



**Consultative
Implementation & Monitoring
Council**



REPORT

NATIONAL DEVELOPMENT FORUM

ON

**COMMUNITY PARTICIPATION IN THE DELIVERY &
MONITORING OF PUBLIC GOODS AND SERVICES
(INCLUDING PRIVATE SECTOR & NON STATE ACTORS)**

6TH – 8TH AUGUST 2008

STATE FUNCTION ROOM
PARLIAMENT HOUSE
NATIONAL CAPITAL DISTRICT

The Forum was possible due to the generous support of the Governments of
Papua New Guinea and Australia



Institute of National Affairs
December 2008

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Introduction

The Consultative Implementation and Monitoring Council's (CIMC) National Development Forum was held at National Parliament House, in Port Moresby from 6-8 August, 2008. The theme of the Forum was “*Community Participation in the Monitoring of Public Goods and Services (Including Private Sector & Non State Actors)*”.

More than 280 participants attended, from non-government organisations, private businesses, Local Level Governments and provincial governments and senior officers of national government agencies.

Purpose of the Forum

With the Government's increasing focus on district and local level government, and serious talk about reforming the decentralized system, it is important to keep the public informed about these changes, and where possible to seek their views. The decision by the Government to allocate K10 million to each district, is something that is highly visible, and from which the people expect to see dramatic results. This provides us with an opportunity for development partners - government, the private sector and civil society actors - to work together in a complementary way to advance economic and social development.

Regional Forums

The Regional Development Forums held over the last three months, has dealt with different aspects of the financing of district development, and how the community can be organized to monitor and participate at this level of government. Selected speakers from each region presented their key recommendation on Day 2.

National Development Forum

For this national forum, we have broadened the topic of community participation to focus on key sectors for promoting economic growth – that is, decentralization, law and order, private sector development, agriculture, and infrastructure development. Some of the speakers will take up the challenge to address the theme of this Forum, and they will be just as keen to hear your suggestion and reactions.

We hope that in carrying out this process of dialogue, that it:

- Promotes Government transparency and accountability
- Improves awareness and understanding of the policy area and can set right uninformed public or stakeholder assumptions
- Encourages public ownership of the policy, therefore increasing public commitment to it.

At the end of each day, participants were organised into topical groups to discuss briefly the presentations of the day, identify existing key obstacles and propose practical recommendations for endorsement by the Forum. The discussion sessions and group work allowed the forum participants to meaningfully ensure their new ideas are expressed and make suggestions or propose solutions to address the issues raised. It is very important that the government representatives and the public propose mechanisms for the integration of these ideas into government policy making processes including the new reform initiatives being developed.

We hope that the Government will consider the recommendations you collectively make here, for incorporation in the 2009 Budget, as well as in the Long Term Development Strategy which the Government is now framing.

CIMC Recommendations

Two weeks ago the INA's former Director, Mike Manning's innings was cut short prematurely, but the causes he so passionately espoused remain. He contributed enormously to the development of a wide public movement across the PNG community. This movement aims to make Papua New Guinea a better place for its entire population now and into the future, through the efforts of its own citizens, with outside support where needed; not accepting second best for this country, but creating an unified society, free of parochial disputes, and demanding government accountability to every man, woman and child throughout the country (however wealthy and wherever they live), providing public infrastructure and services as required, without waste and corruption, whilst enabling the private sector, especially small and informal sector enterprises (including rural producers) to have fair opportunities within a vibrant economy.

One of Mike's achievements was his critical contribution in establishing the Consultative Implementation and Monitoring Council (CIMC) as a vehicle for regular consultation between government, private sector and the wider community. Each year, as well as various sector committees addressing key economic and social issues (including family and sexual violence), CIMC organises four regional and one National Development Forum, in which wide public views are aired and consensus sought. CIMC is funded by government, together with AusAID and other development partners. The recommendations of the annual forum contribute to government policy, whilst progress (or lack of progress) with implementation of previous years' forum recommendations is monitored and reported.

The 2008 Forums focussed upon service delivery, especially at District level, continuing the theme of opening up, or demystifying the Budget process, aimed at strengthening the community's hand in participating in, and overseeing the provision of public goods, including through public-private partnerships. In summary, the recommendations from this year's National Development Forum are: -

Service Delivery in Rural Areas

Current systems should be made to work, with active community participation through Ward Development Committees, Local Level Government (LLG), and District Planning Committees. Although many prefer operationalising rather than overhauling existing systems, there remains a preference to simplifying the tiers of government, and removing the Joint District Planning and Budget Priorities Committees, or at least strengthening the community's hand in these committees and removing MPs from chairing and unduly controlling them. Refocus on lower levels of government and channelling practical support would foster "rural democracy" and connection between community and government.

Recommendations:

1. Comprehensive review be carried out clarifying accountability and responsibilities, and providing practical bridges between government and the rural community. This clarification and simplification of government role and responsibilities should enable greater public awareness and control;
2. An extension system be established with trained and qualified staff at district and local levels (including service providers);
3. Ensure public accountability and responsibility along with tougher penalties for corrupt practices;
4. Train, equip and fund officers and LLG personnel for planning and delivering goods and services;
5. Organic Law to specify District Plans be based on LLG and Ward Plans;
6. Proposals for implementing District Authorities and complete removal of Provincial Government be deferred, whilst improving the existing system.
7. A Local Government and Community Commission be established as a regulatory body.
8. Increased responsibilities applied for LLG councillors and staff.
9. 10% of District Service Improvement Program (DSIP) to go towards funding LLG operations/projects.
10. Social contracts developed with established churches involved in education, health, welfare, and infrastructure, women's networks, private sector, non-government organisations and civil society, to deliver services to rural communities.
11. CIMC to be provided resources to conduct similar forums at District and Provincial levels.
12. Ward Development Committees given some operational resources.
13. Information provided to the community at the local level and groomed to implement and oversee projects and laws.
14. Strictly limit politicians' responsibility in implementation of projects/service delivery.

Agriculture

Presentations emphasised the importance of the sector, notably that it is sustainable, provides broad-based opportunities and 'doesn't end up leaving big holes in the ground'. It was stressed that 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 telecommunications, lawlessness, undue politicization of the sector and board appointments, lack of strategic leadership, inadequate research and development support (and now the threat from boom sectors, if not managed carefully and urgently). Participants stressed dissatisfaction over potential waste, lack of transparency and alleged political (and some possibly corrupt) allocations under the problematic National Agriculture Development Plan, and the need for open dialogue with sector participants.

Recommendations:

15. Budgetary allocation for NADP be increased markedly in 2009 and thereafter;
16. NADP guidelines be reviewed by a committee including DAL, RIC, NARI, FPDA, agri-business and WIADU, Planning and Treasury, with a fresh submission to Cabinet. The submission to cover a broader conceptual framework, operation and implementation guidelines including scoping, selection and funding criteria;
17. NADP be managed by technically qualified personnel.
18. Good market access be established, included for food crops;
19. Financial support available for entrepreneurs buying from farmers.
20. One-stop resource centres to disseminate information, including practical skills training, set up in districts, but avoid duplication.
21. Strengthen land reforms to enable land as collateral for agricultural loans.
22. Information on NADP process translated into *Tok Pisin*.
23. Focus on multiple land use, including peri-urban areas, including food security;
24. Simplify NADP processes and make them transparent;
25. NADP project Screening Committee representation should include representation from RIC, Women in Agriculture, banking sector and respected senior Statesperson.

Food Security

Potential threats to food security were highlighted, including problems accessing markets, production and farming systems, requiring more concerted research effort on agricultural and soil stress from increased cropping and potential labour shortages, notably from HIV/AIDS. National Agricultural Research Institute gave a sharp warning of the impact of global warming and increased drought and proposed a series of interventions needed now.

Recommendations:

26. Stop focusing on Government handouts.
27. Set Food Security as priority in NADP
28. Government to raise awareness of Food Security, develop a suitable policy (with effective consultation) and implement it, down to the LLG level.
29. Resource women in agriculture programs reaching LLGs.
30. Raise awareness at community level about land management for sustainable farming systems.
31. Improve extension services to LLG level.
32. Improve information networks and co-ordinate awareness activities among agencies.
33. Research (including cash and food crop diversification) requires effective delivery systems.
34. Promote downstream processing, including with improving access to finance, training and appropriate technology.
35. Encourage organic farming (where market prospects) and provide suitable support;

36. Assist urban gardening with land, research, extension and micro-finance;
37. Reduce domestic transport costs, notably for food from the Highlands.
38. Encourage local production to replace food imports.
39. Establish an efficient marketing infrastructure for local produce – roads, transport, processing equipment, and training with consideration for incentive;
40. Improve awareness/knowledge of drought resistant crops and drought coping strategies, with better links between research institutions and extension services.
41. Establish water storage and conservation strategies and implement in villages.
42. Establish food and maintain germplasm banks.
43. Investigate production of animal feed using local crops.

Long Term Agriculture Development

In line with the Government's planned Long Term Development Strategy (LTDS) 2010-2050, develop a long-term agriculture development strategy (LTADS) to ensure sector focus and resources and minimise negative impacts of the ongoing/potential boom from extractive industries on other sectors, notably agriculture.

Recommendations:

44. Performance Grants tied to performance indicators for improvement in Agriculture Sector.
45. Green Revolution Policy reviewed in 2008 with wide stakeholder consultation to ensure more tangible prospective application and impact;
46. The Petroleum/Energy Department to lead formulating a National Policy for Alternative Fuels, involving wide stakeholder consultation;
47. Establish a LTADS Task Force, including DAL, business sector including RIC, NARI, FPDA, agri-business, DNPM, Treasury and Departments of Prime Minister, Transport, Works and Provincial and Local Government with wide consultation;
48. Funding/technical support provided for formulating the LTADS in 2009.

Private Sector Growth

The removal of impediments to business and investment was emphasised, notably: - law and order problems (including corruption); poor infrastructure, utilities and telecommunications; excessive red-tape (including Personnel Management and the Budget enabling critical technical staff appointments to overcome bottlenecks, (e.g. for work permits and migration). Practical mechanisms are required for private sector to work with government in providing services, training, planning and oversight of service functions. Developing an effective Public-Private Partnerships framework was considered valuable. Presentation of a Private Sector Growth Strategy – Conceptual Framework by the Secretary for Commerce and Industry was welcomed.

Recommendations:

49. Priorities to be given to promoting a dynamic private sector, with private sector needs ignored for too long.
50. Improve infrastructure, law and order and basic services.
51. Free and fair competition through watchdog process such as ICCC, Ombudsman Commission and Auditor General's offices.
52. Public, Private Partnership – Effective system of establishing Partnership if transparently managed;
53. Private sector representation in public bodies, boards and councils, must be appointed on merit, not through cronyism.
54. Skills Development – Provide public training institutions and private training to meet required standards for businesses.
55. Revive the National Working Group on Removing Impediments to Business and Investment.
56. Wider consultation needed for the development of a comprehensive Private Sector Growth Strategy.
57. Promote Small and Medium Enterprise development – review and update SME Policy.
58. Development of an International Trade Policy for PNG.
59. A legislative framework is required and this must be prescriptive and similar to the Performance Management Framework, and included in the Budget, for promoting commerce and trade.
60. Appropriate public investment needed, with attention to opportunities for increased (domestic or foreign) private investment.
61. Support the development and adoption of the National Policy on Informal Economy.

Facilitation of Trade and Countering Transnational Crime

Government (including Customs) must facilitate trade, but the private sector and wider community can also assist government (including IRC) with this task. Major crimes, such as transfer pricing, smuggling, including arms and drugs, human trafficking and smuggling, money laundering, theft of PNG protected species and art, counterfeit materials, are undertaken by unscrupulous criminals, undermining PNG's revenue, health and welfare, peace and security. International crime is lucrative and destructive and needs adequate resources and cooperation to be countered. Community support is needed, and adequate resources provided to Customs, other law enforcement agencies (including Migration and Labour) to perform their functions, in the face of growing trade and crime levels. PNG is in a precarious situation with little capacity to guard its borders and illegal trade, which threaten security and legitimate business.

Recommendations:

62. Adequately fund and staff Internal Revenue Commission (IRC) and other trade facilitation and enforcement bodies (including NAQIA, Police, Migration

- etc), to encourage honest trade and investment, but prevent/deter crime and threats (including introduced pests/diseases);
63. Improve land and marine border patrolling capacity.
 64. Amend Anti-dumping laws to give Customs legal authority;
 65. Enhance staff manpower and calibre by reviewing IRC (etc.) terms and conditions;
 66. Enforce National Standards over imported goods/services;
 67. Increase inter-Agency and International Co-operation on intelligence and law enforcement (including transfer pricing, trafficking etc), and improve training (including for Police, Defence and Customs).
 68. Use the media to encourage public awareness and support for reporting suspicious activities;
 69. Upgrade outdated laws and revamp law enforcement mechanisms relating to customs, terrorism, and information sharing;
 70. Protect and encourage legitimate investors and discourage shady ones;
 71. Engage in partnership with Government, NGOs and Communities to improve service delivery by Customs and other agencies.

Law and Order

Crime and corruption continues to undermine the efficiency and effectiveness of service delivery by Government, business and investment opportunities, preventing the community fully benefiting in the nation's development, especially the least privileged and remotest households and individuals (particularly women and children). Some progress has been achieved by some agencies through improved coordination, but greater funding for watchdogs and enforcement agencies is required, including satisfactory work conditions, and greater independence from political interference and patronage, including ensuring inquiry outcomes are auctioned, including prosecutions and deterrence. The Government ratified the United National Convention against Corruption (UNCAC), and is obliged to implement it, requiring adoption of international best practice.

Recommendations:

72. Establish and adequately support an effective Independent Anti-Corruption Commission (ICAC);
73. Adequately fund the National Anti-Corruption Agency (NACA);
74. Implement the recommendations of the 2004 Police Review and monitor its application, including independent membership;
75. Develop a Law and Justice National Framework.
76. Apply a holistic approach to addressing law and order, including encouraging employment creation, universal education and equitable participation;
77. The needs of all Law and Order partners to be addressed;
78. Consider reintroducing vagrancy rules;
79. Education Institutions required for training Law and Order Agency personnel – defence, police, customs, etc.
80. Judicial System to be reinforced to handle greater workload, faster;

81. Develop a National Anti-Corruption Strategy

Transport and Infrastructure

There are increasing levels of compensation demanded for road maintenance by landowners on government and private contractors. Even major contractors face difficulties with insurance guarantees with risks excessive and costly, with commercial banks unwilling to provide loans. The costs on some sections of the Highlands Highway can outweigh net gains for contractors, which are reluctant to enter projects. Hence, delays are often experienced. Maintenance/restoration contracts over K10 million, (the ceiling for Central Supply & Tenders Board), can experience long delays for NEC approval. Road conditions deteriorate during delays in awarding contracts, raising costs. Strengthening Works Department capacity (including ensuring standards and oversight, and support for LLGs) is widely supported.

Recommendations:

82. The National Roads Authority (NRA) must assume responsibility for maintenance of all national highways as intended;
83. NEC to identify ways to fast-track awarding of road maintenance contracts worth over K10 million to avoid delays in awarding and commencement of road maintenance projects.
84. Works Department to provide technical advice to the Office of Rural Development, for DSIP projects, including scoping of works and supervision, to ensure contractors perform to specifications and standard;
85. NRA to be provided the full 7 toea diesel excise collected by IRC for highway maintenance, not diverted to other programmes;
86. Plans to revive PTB supported, but focussing on ensuring provision/upkeep of basic infrastructure maintenance equipment in all 19 provinces, to assist during emergencies and where there is lack of private contracting capacity, not on VIP fleets, considered an extravagance.
87. Government to address donor funding draw-downs by properly screening and awarding contracts to proven contractors. Pre-qualifying contractors might assist;
88. Draw up a national scheme to meaningfully involve landowners in road maintenance and construction, partly to avoid security and related risks for contractors;
89. Funding required for CIMC to recruit a dedicated Project Officer for the Transport Committee.
90. Reinforce mathematics and science education and training to produce quality and more engineers.
91. Restore Works Department capacity (staffing and funding) for overseeing project design, oversight of contractors and standards;
92. K300,000 limit should be reduced with infrastructure projects following proper tender process and oversight.

93. Revive DOW LLG Technical Services to support infrastructure projects initiated by LLGs and communities.
94. DOW to develop partnership arrangements e.g. with PNGDF, PNG Sustainable Infrastructure Ltd.
95. Separate DOW (and Civil Aviation) supervisory/monitoring roles from project implementation.
96. Establish a committee for emergency infrastructure projects.
97. All infrastructure capacity building projects require DOW technical input and completed works should be certified by DOW.
98. Parliamentary Works Committee needs to be activated and accountable.
99. Develop a National Infrastructure Plan through wide consultation.

The National Development Forum (NDF) recommendations for 2008 have been submitted to Government and will be followed up by the Secretariat, together with recommendations from previous years. Members of the public and private sector go to great effort to participate in the National and Regional Development Forum, to listen and particularly express their ideas and concerns to Government. The public is often frustrated with the limited follow up from Government, with many of the same concerns being expressed each year. The Deputy Prime Minister, Dr Puka Temu, and the National Planning Minister, Paul Tiensten, emphasised at the opening of this year's NDF the importance of this consultation process, including to making government accountable at the national, through to the local level. They stated that Government is listening and will receive and act upon the recommendations from this year's (and previous years') forums. It is up to Government to take this commitment seriously, and up to the wider community (supported by the CIMC Secretariat and other private sector and civil society bodies) to monitor progress and ensure Government honours this commitment.

Opening Address

Hon Dr Puka Temu Deputy Prime Minister and Minister for Lands & Physical Planning

Papua New Guinea has established a very effective process through CIMC (Consultative Implementation and Monitoring Council) for establishing dialogues to collectively address issues which affect the nation; and that the resolution of the regional workshops are then brought to the NEC (National Executive Council) process. Many positive results have come out from the CIMC process. The government deeply values the outcome and the recommendations that come out of the CIMC projects.

Due to the current positive economic situation our country is facing right now, the National Government through the National Planning committee is discussing the need for a long term development strategy. We need to focus on a long term development path. By November 2009, we believe that the final investment decision will be made on the LLG (Local Level Government) project. That will then lock in a very positive economic outcome for the country and therefore the nation will need to look at a long term development strategy plan; a 30 - 40 years development plan for the nation.

On Monday, we called in the Provincial administrators, the Departmental heads and the heads of statutory organisations to help the government establish a frame work for developing a long term development strategy. Under that frame work, we will be looking at the hindsight experience over the last 33 years. We will be looking at the type of policies the nation adopted, the strategies we had implemented, the type of budget supports given to these priorities, the experiences over the past 33 years etc.

We have basically undertaken an audit since independence. With that audit and that hindsight experience, we are now looking at a long term development strategy on how we can better improve ourselves. For example; taking the cue from the last government when we developed the national fiscal responsibility legislation which was passed on the floor in the last term, the government this year is now pushing for a National Planning Legislation to establish a national planning system in the country. These are the challenges and the directions in which the government is going through.

We also want to input the outcome of the CIMC process, therefore this development forum is very critical because the NEC (National Executive Council) has made a decision to call all the governors and ministers of states in early September, to come together for a development summit. That summit will be chaired by the Prime Minister.

The outcomes that we are going through now and the outcomes of the processes that we have engaged through the National Planning Committee process will be tabled before the National Development Summit in four weeks time. The heads and

governors will come together to discuss and accept the long term development framework. By November 2009 the government will then launch the 2010 - 2040 long term development strategy.

We nominated to launch this long term DSP (Development Strategy Plan) in November 2009 so that when the final decision is made on the LLG project, we will be given the assurance to have the resources needed to at least implement the DSP.

We will welcome any positive contributions of individuals and organisations and bring in the private sector at the same time. The National Planning Committee will be the steering committee for this long term development direction. The cabinet will establish a national long term development strategy planning task force. This task force won't be made up of bureaucrats, but prominent sons and daughters of PNG, private sectors, key NGOs (Non-Government Organisations), academics and research institutions.

This initiative will bring a lot of participations. As the chairman of the National Planning Committee, I will ensure that there is a high degree of national engagement and involvement so that by 2009 when the final product is launched, there is ownership of this long term development strategy.

I want to share with you three themes that should form the basis of the next three years projects under this CIMC process. When we went through the themes of transparency budget of accountability and how communities could be allowed to participate, these three themes were selected with the view that we would want a high degree of accountability and transparency so far as public finances and delivery of public goods and service are concerned. The people of Papua New Guinea and the government of today recognize the need for the nation to establish institutions and processes, so that there is a high degree of transparency and accountability.

Being a departmental head for six years before entering politics, and being a politician for four years, I believe that we have not allowed our rural masses to be strongly linked to the processes that we manage in Waigani, to the processes that we managed at the provincial head quarters.

The 80 % of our rural masses that are out there struggling every day to improve their lives on their own effort have been somewhat dislocated and displaced. We have over the years disempowered them. The nation is now looking for answers as to how we can empower them so that they can fully participate in nation building; that's the bottom line; I would want the CIMC for the next two years to look at how we can connect the rural masses out there in this process. I want to share three themes which I passionately believe could do that. These three themes are put under the heading of Rural Democratisation.

Theme 1: Rural Democratisation

We should first of all, seriously look at how we could effectively undertake social mobilization in the nation. I acknowledge our development partners, particularly from the UN because this is a theme which is very close to them.

I believe the nation and the CIMC process should look at social mobilization and the process we need to engage in, in order to allow the 87% of the rural masses to effectively participate; and to lead them in closer to the district centres, lead them in closer to the provincial centres, and more importantly lead them in to Waigani so that there is that link all the way through from the village or ward level right through to Waigani.

I passionately believe that social mobilisation is a model for holistic development. This is the approach that will do two things, it will allow people to participate effectively and at the same time promote self-reliance. In the process people will identify their own resources and their own skills. There is too much reliance on the government, there is too much reliance on the bureaucracy and on the politician. We have to establish a process to effectively mobilize our masses. Therefore bringing in social mobilization will improve the concept of self-reliance in the country and thus move us away from the handout mentality we have created over the years.

Theme 2: What does that require?

This requires us to establish processes to undertake a social audit or a management tool where we can identify the needs of the rural masses and create planning programs to meet their needs at the ward level. That would include how monitoring systems would be undertaken to allow those rural masses to monitor their performances. An institutional process should be developed to allow the rural masses to participate and that process should be called the Rural Democratisation Process.

Theme 3: Social Contract

Social Contract where the state plays the lead role in providing the right policies and the right legislative frame work by allowing the rural masses particularly the wing man and the poor to participate at their front line. That I call a social audit that will then make the government establish a policy stance where people will now become actors; not politicians manipulating the decisions made by the rural people. Decisions in the rural areas must be determined by the rural masses because they know their needs and where their priorities are. No body, regardless of whether they are politicians, bureaucrats, private sector, money lenders or police, should manipulate our rural people. If the nation undertook this process we will allow our people to participate.

How do we make rural democratisation work? How do we empower people? Most of us talk about empowerment yet we haven't established a process where our people can be empowered. There are three platforms that we should take on; Capital, Knowledge and Organisation. We have talked for a long time about making our people accessible to credit facilities throughout the country. We are looking at re-organising the direction

of our financial sector particularly the National Development Bank, so that it refocuses on making more credits available to our rural masses so that more capital credit is accessible to our rural masses.

We must have a strong knowledge based society at all levels. Therefore we must look at developing strong policies to make our people more knowledgeable. We have to create a national education system that will bridge in many learning pathways to allow our children not to miss out, but to have another opportunity in education. We are now promoting vocational and technical institutions. We are looking at having a system where there are no drop-outs in our education system. We are looking at a policy under the long term development strategy whereby resources are now becoming available, and that PNG will entertain a policy that will enable us to attain the highest affordable standard of education in this country.

Organisation

I believe that as a nation, we have to start organizing our people including our farmers, youths and landowners. The churches play an important role in organising activities yet we are not learning from them. The churches have women networks and youth networks out there, yet their contribution is not being acknowledged. We have to look at this course of action and learn from them. For example, a National Farming Federation Policies should be put in place whereby farmers are involved in decision making at the agricultural level. I am now pushing for a national land reform program so that in the September sitting of Parliament, we will be amending the Land Group Incorporation Act as well as the National Land Registration Act so that we'll use ILGs as economic vehicles for development and when communities out there want to voluntarily register their land, we have an institutional process to effectively manage that process. So these are some of the directions that we are moving in.

I thought I'd move away from the main theme just to give you an overall view because I believe that this is the right forum to bring these issues in. I look forward to a time when CIMC will hopefully pick up such ideas in the next year. We now have the best opportunity in the country to raise our hands and participate. I just want to re-echo the stance of the National Government. By the end of this year the economic growth rate will be 7.6% high. Over the next 6 months after approving all the management guidelines under the NADP as well as the District Service Improvement Program Funding, the Minister for Planning as well as the Treasurer has already received funds. Its account has K4 million. As the enormous amount of money will be flowing through out the country particularly in the rural masses, and delivery and accessibility of goods and services can be improved and maintained. So rather than complaining and worrying which will in turn, hinder our people from excelling, we are to make sure that accountability structures are in place.

At the moment one of the themes that the select parliamentary ombudsman committee has been undergoing is the re-look at the organic law on the Ombudsman; and strengthening our ombudsman commission is one of the strong recommendations that is been discussed. The leadership and the complainant are two sides of the

Ombudsman Commission. Much attention has been put on the leadership aspect of the Ombudsman Commission and less on the complainant. If we establish a permanent parliamentary committee on the ombudsmen as strong as the public accounts committee, it will focus strongly on the latter, the complainant side. In doing this, there will be quick response in addressing and rectifying problems which will in turn make accountability of the delivery of goods and services transparent.

The core responsibility of the ombudsman is to protect the people. Thus this is partly the reason for institutionalizing accountability structures. The community will only watch unless we empower them and give them an opportunity to make decisions, in partnership with the top levels of the society, for the betterment of their areas.

Keynote Speech

Hon. Paul Tiensten, Minister for National Planning & Rural Development and Chairman of the CIMC Secretariat

CIMC is a vehicle that allows shared and open discussion among the civil society. Over the years the government has benefited from the feedback from its stake holders through the CIMC process in relation to the assessments of its performance in terms of policy formulation and execution and resource allocations on priority development areas. With this regard I would like to commend the CIMC council and the secretariat for your hard work and commitment to this important process.

The traditional role of the government is to provide an enabling environment for its citizens and private sectors to prosper in all forms of social and economic activities. This includes providing appropriate policies, legislations, semi-government institutions and public goods and services that enables people and corporate entities to participate and operate more efficiently and effectively. Without such initiative, the people and corporate entities will not flourish in terms of pursuing their interests. This may result in a country like PNG underutilizing its human and natural resources and hence will remain underdeveloped or poor. Historically developing countries or new states emerging from colonial rules, try to progress through providing necessary public goods such as transport, infrastructure, telecommunication, electricity, administrative establishments, water, sanitation and schools etc. This public goods and service are normally capable in incentives. Therefore the private sector with respect to individual firm would not have the capacity involved in providing these kinds of goods and services. However if few firms have kept the capacity involved in providing these public goods and services it might be given the opportunity by the government because if it does it would create a monopolistic market that would have had a detrimental effect on the people and other business providing government operation. It is for this fundamental reason that the governments have yet to provide these public goods and services to enable its people and private sectors to progress.

PNG is no different; all public services were run by government over the years known as state (SOE) owned enterprise. Thus this has made the government in this century realize that some responsibilities need to be transformed through deregulation to allow for market competition. The rational is that fails within PNG and abroad are capable of providing high capital incentives public goods and services with appropriate and advance technology that can benefit people and fends at a much cheaper prices. This means that the government will reduce its funding to SOEs and concentrate in the areas that can make efficiency gains. PNG has gained from partial privatization in the past and as we speak, major policy changes are taking place to open the market in telecommunication and electricity industry. By the end of this year we will have policies that will deregulate these industries and thus, we can rest assure that PNG will benefit from competition.

Major government services in health and education are already taken up by the private sector. This progress suggests that we are moving towards liberalization or free market economy where government services will be challenged by more competitive service providers. You will realize that those services provided by private enterprises, are expensive compared to public institution. This is due to the quality of service they provide and the state of the environment they are in.

It is possible for the government to enter into partnership with the private sector. The provision of government public goods and services are in response to the demand and surplus situation of the country. Not all public goods and services will be taken up by private sectors; the government will still have to provide essence of goods and services based on the demand for and supply requirement. This will require careful planning. The government through my department is responsible for the developing medium to long development term strategy. This government is now embarking in long term plan which has not been done before in terms of mobilisation and allocation of resources into critical expenditure areas. This government is seriously looking into a long term planning.

CIMC has to play a major role in terms of where they link the private sector into our discussion and dialogue to ensure that what we come up with must be owned by PNG.

By 2010 we should be able to know where we have spent and where our allocation of resources comes from and whether those resources have made an impact to Papua New Guineans.

The development strategy that we are looking at outlines the framework for resource allocation. It emphasizes that more than 50 % the budget should go to development and of these more than 80 % should be allocated to the MTDS (Medium Term Development Strategy) priority areas. In 2008, about 82.7% of the development funds contributed by the government to allocate to MTDS priority areas, a decrease of 1.5 % compared to 2007, the draw down of the development budget this year at the end of June is at 77% and this in fact is a good indication of an effective budget execution compared to previous years. However with regard to the successive supplementary budget of 2006 to 2007, the total draw down out of the development budget is 21% and that the draw down from the trust account is only 6%. This suggests that we are not doing well in spreading funds under the trust accounts. This is due to the administrative and procedural rigidity in managing trust accounts as well as lack of capacity to implement by implementing agencies.

The 2008 development budget execution is on target or it has improved. The lack of spending of funds on the trust accounts is due to the appropriation of unplanned budget allocations which did not have implementation plan and activities. We should avoid such practice in future supplementary budgets. We have some serious problem in terms of how we release the supplementary budgets.

We as the government should recognize the present difficulties affecting our rural areas nation wide in relation to the lack of basic goods and service delivery. The

National Government intends to address this through a number of interventions such as increase in direct funding allocation to the districts. Of the K10 million allocated for the districts, K4 million has been released. It is now in the hands of the district and provincial heads and to spend on the key areas which include agriculture, water supply, transport infrastructure, rural beatification and communication, health, law and order and education.

There is flexibility in the financial instructions where by money given to improve a specific key area, can be used on another key area depending on the needs in a district. The government also put K20 million to build district market so that our rural farmers can be able to sell their produce and earn revenues for a living.

There are a lot of criticisms about how slow the NADP funds are being released but the government has already approved the guidelines and the minister has now taken it upon himself to distribute the K100 million that is year marked in the NADP (National Agriculture Development Plan). K200 thousand will be allocated to 89 districts. Many critics will say that the NADP has not been translated into real feasible projects on the ground. The government is aware of these issues and will put every effort into addressing them so that real tangible benefits reach the people. The NADP implementation guideline has been recently approved and the private sectors have been invited to apply for funding to carry out agriculture projects both large and small. We encourage youth and women to also make use of these opportunities. More funds can be expected under the DSIP during this term government but this will depend on cash flow. This is also a digression of the government; if the government has got more cash that is flowing through then we will continue to maintain the DSIP program.

The government will push to ensure that all rural communities will have access to such facilities in the next ten years.

