

## **National Development Forum 2008**

### **Closing Remarks**

by

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On Monday and Tuesday this week Department Heads, including myself, attended two days of planning workshop towards the preparation of the Long Term Development Plan, under the direction of the National Planning Committee, the senior committee under Cabinet, led by the Deputy Prime Minister. We were all exhausted by that process and may have less endurance than some of you from civil society! Maybe that exhaustion explains the limited participation by Departmental Heads here during the forum.

Good afternoon Honourable Deputy Leader of the Opposition, distinguished guests, ladies and gentlemen. I am pleased to be here today to close the CIMC's National Development Forum for 2008. But before I do so, I would like to make some observations about the presentations and recommendations that you have arrived at after through deliberations over the past two and a half days.

From all accounts this has been an extremely successful forum in terms of record attendance and participation from all sectors of the community. This highlights the major concern of the whole community with the issues being addressed, notably the delivery of public goods and services and the participation of the private sector and civil society in this process. This entails the wider community both as users of these services, but also as service providers, and as partners in planning, monitoring and overseeing that these services are effectively delivered.

I regret that I have not been able to attend more of the forum myself, but I understand that a concern of many private sector and civil society participants, who've travelled from all around the country to be here, has been the limited attendance from government, with few senior public servants present to hear the ideas and concerns raised, and nearly all public servants vanishing from the forum by 4 PM. I fully agree that if members of the private sector and civil society can show the commitment and use your own precious time to discuss issues that are critical to this country and its future, we "public servants" should also show at least that same commitment and be present to listen to your voices, respond and

contribute meaningfully to the discussion. Many government staff have certainly contributed reliably to the four regional development forums and to the various CIMC sectoral committees (from Treasury, Planning, my Department and other agencies), but I will be urging my colleague Department Heads to ensure that they and their staff contribute meaningfully to the whole CIMC consultative process more meaningfully in future.

Day One opened with the Acting Prime Minister, Hon Dr Puka Temu, expressing the Government's strong commitment to the CIMC process and to addressing the critical outcomes and recommendations, not just from this year's forums but also those from previous years. He highlighted the need for a vision for this nation, providing the focus for longer term planning, notably through the Long Term Development Plan 2010-2040 to which the CIMC and the private sector and civil society as a whole will be expected to contribute.

He emphasised the importance for a high level of public accountability by government, but that the majority have been left out of the development process to date. He said there is a critical role of social mobilisation to better link the Wards to the Districts, Provinces right through to Waigani, including effective social auditing. He said we must pursue "Rural Democratisation" to build up an effective social contract between the state and the wider community. He said it was easy enough to talk of empowering people, but to make that work requires capital, knowledge and organisation, emphasising knowledge development as critical, and no longer having school drop-outs but investing in education and improved telecommunications, and ensuring our youth contribute meaningfully, including through a national agricultural movement, providing broad-based income earning opportunities.

The Minister for National Planning and Rural Development, Hon Paul Tiensten, stated that implementation of the Development Budget has improved this year, but acknowledged the poor rate of implementation of the NADP and funds held in Trust Accounts, approved under the Supplementary Budgets. He said this was the result of procedural difficulties and lack of planning and implementation capacity at all levels of government. He also stated commitment to the CIMC process and the need for greater public and private sector involvement in planning and implementation, and specified 3 documents intended to improve planning, implementation and enhance that bottom up participation; notably: the Long term Development Plan, the PNG-Australia Partnership for Development and the planned National Planning Act, which would make it harder to chop and change programmes and policies in mid-stream for political expediency.

The Deputy Secretary for Treasury, Aloysius Hamou, explained the National Government Budget process – passed in November each year, making difficult expenditure choices and how Treasury would like to see more of the existing resources used more effectively. He explained why windfall gains from temporarily high commodity prices should not fund core recurrent expenditure, but be used to address a backlog of overdue tasks, such as infrastructure restoration and debt reduction. The Department is also trying to make information more accessible to the public on budget strategy, and the budget outcome, including efforts to keeping their website up to date. I feel, personally, they and all Departments must do more for the benefit of the rural masses by publicizing the budget and other government information as well as status of expenditure for the public's benefit.

