



Consultative
Implementation and Monitoring
Council



REPORT

NATIONAL DEVELOPMENT FORUM

ON

*IMPROVING THE BUDGET SPENDING PROCESS: ENSURING TRANSPARENCY
AND ACCOUNTABILITY AT ALL LEVELS*

VOLUME 2 : PAPERS AND DISCUSSION

24TH – 26TH OCTOBER 2007

STATE FUNCTION ROOM
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Mr. Henry Kila, Chairman of Business Council of PNG

Ladies and gentlemen, welcome to the 2007 National Development Forum. This forum has been held in partnership not only between the government and the private sector but it has developed into an opportunity for many stake holders in the quest for discussion and implementation of strategies and plans.

In 1998 the government of the day, made the decision to incept the concept of the Consultative Implementation and Monitoring Council (CIMC) to its own secretariat directly under the Department of National Planning and Monitoring.

Since that time, the CIMC with the support of successive governments and in particular the Minister for National Planning and Monitoring have provided much needed support and the political will needed for this important institution of dialogue to move forward. Forums have been held providing opportunity for the stakeholders at all levels to participate in the process and in particular, the formulation of the budget process.

This year's forum brings together people from all sectors to discuss topics around the theme of "Controlling the budget spending process, Ensuring transparency and accountability at all levels". It is therefore fitting that I invite, the person in charge of the CIMC process, the Minister for National Planning and District Development to officially open the forum. Please make him welcome, the Minister for National Planning and District Development, Hon. Paul Tiensten.

Keynote Address and Opening of the 2007 National Development Forum by Hon. Paul Tiensten, LLM, MP, Minister for National Planning and District Development

Introduction

Thank you for the opportunity to address this distinguished forum on behalf of the Somare-Temu Government, for the first time as Minister for National Planning and district Development, and Chairman of the CIMC.

Let me thank the Master of Ceremony for his welcome remarks and CIMC Secretariat for doing everything possible to bring everyone here. And on this note, let me on behalf of the Secretariat thank each and everyone of you for accepting the invitation to attend this forum – to exchange views, ideas, and information on a very important topic that is close to the hearts of many in this room: “Improving the Budget Spending Process: Ensuring Transparency and Accountability At All Levels.”

The Topic

Given the importance of this topic, I firmly believe that no one in the audience should doubt nor deny its relevance and timeliness. For me, the topic is a very appropriate one at this very time.

In fact, many will agree that the discussions over the next three days are long overdue.

I have been told that this year’s National Development Forum is the culmination of a long three year CIMC consultation process focused on the overall theme of “Opening up the Budget Process”, dating back to 2005, involving Government and a countrywide network of civil society partners who are represented here today. So in essence, consultation dialogues have been happening for sometime. But while important given the need to educate ordinary Papua New Guineans on laws, systems, processes, and procedures of budget formulation, disbursement, and reporting in order to help shape public opinion and scrutiny on the budget, the fundamental challenge remains – and I would like to state it in the words of a participants at the New Guinea Islands CIMC Forum early this year when he asked: “here we speak about the economic growth at 4.5 per cent but can you please state what that will translate into, and why is K1.1 billion sitting in the trust accounts?” – end of quote.

Another participant asked how it is possible to have the economy growing at a rate of 4.5 per cent and there are many issues pointing in the opposite direction, judging by the state of play on the ground.

This very question continues to baffle the hearts and minds of millions in this country, from those in isolated remote rural communities all the way to Members of Parliament and colleague Ministers. Even the Prime Minister is concerned.

Background

To help put everything in perspective, Papua New Guinea has many sound laws and policies, including the Medium Term Development Strategy, commonly known as the MTDS, Medium Term Fiscal Strategy, and Debt Management Strategy. Revenue has exceeded Department of Treasury's projections, due to a number of factors including political stability, policy consistency, and increased commodity prices, resulting in a record four consecutive Supplementary Budgets totaling K3.4 billion from 2006 to 2007.

At the same time, the Government has been committing a growing portion of the budget to the expenditure priorities of the MTDS focused on rehabilitation and maintenance of transportation infrastructure, HIV/AIDS prevention, law and justice, basic education, primary and preventative health, development oriented adult education, and promotion of income earning activities – which remain the most important areas we can invest in, in order to establish the building blocks for the long term benefit of Papua New Guinea. And my role as Minister for National Planning is to ensure this alignment based on a carefully planned, step-by-step, medium term approach to development. The selection of this approach is in full appreciation of the fact the Papua New Guinea's development challenges cannot be tackled overnight, but over time, as is the case in every other country.

This Government is responsibly managing the affairs of this nation by design – not by default – and the carefully calculated steps we have taken since 2002 have yielded unprecedented gains.

The Challenge

Despite these strong and very encouraging elements of progress in the country since independence, we must not underestimate the challenges still facing the country. Access to quality education and health care, including the timely supply of school materials and medicines, reliable transportation infrastructure, peace and good order including respect for human rights, especially the rights of women and girls for sexual abuse and violence, will remain at the heart of the Government's focus and development strategy.

The problem of uneven development is a particular challenge for the country, where the spread between the well-to-do and the worst performing provinces and districts is particularly evident. Worse still, many of our worse off districts seem to be stuck. I believe that a special programme focused on the top priority needs of the least developed districts is obligatory.

Coming back to the heart of the issue, it is obvious that the real challenge today is no longer political and policy instability or lack of funding.

What our leaders and ordinary people are desperately demanding is appropriately planned, evident, and responsible budget spending and reporting, in accordance with

current laws, systems, processes, and procedures. These are the basic cornerstones of Results-Oriented Public Expenditure Management.

And I urge you to give quality time to these issues during this consultation forum given their strong relevance to the question of why the extraordinary gains from increased commodity prices, and macroeconomic, political, and policy stability have not been flowing down to where it matters most as quickly as expected.

Managing Public Expenditure for Results

Before I conclude, I wish to briefly highlight a number of issues relating to “managing public expenditure for results” which is highlighted in the Medium Term Development Strategy. Specifically, this relates to cost-effective implementation of programmes.

Over the past decade Papua New Guinea has adopted a variety of approaches to achieving better performance, mostly in response to the call for improved cost-effectiveness, improved policy outcomes, increased client satisfaction, and accountability for all these to Parliament and the public at large. As a result, many of our laws, systems, processes, and procedures remain very much in place today, however, are susceptible to a number of weakness.

In terms of performance management, Papua New Guinea is generally good at designing policies, strategies, plans, programmes, and budgets, however, are we effectively undertaking these? Furthermore, how do we place ourselves with regards to our monitoring, evaluation, and feedback, in order to build a strong self-correcting and self-reinforcing policy and budget system? Too often, the quality of performance information is dubious and compiled and published very late. The immediate cause is low capacity but the fundamental cause, to me, is the lack of internal and public demand for transparency and accountability, that is, better understanding of the patterns and drivers of performance and the reasons for shortfalls.

Too often, achievements are vulnerable to frequent changes in personnel and institutions structures, in the absence of the consistent external pressure for accountability.

Apart from these, there are complex combinations of factors which continue to affect Governments management of public expenditure for results. Some of these key issues are currently being considered under the Public Expenditure Review and Rationalization Programmes.

A lot still needs to be done if we want to see real development gains in the form of improved living standards and quality of life of ordinary Papua New Guineans.

Conclusion

In conclusion, the topic of discussion at this forum is very relevant, given the urgent need for real tangible development benefits flowing from Waigani to remote rural village communities, particularly, given the current political and macroeconomic environment.

As such, my challenge to this forum is to provide an opportunity for all stakeholders represented here to discuss issues in the most frank and collegial manner – given the need for us as a country to quickly move forward, away from the current state of lack of implementation into an era where budget spending is more evident and responsible – according to established rules, systems, processes, and procedures, in other words, performing our duties and responsibilities right, in response to the increasing call for increased transparency and accountability in budget spending.

Finally, I wish to leave with you a Japanese proverb which says: “nothing will grow if the seed is not sown”, so let us spend the next three days in the most productive manner possible.

I wish you well in your deliberations and I stand ready to take your recommendations of this forum to Cabinet.

Thank you.

Questions and Discussion: After the Minister's Speech.

Matilda: Before we talk about improving the budget spending process and ensuring transparency and accountability at all levels of government, what happened to the government's inquiry in to the Department of Finance which was set last year?

