

Putting control back into people's own lives.... Mobile Phone banking and restoring performance and morale into the public sector

The Deputy Prime Minister talks of wealth creation, others refer to poverty alleviation. Whatever we call it, the sad fact is that much of PNG's population has been forgotten in the process of development for decades, even whilst the economy has grown more strongly in recent years. Instead of improving, as one might expect, basic infrastructure and services have both failed to keep pace with population growth and actually declined away from main centres and enclave industries. Even in towns public services have declined, with hospitals, for example, overburdened by failing primary health facilities (including disappearance of aid posts), and the burgeoning urban population.

In recent years, with improved economic growth, government has allocated extra funds (consistent with the MTDS) to start redressing the backlog of decay, whilst the recent Organic Law Amendment on sub-national financing (OLPLLG) improves prospective funding for basic services for poorer provinces. Funding remains inadequate, however, to cover even basic service costs in most provinces. Utilising systems known to be flawed, including deficient District planning arrangements - using JDP&BPCs chaired by local MPs, or providing K100 million annually for agriculture (under the NADP) through an unaccountable process, clearly undermines prospects for successful implementation. Tight rules have been imposed on District funds (DSIP) to avoid misuse, resulting in their being mothballed in Trust Funds. This solves little, except safeguarding funds for future use and restraining inflation, liable to diminish now anyway with lower commodity prices. (With tighter 2009 revenue, mandatory increased provincial funding and hundreds of millions remaining in Trust Funds, the DSIP would logically receive little or no funding in 2009, despite likely political resistance. Better ways for effectively (and consistently) funding priorities are required.

What are our priorities? Providing overdue basic services, entitled under the Constitution for households across this land, or equity investment in LNG, which can be commercially funded without the need for State involvement? Surely, at least the balance of funding for basic service costs, as identified in the NEFC study, should be transferred from the LNG project in the 2009 Budget. Why should people in the rural areas forfeit their Constitutional entitlement to basic health provision now, and maybe their or their children's lives, and primary education and basic access, for the sake of IPBC holding a stake in a large commercial project, from which the State can earn income, without risk, from taxation, if appropriate conditions have been negotiated.

Government has widely proven a handicap, rather than facilitator of economic development and broad-based social and economic opportunities, increasingly failing to perform core functions, notably providing roads, universal education and skills training, good health, law and order, whilst imposing bottlenecks on business, through red tape, inefficiency and the surge of corruption. Much will be written on why government services collapsed, related especially to: -

- the growth in patronage and politicisation of the public service,
- inadequate operational funding, training, supervision, morale, standards, dedication and accountability (even to Parliament),

- spread of blatant corruption, (particularly permeating from some extractive industries, like logging), with no concerted effort to address it, impose penalties or deterrence,
- loss of focus by government on core functions, (including diverting public funds into commercial projects, like gas, better left to the private sector),
- failure to apply regulations impartially, or represent the public interest in negotiating licenses or project agreements for selected investors, with exclusive deals, like 10 year tax breaks.

Addressing the entrenched non-performance and lack of public sector accountability is critical. PNG needs trim, efficient, respected, conscientious, trained and accountable public sector bodies, from Parliament and the Judiciary to the public service, including Statutory bodies. There must be clear delineation of functions, and real commitment by politicians, public servants, private sector and public alike to restoring standards, including consensus on the country's long term development goals and strategies.

It requires radical reforms, including that: -

- all government processes and decisions are required to be **transparent** (and subject to Freedom of Information and Whistle-blowing legislation), not hidden by protective confidentiality rules, including: -
 - concession allocations and project agreements (including all extractive industries - forestry, fisheries, mining and oil/gas),
 - public tendering,
 - appointments (including roaming climate-carbon ambassadors, SOE board members, like Air Niugini, PNG Power etc.);
 - District funding and grants, such as NADP, requiring transparent guidelines and direction, with civil society direct representation, not entailing Ministerial discretion.
- independent watchdogs and enforcement bodies are adequately funded and effective deterrence imposed, requiring prosecutions following inquiries, and a major programme of public awareness of the country's laws and financial literacy
- conditions for public servants working in remote locations be enhanced
- recognition is given for performance and promotion on merit, not wantokism/cronyism
- public sector training is strongly reinforced, including for LLGs etc
- many public sector bodies (such as Lands) be converted to accountable authorities, and police to effective independent inspection
- many functions (including utilities) be contracted out under PPPs to private sector or churches/non-government bodies, through rigorous and transparent contracting and oversight processes, otherwise costly and substandard work is undertaken (including on roads, as highlighted by Works Dept in this year's National Development Forum);
- some contracts (e.g. for school books) are managed centrally, being impractical for individual schools or even Districts,
- commercial services are better performed by the private sector, operating competitively, such as mobile phones and other ICT,