There is one program that is spearheaded by Telikom called the tele-centre program. One has already been launched in Gaire and one at Igopio. It's a very good initiative where rural communities can be empowered and will have access to internet, telephone, mobile phones and can have the possibility to start radio stations. That will have the potential of hooking up with the national radio programs. The third is from external sources through aid donors as approved by the national grant monetary.

K71 million will be rolled out in the next two years. This has been negotiated by the government and we expect more to come in the next 5 years. The policies of the government are very clear. Funds will be allocated according to these priorities however it is the implementation that is letting us down. Therefore it is essential that the bureaucracy must roll out the funds to start implementing these programs. The ministry and Departmental of Planning is doing all it can to facilitate implementation of this program. Often now this is slow given the continued centralization of funds and the rigidity of the treasury and the Finance Department releasing of funds also leads to delays in program implementation.

My position on the importance of accountability is and always has been very clear. All funds must be dispersed after all requirements are met and that proper acquittals of this funds are submitted upon proper completion. I am pleased that CIMC has been holding forums and also made recommendations about how communities can be involved in the in planning and implementation of these grants. The Department of National Planning is at present working on three important documents that will change the phase of planning in PNG. Through the National Development Planning Committee headed by the Deputy Prime Minister, the long term development strategy will kick start the economy of PNG. We are looking at redefining our long term development strategy so that it refocuses on where we should put our money in order to liberate the country and make it independent economically.

We have already achieved political independence but economically we are still lacking in some areas. We are calling for an ideal plan that would involve the whole country and thus allow nationals to fully own that plan. Once that plan is put in place, we must make sure that there is effectiveness and everybody in the process must be empowered.

I see the CIMC forum as one of the avenues open to speak views and to facilitate debates as a means of promoting transparency and government accountability with citizens and where citizens can actively contribute to public policy. The involvement of the civil society in government decision making is very important. Therefore commencing this year we have ensured that the CIMC is fully supported and is made stronger. The government support has included strengthening the link between the National planning and Monitoring and other stake holders. The importance of partnership between the private sector, the public sector and the civil society is critical. The role of the public sector should be to determine the generational direction of the national development and create conditions for an environment conducive to development in terms of laws and regulations, security and basic infrastructure. In this context, the public sector is the sponsor of national development and social welfare. The private sector represented by both the formal and informal enterprises on the other hand works towards the creation of wealth and there fore ensures that the wealth of the population is guaranteed. Its financial and social contribution is unquestionable to our society. I'm pleased to see that this forum will be discussing ways in which the private sector in PNG can be strengthened. As for the civil society, consisting of professional association, trade unions, political parties, church groups and various non-government organizations, its work provokes social promotion and economical development is quite outstanding in PNG.

My government applauds your tireless efforts given the difficult circumstances in many parts of the country. The existence of the private sector or the public administration can only be achieved through the interaction with the private sector, the civil society and the population.

The primary role is to serve these entities which are at the same time our partners. In this view, public administrative means of facilitating agents for private sectors and civil enterprise. Therefore the three entities must work together in order to harmonize their

objectives and aims. This is the real challenge for our government or any government and the developed practitioners to get these three sections of the nations to have a genuine partnership. Then we can rest assure that we will see some positive changes in Papua New Guinea.

Purpose of the Forum

Ms. Marjorie Andrew's, Executive Officer CIMC Secretariat

It is my honour to welcome you all to this Forum today. On behalf of the CIMC Council, I thank you all for the time and effort you have made to be here, and welcome you to the National Development Forum for this year. I acknowledge the attendance of:

the Acting Prime Minister, Honourable Dr. Puka Temu, Minister for National Planning and National Planning, Honourable Members of Parliament present today. The presidents of Local Level Governments and Provincial Administrators, all Heads of Departments and Government Agencies and senior officers. Excellencies and representatives of all Diplomatic Missions and International Organisations, Church representatives and Non Government Organisations, Ladies and gentlemen

With the Government's increasing focus on district and local level government, and serious talk about reforming the decentralized system, it is important to keep the public informed about these changes, and where possible to seek their views. The decision by the Government to allocate K10 million to each district, is something that is highly visible, and from which the people expect to see dramatic results. This provides us with an opportunity for development partners - government, the private sector and civil society actors - to work together in a complementary way to advance economic and social development.

At last year's National Development Forum, it was encouraging to hear the Honourable Minister Tiensten recognize the need for the public to demand for transparency and accountability, and for the public to apply consistent external pressure for accountability. However, such development of social accountability is only possible when there is transparency with the budget system, that is information is made available to the public so they know how much money is allocated, how much is actually spent on which activities, and asking if this was good use of the money.

The Regional Development Forums held over the last three months, has dealt with different aspects of the financing of district development, and how the community can be organized to monitor and participate at this level of government. Selected speakers from each region will be presenting their key recommendation on Day 2.

For this national forum, we have broadened the topic of community participation to focus on key sectors for promoting economic growth – that is, decentralization, law and order, private sector development, agriculture, and infrastructure development. Some of the speakers will take up the challenge to address the theme of this Forum, and they will be just as keen to hear your suggestion and reactions.

We hope that in carrying out this process of dialogue, that it:

- Promotes Government transparency and accountability

- Improves awareness and understanding of the policy area and can set right uninformed public or stakeholder assumptions
- Encourages public ownership of the policy, therefore increasing public commitment to it.

We are indeed very pleased to have speakers make themselves available to present over the next 3 days, thank you.

Finally, during group discussion and report back, the CIMC seek your views and recommendations about the sub-themes and issues presented. We would forward the key recommendations on to the Department of National Planning and Monitoring, and on to the relevant sub committees of the National Planning Committee. We are pleased to bring your attention, a progress report on many of the CIMC recommendations since 2002. Copies can be given to those who are interested.

We hope that the Government will consider the recommendations you collectively make here, for incorporation in the 2009 Budget, as well as in the Long Term Development Strategy which the Government is now framing.

Therefore, ladies and gentlemen, this forum can be meaningful for the next 2 days with your participation and contributions to the formulation of the recommendations.

Overview of 2009 Budget Preparations

Aloysius Hamou, Deputy Secretary, Department of Treasury.

What is a Budget?

- A money plan for the coming year which includes:
 - estimates of money coming in (Revenue), and
 - estimates of money to be spent (Expenditure)
- Effective budgeting contributes to effective forward planning.
- To be useful, both the Revenue **and** Expenditure estimates have to be as accurate as possible.

Why Budget?

- We have to Budget because resources, such as money, are limited.
 - This means that we cannot do everything we would like to do over a given time.
- Good budgeting allows us to accurately estimate the expected Revenue, and make sure that it is used to fund the most important functions or activities.
- Budgeting helps us to make the best use of the limited resources available.

Making difficult choices

- There are many things that money can be spent on.
- Good budgeting involves considering all the options, and making difficult decisions about the **best** way to spend the available money.
- Remember, that every decision to spend money on one thing also means deciding that it **will not** be spent on a range of other things.

Making difficult choices

For example:

Should we fund a year's elementary education for 1000 children ...?



... or do we buy another vehicle?

Should we employ five extra staff ...?



... or vaccinate 2000 extra children each year?

Figure 1a - Good budgeting involves considering all the options, and making difficult decisions about the **best** way to spend the available money.

The National Government's Budget

- In November each year, the National Government hands down its Budget for the coming year.
- There are 103 agencies funded through the National Budget - 48 National Departments, 36 Statutory Authorities and 20 Provinces
 - All of these would like more funding, but there is only limited money to go around.

2009 Budget Strategy

- The 2009 Budget Strategy Paper uses the latest forecasts of revenue and expenditure to set the policy and strategy for the 2009 Budget.
- The 2009 Budget Strategy is guided by the medium term frameworks:
 - Medium Term Fiscal Strategy (MTFS)
 - Medium Term Development Strategy (MTDS)
- Policy consistency throughout these frameworks delivers better results and strengthens investor confidence.

2009 Budget Strategy - MTFS

- The *Medium Term Fiscal Strategy 2008-2012* establishes a sustainable framework for deciding **how much** money the Government should spend.
- To avoid shocks to the Budget, it limits the amount of mineral revenue which can be used to fund recurrent spending.
 - Limited to 4 per cent of Gross Domestic Product.
- Any mineral revenue above this should be used for a range of one-off public investments and debt/liability repayment that will provide future benefits, even when windfall revenue stops.
- MTFS 2008-2012 was released on 8 July 2008.

2009 Budget Strategy - MTDS

- The Medium Term Development Strategy provides the policy framework to decide **what** to spend money on.
 - It identifies seven spending priority areas to meet the Government's development objectives:
 - Rehabilitation and Maintenance of Transport Infrastructure,
 - Law and Justice,
 - Primary Health Care,
 - Basic Education,
 - Promotion of Income Earning Opportunities,
 - Informal Adult Education, and
 - HIV/AIDS prevention.
 - These areas should be priorities if additional funding is available.

- Most of the Function Grants are linked to these areas.
- The Government's policy is to increase the amount of the Budget allocated to MTDS priorities over time. Hence, when additional funding is available for the Provinces, it should be used for the key function grants.

2009 Budget Ceilings

- The Budget Strategy Paper provides the aggregate ceilings which Budgets Division uses to develop agency level ceilings.
- The 2008 appropriation provide the base for the 2009 ceilings.
- Adjustments were then made to:
 - remove one-off expenditure
 - extract savings from retrenchment processes
 - apply increases in accordance with the PEA
 - reflect the impact of NEC decisions.
- Ceilings were provided to agencies through Budget Circular 4/2008 (National Departments and Statutory Authorities) and Budget Circular 5/2008 (Provinces).
 - outline the requirements for the preparation of 2009 Budget submissions; and
 - provide Departments and agencies with their respective ceilings.
- Available from the Treasury website.
- Agencies are advised to Budget as if the ceiling is the maximum level of funding that will be available.
- Where agencies need extra funding, they should first look to find savings internally.
- There are over 100 agencies appealing for additional funds. The Government has to make decisions about where the priority areas are for any additional funding.
- Departments must prioritise and tailor programs/corporate plans according to the resources allocated to them (not the other way around).

Why keep expenditure tight when commodity prices are high?

- Although commodity prices are high at the moment, we do not expect them to last forever.
- As in previous years, where there is extra revenue or savings these will be allocated to priority area spending or used to meet outstanding obligations.
 - We cannot allow for temporary windfall gains to be built into the recurrent expenditure base.

Key deadlines

- 2009 Budget Estimates are due on **11 August 2008**.
- Budget Screening Committee meetings begin on **8 September 2008**.

- Budget presented on **11 November 2008**

Role of Treasury Budgets Officer

- Budgets Division has a key role in ensuring the Budget ‘money plan’ is implemented
- Budgets officers:
 - Assess agency requests
 - Liaise with agencies re: Budget matters
 - Analyse agency costings
 - Interpret GoPNG policy
 - Make recommendations about ‘choices’ – leads to better informed decisions by Government (obviously the better the information you provide to Treasury officials the better their advice will be).

Status of 2008 Budget-mid term outcome

Joseph Lelang, Secretary, Department of National Planning & Monitoring

Policy and budget alignment to priority areas

- Overall objective of dev. Budget is to achieve high quality investment that would not create excessive pressure on future dev budget
- Dev budget is policy-driven unlike expenditure – driven in the past. Dev budget is consistent with the MTDS and for 2008, 83% of the government financed component of expenditure is aligned to MTDS priority areas
- The government policy and strategy is targeted at rural development and empowerment of people, and private sector led-growth and these are stated in the MTDS.
- Hence, the Public Investment Program (PIP) is driven by the MTDS

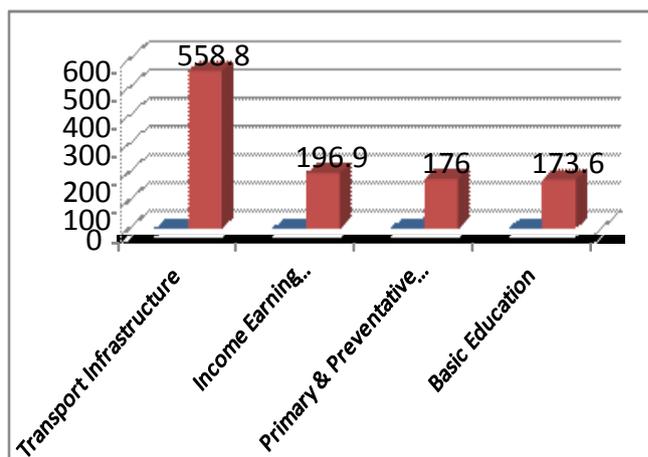
Policy and budget alignment to priority areas

- The PIP involves the project cycle management model that is based on policy imperative and govt dev agenda which is the MTDS
- The PIP process involves project submissions from govt agencies incl., provincial govt for possible funding
- However, not all projects submitted get funded because of various reasons such as they may not be in line with MTDS priority areas
- There is no discretionary funds in the PIP process as all funds are tied to programs or projects for that year
- DNPM only coordinates and facilitate development and it does NOT implement programs & projects NOR having the actual funds readily available any time for disbursement

Policy and budget alignment to priority areas

Figure 2a – Government allocation of funds

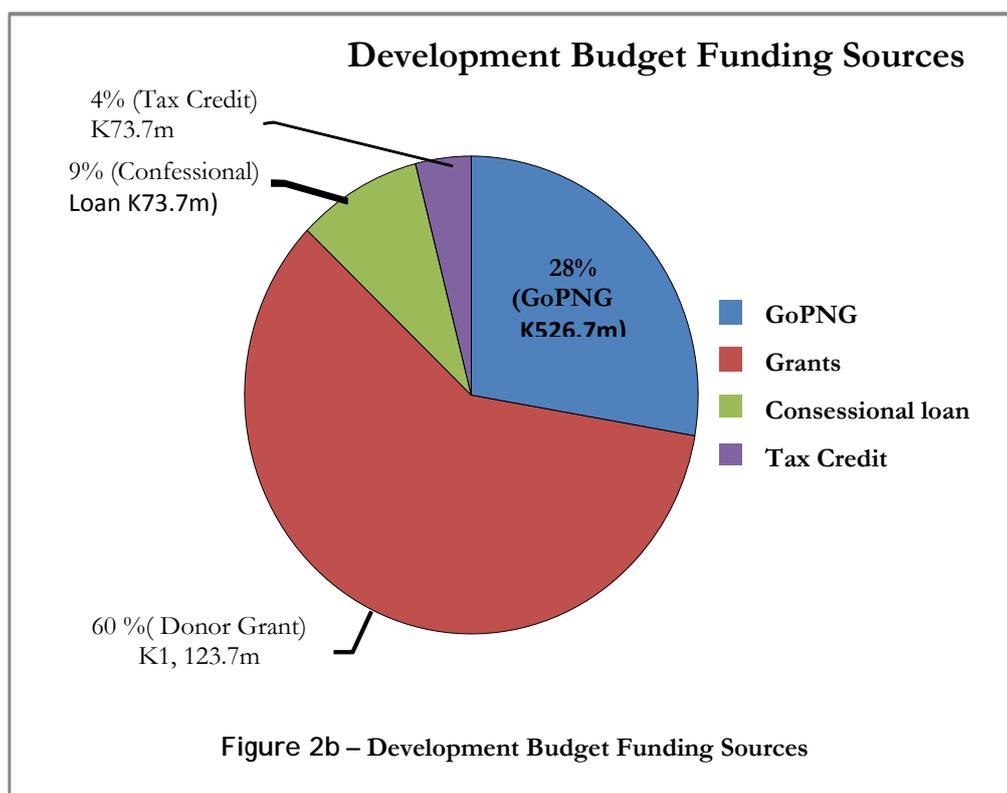
- 83% of the dev budget is aligned to MTDS priority areas & this shows government commitment
- In terms of allocation, Infrastructure maintenance & rehab was K558.8m, Income-earning opportunities was K196.9m, primary & preventive health was K176m, & basic education was K173.6m. These are shown in the opposite graph (Figure 2a)



Financing and level of warrant released to date (end June 2008) by sector

- Gov appropriated K1,887.1m in the 2008 dev budget
- Of the total appropriation, 28% is funded by govt, 60% is funded by donor, 9% is concessional loans financing, and 4% is tax credit scheme.
- Budget draw down rate is 77% as of June 2008

Financing and level of warrant released to date (end June 2008) by sector



Overall trends on movement of funds & expenditure to June 2008

- The movement of funds through transfers and warrant released to date and the level of expenditure as against the warrants released are indicated in the preceding table.
- The revised appropriation has increased by about K72.0m. This has been attributed by transfer of funds into the infrastructure and economic sectors to the tune of K22.0m & K50.0m respectively. The movement of K50.0m was additional funds for oil & gas projects in SHP which includes Hides Gas liaison project (K13.0m), Gobe MOA-SHP (K27.5m) and Moran (K9.0m)

- The additional transfer of funds into infrastructure sector was for National Road Maintenance Project (K20.0m) and World Bank funded Road Maintenance Project (K2.0m)

Table 1. Expenditure on GoPNG component of development budget as at end June by sector (K'000')

Sector	Original Appropriation	Revised Appropriation	Warrant	Expenditure YTD	Un-used warrants
Social	91,133.3	91,133.3	69,275.0	33,122.9	36,152.1`
Law & Justice	37,000.0+	37,000.0	33,880.0	26,476.8	7,403.2
Administration	33,100.0*	33,300.0	24,267.7	8,716.5	15,551.2
Economic	103,270.0	153,040.2	113,830.2	94,405.2	19,425.0
Infrastructure	155,900.0	177,900.0	174,900.0	149,188.1	25,711.9
Provinces	126,730.0	126,730.0	62,902.0	24,232.0	38,670.0
Total	547,133.03	619,103.23	479,054.9	336,141.5	142,913.4

* Minus K31.0m from law & Justice fund placed in National Planning vote

+ Plus K31.0m from Law & Justice sector from National Planning vote

Local Level Government Reforms and Community Development

Dr. Eric Kwa, Law School, University of PNG

The Key Development Issue

Delivering goods and services to the communities to improve livelihoods of Papua New Guineans

OLPGLLG

The principal aims of the OLPGLLG

1. reformed system of government that enables the effective delivery of goods and services to the communities
2. empowering communities to determine
3. development needs bringing government closer to the people
- 4.

Key Institutions for delivering goods and services to the communities

- Ward Development Communities (WDC)
- Ward (5 year plans)
- Ward Councillor
- Local-level Government (5 year plans)
- Joint District Planning and Budget
- Priorities Committee (5 year plans)
- Provincial Planning and Budget Priorities
- Committee (5 year plans)
- Key assumptions
 1. synergy in development planning
 2. ownership of development by communities (and government)
 3. strengthen partnership in development (government, private sector, civil society, communities)
 4. allocation of resources by government based on needs of communities

“Bottom-up planning for development”

The Case Studies

Law-making in 5 LLGs in three different provinces

1. Almami LLG (Bogia, Madang, 2002-2008)
2. Talasea LLG (Talasea, WNB, 2003-2006)
3. Biälla LLG (Talasea, WNB, 2003-2006)
4. Hoskins LLG (Talasea, WNB, 2003-2006)
5. Nali Sapat Penabu LLG (Manus, 2006-2007)

Promoting community development through law by working with the Institutions established by the OLPGLLG

Lessons Learnt

- Some of the lessons gained with the work undertaken with the 5 LLGs are:
 1. communities must determine the development activity
 2. Ward Development Committees lacking in many LLGs
 3. there are no Ward Development Plans in the LLGs
 4. there were no LLG Development Plans
 5. there were no District Development Plans for Bogia and
 6. a draft for Talasea.

- There was therefore no formal recognition of the development needs of the communities

Communities in most cases need external assistance to establish WDC, Ward Development Plans, LLG Development Plans and even District Development Plans

Areas for Improvement

- Provide technical support to WDCs through awareness and skills training on their powers and functions
- Mobilize Wards through identification of skilled people and other resources for community development
- Strengthen LLGs through the provision of adequate technical and financial support
- Provide technical assistance to Districts through the JDPBPC to develop achievable development plans
- Improve the governance of the JDPBPC through the better selection criteria of membership (include members of civil society) and accountability of decisions and transparency in decision making
- Make it mandatory through legal reform that all District Development Plans must be based on Ward and LLG Development Plans
- Make it a legal requirement that the K10 million DSIP be tied to properly and lawfully devised LLG Development Plans (which themselves are based on Ward Development Plans)

Way Forward

Several initiatives that provide encouraging opportunities for improving and strengthening LLGs and communities include-

1. The work of AusAID through the PPII (sub-national strategy)
2. The EU project on strengthening Districts and LLGs
3. The recent amendment to the OLPLLG on the financial reform proposed by the NEFC
4. K10 million to each District for DSIP

Two proposals that have emerged recently in response to the key development issue which require more concrete analysis and debate are: (1) the District Authority Act 2006, and (2) the abolishment of provincial governments (PSRAG 2007)

These two proposals must be considered against the backdrop of the 4 initiatives to find a common ground

In the final analysis, it is best to strengthen the key Institutions identified above in the OLPGLLG coupled with the 4 reform packages to improve the delivery of goods and services to the communities.

Equalisation Funding Arrangement: Implementation Challenges

Dr Nao Badu, Chief Executive Officer, National Economic & Fiscal Commission

This is one reform package which has taken us years to develop. We're actually very proud of it because this is a package which is home grown. When I started this literature work ten years ago, I didn't even know that there was an academic or sub-discipline called the government of finance. It's a small but a very influential part of the overall effort by the government in trying to right size their funding and their resources to the basic obligation of government, and that is to deliver to the people who gave it their mandate. It's good in several ways and some people call it a contract, some people call it basic service delivery, and some of it is translated in the budget. Other aspects of it are described as bottom-up planning or grassroots development. There are various ways of illustrating it however the message is basically the same.

What is the contractual obligation of the elected government to its people and the way it fits into the big picture? There are many reasons why development doesn't take place or progress as much as people wish it would. There are also many reasons why countries are undeveloped. For instance; there could be technical capacity problems, manpower problems, lack of expertise and ability to deliver public service. Amongst those many problems, one of the main reasons could be that there is not enough money. There isn't enough money to cater for what the government would want implemented in the first place. The work of the NAS is to provide a funding arrangement which has a direct link to this thing called service delivery. The term 'Service delivery' simply means to 'provide basic services' such as health care, education etc. 'Service delivery is simply aid posts, elementary schools, primary and high schools, roads as well as other service providing institutions. In other words, the most basic obligation of the government is to make sure that its people are healthy and literate. Much focus is put on the rural areas because the bulk of our people live there.

In contributing to the development of service delivery, our function is to put together a funding arrangement so that the state's resources are adequate to meet the financial service delivery requirements of its obligations. I'm not here to address capacity and I'm not here to look at the technical aspects of it. My vision is very simple; a literate healthy population which has access to economic means of advancement.

Setting in place a funding arrangement will not solve the problem, but will help improve it. The question to consider is: Do you turn to capacity or do you give them sufficient funds. If capacity is handled by somebody else, our job is to break the cycle by bringing in sufficient and adequate funding to solve part of the jigsaw puzzle. Like any new initiative, there are always challenges over implementation. The best way to address a diverse audience is by addressing issues that are the broadest.

In terms of technical difference, the basic distinction will be if the funding arrangements are contained in the Organic Law on provincial and local level government. The

arrangements specify that grants or transfers to the provinces on an annual basis shall be calculated according to a kina per head. For instance; for province A, you get K20, multiply that by the number of people living in the province and then multiply that by the sea area and land area and you've got the figure for the proposed grant for this province, that's what's in the current organic law. Under the new proposed new system, the amount should be driven by a need, and not determined by a kina per head of population. You need more you get more, and you need less you get less. You don't need any more then you shouldn't get any more. You asked me what need is, and I've actually quantified what we mean by 'need'. There is a kina figure that we are proposing for each province based on our quantification of the word 'need'. So that's the difference; the old system is based on kina per head basis, on per capita basis while the new system is based on need. We have to remember that all these initiatives have a purpose. My understanding of the purpose is; 'this money is supposed to go there because there is a need out there'.

At the surface of it, you will think that more people equal to more need, and less people equal to less need. It's that simple when you think about it. For instance, you have a hundred thousand people in the National Capital District; you take the same hundred thousand people and you disperse them across the entire Central Province, imagine the difference in the cost of the delivery of services to the same hundred thousand people; that's not the same. This is the difference between the old and the new.

The New system is based on the principle of equalisation.

What this means is that provinces will not necessarily get the same amount. They will get unequal amounts in order to ensure that they are given the same physical ability to deliver the same level of services. So when we are talking about equalization, we are not talking about equalization of funding, but the equalization of access to basic services regardless of whether you live in Telefomin or in Bereina. This forms the gist of the difference between the old system and the new system. Alternatively, that is the favourite system of service delivery. Not that every body theoretically gets K20, but everybody has the same access to a minimum level of service delivery.

Where are these contained? This principle is contained in three principle instruments. The first one is the Organic Law amendments, which provide a framework of what I just talked about. Some of you may have seen the advertisements that have been placed in the papers for the last three months. The difficulty I had was that all Members of Parliament were in favour of it but there wasn't sufficient number on the floor to carry it. It required a two thirds absolute majority; which in the case of our parliament is at least 73 members of parliament. In the meantime the NEC has been in close consultation with Treasury. The new package would be included in the Budget in 2009. The preparations for that are well ahead of the political process.

The second piece of legislation is called the Inter-government Relations functions and funding contains the details of what I just talked about. The framework of it is in the organic law amendments. The details of that are currently in the proposed bill. The third

instrument is called the Ministerial Determination of Functional Assignments. This is a slightly different perspective. Our function in this area is to try to put together an elaborate matrix where every agency of government provides a service, or has a presence out of the service to function or carry out responsibilities in relation to service delivery.

For example: there is a sick child in Menyama in need of penicillin. In order to make that happen somebody has to be responsible for procuring it overseas, shipping it out of Port Moresby then transferring it to Lae and so forth, and finally to Menyama. This is called a service delivery chain. There is no one single documentation that clearly spells who is responsible; this illustration of a delivery chain maps out the responsibilities of national health, the provincial health, the responsibilities at the district and local level government and the research and medical institutions. In other words it tries to map out all the responsibilities of all the agencies that have been in one way or another, dealing with service delivery in the provinces. That in itself is a very useful exercise. Hopefully this nonsense of buck passing of responsibilities will stop there. There is a much more important reason why this exercise should be carried out. If you can identify the levels of government and their purpose and responsibilities, then it is possible to go out and implement that activity because you know who is responsible and how much it will cost for that service delivery to occur. It's the best budget tool there is.

When that instrument is finalized, I hope to take it through as a Cabinet mission to NEC by the end of this year.

Better service delivery and good governance is based on equalization; there's equalization to access of services not equalization of funding. That is mandated in the constitution of PNG and in the organic law on provincial governments and local government. Unfortunately some elements of the transfer basically consist of the annual grants in the budget, the Internal Revenue Commission and the provinces get the lion's share of royalties. Royalties are state funds and the grants are covered in this package and will be delivered on the basis of equalization. How much you get in the GST, you won't be equalized with the royalties. Royalties have been impossible to put in the equalization system. There are some provinces that are not ready yet to share the enormous wealth in royalties that they want.

The principle of funding

The funding in the activity should go to the provincial governments to perform their functions unless the national government takes back that responsibility. Then the funding for that responsibility will also be taken back. The funding follows the function all the time. We have managed to negotiate with the Treasury so that the book that has been taxed by the treasury will go to the provinces as part of the equalization amount. We have negotiated for an additional amount over the next five years to tally it up to K56 million for implementation. In year one the budget for 2009 there will be an addition of K36 million to what we normally get overall in the appropriation. In year two the budget should be K40 million. In the fifth year we wish to get an addition of K56 million. We have not forgotten provinces and the taxation revenues instruments through

all the legislation and we've identified some areas which are involved, and made acts to increase the revenues. Another way in which we could raise the internal revenue is by getting rid of some very long and cumbersome procedures. For instance if provinces want to introduce a new tax, they first have to get the National Parliament to pass the enabling legislation to allow the province to pass that law. In the amendments we've abolished that requirement. So if we want to raise head tax or some other needs, we have the blessing of the national parliament.

It's a new system and the rationale and the logic behind it is different. As I said we are not going from a kina per head per capita driven system. There will be misunderstandings and challenges. Why should more populous provinces have to pay for the greater service delivery need than sparsely populated provinces which have much more difficult and bigger service delivery costs; such questions need to be asked.

Treasury will incorporate the new system and budget functions. We've been having workshops after workshops especially with provincial budgets section of treasury. Unfortunately, some elements of the transfers consist of the annual grants in the budget. GST from the internal revenue commission, and a few provinces get the lion's share of royalties. Royalties are stage funds. The grants are covered in this package, and will be distributed on the grounds of equalization. How much you generate in GST will be given in some proportion. They won't be equalized. Some provinces are not ready yet to share enormous royalties in wealth. It's just too politically difficult to push it through parliament.

These are some of the political compromises that I have to make.

It's a new system and it does have its critics but we are going about selling these packages by being open and transparent.

We hope that the society out there and the political bosses will continue to guide us in there. One of the things I learnt about the implementation of the 1995 reforms was that the legislation went through in 1995 and implementation began in 1996, but the constitutional review and the constitution development process were disbanded. They gave birth to this baby, and then it was disbanded.

So we will continue to closely monitor the implementation of it within the next five years. I will mention that this package will slowly and gradually evolve over the next five years. We realize that we won't get it right the first time. Get the logic of the system in place, the broad outline of it, the details of it in place but leave rooms for amendments. That will necessarily have to be made as it emerges over time.

The Upper House-Democratic Checks and Balances, Districts, Provinces and Regions, National Vision, National Unity

Sir Barry Holloway, Chairman, Reform Task Force

Local Government and Community Services

In the last two series of power points presentations were given on a Local Government and Community Service and District Authorities.

To recap - strengthened autonomously run, appropriately funded Local Governments will mobilise the people to greater self reliance and more effective services.

The Local Government Commission will regulate the employment of less than 1000 permanent officers who are council clerks and accountants etc. LLG's will hire and fire their own staff.

It is proposed:

- that each local government independently recruit its own full-time and short-term staff for support services or for contractual arrangements to implement projects and services.
- Local Government make their own arrangements and develop their own initiatives like any small business.
- grants to local governments for such employment can be allocated through savings resulting from slimming down and clearly defining a new focus on public service responsibilities in the provinces.

District Authorities

The proposal is that MPs Chair the District Authorities with Heads of LLGs and 3 nominated members.

With some modification to this proposal, to rationalise the varying numbers of heads of local government in each district, there will be a political check and balance at District level.

A Local Government and Community Association (similar to the Urban LG Association) linked with the Local Government and Community Service will provide a national forum for grassroots concerns, which they do not have now.

Proposed Two Tiered System of Legislative Government.

There is common support for two levels of legislative government (Local Government and National Government) rather than three in conflict which is acerbated by Provincial Government in the middle.

If Provincial Electorates remain, the question is what happens to the Governors if Provincial Assemblies are abolished?

As mentioned, there are political checks and balances between MPs and Councillors at District level in the District Authorities, to ensure 'rural democracy'.

This is not so at Provincial Level where, as proposed, MPs and Heads of Local Governments will not be represented because the focus will be at District level.

The focus at District level is to more directly fund services for the people through the District Service Improvement Programme (DSIP) and NEFC's new legislation to equalise distribution of normal funding to more realistic and varying costs of services at district level.

