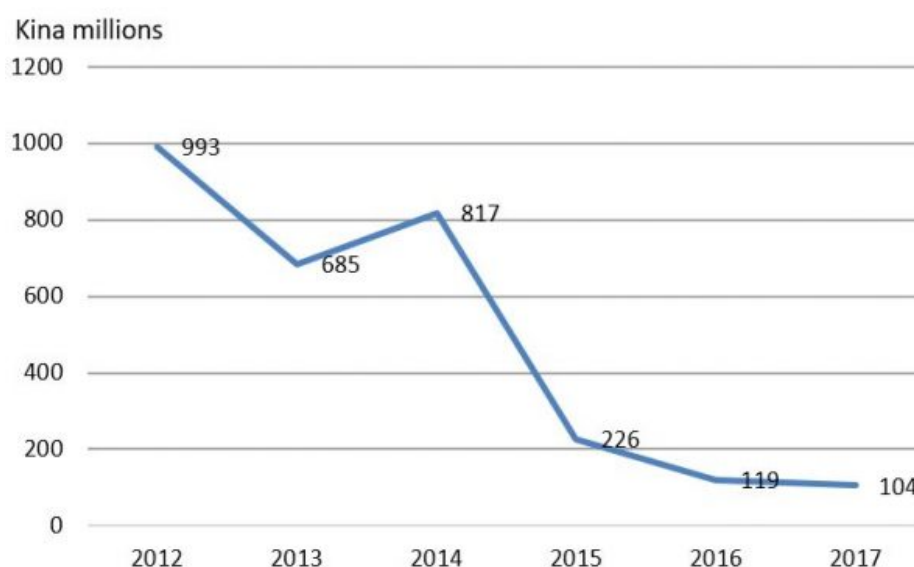
By Nelson Atip Nema and Stephen Howes on December 8, 2017

Papua New Guinea's government depends almost entirely on tax revenue received from various sources including taxes on income, profits and capital gains, taxes on payroll of workforce, taxes on goods and services, and taxes on international trade and transactions. Tax revenue serves as a direct measure of economic activity and the well-being of citizens. In our earlier blog post, almost a year ago, we argued that the decline in tax revenue was indicative of a recession, or more specifically a decline in non-resource GDP. In this blog, we update and expand on those claims.

Resource taxation

PNG is heavily reliant on natural resources. It is no surprise that mining and petroleum taxes have declined with the drop in commodity prices. It is surprising that the decline in revenue has been so severe (Figure 1). New resource projects are not paying taxes due to tax holidays (Ramu Nickel) or accelerated depreciation (PNG LNG). Further research is needed to determine the reasons for a lack of tax from older gold, copper and oil projects.

Figure 1: PNG mining & petroleum taxes, 2012-2017



Source and notes for this and subsequent graphs: PNG Budget Database; 2017 revenue figures are estimates and are from the MYEFO.

Tax revenue in the non-resource sectors

Most of PNG's population is engaged in the non-resource sector. Three different non-resource taxes support the argument of a decline in the economy.

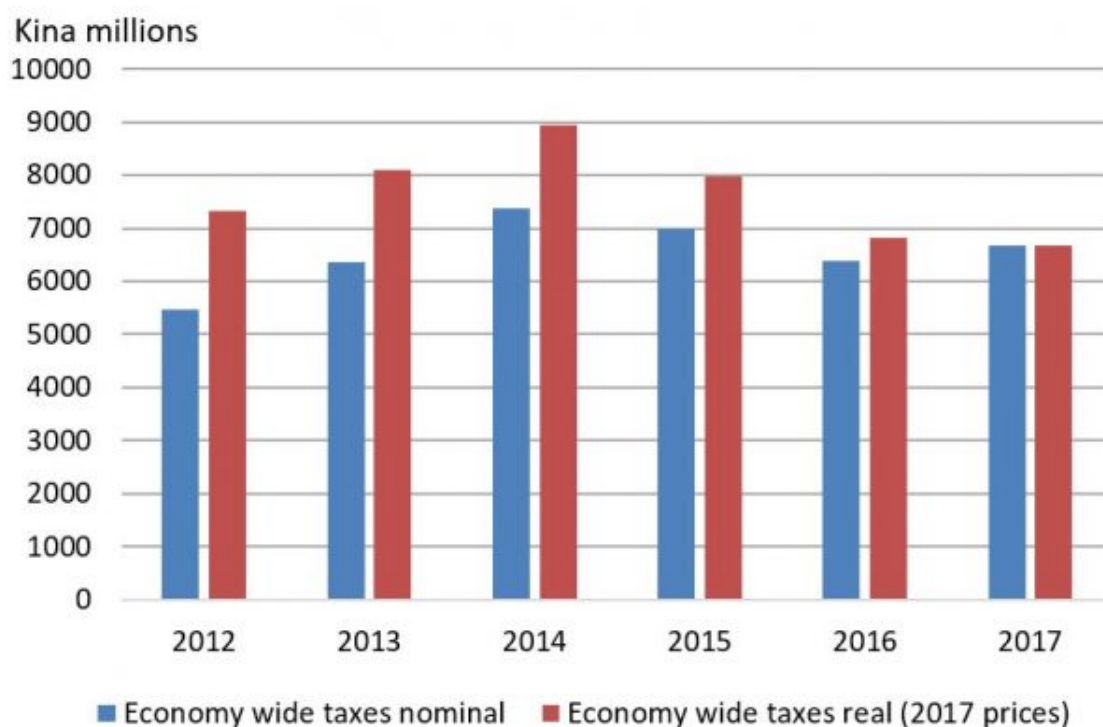
Income taxes, corporate taxes (excluding from resource companies) and GST all increased from 2012 to 2014, but have declined since in nominal terms (Figure 2). The tax on goods & services is perhaps the best indicator of the health of the economy. Its decline from K1,669m in 2014 to K1,443m in 2016 is strong evidence that the economy has been in a recession.

The latest estimates for 2017 show a slight pick up in nominal terms in these three taxes summed together but at less than the rate of inflation, resulting in an ongoing decline in real terms (Figure 3).

Figure 2: PNG economy-wide taxes, 2012-2017



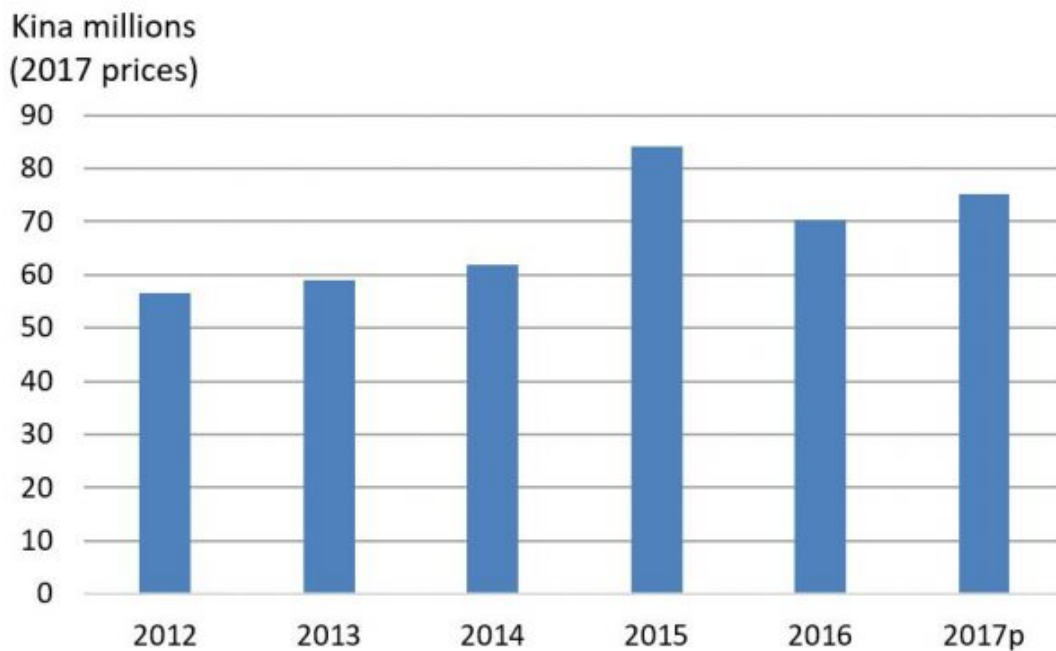
Figure 3: PNG major economy-wide taxes summed together, 2012-2017



Tax compliance

An alternative explanation for the decline in revenue is falling tax compliance. It is possible that there was a one-off decline in compliance with the end of the construction of the PNG LNG project. In general, however, there is no reason to think that tax compliance has continue to fall. The budgetary allocation to the Internal Revenue Commission (IRC) has been on an increasing trend since 2012, even after inflation (Figure 4). Discussions with IRC management and advisers suggested that compliance levels have, if anything, been increasing, due to increased funds and capacity. We were told that IRC staff had increased from 324 in 2013 to 660 currently.

