



REWRITING THE RULES ON STRUCTURAL REFORM



Discussion Paper No 99

By Des Hoban

Institute of National Affairs

June 2010

By: Des Hoban

Published by: Institute of National Affairs
PO Box 1530,
Port Moresby
NCD
Papua New Guinea

Copyright © Des Hoban

ISBN 9980-77-174-7

National Library Service – Papua New Guinea

Cover : National Development Forum 2008 © Paul Barker

REWRITING THE RULES ON STRUCTURAL REFORM

Table of Contents

Introductory Comments	1
Abstract	2
INTRODUCTION	2
1: THE STATE OF PLAY.	3
<i>The development assistance community:</i>	4
<i>Public interest and research bodies:</i>	4
<i>Review commissions:</i>	4
<i>Government initiatives:</i>	4
2 WHY THE PARALYSIS?	56
The role of advocates:	6
<i>Managing opposition:</i>	6
<i>Technical adequacy:</i>	6
<i>Building a reform constituency:</i>	6
The role of gatekeepers:	7
3 REFRAMING THE PROCESS	8
<i>Scoping:</i>	8
<i>Asserting / building legitimacy:</i>	89
<i>Building a reform constituency:</i>	9
<i>Managing threat levels:</i>	9
<i>Managing expectations:</i>	9
4: PREPARING PROPOSALS	10
Models:	10

Processes	12
5 GETTING STARTED	14
The author:	14

Introductory Comments

Papua New Guinea is widely perceived as an over-governed country, with too many political and administrative layers, many of which lack the financial and/or human resources, powers and mandate, accountability or inclination to perform the responsibilities entrusted to them. The end result is that essential services fail to be delivered and PNG suffers very low levels of social indicator, despite its relative natural resource wealth and positive, though unevenly spread, economic growth.

This INA Discussion Paper, by Des Hoban, provides a refreshing and positive approach to the need for Papua New Guinea to embrace structural reform, and suggestions how this might be achieved, without alienating vested interests, which might prefer the status quo, despite its deficiencies in terms of poor outcomes for the welfare of the people of PNG. Des Hoban recommends an approach which adopts incremental reform, based upon sound principles and proven experience (through sub-national pilot initiatives, with reform minded willing parties, as well as drawing upon international experience) and wide endorsement by key stakeholders. He also recommends thinking outside the box, and not being unduly tied to existing systems and structures, if they don't perform. He makes some suggestions for a more streamlined system of national and sub-national government, linking national agendas with local needs, but recognises that the process must be driven internally, encouraged by reform-prone leaders, institutions and other players.

Des Hoban notes that structural reform has made little progress over recent decades in PNG, although it remains constantly on the agenda, with some ardent proponents (including this Institute). He indicates that apart from the crying need for reform, the time may now be right to proceed, with a wider discussion prevalent on the issues, including by various public institutions. Des Hoban's essay provides a valuable contribution to that discussion, and I'd encourage political and public service policy makers at all levels, as well as members of the wider community to take the time to read it. It's not seeking to provide the answers, but to encourage Papua New Guineans to ask the questions and come up with suitable approaches to meet PNG's needs, but sooner rather than later.

The level of public discourse in PNG on social, economic and political issues appears to have built up over recent months, at least in the main centres and especially amongst the younger generations. This seems to reflect growing public concern of the perceived failure of State institutions to deliver services, disclosure of major abuse of public funds by State entities and officials (from official inquiries and other sources), reticence by government to engage in public dialogue on policy issues with wide economic, social and environmental ramifications, and concern that the recent and prospective economic boom the country is facing may fail to generate broad-based economic and social development opportunities, but rather be captured by a small elite, particularly in certain provinces and centres.

Paul Barker

Executive Director,
Institute of National Affairs

Abstract

The international community is experiencing donor fatigue. Civil society folk are struggling to transform political values, and PNG continues to perform below expectations. What to do?

I am not going to propose more capacity building programs or better leadership initiatives, and I am not going to argue for some radical new approach. I am proposing that we act on an issue which has been around for years: structural reform. Structural reform should be recognised as a primary means for promoting PNG's development. Reform of the sub-national system of government will facilitate capacity building (for improved service delivery) and political development (for consolidation of democratic values). The history of structural reform in PNG, however, is one of chronic failure.

My purpose in this essay, then, is to rewrite the rules on structural reform so that the work of building better government at the sub-national level can get under way. In Sections 1 and 2 I account for PNG's long history of failure in structural reform. I then propose a strategy for getting around the 'do nothing' gatekeepers, who have been frustrating the reform process. I conclude by encouraging reformers to get some 'do-able' proposals on the agenda for the 2012 elections.