If Governors remain, there is less leverage for their effective operations at Provincial level. It leaves them in a possible autocratic situation as "toothless tigers."

Realistically looking at the 2012 National Parliament

With Provincial Electorates remaining and a required constitutional range 110 – 120 Open Electorates National parliament could have up to 140 members.

It is most likely Parliamentarians will resolve the maximum figure allowed for Open Seats.

Despite the law on *Integrity of Political Parties and Candidates*, coalition governments could become unstable.

It is only under the resourcefulness of current leadership that a coalition government with only 109 members maintains a stable government that can be held together.

NPC Request

Facilitators to the Reform Task Force were originally proposing a Senate, but this was put on the "back burner" until a recent meeting of the NPC directed further proposals be made in more detail on an UPPER HOUSE .

This became evident when looking at a possible revised role for Governors who have perceived lobbying power in National Parliament.

Further to this Regional Government was mentioned in NPC discussions.

The Background and the Scene

This is the stage background and the political scene as we have it now.

With NPC's mention of Regional Governments some historical notes are worth noting:

- prior to 1964, a Legislative Council existed under the colonial system with some representative members elected by 'electoral college.'
- after 1964 was a partly elected membership in the composition of the House of Assembly.

REPRESENTATION OF THE FOUR REGIONS IN THE LEGHISLATIVE COUNCIL PRIOR TO 1964

ISLANDS REGION - Paliau Moloat, Ephraim Jubilee

MOMASE REGION - Peter Simogum, Somu Sigob

HIGHLANDS REGION – Kondom Agauno

SOUTHERN REGION – Toua Kapena, Dirona Abe

- Big Leaders in their own right
- Elected by Electoral College
- Worth looking at how the “electoral college system” works and how it was organized.
- Electoral college worth considering for some categories of election

Representation in the HOUSE OF ASSEMBLY after 1964

In the course of political reform moving from Representative Government to Self Government and Independence the House of Assembly was made up of elected seats – some on District basis and some on a regional basis.

The Minority of members were colonial ex-officio heads of departments.

In this transition some elected members were trained as Ministerial Members.

In the course of moving from representative government to Self Government and Independence

The House of Assembly was made up of elected seats – some on District basis and on a regional basis.

The Minority of members were colonial ex-officio heads of departments.

In this transition some elected members were ministerial members

Weaving the Political Design

Whatever design we weave out as political and administrative eventuate, the role Governor will be marginalized because of the:

- The focus on Districts
- More Open Electorates
- MPs and Councilors now having to get the act together at District Level with the proposed District Authorities.

GOOD REASONS WHY AN UPPER HOUSE

An Upper House could be the most practical and democratic way forward to bring together the political scene just presented:

- Initially costs could be defrayed of establishing the Upper House by savings offset by now having to resource and operate Provincial Assemblies.
- Governors could be replaced by Senators either on a Provincial basis or on a regional basis under the current electoral system or by “electoral college.”
- Governors in their role as Senators would have substantive backing for provincial activity.
- Provincial electorates could be dual member electorates. One seat on an open gender candidacy basis and the other reserved for women. An alternative is for the open gender seats to be structured to represent the four regions of PNG.

- The National Parliament would be reduced to an effective and manageable size giving more time for debate and providing a better environment for democratic and orderly parliamentary processes.
- Governors could be replaced by Senators either on a Provincial basis or on a regional basis under the current electoral system or by “electoral college.”
- More focused representation on social issues and PNGs deteriorating health indicators such as infant and maternal welfare
- Provision for special Provincial and regional projects such as transnational and provincial highways and PNG Power Gas supported National Grid,
- More focus on Urban Migration, likely to cause social problems in the future.
- House of Review for categories of laws including Organic and Constitutional Laws
- Mentor more important Parliamentary Committees
- Ministers could be selected from the Upper House
- Upper House could not block supply bills, but could have own provincials or regional budgets
- Could initiate legislation for National Parliament.
- President could be elected from its own members.
- Could focus more on national vision and unity while the majority of representation keeps a focus on ‘grassroots’ development.

Public Sector Reform Advisory Group's Improved Decentralisation Report

Graham Tuck, Member of the PSRAG

Introduction

The Public Sector Reform Advisory Group (PSRAG) published its *Improved Decentralisation* report with the intention that the report be sufficiently accessible, logical and coherent that it speak for itself. The report has been widely distributed in expectation of being a catalyst for widespread discussion and debate. Curiously, we have yet to encounter vigorous and hopefully rigorous debate on the merits or otherwise of the report.

This paper does not attempt to repeat the entirety of the report, but instead points to some key features and places them in the context of how the PSRAG came to the topic of decentralisation and assessed the information that it had assembled.

Public Sector Reform Advisory Group

The PSRAG was established in 2001 by appointment by the Prime Minister of 12 members, some members selected due to their technical expertise and others as representatives of government, private and community interests. The PSRAG is to give independent advice on any public sector reform matter that it thinks proper. Subsequent Prime Ministers have seen fit to have PSRAG continue with this work.

The PSRAG has maintained a modest profile and is not widely known outside of limited government circles. It has produced 2 reports and a number of other assessments and recommendations for government.

First report

The PSRAG's first report issued in October 2002 contained 12 priority initiatives, most of which were generally well received and acted on to a greater or lesser degree. However, of those 12 initiatives, number 9 was ignored.

Priority Initiative number 9 states:

Restoring Capacity to Governments by:

- *giving priority to the direct funding of Local-level Governments in accordance with the intent and spirit of the Organic Law on Provincial Governments and Local-level Governments (OLPGLLG); and*
- *enabling the Public Sector Reform Management Unit (PSRMU) to conduct an immediate review of the Department of Provincial and Local Government Affairs (DPLGA) with regard*

to budgeting, and staff capacity for proactive service operations through Local-level Governments, to become effective next year.

The PSRAG based this recommendation on:

- support for direct assistance by the national government to local-level government (LLG) as provided for by the OLPGLLG;
- support for the OLPGLLG, without major legislative amendments; and
- central agencies realigning activities to achieve these objectives.

This soft approach to kick-start community development did not eventuate. Lack of action has left LLGs largely irrelevant and the national government as disconnected from the majority of people and their welfare and aspirations, as ever.

Second report

The lack of action on initiative number 9 spurred the PSRAG to take a broader view of difficulties concerning decentralisation, resulting in publication in July 2006 of its second and most ambitious report titled “*Improved Decentralisation: Getting People Involved in Democracy, Strong Civil Society, Peace and Good Order, and Self Reliance*”. The second report is not modest in title and aim, but has been kept to a brief 59 pages while at the same time consolidating an immense amount of detail.

The *Improved Decentralisation* report was developed to reflect four factors:

- history of development of decentralisation during the last 60 years;
- knowledge of what worked and what did not;
- past recommendations; and
- extensive citation of legislative references applicable during the last 45 years.

Two additional matters must be stated concerning the report, in that it:

- drew on broad consultation; and
- is a work in progress and can be updated and re-issued as circumstances permit.

This pragmatic and rigorous approach has the benefit of recording much information that would otherwise be unknown to the majority of present policy makers and most others interested in the topic.

It must be added how almost no disagreement surfaced during development of the report. Some political leaders placed emphasis on alternate institutions at district level, and others took issue with the PSRAG’s earlier softer options for compromise arrangements at provincial level, since deleted for this edition. When consulted individually, politicians expressed a need for radical change and what can be interpreted

as the need to get the fundamentals correct. It remains to be seen if policymakers will be so rigorous with their collective view.

It must be kept in mind that the report deals with arrangements in the 18 provinces that operate under the OLPLLG. It does not contain recommendations concerning Bougainville Province or the National Capital District.

The report has been overtaken in one aspect. Those interested in the report's references to past recommendations are better served by the latest publication of the National Research Institute. *The Quest for Good Governance: A Survey of Literature and the Reform of Intergovernmental Relations in Papua New Guinea* was published in February 2008 as a draft containing over 200 pages of comments, summaries and extracts concerning the substantial literature on decentralization in Papua New Guinea.

Lessons learnt

Two matters emerge from the report that can be taken as lessons learned from past mistakes.

First, complexity of offices, complexity of legislation, and complexity of administration, all conspire to defeat practicable decentralisation and much else besides. Papua New Guinea's drift during the last three decades into overly complex systems of governance are detrimental to the national interest. Future reforms must aim at simplification.

Second, the three-decade drift is all the more worrying because it generally occurred without adequate attention to getting the fundamentals correct. Reforms, and especially the 1995 reforms ushered in by the OLPLLG, are perplexing in their disconnection between intention and details. That is, the stated intention of the OLPLLG may reflect noble aims, but is undermined by disjointed and often contradictory details.

Moreover, the OLPLLG is by and large at odds with the recommendations of the Bi-partisan Parliamentary Committee on Provincial Government that initiated what became the 1995 reforms. The OLPLLG reforms abandoned and replaced earlier models without apparent examination of what worked and what did not work. The Bi-partisan Committee was generally on the mark with its consultation, analysis, and recommendations, whereas the OLPLLG launched into a repeal of both proven and discredited models and replaced them all with new untested models.

So, the PSRAG's strives to get the fundamentals correct and in light of past experience.

Local Government & Community Service

John Nilkare

LOCAL GOVERNMENT

PNG had a law on local government called the *Local Government Act* 1963 in operation from 1965 to 1997.

The Act provided for:

- the Commissioner for Local Government
- council requirements including staff, budgets, revenues, accounts, reports, audits, elections, rule-making, functions, and related matters.

After 1976:

- most (but not all) provincial governments enacted provincial laws on local government matters
- the *Local Government Act* 1963 was 'disapplied' in those instances
- many local governments were neglected and denied most of their former support
- the office of Commissioner for Local Government was eventually abolished.

Coupled to the *Local Government Act* 1963 was the *Local Government Service Act* 1971 which provided for the:

- Local Government Service Commission
- Local Government Service - concerning employment conditions for executive officers and other full time council employees, and related matters
- Local Government Service Benefits Fund.

The Local Government Service declined during the 1980s and early 1990s due to the general neglect of local government by the national and provincial governments.

BI-PARTISAN COMMITTEE

In the early 1990s the Bi-partisan Parliamentary Committee on Provincial Government toured the nation and sought ideas of the people.

People were happy to accept changes but wanted to be more involved in development.

This resulted in the Bi-partisan Committee's recommendations for reform including strengthening local government and:

- re-establishing the Commission for Local Government
- making the Local Government Service operative.

1995 REFORMS

The 1995 reforms under the *Organic Law on Provincial Governments and Local-level Governments* included some of the Bi-partisan Committee recommendations, but curiously ignored the recommendations to have:

- a Commission for Local Government
- a Local Government Service.

The 1995 reforms moved to a complex and confused system that no one is capable of understanding and operating effectively.

As a result of the 1995 reforms, the *Local-level Governments Administration Act 1997*:

- repealed and replaced the *Local-level Government System (Interim and Transitional Arrangements) Act 1995*
- repealed the *Local Government Act 1963* as adopted and modified by the *Local-level Government System (Interim and Transitional Arrangements) Act 1995*
- repealed most of the *Local Government Service Act 1971* apart from those provisions dealing with the Local Government Service Benefits Fund still in existence.

As a result of the 1995 reforms, local-level governments can no longer:

- hire and fire their administrative staff or permanent or temporary employees to implement projects and services
- operate their former system of estimates and accounts that facilitated employment of local staff.

As a result of the 1995 reforms, a local system of service delivery no longer exists, and the Public Service system is dysfunctional and does not implement local-level government projects and services in the manner that the 1995 reforms intend.

The system has changed dramatically, and against the wishes of the people.

Communities are disempowered.

A COMMISSION AND A SERVICE

It is proposed that a Local Government and Community Commission be established as a small regulatory body to initially study:

- the structures, roles and functions of the required Local Government and Community Service

- the number of full-time and short-term officers required to be employed by local government as part of the Service
- possible connections with other community service type systems including Village Courts, land mediators, probation officers, village book recorders, National Volunteer Service.

It is proposed that each local government independently recruit its own full-time and short-term staff for support services or for contractual arrangements to implement projects and services.

Local governments can make their own arrangements and develop their own initiatives like any small business.

Grants to local governments for such employment can be allocated through savings resulting from slimming down and clearly defining a new focus on Public Service responsibilities in the provinces.

Such devolution of employment to local governments will be more effective, appropriate and cost less than the present dysfunctional system of service delivery.

Most of the public sector is split between the:

- Public Service
- Teaching Service and officers are full-time employees.

The Local Government and Community Service will be small and have most (and possibly all) officers:

- employed by local governments
- on full-time or short-term basis.
-

A Local Government and Community Service as part of a revitalised local government system:

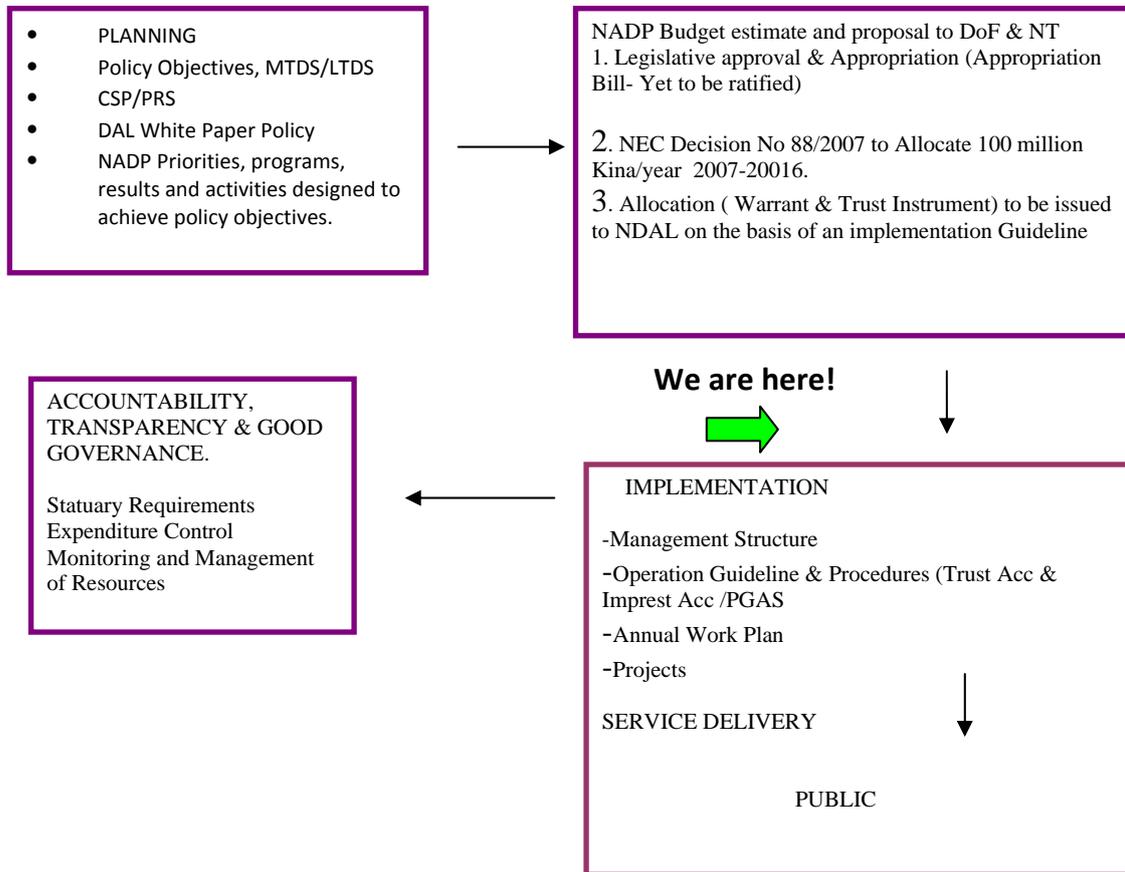
- oversighted by a Local Government and Community Commission
- will be in the spirit of the National Goals and Directive Principles of the *Constitution* which specifies that there be opportunity through 'Papua New Guinean ways' to mobilise people in communities into mainstream community development.

NADP Progress Report

Martin Bal, Director, National Agriculture Development Program

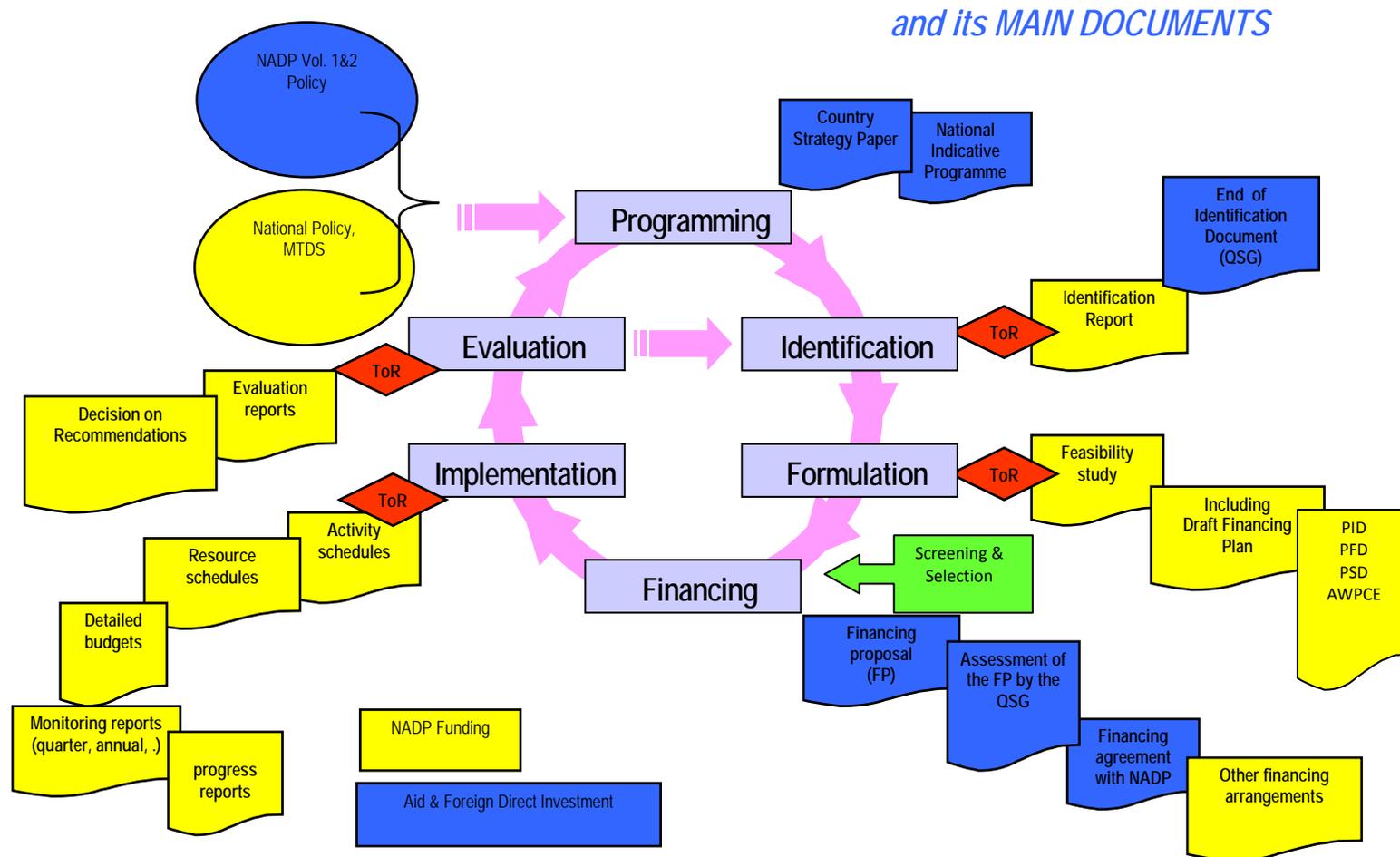
NADP PROGRESS

Figure 3a – NADP Progress



NADP Project Cycle Management

Figure 3b – NADP Project Cycle Management



Programming

- NADP Volume 1
- NADP Volume 2
- NADP Action Plan
- NADP Implementation Guidelines

GOVERNMENT FOCUS – Rehabilitation

Extension

New Impact Projects

Project Identification Document (PID)

- Baseline Survey (Issues & Concerns)
- Problem Vs Solution Tree (SWOT & Gap)
- Identify relevant intervention Strategies
- Ward Plans > LLG Plans > District Plans > Prov.
- Synergize with NADP Priorities & Domains
- Project Proposal (Intervention Logic)
- Pre-feasibility & Full Feasibility Studies

Project Formulation Document

- Feasibility Report – Intervention Logic
- Institutional Components and structure
- Implementation Schedule
- Budget (Cost Schedule)
- Logical Frame Work (Targets and Milestones)
- Project Endorsement – Chairman JDPBPC, PEC, & Commodity Institutions (NDAL/PDAL QSG)

Figure 3c - Rapid Final Appraisal with Minister for Agriculture & Livestock (RFA)

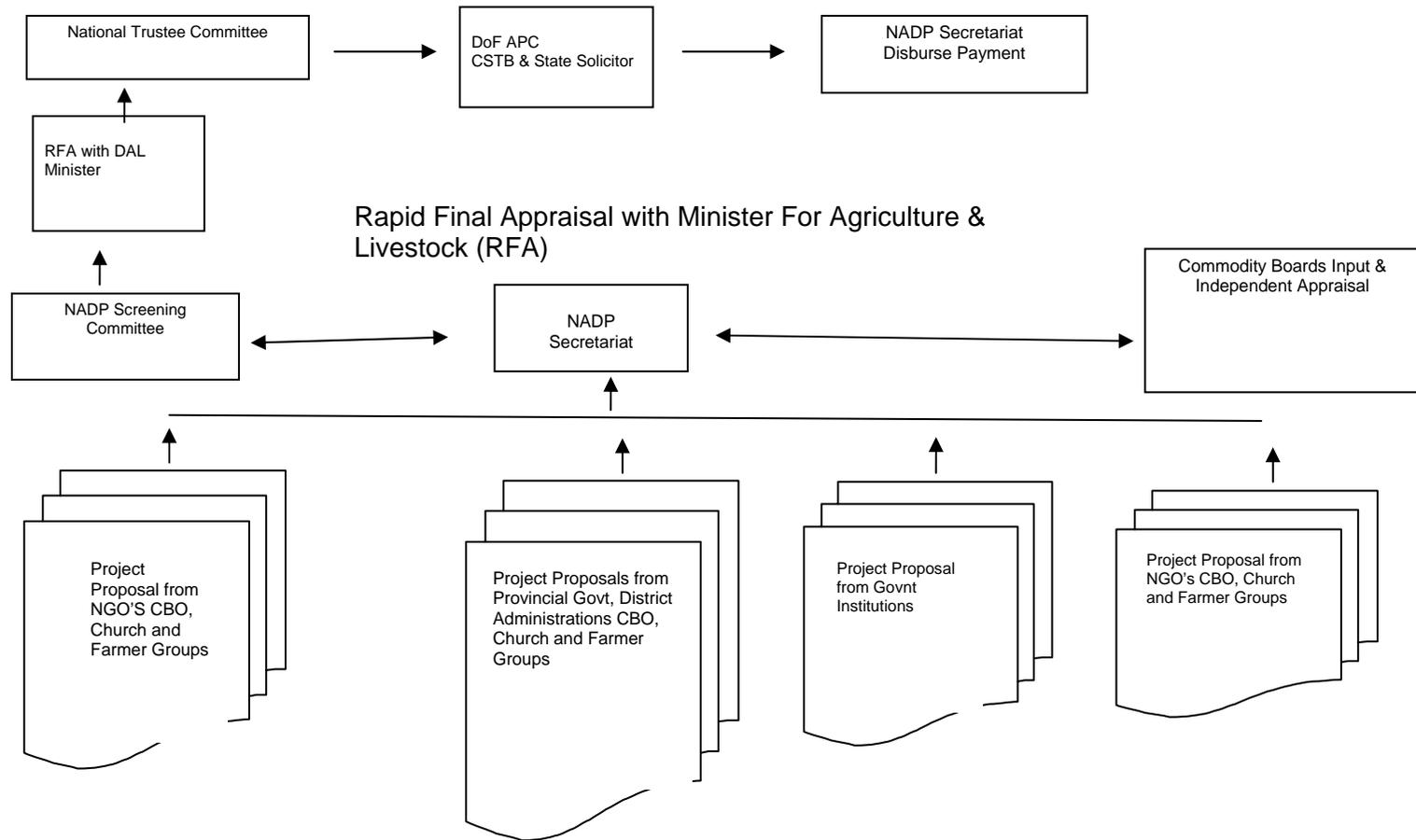


Figure 3d -

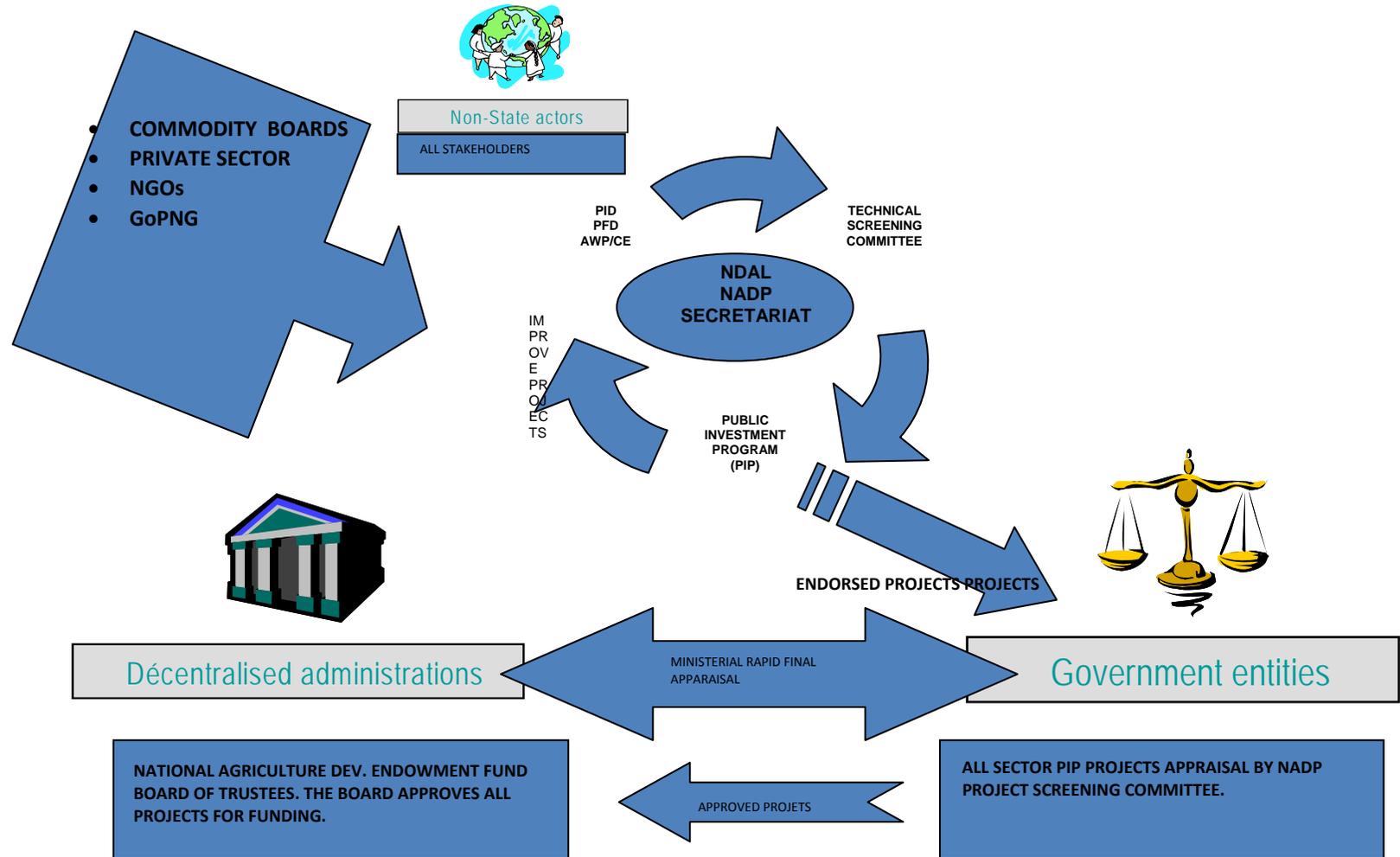


Figure 3e - The NADP Financial Management Cycle

and its MAIN DOCUMENTS

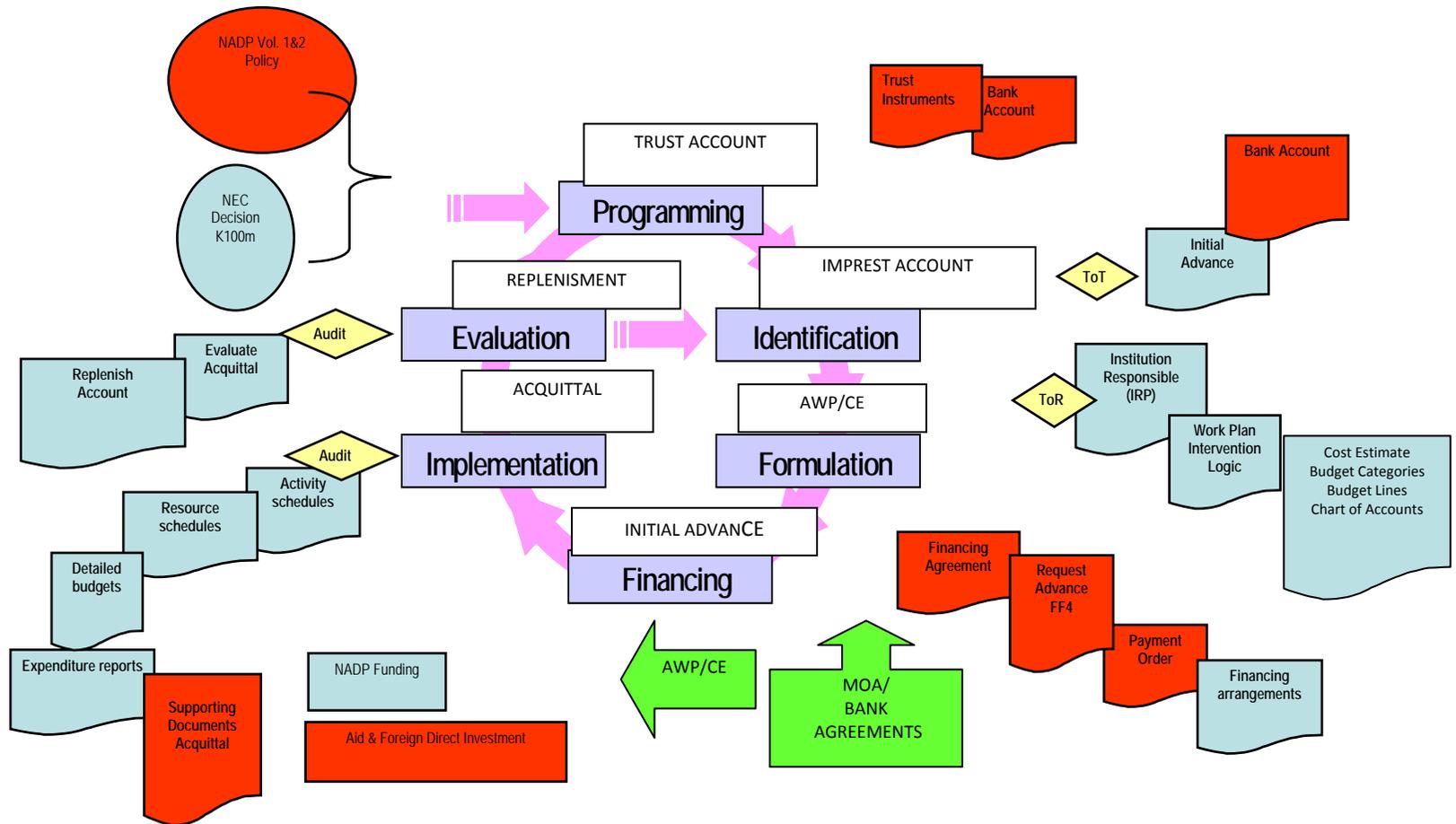


Table 3a - Summary of Projects Funded

Item	Total Projects	Project Cost	Money In	Money Out	Progressive Balance
			80,000,000.00		80,000,000.00
Batch 1	18	26,710,458.79			53,289,541.12
Batch 2	18	31,110,000.00			22,179,541.21
Extn	89	17,800,000.00			4,379,541.21
NEC Dec	Markham Farm SP	16,800,000.00			-12,420,458.79
DEP	2008 Budget		20,000,000.00		7,579,541.00
TOTAL		92,420,458.19	100,000,000.00		7,579,541.00