Figure 4: Internal Revenue Commission funding (adjusted for inflation)

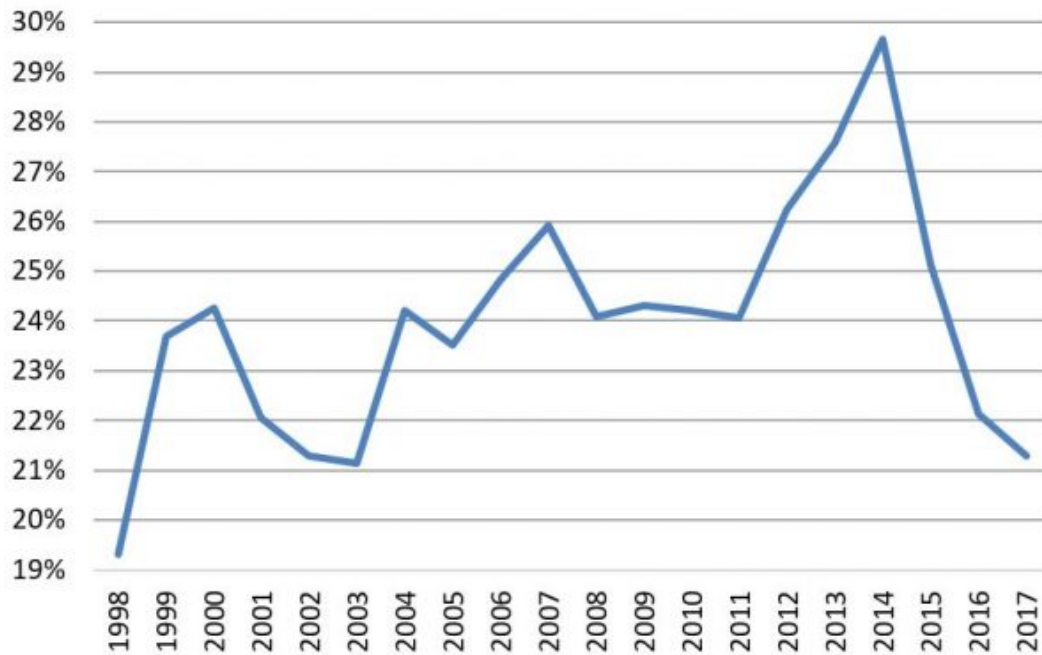


Source: Treasury documents.

The increase in staffing capacity by IRC (doubling the number of staff), together with government pressure to boost revenue make it highly unlikely that the story is one of falling compliance. It is much more likely to be a story of falling output.

Finally, we can look at the ratio of non-resource taxes to non-resource GDP. Figure 5 shows a steep decline from 30% in 2014 to an estimated 21% this year. While the ratio clearly does fluctuate, and some decline would have been expected with the ending of the PNG LNG project, it is hard to imagine why the decline should be so steep and persistent. This also suggests that official output numbers are too optimistic.

Figure 5: Economy-wide taxes as a ratio of non-resource GDP



In conclusion, this further analysis confirms our earlier argument that the data suggest a slow down in economic activity in 2015 and 2016. The alternative explanation of falling tax compliance is not convincing. The tax data is more positive for 2017, but even here the fact that the three main economy-wide taxes summed together are growing by less than the rate of inflation suggest that the recession has moderated, rather than a resumption of economic growth.

Nelson Atip Nema is a Lecturer in Economics at SBPP, UPNG, and Stephen Howes is the Director of Devpolicy.

A sensible approach to tackling the betel nut problem

By Busa Jeremiah Wenogo on March 26, 2018

Early this year, the Hon. Powes Parkop, Governor for PNG's National Capital District Commission (NCDC), sent social media into a frenzy when he announced that he would re-introduce the infamous and ill-fated buai (betel nut) ban on the public sale and consumption of betel nut if betel nut chewers and vendors do not "clean-up their act". Since then, the announcement has taken a new



twist, with the Commission coming out recently to explain that it is imposing a "partial ban" instead of the originally planned "total ban" on betel nut. The partial ban will target both the chewers and sellers of betel nut, and will restrict sales of buai to particular areas, rather than banning it outright. Boroko will be used as a model to trial out the partial ban. The Commission was forced to explain its stance on the betel nut ban after a few incidents occurred: the first in Hohola, where a tear gas canister used by police to disperse betel nut vendors almost became fatal when it made its way into the nearby school (Scared Heart Primary School); and the second an allegation that police stripped betel nut vendors in Port Moresby as a form of punishment. While the APEC Summit has created an urgency to clean up the city, these incidents and previous experience points to the critical need for the government to take a sensible – and different – approach.

It is already clear that the last time the ban was imposed (in October 2013), it not only cost the tax payers millions of kina but also led to the loss of human lives, destruction of thousands of kina worth of private properties, and the abuse of power by police and betel nut rangers – the very people responsible for enforcing the law. The cleanliness of the city did improve, but at the cost of the livelihoods of thousands of its citizens. In fact, a review conducted in 2017 by the NCDC on the betel nut ban found that a total ban on betel nut was not the best way forward for all stakeholders, including chewers and vendors. Even the partial lifting of the ban – with the introduction of a number of markets designated for the sale of buai – has had very little impact. Confrontations between vendors and buai city rangers is a major concern. The congested space within designated markets is a big issue, with cases of confrontation between various factions of vendors. Furthermore, the recent ban is not exclusive to betel nut; it will target other informal economic activities as well. This means that the ban will have wide-ranging implications and a significant impact on many Port Moresby residents who rely on informal economic activities for survival.

A new approach should be taken, based on mutual understanding and shared ownership. The starting point for achieving such an outcome is the NCDC, which should reach out to the vendors and producers of betel nut and engage them in a consultation process to find an amicable solution. A consensus needs to be reached, with the

intention of getting everyone on board to achieve the desired objective, while also ensuring that livelihoods are not adversely affected. Prior to imposing the ban, the NCDC should organise a forum to gauge the views of those who will be affected by the ban. The forum should provide a set of recommendations to tackle the betel nut problem in the city.

A betel nut vendors and producers association should be created. The leaders of this association should work with the authorities to iron out any issues and develop an amicable way forward. To its credit, the NCDC has already set-up 11 associations for market vendors operating out of Gordons and Gerehu Market. However, there is a need to elevate the line of communication to the Office of the Governor or the Commission so that concerns can be promptly addressed.

Secondly, the forum should recognise the gap in terms of policy. While the National Informal Economy Policy exists, a separate policy on betel nut should be developed, given the nature of the problems associated with the trading and consumption of betel nut and the fact that betel nut has national outreach. The forum should also feature discussion around the setting up and strengthening of the role of trained food and health inspectors. The betel nut vendors association should work with these inspectors to ensure compliance, particularly on section 13 (4) of the Informal Sector Development & Control Act 2004. A memorandum of understanding (MOU) should be signed to facilitate this.

Last but not the least, there should be discussion between vendors and the NCDC on how best to strike a balance between over-regulation and unrestricted selling. There needs to be an understanding that unlike marijuana and homebrew, the act of producing, consuming and trading betel nut is not a 'crime' as per the Summary Offences Act or the Criminal Code Act. Subsequently, it will be worthwhile to seek legal advice on the imposition of the ban during the forum. Discussion should focus on the pros and cons of the betel nut ban in light of PNG's current economic environment (high unemployment, rising population, rural-urban drift, high cost of living), policy climate (financial inclusion, SME Development), health indicators, and cultural context. Lessons can be drawn from other countries where a betel nut ban has been imposed, in order to determine the extent of its benefits and costs. This should be complemented by discussions around the utilisation of alternative approaches to tackling the betel nut problem.

There are already plans to set up a wholesale market at 8 Mile to control the flow of betel nut into the city. The wholesale market will distribute betel nut into regulated areas only. It's an initiative spearheaded by Hon John Kaupa, the new Member for Moresby North East, and Governor Parkop. A similar initiative was mooted by Governor Parkop when the buai ban was first introduced. This idea would involve the engagement of a private company (Askopina Ltd) to buy and then sell dehusked/packed betel nut, and has not yet materialised. In both cases, wider consultation is needed to ensure the proposed plans are supported by all parties concerned.

