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by Stephen Howes

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Promoting effective public expenditure in PNG

In our last [post](#) for August, Andrew Anton Mako explores trends in revenue in PNG over the last decade. Government revenue has tripled in PNG since 2003, or doubled, if inflation is taken into account. It is a remarkable story, and quite unexpected. As recently as the end of 2007, the official forecast for total PNG government revenue (including grants) in 2012 was K6.7 billion, slightly *below* the K7 billion actually achieved in 2007. The latest total revenue prediction or estimate for 2012 is now K10.2 billion, 50% higher than that 2007 forecast, and 45% higher than 2007 actuals.

In his post, Andrew shows that PNG's growth and revenue performance over the last decade have both been broad-based. He goes on to establish that the rapid growth of revenue has resulted in much better public finances, with public debt tumbling from 60% of GDP in 2003 to only 25% today. But he questions whether the additional revenue has been productively spent, or, as he asked in his previous [post](#), whether the last decade has been wasted.

The massive increase in revenue which Andrew documents and analyses is the starting point for the Promoting Effective Public Expenditure ([PEPE](#)) project which Devpolicy has embarked on with PNG's National Research Institute ([NRI](#)). The focus of PEPE is PNG government expenditure impact and reforms. One of its aims is to gather more systematic data on the impact of additional spending over the last decade. Another is to contribute to public discussion and analysis of budgetary

decisions. In this respect, we'll be co-hosting with NRI the 2012 Budget Forum on September 12 in Port Moresby. Contact details for this public forum are at the bottom of Andrew's [post](#).

For more on PNG, see Colin Filer's important [update](#) on land grabs, in which he asks whether the moratorium on the controversial SABL land leases has been lifted, and this [post](#) by Kamalini Lokuge and her co-authors on their paper on the risks around the new AusAID program in PNG's South Fly Region to stop cross-border TB transmission. Matt Morris [gives](#) a positive assessment of the reform record of the O'Neill-Namah government, and Aaron Batten [outlines](#) the challenges facing the newly-elected O'Neill government.

Can donors fix the Solomons' governance problems?

Terence Wood has written a three-part rebuttal ([here](#), [here](#) and [here](#)) of Tobias Haque's two-part argument ([here](#) and [here](#)) that governance problems in Solomon Islands do not, as is often claimed, have cultural roots and can be addressed by various reforms, including by putting more aid through government systems. Terence has quite a view on the role of aid, which is the focus of his third post. He thinks there is little donors can do to influence governance. Instead they should focus on "holding together key institutions in the hope that this affords space for development to take place in spite of poor political governance; and providing basic services to minimise the harm to Solomon Islanders caused by poor political governance."

I think that is a very good statement of objectives for donors in fragile state settings. But I'm looking forward to Tobias' response.

Blog summary

Don't miss two compelling posts we featured this month on Africa: Kamalini Lokuge [explaining](#) why she was heading to Uganda to help combat the Ebola outbreak, and Julia Newton-Howes reflections [after](#) her trip to famine-afflicted Chad.

Finally, we clearly had it in for UN Secretary General Ban Ki-Moon this month – both his propensity to establish panels and his misleading claims on progress to the water MDG copped flak (respectively, [here](#) and [here](#), with the first of these two posts, by Robin Davies, winning the prize for the best title for the month).

A full list of all our posts over the last month follows below.

Aid

[Taking on the bean counters: A possible Coalition approach for managing NGOs](#) by

Denis Dragovic.

Pertinent questions to be asked include whether AusAID has made the cultural shift from its historical bi-lateral and contracts perspective to a partnership approach...

[Australian aid in the Asian century: part three – the arguments against aid](#) by Stephen Howes.

Not all aid works. On the pages of this blog and elsewhere, I have been critical of particular aspects of the Australian aid program and have argued for reforms to make our aid more effective. But it is a mistake to dismiss aid out of hand. The humanitarian and national interest cases for aid, outlined in the first two posts in this series, provide a powerful basis for increasing aid. By contrast, the arguments used against aid and to call for its reduction are weak.