The Secretary of the Department of National Planning and Monitoring, Joseph Lelang, explained the mid-term review of the Budget Outcome. The improved linkage between the MTDS and the budget is strong and clear with 83% of the development budget now aligned to the MTDS priority areas. He talked about the up-front loading of the development budget and that by July this year some 85% of the budget has already been spent. However, he emphasized that there remains much scope for improving the management of budget expenditure and implementation.

Dr. Eric Kwa's presentation explained that the Organic Law on provincial and Local level Government provides the underpinning to bring government closer to the people. Key institutions have been identified to manage this. The key assumptions are to create a synergy in development planning between actors. The laws are largely in place and the system is there, requiring planning to start from the ward development committees and ward plans, but we need to find ways of implementing and involving village people in planning at this level, which is about resource allocation and deciding how people's needs are met. It is being stressed that none of this is workable unless the Government provides technical support to Ward Development Committees through awareness and skills training on their powers and functions, and to mobilize Wards through identification of skilled people and other resources for community development. All this points to the need to channel technical assistance through the JDP&BPC. This will go a long way to addressing the Deputy Prime Minister's concept of "Rural Democracy".

Dr. Kwa and others also raised concerns about the current District Authority Act and the proposal to abolish Provincial Government. He thought these should be put

on hold off for some time, while we work to improve the existing system. This seemed to have some support from participants – not wanting wholesale reforms to be introduced, but to improve on the existing system. On the other hand this year, as in previous years at the National and Regional Development Forums there has been a strong demand to either to abolish the JDP & BPC, and transfer function to established bodies, notably LLGs, or at least to make them more operational and accountable, without the strong political control currently seen to be exercised.

In the afternoon of the first day Nao Badu of the National Economic and Fiscal Commission explained the implications of the Amendment to the Organic Law and related legislation on inter-government financing. This has been based upon a detailed study into “cost of services delivery”, showing that the lack of service delivery over many years has related substantially to inequitable funding to the provinces, but also to huge amounts going to administrative costs but inadequate to actual service delivery. The recent amendments will improve this situation but funding will still remain inadequate in many provinces to fund basic goods and services. The K10 million per district for projects will assist if managed properly, but these are allocation at a fixed rate per district, whilst some Provinces and districts are much worse funded than others.

There were detailed presentations by members of the Task Force on decentralisation, with John Nilkare explaining how there used to be adequate funding and an effective support system to local level government, but that we cannot expect this critical tier of government to function without that support. As this is the tier of government working closest with the community it needs to be funded and supported seriously, with a Local Government Service and Commission established. Graham Tuck explained the many inconsistencies and u-turns in legislation related to national, provincial and local level government and the need to properly plan reforms and address these inconsistencies. Sir Barry Holloway argued the virtues of an upper house, comprising the current regional seats and an additional 20 seats reserved for women, to provide an effective counterbalance to the lower house, comprising Open Members.

Day 2 covered Agriculture, the Private Sector and the Recommendations from this year’s Regional Forums held in Port Moresby, Kundiawa, Lae and Kimbe.

Mr Ricky Mitio of the Coffee Industry Corporation, and CIMC Agriculture Committee chairman, emphasised the importance of the sector, notably that it is sustainable, has great opportunities and doesn’t end up leaving big holes in the ground. However, he stated there must be a change of mindset to enable it to meet

its potential, with the sector having underperformed for years owing to poor infrastructure and law and order, lack of telecommunications, undue politicisation of the sector and board appointments, lack of strategic leadership, inadequate research and development support.

He said there are some recent improvements, notably improved commodity prices, improved credit access from the National Development Bank and opening of micro-finance facilities, and the arrival of competition in mobile phones, notably Digicel providing valued services to farmers. But against that farmers are suffering from high fuel costs for getting produce by road or boat to the market. He also welcomed the renewed donor interest in the sector by AusAID, World Bank and EU, but stated that, despite the Paris and Kavieng declarations, there is inadequate donor cooperation and facilitation by rundown Government agencies, including DAL.

He emphasised the need for political will, strategic leadership, transparency and good governance and open and frank dialogue with sector participants, including over the problematic NADP. On behalf of the CIMC Agriculture Sector Committee he stated the need for reviews of the NADP Guidelines and its implementation, and of the Green Revolution Policy (which has had little application and effect), and the need for an effective long term strategy and alternative energy policy.