INTRODUCTION

Papua New Guinea ranks 148th on the UN Human Development Index (1). Time again for some hard thinking about what works and what doesn't and what the issues should be in the run up to the 2012 national elections.

We have some experienced mentors to learn from. For civil society folk the imperative is to reduce crime and corruption. To achieve this they want to transform traditional political culture. The competitive values of the 'big man' style of politics must give away to the cooperative values of participatory democracy. The good governance people believe that, if bureaucracies are strengthened and communities mobilised, governments will become more responsive and effective in delivering health, education and other services to communities (2). But neither of these approaches has worked. While there has been a lot of talk about the need for new directions and better leadership there has been no transformation in political values. The development assistance community persists with its costly and ineffective capacity building programs.

What to do? The default response is to call for more resources and better programs. Civil society advocates want more time to refine their transparency and leadership initiatives. Donors want to better integrate the 'demand' (community mobilisation) and the 'supply' (capacity building) sides of the governance equation. But the support base for these 'more of the same' responses is eroding.

I want to breathe new life into these tired approaches by bringing a third perspective on reform back into the policy debate. My purpose here is not to discard the good governance and civic reform movements in favour of some alternative approach, but to 'join up' these conventional approaches and employ them in a more effective strategy for promoting development

I propose to do this by recognising and building on the role which structural reform can play in promoting both political development and improved service delivery. To elaborate: structural

reform advocates have long argued that the way to improve performance in the delivery of services is to clear away some of the muddle and waste which goes with a system of 20 provinces, 89 district administrations and 313 or so local level governments (3). Properly conceived structural reform will trigger desirable changes in political culture. Structural reform should, therefore, be recognised as a primary means for promoting PNG's development.

My focus in this essay, then, is on reforming the system of government which operates at the sub-national level.

I first account for PNG's long history of failure in structural reform. My explanation is that PNG suffers from an arrested transition to democracy, which allows and encourages the political elite to frustrate the development of effective forms of local or provincial government (Sections 1 & 2).

I then propose some elements of a strategy for loosening the grip of the 'do nothing' gatekeepers on the reform process (Sections 3 and 4). I suggest how reformers might reframe the reform process. Suggestions include, that advocates focus more on building alliances with 'reform ready' communities; that they propose reforms which proceed incrementally, rather than on a nation-wide basis; that a wider range of stakeholders are engaged in the reform process and that proposals should assist national governments in responding to existing structural tensions, such as East New Britain and New Ireland's claims for greater autonomy.

I build on these suggestions by encouraging reformers to assume a continuing, high profile role in directing and managing the work of converting raw proposals into detailed programs for implementation (Sections 3 & 4).

I conclude by encouraging reformers to look to their preparations for the 2012 national elections.

1: THE STATE OF PLAY.

The so-called '95 Reforms provide a useful point of reference in establishing where we are up to with structural reform (4). The reasons for those reforms are to be found in early post-independence history. PNG emerged from Independence in 1975 as a unitary state with a sub-national structure of 18 administrative districts and some 161 local governments. The Bougainville crisis dominated the agenda in the years following Independence with concessions to that province setting a high benchmark for decentralisation negotiations elsewhere. The end result was the conversion of the colonial-era system of administrative districts into a provincial tier of government.

With sustained declines in services over the '80s and a growing concern that PNG might become a 'failed state', attention focused on institutional reform. A Village Services Scheme was initiated to revive local government. A Parliamentary Committee recommended more responsibilities for the lower levels of government. The national government responded with legislative reforms which left the structure of government intact, while bringing the provincial and local levels under tighter political control from Waigani.

At the time the '95 Reforms were billed as a remedy for PNG's sub-national problem. But critical financial and administrative matters were neglected in the legislation. The roles and responsibilities

of the different levels of government were not clearly defined. The allocation of revenues between the different levels was left unresolved.

As a consequence many commentators have come to see the '95 Reforms as a major constraint on PNG's ability to perform to its full potential. My take on their contributions to the structural reform debate over the last 15 years is as follows.

The development assistance community:

Donors have delivered a variety of capacity building programs. The European Union has supported the Department of Provincial and Local Government Affairs. The Commonwealth Secretariat has sponsored twin-city partnerships. The World Bank has focussed on decentralisation and the UNDP on better representation for women. AusAID has worked to strengthen capacity in service delivery and to empower communities in their dealings with governments.