There are constituencies within PNG, such as Kokopo and Alotau, where their citizens' chewing ethics and commonsense has helped prevent betel nut stains and waste from tarnishing the image of the towns. Perhaps the government could look at standardising these chewing ethics/commonsense in the form of instruction booklets to be made public to assist chewers from other parts of PNG to chew responsibly. Going further,

these ethics can be enshrined in laws/rules and regulations. In the absence of this, the Informal Sector Development & Control Act 2004 provides a guide to regulate betel nut trade and consumption. Regular awareness-raising is key to embedding these ethics/commonsense into betel nut chewers. Clearly, the underlying betel nut problem in the city is largely due to irresponsible chewing. In addition, health authorities and the Medical Research Institute (MRI) should conduct regular research on the effects of the betel nut on chewers and the public. These findings should be made publicly available to inform decision-making by authorities, chewers and public alike. They should also delve into determining the acceptable levels of combination (betel nut, mustard & lime) and its effect on chewers' health given the varying amounts of ingredients used by chewers. In the absence of information there are all kinds of misconceptions that will only lead to bad choices. Health problems in PNG should be tackled in a holistic manner, rather than by just targeting betel nut. Alcohol consumption and smoking also contribute significantly to deaths and lifestyle diseases. Furthermore, the abuse of alcohol compared to betel nut has a high cost on societies, leading to problems like domestic violence, family conflicts, marriage breakups, underage drinking, and rape. In the same sense, a holistic approach to tackling litter in the city should be used. Betel nut is not the only product generating rubbish. Plastics, bottles, smoke butts, papers, empty cans, food waste, etc. are all forms of rubbish that the NCDC must address along with betel nut.

There are countries such as Taiwan where betel nut is chewed by 90% of the total population and is responsible for a huge revenue windfall for the government. However, faced with rising cases of oral cancer, the government was forced to provide subsidies as incentives for betel nut producers to stop producing betel nut. Domestically, PNG's betel nut industry is estimated to be worth in excess of one hundred million kina per year. Combine that figure with revenue generated through exports and you have a gold mine. Its significance for PNG's economy is reflected by its high weight in the country's CPI (10%).

PNG's national security is at stake during APEC 2018, and the last thing we need is for police officers to be stretched thin keeping peace on the streets between authorities and betel nut sellers while also trying to protect the visiting leaders and delegates. In addition, we want to avoid scenes of police/rangers chasing after betel nut vendors while our guests are here. We need to move away from dealing with the 'betel nut problem' on an ad-hoc basis and instead work towards finding a lasting solution. It all starts with taking a sensible approach towards addressing the problem, and that sensible approach revolves around the need to find an amicable solution to the betel nut problem. The ban has already had negative effects, however it is hoped that a sensible solution will come about after NCDC reviews the implementation of its new partial ban in six months' time.

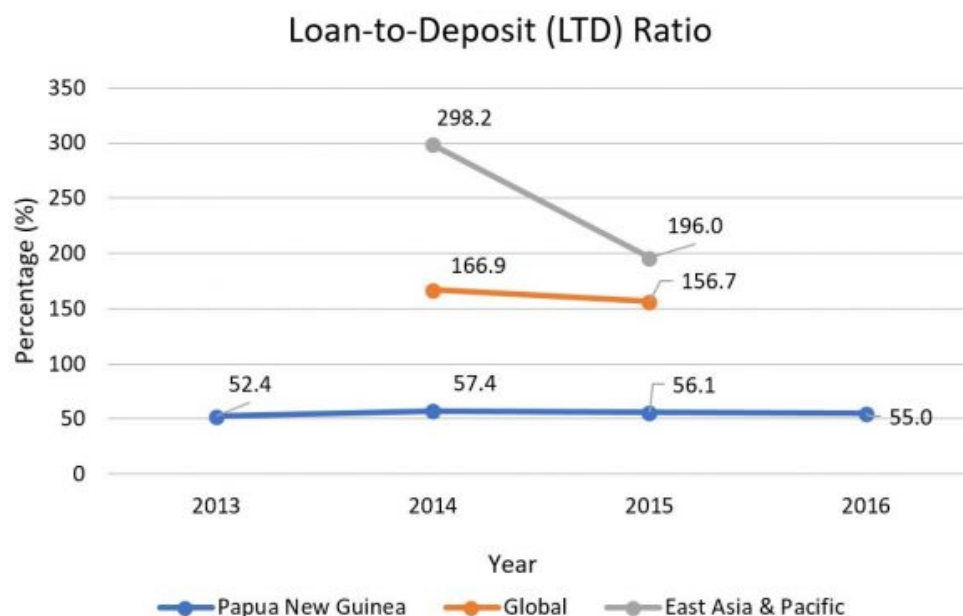
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Low demand for microcredit in Papua New Guinea

By Dek Joe Sum on April 24, 2018

The concept of microfinance is not new. The form of microfinance services we see today is largely derived from the community-based mutual credit transactions that existed centuries ago and that were based purely on trust and non-collateral borrowings and repayments. The first microfinance service in Papua New Guinea (PNG) was introduced by the Asian Development Bank (ADB) in 2002 under the Microfinance and Employment Project. Today, microfinance services in PNG are supplied through the state-owned National Development Bank, five licensed microbanks, 21 savings and loans societies (SLS) and around 70 small community-based non-government organisations.

While these financial institutions have successfully reached out to more than 43,000 microcredit borrowers and 250,000 depositors in PNG over the years, the microfinance industry has been facing the problem of disproportionately low demand for borrowings in comparison to savings deposits since inception. This problem was first highlighted in the Microfinance and Employment Project's completion report prepared by ADB in 2010. It is also reflected in the data prepared by Microfinance Information Exchange (MIX), which shows that the loan-to-deposit (LTD) ratio of PNG's microfinance industry ranged from 52-58% between 2013 and 2018. This implies that for every kina deposited in a microfinance institution (MFI) in PNG, only 55 toea are lent out as a loan to the public.



The LTD ratio is usually used as a measure to evaluate the liquidity and financing structure of a financial institution, and to determine whether it is capable of self-funding or requires external financing. While there is no general rule of thumb for where the optimal LTD ratio lies, the MFIs in PNG have been experiencing a much lower LTD ratio than the global and regional average standard over the years. The above graph shows that the East-Asia and Pacific region, which comprises 136 MFIs in 14 countries (including PNG), has a track record of issuing loans at least two times the value of

deposits in 2014 and 2015. More importantly, PNG remains the only country in the region with a LTD ratio of less than one. This implies that there may be excessive liquidity in the country's MFIs that is not fully utilised for loan purposes.

Operational self-sufficiency (OSS) is a measure used to evaluate MFI sustainability. It assesses the ability of a financial institution to cover its operational and financial expenses with its revenues. The data in the second figure shows that the country's MFIs on average just barely achieved self-sufficiency, at 101.6% and 99.4% in 2015 and 2016 respectively. While all five savings and loan societies (SLS) in the survey sample recorded more than 100% self-sufficiency, the micro-banks on average have not been able to. This implies that on average the revenues received by the micro-banks are not large enough to cover their expenses.

This result is not surprising given that the SLS only issue loan products exclusively to their members and have few branches. The micro-banks on the other hand, experience high operational costs associated with providing services to the general population by setting up branches and establishing financial agents in the most rural and remote regions of the country. However, the situation faced by the micro-banks could be improved with an increase in the demand of loans from the population. As most of the unutilised funds from the surplus of deposits over loans are used to invest in government and treasury bills, with returns ranging from 4.7% (182-day T-bill) to 8.0% (364 day T-bill), the MFIs could have easily earned much more by issuing more loans at a higher interest rate.



The ongoing low LTD rate in the MFIs certainly decreases the effectiveness of what microfinance can do to help the poor. While there are many different services covered under the umbrella term of microfinance, such as micro-insurance and micro-leasing, microcredit undoubtedly forms the core of microfinance as it is the only channel whereby people living in poverty can gain access to extra money (credit) for personal use and wealth creation. Lower demand for microcredit among rural and low-income households leads to lower wealth creation. This prevailing problem is not only impeding efforts to reduce poverty effectively, it is also hampering the government's initiatives to promote growth in local business ownership and expand the country's tax base.

It is important to note that the low LTD ratio is a sector-wide problem and does not only affect the microfinance industry. In fact, PNG's banking and financial sector has the lowest LTD ratio of any country in the Pacific. The PNG government needs to develop a more comprehensive policy to address the lack of lending in the country. Financial incentives such as an interest rate cap or the use of less stringent collateral requirements may not be sufficient or may even be counterproductive. Rather, the government needs to improve the business environment in PNG so that the general population is able to develop bankable projects. Increased demand for credit and greater lending will then follow.