Hon. Paul Tiensten in reply: I can't be standing here talking on behalf of the Prime Minister on that Commission of inquiry in to the finance department but I can explain. Before the elections, the commission of inquiry was suspended temporarily. The Prime Minister has taken over leadership himself in to the inquiry. Once the chairman of the committee is ready, the inquiry will start again. The process of appointing new committee members can also take a long time.

LLG President: We have heard some good speech from the minister on money, budgeting, monitoring and reporting. I want to tell you all that we the LLG presidents have no authority over the money. We live with the people and we know what the people need but we can't deliver services because we have no power over the money. The system is good however, Mr. Minister, can we make some changes to the system so that the LLG presidents must at least have some powers over the district funds?

Hon. Paul Tiensten in reply: Your question is a challenge to all districts, especially those in the rural districts. All LLG presidents come under the Organic Law on Provincial and Local Level Government (OLPLLG). In relation to your request for powers, it has to be referred to the organic law in which the OLPLLG gives authority to the JDP& BPC which is chaired by the local MP.

Mr Partrick Konda (Wabag Coffee Factory owner): We are happy that at last some money is going directly to the districts. However I am worried because there are no amendments to the OLPLLG, so how will the JDP&BPC work and what are there functions?

Hon. Paul Tiensten in reply: It is history for Papua New Guinea that for the first time we have K4 million put directly in to the districts. The question of how money can be used is up to the JDP and the chairman. However, under the supplementary budget the money is allocated for health improvement, water supply program, law and justice program and education program. The function of the JDP is to identify projects and make sure that the projects are completed.

Purpose of the Forum and Summary of Recommendations by Marjorie Andrew, Executive Officer of CIMC

It is my honor to welcome you all to this Forum today. On behalf of the CIMC, I thank you for your time and effort made to be here, and welcome you to the National Development Forum for 2007. I acknowledge the attendance of:

The Hon. Minister for National Planning and Rural Development, Hon. Members of Parliament present today, Presidents of Local Level Governments, Provincial Administrators, The Chief Secretary, Secretary for Department of National Planning and Monitoring, Secretary for Department of Treasury, Secretary for Department of Finance, Director, Office of Rural Development, Secretary for the Health Department, Secretary for the Department of Education, Chief Ombudsman, The Auditor General, Secretary for Provincial and Local Level Government Affairs, All Heads of Departments and Government Agencies and senior officers, Minister–Counsellor of AusAID, Excellencies and representatives of all Diplomatic Missions and International Organisations, Representatives from Private Sector organizations, Representatives of Non Government Organisations, and Citizens of Papua New Guinea

This Forum provides us with an opportunity to exchange opinions and discuss issues related to the theme of Opening Up the Budget Spending Process. On behalf of the Consultative Implementation and Monitoring Council Secretariat and our partners, I would like to express our highest respect for and warm welcome to our guests, especially those who have journeyed from other provinces to participate in this event.

The previous years' forums looked at in 2005: Understanding how the National Budget is put together; the second year focused on Understanding how the money gets to us. This year's theme **“Opening up the Budget Spending Process: Ensuring Transparency and Accountability at all Levels”** revolves around understanding the systems and processes for checking that money is spent as per the budget passed by the National Parliament. In doing so, the forum's objective is firstly, to educate the public about budget processes and what happens to the money, and also to create awareness among stakeholders about the need for transparency and accountability.

Let us remind ourselves about what these terms mean?

TRANSPARANECY – refers to the availability of information and clarity about government rules, regulations, and decisions.

We need to understand that the Budget is not just about looking at pages of numbers that are uninteresting, but that behind the numbers are some of the most crucial issues that a community or a nation must address – the quality of education, availability of health care, services for children and women, investment in infrastructure, and many public concerns. TRANSPARENCY means that the Government ensures different stages of policy development, including decision making, implementation and monitoring are visible to stakeholders. To ensure that stakeholders have access to information, in a form that is relevant and understandable, which allows proper time for preparation of views.

ACCOUNTABILITY – means making public officials answerable for government behaviour and is answerable to the people. Accountability requires us to ensure that the process is procedurally and periodically answerable to different groups, and by who; that inputs are recorded, decisions on whether inputs have been taken on board are made explicit, including the broad rationale for final decisions.

The budget is the most important economic policy instrument for government. It reflects our government's social and economic policy priorities more than any other document, translating policies, political commitments, and goals into decisions on where funds should be spent and how funds should be collected. A well-functioning budget system is vital to the formulation of sustainable fiscal policy and facilitates economic growth. On the other hand, economic problems are made worse by weak budget systems and faulty budget choices.

Presentations made at the regional forums have voiced the concerns about how weak budget systems from the national to the local level have resulted in slow and inadequate service delivery, harming the lives of the people, especially those in rural areas. We heard how private businesses suffer, when invoices are not paid on time, and how inflation and the high cost of delivering goods and services are passed on to the consumers, which is government itself and the ordinary people.

The government has made many good expenditure decisions, allocating millions of kina through the National Budget and through Supplementary Budgets for social and economic development programs and recurrent activities. However, it was reported at the regional forums, that weak expenditure and program management – and the lack of involvement of citizens – has meant that the money never reaches the intended beneficiaries, and service delivery suffers.

The budget process and budget system is crucial in determining the degree to which it has an open, democratic, and participatory system of governing. The general absence of information on budget issues – especially in accessible, non-technical forms – has seriously hindered partners in development – civil society, private sector, non-government organizations, researchers, and citizens – to participate in the discussion on the distribution of public resources.

The involvement of these development partners in the budget discussions is blocked by legal, institutional, and political barriers. In addition to these factors, budget literacy by most of the public service is seen to be very poor, and there is inadequate dissemination of information to these implementers, as well as the for public at large.

The regional forums called for more information about budget systems, budget allocations, and for a better understanding of the decision making processes and clarity of roles and responsibilities. Not only do they want to be better informed, but express the desire to participate in these decision-making and reporting processes. District Administrators and LLG officials request for more direct transfer of funds, increased delegation authority to manage larger amounts, noting however, that they need immediate training, capacity building and supervision to manage these funds, and technical support with design and costing and implementation of approved projects. Recommendations will be presented from each of the regional forum representative later today, so I will not go into detail on these here.

You have heard this all before, what is being reported is not new to you.

What seems to be new, is that this call for more open and democratic decision-making processes, points towards a new role for government, the private sector and civil society actors to work together in a complementary way to advance economic development. Today, most international institutions view appropriate government, private sector, and civil society partnerships as creating new opportunities to improve governance and implement effective development strategies. It is encouraging to hear the Honorable Minister Tiensten recognize the need for the public to demand for transparency and accountability, and to apply consistent external pressure for accountability. This can only be effective when the budget process becomes more open, when decentralization systematically engages civil society to be involved, and when civil society groups are trained and equipped to do so.

It was reported at the regional forums about the many reforms that the government and donor partners are planning and implementing. These reforms by and large aim to address planning, public expenditure management, and to strengthen the capacity of the public service. In particular, the measures to improve transparency undertaken by the Department of Treasury and the streamlining and coordination mechanisms being instituted by the Department of Provincial and Local Level Government Affairs through PLASSMA and PPII, were welcomed.

Bringing the budget closer to communities, through the decentralized system of government can make development more real for the people. While decentralization can complicate the coordination and monitoring of budgets nationally, it can also create opportunities for greater citizen and local government involvement.

Where there is the lack of capacity of the public service at the provincial, district and LLG levels, decentralization can open training and analysis opportunities for non-government groups to contribute to the budget processes – in budget formulation, the budget enactment process (where MPs lack the staff and resources to analyse and comment on the budget), Budget execution (monitoring adherence to the budget implementation), and to comment on the outcomes and effective use of public resources.

The CIMC since 1989 has continued to initiate dialogue with government partners, civil society organizations (including NGOs, universities) as well as the private sector, to bring the attention of decision makers on the issues relating to basic human needs, survival, security, impediments to business and so on, reviewing policies, laws, and systems and making recommendations on how they can improve on these, and identifying the gaps.

Hence the CIMC process is a unique homegrown solution to raise attention of the government to issues and negotiate for resources to implement these decisions. The CIMC cannot fund many of the recommendations proposed, but can play a role of facilitation of participation by stakeholders, sharing information, and where invited are involved in the implementation process, providing advice, action research and sometimes, technical assistance through the generous support of donors.