My difficulty with these various programs is their lack of strategic focus. Why provide assistance to all levels of government when it is plain to any observer that PNG can never sustain a system with 20 provincial governments, 89 district administrations (with their Joint District Planning and Budget Priorities Committees), 313 Local Level Governments in 18 Provinces, plus local Councils in Bougainville and 4 urban Councils within NCD? And why have there been programs for improving the capacity of bureaucracies in delivering programs and for strengthening the voice of communities in engaging with governments, but no programs for improving sub-national governments as effective political institutions?

Public interest and research bodies:

The Public Sector Reform Advisory Group (PSRAG) has been a strong advocate of structural reform. In a 2006 report, it recommended reversion to a 2 tier system based on the existing local level of government. The Institute of National Affairs (INA) works to keep structural reform on the political agenda. The National Research Institute (NRI) encourages research on the sub-national system (5). My take on the work of these bodies is that, while they have kept structural reform on the agenda, they have failed to critique the politics of reform or to build a broad constituency for reform.

Review commissions:

The National Economic and Fiscal Commission (NEFC) has undertaken a searching analysis of inter-governmental financial relations. The Constitutional and Law Reform Commission (CLRC) is undertaking a review of the *Organic Law on Provincial Governments and Local-level Governments*. Constitutional commissions can shed light on the workings of the governmental system, but their ability to initiate enquiries is constrained by their constitutional terms of reference.

Government initiatives:

The responses of the political elite to pressures for structural reform appear erratic and puzzling.

National governments have eroded the capacity and the legitimacy of government at the sub-national level. They have resisted calls for systematic reform from public interest bodies and run down the local level of government to the point where it is moribund in rural areas. They have

undermined the democratic legitimacy of the provincial level of government by appointing its members on an ex officio basis and they have frustrated claims for greater autonomy from high achieving provinces, such as East New Britain, with clever evasion.

But governments have also taken bold initiatives on structural matters. Proposals for the creation of the new provinces of Jiwaka and Hela in the troubled Highlands region were approved with little debate. They have been improvising at the district level with administrative solutions for getting around flaws in the sub-national system of government. They have established a system of District Administration to improve service delivery. They have also scaled up the District Services Improvement Program which allows Members to engage directly in service delivery. They have established machinery, in the form of the Joint District Planning & Budget Priorities Committee (JDP&BPC), to coordinate planning and budgeting activities within a district. They have also passed, but not yet implemented, legislation for the creation of District Authorities to provide some sort of institutional umbrella for these various initiatives (and presumably succeed the JDP&BPCs).

So what is the state of play on structural reform? In short the last 15 years constitute a period of unrelieved policy failure on structural reform. Advocates and scholars have kept structural reform on the agenda, but failed to develop a reform constituency or consensus on the changes required. The political elite avoids systematic reform, but approves ad hoc measures advancing the short term interests of Members. Donors have effectively supported the status quo, with a 'know nothing' stance on structural reform.

The temptation is to drop structural reform as a wicked problem with many solutions, none of which can be made to work. But a moment's reflection will serve to remind us that structural reform is of critical importance to PNG's future development. PNG's health, education, justice and infrastructure services are low by world standards. Some system of sub-national government is required for the delivery of services to communities. PNG's system of government at the sub-national level is characterised by structural complexity, administrative overlap and confusion, inadequate administrative and financial resources and eroding political legitimacy. Therefore, structural reform can be expected to generate major improvements in the delivery of services to PNG communities. Chronic failure in structural reform is, therefore, simply not an option.

But if nothing works, what can be done? Well, the first step is to reframe the problem: the problem with structural reform in PNG is not that solutions don't work, but that they are never tried. The record shows that the fate of reform proposals depends more on the politics of the reform process than on 'technical' merit. We need then to look critically at the reform process – at the way in which advocates are formulating and promoting reform proposals and at the behaviour of the gatekeepers who determine their fate.

2 WHY THE PARALYSIS?

Can the failure of structural reform be put down to poor advocacy? Why does the political elite resist structural reform and why has it been able to persist in this behaviour for so long? We need to reflect at some length on these issues before formulating the next generation of reform proposals.

The role of advocates:

Advocates can always do better. Certainly structural reform advocates might have been more successful if they had managed their opposition more intelligently, presented better proposals or given more attention to their support base. I will consider these issues briefly.

Managing opposition:

The issue here is whether proposals are being framed to minimise opposition and win support from those who must approve and implement them?

