

Institutional Capacity to Deliver Services and Learning from other experience

Fortunately in life we needn't learn everything from scratch. We acquire knowledge and skills as children from parents and elders, in schools, colleges (for those fortunate to attend), books, magazines and newspapers, and newer technology, like television and internet.

Research results and innovations, from new ways to control human or agricultural diseases to mobile banking and web-based micro-finance schemes, are rapidly disseminated using traditional and news ways of communication. Trade, extension and Development Assistance (ODA) should also assist in linking local producers and institutions with technical or operational innovations occurring elsewhere, facilitating local adoption. Apart from emergency relief operations, ODA should not provide essential goods and services, like school materials and medicines, which are core recurrent responsibilities of PNG's own government (together with communities contributions). Donors should focus upon additionality, notably upgrading local capacity, including facilities and skills, to respond to increased demand or new technology and opportunities; (such as the donor-supported programme to expand school intake from 50-70% by 2015).

Workshops are one means of sharing ideas and experiences. During CIMC's Regional Development Forums, for example, community members and officials from around the country discover how other provinces and districts have performed better, using better systems and utilising funds more effectively and accountably. Those from the richest provinces, like Southern Highlands and Western, learn how poorer provinces like Eastern Highlands and Milne Bay, provide better services. Self-help initiatives to improve lives and apply standards, launched by women's groups, communities and churches, are shared widely and copied. During the recent BSA gathering landowners from resource-rich Southern Highlands were surprised at the better infrastructure and services in relatively poor (agriculture-based) Gazelle Peninsular.

A constructive recent workshop on Enhancing Service Delivery highlighted the sharp contrasts in performance between Provinces. The workshop was aimed at facilitating understanding and implementation of the new system of sub-national financing, with its (overdue) increased funding for priority services, particularly for poorer provinces, including new functional grants for agriculture and village courts. It also reported upon application of minimum priority activities and standardisation of the chart of accounts to ensure consistent planning and monitoring.

This workshop showed, for example, how Milne Bay has leapt ahead in disseminating funds, goods and services (including medicines) to Districts, and establishing internal monitoring systems. Provincial staff recognised major remaining constraints, including inadequate coordination with MPs, notably over the District development funding (under DSIP), but they've raised the ceilings for which District Administrators and Treasurers are responsible to enable core District functions to be performed effectively without needing constant visits to Provincial HQ. Abuses may occur, but Milne Bay has been proactive in establishing mechanisms where greater trust is justified, because staff have perhaps been better selected and accounting and monitoring systems improved. Hopefully, this includes greater community

participation and oversight. Milne Bay has already started applying the new chart of accounts.

Some other provinces in the Southern region and around PNG show little trust between Provincial and District Administrators or between Treasurers and Administrators, preventing operational planning and coordination. Many provinces, like East Sepik only authorise Districts 500 kina ceilings without clearance from the Provincial Capital; an inadequate amount to perform any functions, and less than the cost of even visiting Provincial centres from many Districts in PNG!

What are the different characteristics enabling some Provincial, District (and LLG) systems to work better than others? This relates partly to the: -

- suitability of managers and other staff appointed,
- readiness of politicians and public servants to cooperate,
- readiness to establish transparent operating systems, (or undermine them),
- management oversight and accountability to the local community
- community expectations of standards and accountability, (or just seeking compensation and other payouts and crony appointments).

These may partly be determined by traditional social capital or system of cooperation within the community, including the attitude of local political and local leaders to strengthening public service systems, or undermining them - as occurred in SHP, where systems were replaced for years by duplicative appointments, large ghost payrolls and transactions through cash-filled briefcases.

So what of National Departments/agencies? The Central Agencies are seriously uncoordinated and lacking leadership, although the recent appointment as (acting) Chief Secretary of a competent and dynamic professional, with practical experience at Provincial level, is constructive. Treasury has performed well with improving access to Budget information in a timely manner, notably on its website. Planning has major problems dialoguing with other government and non-government institutions, including development partners, and with a major staff turnover desperately needs to strengthen capacity, morale and interaction. Finance Department and various high profile officials and leaders have been embroiled with growing exposés from the Commission of Inquiry, demonstrating, as with the Public Accounts Committee's reports, the severe lack of responsibility over public funds by many officials, apparently devoting more effort on challenging the CoI's remit than responding to legitimate questions of public concern.

The Attorney-General's is unduly entangled with Ministerial-Departmental squabbles and should focus upon major Constitutional and legal issues facing the State, including overdue legislative reform and protecting the State from misguided commitments. A major problem lies with Personnel Management which is regularly the major bottleneck rather than promoter of reform across the public sector, whilst also running the notorious Office Allocation Committee, with its tendency to leave major government-owned offices empty whilst favouring renting costly private premises.