This National Development Forum is also a unique mechanism and presents an opportunity which is threefold: We have:

- (i) High level presentations and participation from all levels of Government – National members of Parliament, Heads of Departments and Agencies; Provincial Administrators and officers, representatives from Local Level Governments;
- (ii) Cross sectoral attendance to the forum – from central agencies, economic and social sectors, the private sector, and civil society organizations and citizens;
- (iii) Group discussions.

The Forum is a great opportunity to seek sector wide support or recommended action programmes for issues discussed if summaries of each session are adopted by the Forum – not just received or heard.

The recommendations generated from this forum , and those from the previous two years Forums will be included, be presented to the National Executive Council and should they be endorsed, the CIMC will be required to perform a crucial role in facilitating dialogue and developing a new approach for the organization to address these decisions. It will indeed a challenge, but one that begs to be given all our best efforts to bring about real development through genuine dialogue and partnership between government and non-state actors.

You, our distinguished guests, have come here to exchange your experiences and discuss those issues common to all provinces at this important event.

We would like to extend our congratulations to Minister Tiensten for his appointment as Minister for National Planning and District Development, and as Chairman of the CIMC Council, and to extend our thanks and appreciation to the Government of PNG, and AusAID for sponsoring this forum. I also thank the World Bank for sponsoring our guest speaker from India, Ms. Pooja Pavarti, and thank the Department of Foreign Affairs and Trade for expediting her visa.

We also thank the Department of National Planning and Monitoring for their support of the CIMC, and of the Central Agencies, provincial administrations and NGOs for their participation and information sharing provided at the regional forums in the past three years, while covering this theme on Opening Up the Budget Process.

In closing, I would like to wish the Forum great success and to all our distinguished guests, health and happiness. Thank you.

God bless you.

Measures to Improve Transparency and Accountability by Treasury at all levels by Nino Saruva, Deputy Secretary for Treasury

The Structure of the Presentation

- Brief Statement of the State of the Economy.
- Theme of the Forum – Improving the Budget Spending Process: Ensuring transparency and accountability at all levels.
- 2007 Budget & 2007 Supplementary Budget
- Reforms.
- Implementation.
- Key strategies.
- Quarterly Review Processes.
- Fiscal Responsibility Act 2006
- Conclusion.

State of the Economy

	2006 Actual	2007 Budget	2007 Mid Year Economic Forecast
Real GDP	3.7	4.5	5.2
Inflation	2.6	1.7	4.8
Interest rate	5.0	6.0	5.0

The Theme of the Forum

- Improving the Budget Spending Processes:
 - Ensuring transparency and Accountability at all levels
- Transparency and Accountability are key themes
 - Budget preparation includes working from a published Budget Strategy.
 - Progress and final outcome reports.

Structure of 2007 Budget & 2007 Supplementary Budget

- The 2007 Budget was framed differently to previous Budgets.
 - Appropriation (Recurrent Expenditure) K5.5 billion.
 - Appropriation (Development Expenditure) – K1.1 billion.
 - Additional Supplementary Appropriation 2006 – K650 million

- Additional Supplementary Appropriation 2007 – K450 million
- The 2007 Supplementary Budget was framed similar to the 2007 Budget.
 - Recurrent Expenditure with additional K197 million.
 - Additional Supplementary Appropriation 2007
 - Improvement of public infrastructure & district service improvement (K893 m)
 - Reduction of Government liabilities for superannuation & public debt (K547m)

Allocations of the Additional Revenue in 2007 Budget & 2007 Supplementary Budget

The 2007 Budget:

- Provided for K1.1 billion in “Additional” revenue.
 - Public Infrastructure – include – Health, Education, Transport and Law and Order
 - Impact Economic Projects
 - Repayment of government debts
 - A certain amount was injected to the State owned Enterprises

The 2007 Supplementary Budget:

- Provided for K1.6 billion in “Additional” Revenue.
 - Various Recurrent Expenditure (K197m)
 - Public infrastructure(K893 m):-For maintenance by sector (K240 m), by District under the District Service Improvement (K356) and for major improvements (K297m)
 - Debt repayment (K297m)
 - Nambawan Super (K250m)

Reforms

- Treasury has introduced a number of reforms to its Budget preparation, reporting and monitoring role to improve the transparency and accountability of the Budget.
- The *Fiscal Responsibility Act 2006* provides that there be three major reports produced each year and released to the public. These are:
 - The Budget Strategy Paper aims to assist public understanding of the fiscal situation and the Government’s proposed Budget strategies.
 - The Mid Year Economic and Fiscal Outlook Report provides a detailed mid year update of the fiscal and economic forecasts in the Budget.
 - The Final Budget Outcome Report provides a detailed report of the final fiscal outcomes for the Budget.

- All of these reports aim to improve the public transparency and accountability of the Budget process.
- Treasury is also working on developing a framework to improve the transparency and accountability of Statutory Authorities under the PERR 9 project.
- We hope that this work will result in clearer and more consistent guidance to Statutory Authorities on budget accountability and reporting, not only for funds they get from the Budget but also for funds they are authorized to collect.

Implementation

- These reforms assist transparent and accountable implementation of the 2007 Budget and the 2007 Supplementary Budget.
- They assist:
 - Strategies to ensure effective spending.
 - Strategies to ensure transparency and accountability

Strategies to ensure effective spending

- Each of the supplementary Appropriation Acts provides for the transfer of funds to certain existing trust accounts or new trust accounts establish for these purposes.
- The funds in the Trust Accounts are to be expended only on the projects specified in the Schedules of the supplementary Appropriation Acts.
- This ensures the transparency of what the funds were appropriated for and assists accountability to Parliament.
- Each of the supplementary Appropriation Acts provides for the transfer of funds to certain existing trust accounts or new trust accounts establish for these purposes.
- The funds in the Trust Accounts are to be expended only on the projects specified in the Schedules of the supplementary Appropriation Acts.
- This ensures the transparency of what the funds were appropriated for and assists accountability to Parliament.

Strategies to ensure transparency and accountability

- All payments or withdrawals from the Trust Accounts will be subject to the procedures agreed to by the Minister for Treasury and Finance.
- All payments must be made by the PGAS or its replacement and proper records must be kept.
- Accounts must be reconciled and monthly Bank Statements must be provided.

Quarterly Reviews

- Financial and Physical progress of these programs will be reviewed at the end of each quarter.
- Quarterly Review Reports will be presented to CACC and NEC.

Fiscal Responsibility Act 2006

- Under the *Fiscal Responsibility Act 2006* the disbursements on these programs for the financial year 2007 will be reported in detail in the Final Budget Outcome Report which will be published by Treasury by 31 March 2008.
- Also under the Act further progress will be reported to the public when the Mid Year Economic and Fiscal Outlook Report is published in July 2008.

Conclusion

- It is vital for PNG that the 2006 Supplementary Budgets, the 2007 Budget and the 2007 Supplementary Budget are implemented effectively.
- Expenditure must be planned effectively and directed only to its agreed purposes.
- High level committees have been established to co-ordinate and oversight the implementation.
- Trust Instruments have been designed to ensure transparency and accountability.
- Treasury will actively monitor the progress of the implementation.

“Extent to which the Planning Process is Transparent and Accountable” by Ms Julianna Kubak, Acting Deputy Secretary, Department of National Planning & District Development

Overview

There are two parts to this paper:

1. Examine transparency and accountability in Planning Process as seen by DNPM
2. Review delivery against CIMC recommendations on opening up the budget

What is the planning process?

The Planning Process covers two important roles in the Department of National Planning:

- The formulation of development plans at all levels from the MTDS down to District Plans
- The screening and appraisal of multi-year project proposals funded under the Development Budget

For each of these, we will look at how transparency and accountability fits into the process

Development Planning in GoPNG

See diagram

Why do we care about transparency and accountability?