Proposals, which require the transformation of all levels and units of government, risk mobilising opposition from across the whole of government. Secondly, proposals, which call for the roll-out of a nation-wide reform program, will have to rely for implementation on a central bureaucracy, which has, historically, demonstrated little capacity or appetite for implementing decentralisation policy.

Advocates could minimise up-front opposition by proposing that reform proceeds on an incremental basis, starting with exploratory projects in 'reform ready' host areas. Incremental reform of this sort will make the best use of existing capacities, by focusing scarce technical and financial resources on do-able cases and willing partners.

Technical adequacy:

Certainly, better proposals will be more persuasive, but it is difficult to argue that reformers could, or should, have done better in the circumstances in which they have been operating.

Firstly, it is unreasonable to expect rich policy analysis in an environment where information on such elementary matters, as the size, structure and performance of the different levels and units of government, is only now coming to light. Secondly, it is unrealistic to expect advocates to present fully worked out proposals on such a complex issue as structural reform. No advocacy group could ever hope to come up with a fully detailed solution to such a complex area of public policy. Indeed, I will argue below that advocates should abandon the quest to formulate definitive reform blueprints and focus their energies on strategies for reform, which are more appropriate to PNG's particular circumstances.

Building a reform constituency:

How well have advocates been able to tap into, or build a constituency for reform?

While both INA and PSRAG have put considerable effort into regional consultations, they are identified as the prime movers in initiating and prosecuting the case for reform. Their proposals are addressed to the national elite and are focused on 'technical' issues to do with structure and process in government. An alternative approach would be for reformers to engage more with their natural constituency - 'reform ready' communities - and to focus more on the beneficial outcomes, which reform will bring to communities, than on the legislative means by which reforms are to be implemented.

These observations suggest room for improvement in the management of political opposition and that advocates are likely to do better where they add value to 'grass roots' initiatives. Recent claims

from the Islands Region for greater provincial autonomy or the various self-help initiatives of the Association of Urban Local Governments, present opportunities in this context.

I should make it clear that I am not here suggesting that national interest groups have acted to crowd out initiatives from the grass roots level. There have been few such initiatives and this for the very good reason that there are no working models to fire the imagination of local communities on how their affairs might be better managed. There are no civic programs to inform citizens about the workings of their democratic system of government or continuing education programs to expose those in government to alternative approaches to policy analysis and implementation. There are no bookshops to stimulate public interest in how things are managed in the wider world.

I will return to these matters in Section 3. But first, we must consider the role of the central gatekeepers in the reform process.

The role of gatekeepers:

Why does the political elite resist structural reform and why has it been able to persist in this behaviour for so long? My take on this blocking behaviour is, as follows.

Representative democracy privileges PNG's contemporary political leaders with more influence and greater resources, over a longer period of time and over a wider territory, than was ever the case in the 'big man' politics of traditional society. In this 'winner takes all' style of politics Parliamentarians are encouraged to protect and grow the spoils of office. New Members soon learn that, while their party may be of little assistance in returning them to office, its weaknesses allow them to disown inconvenient policy commitments and to switch party affiliations as opportunity demands. Members become adept in corruption and patronage, as means for rewarding their support base and for entrenching their hold on office.

Members persist with this behaviour because the party system lacks both the capacity and the will to discipline members and because citizens are not familiar with the practices by which representatives are held to account in a democracy. They can also rely on their colleagues to resist reform measures, which might strengthen the capacity of communities to hold them to account.

In short, representative democracy, as presently practiced in PNG, encourages Members to frustrate the development of effective forms of sub-national government. The motivation is self interest. The consequences are declining standards of health, education and justice for communities. Worse than that: by arresting the transition to democracy Parliamentarians are exposing communities to levels of corruption, violence, fraud and violence against women which were not tolerated in the 'big man' politics of traditional society.

The implications for PNG's political development are grave. We are confronted here with a profound disconnect: democracy at the national level might have been expected to trickle down to work a transformation in political values and practices in the many societies making up the emerging nation-state of PNG. What has happened is that the practices of representative democracy, absent of an effective party system or informed constituencies, has entrenched a revolving political elite, which works to frustrate the development in citizens and communities, of the political values and

practices on which the democratic state depends. I will refer to this disconnect as the problem of *PNG's arrested democratic transition*.

I conclude from the above that the principal impediments to structural reform are an arrested democratic transition, which allows and encourages the political elite to resist structural reform and the blueprint model of reform, which has distracted advocates from engaging creatively in the politics of reform (6).

3 REFRAMING THE PROCESS

The challenge now is to formulate a strategy for breaking out of this pattern of chronic failure. My contributions to this project are directed at loosening the grip of the 'do nothing' gatekeepers on the reform process. My suggestions for reframing the reform process are organised around the notions of scoping, legitimacy, constituency, threat levels and expectations.