Figure 3f - NADP LINKAGES

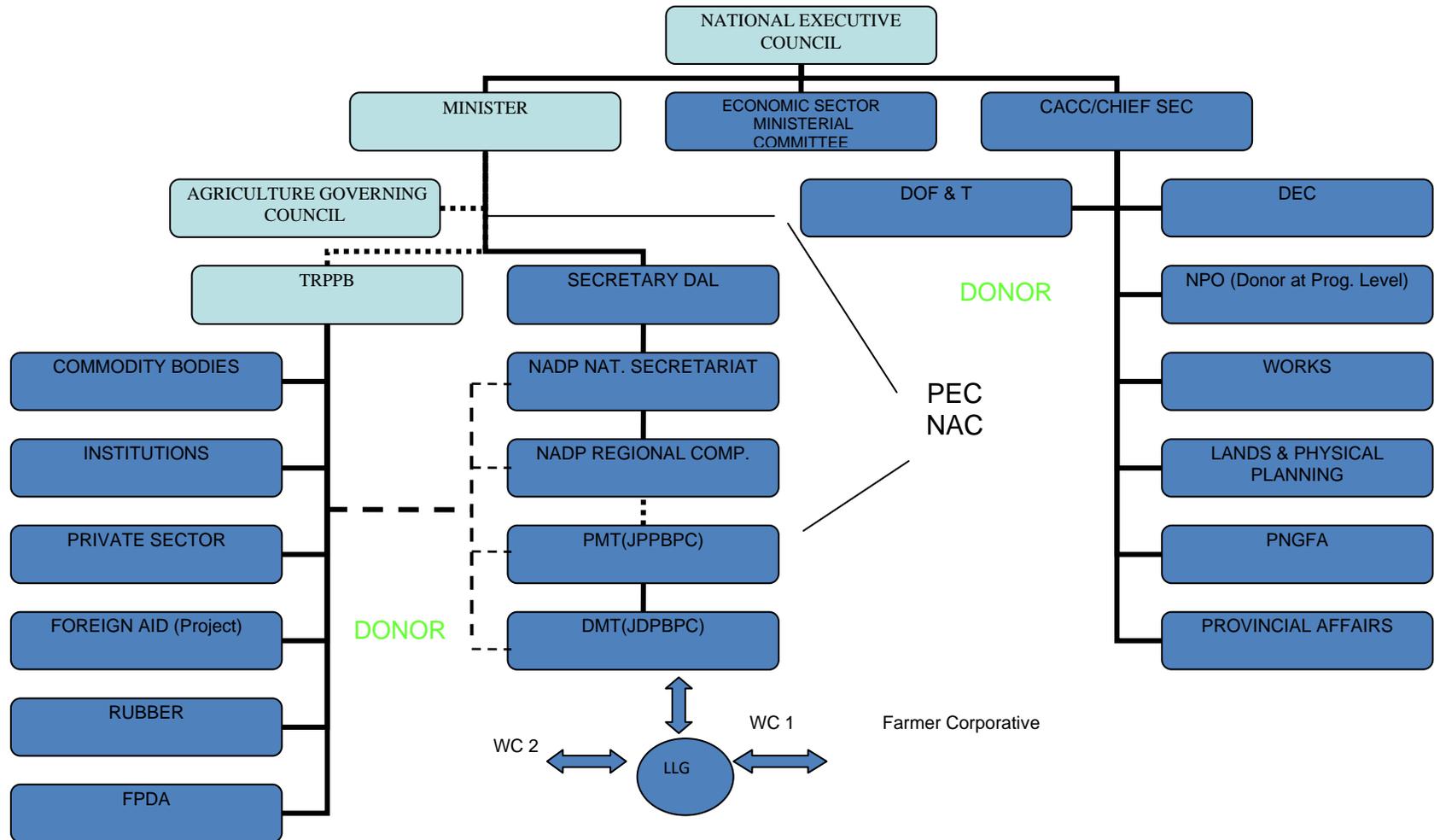
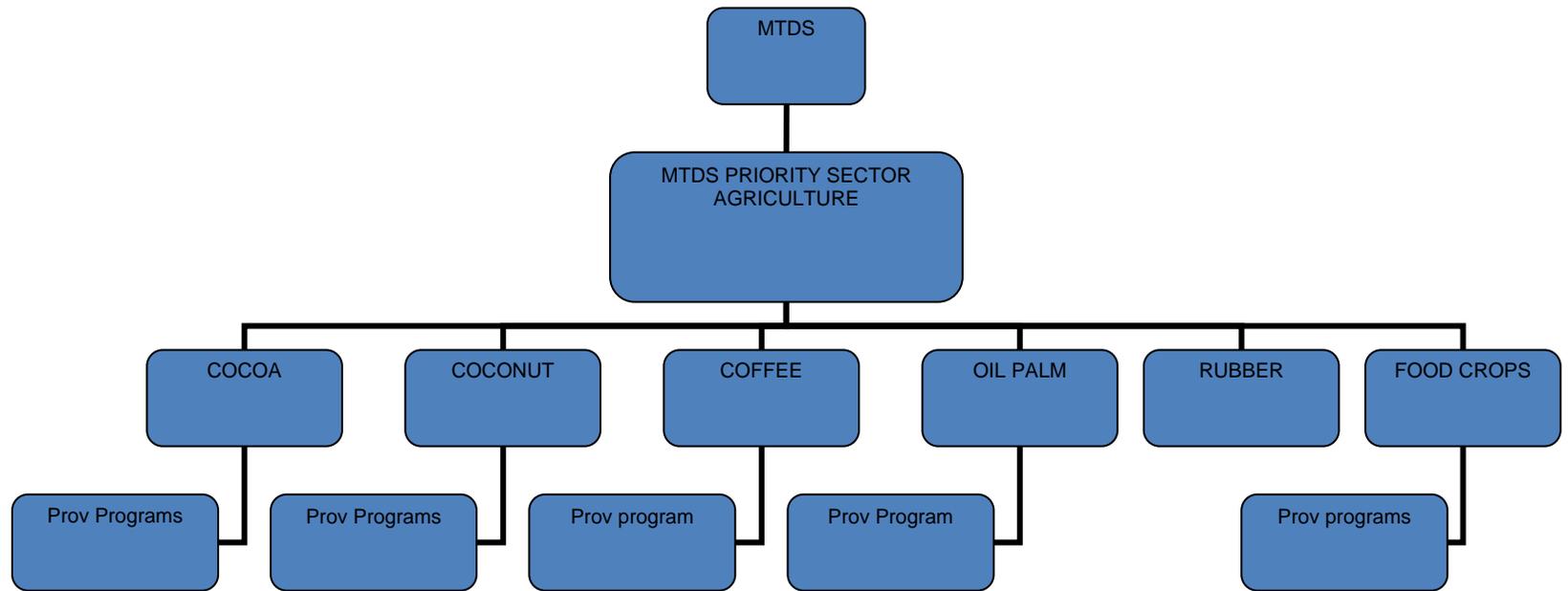


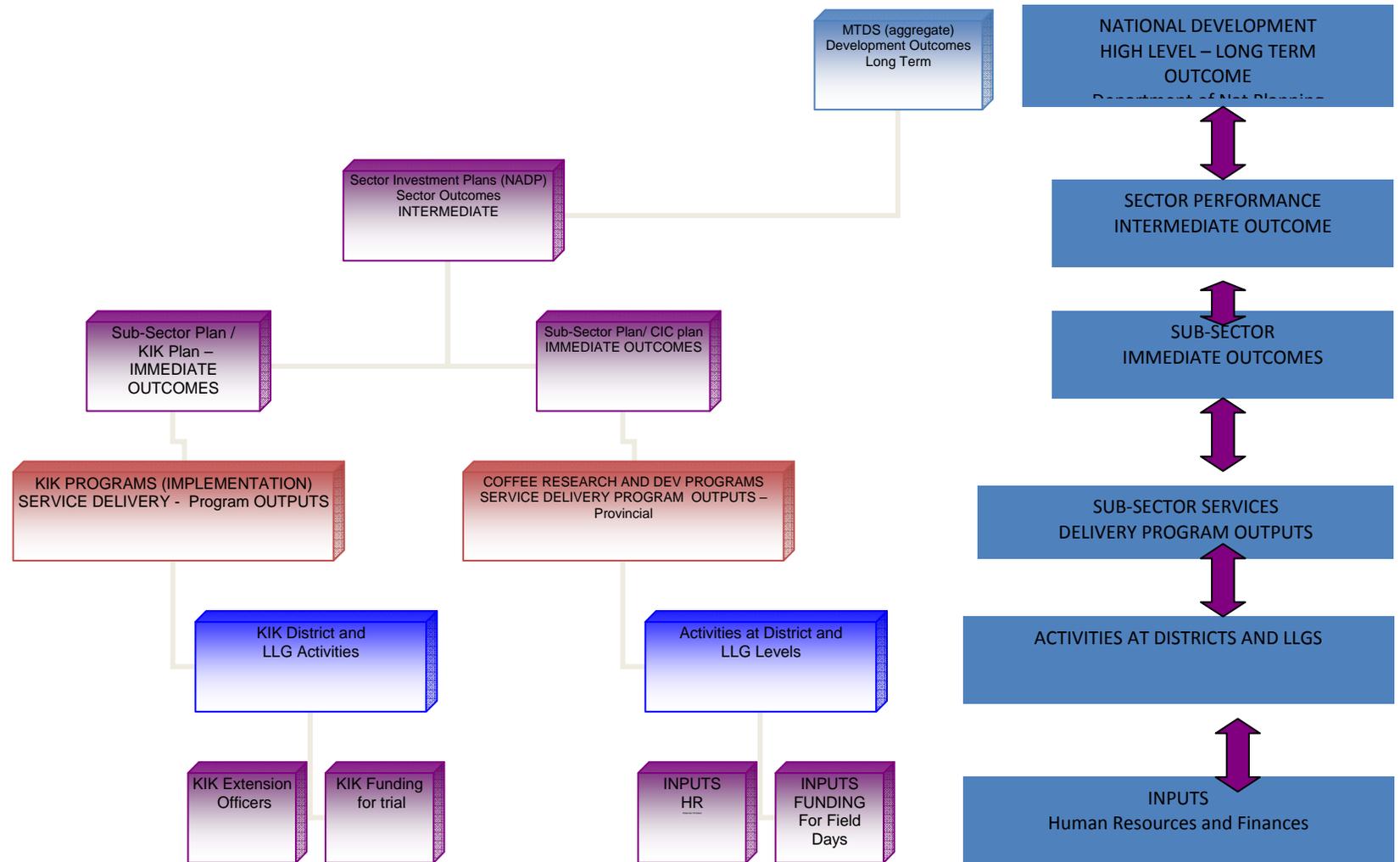
Figure 3g - AGRICULTURE SECTOR



Expected Outcomes

1. Increased income for smallholder farmers in rural communities.
2. Increased formal employment and self-employment opportunities, especially for women and youths in the districts.
3. Increased earnings or savings of foreign exchange through export and import replacements resulting in increased national economy growth at a target of 5% per annum.
4. Improved nutrition and food security through access to high quality foods and food products, leading to a range of health benefits including the combat of health threatening diseases.
5. Increased opportunities for people living in areas less endowed with natural resources, remote, marginalised, environmentally fragile or so far neglected in rural development strategies.
6. Capacity of smallholders to manage agricultural and natural resources in rural communities improved.

Figure 3h - MTDS Indicator Lev



CIMC Agriculture Sectoral Committee Paper

Ricky Mitio, Chairman, CIMC Agriculture Sectoral Committee

Introduction

- Most significant contributor to sustainable improvements in livelihoods of rural inhabitants:
 - 87 % of PNGs live in rural areas
 - 87% engaged in Agric. and own 97 % of land + free labour & expertise
- Window of opportunity
 - Favorable Global & Domestic Environment
 - High commodity prices & Positive Legislative & Policy Reforms
- Develop & position agric sector
 - realize its growth potential & to contribute to sustainable development in the medium to long term
- Paradigm Shift – sharpen focus
 - Adopt a “we can do it” mindset
 - Together we can progress
 - Embrace open & frank dialogue and consultation

Performance

- Poor performance in last 20 years
 - Lack of political will and commitment
- Political Influence & Interference in the sector
 - Operation and management of sector institutions
 - Appointments to Boards and of Institutional Heads
- Lack of Strategic Leadership and Direction
 - Political and Bureaucratic Levels
- Traditional policy bias away from food & Livestock
- Inadequate funding for innovations in R&D
- Lack of extension and training

Figure 4a – FOB Prices of Major Export Commodities

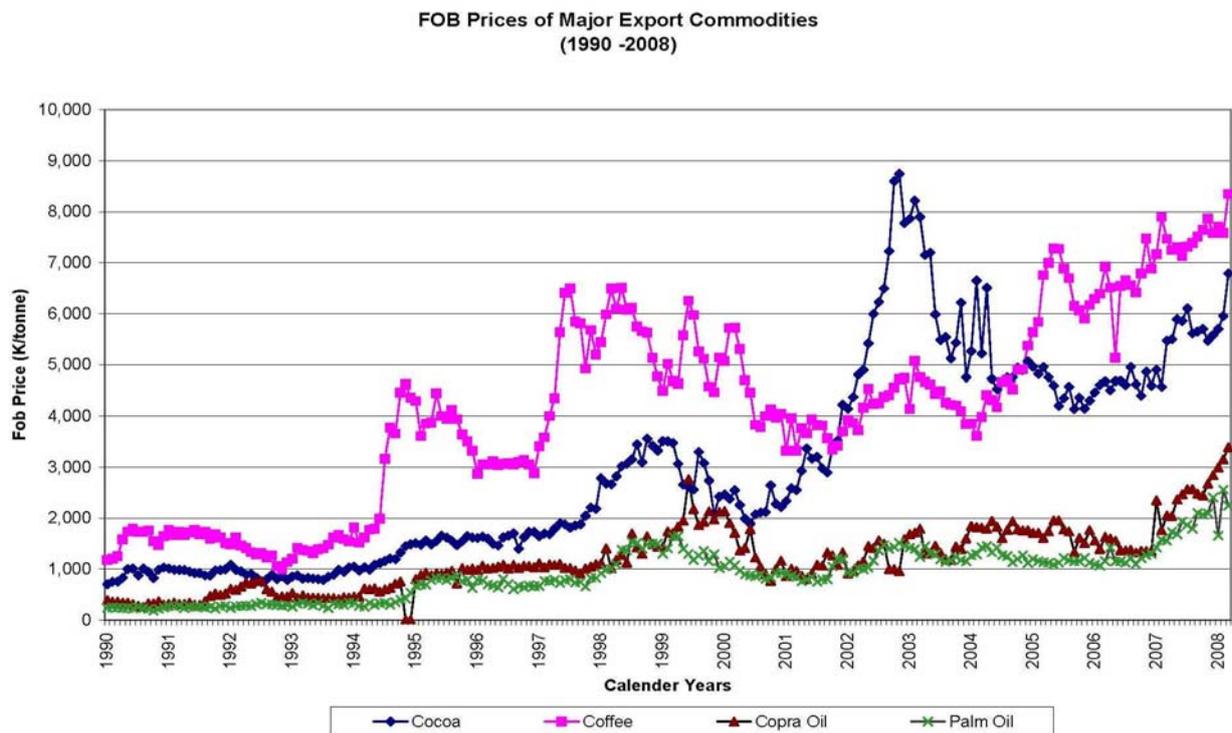


Figure 4b – Export Quantities of Major Export (1990-2008)

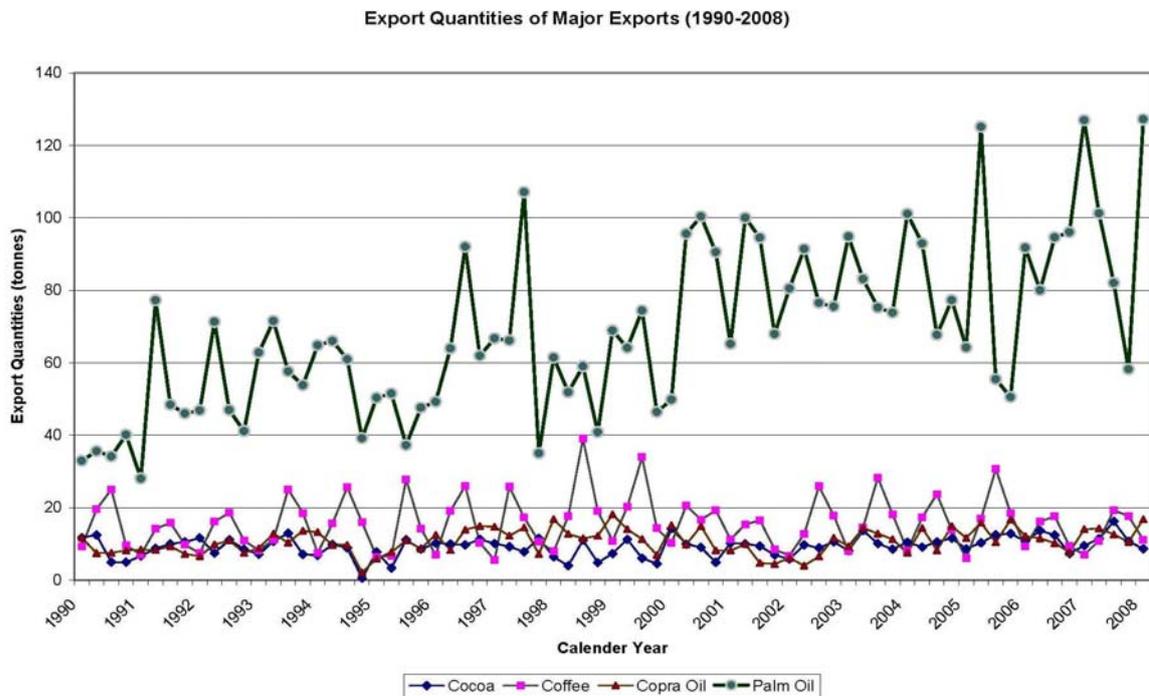
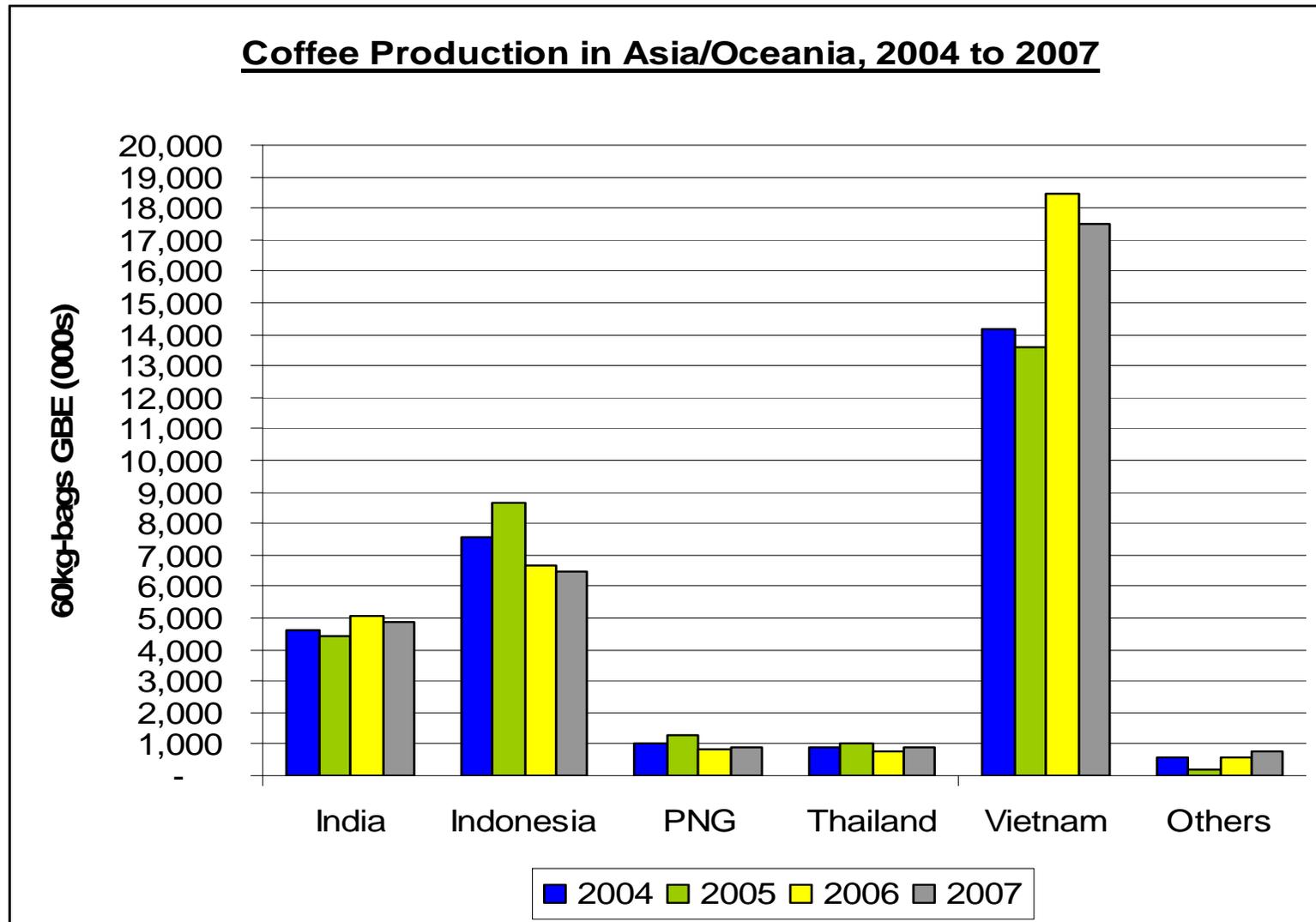


Table 4a – Coffee Production in Asia/Oceania 2004-2007



Current Opportunities

- Sustained period of political & macroeconomic stability
- High commodity prices
- Important Legislative, Policy reforms
 - Competition into the mobile phone sub-sector
 - Recapitalization of NDB & Micro-finance Institutions
 - Equalization principle for provincial budget allocation

- Innovative approaches to doing normal business (international best practice)
 - Improvement in Management of Public Finances
 - Sequencing and Matching Funds Strategy use in Dev't Budget Allocations

- High fuel prices:
 - Investment in Food and Livestock Sectors
 - National Policy Framework on Alternative Energy sources
- International & Domestic Agreements where PNG is a ratified Member
 - Paris Declaration on Aid Effectiveness
 - Partnership principles of Ownership, Alignment, Harmonization, and managing for results

 - Donor Country Assistance Strategies
 - Renewed interest and engagement of donors in the sector
 - Ability of PNG to harness knowledge & lessons injected by dev't partners thru HR capacity

 - Millennium Declaration
 - Achieve the customized MDGs which are the targets of MTDS

Key Challenges

- Political Will & Commitment

- Strategic Leadership & Direction

- Good Governance

- Open & Frank Consultation & Dialogue

Issues for Discussion

- Review of the Guidelines for Operation and Implementation of the NADP Fund
- The “Green Revolution” Policy Initiative
- National Policy Framework for Alternative Energy Sources
- Long Term Development Strategy for the Agriculture Sector

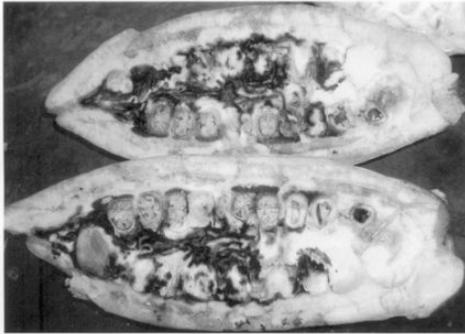
Recommendations

- A. General Incentives to improve sector performance
 - Next AusAID Performance Grant be tied to Improvement in Key Performance areas of the Agriculture sector
 - EU, World Bank, NZ aid & other donors to focus on service delivery at District & LLG levels
- B. Operation & Implementation Guidelines of the NADP
 - National Screening Committee be increased to include a RIC rep, a Women rep and a Senior Statesperson & that the banking Rep be a full time member instead of on a needs basis.
 - DAL conduct sufficient awareness on eligibility criteria for projects funded under NADP funds including in print media & that list of NADP funded projects be made available to the Public.
 - That a Committee comprising DAL(Chair), RIC, NARI, FPDA, Ramu Agri-industries, & DAL-WIADU, DNPM, DTF be formed to assess the current NADP Operation and Implementation Guidelines with recommendations submitted to Cabinet for endorsement.
- C. The Green Revolution Policy
 - That the DAL and Treasury co-chair the formulation of a comprehensive “green revolution” policy commencing in 2008
- D. National Policy Framework for Alternative Energy Sources
 - That the Mineral & Energy Dept takes the lead in the formulation of a National Policy Framework for Alternative Energy sources
- E. Long Term Development Strategy
 - That a Task Force comprising DAL (Chair), RIC, NARI, CIC, Ramu Agri-industries, DNPM, DTF, PM’s Dept , Transport Dept., Works Dept. and the DPLLG lead the formulation of the Agric Sector LTDS commencing 2009.
 - That funding is made available in the 2009 Budget to fund the formulation of the LTDS

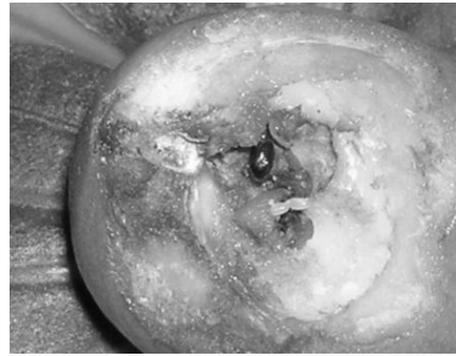
Conclusion

- Agric Sector cannot afford to & must not miss the current window of opportunity
- Focus on key challenges
 - Political Will & Commitment
 - Strategic Leadership and Direction
 - Good Governance
 - Embrace Open Consultation and Dialogue
- Move away from rhetoric into action – use of PPP to drive agric development agenda
- PNG Needs a paradigm shift. Adopt a “we can do it” mindset
- Together we can make the change - to progress the sector forward.