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Education, health and communications

'Free' education policy in PNG: a tale of two provinces

By Grant Walton, Tara Davda and Peter Kanaparo on August 11, 2017

The PNG government's Tuition Fee Free (TFF) policy – introduced in 2012 – was a central pillar of the O'Neill government's first term in office. Over the years, this policy has changed significantly; schools have been banned from charging any official fees (until 2015 they were still allowed to charge fees for projects). The policy has also sought to recentralise the distribution of subsidies to the district level, through District Education Implementation Committees (DEICs). While there has been much speculation about these changes, there has been little recent empirical evidence from schools and sub-national administrations to inform debate.



In our recent Development Policy Centre Discussion Paper, we look at how these policy changes have impacted a small number of schools (n=10) and districts in two provinces: East New Britain and Gulf. Researchers visited the same schools in both 2012 and 2016. The difference between these two provinces is stark: in 2012, 90 per cent of parents in East New Britain claimed that most children in their community attended school, compared to only 37 per cent in Gulf (see page ix of this pdf). How have changes to the TFF policy impacted schools and administrators in these very different contexts?

The TFF policy has improved access to schooling – one of its key objectives – particularly in East New Britain. Indeed some schools in the province were struggling to cope with enrolments increases, with a district official noting that:

Before there was no TFF, you could not see crowded classrooms... and then people saw the money come. As soon as it was mentioned that education was free, all our classrooms became overcrowded.

In Gulf, however, schools visited had experienced a decline in enrolments due to poor quality schooling. One teacher noted that students have “quit because there were no materials.” This suggests that free education policies that focus on getting students into schools, without concurrently improving quality education, can lead to students devaluing education. This threatens the government’s goal of increasing school access in some places.

While schools in Gulf faced significant challenges, many in surrounding communities worked to improve their schools. For instance, some schools ensured teachers and community members jointly monitored students and reprimanded parents on their children’s non-attendance. As one teacher said:

If there is a consecutive 21-day absence, parents must come and explain... If there’s no good reason, [the matter is] handed over to the BoM [Board of Management]. Or they are asked to transfer to another school.

While communities, particularly in remote areas, play a crucial role in managing schools, they cannot provide quality education without support from the government and other service providers.

The TFF policy bans schools from charging parents fees; however, many schools are not following this directive. Nine out of the ten schools we visited were not adhering to the government’s ban, and charges had increased (i.e., going to school became more expensive) between 2015 and 2016. This was partly a result of late and erratic delivery of government subsidies; it was also a reflection of the absence of other funding sources. We found that church-run schools in particular were threatened by these factors.

Since the introduction of the TFF policy, church schools have become far more reliant on national government funding (church schools we visited were even more reliant on government funding than government-run schools), and church administrators now play diminished role in school management and oversight. Enforced reliance on government funding has resulted in a national dispute over legal right of church schools to charge fees.

Given that churches play a significant role in the provision of educational services, and the government subsidy is notoriously late, the reaction of church administrators is unsurprising. Our findings support calls to reinstate both project fees and church agency fees to allow schools to manage funding shortfalls.

Our paper also shows that education standards officers (who are employed by the National Department of Education, and are stationed at district administrations) play a crucial role in monitoring spending and dispute resolution. For example, they help mediate disputes about schools’ Boards of Management – disputes which appear to be becoming more acute given the rise in funding associated with these positions. However, many standards officers, particularly in Gulf province, have become disheartened with their job. One standards officer in Gulf said:

I've come a very long way, but I give up. I have the willpower but not the means to go into my schools. It is very frustrating. I am not [supposed to be] an office worker, yet I sit here all day...There is no money for travelling, nor money for photocopying.

Another broke down and cried when describing the difficulties they faced, while some reported taking on personal debt in order to visit remote schools.

Standards officers need two things: resources and information. Resources are most desperately needed in Gulf, where standards officers are becoming increasingly demoralized. There are also signs that the most basic information about school funding is failing to make its way to schools. Nor is information about schools making it to administrators. For example, we found senior administrators and standards officers in both provinces who did not know how much funding each school was supposed to receive. This needs to be rectified.

It is heartening that there have been some steps made toward improving information sharing, with Secretary for Education Uke Kombra announcing in late 2016 that provincial TFF coordinators had been appointed across the country. It is important that these coordinators are properly resourced, and have appropriate information about school payments and schools in their province.

The proposed recentralization of funds – from schools to district administrations through DEICs (with 30 percent of funds set to be administered by this institution) – is still slated to occur. Our findings suggest that there are three key problems with this policy. First, it will likely increase the cost of infrastructure, particularly if contractors rather than communities are involved in drawing on these funds. Second, it is likely to further empower MPs and lead to a strengthening of patronage politics, particularly in provinces such as Gulf where the administration system is already stretched. Third, because previous promises to bolster funding for education projects within districts have not materialised, there is growing suspicion among administrators and schools that DEICs will not be able or willing to distribute funds allocated to them. We suggest that the roll out of this policy be delayed until district administrations are better established, and there is greater separation between administrators and politicians.

While the schools we visited are case studies, our findings point to the types of challenges that schools and sub-national administrators are likely to face across the country. It suggests policy makers now need to focus on the less politically popular aspects of education policy, such as improving teacher quality, and oversight and monitoring. It also means being brave enough to roll back policies that will harm quality education, particularly moves to take even more funding away from schools through establishing DEICs at district administrations. In the rush to increase access to schooling across PNG, the problems associated with changes to the TFF have been overlooked. With the new government vowing to learn from past mistakes, now is the time to address these unintended consequences of education reform.

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The world's most common childhood disease: the burden and the solution for PNG

By Barry Reed on March 8, 2018

The world's most common childhood disease affects over 90% of the world's children. It is chronic, non-communicable, neglected, and the most common cause of pain (80% of children will experience pain from it).

What disease am I referring to? Dental disease, usually from tooth decay.

Many Pacific nations, including Papua New Guinea, are experiencing the growing problem of dental pain, which can be alleviated through the control of dental disease.



One survey of six villages in the Western Province showed that there were three untreated diseased teeth per person. There is only one dentist per 90,000 people in PNG, an overwhelming number of patients for PNG dentists. During my time in PNG, I removed twelve abscessed teeth from the mouth of one four-year-old girl, who was in so much pain that she could only eat bananas, which clearly affects her general health. She had already been in pain for half of her life, as there was no local dentist.

This burden is only set to increase as PNG's population is expected to double in the next twelve years. PNG needs effective and permanent prevention of dental disease, and they need it soon.

Worldwide, there are three preventative methods for reducing dental disease. However, only one is practical for PNG: salt fluoridation, or the addition of fluoride to commonly-consumed table salt. This method has been effective for 300 million people in 30 countries across Europe and America, and benefits a wide variety of people: children, adults, the rural disadvantaged, and the urban poor. The cost-benefit ratio of salt fluoridation is 1:240, which means that for every \$1 invested in prevention, \$240 is saved in future fillings and tooth extractions. In addition, it only costs less than ten cents per person per year.

Salt fluoridation results in the rapid reduction of tooth decay, of 10% per year, which is a massive permanent reduction of 50-65% in just five years. This would be a fantastic public health achievement, and its safety has been proven by research, particularly as it does not increase the consumption of salt.

So how does this prevention of dental disease enhance Australia's development impact?

Australia provides substantial support to education and health in PNG. Australia's educational development impact is reduced by dental disease because children miss school due to the pain they are experiencing, and their education suffers. Adults with strong pain cannot work or are less productive at work due to the pain. This results in an ongoing loss to the economy and extra costs to the health system for pain relief.

Reduced dental disease would increase school attendance and productivity at workplaces, enhancing Australia's aid impact.

I make three recommendations for this to work.

1. Appeal for a small amount of aid for a national fluoride mapping study by PNG dental postgraduates.

This research, on a national scale, would verify my initial research that shows that fluoride levels in drinking water is very low across PNG. If we know definitively that fluoride levels are low nationally, we know that fluoridated salt is suitable for the country as a whole.

2. Provide aid to PNG dental postgraduates to educate the people and government in the effectiveness and safety of fluoridated salt, gain their approval, and promote the need for action now.

This is key, as everyone needs to be on board for this to work.

3. Dental disease takes away the enjoyment of life.

Its pain is stealing away the smiles of children. Action to fund and legislate for fluoridated salt will bring these smiles back. Action and aid now will enhance the health and impact the lives and wellbeing of children within five years.

Without fluoridated salt, there is no realistic solution for the suffering children of PNG.

Dr Barry Reed is an oral and maxillofacial surgeon in Newcastle and Maitland, NSW, and has been an OMS specialist in Oncology at the Newcastle Calvary Mater Hospital and John Hunter Hospital for over 20 years. As a former Kokoda Track Foundation and YWAM aid volunteer and teacher, he has made eight aid visits to PNG in the last 5 years.