Scoping:

Advocates should be clear about the purposes of reform. These are both to improve service delivery and to progress the democratic transition. The service delivery objective is widely accepted. The justification for the political development component may be novel to some. It bears recapitulation. The democratic transition has progressed unevenly in PNG with the primary focus being on establishing the forms and practices of representative democracy at the national level. The political elite has acted to entrench the advantages and privileges available to it by resisting the development of effective systems of sub-national government. Completion of the democratic transition at the sub-national level will equip communities with the political values and practices to hold their representatives to account. The best means for progressing the democratic transition is to provide communities with learning-by-doing experience in the democratic management of their affairs. Being clear about the broader purposes of structural reform will assist advocates in resisting capture by 'do nothing' gatekeepers and their supporting cast of capacity building managerialists.

Secondly, advocates should be wary of premature 'technical' consultations with reform gatekeepers. Legal matters should be treated as procedural and consequential, i.e. as bearing on the 'how' of reform. Legal opinion should not be given undue weight in determining the feasibility or desirability of reform proposals.

Asserting / building legitimacy:

Proposals should be prepared by, and be submitted in the name of, 'coalitions of the willing', comprising some mix of public interest groups, activist communities and progressive governments.

Advocates should focus on refining processes by which forms of sub-national government can be agreed and trialled on a learning-by-doing basis in selected areas. They should draw inspiration for their cause from the injunction in the Fifth National Goal of the Constitution, that development be achieved through Papuan New Guinean forms of social and political organisation (7).

Building a reform constituency:

Building a broad reform constituency and engaging with a variety of stakeholders will serve both to check the influence of 'do nothing' gatekeepers and to improve the quality of proposals.

Advocacy should then be driven by public interest groups working in alliance with 'reform ready' communities as co-principals in the reform process. National institutions with relevant expertise should be engaged actively in design and implementation work. Relevant institutions include the NRI, INA and the UPNG. An international reference group should be engaged to bring comparative experience and disinterested advice to bear on program design. Resource companies should be welcomed as stakeholders, both because stability and good governance are critical to their long term programs and because they can bring substantial additional resources to the reform process. Potential partners include entities, such as: the PNG Sustainable Development Program Ltd, Oil Search, the PNG LNG Consortium, Barrack Gold and the Nautilus Minerals .

Managing threat levels:

Advocates should deal proactively with issues which can be exploited to generate opposition to structural reform. They must reassure the political leadership that incremental reform can be undertaken without erosion of Parliament's powers and responsibilities. They should acknowledge the State as the sole source of political authority in PNG; that PNG is a unitary state and that all forms of sub-national government are necessarily subordinate to it. They should support the reservation to the national level of the powers and responsibilities necessary for the protection of universal rights, including in relation to health, education and justice.

Secondly, advocates should strive to find an accommodation between the imperatives of fundamental reform and the short term interests of the political elite. Presumably, proposals submitted by coalitions of the willing for reforms, which are localised and experimental, will have the support of host area Members and will not threaten the interests of other Members. Accordingly, advocates should give preference to proposals for incremental reform over proposals for reform on a nationwide basis.

Managing expectations:

Advocates should be both realistic and creative in promoting reform. The extent, timing and pace of proposed reform measures must be finely judged. Recent international experience cautions against 'excessive localism'. Taking decentralisation too far or implementing it too rapidly can lead to administrative breakdown and rampant cronyism. PNG's near neighbours, Indonesia and the Philippines, have implemented major decentralisation programs in recent times. Their experience should be scrutinised closely for insights into the preparation and implementation of effective reform programs (8).

On the other hand, advocates should press the potential usefulness of reform proposals in addressing existing structural tensions. After all, governments will look more favourably on proposals which address existing problems over proposals which promise future controversy. Smart proposals will provide a credible, cautious and systematic framework for negotiating claims for greater autonomy from high-achieving areas, such as East New Britain, or for restoring good

government in areas with a record of poor performance. I am thinking here of the Enga, Jiwaka, Southern Highlands, Hela complex.

4: PREPARING PROPOSALS.

I have suggested above how reformers might go about loosening the grip of the 'do nothing' gatekeepers over the reform process. I will now take that work forward, by encouraging reformers to assume a high profile role in the 'technical' work of converting concepts or preliminary proposals into detailed programs for implementation.