MINIMIZE IMPACT OF EXOTIC PEST & DISEASE



Damaged beans inside a pod infested by cocoa pod borer



Picture 4a - Clockwise: a. Cocoa Pod Borer, b. Coffee Pod Borer, c. Oribius Weevil - Simbu

INNOVATIVE RESEARCH

Picture 4b.
Seedlings germinating



Food Security for PNG: Strategies to Avoid Food Crises

Dr. John Bailey, Research Program Leader, National Agricultural Research Institute (NARI)

The Global Context

- “Dramatic rise in global food prices over the past 12 months poses threat to global food and nutrition security” (*High-Level Task Force on Global Food Crisis: Comprehensive Framework for Action – July 2008*)
- Affordable food for the past 20 years on international markets has led to complacency and a decline in investment for agricultural development from 18% in 1979 to just 2.9% in 2006 (*Lennart Båge, President of IFAD – April 2008, Rome*)
- In 2004, demand for grain worldwide outstripped production resulting in depletion of stocks
- Extreme weather incidents in 2005 caused world cereal production to fall by 2.1% in 2006

- In 2007, rapid increases in oil prices resulted in increased fertilizer and food production costs and favoured a shift to biofuel production pulling substantive amounts of coarse grains out food markets

- In 2008, as international food prices rose, several food exporting countries sought to insulate themselves from potential food shortages and imposed export restrictions, driving grain prices even higher
- In the second half of 2008, anticipated good harvests in key grain-producing countries and recent indications that there may be a relaxation of export restrictions by major producer countries have caused international grain prices to come down from their recent peak

- Over the medium to long term, supply and demand dynamics, high fuel prices, global threats such as climate change, water stress and scarcity and natural resource degradation are expected to keep food prices well above their 2004 levels, posing a continuing challenge for the global community (*High-Level Task Force on Global Food Crisis: Comprehensive Framework for Action – July 2008*)

Food Security Implications for PNG

- Food Security has been defined as: “A state of affairs where all people at all times have access to safe and nutritious food of sufficient quality and quantity to maintain a healthy and active life” (National Food Security Policy 2000-2010)
- In 2001 it was concluded that: “The long-term sustainability of national food security in Papua New Guinea is precarious, based on the present trend of over-dependence on imported food. To reverse this trend, PNG should seriously look at developing and strengthening its own capacity to improve domestic food supplies with proper supportive structures and measures”
- In the current global food crisis, this conclusion has been strongly reinforced - Greater emphasis needs to be given to national self sufficiency and less to dependence on global food markets
- PNG produces enough starchy food including tuber crops and bananas, but imports a lot of cereal-based products, including cereal-based feeds for domestic livestock (pigs, poultry and fish)
- PNG has extensive fertile land, rich with physical and bio-resources, and from a purely physical point of view should be able to supply all of its food needs, but a combination of social, physical, political and economic factors hinders this from happening
- Food security issues for rural and urban/peri-urban environs in PNG are different.
- In rural areas the problem is chronic and internal and linked to population growth and the resultant increased pressure on land resources for extra food production.
- In urban and peri-urban areas, food security problems are transient and triggered by externalities such as the present increases in international grain and fuel prices

Constraints & Bottlenecks in PNG's Food Production System

Figure 5a – Constraints and Benefits in PNG's Food Production System

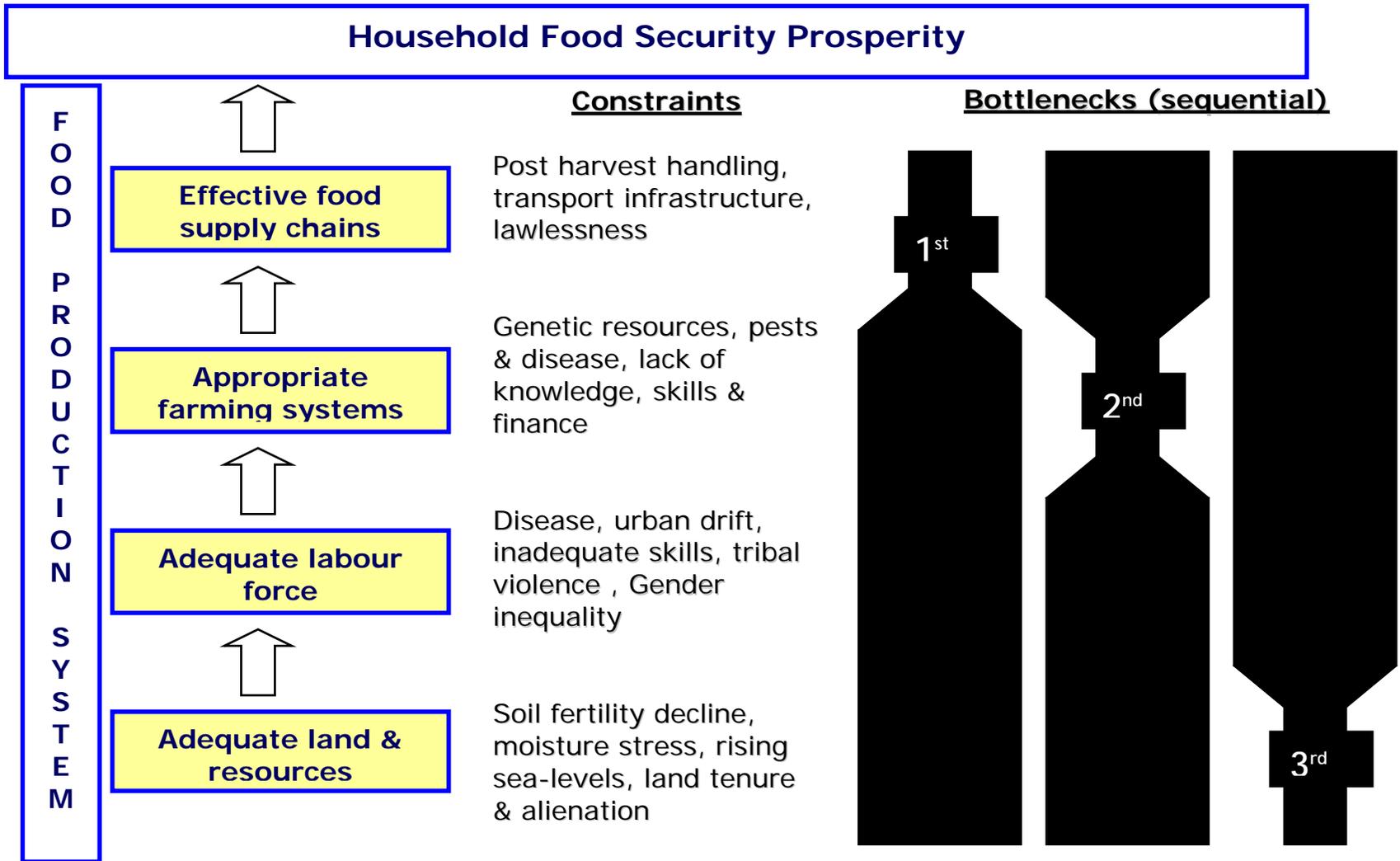
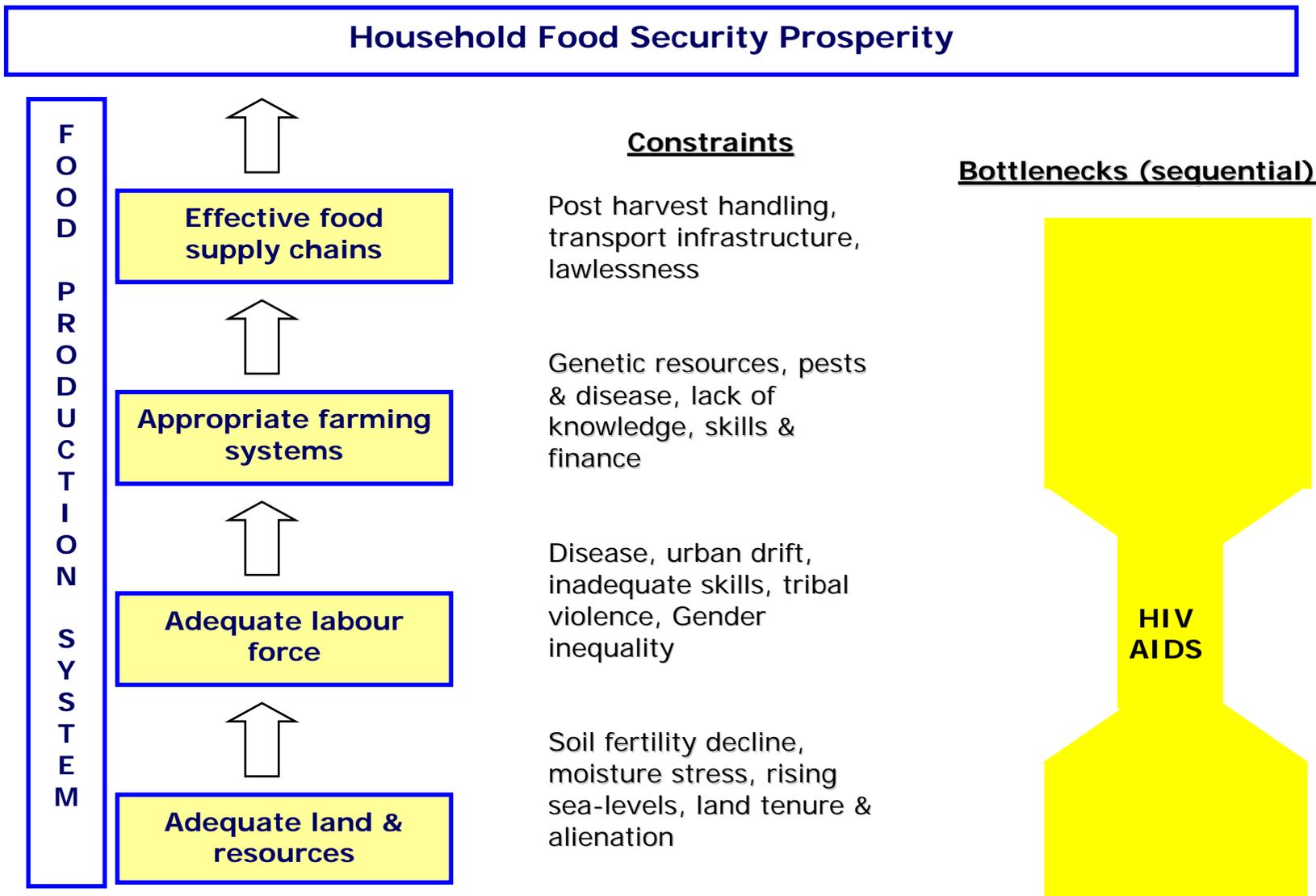


Figure 5b -



Proposed Interventions

Food supply chains

- Improved Transport and Access to Urban Markets: Will help to address urban food security by making local produce available at competitive prices. The national road network needs to be planned and funded nationally and rationally. Moving local food produce to Port Moresby, however, will remain expensive without arterial road linkages.
- Law and Order: Better policing is needed to prevent rascal activity on the highways, which can severely disrupt food supply chains.
- **Investment in Science, Research and Technology (Agricultural Research for Development)**
- Downstream processing, preservation, adding value and linking farmers to domestic and international markets – with marketing and marketing systems R&D
- Favorable policies and strategic interventions for creating and influencing enabling environment (inputs, processes, institutions)
- Strengthening governance and management for the implementation of agricultural policies, programmes and projects

Export Potential

1. Vanilla
2. Pepper
3. Nutmeg & Mace
4. Cardamom
5. Chilli
6. Galip nut
7. Cashew nut
8. Peanut
9. Mango
10. Asparagus
11. Sago
12. Taro
13. Cassava
14. Pyrethrum
15. Balsa
16. Soybeans

Galip Nut

- Indigenous nut to PNG
- Not yet an industry – export potential not realised
- Possible alternative or competitor to macadamia nut in overseas markets
- Already created a lot of interest in overseas markets



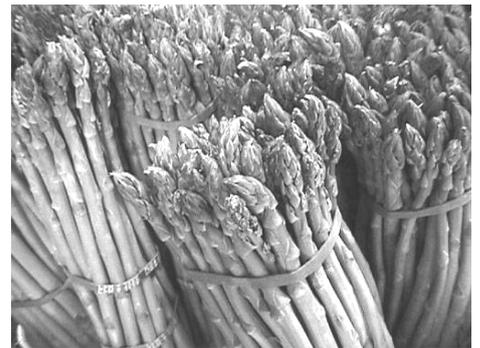
Mango

- Potential to export to Singapore, Hong Kong and Japan – these three countries imported together about 59,000 tonnes in 2001 and their quarantine restrictions are not as strict as in Australia and New Zealand
- Crop well adapted to production in the dry lowlands of PNG



Asparagus

- Potential to export to Australia during off season (valued at K 6.6 million imported in 2001)
- Crop new to PNG farmers
- Currently growers are relying on old varieties; new varieties have to be introduced
- Lack of direct air freight arrangements



Pyrethrum

- Pyrethrum continues to be important as an insecticide
- Total world market is about 10,000 tonnes per year
- PNG could become 2nd or 3rd biggest grower



Import Reduction

1. Rice
2. Wheat
3. Potatoes
4. Vegetables
5. Oranges and Mandarins
6. Livestock/Meat
7. Feeds and Feed Ingredients

Proposed Interventions

Farming systems

- Increased Biodiversity: Increasing the numbers of crops grown and/or the numbers of varieties of a single crop grown in a garden will help to counter pest and disease problems and minimize risk
- Integrated Livestock Production Systems: Poultry, pigs, fish, rabbits and ducks with locally developed feeds and improved management practices increasing productivity.
- Biotechnology/Breeding: New crop varieties are needed with higher yield potential and greater resistance to pest and disease and drought stresses. Biotechnology and in-vitro culture methods offer fast track means of breeding and of producing pathogen free plants
- Improved Access to Finance: Farmers need better access to micro-credit to be able to improve their farming systems and to introduce labor-saving innovations such as simple mechanization
- Improved Extension: Upgraded farming systems will need to be supported by an effective extension service (NADP)

Land & resources

- Security of Land Tenure: Land tenure issues related to customary ownership of land need to be resolved so that individuals can invest in land improvements for the future (peri-urban areas!!!)– if not, farming systems will stagnate
- Control on Deforestation: Latest predictions suggest that deforestation will remove more than half of PNG's trees by 2021, which in turn will led to major losses of soil nutrients through runoff and erosion and a dramatic depletion of the stock of potentially utilizable farmland for small holder farmers
- Control on Plantation Expansion: Plantation agriculture benefits only a small proportion of the population and erodes the potential for food self sufficiency by small holders alienated from their land
- Improved Soil Fertility & Moisture Management: Conservation Agriculture approaches involving minimum tillage and surface mulching should be researched and advocated. Improved methods of fallow management using deep rooted fallow species, legumes etc should be further researched and evaluated in PNG

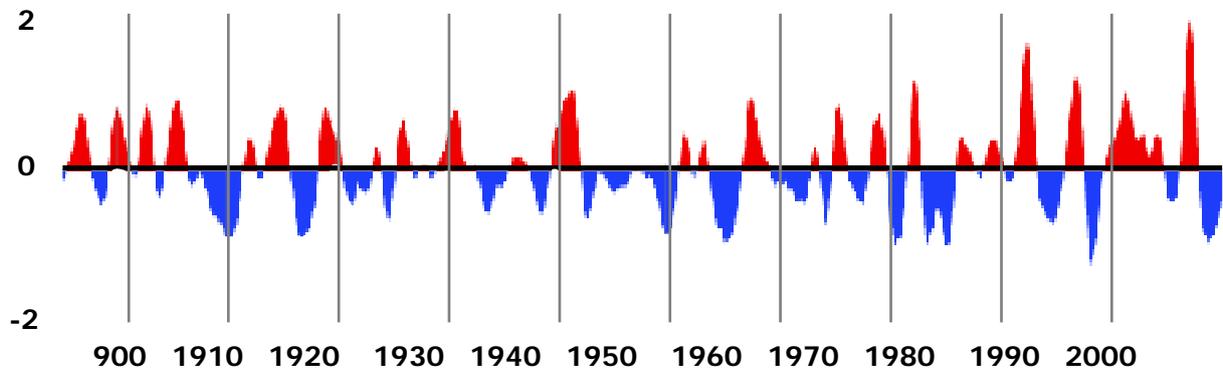
Greatest Threat to Food Security in PNG

- The greatest threat to food security in this country is drought, coupled with world-wide shortages of grain: Conditions that could coincide in a short space of time
- In the face of a severe drought, PNG is in a more precarious position today than in 1997, with its 1.5 million extra people to feed and, potentially, an on-going world wide shortage of affordable food imports

El Niño

Figure 5c – El Niño strengthening in the past 3 decades

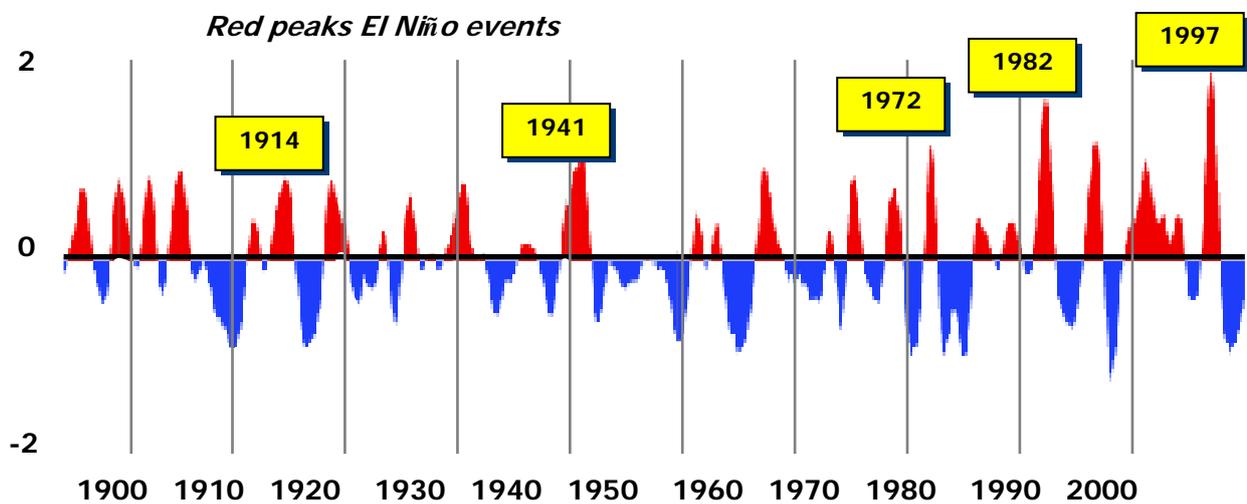
El Niño strengthening in past 3 decades



Average SST anomalies in the Equatorial Pacific 1900-2000

Figure 5d - Bringing increased frequency of severe droughts in PNG

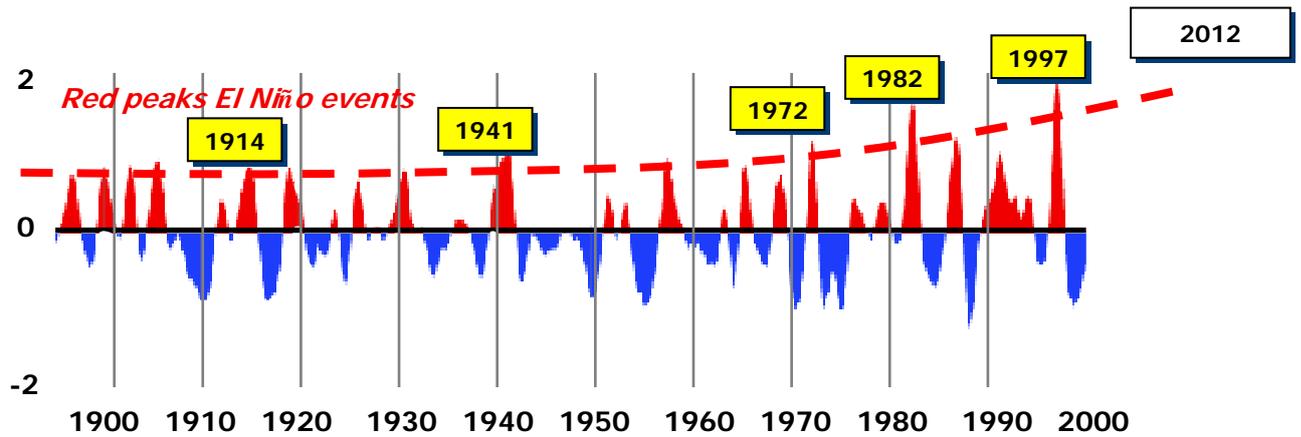
Bringing increased frequency of severe droughts in PNG



Average SST anomalies in the Equatorial Pacific 1900-2000

Figure 5e – Next severe drought expected in about 4 years time

Next severe drought expected in about 4 years time



Average SST anomalies in the Equatorial Pacific 1900-2000

Drought-Coping Strategies

Following the 1997 El Niño event, NARI developed a series of drought-coping strategies

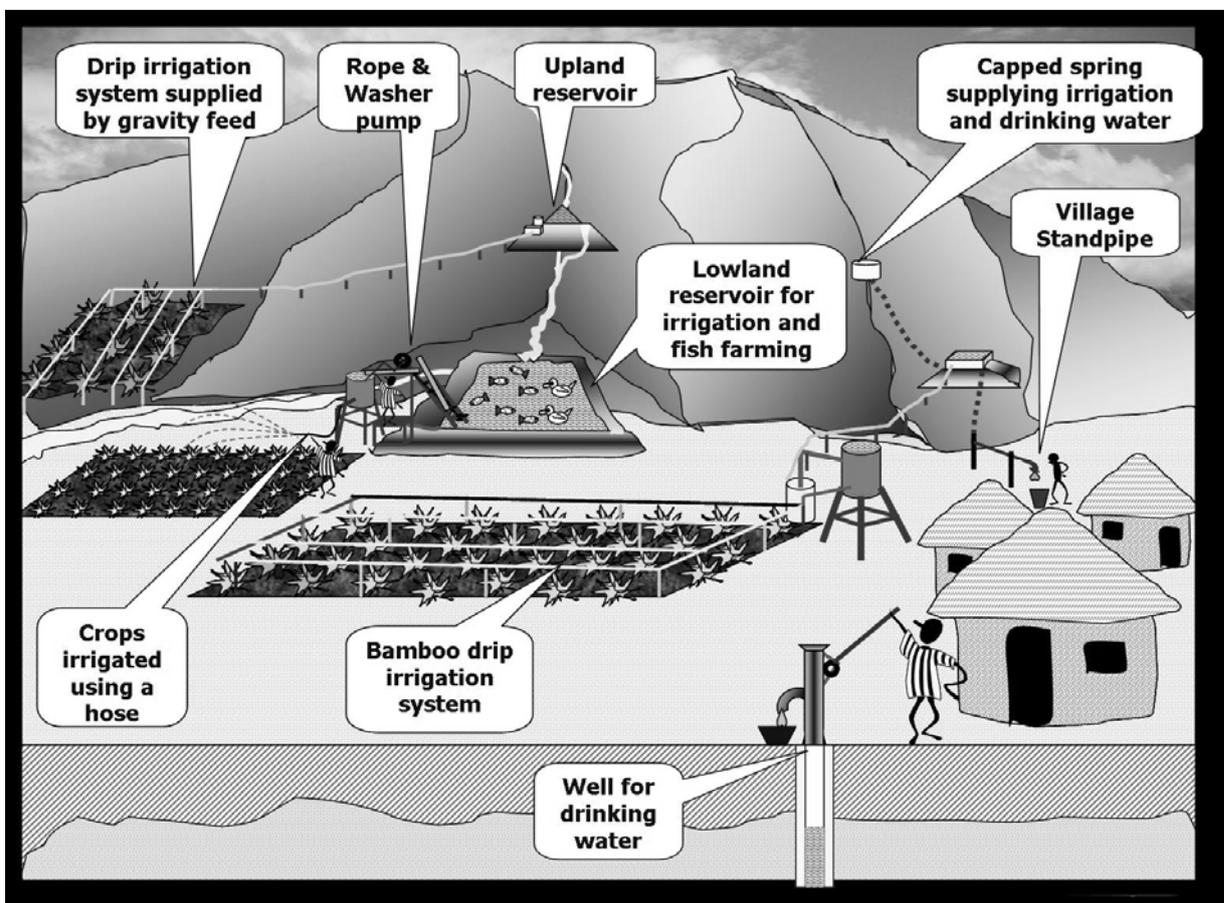


Figure 5f – Drought cropping strategies

Water is the limiting resource!

Without accessible water supplies, human beings, farm animals, crops and future planting materials will all perish alike during a severe drought

Figure 5g – Irrigation system



Strategies for Avoiding Food Crises

Short Term Strategy (0-5 years):

1. Prepare rural communities for severe drought by supplying them with information on drought-coping strategies and with essential resources e.g. drought-tolerant crop varieties (Resource Centers)
2. Investigate the potential for mini-reservoirs, subterranean wells, storage tanks and different irrigation technologies to supply potable and irrigation water to Highlands, Lowlands and Island communities
3. Resource a network of NGO's and government agencies to work with communities in drought-vulnerable regions to establish sustainable supplies of drinking and irrigation water by 2012
4. Establish and manage buffer food stocks in country to meet emergency demand in urban, peri-urban and rural areas, when the food supply chain is disrupted because of natural disasters and/or global market threats

Short-Medium Term Strategy (5-15 years):

1. Provide better road infrastructure, communication networks, market information and policing to consolidate food supply chains and improve domestic and international marketing opportunities for wealth creation and long-term sustainability of food production systems
2. Increase investment in Agricultural Research for Development to improve post harvest processing, value addition, up scaling and out scaling and marketing potential, to enhance productivity and resilience of farming systems, and to maintain and sustain the natural land resource
3. Improve and upgrade extension support services to farming communities to effectively
4. disseminate production, processing and marketing innovations to rural communities
5. Provide farmers with better access to finance: and micro-credit to enable them to improve their farming systems and to introduce labor-saving innovations including simple mechanization
6. Promote maximum participation of women in all aspects of agricultural development, research, extension, policy planning, education and training

An Opportunity!

An opportunity exists NOW to invest in rural communities to make them food secure and prosperous and enable them to contribute even more to the wealth and prosperity of the Nation.

This opportunity should not be missed!



CIMC Commerce and Support Services Committee

Henry Kila, President of Business Council of PNG, and Chairman of CIMC
Commerce Support Services Committee

Background

- Private sector synonymous for being part of a complaining culture:
 - Deteriorating roads,
 - Lack of basic health services affecting the performance of the workforce,
 - Lack of skills based workforce because of a dysfunctional education system,
 - ICT applications not reliable and affordable,
 - List goes on and on.
- Paradigm shift in the private sector and move away from complaint culture to one of partnership so that it may bring tangible change.

MTDS Review - Overview

- Why focus on commerce and trade?? These are the areas in which BCPNG members and to a certain extent the private sector as a whole, find it with great difficulty in trying to develop its capacity;
- There are obvious limitations on govt objectives but the private sector generally contain vital assets such as human and financial capital and as such Public Private Partnerships is critical to interface;
- Therefore, commerce and trade arrangements as part of any govt plan is critical.
- There is no current domestic commerce policy or international trade policy for that matter.
- Because there is no formal policy on commerce and trade, the government's position on these matters can be gleaned from the annual money plan of the government (budget) and the Medium Term Development Strategy 2005-2010 (MTDS).
- The MTDS is the government's main policy vehicle for attaining national growth in the medium to long term. The government's vision on commerce and trade is associated with the third pillar of the MTDS - Export Driven Recovery Growth Strategy (EDARS).
- Closely linked to the MTDS is the government's commitment to the Millennium Development Goals (MDG). The relevant goal that promotes commerce and trade is MDG8 which promotes global partnership for development through an appropriate multilateral trading system.
- The review highlights that the GoPNG is struggling to effectively create pathways for the implementation of the EDARS.

- Key gaps include capacity constraints,

- lack of government priority,
- interconnectivity between the MTDS and MDG8 and lack of enthusiasm
- Notwithstanding these constraints, the GoPNG remains committed to its international, regional and bilateral obligations relating to commerce and trade.
- It is encouraging to note that PNG is one of the most liberalized economies of the APEC region and also within WTO with low tariffs, lesser market limitations in services, favourable investment arrangements and a vibrant competition organization.
- The dilemma is that PNG has embraced liberalization, but it does not have a coordinated policy and legislative scheme to maximize the benefits from trade liberalization.
- The challenge for GoPNG is developing appropriate and innovative policies and laws that will enable PNG to maximize the benefits of trade liberalization.

MTDS Review - Planning

- The MTDS is difficult to embrace as there is a lack of coordination in measuring how they are to be achieved e.g. EDERS
- Since 2005, there has been a convergence of collaborating Millennium Development Goals (MDGs) and MTDS aspirations to achieve its objectives;
- 2007 saw the strengthening of this convergence when the United Nations Country Programme was launched and the MDGs were tailored to achieve MTDS objectives;
- BCPNG concerned that EDERS and its linkages to MDG 8 is not facilitated in the UNCP;
- Another concern is the lack of linkages at the sub national levels i.e. JPPBPC, JDPBPC, WPC that interface with the MTDS.

MTDS Review - National Budget

- 2005, 2006 and 2007 naturally followed the trends of the planning arrangement whereby spending did not equate to set targets;
- E.g. EDERS had no systematic planning arrangement and as such it lacks a conclusive budgeting arrangement;
- If the national level targets are not present then how can you fund sub national activities to implement plans that have no connection to MTDS;
- However, MDG/MTDS arrangements do have linkages and as such attaining targets and objectives can be measured and evaluated;
- 2008 budget however for the first time, took leadership in identifying 13 sectors of the MTDS that formed a large portion of the Development Budget;

- “53% PNG Expenditure on MTDS priorities”
- 88.5% development expenditure on MTDS priorities”
- As an observation, these 13 sectors are broadly mentioned in the MTDS;
- The 2008 budget also identifies Performance Management Framework devices

Conclusion

- Planning infrastructure lacking clarity on achieving essential targets such as EDERS for the private sector.
- However, the MTDS/MDG arrangement identifies targets and resources to achieve them;
- National Budget still does not identify key areas such as EDERS and therefore the money plan is not responsive to achieving set targets;
- 2008 budget is redefining MTDS and in the process creating a range of Monitoring and Evaluation systems.

Recommendations

- Planning:
 - A legislative framework is required and this must be prescriptive and similar to the PFMA;
 - Public Private Partnership is integral for planning at all levels of government;
 - For appropriate public investment would be attenuated for the opportunity for private investment (domestic or foreign) to grow;
- National Budget:
 - It must be an implementer of the plans and not the plan per se.

The Challenges of Trade Facilitation & Trans-national Crime: A PNG Customs Perspective

Gary Juffa, Commissioner of Customs, Internal Revenue Commission

What do Customs DO?

- Collect and protect state revenue
- Facilitate the legitimate movement of goods and people across PNG Borders (entry and exit points)
- Enforce Customs Laws related and other legislation



Why Does Customs Do This?

- **REVENUE COLLECTION:**
 - To collect all lawful duties payable as Customs Duties, Excise Duties, Import Excise Duties, Import GST for the State Of Papua New Guinea
 - To protect the States right to its Revenue
- **TRADE FACILITATION:**
 - To facilitate legitimate trade and legitimate movement of persons across PNG Borders in accordance with regional and international trade agreements
- **LAW ENFORCEMENT:**
 - To uphold the laws of Papua New Guinea in relation to the movement of goods and people across PNG Borders
 - To protect the people of Papua New Guinea from harmful imports
 - To protect the heritage of Papua New Guinea, flora and fauna and high value commodities
- **LAW ENFORCEMENT CONT:**
 - To uphold regional and international agreements and efforts for the security of goods and people traveling across borders
 - To create a level playing field for industry and protect legitimate traders
 - To counter the threat of transnational crimes
 - To protect the economy of Papua New Guinea



When Does Customs Do This?

- Revenue collection: trade facilitation and passenger processing: at every time goods or persons pass PNG points of entry and exit or certain goods are manufactured in PNG
- law enforcement: border vigilance at all times where resources permit and whenever customs laws or related laws are being broken, have been broken or are about to be broken

How Does Customs Do This?