Compulsory SIM card registration in Papua New Guinea

By Amanda H A Watson on January 24, 2018

The SIM card registration deadline in Papua New Guinea (PNG) has now been extended to April 30. The deadline was to be today, but over a million mobile phones are not yet registered. All pre-paid mobile phone SIM cards must be registered with a service provider (Digicel, bmobile Vodafone or Telikom) before the new deadline. If consumers do not register in time, either their SIM card will be deactivated or the operator will receive a fine from the National



Information and Communications Technology Authority (NICTA) for continuing to operate unregistered SIM cards. A SIM is a Subscriber Identity Module linked to a user's phone number and usually looks like a small computer chip. If a SIM card ceases to function, the mobile phone it is inserted into will not work; the user will not be able to make calls, send text messages and so on.

Registration involves a user providing to the mobile phone company their name, proof of identity and other details. The requirement applies to all pre-paid SIM cards in the country: those which require a user to add credit before they can make a phone call, send a text message or use data. The registration exercise does not apply to post-paid SIM cards (that is, mobile phones for which a user or employer pays a bill at the end of each month), as mobile phone companies already have contact details for these users.

In various countries, SIM card registration has been legislated. Governments often adopt such a policy in order "to help mitigate security concerns and to address criminal and anti-social behaviour". In PNG, similar motivations for the policy have been expressed, including the need to have increased security in time for the APEC meeting in Port Moresby later this year. A concern though is that "to date, there has been no empirical evidence that mandatory SIM registration directly leads to a reduction in crime". Indeed, in Mexico, the theft of handsets increased after a similar policy was introduced, likely because "criminals stole handsets to avoid the risk of being traced". Mexico subsequently abandoned their SIM registration policy and later introduced a scheme for registering handsets. Several countries in Latin America have opted for handset registration in order to address handset theft.

Proof of identity issues are a major concern, as the majority of people in PNG live in rural areas and do not have written identification such as a drivers' licence or passport. The global peak body for mobile phone companies has suggested that the "effectiveness of SIM registration solutions also depends on the availability and pervasiveness of national identity schemes". In Pakistan, SIM registration has been successfully established, based upon a national identity scheme incorporating biometric data. In PNG, the National Identification (NID) project has been established, but it is a very challenging undertaking and to date has only registered a fraction of citizens. Issues of

identification remained a significant challenge during the 2017 national election, and concerns regarding inaccuracies in the electoral roll were raised. While illegal sale of NID cards has been uncovered, NID could potentially assist with a range of activities in the future, including elections.

In December, I was reminded about the need to register my SIM cards through promotional messages, such as advertisements on radio and television produced by mobile phone companies and NICTA. I registered a bmobile Vodafone SIM card easily and quickly at a bmobile Vodafone retail outlet in Port Moresby. A staff member completed my details using a tablet. Information required included my name, address, sex, and date of birth. I was given the impression that it was not possible to leave any fields blank. I used my PNG drivers' licence as proof of identity.

I also needed to register a Digicel SIM card, but there were always queues at Digicel outlets and the registration process itself also seemed lengthier. I had to complete a paper form and then a staff member entered all my details onto a tablet while I waited. My photograph was taken and a confirmation code was sent to my mobile phone. I needed to provide this in order for the registration process to be complete. I wanted to leave some fields blank, but was told by the staff member that if I did so my registration would not be accepted as valid. There were some questions about Digicel services, such as mobile money, which had been included. Again, I used my PNG drivers' licence as proof of identity. I was given a copy of the paper form to keep, and was told that it would be handy if I ever need to re-activate the phone number (for instance, if my handset is stolen).

For me, the registration process was time-consuming and raised questions about privacy and data security. I worry about personal details such as my date of birth being held in databases belonging to commercial entities. For an illiterate or semi-literate PNG citizen with no drivers' licence or other form of written identification, the process must be challenging and confronting. To address this challenge, the legislation allows for people to use a letter from a reputable person such as a pastor or village court official as a means of identification. Nonetheless, many people live a long way from retail outlets and thus they must be incurring transport costs and making a substantial effort in order to register their SIM cards. While SIM card registration is supposed to be free of charge, sources suggest that sub-contractors in some provinces are charging consumers five Kina to register.

For all the effort being made by consumers and telecommunication companies, I wonder about the extent to which the process will lead to tangible benefits for the country. Certainly, the exercise is costing the operators money, as has also been observed elsewhere. In some places, for instance Nigeria, the regulatory body has shouldered registration costs.

There may also be a risk that vulnerable or socially marginalised people are excluded from the opportunity to own and use mobile phones. The extension of the deadline may give more consumers a chance to avoid being cut off, but the registration of SIM cards in PNG remains a significant logistical challenge. When similar initiatives have been introduced in other countries, deadlines have been extended, but nonetheless SIM cards have been deactivated after the final deadline. Deactivation would likely result in decreased revenue for operators and the government through taxes.

But perhaps more importantly, this policy could lead to an absence of two-way communication in disadvantaged communities in PNG. If the few active mobile phones in certain remote villages are cut off, this could have negative implications regarding time-critical emergency communication, such as for childbirth complications and natural disasters. Citizens in such places may need to overcome further hurdles in order to ensure that they are not left even further behind.

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A smart phone a day keeps the doctor away: mobiles and health in PNG

By Mikaela Seymour on November 10, 2017



Health services in Papua New Guinea are mainly provided by Community Health Workers (CHWs), who have two years of training provided by Health Colleges, after which they are allocated their aid post roles, usually to rural or remote areas. Encouragingly, many of the young graduates I have had the pleasure of working with are eager to serve the communities of PNG and have a genuine passion for their work.

However, once working in the rural aid post, CHWs find themselves battling with an irregular and unreliable supply of health care products, lack of access to continued professional development, professional isolation and lack of support.

The rural communities in which CHWs are stationed commonly have limited electricity, sanitation via dug toileting and water provided by the local creek in which bathing, washing and cooking all take place. Nevertheless, even in the most remote locations one modern gadget seems omnipresent– the mobile phone.

In the past, short wave radio has often been relied upon in PNG, especially to support and connect health care services. One particularly good example is that of Rumginae Hospital where Dr Brandon conducts weekly meetings with workers from 5 health centers and 10 aid posts. Through these meetings Dr Sharon Brandon is able to provide pastoral support, education, medical advice, and collect crucial epidemiological information regarding disease in the region. However this opportunity to converse directly with a doctor is not available for many rural health care workers.

When a woman is laboring, obstructed in the middle of the night, a CHW needs urgent advice – they cannot rely on a nurse or doctor to conveniently be next to a large, bulky and difficult-to-transport radio system. When a small child has an unfamiliar rash and fever – the health care worker worries enough to consider meningitis versus the typical childhood exanthem, but how can they seek a timely opinion via radio when this is a clinical sign best photographed and reviewed? In a country with a limited number of

specialists, imagine the immense benefit of being able to call one in their offices in Port Moresby to seek advice, or perform a tele-health consult for specialist expertise which would otherwise never reach these remote areas.

Professor Suwamaru of Divine Word University Madang interviewed health care workers from seven provinces and found that practitioners were using mobile phones for ordering medical supplies, receiving calls from the community about women laboring, using the calculator function to analyse malaria parasite density and transmitting injury photos to colleagues to clinical seek advice. Some workers also reported keeping tallies of malaria incident accounts and texting them for epidemiological purposes, allowing for targeted provision of care to areas battling outbreaks. Many Community Health Workers are also using their mobiles to send information about locations in which they will be conducting clinics or vaccinations so that villagers from surrounding areas can congregate for health care provision.

The key benefits of mobile over radio are portability, accessibility, and future proofing with extended technological capacities. Most PNG families, particularly young people, have access to mobile phones. The paradox of teenagers living without electricity, running water or sanitation, but being able to apply snapchat filters to their selfies is almost comical – but certainly an opportunity which cannot be denied, with the World Bank estimating that 2 million people in PNG now own a mobile.

Mobile phone networks in PNG continue to expand and improve, with companies such as Digicel, BeMobile and Citiphone investing in network expansion. In comparison, the short-wave radio network has fallen into disrepair and requires specific government support to maintain functionality. For example, in Orora Village in the Madang Province only a third of villagers had access to a working radio receiver, but all villages had full phone coverage.

Dr. Jonathan Ritchie says that 80% of the land mass of PNG has mobile coverage, a remarkable feat considering the difficult terrain, dense rainforest and formidable isolation of most areas. Further, since the introduction of competition into the mobile market in 2007, prices of handsets and calls have plummeted, with the cost of a call falling by 60% by 2016.