The logical elements of a proposal for structural reform are a preferred set of institutional arrangements, definition of the areas involved and a process for refining, negotiating and implementing the proposed changes. The practice in PNG has been for advocates to specify preferred institutional arrangements in broad terms (levels and numbers of governments); to assume nationwide coverage and to leave 'technical' work to the central gatekeepers.

I propose that advocates sharpen and limit the range of institutional choices on offer; narrow the geographic coverage of their proposals and engage actively in the work of refining their proposals and preparing them for implementation. I will first suggest how reformers might address the 'content' issues of institutional choice and geographic coverage. I will then encourage them to engage actively in the processes by which proposals are converted into programs.

Models:

My argument in relation to 'content' issues is that reformers should discard the blueprint model of reform in favour of incremental interventions. By this I mean that they should abandon attempts to formulate comprehensive, one-size-fits-all legislative solutions for nationwide rollout, in favour of a time-bound trial of preferred institutional arrangements in a defined sub-national area. The reasons for favouring the incremental approach are political, prudential and practical: reforms which work with coalitions of the willing minimize political opposition; reforms which are trialled reduce exposure to risk; reforms which proceed incrementally better utilise scarce management capacity.

Secondly, I propose that the range of options be constrained. My reasons are pragmatic. Low service standards are doing harm to local communities right now. Reform projects involve long timelines and generous resourcing. It is incumbent on advocates, therefore, to give priority to sets of institutional arrangements with good prospects for achieving positive service delivery and political development outcomes.

Does this mean that experimentation should be limited to trials based on existing provinces, district authorities or local governments? While there are obvious attractions in working with established entities, a review of the relevant legislation and anecdotal evidence reveals serious concerns about the capacity of existing institutions to meet our stated reform objectives, i.e. improved service delivery and political development. Proposals should not therefore have to work with existing entities.

The challenge then is to identify institutional arrangements which can perform satisfactorily against practical timing and resource constraints; which are not constrained to using existing institutions and which can cover a diversity of views about the desirable shape of a sub-national system for PNG.

With these constraints in mind, I propose that reform options be limited, at least in a first cycle of reforms, to either a district or a regional model. The rationale and features of these models and the structure of the system they will modify are described in the following paragraphs.

PNG's current system of sub-national government comprises a provincial and a local level of general-purpose government, both of which are established by, and report directly to, a minister of the national government. Central government administrative agencies are responsible for the delivery of a range of services at various levels. District Administrations facilitate the delivery of services at the district level. Joint District Planning & Budget Priorities Committees (JDP&BPCs) coordinate the planning and budgeting, particularly of program activities at the district level. (Legislation for the establishment of District Authorities has been passed but not implemented at the time of writing).

With a national population of around 6.4 million and an inventory of 20 Provincial Governments (including NCD), 89 Districts and 313 Local-level Governments in 2007 the average population per unit of government was then in the order of 320,000 per province; 72,000 per district and 20,000 per local-level government (9).

The *district model* is conceived to give more prominence to the political development objective by finding a close fit between the scale of local government and existing patterns of social and economic organisation. It involves the establishment of a new level of government which would operate at a scale roughly comparable to that of the current JDP&BPC and District Administration. The district model overcomes problems of scale by assigning a major role in the delivery of higher order services to central agencies.

Changes to the existing structure of government in a 'representative' or average province, following adoption of the district model, would involve the creation of 4 district councils; the abolition of a provincial government, all district administrations and JDP&BPCs and some 16 Local-level governments; and an enlarged role for central agencies in service delivery.

The *regional model* is conceived to give more prominence to the service delivery objective, by finding a good fit between the size of government and economies of scale in service delivery. It involves the retention, with modifications, of an existing unit of provincial government to operate at a scale between that of the province and the region. A regional government would perform all of the functions of government, including a major role in the delivery of higher order services, leaving a relatively minor role for central agencies at the sub-national level. Existing local level governments and district level administrative machinery would be abolished. The regional government could, at its discretion, establish community advisory councils as a remedy for any consultative deficit this might cause.

Changes in a 'representative' or average province following adoption of the regional model would include the creation of a regional government and (optional) a level of local community advisory

councils; the abolition of all district administrations and JDP&BPCs and some 16 Local-level governments; and the scaling back of central government involvement in service delivery.

Both models simplify the structure of government by reverting from a 3 to a 2 tier system. Both reduce the potential for confusion and overlap by eliminating existing administrative entities at the district level including District Administrations, the JPC&BPCs and the proposed District Authorities. Both dramatically reduce the number of units of government in a representative province - from 20 down to 1 under the regional model and from 20 to 4 under the district model.