Foreign Affairs pursued an ongoing internal legal dispute whilst making little headway in addressing priorities, like Migration Division's widely-reported problems. Like other Departments, Foreign Affairs must adopt modern technology,

including running an accurate and up-to-date website, accessible far wider than the few (poorly supported) overseas missions. Then there's Agriculture and Livestock Department, once a widely recognised organisation, which continues to lobby for control of agricultural research and field services, yet is widely perceived as retaining limited skills and being unresponsive to stakeholders (except a few units like Land Use); i.e. wanting control without accountability.

Is there something wrong with our Departmental system? It once worked, but now much of the public service and many Ministers do their own thing, often ignoring each other, and unaccountable to anyone. Good ministers and public servants both end up frustrated and unproductive. The newer semi-corporatised organisational structures, designed to encourage responsiveness to wider public interests generally perform more efficiently, although many have enjoyed an early flourish but then been undermined by political or other interference (or lags), including over Board appointments. Even good managers without any board get slack, and those with bad boards are constantly frustrated.

These para-statal organisations, from the PNG Forest, Fisheries, Investment Promotion, Quarantine and Minerals Authorities, to the Coffee and Oil Palm Industry Corporations, Hospital Boards, Cocoa Board, KIK, and medical and agricultural research institutes, can ensure greater public oversight - including from the private sector, largely utilise better operating mechanisms and are more responsive than their Departmental predecessors or associates (such as Commerce, DAL, Forestry Dept etc). However, rationalisation and better coordination is needed with their sectors (especially with multiple organisations established, such as in agriculture, or between hospitals and other National/provincial Health services), clearer adherence to their purpose and (as with Provincial/District services) greater access to funding (e.g. most agricultural commodity institutions were starved of public funds since the early 1990s and expected to use grower contributions alone); so, either fund them adequately to achieve results, whilst closely scrutinising expenditure effectiveness, or drop them.

Tampering with Board membership, failing to make timely appointments, or making improper management appointments, has undermined agricultural boards and Forestry and Fisheries Authorities over the past decade, damaging their effectiveness, with Forestry (despite good management) still over-represented by government, but missing independent board participation. (As with superannuation funds in the 1990s government manipulation can be destructive, and stronger accountability to the real clients essential).

Generally, Departments, operating under sole discretion and inadequate accountability to (a weak) Parliament, have performed badly, despite some exceptions. The Authorities and Statutory Corporations have been generally more dynamic, adopting aspects of private sector operating systems. Many have been more accountable, and often (including CIC, NFA and ICC) willing to resist improper pressure over licensing or other issues. There have been many aberrations, however, with wasteful expenditure, vehicles improperly provided to Ministers at growers' expense (e.g. KIK) and unsuitable and costly boards and management (e.g. LDC). Nevertheless, they have greater capacity to discipline for non-performance. Making institutions like Lands and DAL more accountable, through creating Agricultural and Lands Authorities with all positions vacated and advertised, and a Board of reputable

persons representing a wide range of public, professional, private sector and community interests, should make them more effective.

At the end of the day, however, all institutions, whether Authorities, Industry Corporations or Departments will perform if there's the will, or fail if ill-designed, inadequately accountable and if there's determination to abuse them, ignoring regulations and self-policing. Ministers and Officials must be firmly penalised not only when abuses occur, including improper appointments or falsely claiming allowances (e.g. on trips never made), but also for failure to make timely appointments to institutions requiring board representation and proper governance. Sole discretion must be removed and proper application of current appointment and termination processes for Statutory corporations (in 2004 legislation) properly applied. Revenue from NFA and IPBC must also be publicly disclosed and transparently apportioned between consolidated revenue and the organisation's genuine (not extravagant) requirements.

There continue to be many competent and motivated people in the public sector, although increasingly they're drawn away. Some functions can be performed better by the private sector or farmed out under Public-Private-Partnerships, but core public sector functions remain and require dynamic and accountable public institutions, which must collaborate in achieving broader objectives, specified in medium-longer term strategies, whether by Departments or Authorities. Leadership, increased public pressure and application of penalties (notably through independent watchdogs) are required to make the public sector function again in delivering priority services, and retaining and attracting back good staff to operational organisations. It's often said that public sector bodies are basically self-serving; let's change that and look at models which are operating better, both within PNG and outside, from Milne Bay and some Districts at the sub-national level to a few Divisions and Authorities/Institutes at the National level to provide some beacons to follow.