A successful example of mobile use in the PNG Health setting is the toll free “Kaunselin Helpim Line,” which provides counselling and advice on family violence, including STIs and HIV, and can be called without any phone credit. Internationally, Danis et al describe the use of the Ugandan Health Ministry SMS reminder system which encourages patients to take medication at certain times – this could be a game changer in the battle against multidrug resistant TB within PNG.

Looking to the future, the mobile, especially the smart phone, may become a way for individuals to carry their health books – which are often presented to health workers in poor condition, with pages missing, or patients losing their books altogether. To have a record of visits, vaccinations, and treatments on the individual’s phone would revolutionise the system, with no need to print thousands of health books yearly.

As the PNG population continues to expand, health care in the region needs to embrace modern technology to meet expanding needs. Rural Community Health Care Workers are indispensable to the provision of care at a grass roots level, and these workers need

to be supported, educated, and connected with to provide the quality services Papuans deserve. Mobile phones are the only way we can realistically continue to support these workers in the 21st century, and should be focused on in policy and funding.

Dr Mikaela Seymour currently works in General Surgery at the Sunshine Coast University Hospital, Queensland. Her interests are in maximising health outcomes in low resource environments, especially in rural and remote areas, and over the last 3 years she has worked and studied within Papua New Guinea, specifically Western Province and Milne Bay.

Ending violence

In search of services to address family and sexual violence in Lae communities

By Michelle Nayahamui Rooney, Miranda Forsyth, Mary Aisi and Dora Kuir-Ayius on May 22, 2018

We conducted research in Lae for three weeks in April to explore the connections between women's experiences of seeking support to address family and sexual violence (FSV) in their lives, and their children's wellbeing and opportunities for education. Working through church and local networks, we held eight community focus group and town hall-style meetings reaching, over 500 participants from all over the city. We conducted individual in-depth semi-structured interviews with 70 women. At the institutional level, we conducted meetings with service providers such as the police, the public solicitor's office, educational institutions, and case management services. We had several focus group-style and key staff meetings with staff of primary schools, high schools, and one community-based health clinic. These cut across government-funded and church-run institutions in the city and in settlement communities.



Emerging findings from this research have highlighted the multiple financial and social considerations that limit women's ability to seek certain types of assistance. The research also highlights the gap between formal systems of support and the reality for most low-income families whose children tend to fall out of the education system because of the immediate and longer-term impact of FSV. Many of the women we interviewed have extremely low incomes and low educational levels. Their experiences of violence reflect deeply-entangled cycles of poverty, marital breakdowns, and chronic episodic violence – all of which reinforce each other. Many women are supporting

others while also dealing with their own experiences of violence, and the research revealed the critical role that neighbours, family members, other survivors, schools, and churches play in assisting those experiencing FSV. Lifetime experiences and episodes of violence can also involve multiple factors and relationships.

The economic (financial and opportunity) costs of seeking support, particularly from the state, are a major constraint on women's ability to address the violence in their lives. Many of these costs are related to their ability to provide for their children's housing, food, education, and other basic needs. These costs are exacerbated by the lack of knowledge and confusion over the support services available. Another important reason why women do not pursue the formal route for addressing FSV is the fear of losing the family income if their partner is sentenced to jail. For those living in Lae's informal settlement communities, even if they wish to resolve the matter locally in the community, they must pay 'table fees' for local leaders and komiti (committee) members to hear their cases of domestic violence. These local mediation fees can range from K10 to K50 per party to the dispute. If there are multiple parties in the complaint such as when there is a polygamous relationship, these costs can escalate to include other costs such as compensation.

When women do choose to seek support through the formal police and court system, their strategies vary and the outcomes are mixed depending on their personal circumstances. Many women acknowledged the improvements in the police responses and attributed these to the current strong leadership in the Lae police hierarchy, including the introduction of a toll free number for the public to call. The increasing involvement and awareness among police on these matters was also positive. Increasing awareness and publicity of family protection laws has also meant that the threat to go to the police or a visit to the police station and a follow up call from the police also helped to deescalate the situation, so that the family can help to avoid further episodes of violence.

However, most responses suggested that from the perspective of women experiencing FSV, there is a need to improve information about the processes and access to police and other services. Women from Lae's informal settlements (also called 'compounds' or 'blocks') talked about being sent between the local mediating komiti and the police station, often giving up in the process. Costs include being asked to pay the police for fuel or other enticements before they will attend to a domestic violence incident. The delays in responses often mean that the perpetrator has run away. The process of seeking formal support involves time to obtain a medical report for evidence, and waiting at the police station or the courthouse (often for entire days). This can result in substantial loss of income because women's wages are cut or they need to abandon their informal market activities. Other costs of pursuing legal and formal options include transport, paying lawyers, getting documents typed, and paying fees for legal documentation or medical reports.

Some women expressed concern that they are required by police to directly request a perpetrator to come to the police station to face a complaint. Others noted that police, magistrates, lawyers or local mediators were often known to both parties, making it difficult for complaints to be dealt with independently.

Many women also expressed a wariness about the formal process especially because they fear the violence worsening if the process is unsuccessful or when the perpetrator

is released from jail. For this reason, many women prefer to resolve matters within the family, the church or community. Many women said that they turned to religious spirituality for comfort and hope and found social support within their church networks. Importantly, many women's dire economic situation and the delays in seeking support for FSV also meant that their longer term prospects of securing financial support once their former partner had moved onto a new relationship was weakened, thus exacerbating the problems she faced in providing for her children.

The responses suggest that the stronger presence of police is having a positive outcome in terms of deescalating or preventing episodes of violence. Currently, the police accept women's agency in determining how to proceed with their complaints, accommodating their demands to bring their partners in for a mediation, or even calling the perpetrators to warn them about the potential legal consequences of their violence. This approach prioritises a woman's decision about her and her children's safety, given multiple financial and non-financial considerations. Such an approach would be threatened by the introduction of a 'no drop policy' as has occurred elsewhere in the Pacific, and which may have unintended consequences, such as dissuading women from seeking this valuable support from the police.

It would also be useful to provide more basic support services to ease the costs and difficulties that women face in seeking help, particularly addressing the common occurrence of children dropping out of school as a result of FSV. For example, allowing women to take leave of work to seek support, supporting their social support networks through family, friends, or church members, and providing logistical support such as assistance with documenting their cases, would all be ways to strengthen women's confidence to seek support. Strengthening school responses to supporting students affected by FSV is another way of ensuring students remain in school. Linking FSV support to longer-term support to secure childcare maintenance or property and housing rights from former partners is also important, as is linking in schools in strategic ways to assist children in coping with difficult periods.

Despite the general view expressed by our interviewees that domestic violence is a matter for the private space, we were heartened by the responses and the frank discussions in which there was an overwhelming consensus that this is a major problem faced by families, and women especially, and that a collective effort is required for any change to occur.

Although our research has focussed on women's perspectives on these issues, a strong message from women was the need to involve men, including sons, in this kind of research. A collective effort that also includes support for relationship mediation and counselling is needed to address family violence.

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Tribal warfare in PNG: ICRC's response to a changing landscape

By Grant Walton, Michelle Nayahamui Rooney and Mark Kessler on August 8, 2017

Mark Kessler, head of ICRC Papua New Guinea, knows war. He has been posted to conflict hotspots, such as southern Afghanistan, south Thailand and Iraq, before being assigned to PNG. Reflecting on his previous postings, he said he'd come from places "oriented towards jihad, bombs, Improvised Explosive Devices... the last one in Kirkuk was when ISIS took Mosul". It's not surprising then that coming to Port Moresby was a kind of "break".

In PNG, ICRC's biggest operations are in the Highlands. It is here where the agency deals with the fallout of an almost constant cycle of tribal violence, while implementing their water, sanitation and hygiene (WASH), sexual violence, prisons, and health programs. In June, ICRC launched a short documentary which aims to raise awareness of the nature of tribal violence. The documentary aimed to open up a conversation, rather than exploring the underlying causes, outcomes and potential solutions of tribal war in the highlands.

To reflect further on the context of the documentary, Mark recently sat down with the Development Policy Centre's Grant Walton and Michelle Nayahamui Rooney to share ICRC's experiences with tribal warfare, its responses to conflict, and what others should do to address ongoing violence in the Highlands.

Mark argued that the intensification of tribal warfare in the Highlands has been due to three key factors. First is the availability of guns. Not only have guns become more ubiquitous, there are some who are acting as mercenaries, "Rambos for hire", who are contracted by clans to fight against their enemies.