The regional model eliminates general-purpose government at the local level in the belief that a single large unit of government offers the best prospects for securing good government at the sub-national level. The district model assigns the responsibility for service delivery of higher order functions to central agencies, in order to benefit from the greater responsiveness and access which are assumed to go with smaller units of government.

Clearly other models can be constructed within the design requirements of a reversion to a 2 tier system; a radical reduction in the number of units of government; clarification of lines of authority and responsibility and compatibility with the twin objectives of improved service delivery and political development. But if we are ever to escape the debating room and get on with real reform the options on offer will have to be limited to a couple of robust models of the kind described above.

Having narrowed the geographic coverage and range of institutional options to be incorporated in their proposals advocates are now in a position to deepen their engagement in the critical work of refining and negotiating the political, legislative, executive, financial and administrative arrangements for the implementation of their proposals. In doing this they are shifting the centre of gravity in the reform process, from compliance with the political preferences of central gatekeepers to constructive engagement with the needs of reform ready communities.

Processes

All reformers should shepherd their proposals through the policy pipeline from concept to program, in order to guard against capture by 'do nothing' gatekeepers and others. If structural reform is to be undertaken on an incremental basis, as I propose, then advocates will have no choice but to commit to a much higher level of engagement than such prudence suggests.

This is because Parliamentary support for incremental reform will be contingent on the prior scrutiny and approval of detailed program design documents. Members generally will want to be reassured that proposals present no threat to their interests. Members in host areas will want confirmation that proposed reforms have the informed consent and support of host communities and institutions.

A number of significant implications follow. Firstly, in-principle agreements on a number of complex issues will have to be negotiated with communities, stakeholders and reform gatekeepers in the course of preparing detailed proposals. Accordingly, the preparatory process will take longer; be more complex; require higher levels of resourcing; be more challenging conceptually and be much more politically sensitive than other kinds of project preparation activity. Secondly, innovative

institutional and other arrangements will be required for conduct of the preparation stage. Matters for attention include:

- The need to build community ownership of the reform process.
- The need for effective means of awareness raising and communications with communities and institutions in reform areas. Consideration could be given to the use of local radio stations, citizen juries, study tours and other innovative means for ensuring that preparation proceeds on the basis of informed choice.
- The critical need for early, appropriate and effective international input into the design process, in order to benefit from experience in other relevant jurisdictions.
- Balancing the desirability of bringing government into the reform process at an early stage, with the imperative of avoiding capture by 'do nothing' central gatekeepers.

To meet these requirements an Action Group should be constituted, with representation from a range of stakeholders including national public interest bodies; 'reform ready' communities and international expertise. Technical support should be provided by a secretariat, with skills and experience in such fields as structural reform, political development, local government, consultation and communications, public finance and taxation, service delivery and program management, legislative drafting, mapping and demography, political anthropology and decentralisation.

Careful attention should be given to design of the 'technical' process by which preliminary proposals are worked up into detailed design documents for approval and implementation. Work might commence with a feasibility study to report on the extent of support for reform; on exploratory discussions with 'reform ready' communities and international bodies and on round table consultations with stakeholders.

The work of preparing detailed design documents could then commence with activities, including:

- preliminary design options for a governmental system for the host area,
- consultations / awareness programs and an act of choice in 'reform ready' communities,
- preparation of legislative, administrative and financial instruments and procedures for executing the reform, and
- specification of institutional arrangements for the political oversight, executive management, and administrative execution of program activities.

To meet the resourcing requirements for getting structural reform underway and to reduce the risks of capture by the gate keepers, it might be advisable to establish a stand-alone reform fund. Governments and development partners (new and old) could be invited to contribute to the fund. With vast new projects coming on line, many of which are sited in areas of political instability and poor governance, the resources sector has both the capacity and the incentive to generously support credible reform initiatives.

If the requirements for getting started appear excessive it should be remembered that the consequences of failing to deal proactively and systematically with structural tensions can be catastrophic and can persist for years. We know from the Bougainville and Honiara experiences that

patching things up after systems break down is a slow, messy business and one which can never undo the misery suffered by communities or the damage done to the nation as a whole.

5 GETTING STARTED.

We cannot give up on structural reform. The potential benefits to communities are so important that chronic failure is simply not an acceptable option.

There are grounds for optimism.

Changes in the political environment are challenging the 'do nothing' status quo. 'Reform ready' communities are claiming greater autonomy; resource rich regions are splitting into smaller provinces; miners are looking for stability; the international community is suffering donor fatigue.