1. Chapter 3 of the MTDS which talks about the annual budget and the expenditure priorities
2. Chapter 5 of the MTDS which talks about Resource Mobilization, Public Sector Reform and expenditure Management
3. The planning process is a legal requirement under section 106 of the Organic Law for Provincial and Local Level Government which requires DNPM to extend its services to the provinces to establish and maintain an effective and efficient provincial and local-level planning

Formulating Development Plans

Transparency in the formulation of Development Plans means:

1. Wide Consultation: Inter agency meetings, public forums, parliamentary debate.

2. Defining the Process: setting out a timeframe for the formulation of plans; explaining the purpose of plan clearly
3. Including discussion of resourcing/costs: ensuring the process is honest and realistic

Formulating Development Plans

Accountability in the formulation of Development Plans means:

1. Reporting requirements: who to, how often
2. Emphasis on monitoring: adequate funding for monitoring, identifying personnel responsible for monitoring
3. Tools/mechanisms: KPIs, Objectively Verifiable Indicators, targets
4. Enforcement: what happens if monitoring doesn't take place? What happens if plan is not implemented?
5. CIMC

Formulating Development Plans

E.g., Accountability of the MTDS

- MTDS PMF
- Surveys and Censuses
- MTDS Stocktake
- CACC/NEC Information Papers
- Annual Reporting by Planning Minister (NEC Decision 214/2004)

Formulating Development Plans

E.g., Lower Level Government Plans

Under the Organic Law, different levels of Government are required to formulate 5 year Plans

Plans	PLPLLG Section
Provincial	Section 25 (1)(d)
District	Section 33 A(3)(d)
Ward	Section 11(b) LLG 1997

Screening and Appraisal

Transparency in the screening and appraisal of project proposals means:

1. A clear criteria for compliance: Project Formulation Document

2. A clear process for how screening and appraisal should occur
3. Deliberate mechanisms to ensure impartiality: committees and their composition
4. Clear impression of available resource envelope

Screening and Appraisal

E.g., Appraisal Criteria

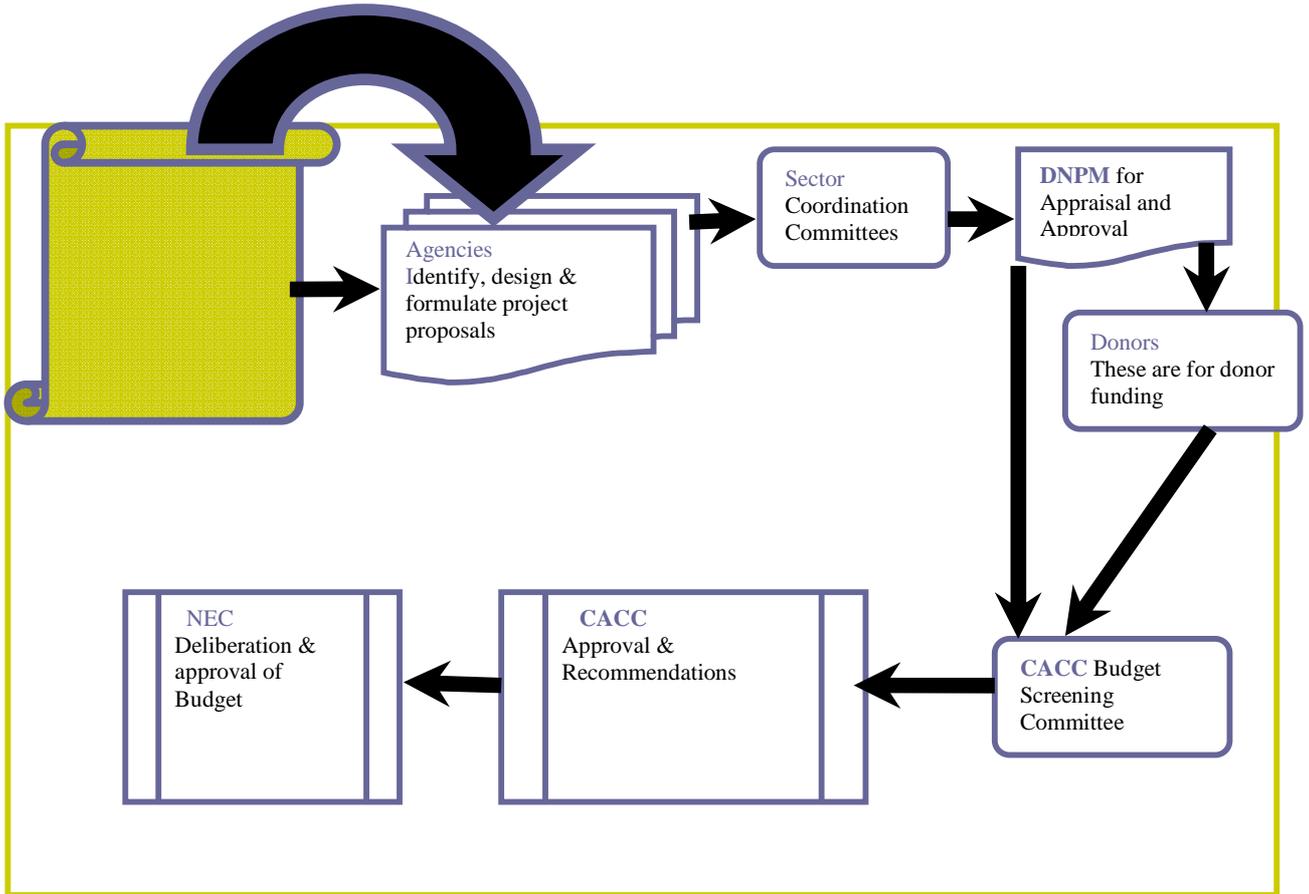
- Consistency/relevance to MTDS and Sector Plans
- Sequencing interventions within sectors
- Harmonisation/compatibility with existing portfolio of projects
- Capacity of implementing agencies to spend effectively, including consideration of allocations in the Supplementary Budgets
- Affordability in future years
- Assessment of new projects:
- Persuasiveness/validity of argument
- Quality of approach
- Accuracy of budget
- Track record of implementing agency
- Assessment of ongoing projects:
- Success of implementation/impact to date

Screening and Appraisal

Accountability in the screening and appraisal of project proposals means:

1. Decisions go through various committees: Sector Screening Committee, BSC, CACC, NEC
2. Write-ups of projects and publication in Budget Books (PIP)
3. Monitor projects against proposal objectives/targets
4. Reporting via Quarterly Reviews and 6 monthly reports to Parliament under Fiscal Responsibility Act
5. CIMC

Screening and Appraisal
E.g., Accountability of the PIP



CIMC Recommendations

Year	Recommendations	Status
2005	Support the implementation of the National Strategic Plan on HIV/AIDS through adequate funding	<ul style="list-style-type: none"> • GoPNG funding to HIV/AIDS consistently increased since 2000 from 0.03% of total expenditure to 0.33% in 2007. But still low! • A 318% increase in actual funding from 2006-07 (K3.5m – K12m).
	Translation of the key MTDS concepts into Pidgin and Motu	Not done but MTDS has been disseminated widely. It is planned that the key concepts from the MTDS review in 2008 will be converted into Pidgin and Motu.
	Better access to foreign aid information	DNPM has produce and distributed Project Formulation Documents that includes information on all donors in PNG
	Harmonized aid delivery system for donors and GoPNG	GoPNG, lead by DNPM, is working in partnership with donors on the localization of the Paris Declaration on Harmonization and aid effectiveness
2006	Increase Funding to economic sector through the Dev. Budget	MTDS emphasizes private-sector led growth, so GoPNG has focused on improving the enabling environment for economic growth through investment in transport, etc.
	<ul style="list-style-type: none"> • Widen distribution of MTDS • Develop measurable indicators for MTDS 	<ul style="list-style-type: none"> • The MTDS is being distributed widely, is available from DNPM and on the internet. Copies are brought to all meetings out of NCD. • MTDS PMF has been produced to measure the achievement of the implementation of the MTDS
	Improve donor coordination in accordance with MTDS priorities	<ul style="list-style-type: none"> • DNPM has engaged with all donor to develop country assistance strategies: • Completed: AusAID, ADB, EU, UN

		<ul style="list-style-type: none"> • Ongoing: WB, JICA, NZAID • Not started: China
	Deliver on high impact projects, especially infrastructure	<ul style="list-style-type: none"> • Note two largest items in recent Supplementary budget for: • LNG (K500m) • Lae Port Extension (K150m)

Management and Reporting on the District Grants by Mr. Paul Sai'i OBE, Acting Director, Office of Rural Development

1. Pleasantries

Thank you Madam Chair,

- Department Heads
- Distinguished Guests
- Officials
- Media Friends
- Ladies and Gentlemen

I want to thank and acknowledge the CIMC for Rural Development to present this Paper of “Management and Reporting on District Grants”.