[Analysing New Zealand aid trends: a tale of stagnation](#) by Terence Wood.

Whatever the cause, one thing is clear. New Zealand will remain an aid Scrooge for quite some time yet.

Development Policy

[AusAid and conflict prevention: a case for mediation](#) by Nate Shea, John Langmore and Aran Martin.

We write with a concrete proposal: that AusAID establish a mediation support unit to work towards the peaceful conflict

resolution that is a necessary precondition for effective development strategy and aid programs.

Nothing beats a panel by Robin Davies.

If you really wanted to get something done, would you entrust the task to a large committee of very senior, busy people whose seniority is not uniformly correlated with merit and whose expertise is patchy and often politically tinged? You bet, says UN Secretary-General Ban Ki-moon, who has quite the predilection for high-level panels.

Are we neglecting children's participation in school? By Robert Cannon.

Our well-intentioned efforts to enrol all children in school should raise questions about the potential risks of requiring children to attend really poor quality schools.

Humanitarian funding shortfalls: reflections on a visit to Chad by Julia Newton-Howes.

[M]ore than 18 million people are currently facing hunger across the countries of the Sahel region of West Africa. The international community has appealed for \$1.6 billion to respond but has so far received only around 50% of these funds.

Combatting Ebola: a personal account by Kamalini Lokuge.

That's why I go to these outbreaks. I think of Kadija, and that maybe there will be people like that waiting for us.

Ban Ki Moon wrong on water MDG by Stephen Howes and Jonathan Pryke.

The UN report doesn't hide the fact that it is measuring changes in improved rather than safe water. Why it still talks about meeting a safe water target, and gives the SG a misleading preface to sign is a mystery.

The Pacific

Poor political governance in Solomon Islands – is culture the cause? By Terence Wood.

It is hard to spend time in the Solomon Islands and not notice just how poor national political governance is.

Poor political governance in Solomon Islands – what use rational choice explanations? By Terence Wood.

Solomons constituencies typically lack the social features (like cross cutting civil society movements) that allow people to interact in a way that fosters political trust and allows large-scale, ongoing collective action.

Poor political governance in Solomon Islands – what can donors do? By Terence Wood

As much as trying to change political governance in Solomons, donors simply need to take it into account. And factor it in when deciding what types of aid endeavour will and won't work.

[Review – Interpreting Corruption: Culture and Politics in the Pacific Islands](#) by Toby Ley.

[T]his book is a must read for those with an interest in topics related to corruption, culture or politics...

[What future for the seasonal worker program? A conference report](#) by Richard Curtain.

[T]he controls in place such as the cap on the number of workers, the detailed compliance and monitoring requirements, and allowing only some regional areas to participate in the trials are in response to pressure from stakeholders in Australia to limit migration from the Pacific and Timor-Leste.

PNG

[PNG's rapid revenue growth: lessons for the future](#) by Andrew Anton Mako

[T]he PNG Government already has twice as much revenue to spend now as it did a decade ago. Using the experience of the past decade, it is imperative that the government establishes sound mechanisms not only for macroeconomic management, but also to improve the quality of its public expenditure.

PNG land grab update by Colin Filer.

[W]e now have to ask whether the grant of the two new SABLs [Special Agricultural and Business Leases] ... marks the end of the moratorium and the start of a new wave of alienation.

Tuberculosis control in the Torres Strait region: What's needed and why? By Kamalini Lokuge, Kebei Salee Koeget and Anastasios Konstantinos.

[T]here is a real risk that the new AusAID TB program will go the way of much other development assistance in the region. But this time, instead of clinics that are falling into disrepair in the space of a year, the net outcome of these programs will be the rapid emergence and spread of XDR-TB [extremely drug resistant tuberculosis].

PNG's progress by Matthew Morris.

[The reform progress of the O'Neill government] is a remarkable achievement. It shows that reform is possible, even in a challenging environment. Moreover, it raises the bar on what should be expected from the new PNG government.

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