Martin Barl from DAL explained the process of NADP project selection and review. He stated priority went to rehabilitation of existing plantations and then to other impact projects and that 30% was paid up-front with the balance paid upon initial acquittal.

He stated that 18 projects have already been funded for K26 million; 28 projects are about to be funded for K31 million, 89 Districts will be funded at total of K17.8 million through the District Treasuries and that the State has committed K17.8 to buy out Markham Farmers estate in Morobe. He said this leaves a balance K8 million. He stated that the details of these projects would be released by the Minister in due course.

In the subsequent CIMC discussions there was concern over accountability of the NADP and that this project information should be made available now, and that, whilst more funding should be provided for the sector, such funding would not be effective without improved governance, better planning and oversight, and effective donor support.

John Bailey from NARI gave an excellent presentation highlighting the sound potential for agriculture in PNG, but highlighting potential threats to food security, including problems accessing markets, production and farming systems problems requiring more concerted research effort, agricultural and soil stress with increased cropping and potential labour shortages from HIV/AIDS. He gave a sharp warning of the impact of global warming and increased drought and proposed a series of interventions needed now, not left till it's too late.

The session on the Private Sector, led by Henry Kila, Chairman of the Commerce and Services Committee, emphasised the removal of impediments to business and investment, notably law and order problems including corruption, poor infrastructure and utilities and telecommunications and excessive red-tape (including the need for Department of Personnel management to make the necessary appointment of technical staff in the bottleneck Departments like Labour, for work permits). But he said the sector also sought positive avenues for working with Government, both in the provision of services, training, planning and oversight of service functions. Developing an effective framework for PPPs was considered a valuable way forward.

A lively presentation was made by the Customs Commissioner, Garry Juffa, on how Customs can assist with trade facilitation, but how the private sector and the wider community can assist IRC with its task. With many examples he showed how major crimes, such as transfer pricing, smuggling, including of arms and drugs, human trafficking and smuggling, money laundering, counterfeit materials, are undertaken by unscrupulous criminals and are undermining PNG's revenue, health and welfare, peace and security. He welcomed community support but also pointed out the lack of resources available to Customs and other law enforcement agencies to perform their functions, in the face of growing trade and crime levels.

The Chairman of the Informal Sector Committee, Max Kep, explained the critical role of the informal economy and the need for an effective policy, now being prepared, to enable this major portion of the population to produce and trade, and obtain a legitimate livelihood, without fear or threat.

This morning's sessions have focussed upon addressing two of PNG's major economic and social issues, which affect the whole community and unless addressed effectively put a severe break upon the country's economic and social development; namely infrastructure (at the national and local level) and law and order and corruption.

The National Development Forum is the conclusion of an ongoing process of dialogue: Four two-day Regional Development Forums, and a series of economic and social Sector committees, ranging from Commerce and Services, to Law and Order, through to another critical issue damaging much of PNG society, namely Family and Sexual Violence.

During this National Forum these issues have been further discussed with major community participation through the work-out groups, as well as plenary sessions. Let me assure you that your message will be heard in Government, and, as the Deputy Prime Minister stated, not only this year's recommendations, but also those from previous forums, some of which have been implemented, but others still overdue.

Of course the process does not stop here and the sector committees continue and will be monitoring progress and next year's regional consultation process will continue, together, hopefully, with extending this CIMC consultative process right down to the District level and beyond.

To conclude, let me thank you all for voluntarily sharing your time and views with government through your deliberations over the past few days. The CIMC is a unique and home-grown "Melanesian" process of soliciting views from all sectors of the community. I will personally support CIMC in pressing Government to listen and adopt recommendations you have identified in this forum. I feel that it is important to embed this process of consultation as an essential hallmark of democracy in this country, but the process needs to be developed further, right down to the community level, with CIMC-style community consultation and oversight needing to be made mandatory.

On behalf of the Government, let me thank you all for your time and effort in giving your ideas freely to help address many of our persistent problems. The challenge now is upon Government to take these up and direct the relevant agencies to implement them in partnership with the private sector and civil society.

I also would like to wish all the participants a safe journey back home, far and wide, especially to those of you who have come from outside of Port Moresby to make your contributions over the last two days.

I now have the pleasure to declare the CIMC National Development Forum for 2008 closed. Thank you.