2. Introduction

Since 2002, poverty reduction through rural development has remained a major policy agenda in driving the Government’s strategy for rural development in Papua new Guinea.

Poverty, in Papua New Guinea, is been defined as the “lack of, and availability of, basic services and opportunities”. In short, PNG’s rural development problem is one of accessibility. The adverse social indicators indication daily hardships and human misery is associated with this problem. The National Government rural focus is therefore aimed at addressing to delivery of basic rural services.

Rural programs are aimed at improving district social infrastructures like rural lock – ups and police posts, police housing, village courts, housing for teachers and inspectors, classrooms, water supply, rural aid-posts, health centers, and housing for health workers, rural transport infrastructure like jetties, coastal vessels and roads,

Public servants need to work in proper office buildings and facilities to deliver basic services. They need to sleep in good homes and have access to basic social amenities to do their job well. Deterioration in these government facilities can affect their performance.

3. Rural Development Programmes

The Office of Rural Development manages two major intervention programmes. These are:

- a) Constitutional Grants: Namely, the District Support Grants and the Provincial Support Grants. These grants are provided s.95A and 95B of the Organic law on Provincial and Local Government; and

- b) Non- Constitutional Grants: These are additional grants allocated in the Development Budget and are part of the Public Investment Programme (or PIP) to address basic rural services. There are four major rural programmes under the PIP:
- i) District Transport Infrastructure Improvement Programme (or DTIIP) which has an annual allocation of K400, 000.
 - ii) District Services Improvement Programme (or DSIP) which has an annual allocation of K400,000
 - iii) Least Development District grants (or LDDG) which is a K10 million funding for 20 districts under this category and the
 - iv) District Market Improvement Program (DMIP) of which K20.0 million is allocated and still kept under Trust Account with Treasury Department.

4. Rural Development Grants

Under the Organic Law on Provincial and Local Government, a minimum of K500,000 is allocated annually as DSGs and PSGs. One half of which is for Members to nominate projects for, and the other half, for the Joint District Planning & Budget Priorities Committees (JDP&BPC) or its provincial equivalent, to nominate projects consistent with Five Year Provincial (or district) Development Plans.

For the other rural PIP programmes, a total of K101.3 million was allocated to districts in the original 2007 Development Budget. This equates to an additional K800,000 per district or for the 20 districts classified as “Least Developed”, K1.3 million.

Districts receive, in total, K1.3 million annually for projects, while, the “Least Development District” receive K1.8 million annually.

5. Management of Rural development Grants

The office of Rural Development is responsible for the management of rural development programmes and disbursement of grants to districts and provinces throughout Papua New Guinea.

Where National Government grants and concerned, s. 33 of the Organic Law on Provincial and Local Government establishes the planning and budgeting mechanisms at the district and provincial levels.

The JDP&BPC and JPP&BPC are constitutionally established to manage development processes and are responsible for allocation resources to development priorities, among other things, at the District and Provincial levels. The role of the JDP&BPC is to allocate funds in line with development priorities in the Five Year District Development Plans, the MTDS, and the District Administrator, under the law, is the Executive Officer of this Committee.

Ladies and Gentlemen, the grants are governed by the Guidelines. Guidelines, are constitutional requirements as per s. 94A (7) and 95B (7) of the Organic Law.

The Guidelines, basically, impose on public officials the need to be accountable as custodians of public monies. Guidelines foster development and project planning, accountability and transparency at the district levels. It outlines the principles underpinning the use of the funds under the different programmes, project eligibility and procedures for submissions, for approving projects, monitoring, procurement and accountability and reporting.

6. Guidelines Process

All project documentations including scoping, architectural and engineering designs, standards specifications, and feasibility studies and bill of quantities, are compiled at the District level. The documentations are put together with support from the Provincial Works, the Provincial Project Evaluation Team (PPET) and from expertise within the Provinces and districts. Sometimes, the Office of Rural Development send in officers to assist when requested.

Once documents are in order, and together with JDP&BPC resolutions and minutes, are submitted to the Office of Rural Development. In ORD, we have a Committee called GREC “Grants Report and Evaluation Committee” which appraises all project proposals in line with the requirements of the Guidelines. GREC also receives and evaluates all acquittal reports received from districts for the use of previous funds.

Approval is given to projects that meet the Guideline conditions and funds and released based on acquittal of previous use of funds Districts and Provinces that have failed to acquit do not receive funding.

Based on GREC evaluation and recommendations, funds are released for district projects under the different rural development programmes. For any projects all bidding and evaluations are done by ORD and recommendations made to CSTB for approval and for contract award. The management of the contract is done by the Office of Rural Development.

7. Acquittal Evaluation Criteria

The use of grants disbursed to rural projects must be acquitted and accounted for. This is a requirement of the Guidelines.

ORD ensures that when acquitting funds; districts must to submit financial and physical status reports of projects and funds received which must be accompanied by bank statements and Member's Receipt Forms, Member's Disbursements Forms, Member's Acquittal Forms.

Ladies and gentlemen, the Guidelines provide very stringent requirements for acquittal. For example,

- A Physical Verification Report and Certificate of Completion must be attached to verify that projects have been implemented. This is independently verified by ORD Officers on project monitoring visits to the districts.
- A Project Financial Report of the Project is also provided. This is accompanied by Member's acquittals in their capacity as Chairman of JDP&BPC.

Evidence on which party is receiving the funds or portions of it must be supplied. In the event, of assistance to an LLG, the Member's Acquittal Form must be submitted signed by the LLG President who is the witness, with details of the cheque issued.

The Acquittal documentation should include:-

- Attached documents (for example, the initial letter requesting such assistances)
- AJDP& BPC Resolution regarding the use of this fund is attached. This resolution must detail the amount and Cheque number and signed by recipients of the Cheque and dated.
- Copy of the Department of Finance Provincial and District Treasury Operation Account Remittance Advise and Cheque issued with Bank Cheque Serial Number, PGAS Cheque Serial Number, Order Serial Number, Order Serial Number, and Cheque Number, all signed by the Authorizing Officer and Countersigning Officer.
- And attached invoices

Ladies and Gentlemen, these are some of the requirements of the Guidelines. The Ombudsman Commission has expressed satisfaction with the criteria used in ORD. With assistance from the Ombudsman Commission, ORD now issues certificate of compliance, copies of which are sent to the Ombudsman Commission, prior to release of funds.

This is to ensure that funds released for projects in respective electorates are consistent with the law, the guidelines and policy intentions of the Government.

8. Status of Acquittal

It is a constitutional requirement that all district support grants and provincial support grants are disbursed in the first quarter of each fiscal year. In view of this, ORD ensures that cash flow requirements for all rural grants and frontloaded to allow for full project implementation and early completion over a twelve month period or by end year period.

ORD's latest statistics for October 2007 indicates that:

- For the constitutional grants, ORD has released K49.5 million which means we still retained K5.0 million until full accountability requirements are met prior to its release.
- For Grant allocated under the PIP, ORD has released K75.1 million out of K81.2 million. ORD Still holds into K6.1 million. By this year's end, this K6.1 million will lapsed with the fiscal year and will go back to consolidated revenue fund. In other words, the message to districts is that, if you do not account for PIP funds, you miss out on future allocations.
- In short, ladies and gentlemen, a total of 99 Electorates (or 91%) have fully acquitted the use of their funds. Ten (10) have yet to be cleared and as a result, ORD has no released a total of K11.1 million. MOMASE Electorate has 100% acquitting of their funds, NGI (3 remains outstanding), Highlands (only 1 outstanding) and Papua (6).

9. Issues

Our experiences, however, indicate that abuses of funds still remain. We feel this is the main cause for delays in acquittal of funds although the slow progress in implementing Treasury rollout program may be a factor as well. In any case, we see that many of our district officials have been put behind bars and Members being investigated as a result of abuse.

The Minister for National Planning and District Development has publicly given his commitment to stamp out abuse of funds and institute proper planning and budget controls at the district levels. This is a tough call since most districts, and in many cases, their structure does not allow them to fully implements of current budget and PIP processes.

Nevertheless, ORD will proceed to make this happen. We intend to begin this process by reviewing the Guidelines to reflect this. We would like to pilot test this in a number of

districts prior to advising and seeking CACC's assistance for a nationwide rollout programme so that district administrations do not get swamped in the process but are able to develop their capabilities to respond to these new changes and requirements.