- the private sector sells surplus power to the grid, e.g. claiming carbon credits and reducing greenhouse gases (as proposed by NBPOL using the methane from waste oil palm fruit)

As demonstrated since the arrival of mobile phone competition in July 2007, there are growing opportunities for households to keep informed, gain opportunities and access some services, thanks to private sector innovation and investment in infrastructure and services. This revolution can unfold rapidly, if government stops protecting certain SOEs, like Telikom, and encourages innovation and competition, not only in mobile phones, but also extending internet competition, using any technology (VSAT, fibre-optics, cable, or G3 mobile phones). It is hoped that come February 2009 the revised ICT policy will remove today's restrictions, which only hurt the general public and business, undermining competitiveness with other countries, where all school students are IT savvy.

Despite the current global financial and economic crisis and lower commodity prices, PNG's growth prospects remain sound, and households should benefit from improved opportunities, if government focuses on restoring capacity and implementing core functions (with assistance from international and local development partners). It must leave the private sector (including smallholders and informal sector) to grow the economy and employment, find markets and provide competitive commercial services, in turn lowering costs and enhancing business and household opportunities.

The recent INA 'Summit' on Mobile Money (or Mobile Phone Banking), co-hosted with the ADB and IFC and other partners, demonstrated the immediate banking opportunities offered by current mobile phone technology, using SMS messaging to check bank balances and transfer money to relatives or pay bills. This technology has been used widely in developed and developing countries, including Philippines, South Africa and Kenya, where mobile phone users far outnumber bank account holders, opening banking opportunities to the millions currently unbanked, with agents, including store owners offering modest cashing services and provision of goods. In Kenya mobile banking is also being used for making social cash transfers under welfare programmes, including for better access for the poor to schools and other basic services.

The Summit heard that Bank South Pacific and some ICT firms will launch mobile phone banking in PNG shortly (using SMS), with micro-finance organisations also readily adopting this available technology. This will be of immediate value to rural teachers and other public servants to track receipt of salary and make some payments, without needing to dash to provincial capitals (at great expense and, for some, not returning), especially as mobile coverage extends over the next months. It should therefore improve the welfare and morale of rural service providers and stimulate small business opportunities, with payments for crops, for example, credited to mobile phone accounts.

With the next generation GPRS mobile phones to be launched this year in PNG by Digicel (and maybe B-Mobile later), more sophisticated financial transactions will be possible, with the phones operating as handheld computers (GPRS is not G3 technology, now rapidly being adopted around the world, but a step towards it). Whilst basic SMS banking services are especially for those currently unbanked,

GPRS services are normally geared to extending services to those already holding bank accounts. BSP has developed its GPRS mobile banking service, ready for launching as soon as it comes on-line, with other institutions doubtless eager to follow suit.

Mobile banking provides low cost and accessible banking services, and, as with the ICT revolution, promises to revolutionise banking here in PNG, as has occurred elsewhere, where massive numbers of transactions are made constantly. It merits support from the Central Bank, as well as some oversight (to prevent abuses), but experience has shown that self-policing by credible licensed mobile banking institutions is better than killing the service with undue regulation and oversight by authorities. As with micro-finance, the service is viable for very small sums, on the basis of very low operational costs. If administrative and regulatory costs are excessive the scheme becomes nonviable. Let's give this an opportunity to fly for the benefit of our rural communities and urban informal sector, and not killed off by heavy handed authorities, too often prone to stymie affordable private sector service provision in PNG.

In the last fortnight there has been a major win by PNG NGOs with resource owners in the Supreme Court, throwing out the improper acquisition of a massive forest concession in Western Province by a logging giant. The State's responsibility is to ensure due process and protect the interests of its citizens, but, as is too often the case, government tramples them underfoot, whilst rushing to strike exclusive deals with certain developers. Too often it seems the genuine investors are sidelined for years till they lose interest, whilst businesses prepared to shortcut processes are rewarded. Lately there've been a succession of misnamed agro-forestry projects, purportedly involving oil palm development, but mostly disguised logging operations, grabbing forest resources through abuse of the *Land Act*, often without proper landowner awareness and consultation, let alone consent. Let's hope that the recent Supreme Court decision, like earlier decisions on Collingwood Bay, will start sending the message to government and unscrupulous businesses that these exclusive deals, often entailing influential citizens with overseas companies, will not be tolerated, and incur a cost on perpetrators. Rural communities not only have rights to basic services, but also to being fully briefed and consulted over their resources. It is ironic that such deals are still being pursued even whilst the Prime Minister is eagerly championing the protection of PNG's forest resources, and for the world to contribute to their conservation through international payments (notably to the resource owners) for sequestering the carbon stored in these forests.