- **REVENUE COLLECTION AND TRADE FACILITATION**
 - Employ officers at all declared entry points
 - Processing of declared goods and persons
 - Use of Technology and Risk Management
- **LAW ENFORCEMENT:**
 - Interagency Cooperation
 - International Cooperation
 - Strategic enforcement and fraud control methodology
 - Intelligence and Risk Management
 - Technology

The Customs Challenge

Facilitation of legitimate trade and Movement of people whilst enforcing Customs and related legislation effectively

Efficient Trade Facilitation

- To facilitate legitimate trade swiftly, protect legitimate businesses, encourage investment by removing impediments and minimizing Government intervention and minimize cost of goods by simplifying procedures and processes

Strategies

- Customs Modernization Management Team – review processes and procedures, amend and introduce legislation where required to ensure PNG Customs meets Global standards of trade facilitation
- Improve turn around times
- Introduce appropriate technology to enhance trade facilitation
- Application of Risk Management and intelligence in the processing of cargo and passengers
- Industry Dialogue and partnership
- Staff development

Effective Law Enforcement

- To enforce and uphold Customs and related laws in protecting State revenue, protecting community from harmful imports, protecting Papua New Guineas heritage, flora and fauna

Transnational Crimes

- Transnational Crimes are crimes that are committed in the jurisdictions of more than one country
- Transnational Crimes are:
 - Terrorism
 - Human Trafficking
 - Human Smuggling
 - IPR infringement
 - Money Laundering
 - Smuggling

Are crimes that affect all of us, endanger our communities well being, weaken our economies and introduce harmful products to society

Strategies

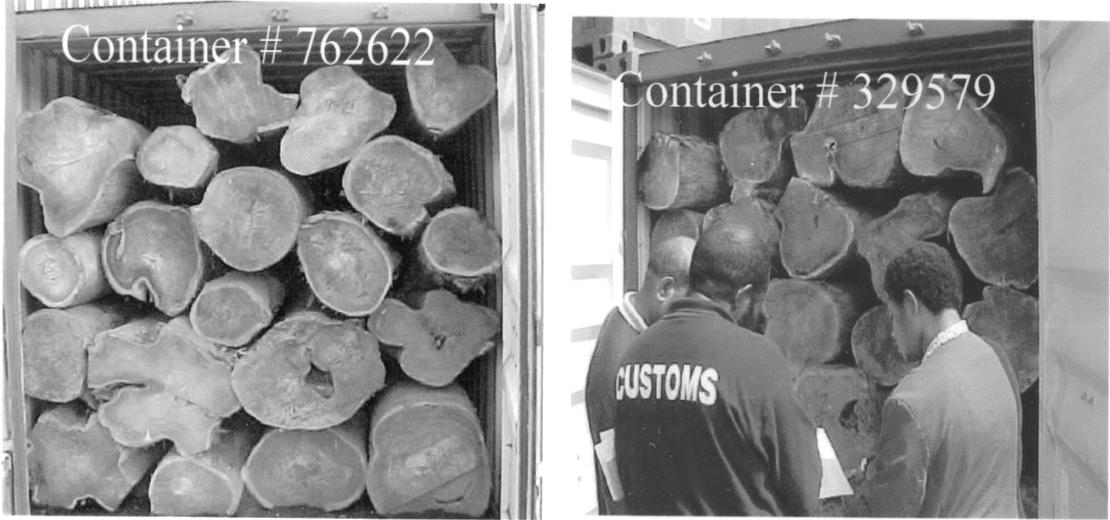
- Increased Intelligence capacity
- Fraud Control methodology
- Technology
- Interagency cooperation
- Legislative Amendment

Transnational Crimes - Some Successes

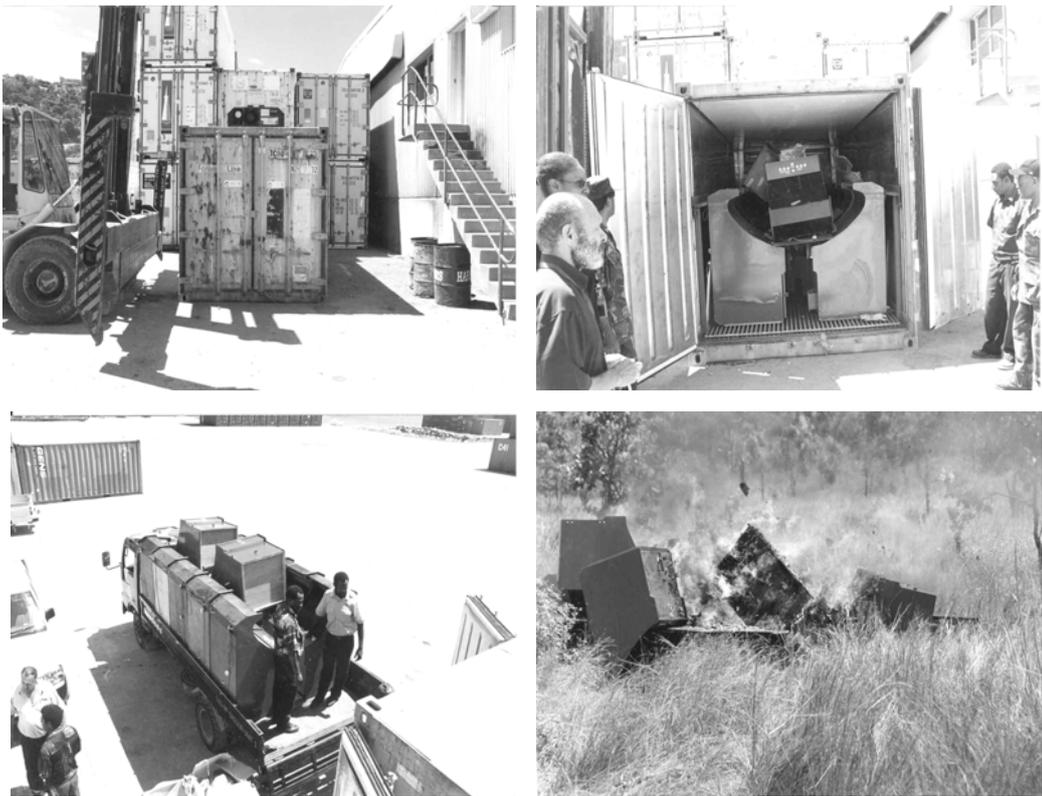
Picture 6a - Interception and Seizure of K11million worth of logging machinery smuggled into PNG in 2006



Picture 6b - Seizure of 6 containers of valuable teak about to be smuggled out of LAE April 2004 when intercepted, seized and sold



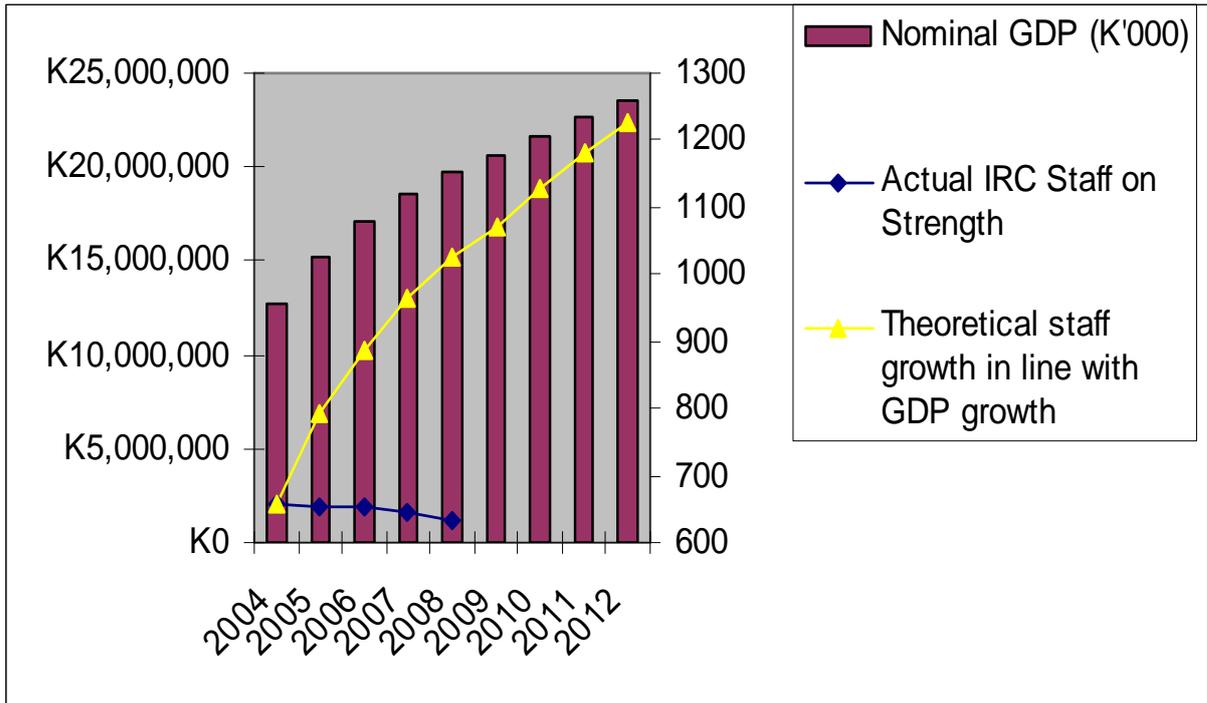
Picture 6c - Interception of HRMs, joint agency operation “O Arise” detention and deportation of more than 30 foreigners involved, dismantling of nationwide gaming syndicate 2005



Picture 6d - L – R: Interception of cocaine; finding smuggled alcohol on logship bound for logponds; commercial goods smuggled on logships bound for logponds



Figure 6e - Chart 1 – Nominal GDP versus IRC Staff on Strength



The Way Forward

- **Whole of PNG**

PNG is abundant in resources, rich in culture and history, teeming with Potential, all Papua New Guineans must jealously protect PNG interests.

- **Government**

Upgrade Legislation
 Revamp law enforcement mechanisms
 Develop Intelligence Capacity
 Improve Staff Welfare
 Protect Legitimate Investors and discourage illegitimate players
 Improved law and order

- **Industry**

Self regulating and policing
 Identify and ostracize those who commit crimes
 Work together with Government and Community
 Engage in long term investments
 Engage in Partnership with Government, NGO and

Community to improve service delivery

Draft National Informal Economy Policy

Max Kep - Chairman, National Consultative Committee on Informal Economy

OBJECTIVES OF PRESENTATION

There are two objectives:

1. To inform key stakeholders about the draft national policy on informal economy for Papua New Guinea.
2. To solicit input and support from all stakeholders in the policy development and implementation process.

PURPOSE OF POLICY

- Provide a clear policy direction and appropriate approach to deal with the sector. (support the informal economy activities to grow rather than control)
- State clear roles of all partners including the local authorities
- Set out strategies for implementation by all agencies/stakeholders as partners.
- Provides basis for monitoring & evaluation

To create a vibrant and growing informal economy, which does not hinder their daily business

Policy vision

“to reduce poverty from PNG by empowering all Papua New Guineans to reach their full economic potentials

Policy aim

- To make informal economy to be seen as being in transition
- To help remove obstacles/hindrances
- To help as many people as possible into the formal economy
- To create a homegrown economy

Definition/Characteristics

- Businesses which avoid applicable regulations
- All forms of socially desirable informal activities without formal contract
- Self employed informal activities (unregistered or incorporated)
- Paid workers without protection or regulated (casuals, day labourers, domestic workers, etc)
- Small scale operation
- Employing not more than five people
- Not liable to pay tax
- It includes a broad range of legal economic activities including street vending, mobile trading, and service providing, production and distributions and also recognises and distinguishes agricultural activities.

Background

- PNG economy has grown reasonably over the last few years, yet formal sector employment does not keep pace with the growth.
- Population has doubled since independence; yet formal sector employment has barely grown at all.
- There is a crying need for alternative source of employment for those who have been left out.
- The informal sector provides the only best alternative for both rural and urban centres as well as providing alternative sources of goods at cheaper prices than the formal sector can.
- The informal sector on one hand is an unorganized 'nuisance' sector on the other, it provides jobs and increases incomes of the most vulnerable and low income group in both the rural and urban areas.
- What should the policies be? Who should be doing what? What is the link to the formal sector? There are no easy answers!
- The policy should create a balance between all the various competing views of the informal sector. It has to be compatible with other existing and future Government policy papers for other sectors and Departments.
- If, other policies are detrimental to the promotion and regulation of the informal sector it should set out new policies that take precedence over the others.

Table 7 a - Importance and Size of Informal Economy (Profile)

Women are the majority	63%
Married	69%
Average Age	33 years old
Education.	32%
No Formal	41%
Grade 1-6	27%
Above grade six	77%
Self employed	
Informal Sector only source of income	69%
Average Income	K60.50
Average household size	7 members
Participants for more than 6 years	50%

Economy

- In PNG formal employment has stagnated at around 250, 000 people since 1975. In other words more than 90% of Papua New Guineans are either pure subsistence farmers or involved in the urban informal sector.
- PNG has increased its GDP from around K1.5 billion in 1975 to an estimated K13 billion in 2008. Employment levels have barely grown in the same time as population has doubled and only in the last couple of years has GDP grown significantly faster than population meaning that real growth has not been enough to encourage sustainable growth affecting the welfare of the majority of Papua New Guineans.

- In addition, the definition should include, but distinguish between agricultural enterprises and informal employment, and that of non-agricultural informal enterprises and employment.

Importance and Size of Informal Economy

- The rural & urban informal sectors take on much greater importance when we realise that the billions of kina invested in the Mining and Petroleum industry have made little impact on employment growth.
- Clearly the informal economy plays a crucial role in providing livelihoods for the people of PNG and a central role in income & employment generation. Its size means that the government ensures that it is an inevitable reality in respect of which the Government must put in place suitable policy responses for its development.
- Informal economic activity in many circumstances provides the only opportunity for individuals to earn an income.
- For this reason informal economy will in all likelihood remain the most significant component of the PNG economy for the foreseeable future.

Basis of the Policy/Rationale

7.1 PNG Constitution.

- The PNG Constitutional *Goals and Directive Principles* clearly support the development of informal sector by calling for: “Particular emphasis in our economic development to be placed on small-scale artisan, service and business activity” and “an equal opportunity for every citizen to take part in the political, economic, social...life of the country”
- Under *Basic Social Obligations*, the Constitution states the rights of people “to work according to their talents in socially useful employment, and if necessary to create for themselves legitimate opportunity for such employment”.

7.2 Informal Sector Act.

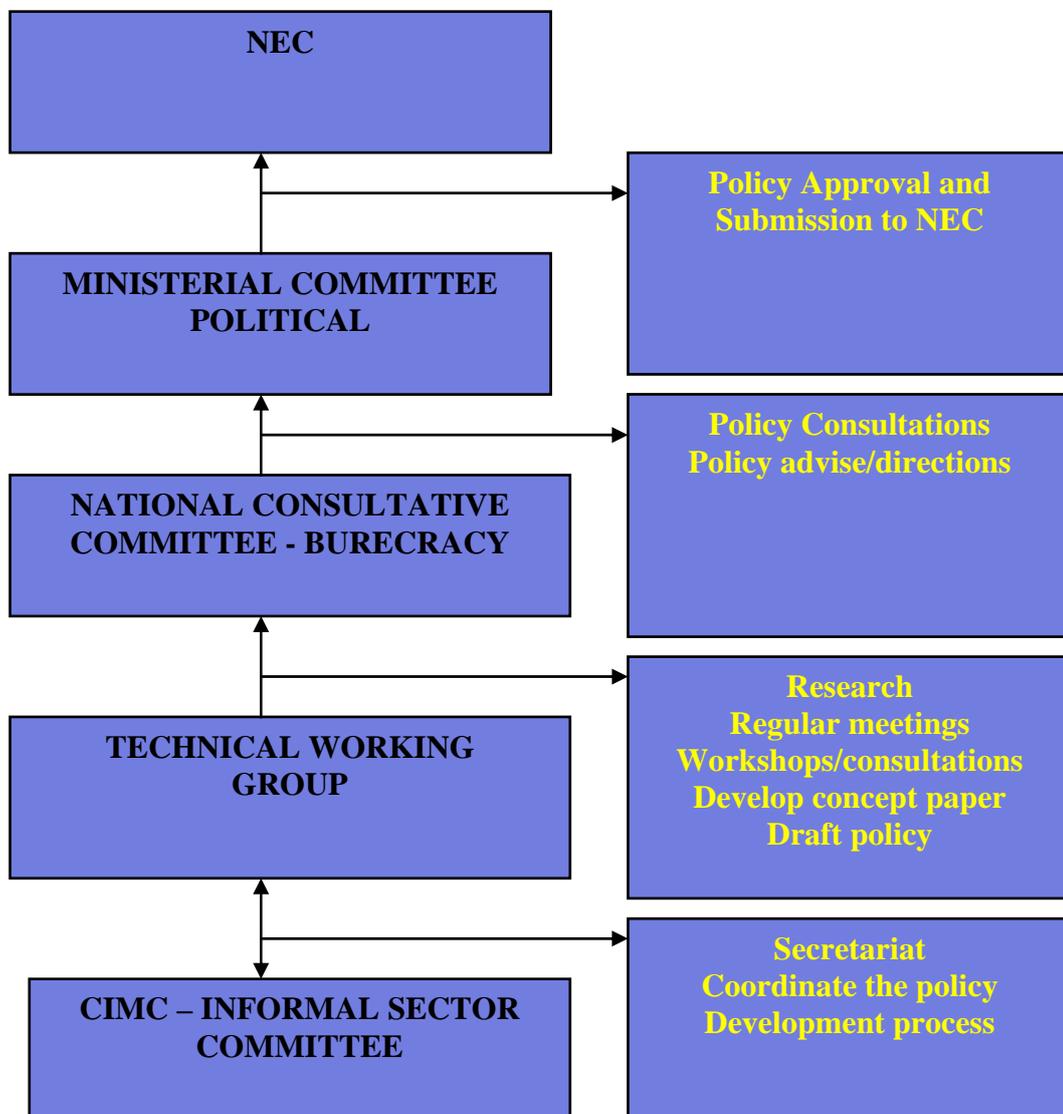
- *The Informal Sector Development and Control Act, 2004* was passed by Parliament in the absence of an overarching informal sector policy, but **recognized that such policy development is essential to underpin the implementation of the Act.**
- The premise for the creation of this policy framework is to focus the attention of government on the informal economy as a tool to address poverty through generating income and employment.
- **NEC Decision.**
- The National Executive Council decision in August 2006 endorsed a framework and funding for the development of a national policy on informal economy. This led to the formation of a Ministerial Committee at the political level.

- At the bureaucratic level, a National Consultative Committee was formed, consisting of relevant departmental heads from the Ministerial Committee, representatives from the private sector and civil society organization. They are charged with formulating a policy framework on the Informal Economy.

RELATED POLICY S

1. MTDS
2. Draft Urbanization policy
3. Integrated Community Development Policy
4. Small and Medium Enterprise Policy
5. Draft National Poverty Reduction Strategy
6. National Agricultural Plan

Figure 7b - Policy Development Process



OBSTACLES/HINDERANC TO INFORMAL ECONOMY

IFC STUDY – 2007 – CIMC Study 2001

Obstacles to both formal and informal business are:

- Transportation of goods and people
- Access to market – domestic and abroad
- Access to loan
- Crime
- Access to better business knowledge/education
- Electricity
- Legislative and regulatory constraints – restrict areas
- Attitudinal constraints (negativity – litter, crime, bad image, urban migration, health risk etc)
- Lack of access to training
- Lack of appropriate technology
- Lack of institutional support, coordination and linkages
- Cultural and gender issues (capital for informal business consumed by cultural obligation etc)
- Macroeconomic impediments
- Lack of awareness
- Harassments by authorities

POLICY AREAS FOR INFORMAL ECONOMY

- Policies for the future of the Informal Sector need to be cognizant of significant divides; promotion v regulation; rural v urban; regulated venues v spontaneous venues etc.
- Responsibility of the sector is not clearly vested in one place
- There is a need for a single agency with responsibility for encouraging and ensuring the regulation of this sector.
- Without a single agency there will continue to be confusion and conflict about the role of, and engagement with the IS.

POLICY AREAS FOR INFORMAL ECONOMY

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Awareness on Promotion v Regulation

- Advantage of informal economy
- Informal Sector Development and Control Act
- Rights and responsibilities of participants
- Roles and responsibilities of regulators
- Health and other concerns
- The policy recognises the need for both formal market structures and informal ones.
- Impossible to remove street vendors
- Designate and regulate locations to ensure that vendors are allowed to ply their wares without disrupting those around them.

- **Transportation:** The IS policy urges Government to give immediate and serious attention to this issue through an amended transport policy that will allow produce to get to market.
- **Law and Order:**
- Normal law and order problems and Tribal fighting is an hindrance.
- The solution to this problem is far beyond the remit of the IS policy, nevertheless it recognises it as a major constraint and urges the Government to address it.
- **Identification of new markets** for existing cash crops, horticultural and food crops within PNG and for export will necessary
- **Harassment of sellers** should be countered by educating and raising
- **Market Conditions** need to be improved by the design and management
- Policy regarding street vendors in urban areas needs clarification and enforcement.
- The policy has to reach a balance between the needs of the vendors and cleanliness and obstruction of footpaths, stores and office buildings.
- **Management of urban markets** – Set up an effective management to collect enough revenue to maintain and operate the market in a way that is fair and acceptable to all vendors.
- **Organise participants** - IS participants should be registered to access other benefits and to make management easy.

Participants need to protect their own interest and welfare by saving more money to be able to expand their livelihood, in seeking assistance from support providers and from families and friends.

- **Government** can best assist the informal sector participants by building more markets, giving out loans, erecting street stalls, registering them, organising them, and in providing training and facilitate market access domestically or abroad.

Conclusion

- It is clear that the solution to PNG's unemployment, urban drift, urban population growth and growing levels of poverty in both the rural and urban areas lies in a vibrant informal economy through an appropriate policy and program intervention.

2008 Regional Development Forum Reports

Ms. Susan Setai - President, Papua Hahine Social Action Committee.
Representative from the Papuan Region Forum

Thank you CIMC for inviting Papuan Region to present our recommendation and some of the things we have discussed during our regional forum in May. This is the second time in which women have been invited to be part of this presentation of papers and I'm privileged to represent our region this afternoon. I have observed from past experiences of presenting Regional papers and having regional forums that, NGOs have been participating more than the people whom we would want to share our views with. I believe this would be the same for the other three regions.

The Papuan region forum was held at the PNG Institute of Public Administration in Port Moresby from May 15th to 16th. The theme of the forums held in the four regions was, Community Monitoring of District Funds. The purpose of these forums was to inform the participants from all sectors of the community about the different types of grants that are allocated to the districts, particularly the District Service Improvement Program (DSIP) and the process of implementation avenues in which communities can actively participate in. The forum looked at how communities can be empowered in order for us to monitor the performances of the services that are delivered, as well as the mechanisms that are in place for us to deliver services under the SIP (Service Improvement Program).

Since the forum was held in Port Moresby, we were fortunate to have officials from different departments who highlighted and explained the processes of how district support and teacher services improvement program could be executed. The forum was a two day event. At the end of each day of the forum, we were able to discuss and formulate recommendations to present at this CIMC forum.

The Office of the Rural Development was invited specifically to inform the forum on the guidelines that are been developed for the implementation of the most talked about K10 million which was allocated to the 89 districts this year under the SIP. It was an opportunity for participants to understand and directly provide feedback to the policy makers on their experiences in the community on the existing service delivery mechanisms. Over 200 hundred participants who attended were from non-government organisations (NGO), businesses, LLGs (Local Level Government), provincial governments and senior officials from the National Government Agencies.

I've been to several regional forums and have noted that those events have always seemed like NGO forums where only NGOs talk to each other and raise their concerns. I'm not talking because I'm an NGO person but because that's a genuine concern I would like to raise.

CIMC is always there to provide support and relevantly inform us on how we can make our people understand the types of service delivery mechanisms available. At the end of

each forum, participants were put into provincial groups; and for us that was very special because we were put in a position where we were able to air our views according to our experiences. For my case, I realized that the participants in my provincial group are not the ones who could go back to the province and be an influence at the policy making level, and that was a concern to me.

Some of the main areas we addressed at that forum were, DSIP, District and LLG Planning processes, Promoting Community Involvement; people from the Papuan region are so naïve and don't want to ask questions and raise concerns if things are not happening right; they always keep quiet about their leaders. Other issues discussed were Public Sector Reform, Strengthening Transparency and Accountability and concerns in the National Capital District (NCD).

Summary

Priority Recommendations

We have the DSIP and some of the recommendations were that districts officers should report to the public on DSIP projects and should provide full information on the scope of works, costing, name of contractors etc.

LLG members and presidents should be trained in basic finances in relation to DSIP and other funding sources

Components of monitoring and the evaluation of the DSIP should be part of the guidelines undertaken quarterly and financial support should be provided to execute monitoring and evaluation activities.

I want to point-out this issue on the District and LLG Planning processes; we said that a District Tender Board should be set up to screen projects at the district and LLG level. A District Monitoring and Evaluation Committee should be set up; that was very strong but how to go about it is something we need to find out.

There is one particular issue that I need to stress, and that is; NCD should have its own GDP and PPC because we are talking about district support funds and we don't know how NCD MPs (Member of Parliament) are executing this particular section. We were calling for that so that NCDC contact points could be identified so as to deal with issues at the community level.

We just want to acknowledge that the current governor and the board have already appointed 50% men and 50% women to form a ward community. We are very excited that things will see a different turn for our city dwellers here.

Peter Gul - Representative from the Highlands Region Forum

We met in Chimbu for our regional forum, from the 11th to the 13th of June. We had a lot of people from the five provinces who were there to share their views. We arrived at the ideas and contributions and we have recommended some important things which I hope will help us improve the services we need for our people.

Firstly our topics of discussions were on District and Service Improvement Program, District and LLG Planning process and Community involvement, Public Sector Reform and Strengthening Transparency and Accountability.

Recommendations

- a) We recommended that ORD development format for use in community monitoring of DSIP and other evangelists in the provinces, districts and LLG councils.
- b) The district administration through the JDDP to make public the projects approved of funding under the implementation, appointment of joint district planning and primary budget committee must then have a transparent, accountable and fair representation of the committee. Training is required for LLG president, ward councilors, and ward development community members on their roles and responsibilities and to help them to effectively develop their ward plans and budget etc. The Department of Finance and Treasury and Provincial administrations are to ensure that the public have access to accurate financial information in decisions and for use to monitor their implementation.
- c) The government has in place a program for technical assistance to be provided to community based organisations to be involved in budget monitoring etc through a scheme for university graduates. Empower existing groups or churches to be involved in the monitoring of DSIP and other grants allocated to the provinces as a whole.
- d) Review the provincial government structures to upgrade processes of LLG managers, district staffs, to attract technical qualified personal to work in the districts and in the LLG.
- e) Abolished the private contracting and revitalize the functions of department national works to raise the contractors and engage them in all DSIP Projects.

So what we are basically saying here is that we have experienced from our politicians including the LLG that we haven't actually seen the delivery of services. We've been talking about it all the time; a million is given here and a million is given over there but we don't actually see the physical development for sometime now, for over twenty years.

In the highlands especially where I come from in Chimbu, topographically it's very bad. We need roads to access market facilities and that has never been for the last twenty

years. What we have now is what the colonial masters built for us before independence. This has all gone and we are left with roads that are not accessible anymore. So with a lot of money that is coming in, we want to make sure that it benefits the majority. I believe especially in road infrastructure because to have any other development in every other district you need the road to be there first. In Chimbu, teachers are not in their classrooms anymore. They cannot get to where they are supposed to be because of the poor road conditions; the airstrip is in a terrible condition. If we are talking about real development we have to put those infrastructures in place especially the road and airstrip facilities or wharf for the coastal areas. So I strongly recommend that whatever the Highlands regional forum has put together, the CIMC must compile and come up with a very good submission and give to our politicians to look at what we want to do now for our provinces and districts.

The other thing I've also noticed is that our public servants are living in run-down houses. Money given is not given to public servants to improve their living standards. Teachers services are run-down, even district heads are living in Kundiawa. We have about six to seven districts in Chimbu and all the district managers and staffs are living in Kundiawa town. They cannot go back to their districts because of the poor road, housing, and electricity conditions. Their kids cannot go to school because their schools are closed. We need to look after our public servants first before we talk about everything else. We have to streamline things from the headquarters down. But I believe in bottom-up planning; so to do that, we need to get the officers in place and provide all the facilities needed to attract officers to stay in the village or in the districts. So I suggest that CIMC write it up properly and give it to the politicians so that they can sit down and have a look at it, so that what we are discussing will bear fruit.

Sr. Lorraine Garasu - Representative from the New Guinea Islands forum

I am here on behalf of the 110 participants who participated in the Islands Regional Forum which was held in Kimbe from the 2nd to the 3rd of July this year. Participants consisted of representatives from the government, the private sector, the NGO, CBO and faith based organisations. The purpose of the forum was to inform the participants of the type of grants allocated to districts, and how communities can be empowered and can actively participate and monitor service delivery mechanisms.

For the two days of the forum, there were key speakers, who highlighted key issues which were then work-shopped, and the main areas and key issues that were addressed were DSIP, District and LLG Planning program, Promoting Community Involvement, Citizen Involvement in government programs, and Strengthening Transparency and Accountability.

The key recommendations that came out from the two day forum were that:

- 1) DSIP guidelines should clearly state that the Department of Works should be involved with the project implementation, project scoping, posting, project monitoring, evaluation, certification, and supervision of DSIP projects.

The reason why this recommendation was made was because during the discussions, we found that there was money allocated for projects, but the money was contracted. Money usually ran out before the project was completed, that's why the recommendation was made.

- 2) The public must have access to information on how the DSIP and other funds are spent by regular publications in the media.
- 3) The Department of Finance and Treasury inspector division must publish quarterly reports on news letters, media or government assets and make them public.
- 4) There must be a watch-dog, or ombudsman to oversee the work of the DSIP funded projects.

These recommendations were made because we found that for the sake of accountability and transparency and the monitoring of funds, that needed to happen and that the Department of Treasury and Finance needed to take more responsibility.

- 5) Empower district leaders such as ward district communities
- 6) JDPVDC to also monitor the allocation of funds to activities and projects
- 7) Allow grassroots to be given opportunities to be involved in the planning of projects through continuous consultation.
- 8) Training and awareness to be conducted through the extension of CIMC to the provinces and to create more opportunity for education and training.
- 9) There should be regular visits to the provinces by the auditors to conduct physical audits or projects and the focal points should be the districts and treasuries
- 10) The National Department of Works to be engaged to scope and implement all infrastructure, projects in close consultation with the technical division of the district administration
- 11) The Department of Works to restore their functions as it used to be in the past so that all the other agencies can concentrate on their core functions. For example: provide basic health services instead of building health centers and to provide education to the children instead of building classrooms which is in the function of the department of works.
- 12) To establish office of information to publish and disseminate and make public government spending on public funds especially on district grants and DSIP.

These were the points that were recommended during the islands regional forum and if you have a copy of this report starting at the bottom of page four, you will find the topic areas that were discussed and the recommendations made.

From the forum evaluation, many of the participants noted that the forum highlighted many issues which they were not clear about; and it also clarified the functions of DSIP. One of the mishaps of that forum was that because we are from the Islands region, we have a lot of problems with Air Niu Guinea, and so some of the key speakers did not turn up. However with the few speakers who were present, we had a very good forum for two days.

John Areng - Momase Region forum representative

Good afternoon ladies and gentlemen, I'm standing here representing 150 participants of the Momase region forum and some of them are here this morning. We are also privileged to have our open member of parliament Honourable Bart Philemon. It's unfortunate that we don't have other region members to listen to their regions representative presentations. Thank you for being present, Mr Philemon we acknowledge your presence.

Most of the other things have been covered by the other regions therefore I wouldn't go into details. I attended the forum at the Lae International hotel on the 26th to the 27th. We had the honour of having Honourable Don Polyo Minister for Transport and Civil Aviation to basically do the opening. We also had the privilege of having some presidents and other members of the society; most of the governmental and departmental heads attended the other regional meetings, and conducted the same seminar. But also interestingly in that forum we also had the privilege of having one of our open members who was there to listen to what we had to say and was actively participating.

The Momase Regional forum had people from different provinces; from Vanimo, Wewak, Madang and Lae. Everything has been mentioned by my colleagues from the other regions so I just want to stress out key things in the seven points that have been discussed earlier.

1. In the DSIP one of our recommendations is:

a) The district services and district administrators to communicate reports of funds released and tender documents through the media and news letters for the sake of transparency. We recommend that they must publish it so that the ward levels to the district levels must know.

b) Another thing under the DSIP which I want to highlight is that the district administration through the JDPVDC should make public the projects approved for funding before implementation so that the community at large must know.

2. The District and LLG Planning process

The Department of Provincial affairs are to ensure that the ward and developing communities are servicing and are functioning. The other thing is the planning act to legislate the development committees to develop both plans with consultation of state holders in the community and it is a must for bottom-up planning to be able to work properly.

3. Promoting Community Involvement

We recommend having a fair representation of women, youth, churches and businesses under JDPVDC through proper elections; the significance there is “through proper elections”. We the Momase region thinks that right now, they are being picked up from the streets and put into the JDPVBC

Independence involves society representative; that’s what we recommend to be appointed to the provincial suppliers intended board. There are so many corrupt deals in there; we need independency involving society in there so that there is fairness in there, transparency.

4. Public Sector Reform

We recommend organizational structures of the district administration be reviewed with the view to upgrade the position to attract technical people to work in the district in such areas as fisheries, business, agriculture, civil works etc at the LLGs right now like our other colleagues have mentioned. There are no people at the district; they all come to the town because all the goodies are there. If we could improve the conditions, may be they’ll go back to the villages.