10. ORD's Efforts in Implementing Fiscal Transparency

To summarize, ladies and gentlemen,

To provide guidance on implementation of the National Government's rural and district development programs, the ORD has developed specific programme Guidelines. The guidelines draws on requirements of the Public Finance (Management) Act, the Good Procurement Manual developed by the Central Suppliers Tenders Board, and from Policy to establish good budget practices, and provide the steps to assist with the practical implementation of the rural programmes. The Guidelines outlines basic requirements for project design and formulation, and requirement emphasizes good practices to assist district administrations achieve better outcomes for the electorates.

Our experiences have shown that a few districts and provinces continue to abuse the Guideline requirements. As a result, project funds are held back. ORD has recently undertaken a number of initiatives to improve its transparency in its management of funds.

ORD has produced a permanent public information feature in the Gavamani Sivarai, a government news segment that comes out every month, providing extracts of the Guidelines relating to Management and Reporting. In addition, it has moved in the direction of developing its website so that all information relating to disbursements of funds, reporting requirements and status of projects and program implementation in the various districts and provinces and made public. This will of course depend, to a large extent, on its 2008 funding although we have already initiated this process this year.

The Minister for National Planning and District Development is adamant that past abusive practices must go, and, has publicly directed that proper budgetary and planning practices are enforced on district administrations. This is important to us.

We feel that most districts have scope for improvement in some aspects of fiscal accountability under the Guideline, although capacity across districts in expenditure and project management and reporting including differences across technical and administrative capacity, may inevitably imply that districts will move at different paces to implement the Minister's directive.

ORD will proceed to implement the Minister's Directives by firstly refining the guidelines and later selecting pilot districts and testing it prior to presenting a report to CACC and in the process undertake a whole-of-government approach to ensure districts comply. On this front, ORD has established working relationships with the Public Service Reform Management Unit (or PSRMU) to address district capacity needs as a premise to what I have just mentioned.

Ladies and Gentlemen, clarity of roles and responsibilities is also a very important component of transparency and good governance. To this end, NEC Decision No. 251/2005 which established the Office of Rural Development has directed, and somewhat very clearly, that ORD's responsibilities over rural and district development must not be duplicated. Unfortunately, this Directive has not been fully implemented and as a result, duplication of ORD's roles and responsibilities still exists in Government. This is a matter I intend to take up before CACC later this week. It is a serious problem to me and ORD. If we are serious about integrating budget accountability in our expenditure decision making and management processes, duplication of roles and functions must be outlawed.

Nevertheless, I want to give assurance that ORD will continue to open up its budget management and reporting processes to the public. We have started this process and will continue to do so as part of our fiscal responsibility.

I want to once again thank the CIMC organizers for inviting ORD to present this paper. We thank you for this opportunity and look forward to working closely with government and private sector to inject transparency and instill good governance practices in the way we manage and report on public funds for the development and betterment of our rural communities and families in Papua new Guinea.

Measures to Improve Transparency and Accountability by Finance at All Levels by Mr Gabriel Yer, Secretary, Department of Finance

The *Public Finances (Management) Act 1995* is the main legislation which provides for the management of public finances. It applies to all public bodies, national departments, statutory authorities, and Provincial Governments and Local-Level Governments as required by the *Organic Law on Provincial Governments and Local-Level Government*.

The legal framework around public money is supported by *Finance Instructions* which are issued under Section 117 of the Act. These Finance Instructions are binding as essential elements of the Act.

It is critical for the achievement of accountability and transparency, and good corporate governance, that public moneys and properties are managed according to the provisions of the both the *Public Finances (Management) Act* and the *Finance Instructions*.

I will cover some of the provisions in the limited amount of time and topic that I have been allocated. It is vital, however, that all levels of government and public bodies understand and, above all, fully accept and respect the Act and the Finance Instructions.

Part Two (II) of the Act provides for the responsibility for financial management. The provisions are basically these:

- The Minister for Treasury and Finance is responsible for the overall supervision of the finances of the State;
- The Departmental Head of the Department responsible for financial management, that is the Secretary of the Department of finance, has control and direction of all matters relating to the management of the financial affairs of the State, subject to specific directions given to him by the Minister;
- Each Departmental Head, including those who are deemed for the purpose of the *Public Services (Management) Act 1995* to be Departmental Heads such as a Provincial Administrator, is responsible for ensuring that, in relation to the Department of which he or she is Head, the provisions of the *Public Finances Management Act* are complied with in relation to the management accounting and reporting of public moneys including public property;
- An accountable officer, who is any public servant or person who authorizes the collection or payment of public moneys or accounts for stores, is responsible for complying with the *Public Finances (Management) Act* and for all public monies and stores in his or her possession or under his control and shall duly account for them.

The Parliament has passed various amendments to the Act with the intention of increasing accountability and transparency. These amendments include:

- Section 9: **Powers of Departmental Head of the Department responsible for financial management:** Amended to, amongst other things, improve the control over the power to direct access to official records by confining the power to senior executive level. It also gives power to establish Internal Audits Units and Audit Committees in National Departments, Public Bodies, Provincial Governments, Local-Level Governments or other entities that receive grants from the State and are subject to the *Audit Act 1989*. It also permits a Chief Executive Officer to be sanctioned for not implementing audit findings and recommendations.
- Section 10: **Public Accounts:** Amended to extend the establishment and operation of Public Accounts (beyond the National Government) to the Provincial and Local-Level Governments established under the Organic Law for Provincial Governments and Local-Level Governments.
- Section 39: **Central Supply and Tenders Board:** Establish the CSTB and its responsibilities in regard to procurement. It can invite a tender for any amount and enter into a contract for any amount of up to K10 million for and on behalf of the State.
- Section 39A: **Other Specialized National Supply and Tender Board:** A new Section which enables the Minister (for Treasury and Finance) to establish technical or specialized National Supply and Tenders Board or for purposes of natural or man-made disasters. This Board can purchase and dispose of property and stores, and the supply of works and services, for and on behalf of the State, for any amount of up to K1 million or such lesser amount as the Minister may determine by notice in the National Gazette.
- Section 39B: **Provincial Supply and Tenders Board:** A new Section which enables the Minister to establish a Provincial Supply and Tenders Board. This Board can purchase and dispose of property and stores, and the supply of works and services for and on behalf of the State in the Province, for any amount of up to K3 million or such lesser amount as the Minister, on the advice of the Central Supply and Tenders Board, may determine by notice in the National Gazette.
- Section 47B: **Authority to Pre-Commit Expenditure:** A new Section which enables the Departmental Head of the Department responsible for financial management to issue an Authority to Pre-Commit to another Departmental Head in relation to proposed expenditure for the purchase of property or stores or to the supply of goods or services, of amounts up to K100, 000 and amounts greater than K100, 000. This has the effect of

assuring the suppliers that funds are available, as well as allowing the State to purchase on credit.

Section 47D: Claim against the State not enforceable in certain circumstances: A claim for the price of property, store, goods and services sold to the State shall not be enforceable through the court or otherwise unless it was ordered through the official purchase form Integrated Local Purchase Order of Claim (ILPOC) or an Authority to Pre-Commit Expenditure was granted. That is, there is now a clear way to establish a contract with the State.

Section 63: Reports and Financial Statements of Public Bodies: An additional subsection which provides for the Minister, in consultation with the Auditor General, to withhold half of a public body's annual grants and refer the Head to the Public Accounts Committee where a public body does not furnish reports and financial statements.

The amendment to Section 9 made the internal auditing function mandatory across the public sector. Internal auditing reviews all the operations and all levels of an agency, and reports directly to the Departmental Head. The amendment also provides for the establishment of audit committees to support the Departmental Head and the function of internal audit.

The Department of Finance had always been supportive of internal auditing as a vital part of management and corporate governance. It established its internal audit unit in the year 2000 with 8 staff, headed by an Assistant Secretary. In 2006 its approved organizational structure included the Internal Audit and Compliance Division, with 37 positions headed by a First Assistant Secretary, of which 27 are funded. There are currently 17 staff in operation (eight who have responsibility for audit or investigation tasks).

The Internal Audit and Compliance Division's role encompasses the following functions:

- 1) Providing internal audit services, such as independent, objective assurance and consulting service to management and senior executive of the Department, which includes the provincial and District Treasury operations.
- 2) Undertaking investigations in National, Provincial, and Local-Level Government agencies as directed by the Secretary under his power and overarching responsibilities for financial management.
- 3) Implementing the Section 9 Amendment to the Public Finances (Management) Act 1995, which, amongst other things, gives the Secretary power to require the establishment of internal audit functions and audit committees.
- 4) Contributing to the development of the internal audit profession in Papua New Guinea by promoting and supporting The Institute of Internal Auditors – PNG Chapter.