Elements of the State are responding to these challenges. Constitutional commissions are reviewing core legislation and relations between the different levels of government. Parliamentary committees are considering claims for greater provincial autonomy. Government task forces are at work on national plans and administrative reforms. This ferment is occurring some 2 years out from the next national elections, which are due in 2012.

Reformers should then recognise the next couple of years as a golden opportunity for a breakthrough on structural reform.

With lots of energy and generous assistance, action groups should be able to rewrite the rules on structural reform and get underway with some exciting, well prepared trials in how best to provide for better service delivery and for political development at the sub-national level.

The author:

Des Hoban is a retired consultant living in Brisbane. He worked on urban management, regional planning and development administration assignments in PNG and neighbouring countries for more than 25 years.

Notes:

- (1) Find the UN Human Development Index rankings at: <http://hdr.undp.org/en/statistics/>.
- (2) For a civil society take on the crime and corruption problem see: Pitts M, 2002, *Crime, corruption and Capacity in Papua New Guinea*, Asia Pacific Press, ANU, Canberra. For a donor take on how to do good governance refer the project design documents for AusAID's *Community Development Scheme* (1997) and its *Strongim Pipol - Strongim Nesen Program* (2009).
- (3) For a history of structural reform in PNG see: Gelu A & Axeline A, 2008, *Options for the restructure of decentralised government in Papua New Guinea*, National Research Institute, Port Moresby. For an inventory of governments at the sub-national level see: The National Research Institute, 2010, *Papua New Guinea : District and Provincial Profiles*, Port Moresby.
- (4) 'The '95 Reforms' is a shorthand reference to the legislation adopted in 1995 to reform PNG's sub-national system of government. The full title of the legislation is the Organic Law on Provincial Governments and Local-level Governments (1995).
- (5) The documents referred to here are: Public Sector Reform Advisory Group, 2005, *Improved Decentralisation*, Government of Papua New Guinea, Port Moresby. Consultative Implementation and Monitoring Council, 2008, *CIMC Progress report on recommendations from 2002 – 2006 Regional and National Development Forums*, CIMC Secretariat, Port Moresby. Gelu A, 2008, *The quest for good governance: a survey of literature on the reform of Intergovernmental relations in Papua New Guinea*, National Research Institute, Port Moresby.
- (6) For a dated but interesting review of the state of democracy in PNG refer: Gelu A, 'A Democratic Audit for Papua New Guinea', in Kavanamur D, Yala C and Clements Q, eds., 2003, *Building a Nation in Papua New Guinea : views of the post-independence generation*, Pandanus Books, ANU Press, Canberra. For an earlier version of my argument in this section refer: Hoban D, 2006, *Consolidating Democracy: a strategy for peaceful development in Papua New Guinea*, National Research Institute, Port Moresby.
- (7) The Fifth National Goal of PNG's constitution states: "We declare our fifth goal to be to achieve development primarily through the use of Papua New Guinean forms of social, political and economic organisation".
- (8) For a stimulating critical overview of decentralisation see: Manor J, 1999, *The Political Economy of Decentralization*, The World Bank, Washington D C. For an update on decentralisation in Indonesia see: *Decentralization 2009: Stock taking on Indonesia's recent decentralization reforms*, USAID, Jakarta, Indonesia. (Also see www.drsp-usaid.org)
- (9) I rely on the UN Human Development Index at <http://hrdstats.undp.org/en/indicators/136.html> for national population estimates for 2007. I rely on the NRI study (refer (3) above) for an inventory of sub national governments.

Institute of National Affairs

The Institute of National Affairs is an independent public policy ‘think tank’, funded by voluntary contributions from about 70 PNG registered companies and other locally-based organisations (including private sector peak bodies, and some State organisations). It is committed to undertaking research and contributing to policy debate on key issues of economic, social, political and environmental concern to Papua New Guinea’s private sector and the wider community. It was established immediately after Independence in 1976, by a dedicated core group of companies and leading business figures, but with active encouragement from many key figures in government and the wider community (including churches, universities and trades unions), and it has played a major role since then in reviewing and contributing to policy, and facilitating consultation between the public sector, private sector and civil society. Under its Constitution it is not permitted to lobby for the interests of any individual corporate entity, but performs its function as an independent policy reviewer and adviser. It commissions research and sometimes secures funding from domestic and international sources to undertake research, hold seminars and workshops, and publish the proceeds. Copies of publications are widely disseminated in hard copy and on the institute’s website (www.inapng.com) and made available free of charge to government and the Institute’s own members/contributors.