Mark also noted an interesting second factor that has helped to exacerbate conflict: the spread of mobile phone connectivity and greater mobility, which has meant that:

the fights spread out faster and on a larger area. It can also [mean] that people in a really different place [to where the main fighting is going on] just get attacked.

Finally, Mark was concerned that conflict has been exacerbated by an intergenerational struggle, where the young want to bypass more traditional routes to becoming a 'big man':

the young people, they want guns. They don't want to wait too long to have power through experience and social acceptance of leadership... it gives them immediate power.

Tribal wars have horrific impacts on surrounding communities. While statistics are not available, ICRC's documentary claims that non-combatants are being increasingly targeted. Reflecting on this issue, Mark said:

women, old people, wounded, are attacked. And kids are actually targeted, it's not like they merely get caught in cross-fire. Basically, whoever is not fast enough to leave is a target.

Mark was also deeply concerned that rape is being used as a weapon of war, with combatants believing that they have a right to sexually assault women from the opposing side.

In this context ICRC works to alleviate the immediate needs of those affected by the violence:

one of the first things that we try to do is give [victims] basic goods that they need, [such as] toolkits to garden, and to be able to build houses. The basic idea is to give them a start to whatever new life they have and to take pressure off their host communities.

This is critical because the influx of those affected by war into neighbouring communities is often a source of conflict:

Host communities already have enough pressure receiving these people, but then if they have to share everything... That's often one of the first points of conflict between host communities and the incoming displaced people.

The ICRC is also piloting a program with two local health centres to deal with the outcome of sexual violence: "we're working on training them on various subjects, for example on how to use post-exposure prophylaxis kits, which is what's used to treat patients after sexual assault". This is important, Mark says, because "many women and also men are not aware that sexual violence is actually a health issue". As a result, women who have been sexually assaulted generally do not go to health clinics.

This work complements ICRC's ongoing awareness-raising efforts in communities, with the agency sponsoring a theatre group to recreate the ways tribal fights begin, and getting people to think about how tensions might be reduced.

Mark says that ICRC staff try, as best they can, not to get caught up in the conflict, but that is not always easy. Recently two staff members quit due to their connections to warring tribes:

they couldn't work for us anymore because their clan had gotten into tribal fights, which affected them. They couldn't go everywhere anymore with us... they told us, "We can't work for you anymore."

During the national election, when the potential for violence is heightened, ICRC ensured that staff limited their movements.

While ICRC plays an important role in ameliorating the impacts of tribal violence, Mark stresses that they cannot solve the issue alone. He urged others to do much more to help bring about sustainable peace. This includes investments in law and order, which is important but is by no means a magic bullet as, Mark says, police are already outnumbered and outgunned. "Yes, probably they do need more resources, more staff, more guns, more cars. [But, due to poor capacity] you just can't give them all these things". Instead, Mark suggests that initiatives that strategically intervene in the lead up to conflict could be more beneficial:

[with] most tribal fights... you could find solutions for them rather quickly. Be it a fair trial, be it a working judicial system, or good mediation.

Even after seeing the sometimes horrific fallout of tribal warfare, Mark is cautiously optimistic about the future of the Highlands: "I'm optimistic because they are an amazing people, and there is so much potential up in the Highlands". He notes, however, that change has to come from "inside the Highlands". Reflecting on the possibility of sustainable peace, he said: "I think things can be done but I don't think there's a quick fix".

Grant Walton is a Fellow and Michelle Nayahamui Rooney a Research Fellow at Devpolicy. Mark Kessler is Head of Mission for the ICRC in Papua New Guinea.



A mother and child displaced by tribal violence stand outside a hut in a host village providing them with temporary shelter. The woman's extended family of 16 is being forced to share the coal-blackened hut with pigs, as they await the end of a tribal war that is preventing them from returning to their land. (Jesse Boylan/ICRC)

PNG and beyond...

The ties that bind: the Australia-PNG relationship

By Michael Wesley on August 17, 2017

PNG is as foundational to Australia's role in the world as Australia is to PNG's role in the world.

As the colonising power, Australia brought globalisation, war and then independence to PNG. By the same token, PNG and the broader Pacific stimulated federation, independence and a global role for Australia.

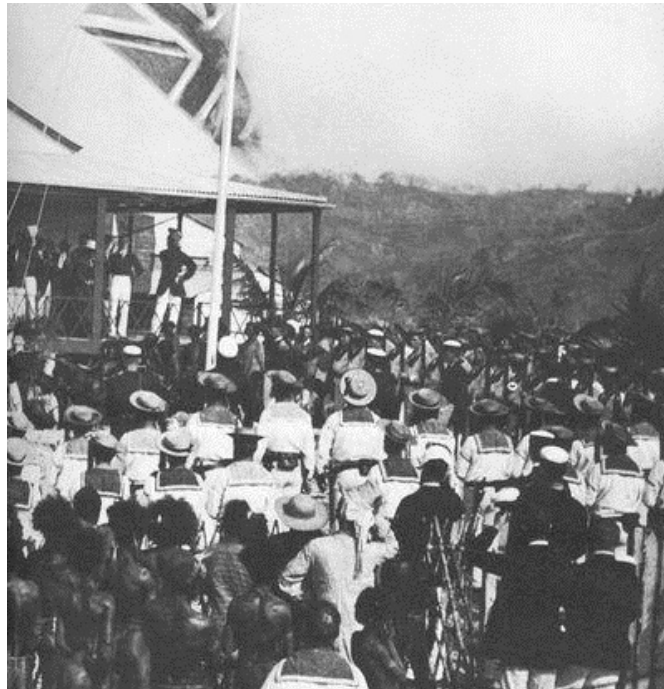
Neville Meaney writes that "geopolitics was the determining condition of Australian nationalism." In April 1883, Queensland proclaimed the annexation of eastern New Guinea

in the name of Queen Victoria. Britain refused to recognise the annexation and made a secret deal with Germany instead – infuriating the Australian colonies. The episode made it clear to Australians that Britain couldn't be trusted with Australian security, and that the colonies needed an independent foreign policy.

Colonial Australia was born with a proprietorial attitude to the Pacific; that the region should be managed as "an Anglo-Saxon lake" to the exclusion of all other powers. From the 1860s Australians had been speaking of an Australian Monroe Doctrine in the Pacific – but unlike the American version which also relied on British naval power, Australian and British interests did not align. Britain frankly saw the Pacific as not lucrative or important enough to keep other powers out of; they were happy to cut deals with France, Germany and the US in the Pacific in order to get colonial concessions in what they saw as more important places, such as Egypt.

Australians were adamant that the only thing that would stop the British trading away their sense of security was if they took over the running of the Pacific. They insisted that the British accept Australia as the dominant voice in imperial dealings in the Pacific, and badgered the British to hand over the administration of Papua to Australia as one of the first acts of the federal Parliament.

For the next half century, they tried to get the British to hand over the administration of Solomon Islands and the British portion of New Hebrides to Australia, and even talked to the Dutch about ceding control of West New Guinea.



At the core of the Australian Monroe Doctrine was a deal: that Australia would assume responsibility for the stability, order and development of the Pacific as a condition for unwelcome interests staying out of the region. The unspoken assumption here was that instability and underdevelopment in the Pacific is the necessary and sufficient condition for the intrusion of unwelcome interests.

This is a strain of thinking embedded deep in Australia's view of the world, and it continues to exert a powerful impact on Australian foreign policy in the Pacific.

At the end of the Second World War, Australia's dreams came true. With Germany and Japan defeated, Britain and France preoccupied with internal rebuilding, and the United States rising to a global role, Australia and New Zealand were ceded responsibility for the Pacific.

The western alliance system divided up the world to keep it safe for freedom, and Australia at last had its Monroe Doctrine recognised as part of global allied strategy in the Cold War. So PNG and the Pacific became the platform for Australia's global role – by assuming responsibility for a region, Australia gained a status and importance far out of proportion to its size or location. It embedded Australia in the western defence alliance – in effect Australia got American protection against Asia in return for assuming responsibility for looking after the Pacific.

As independence came to the Pacific in the 1960s and 1970s, Australia became the curator of the American-led global order in the region through promoting democracy and the rule of law; market-led economic development; and stability and resilience to transnational threats. Problems with any one or a combination of these would signify Australia's failing in its responsibility for the region, as well as opening up avenues for malign influence in the region.

The other major driver of Australian policy towards PNG in this period was its perception of Asian power dynamics. As fears of Asia rose, the intensity of Australia's engagement with PNG rose. Significantly, PNG's independence coincides neatly with what I think of as the "Asian settlement" – the acceptance of American primacy in Asia by China in return for the space to develop economically; the exclusion of the Soviet Union from Asian power dynamics; and the shelving of rivalries in Southeast Asia to focus on individual and collective development. As Owen Harries argued 40 years ago, Australia was comfortable in rushing PNG towards independence because its fears of hostile Asian powers had receded.