My Department has been driving the implementation of this Government initiative since late 2004. At a launching by the Minister this morning, my Department joined 14 other entities that have implemented Audit Committees. They are agencies such as:

National Departments

- Department of Health – The first Audit Committee
- Department of Agriculture and Livestock
- Department of Correctional Services
- Department of Defense
- Department of Education
- Department of Lands and Physical Planning
- Department of Mining
- Department of Police
- Department of Transport
- Department of Works and Implementation
- Department of Commerce and Industry

Statutory Authorities

- Civil Aviation Authority
- National Housing Commission

And the

- National Capital District Commission

We are starting to roll out this initiative to the Provincial Administrations. The Eastern Highlands Provincial Administration is scheduled to launch its Audit Committee this Friday and Morobe Provincial Administration next month.

In addition to implementing changes in Government policies, the Department continues to put in place improvements to its existing operations.

The Government's Annual Public Accounts are up to date pending the completion of the Auditor General's audit of the 2006 Public Accounts and the subsequent tabling at Parliament. The completion of the accounts brings order and transparency to the Government's Annual Reports. The orderly features of the accounts make it easy to identify and highlight areas of deficiency and weaknesses as the Auditor-General has done. The increased transparency has also made it easier to identify which agencies need to improve revenue and expenditure control and accountability.

The increased monitoring of general expenditure, trust accounts, and payroll continues to reveal financial irregularities and fraud. The issues which relate to the abuse of the payroll system, their impact on the consolidated Revenue fund, and on the level of many

public servants “take home” salary have been taken up at a very high level by the Chief Secretary to Government and the Central Agencies Coordination Committee.

Improving transparency and accountability, amongst other Government initiatives, are ongoing processes. We need, also, to recognize the weaknesses in our current systems and the causes. Through various audit reviews and investigations in many agencies, as I have put to the Central Agencies Coordination Committee, we consider the control weaknesses are operational in nature. Operational weaknesses basically means that processes and procedures are in place but are not being followed by the officials and the people who deal with the Government.

My Department and I believe the main causes of the operational weaknesses are:

- i. People ignoring and having no regard to the established processes and procedures; and
- ii. Weak corporate Governance.

Some of the impacts of the operational control weaknesses include:

- The loss of public moneys;
- The abuse of the public service’s trust in its officers;
- Undermining set processes, procedures, checks and balances over the management of public moneys as well as the responsibilities and relationship with the Government and the community;
- Non-delivery of Government services including infrastructure to the people;
- Damage to the reputation of the public services; and
- Bad influence over and imposing undue pressures on, other public servants.

I also believe that, to a large extent, the public finance issues must be viewed and addressed together with many other key issues such as law and order, bad road conditions and lack of roads, undistributed medicine and education materials, disintegrated management of land, low level of employment and lack of introductory and primary schooling high rate of rape, domestic violence, and crime, backlog of referrals to the Fraud Squad and public prosecution, frequent down time in telephone communications and electricity supply, etc.

Some key issues clearly fall within the responsibilities of Provincial and Local-Level Governments. Some fall within the responsibilities of social and community leaders.

These issues have been discussed in many various forums. It is more a question of caring about the people of Papua New Guinea and being loyal public servants. By caring I mean care enough to do something about it which reaches the grassroots in a sustainable manner.

I urge each and everyone of us to continue to persevere and be resilient in our endeavor to improve the management of public moneys and properties at all levels.

I thank you for your ongoing support and cooperation with my Department.

Questions and Discussions

An unidentified male participant: My question goes to the Secretary of finance. You have done the district treasury rollout program. Have you done any district auditing program?

Mr. Gabriel Yer (Secretary, Department of Finance) in reply: The department of Finance has been restructured lately to accommodate internal auditing. The external auditing is for the Auditor Generals office but the finance department has its internal auditors and each auditor will be stationed at each individual office. Auditing is an important part of the department we have restructured the department to acknowledge that.

Another unidentified male participant: Capacity building in all aspects is a problem in all districts. Whilst the people appreciate the fact that government is serious in district development as indicated in the supplementary budget, there are certain things I would like to point out.

How much was actually expanded in 2006 district support grant and how much is not expanded and why if it is not expanded?

There are some funds available in the province for districts as per the provincial priority areas. Why are the funds released directly to the districts undermining the provincial development plans?

Mr. Paul Sai'i (Acting Director, Office of Rural Development): To answer your question, K35.6 million was spent. K400 000 to each district. EHP must be commented because among other province, EHP came clear in all its acquittals for 2005 and 2006.

Ms. Julianna Kubak (Acting Deputy Secretary, Department of National Planning and District Development) in reply: Since the introduction of the organic law, Department of National Planning and Monitoring has no capacity in district planning. We have recognized that there is lack of capacity and the DNPM has tried to address the problem of capacity building in the districts and some initiative are in place top address that.

Mr. Joseph Dorpar (Administrator for Madang Province): I would like to point out some issues that has been discussed so the Department of Finance, National Planning and the ORD to take note of.

Capacity building: You want public servants to perform at the district level you must make the environment conducive for the public servants. How do you expect to post an officer with no house out there? Where is the banking service? Where is the telecommunication service? Where is electricity? Although we are sending money to the districts, we are missing the point. Nothing will prosper if we don't look at improving the basic services first.

An unidentified female participant: We have heard of the district treasury roll out program. Are they operational at the moment? Are there staffs for its operation? Who makes the decision at the district level? Is it the district treasury or do they have to go to the PSQ for cheques to be processed? When will provinces like Madang of the operations of its provincial treasury? I need that power as the Provincial Administrator to coordinate service delivery at that level.

An unidentified male participant: What is the power of the JDPBPC? Over the years, I haven't seen any of those decisions from the JDP & BPC sent to the provincial tender board for endorsement. You talk about power to pre commit, is it in place? How come you seem to have an overriding power over either the provincial tenders board or administration in trying to ensure that process are being followed. ORD seems to have the power to write letters to the provincial administrators and treasuries saying things are in order or not. What sort of service delivery mechanism are we trying to promote?

An unidentified participant: You talk about district and provincial plans, where is your legal position on that? You are sending money to the districts but are you planning accordingly? Is your planning according to the money sent to the districts? Are you people working in the central agencies working ion partnership? If you are going in different directions, I am sorry for the money going to the districts.

Mr. Gabriel Yer in reply: With the district treasury roll out program, we have to all work together. The national government, the provincial government and the LLG must all work together. The national government has taken the initiatives to take it down to the people and its now up to the provincial and LLG to take ownership of the district treasury roll out program.

Ms. Julianna Kubak in reply: Section 106 requires the DNPM to extend its service to the provincial and district level. At this point of time, this is the only legal standing of the DNPM as per your question to assist the province and districts to develop their 5 years development plans.

Mr. Paul Sai'i in reply: You asked the question, on whose authority we moved funds. The ORD is implementing the OLPLLG and it is the OLPLLG that authorizes the ORD to move funds. ORD deals directly with the District Administrators and the District

administrator is directly accountable to the Provincial Administrator. Requests for funds are received directly from the district administrators with the understanding that it is viewed and approved by the provincial administrator. Later the acquittals are sent back to the provincial administrators for their viewing.

Highlands Regional Development Forum Report by Ms. Janet Nisa, Peace Foundation Melanesia, SHP, and Mr. John Sari, Executive Officer, Eastern Highlands Provincial Advisory Committee.

Distinguished guests, ladies and gentlemen, my colleague and I will be presenting the Highlands Regional Development Forum recommendations, which came out of a two days forum that was held in Goroka, Eastern Highlands Province in April 2007.

Presentation Overview:

1. Local Level Government: how do they fare?
2. District Administration: What are they doing or not doing?
3. Provincial administration: What are supposed to do as against what they are not doing?
4. Community participation: what is it?
5. Information dissemination and communication: Is this happening?

Local Level Government

Does a report of what is happening at the LLGs, reach the district and provincial administration? The answer is no. Nobody knows what the state of affairs is like in the LLGs and even in the districts. No one makes any effort to find out from the provincial headquarters. The Council President is confined to his village and the local councilors do not know what is happening because they live in complete isolation.