5. Strengthening Transparency and Accountability

This is one of the important things which we had a heated session on. CIMC PNG is to mobilize youth groups to fight anti-corruption and to provide training and awareness. That was something that I was very vocal about. There’s so much corruption and so many things going on and the government is not really being transparent about it so we recommend that TI PNG should assist to mobilize the youths; train them so that they will be able to monitor and be able to give a feed back on PNG on some things which they think are corrupt.

TI PNG to establish advocacy and legal sentence in the provinces. The public should have access to information, wards district plans to be put in place on notice boards. It’s more or less being very open on what is happening at the district level.

6. The department of works was also a very interesting topic that we discussed. I want to say that the department of works according to this forum and the other forums has the capacity. It’s time we put back the Department of Works, and utilize them to do what

they should rightfully do because they are the pride of this country. But we do not know why they've been abolished; and now all the roads and the schools have been contracted out other contractors whom some of our prominent people have some interest in so that they can easily pick up from the baskets. Therefore we are recommending strongly that the Department of Works should be brought back in place because they have the capacity and because of their capacity, we could start something.

Works function to be extended to cover roads, health centers etc which I've already mentioned.

In general, one of the most important things which we would agree on is that the CIMC should basically get down to the district levels to conduct similar forums. Just as one of our mothers said yesterday; CIMC is you. Those of you who attend this forum, you are CIMC. It's up to us to take us the ownership and not sit back and wait for the guys in Moresby to come down because they need funds to do that. So let's be organized at the district levels, and then invite one of them to come down and help us run it.

7) To re-establish the Office of Information and support the division of the community development so that the focal points in the districts can be set up and become the centre point for information dissemination.

These are the recommendations from Momase Region and we thank you for listening. The Open Member for Lae is here and if this is discussed in parliament, it is my personal appeal that you push for some of these important points in parliament; we know that you're very vocal in the opposition.

Question session

Comment 1: I've seen the format and the recommendations and a lot of that were inputted in the previous ones. Looking through the collective recommendations, I think the reporting was that there is no government decision on that. My question is: when are we getting to if 2007 ones are not being acted upon by the government, where are we going to?

Response: there's an old Roman proverb that says; 'if there's no way, we will find one and we will build one'. I'm also of the opinion that not everything needs money. May be some things need us to mobilize and use our initiative? Was there any thing which you saw at your regional forums, which probably really did not need money to get it into place?

Response 2: in the case of disseminating information in my region, for example one of our recommendations was about setting up a Finance Department in the provinces, after they write up an audit report; they must get assistance in there to do it. They have equipment where they can publish these reports

CIMC Law and Order Sectoral Committee's Paper

Graham Ainui, Law & Order Committee Chairman

I. Introductions

Deputy Prime Minister, Ministers, Members of Parliament, Departmental Heads, Heads of Foreign Missions, Donor agencies, my colleague chairs of CIMCs' Sectoral Committees and their members, distinguished guests, ladies and gentlemen.

What is the goal of the Committee and what has the CIMC Law and Order Committee been doing in 2008?

As you are all aware, the goal of our Committee is to increase the understanding of law and order issues affecting Papua New Guinea and to provide support to Government through the CIMC to address these constraints through proposing innovative strategies to deal with law and order issues through research and monitoring of initiatives (undertaken by both the Government and donors) to address these constraints.

As in previous years, the Committee has established a work plan from which it has identified a number of areas for it to work on during the year and in coming years. Issues that the Committee has identified to work on in the 2008 included:

1. Establishment of a National Registry of Compensation Cases and Claims

This issue was one of the recommendations of the 2005 National Development Forum. Substantial work was needed to complete a strategy paper to be released. It is hoped that this will identify key issues and relevant stakeholders that will need to be involved in the exercise to establish a National Registry of Compensation Cases and Claims.

The working group to work on the proposal to establish a National Registry of all Compensation Cases and Claims has not met and work on this has not progressed. The working group was set up to:

- Prepare a work plan
- Prepare a TOR
- Approach the National Land Task Force members to be involved as an important stakeholder

Rationale: The idea is to develop a National Database on all compensation claims and cases to be uniformly available to all users such as courts, lawyers, administrators and other stakeholders which will help ease the problems associated with payments being made against dubious claimants.

We would like to take this opportunity to acknowledge the contributions of a colleague, Mr. Lawrence Newell, former registrar of the PNG National and Supreme Courts who was instrumental in initiating this exercise, who passed away recently.

2. Police Review Recommendations Implementation

At a recent meeting of the Committee the Police Review Implementation Secretariat was invited to give an update on the status of implementation of the 61 Police Review Recommendations 2004. This did not happen hence the Committee can not provide any update to the forum. There are a few recommendations that have been implemented such as the recent signing of an MoU between Police Commissioner and the former Ombudsman to set up a Police Ombudsman. However, the Committee feels that more needs to be done to fast track implementation of many of the recommendations, especially those that do not require money to do it such as printing of names of officers on their uniforms.

The Committee urges the Police Commissioner to urge the Police Review Secretariat to work closely stakeholders such as my Committee to solicit support in implementing these recommendations. For example, the Committee can approach donors and business partners to help with practical things that can help Police speed up the implementation of these recommendations, say in the printing of name tags on uniforms the Committee could appeal to its private sector members to help out.

3. Re-introduction of Independent Commission Against Corruption

This is a recent initiative which was brought about by the recent decision of Cabinet which directed the National Anti-Corruption Alliance (NACA) to relook at the possibility of bring the ICAC draft law before the Government. The Director of NACA felt that as a policy dialogue mechanism the CIMC should be the right organization to take carriage of this work. Hence, the Law and Order Committee was approached to discuss ICAC and look at ways to put it on the government's agenda again.

A meeting was held recently and a Sub-Committee under the CIMC's Law and Order Committee was established to re-look at the ICAC legislation with the view to coming up with a draft bill to go before Government sometime soon. A broad Terms of Reference for this work is being put together and stakeholders have been identified to progress this initiative.

4. Monitoring of work in Progress in the various sectors/projects

4.1. National Anti-Corruption Alliance (NACA)

The NACA as you all know is a collaboration between like mandated agencies (9 Fraud and Anti-Corruption agencies) who work together to prioritise major cases of alleged corruption cases and undertake investigation into them. It is chaired by the Police Commissioner and has a technical working group that work with the Director of the Secretariat.

In the 2007 National Development Forum, we announced that the NACA prioritized 3 cases in 2005-6 namely; East Sepik Provincial Government, Public Services Commission and Southern Highlands Provincial Administration Payroll fraud. Of the 3 cases, East Sepik Provincial Government and the Public Services Commission cases were not pursued as NACA felt that there were not enough credible evidence available to pursue the allegations. Only the SHP Payroll Fraud case was pursued.

In 2006, from these investigations 20 people were arrested and charged. In 2007 11 people were arrested and charged and in 2008 18 people have been arrested and charged, which brings to a total of 49 people being arrested and charged out of the SHP investigations.

Of course arresting and charging is alright, but we want to ensure prosecutions are secured on them. The Committee calls on friends of PNG, especially AusAID and others to continue to support the work of NACA. I stress this because there is no funding from Government of PNG for NACA, although there is real meaningful cooperation and team work by agency officers generated by this collaboration through NACA.

NACA Funding for 2009:

The Committee has been told that for 2009 a funding submission had been forwarded to the Government through the Minister for Internal Security. However, progress has been slow and to date, the NACA, nor the Committee has not heard anything back from Government on this.

NACA allocated funds for 2008 investigations have been used up already on the SHP investigations. For 2009 there is assurance from the Law and Justice Sector that they will fund it as part of Fraud and Corruption Activity Management Team's investigations and related work.

The Committee calls on the National Government to take ownership of this important vehicle and fully fund the NACA in the 2009 Budget. This will show not only those of us working hard and give of our time and effort voluntarily to the work of the CIMC Law and Order Committee but also the public will know that Government is keen on strengthening home-grown initiatives such as the NACA in remedying some of the societal ills we face today, such as fraud and white collar crimes.

4.2. The work of the Law and Justice Sector Working Group and National Coordination Mechanism (LJSWG/NCM)

The CIMC sits on the Law and Justice Sector Working Group as a civil society and private sector conduit into the formal law and justice sector's work in this important mechanism.

The Committee has been participating on a few of the Law and Justice Sector Working Group meetings this year due largely to the Secretariat being too overcommitted with the regional forums. However, the Committee's membership in the Working Group has meant that civil society and private sector concerns about law and order are channelled to the formal sector through this process, although this needs to be improved for the future.

The Committee feels that the Law and Justice Sector Working Group should have a private sector peak bodies such as the PNG Chamber of Commerce or Business representative and Civil Society peak body representative be given a sit in the Working Group directly. This will allow for direct representation of business and civil society on this important mechanism, rather than relying on the CIMC Secretariat to sit on this and feed information into CSOs and private sector and vice versa.

4.2. Yumi Lukautim Mosbi Projek: Urban Safety Initiative undertaken by NCDC

At the last meeting of the Committee an update on the YLMP was provided to the Committee and the Committee was impressed with the many good initiatives that have come out of the YLMP initiative. However, the Committee has received news that a few of the young people who are taken through the YLMP integration and skills development projects are not appreciative of the “once in a life time” opportunities that are presented to them to get real meaningful training and jobs to benefit themselves and their families. We urge the businesses who have been supportive to the YLM Projek to continue to support this great initiative.

4.3 Implementation of the Proceeds of Crime Act 2005

Implementation of the other two pieces of legislation, Anti money Laundering and Extradition are progressing. Work on establishing the Financial Intelligence Unit within the National Fraud & Anti-Corruption Directorate is almost completed with a Director seconded from the Police. The Central Bank has seconded one of its officers to support with the setting up of the financing procedures. For now, the threshold transaction amount that will be required to be approved will be K10, 000 then you need it to be authorized by more than 1 person. More people to clear cheques. A committee has been formed and is chaired by Westpac Bank to look into these issues.

4.4 Security (Protection) Industry Act 2004

This law was enacted in 2003 to regulate the security Industry in the country and to improve standards of services provided to clients and the general public by security companies. Since 2005, the Security Industry Council has been established, with the appointment of the Security Industry Council members by the Minister for Internal Security. A Registrar was appointed soon after.

Appointment of two Representatives of industry to the Security Industry Council

It has been brought to the attention of the Committee that a representative each from the industry and another from security officers association have been made to the Security Industry Council. This is good news for now but an election proper must be conducted and the Security Industry Council be properly constituted for them to ensure that the Council performs its role of regulating the industry, which needs a lot of improvement at the moment, in the light such serious crimes being reported in the dailies in recent times.

4. Recommendations

What needs to be done to address important constraints to ensure swift implementation of the Committee's initiatives or projects?

Security (Protection) Industry Act:

1. Security Industry Authority must facilitate for the Electoral Commission to hold elections for the Security Industry Providers Association and Security Officers/Employees Association to elect their representatives to sit on the Security Industry Council and,
2. the Security Industry Council to hold a legally constituted Council meeting and get its business in order in terms of regulating the industry better in order to give a much needed facelift in image of security personnel and companies.
3. Establishment of Nationally recognised Skills and Competencies as established under the act in order that License Holder can ensure that permit holders are adequately trained in accordance with the essence of the act.

NACA:

The Committee asks the Government to seriously consider funding NACA in 2009 and onwards as per the NEC Submission sponsored by Internal Security Minister. Board through the Internal Security Minister and strongly push for the Government to support the NACA through budgetary allocation annually starting in 2008.

Yumi Lukautim Mosbi Projek:

The committee asks the business houses who have been supporting Yumi Lukautim Mosbi Projek, particularly in youth integration and skills to continue to support YLMP, as it is one positive project that is impacting on the lives of many genuine young people who have missed on a "chance" to prove themselves at anything in life.

Police Review Report - Implementation

The Committee strongly calls on the Government to support the RPNGC to fully implement the 61 Recommendations.

The Committee equally strongly calls on the Police Commissioner to start talking to all stakeholders including business to fast implementation of the 61 Police Review Recommendations, especially those that do not require money to do so such as putting name tags on uniforms of officers. For example, we could ask Woo Textile to help the Police to sew name tags to the police uniforms. All we need is a circular from the Police Commissioner to do that.

Proceeds of Crimes Act:

The Committee commends the Government for establishing the Financial Intelligence Unit (FIU) within the National Fraud and Anti-Corruption Directorate. The Government to fully fund Financial Intelligence Unit in 2009.

Youths & Employment

The Committee is of the view that a large number of young people turn out of the country's education institutions every year. The Committee believes that much of the law and order problems are in one way or another caused by these young people who find no meaningful engagement in their lives.

The Committee therefore feels it important for Government to support policies (such as the current work done to have in place the Informal Economy Policy) and especially invest in skills development (through vocational and technical training) that will foster economic growth, especially in the rural agriculture sector so that many of these young people can be absorbed.

V. Conclusion

The Committee's view is that Government's role is to ensure that there is adequacy within the Department of National Planning and District Development to co-ordinate and monitor the effectiveness of programmes initiated by the various organizations such as the CIMC.

The Committee's primary function is to provide assistance, especially in monitoring of initiatives and programs to ensure these achieve sustainable outcomes for Papua New Guinea and its people.

The Committee is of the broad view that communities once empowered generally will prosper under their own leadership ensuring a brighter future in which all members can participate thus contributing to the development of Papua New Guinea.

Thank you for listening. We look forward to seeing these recommendations taken on seriously by the Government.

Managing Law and Order Problems in Cities: Lukautim Mosbi Projek Experience

Rabura Aiga, Executive Officer, NCDC Urban Safety Unit

What is Yumi Lukautim Mosbi?

YLM² is an urban safety and crime reduction project of the Law & Justice Sector Program supported by AusAID & GoPNG

- Commenced March 2005
- Managed by the NCDC Urban Safety Unit
- In consultation with the YLM Project Steering Committee
- NCDC City Manager is the Chair

Yumi Lukautim Mosbi vision

YLM is an integrated participative approach to crime prevention & safety enhancement involving community, government authorities, and the private sector

- vibrant partnerships between all stakeholders
- Shifts the mindset of PNG community
- Promotes consultation & interaction and acts on community needs
- supports 'community first' initiatives
- Embraces private sector drive in crime reduction and safety enhancement

Yumi Lukautim Mosbi Projek Steering Committee

- Port Moresby Chamber of Commerce & Industry
- PNG Sports Foundation
- NCD Provincial Youth Council
- Consultative Implementation Monitoring Council
- City Mission
- Royal Papua New Guinea Constabulary

Yumi Lukautim Mosbi Projek Themes 2008

Community Engagement

Sports & Youth Engagement

Reintegration & Skills Development

Transport SEIF Campaign

Awareness

YLM Community Engagement

Entry level grass roots community driven concepts of crime reduction – THEIR CONCEPTS

- HIV AIDS awareness
- Gender awareness
- Family and Sexual Violence awareness
- Engagement of Law & Justice sector agencies
- Engagement of private sector as partners & service providers

YLM Sports & Youth Engagement

Sporting activities are supported throughout the NCD

- ENGAGING sporting bodies, clubs and authorities to the hearts of settlements & grass roots
- EMPOWERING teams of sports people
- DISEMPOWERING street gangs
- REPLACING UNLAWFUL behaviour with lawful habits
- Next step to 'Reintegration & skills development'

YLM Reintegration & Skills Development

Reintegration and skills development project works with private sector partners & corporate agencies in the NCD

- Engages private sector and corporate agencies as service providers for grass roots
- YLM placements fully funded to award rate for up to 3 months
- Ensures participants are trained in all aspects of *'real time'* employment - honesty, reliability, performance, teamwork

YLM - *Reintegration & Skills Development* - Partners

Remington Technologies

National Catering Services

Arnott's Biscuits

Lae Builders & Contractors

Holiday Inn

Royal Papua Yacht Club

City Pharmacy (Stop and Shop)

YLM *Transport SAFE Campaign*

This is designed to reduce crime and to promote a safer public transport system within the NCD particularly for women & children

- *INCREASES ROAD SAFETY*
- *PROMOTES* professional service
- *REWARDS* better practise
- *CREATES* a more coordinated approach to control by regulatory authorities
- *ENHANCES* RPNGC profile, response and effectiveness

YLM *Awareness*

Promotion of crime prevention activities and all partners through all mediums making PNG PROUD

- National television EMTV

- National radios FM100
- National newspapers Post Courier
- International websites Post Courier and PNG Tourism Promotion Authority

Emphasizing Partnership and Empowering Partners Recognizing the Functions of Department of Works

Brian Alois, Acting Principal Filed Coordinator, Northern & Islands Region, Dept of Works

INTRODUCTION

One of the cornerstones of a successful organization is the ability to recognize the contribution of those that come into contact with us, know their attributes, and overcome their weaknesses by sharing our strengths so that when we prosper, they grow. Enthralling positivities through *deployment* rather than *employment* can provide an environment that fosters mutual respect and build a complementary, cohesive team, where each unique strength is made productive and each weakness is made irrelevant. [Miles Munroe]

Emphasizing Partnership

There are basically two (2) reasons why we engage ourselves in Partnership; firstly it is because we have a common objective and secondly, we believe that the chosen partner would provide for our shortfalls.

2.1 DOW - A Partner

DOW acknowledges the fact that for it to undertake every project would be a tall ask. But it believes that through Partnership, it is achievable. Cross-sectorial Partnership is attainable and a number of good examples have proven it to be cost effective as well so emphasis must be directed towards this type of partnership arrangement.

2.1.1 Knowing Your Partner

Department of Works is the chief Implementing agency of the Government in terms of providing infrastructure limited to road transport, building works and rural Local Level Government projects. The Department's role is focused on coordination and ensuring prescribed standards and specifications are met while the actual work is done by the private sector. However, before the dawn of this era, DOW was involved in the actual construction and maintenance of roads, bridges, jetties, airstrips, classrooms, teacher's houses, health centres etc. All supervisory works were also undertaken by staffs of DOW as there were not very many consultants around. The entire infrastructure were well maintained which made it conducive for other services such health and education to easily reach out to all corners of the country. Agricultural activities were sustainable because producers were able to have easier access to their markets. School inspectors were visiting schools because PTB was able to provide a vehicle. Didiman Officers were making their regular rounds because of the yellow coloured "Z" plated vehicles. DOW was also instrumental in the training of artisans of almost all trades. This institution houses trade testing facilities which had passed out tradesmen in those yester-years. Its training program was, in those times, as good as any.

2.1.2 Duplication of Responsibilities

A number of agencies or organizations have duplicated the core functions of Department of Works and this has unkindly forced this once “pride of the nation” to take a back seat. Department of Education has shifted from its core function and is engaging in building classrooms, teachers’ houses and the Department of Health is also side-tracking from its core responsibilities. Time and time again, on-professionals or persons without appropriate credentials have taken up the responsibility of composing project proposals and on many of these occasions, because of countless limitations, projects do not materialize. These other organizations, despite compliance with the Public Finance Management Act in the award of Contracts, do not have the supervisory skills to oversee the project from implementation through to completion.

2.1.3 Five-year Bar Chart

Projects funded under the development budget is graphically presented is what used to be a five-year bar chart. Here, one will find all information regarding any particular project; client, funding, start date, completion date, etc.

Reporting on the progress of each project is detailed in a format called Monthly Schedule of Works. Additional information such as Vote #, details of Expenditure by month etc. are shown. However, this method of project planning or programming is no longer in existence. DOW is now concentrating more in the Road Transport infrastructure, with most of the funding coming from Donor Agencies. In the recent past, DOW has not been engaged in any Building Projects.

2.2 Cross-sectorial Partnership

Smith L. Arthur, in his paper presented during the APEC Ministerial Forum in South Korea last year, titled Public/Private Partnership – the US Experience, defined PPP as *“a contract agreement between a public agency (Federal, State or Local) and a private sector agency. Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for use by the general public. In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the service and/or facility.”* Now, this should be explored and translated into a concept definition that is adaptable to the PNG context. The PPP, as it is widely known is too enterprising. Projects such as *Eda Ranu, Poreporena Freeway* and the recent *Vision City* are examples of the PPP concept that encompasses a very complicated methodology. Cofinancing is very much a determining element or a prerequisite for this type of PPP.

2.2.1 PNG-owned PPP

We may not be aware but PPP has been in practice in PNG for a long time. Though there is no form of Standard Agreement, many institutions have achieved a lot through some form of partnership arrangement. It may be necessary to highlight some of the achievements to help us to reflect on it.

Pastor's House – Gaire Village

The successful completion of the resident to the United Church Pastor at Gaire Village (Post Courier, Monday 16 June 2008) emphasizes the fact that you go to any village in the country, and one can find stack of tradesmen there. It was reported that this house was built by a group of carpenters with some disabilities, at a cost of K80, 000.00.

- ***Double-classroom – Dregerhafen Sec.***

The desire to provide education to the children of Finschafen and the neighbouring districts forced Dregerhafen Secondary School to be innovative, to think outside the box.

With the school's handyman providing advice and with the assistance of all the teaching and ancillary staffs, a low-set double classroom was elevated using ordinary jacks. The end result was stunning, jaw-droppingly amazing! No additional labour cost was incurred since all those that toiled in the project are paid-staffs of the school.

- ***Lido Village Access Road***

Before the staging of the National Surf Championship in Vanimu in the beginning of 2007, DOW was approached to carry out upgrading and sealing works on the access road leading to Lido Village. The Sandaun Provincial Administration had budgeted only K93,000.00 for this 2km road project. An agreement was reached whereby the community provided free labour (clean out and install culverts) and gave away their gravels to upgrade the road, SPA paid for all the fuel charges and allowances for DOW staffs and DOW donated sealing aggregates and bitumen and upgraded & sealed this road.

- ***Double-classroom – Timbungke Village***

Funding for the construction of a double classroom for the Timbungke Elementary School, along the Sepik River was provided by AusAID under the Small Activity Scheme.

DOW facilitated that project, and with the assistance of the East Sepik Provincial Govt, the project was completed within 4 weeks at a cost of K58,000.00. The village community provided free labour to assist two (2) carpenters from DOW to build this classroom.

2.2.2 The Benefits

The principle of applying a system of PPP that is truly PNG can certainly be expounded and extended here. There are a number of advantages of using a system of PPP as shown in the above examples:

- The cost is very low if compared to any other conventional contract;
- It has direct benefit to the communities, which in turn promotes the issue of ownership;
- Increases employment opportunities at the community level; and
- Many ordinary citizens can venture into a *labour-only* contract.

2.2.3 Community Participation

The issue of ownership is very real and as much as infrastructure development is needed, greater level of participation from the recipient requires addressing. The two (2) stories carried by the National newspaper about the wind-powered generators (20th May 2008) and water-supply project (17th June 2008), both on Duke of York Islands of East New Britain are a testimony of this.

The wind-powered generator was jointly funded by the Chinese Government (K1.0 million) and the former Member for Kokopo, Sir Rabbie Namaliu (K50,000.00) while the water-supply project was jointly funded by the Kokopo District Administration (K15,000.00) and a

Japanese Donor group (K96,000.00). Vandalism has seen the best of these infrastructures and the district administration has refused to bail out the infrastructure. When the community is involved and participated actively in projects, there is a sense of ownership and in the end, vandalism is minimized.

Partnership is all about being there for one another, discovering, offering assistance, and deploying those abilities, talents, gifts and potential for that common good.

There is a Polynesian proverb, which in translation says, “to reach its destination the canoe must be paddled on both sides (Post Courier, 10th July 2008).”

In the Melanesian society, the barter-system or “senisbasket” is still as lively as it used to be, and this is partnership in every sense of the word. This relationship empowers both the giver and the receiver, where at the end of the exchange, both partners go away winners.

Now, we can all learn from this and expand, and develop a partnership arrangement where other agencies and DOW can work together for the delivery of services to the people of our rural communities.

3.1 DOW's Capacity

Many years ago Government through NEC Decision No.41/95, abolished the full function of PTB. The consequences of this decision are well documented and our rural communities have had to live through the thick of it. The previous Government, having realized the effects, revoked that decision NEC Decision No. 213/03, to revive PTB. But that did not eventuate until March this year, when the Minister for Works, Hon. Don Polye announced the revival of PTB in a ceremony held in Lae. However, contrary to that famous NEC Decision (41/95), the Australian Government through its aid agency AusAID in 1998 donated two (2) complete sets of sealing gears including crushing plants to DOW, as part of the National Roads, Regravelling and Sealing Program. The Japanese aid agency JICA, also donated other road construction plants/equipment to complement the items donated by AusAID. DOW currently has three (3) complete sets of road construction and sealing equipment. These plants are strategically located in East Sepik, Simbu and West New Britain Provinces. But these plants have been very much underutilized at the moment.

3.1.1 Our Potential

On one side we talk about building capacity and then we fail in our course of duty to empower ourselves, to train ourselves to be capable.

- ***Works Institute of Technology***

The Works Institute of Technology provides training programmes in a wide area of discipline, from Clerical to technical studies.

- ***Works Civil Training Centre***

The Works Civil Training Centre in Madang provides training programmes in all works associated with Civil Engineering including Plant Operators' Courses.

But what is lacking is the practical exposure, carrying out actual construction work in order to empower the technicians, artisans and plant operators with hands-on experience.

There is potential for this department to be proactive in infrastructure development, to contribute positively towards the attainment of the Millennium Development Goals.

However, we need to create opportunities for empowerment

3.1.2 Opportunities

DOW has taken every opportunity offered to it, to carry itself, to realize its strengths and weaknesses, and to derive from them a newer approach for the way forward. DOW's sealing teams are now being engaged in sub-contractual arrangements with other contractors to work on road projects around the country. AusAID through the TSSP, has for the first time, allowed DOW to be actually involved in the construction industry. But there are minor issues, such as defects liability or poor workmanship, revenue, etc. that require addressing.

3.2 Regulating the Industry

Costs of goods and services continue to rise and this is dictated by market values; supply and demand, and other factors. Similarly, the cost of construction is escalating, and increasing at no proportion to the cost of other goods and services. But how can we as certain these costs? How can one know that the cost imposed to him by the retailer/provider is not arbitrage? How can we protect the customer from people wanting to make fast profits without due consideration to the impact of social and economic degradation? The Government has set up the ICCC to monitor and regulate the prices of goods and services in the country. But, how about the construction industry? Who has that responsibility or jurisdiction to provide the customer with some sense of security against unscrupulous costings? Who can the schools, hospitals, health centres, turn to for reassurances that what they are paying as maintenance/construction costs is not based on arbitrary constants?

3.2.1 Construction Watch-dog

Ironically, all the fingers would be pointing to Department of Works, to shoulder that responsibility of regulating the construction industry. The apparent reduction in the National Road

Maintenance Budget and direct funding of development projects over the years has unkindly forced DOW to take a back-seat. Donor Agencies continue to contribute

extensively in terms of funding and as a result, prefer the appointment of a management consultant to oversee its funded projects, with little or no direct input from DOW. The consequence of this arrangement is that no data is being collated and/or collected for bench-marking.

Data Collection

DOW has in place a system of data recording, called the RAMS. Data pertaining to rates can be inputted and updated, for use as guidelines and references. The RAMS was set up by the

Finnish Roads Authority through a loan from ADB, unfortunately the rates have not been updated in a long while. The only way for the government to be able to properly monitor and regulate the costs within the construction industry is for it to be actually involved in the industry; *“unless you play, you will never know how to win the game.”* The revival of PTB must be seen as the first step towards resurrecting the functions of one of Government’s key institutions.

The award of the K36.0 million contract to upgrade 1.8km of a section of Waigani Road to Global can be seen as a classic example of the Government being cornered into accepting the status quo.

3.2.2 DOW’s Role in Monitoring

“Unless you play, you will never know how to win the game!” That is the very essence of empowerment. To give somebody a sense of confidence or self esteem emphasizes the power of partnership, and injecting an authority and influence over others. DOW needs to be empowered in order to function fully as the chief implementer of Government’s Capital Works and Maintenance Program. As mentioned earlier, when you empower a partner, he grows and in return you prosper.

- ***DOW’s Participation in Monitoring***

Department of Works would continue to persevere in the industry against field and bureaucratic competition. By actual carrying out some of the projects, it can place itself in a better position to appreciate the industry.

DOW is in the process of formulating a new Corporate Plan but its Vision Statement has always been *“to be recognized as the government’s primary infrastructure sector advisor and implementing agency, uniting the country, and contributing to the economic and social development of Papua New Guinea.”*

4.1 Medium Term Development Strategies

The M.T.D.S links all stake-holders and through a combined and concerted effort, it is not only attainable, but manageable. In the end, services are not driven, but achieved. To foster economic growth, DOW also acknowledges the significant roles infrastructure plays in the community, district and country as a whole. Shifting approaches and reallocating resources could revamp the process of maintaining, let alone improve these assets to enhance economic and social prosperity. Government has declared recently to embark on the L.T.D.S and still equal or greater emphasis would be placed on infrastructure development. Emphasizing partnerships through targeted activities, empowering partners by corporative and community participation could transform service delivery into an effortless, timeless, cost effective mission.

4.1.1 Relevance Education

One of the Millennium Development Goals is to achieve Universal Education for our children. The MTDS elaborates it further by emphasizing on *Relevance Education*. The Treasurer Patrick Pruaitch, in his Ministerial Statement on the state of the economy in Parliament (Post Courier, 10th July 2008), highlighted one of the constraints affecting economic growth as being shortages of skilled workers. Skilled workers, in this context, refer especially to artisans and technicians. DOW has been producing artisans and technicians and it is timely that with the M.T.D.S providing the avenue, training of field workers should now take centre-stage.

4.1.2 Sustainable Training

DOW is, as part of its new outlook, placing prominence on training, training of artisans and technicians particularly. Resurrecting one of its functions as the primary trainer of apprentices would require a partnership approach to make it sustainable. Lack of direct funding in the last 10 years or more under the development budget for projects has denied DOW from pursuing its training agendas. However, funding is being directed to other implementers and

DOW anticipates that through an integrated partnership approach, a channel of hope could emerge. But this requires corporative, collaborative approaches and equal participation from other lined-agencies as well. A new generation of skilled workers would not only replace the current aging workforce, it would live to see and ensure the realization of the M.T.D.S.

4.2 Develop a Global Partnership for Development

The Eighth M.D.G aims to *Develop a Global Partnership for Development*. But to get there we should start locally, start from the community level; Communities form Societies, Societies form Countries making it part of the global environment.

4.2.1 Finschafen District Administration

The Honourable Member for Finschafen, Theodore Zurenuoc has vowed to work in partnership with DOW. In the agreement, the Finschafen District Administration would repair and maintain all the Plants/Equipment based in Lae and in return DOW would ship these items to the District HQ to carry out maintenance on three of his nominated roads and possibly seal a section of the district headquarters.

4.2.2 Community Involvement

After the completion of the road projects in Finschafen, DOW would also be engaged to carry out construction and maintenance of a number of building projects in the district. In the course of these projects, DOW would engage Carpentry and Joinery students from the Finschafen Vocational Centre, as part of their practical training, in all of these building projects.

With this renewed approach in integrated partnership and the focus on improved delivery of services to the rural communities by a cost effective process, it is envisaged that other institutions can rise to the occasion and institute similar arrangement.