This was the strategic context that governed the first decade of Australia's relations with an independent PNG.

A policy of direct budget support emerged from a combination of guilt at not having done more to prepare PNG for independence, and a benign assumption that stability and development would occur naturally.

The eruption of violence on Bougainville shocked Australia out of these benign assumptions of unidirectional development. The behaviour of the PNGDF on Bougainville shook confidence in Canberra about the ability of Australian mentoring to shape institutions in PNG, while revealing the limits on Australia's post-colonial influence.

Almost a decade later, the Sandline crisis raised fears that PNG was slipping towards a 'coup culture' like Fiji. Events in PNG, Fiji and Vanuatu began to call into question Australia's capacity to exercise responsibility for the region. The threat of domestic instability in PNG and other Pacific countries jeopardised some of Australia's foundational foreign policy principles, including the ability to curate western liberal values in its region of responsibility, and directly challenged the narrative that liberal institutions deliver economic development. They also raised the prospect that Pacific governments were willing to call on unwelcome outside interests to restore stability, thereby threatening Australia's global reputation.

Canberra's strong response to the Sandline crisis was soon followed up by its deeply risky intervention in East Timor. I think we will look back on the period between Sandline and the Enhanced Cooperation Program (ECP) in 2005 as a distinct, interventionist period in Australian foreign policy driven by three factors. First, a growing sense that arms-length attempts at indirect influence were inadequate for the increasingly complex and unpredictable dynamics of the Pacific. Second, a growing confidence in the effectiveness of stabilising interventions and a realisation that these could enhance rather than erode Australia's reputation. And finally, an increasing comfort with the thought that Australia could find external solutions to its domestic problems by cutting deals with its Pacific neighbours.

While the 2005 ruling that the ECP was unconstitutional and the 2006 Honiara riots, not to mention the worsening violence in Iraq and Afghanistan, punctured Australia's confidence in interventions, nothing shredded Australia's legitimacy more than the so-called 'Pacific Solution'.

The rhetoric of altruism and partnership was quickly deflated by the realities of transactional deals. This was nothing but pure Australian self-interest.

Here in PNG, the Manus Island detention centre has become a weeping sore at the heart of the bilateral relationship. For PNG, the deterrent rationale for detaining asylum seekers on its territory acts as a constant recycler of negative perceptions about this country, while for Australia Manus has become a source of dependence on another country that it has rarely had historically.

Meanwhile, the Asian settlement is looking increasingly ragged, as China more and more insistently contests American primacy in Asia and builds influence in Southeast Asia. Decades of encouraging private sector-led growth in the Pacific means that the days of the Australian Monroe Doctrine are ending fast, as Pacific nations engage with rising Asian powers.

Few Australians realise how foundational Australia's relationship with PNG and the Pacific are to its global interests, and so are unaware how quickly and how profoundly things are changing in what we take to be our region of special responsibility. While here on the ground the PNG-Australia relationship is broad and intimate, its strategic context is changing. We are both part of an island chain that separates the Pacific Ocean from the Indian Ocean, at the fulcrum of a strategic realm increasingly referred to as the Indo-Pacific.

Australia and PNG will inevitably become subject to the rivalries among Asia's rising powers and the United States as they try to reshape the regional order in their interests. This next phase of our relationship is upon us, and I worry that we have not yet transitioned from old modes of thinking about it. That's why bilateral exchanges of ideas, such as the PNG Update, are so important.

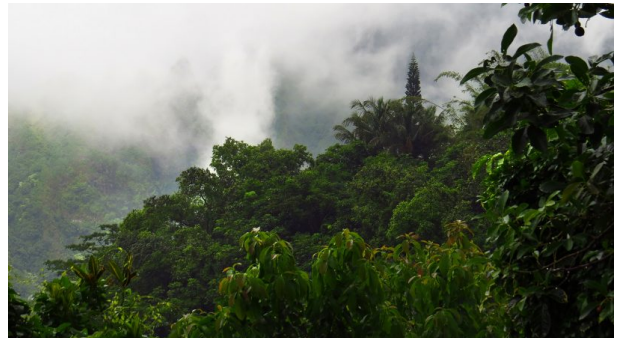
Geography, history and deep social linkages bring our two countries together; we must ensure that our conversations and cooperation across the Torres Strait are constant and evolving in the challenging contexts that lie ahead.

Michael Wesley is Professor of International Affairs and Dean of the ANU College of Asia and the Pacific. This post is an edited version of his remarks given at the 2017 PNG Update conference dinner.

Evidence-based policy making in the tropics

By Stephen Howes, Ashlee Betteridge, Lawrence Sause and Lhawang Ugyel on July 28, 2017

These days, one often hears that policies should be based on evidence. It's a proposition that is hard to argue with, but also one that is easier said than done. That's true even for a country like Australia, rich in capacity and resources, but what about for a poor country such as Papua New Guinea?



In our Devpolicy Discussion Paper, we explore the challenges facing and the prospects for evidence-based policy making in developing countries. We draw on the development literature and cross-country comparisons more generally, but also, for concreteness on the Australia-PNG comparison.

Of course, one should be wary of generalizations based on comparisons between two countries or even two categories of countries. Poor or developing countries differ from each other, and in many cases it is better to think of countries as facing various degrees of challenge, rather than either facing a challenge or not. Nevertheless, we do think developing countries are different, and that careful scrutiny of the challenges they face when it comes to evidence-based policy making will pay dividends.

We focus on four main differences. The first is institutions. You don't have to be an institutionalist to recognize that institutions in richer countries are generally better and stronger than those in poorer ones. With weaker institutions, the incentives to find and use the evidence to improve policies will be weaker, if not absent. Academic research is more likely to remain just that. The upside for developing countries is that there is huge scope to improve institutions, but institutions respond more to political interests than analytical heft, and tend to improve only slowly.

The second difference is informality. Citizens of developing countries work mainly in the informal sector; those of developed countries mainly in the formal sector. By definition, the informal sector is less subject to government regulation. The result is that governments of poorer countries have fewer policy options, both on the taxation and expenditure side. That's why on average developing countries have a lower tax/GDP ratio, and one reason why they have a weaker safety net. When unemployment is unverifiable, unemployment benefits are unfeasible. Fewer policy options means a smaller role for evidence to influence government policy.

These two differences affect the demand for policy options. A third influences the supply. Here the differences are perhaps the most striking. We estimate that PNG spends only \$6 per person on university education; Australia more than \$1,000. According to the two leading global rankings of universities, at most four of the world's top 100 universities are in developing countries – and they are all in China. What little funding is made available to universities in developing countries is overwhelmingly, and understandably, spent on teaching, leaving very few funds available for researching those big policy questions where evidence is sorely needed.

All of this makes it sound very tough for evidence-based policy making in developing countries. But they have one thing working in their favour, and that is foreign aid. Aid is being given at record levels, and is still an important resource for the poorest countries. And much of it is dedicated to improving policy making, to research for better policies, and to promote policy and institutional transfer from rich to poor countries. To what extent does aid compensate for the disadvantages developing countries face? Views vary widely on this, and it is hard to give a definitive, general answer. There are certainly some good examples of successful policy transfer, but there are also many cases of transfer in name or form only. The stress now in aid is on its use to promote incremental, opportunistic reform. This is no doubt appropriate, but also reveals the limitations of this instrument. It seems to us to be at best a partial compensation for the difficulties faced by developing countries when it comes to basing policies on good evidence.

While the paper is not a counsel for despair, it is a call for realism. Evidence-based policy making remains an admirable aspiration; but it may just be a long way away. Of the constraints addressed in our paper, the one most susceptible to immediate influence by both domestic governments and donors is the state of universities and think tanks in developing countries. Jim Adams in his 2013 Mitchell Oration highlighted the success of the African Economic Research Consortium, a donor-backed initiative which, starting in 1988, successfully responded to the 'critical task of building the economic capacity required to promote and sustain economic reform.' The current authors are part of a similar initiative, in which the Australian aid program, through the Pacific Leadership and Governance Precinct, is supporting a partnership in economics and public policy between the Australian National University and the University of Papua New Guinea. If we want more evidence-based policy making in the tropics, we will need more such investments by both donors and governments alike in local universities and think tanks.

Stephen Howes is Director and Ashlee Betteridge Program Manager at Devpolicy. Lawrence Sause is a Senior Lecturer and Lhawang Ugyel a Devpolicy Visiting Lecturer in the Public Policy Division in SBPP, UPNG.

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.

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