4.3 Policy Changes

The functioning and performance of all institutions hinges on the policies of the government. The Organizational Structure of the institution must reflect and synchronize with the policy. Unfortunately, Government Policies change at the mercy of the “Haus Tambaran” leaving institutions high and dry. Seldom, institutions survive the change in policy and too often they are being blamed and must answer to the critics. Department of Works has been through a lot of policy changes over the years, thus strangling the process of service deliverance. There is no intention to explore the subject, but admission to the problem is the first step to finding a solution.

4.3.1 Perseverance through Engagement

Department of Works realizes that it cannot convince policy-makers and come out victors through paper fights. Instead it believes that by persevering, it should raise eyebrows in the hope to gain support towards a more favourable policy. Department of Works Sealing Teams are now being deployed in various projects around the country. As it gathers more and more road projects, it should recapitalize some of the aging fleet. In the last 3 years, the sealing team in Wewak has completed the Vanimo/Wutung Road, Pagwi Road, resealing of part of Sepik Highway and are now programmed to seal Angoram Road. The team based in Kundiawa has completed Hagen Town Roads and is currently working of the Wabag Town Roads. The crew in Kimbe is also busy carrying out sub-contract work on the New Britain Highway, towards Biella.

4.3.2 PTB Trust Account

Plants/Equipment previously donated or purchased through GoPNG funds has been left to “rot away” because of lack of government funding under the recurrent budget to repair and maintain them. Revenue generated from the hire or use of these items “disappears” into the Consolidated Revenue with no returns to PTB to cover operational and maintenance costs. As a counter-measure, Department of Works has set up a Trust Account with all financial instruments already in place. This time, all Revenue generated from the use of PTB plants items, would no longer go to the Consolidated Revenue, but instead be kept in the Trust Account for the purpose of sustaining the operation of PTB. This mechanism of self-sufficiency and sustainability has brought a new growth, a positive outlook, a new lease of life for DOW. Accounting staffs of the department, including Plant Managers have undergone training to equip themselves to handle this shift in financial management.

Department of Works is working towards eradicating the short-comings by reorganizing and restructuring the establishment. With the support of other key organizations and institutions, it should be able to find its way back and regain those lost pride. Research into newer methods of construction is also one area the department is keen to accommodate while at the same time, persevere in the industry against field and bureaucratic competition. Training of Apprentices in the field of Mechanics would also

be taken on board as part of PTB's commitment to personnel development. Apprentices in the timber industry would also be trained through the development of a designed form of community participation arrangement. Engaging in partnerships would captivate desires to be expressive. By empowering our partners, we are capturing abilities, talents, gifts and potential. In the end, our destination is but achievable. To conclude, it would be appropriate to finish with this statement by the founder of one of the world's most successful businesses:

Around here, we do not look backwards for very long. We keep moving forward, opening up new doors and doing new things, because we are curious . . . and curiosity keeps leading us down new paths. [Walt Disney]

Practical Solutions to Addressing Supply & Tenders Board Operations at District, Provincial and National Levels

Bryan Kiminns, Chairman Central Supply and Tenders Board

The Central Supply & Tenders Board (CSTB) is established under legislation to control and regulate procurement in Papua New Guinea. As well as providing assistance, guidance and technical advice to National Departments the CSTB has an oversight and monitoring responsibility in relation to Provincial Administrations. The Board's current mandate does not apply to District level, the CSTB has however, proactively participated in the development of the "Fit for Purpose" Instruction to guide Provincial Administrations and District Administrations with the management of procurement processes deployed under the new District Services improvement Program. In October 2006 the release of amended Finance Instructions and Good Procurement Manual (GPM) brought the legislative, regulatory and guidelines based framework relating to Government Procurement in Papua New Guinea into line.

The CSTB Trainers have since been conducting awareness training on the Good Procurement Manual and Board Operations Manual. This awareness training is now being expanded to include basic contract management, project and risk management. One of the key impediments to mainstreaming good procurement practice in PNG has been the lack of available technical training. In this regard the CSTB has been working with the Chartered Institute of Purchasing & Supply Australia and New Zealand (CIPSA) to establish themselves in PNG. CIPSA is the peak procurement body in the region and are able to deliver internationally recognized procurement qualifications. There are now 107 CIPSA members in PNG including officers from National Departments and all Provincial Administrations. Later this year CIPSA will run an orientation workshop for new members in PNG and will pilot a certificate level training course. The CSTB will take primary carriage of the interface with CIPSA until there are a sufficient number of members and it becomes self sustaining.

One of the other key priority areas of focus for the Central Supply & Tenders Board and Secretariat has been to improve accountability and transparency in procurement. To this end the CSTB has reviewed and amended its tender registration processes to make them more robust and transparent. The CSTB purchased a new tender box and security perforator to speed up and improve the integrity of the registration process. All tenders are opened publicly and that information is loaded onto the Central Supply & Tenders Board website and placed on the notice board in its reception area (www.cstb.gov.pg).

The CSTB is now for the first time also gazette contracts executed by the Chairman and Governor General for and on behalf of the State. This is another measure of improved transparency. The CSTB is working together with Donors such as the Asian Development Bank, World Bank and Aus AID to address a number of key areas requiring immediate attention such as the development of standard bidding documents for use in PNG as well as benchmarking country procurement systems against

internationally agreed indicators. The flow on effect of these activities will benefit both Provincial and District Administrations.

Transport & Infrastructure Sectoral Committee Paper

Pae Gure, Chairman, CIMC Transport & Infrastructure Sectoral Committee

Acting Prime Minister, Hon. Dr. Puka Temu, Minister for National Planning & District Development & CIMC Chairman, Hon. Ministers, Departmental Heads, Heads of Foreign Missions and Development Partners, Ladies and Gentlemen, it gives me great pleasure to present the CIMC's Transport & Infrastructure Sectoral Committee's Report for 2008.

In 2008, the Committee met twice and worked on the following issues which made up its 2008 Work plan. This is a report of what the Committee has done in 2008. I am going to be frank in saying that the Committee has not made progress on some of the issues it has identified to work on early in the year due to various reasons. It is important for this forum to know those reasons as I believe it will pave the way for more meaningful contribution by the Committee in future.

One of the main reasons has been resource constraints, especially funding support to the work of the Committee by way of a small budget to support its work. The Committee wishes to increase its scope but due to funding constraints it has been unable to meaningfully undertake many of the activities it has identified for 2008.

The second reason is to do with the lack of a dedicated project officer who would be directly responsible to the Chairman of the Committee for dedicated and timely delivery of work given to the officer for quick actioning by the Committee. Although the Officer can be located within the CIMC Secretariat, it is ideal that he/she can be best placed in one or two of the key agencies (DoT or DoW) as a nominated officer for actioning the Committee's decisions and for coordination purposes

Now, going onto some of the recent work done by the Committee.

Highlands Highway Road Slippage at Gera, Simbu Province

The first meeting of the Committee for 2008 was an emergency meeting in April to address the Highlands Highway slippage at Gera, Simbu Province. This meeting resulted in a select group of people (Committee members and business representatives) who met with the Deputy Prime Minister and raised concerns and suggestions for quick action on the affected part of the slippage on the Highlands Highway which led to the NEC meeting held in Madang the following week announcing emergency measures to be taken by government to address the problems at Gera.

The Committee is grateful to the Deputy Prime Minister, who listened to the business and civil society representatives and brought the issues immediately to the attention of government and prompt actions were announced by Government.

Widening of Membership of the Committee

Several industry bodies and organizations have been invited to join as new members of the CIMC Transport & Infrastructure Committee in 2008 which includes the Port Moresby Chamber of Commerce, PNG Chamber of Commerce, PNG/Australia Business Council, PNG Business Council, PNG Chamber of Mines & Petroleum, PNG Manufacturers Council and Trade Union Congress.

Work plan of Committee for 2008

The Transport and Infrastructure Committee identified 6 activity areas as their key issues to work on during 2008. The status of each activity is detailed below:

Activity

Output 1: to develop Rural Roads Maintenance Program to be adopted by Government and in use

1.1 Provincial Roads & Feeder Roads Plans obtained from all provincial administrations and analysed

Rationale: The main idea behind this is for the Committee to seek all provincial roads and feeder road plans from provincial plans and to come up with a Rural Road Maintenance Program that can be adopted and funded by both the National and Provincial Governments in a timely and consistent manner.

Status: this has not been done as the Sub-Committee on this has not met yet. It will be progressed in 2009.

Output 2: Policy on intermediate transportation formulated and ready for consideration by Government

Rationale: The idea behind this is for Government to consider best available inexpensive and most appropriate transportation options and make it available for people, especially in the rural areas to access.

Status: This was thought to be not achievable and irrelevant for PNG's situations although some considerations can be given to some form of alternative transportation such as the use of animals especially for rural villagers.

Output 3: Program for Maintenance of District Infrastructure designed and proposed to government (combining transport, health and education sectors)

Rationale: This was for the Committee to look at possible ways to be proposed for the Government through DoW to consider a program for maintenance of district infrastructure such as schools, clinics, etc

Status: This is very important and the Committee will work with the relevant government agencies to progress this in 2009.

Output 4: National Road Safety Audit undertaken and Report ready for Government

Rationale : It was brought to the attention of the Committee that some road design and construction in the country is undertaken without proper supervision and checks to ensure road designs and construction take into account the safety of passengers and passers by.

Status: this is very important and the Institute of Engineers and National Road Safety Council have been approached to start investigating avenues for this to be commenced.

Output 5: Effective Coastal Shipping issues addressed

5.1 International Port Safety and Security Standards (ISSP) met

Rationale: Due to increasing terrorism activities and money and people smuggling activities in the world most international ports are required to put in place ISSP standards and PNG ports is no exception.

Status: Department of Transport have said that most part of the ISSP have been actioned.

5.2 Port Services improved

Status: This is being achieved throughout all ports in PNG.

5.3 Community involvement in maritime projects enhanced

Rationale: to ensure communities are meaningfully engaged in maritime projects so there is ownership in the up keep/maintenance of maritime facilities such as lighthouses, jetties, etc

Status: National Maritime and Safety Authority have stated that they have undertaken a community ownership enhancing project “Community Lighthouse project” which has proven successful and lessons can be learnt on how best to utilize communities to own and assist in maintenance and upkeep of national assets.

Output 6: Monitoring of Projects or sector/Committee’s initiatives

6.1. National Road Authority

Rationale: to ensure private sector and civil society concerns are brought to the attention of the Board regarding NRA operations and activities

Status: The NRA is being implemented fully and the Committee’s Chairman as the Deputy Chairman on the NRA Board.

Each of the members of the Committee provided updates on their work programs and key issues for consideration by Government at a recent meeting of the Committee. The Committee would like to bring to the attention of this forum some of these keys issues,

concerns and possible recommendations to be forwarded to government and other stakeholders to address.

1. Department of Works

At a recent meeting of the Committee, it was made known that the Department of Works was given K376 mil in the 2008 Development Budget to maintain 16 priority national roads including the Highlands Highway as identified by the Medium Term Development Strategy (MTDS) and the National Transport Development Plan (NTDP) which places emphasis on maintenance of current road infrastructure throughout the country. See table 1 below.

Table 1. 2008 Development Budget Summary (Source: DoW)

Program/Project	Appropriation (Kina)			To Date	
	Total	GoPNG	Donor	Available	Expenditure
RURAL TRANSPORT DEV. PROGRAM	1, 000, 000	1, 000, 000	0	0	0
PTB Revitalisation	1, 000, 000	1, 000, 000	219, 594, 600	0	0
MAINTENANCE OF NATIONAL ROADS	321, 394, 600	101, 800, 000	219, 594, 600	0	0
National Road Maintenance	30, 000, 000				
World Road Maintenance	69, 582, 400				
ADB Road Maintenance	106, 701, 500				
Highlands Highway (AusAID)	21, 647, 500				
National Roads & Bridge Maint. (Aus)	247, 800				
Transport Sector Support Program (Aus)	93, 215, 400				
PROVINCIAL ROAD TRANSPORT SUPPORT	10, 333, 300	3, 000, 000	7, 333, 300	0	0
Napanapa Link Road Management	3, 000, 000	3, 000, 000	0		
Usino Junction to Yamagi	7, 333, 300	0	7, 333, 300		0
CONSTRUCT. OF NATIONAL ROADS	17, 678, 100	2, 900, 000	14, 778, 100	0	0
Road Asset Management	500, 000	500, 000			
Design	500, 000	500, 000			
Kerema-Malalau	1, 000, 000	1, 000, 000	0		
Infrastructure Development Project	492, 400	0	492, 000		
Bridge Asset Management System	500, 000	500, 000	0		

Construction Equip. & W/shop Facilities	14, 285, 700	0	8, 571, 400		
Ramu Arbitration	400, 000	400, 000	0		
CONSTRUCTION OF BRIDGES	25, 571, 400	17, 000, 000	8, 571, 400	0	0
Highlands Highway Bridge Replace. (JICA)	1, 000, 000	1, 000, 000	0		
Markham Bridge Construction (JICA)	9, 571, 400	1, 000, 000	8, 571, 400		
National Bridge Maintenance	15, 000, 000	15, 000, 000	0		
Total	375, 977, 400	125, 700, 000	250, 277, 400	0	0

Key Issues or Concerns

The Department has brought to the attention of the Committee several pressing issues which need to be addressed by Government and stakeholders, especially communities as a matter of urgency.

Compensation Claims and Security of Contractors

The Committee was made aware of the increasing levels of compensation demands on road maintenance projects by landowners on the Department and private contractors. A typical example of this is the constant news coverage on the Highlands Highway Redevelopment Project funded by the ADB which encountered many such problems. Even major contractors face difficulties with insurance guarantees because the risks are too real and costly to the commercial banks who are unwilling to give loans. The cost of undertaking work on some parts of the Highlands Highway far outweighs the net gains for contractors so they are reluctant to take up projects. Hence, time and time again delays have been experienced. For example, machinery belonging to a LORMA CONTRACTORS were damaged when working on a contract on the Simbu Section of the Highlands Highway.

This type of experiences is not good to the sectors image and hence must be stopped as a matter of national importance. A few disgruntled landowners can not hold the state and the majority of Papua New Guineans who use the highway including businesses to ransom.

Donor Funding Draw Downs affected

The Department of Works also highlighted that donor funded projects, especially ADB funded road maintenance projects can not be drawn down quickly as they would have liked because of implementation issues especially with big projects. For example, due to poor performance of contractors selected for particular projects, the completion of all upgrading work are affected and not on time. For instance ADB funded Mendi-Nipa

section of the road experienced delays because the section was divided into 2 parts and the contract was awarded to 2 different contractors. One contractor did a good job when the other has not started work yet. A contractor must do a good job and get the job certified and then get paid out. This affects loan draw down. The loan has a 'loan period' which means draw downs should happen within the loan period. Because of delays due to poor contractor performance this affects loan draw down.

Delays in awarding of Contracts

It was also pointed out to the Committee that projects worth large amounts of over K10mil, which is the cut-off amount for Central Supply & Tenders Board approval go to the NEC. These projects take too long to be awarded hence commencement of road maintenance work on particular sections of national roads are delayed. In addition, the condition of the roads deteriorate because of the time it takes to award the contract. In so doing, it increases the cost of the contract.

Reviving of (Plant and Transport Divisions) PTBs

Government made the decision to rescind a previous government's decision to scrap all PTBs in 2003 and directed DoW to revive PTBs in all 19 provinces including NCD. DoW is now fully implementing this decision. The reasons for these were:

1. to have VIP fleets in all 19 provinces for government to use when on official government duties.
2. to have basic construction equipment stationed in the 19 provinces to assist in times of emergencies and for use on roads where there is lack of private contracting capacity.
3. for other considerations

There were issues of misuse that needed to be sorted out with opening of a Trust Account for this to be realized. This has been sorted out by the current administration which now paves the way for JICA to fund the construction equipment and operating of the VIP and other pool hire vehicles.

Reasons for reviving of PTB's which could address the theme of this forum are:

1. Provide opportunities for apprenticeships (technical or mechanical skills training for students from vocational and technical education institutions) who can be taken on for specific periods of time to learn the skills of the trade and work on nominated projects. Some of them will go to the private sector or be self employed.
2. Address issues raised by the CIMC Regional Forums about the need for technical people to be based in districts to supervise road works projects say under (DSIP) Funding, etc and or those put in by Members of Parliament.

3. For communities to seek technical help in monitoring of projects undertaken by Members of Parliament or by any instrumentalities of government, say donor funded projects, etc
4. Department Works can assist the Office of Rural Development in providing technical advice, provide documentation (tender documents for DSIP projects), scoping of works, supervision, which would entail making sure that contractors do a good job to specifications and standards set by DoW.

Department's efforts to assist in implementation of DSIP

The Department is in the process of approaching the Central Supply & Tenders Board for clearance for DoW to pre-qualify potential contractors to assist with the implementation of the DSIP. The reason behind this is that many CIMC Regional forums in 2008 have raised capacity issues within districts to implement projects and so the DoW needs to confirm what the Department has at the moment and qualify what is in the country in terms of contractors, etc. Once pre-qualified contractors are identified, DoW will only invite pre-qualified bidders to bid for construction or whatever projects under DSIP. Based on the recommendation made a contract is awarded. This expedites the procurement process.

National Roads Authority (NRA)

The NRA, which emanated from the work of the CIMC Transport & Infrastructure Committee since 1999 has now been fully established with the Chief Executive Officer, recruited in mid 2007. As was envisaged, the NRA has now been given the mandate to look after, as a test project, the 40 km Lae to Nadzab section of the Highlands Highway. At a recent meeting of the Committee, the CEO stated the NRA is undertaking survey and design of this section of the road to determine what needs to be done and to come up with the costing for the maintenance of this section of the Highlands Highway.

The Committee feels that the NRA must assume responsibility for maintenance of all national Highways as was initially anticipated. In fact, it is encouraging to note that the Department of Works and NRA are working together to ensure that this happens in reality. It is also encouraging to note that with the NRA taking on the maintenance of national roads, the DoW can now concentrate on other important roads such as feeder roads which link up the bulk of the population who live in the rural areas.

On the issue of 4toea out of the 7toea excise collected by the NRA, the Committee felt that the public is being unfairly treated in that it is paying 3toea for nothing as this money goes to Government and not NRA to maintain the national roads as was initially intended.

Recommendations:

1. NEC to identify ways to fast track awarding of road maintenance contracts worth over K10 mil to avoid delays in awarding and commencement of road maintenance projects.
2. Department Works to assist the Office of Rural Development in providing technical advice, provide documentation (tender documents for DSIP projects), scoping of works, supervision, which would entail making sure that contractors do a good job to specifications and standards set by DoW
3. NRA to be given the fully 7toea excise on diesel collected by the IRC so that this money is put back to maintenance of roads, not on other program/s of government.
4. The Committee supports the Government's decision to revive the PTB's but focus should be on ensuring provision of and upkeep of basic construction equipment stationed in the 19 provinces to assist in times of emergencies and for use on roads where there is lack of private contracting capacity, rather than on VIP fleets as this is seen as a wastage area and is prone to abuse.
5. Government to address donor funding draw down issues by properly screening and awarding contracts to capable contractors. Perhaps pre-qualifying of contractors is one way of improving this area.
6. Government to draw up a national scheme which looks at meaningfully involving landowners in road maintenance and construction projects to avoid security and related risks for contractors. Perhaps look at working models and apply lessons learnt from successful community engagement initiatives in the sector such as the Community Lighthouse project managed by the National Maritime and Safety Authority.
7. Government to provide additional funding through CIMC for the Transport Committee to recruit a dedicated Project Officer for the Committee and for its operations

Forum Closing Remarks

Ms. Winnie Kiap, Acting Secretary, Department of Prime Minister and NEC

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 Acting 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 Commissioner for Customs, 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.

List of Organisations Represented

No.	Name of Organisation or Village
1	Academic
2	Administration of Bougainville
3	AJA Accountants
4	Alliance Vanuga Pificica
5	ARDSF
6	AusAID
7	Australia PNG Business Council
8	Avatip Village
9	Bank of PNG
10	Bank South Pacific
11	Bewani Wutung Onei LLG
12	Bouganiville Administration
13	Brian Bell & Co
14	Buka Administration
15	Business Council of PNG
16	Caritas Papua New Guinea
17	Catholic Bishop Conference
18	Central Provincial Administration
19	Centre for Budget & Governance Accountability - India
20	Churches Medical Council
21	Community Development Committee
22	Country Women's Association
23	Daru Provincial Administration
24	Daru Provincial AIDS Committee
25	Department of Commuinity Development
26	Department of Finance
27	Department of Health
28	Dept. of Agriculture & Livestock
29	Dept. of Central
30	Dept. of Commerce & Industry
31	Dept. of Finance
32	Dept. of National Planning & Monitoring
33	Dept. of PM & NEC
34	Dept. of Prov.Affairs & LLG
35	Dept. of Transport

36 Dept. of Treasury
37 District Office Lumi
38 Divine Word University
39 Division of Tutuman
40 East Sepik Council of Women
41 Eastern Highlands Advisory Committee
42 Eastern Highlands Provincial Administration
43 Employers Federation of PNG
44 FGN Business Management Consultancy
45 Fisheries Association
46 FSVAC - Southern Highlands
47 FSVAC/CIMC
48 Galley Reach Holding Ltd
49 Ginigoada Bisnis Dev Foundation
50 Goilala District - Tapini LLG
51 Gulf Provincial Government
52 Hela Council of Woment - Tari
53 Hope World Wide
54 Huon District Office
55 INA & CIMC
56 Institute of National Affairs
57 ISYA
58 Jacary Services
59 Jubilee Catholic Secondary School
60 Kavieng Urban LLG
61 Kerema Urban LLG
62 Koiari Tours
63 Koki LLG
64 Kokonas Industri Koporesen
65 Kukikiki Landowner Tribe
66 Kukukuku Landowner
67 Law & Order Justic Sectary Program
68 Leitana Nehan Womens Development Agency
69 Liklik Stoa Association
70 Madang Growers Association
71 Madang Provincial Administration
72 Madang Provincial Council of Women
73 Manpower Management
74 Manufacturers Council of PNG
75 Maren Village

76	MBCSA
77	Media Council of PNG
78	Melanesian NGO Centre for Leadership
79	Menyamy District-Morobe
80	Michael Gene Consultancy Service
81	Minister for Public Service
82	Momase Regional Secretariat
83	Morata Life Berers Catholic Church
84	Morata Settlement
85	Moresby South Community Leader
86	Morobe Provincial Government
87	Morobe Provincial Government
88	Morobe Tutuman
89	Motu-Koitabu Community & Youth
90	National Council of Women
91	National Parlaiment House
92	National Research Institute
93	National Youth Commission
94	NCD - Council of Women
95	NCD Aids Counselling Spirtual Committee
96	NCD Informal Youth
97	NCD Provincial Aids Committee
98	NCD Provincial Youth Council
99	NCD PTC
100	NCD/Informal Sector Youth Association
101	NCDC
102	NCDC- Sabama Settlement - NCD
103	NEFC
104	Office of Rural Development
105	Office of Urbanisation
106	Oil Palm Industry corporation
107	Oil Search Ltd
108	Ombudsman Commission
109	Oro Chamber of Commerce
110	Oro Provincial Administration
111	Pacific Adventist University
112	Papua hahine Social Action Forum
113	Peace Foundation Melanesia
114	Peace Foundation Melanesia (SHP)
115	PNG Chamber of Commerce & Industry

- 116 PNG Chamber of Mining & Petroleum
- 117 PNG Church Partnership Programme
- 118 PNG Cocoa Coconut Institute LTD
- 119 PNG Community Development Foundation INC
- 120 PNG Council of Churches
- 121 PNG Customs, IRC
- 122 PNG Ecology Institute - Rural Development & Conservation
- 123 PNG Forest Authority
- 124 PNG Growers Association
- 125 PNG Industry Tourism Association
- 126 PNG Informal Community Development Services
- 127 PNG Institute of Accountants
- 128 PNG Mental Health Foundation
- 129 PNG Microfinance Ltd - Koki
- 130 PNG Sustainable Development
- 131 PNGULLA
- 132 POM Chamber of Commerce & Industry
- 133 Pom City Mission
- 134 POM General Hospital
- 135 POM Settlement Association
- 136 POM South LLG
- 137 Poreporena Lahana Congregation
- 138 Port Moresby City Mission
- 139 Port Moresby General Hospital
- 140 Prison Fellowship
- 141 Private Citizens
- 142 Protect Security & Chairman L & O
- 143 Provincial Government
- 144 Provincial Youth Council
- 145 Public Employees Association
- 146 Public Enterprise
- 147 Ravore Community Development Forum
- 148 Rigo Central Association
- 149 Rigo Informal Association
- 150 Rigo rugby League Association
- 151 RSA Foundation
- 152 Rural Industries Council
- 153 Sandaun Provincial Administration
- 154 Save the Children

155	SDA
156	SDA Church - Ela Beach
157	Security Industries Authority
158	Small Business Development Corporation
159	SP Brewery
160	ST. Martin De Pores Parislt Morata
161	Steamships Trading Company
162	Tanorama LTD
163	Tenkile Conservation Alliance Inc
164	The National
165	Tomar-Vunadirdir LLG
166	Tourism Promotion Authority
167	Transparency International PNG
168	Trukai LTD
169	TVET
170	United Church
171	United Church Koki
172	University of PNG
173	University of Vudal
174	Urban LLG
175	Wantok Niuspaper
176	Wapnamada Coffee Factory
177	Waptikau Consultants
178	Western Provincial Aids Committee
179	Whoty Environment Conservation - Eco Tourism Project
180	World Vision

Forum Proceedings

Day One – Wednesday 6th August 2008 : 8.30 – 9.00 am Registration

SESSION 1: OFFICIAL OPENING

Master of Ceremony: - Mr. Henry Kila, President, PNG Business Council.
Prayer: Rev. Sommy Setu, PNG Evangelical Church of Papua
National Anthem & Pledge: Carr Memorial Primary School
Opening Address: Hon. Dr. Puka Temu, MP, Deputy Prime Minister
Keynote Address: Hon. Paul Tiensten, MP, Minister for National Planning & District Development & Chairman of CIMC

Questions and Discussions

SESSION 2: ENHANCING DECENTRALISATION

Chair: Dr. Alphonse Gelu, Coordinator, Sub-national Research Program, National Research Institute
Purpose of the Forum: Marjorie Andrew, Executive Officer – CIMC

Overview of 2009 Budget Preparations

Speaker: Mr. Aloiyisius Hamou, Acting Deputy Secretary, Dept. of Treasury

Status of 2008 Budget- Mid-term Review Outcome

Speaker: Mr. Joseph Lelang, Secretary, Dept of National Planning & Monitoring

Local Level Government Reforms and Community Development

Speaker: Dr. Eric Kwa, Dean of Law, University of PNG

Open Forum (Questions and Answers)

SESSION 3: ENHANCING DECENTRALISATION

Chair: Mr. George Arua, Director, National Training Council

Equalisation Funding Arrangement: Implementation Challenges

Speaker: Dr. Nao Badu, CEO, National Economic Fiscal Commission

Upper House of Parliament

Speaker: Sir Barry Holloway

PSRAG'S "Improved Decentralization" report

Speaker: Mr. Graham Tuck

LG & Community Commission & LG & Community Service and District Authorities

Speaker: Mr. John Nilkare,

Open Forum (Questions & Answers)

Group Discussions & Recommendations

Facilitator: Melanesian NGO Center for Leadership

Report Back Session

Day Two – Thursday 7th August, 2008 : 8.30 – 9.00 am Registration
<p>SESSION 4: STRENGTHENING AGRICULTURAL PRODUCTION</p> <p>Chair: Paul Barker, Director, Institute of National Affairs</p> <p>Status of Implementation of the NADP</p> <p>Speakers 1: Mr. Martin Bal, Director, National Agricultural Development Plan Secretariat Agriculture Sectoral Committee's Report</p> <p>Speaker 2: Mr. Ricky Mitio, Agriculture Sectoral Committee's Report</p> <p>Food Security for PNG – Strategies for Avoiding Food Crisis?</p> <p>Speaker 3: Dr J S Bailey, Research Programme Leader, National Agricultural Research Institute (NARI) Highlands Programme, Aiyura</p> <p>Open Forum (Questions and Answers)</p>
<p>SESSION 5: PRIORITIES FOR THE PRIVATE SECTOR</p> <p>Chair: Mr. John Leahy, President, PNG Chamber of Commerce and Industry</p> <p>CIMC Commerce & Supports Service Committee Recommendations</p> <p>Speaker: Mr. Henry Kila, Chairman, CIMC Commerce & Services Committee Report</p> <p>Private Sector Growth Strategy: Conceptual Framework</p> <p>Speaker: Mr. Anton Kulit, Secretary, Dept. of Commerce & Industry</p> <p>The Challenges of Trade Facilitation & Trans-national Crime</p> <p>Speaker: Mr. Gary Juffa, Commissioner of Customs, Internal Revenue Commission</p> <p>Informal Economy – Draft Policy</p> <p>Speakers: Mr. Max Kep, Chair of CIMC Informal Sector Committee</p> <p>Open Forum (Questions & Answers)</p>
<p>SESSION 6: REGIONAL FORUM REPORTS: DISTRICT SERVICES IMPROVEMENT PROGRAM & LLGS</p> <p>Chair: Dr. Thomas Webster, Director, National Research Institute</p> <p>Speaker 1: Papua Regional Representative – Ms. Susan Setae</p> <p>Speaker 2: Highlands Regional Representative – Mr. Peter Gull</p> <p>Speaker 3: NGI Regional Forum Representative – Sr. Lorraine Garasu</p> <p>Speaker 4: Momase Regional Forum Representative – Mr. George Ireng</p> <p>Questions and Answers</p> <p>Group Discussions – Topical Groups</p> <p>Report Back Session</p>

Day Three – Friday 8th August, 2008 : 8.30 – 9.00 am Registration

SESSION 7: ENFORCING THE RULE OF LAW

Chair: Mr. John Toguata, Development Practitioner, Fraud & Corruption Advisor,
Law and Justice Sector Program

National Anti-Corruption Strategy

Speaker: Mr. Mathew Yuangu, Director, National Anti-Corruption Alliance (NACA)

CIMC Law and Order Committee's Report

Speakers: Mr. Graham Ainui, Chairman, CIMC Law and Order Committee

Questions

Managing Law and Order Problems in Cities: *Yumi Lukautim Mosbi Projek* Experience

Speaker: Mr. Rabura Aiga, Executive Officer, NCDC Urban Safety Unit/Committee

Open Forum (Questions and Answers)

SESSION 8: SUPPORT FOR INFRASTRUCTURE AND TRANSPORT SERVICES

Chair: Mr. Chey Schovell, Executive Officer, PNG Manufacturers Council

Department of Works: Emphasizing Partnership & Empowering Partners

Speaker: Mr. Brian Alois, Acting Principal Field Coordinator, Northern & Islands Region,
Dept. of Works

Practical Solutions to Addressing Supply and Tenders Board Operations at District, Provincial and
National Levels

Speaker: Mr. Brian Kimmins, Chairman, Central Supply and Tenders Board (absent)

CIMC Transport and Infrastructure Issues and Recommendations

Speaker: Mr. Pae Gure, Chairman, CIMC Transport and Infrastructure Sectoral Committee

Open Forum (Questions & Answers)

Group Discussions – Topical Groups

Report Back Session

Official Closing Remarks – Ms. Winnie Kiap, Acting Secretary,
Department of Prime Minister & NEC