Because there is lack of communication in the LLG, information does not flow through and reach the people. They do not even know how much money is budgeted for them.

Sometimes the LLGs can not operate and reach their aims and goals because they lack appropriately skilled manpower and resources.

The provincial administrations do not bother to check how the LLGs are operating. There is no financial support coming from the provincial administrations as well. In other words LLGs only get their constitutional grants which is eaten up by Councilor's allowances and nothing much is left for any meaningful projects.

The LLG staff are not properly trained from any recognized institutions such as the PNG Public Administration college so are not trained in public service ethics and work so there are too many unqualified works in the LLGs and uncommitted, hence they do not know their jobs..

No auditing takes place in the LLGs. That means that the funds allocated for LLGs are not properly spent according to LLG budget. LLG uses the money for their own purposes. Those who misuse go unpunished.

Very strong political influences in the LLGs. Those who support the winning Open Member of Parliament get at least something to benefit, while others suffer from basic services.

The prioritization of needs in the ward levels is not there. Projects lists are not followed according to priority.

2. District Administration

- 1.1 District administration staff are not properly trained. The lack of proper skills and knowledge to suit their various function with the districts and local level government.
- 1.2 Not many qualified people operate in the districts and LLGs, which stops or hinders the smooth flow of basic goods and services to the rural population.
- 1.3 There is no coordination team in place to monitor the effective flow of basic goods and services, projects to the people.
- 1.4 No watchdog to oversee the operation of the district staff, and delivery of goods and services is not so effective and most do not reach their destination.
- 1.5 The implementation of the projects and delivery of goods and services is not done according to priority lists. The priority needs of the people or ward is not reflected in the budgets.

3. Provincial Administration

Unqualified manpower operate in the provincial administration and basic goods and services do not reach the local population. LLGs do not get their share of the funds.

As there is poor performance of provincial administrations the basic services do not reach LLGs and ward levels.

There is no centralized system of reporting and the existing mechanism of reporting is often biased. One sided reports reach the provincial administration who then makes the one sided decisions which do not benefit the bulk of the population in the LLGs areas and ward levels.

There is no watch dog to oversee the operation of the provincial and district administration. Employees take advantage of that and decide to go their own way and do not perform accordingly. The district and provincial administration lack a watchdog such as a coordination and monitoring committee to ensure compliance.

The provincial administration do not train LLG staff about priority needs and project cycle management.

There is no coordination and cooperation between district and provincial treasuries, administration and program managers. This leads to funds going to one particular area according to one particular person's interest, often and MPs or a crony of an MP.

As provincial and district staff travel to remote LLG to assist them to develop ward plans, we do not see any tangible development taking place in the remote areas. People are still living in the dark ages.

4. Community Participation

There is no proper planning and consultation in the districts and LLGs which result in the lack of commitment by the staff. There is no wide participation by the community. No meetings or public forums held to involve the community to express their views.

Meaningful community consultation does not occur regarding the implementation of the provincial and district budgets. Budgets are done far away from the province. The people in the province are not aware about what is happening.

Funds budgeted for purposes but people do not know how that money has been spent. The funds disappear on the way to the province, district and LLGs.

5. Information, dissemination & communication

There is no effective communication among and between stakeholders. There is no improved communication between the government and community or the recipient of the services.

The laws and policies presented to the various levels of the government is not kept simple, relevant and easy to understand with a widely spoken language.

Copies of provincial budget papers are not made available to the districts, LLGs and councilors.

The dissemination of information is not made a key function of the government.

The procedure is not strengthened and followed. That why the NGOs, churches, are not involved and informed for equal participation for the betterment of the community development.

No public forms and seminars held at the local levels. So the budget does not reach the people.

Summary

Women are not given any chance to participate in any levels of the government. The male population dominates the workforce. When the male dominate they lack cooperation to implement policies and bring about development according to the wishes of the wider population. Instead they think of themselves and their cronies or tribesmen and the women and children suffer from basic services.

For the last 32 years of independence the male population have ruled the provinces, districts and LLGs and the management of the Provinces is very poor, especially in the Southern Highlands Province. Basic goods and services are not delivered.

Roads and bridge in the rural areas are not constructed or those that have existed since the early 70's are on the verge of collapse or in some areas have collapsed already. Education and health services are also no delivered. The people are wondering where this money goes, though they are budgeted for.

The basic services are not delivered to the LLGs area. Could the National Government and planners explain where these money spent how it is been spent.

Being a woman I do not get the service I am supposed to receive.

Summary of major concerns and recommendations from Momase Regional Development Forum, A joint presentation by Mr. Martin Negai, Momase Regional Secretariat & Ms. Mary Kamang, President of Madang Provincial Council of Women

Introduction

With much appreciation to the CIMC which has played a very important role in bringing these forums to the regions of this country, which created the opportunities for all provinces, districts and LLGs to participate and contribute opinions and suggestions for Government's consideration and implementation.

The last regional CIMC Development Forum in Momase was held in Madang in April 2007. We are privileged to be given the opportunity to present to this Forum, the Summary of major concerns raised and the recommendation made in that Momase Regional Development Forum.

Firstly, the theme of the last Momase Regional Development Forum was Opening up the budget spending process; ensuring accountability and transparency.

We are invited to present to this Forum a summary of issues and constraints raised and discussed at the Momase Regional Forum. At the conclusion of the Forum, recommendations were made to improve on the budget spending, accountability and transparency processes.

Seven (7) budget policy areas were examined. The policy areas were:

1. Governance and Accountability;
2. Governance and transparency;
3. Public Service Reforms;
4. Public Expenditure & Management;
5. Annual Budget Cycle – Budget Formulation and Presentation;
6. Annual Budget Cycle – Budget Implementation & Monitoring and
7. Local Level Government.

We are going to briefly summarize the major issues and constraints of budget processes under each of these policy areas and what will present to the National Development Forum our the Momase Regional Forum's recommendations to remove these major budget process constraints.

Budget Policy Areas

1. Governance and Accountability.

Under this policy area there is ineffective policing and checking of Provincial and Local levels budget implementation to ensure compliance with the budgetary provisions so that the funds are fully disbursed and hard cash made available at local-levels.

Therefore there is need to bring Government to account at all levels through monitoring committee and ombudsman, annual audits etc. Funds for LLGs are to be directly allocated to LLGs accounts managed by professionally trained LLGs accounts staff. This has yet to happen in many LLGs.

2. Governance and Transparency

There is not enough information on budget available due to ineffective communication at LLG level. Then the effect of that is; no proper planning; poor staff commitment and consultations and no community participation. The budget process is not open to public. There is no link between communities, the politicians and the non governmental organizations, including churches.

There must be publicity of Ward plans, LLG plans, and District plans. To effect the publicities of these whole process of planning and implementation, the Office of Information to be reactivated. More information on budget process should be made available to develop links through NGOs, CBOs stakeholder etc.

3. Public Services Reforms

Due to unqualified human resources and lack of ongoing human resources capacity building there is a lack of commitment by public servants at District and local level to serve the people well. What is needed now in this policy area, is more training through PNGIPA and Department of Personnel Management. These are the incentives for motivation and enforcement of disciplinary measures to maintain service delivery happens in reality.

4. Public Expenditure Management

Major issues and concerns under this heading are similar to those in Governance and Accountability. There are no effective checks through annual auditing from Provincial, District, Local and Ward levels.

Monitoring Committee to audit and report on all these levels should be established.

New Guinea Islands Development Forum: “Opening up the Budget Spending Process: Ensuring Transparency & Accountability at all Levels” by Greg Toxie Seth, Lord Mayor, Kavieng, New Ireland Province

We, in the New Guinea Islands, look forward to working with the new Minister, key sectors and all our partners with a common goal of improving the health and well being of all residents of Papua New Guinea.

Introduction

I join the Highlands and Momase Regional speakers to speak on the important theme for this year’s series of regional forums pertaining to “*Opening Up the Budget Spending Process: Ensuring Transparency and Accountability at all levels*”.

Taking this into account, I intend to depict to you an insight of the two (2) systems of governance in the New Guinea Islands Region so that we understand how the theme is applied in the North Solomons Province:

1. Provincial & LLG system which is implemented by; Manus Province, New Ireland Province, East New Britain Province & West New Britain Province, and
2. The unique Autonomous Bougainville Government which is implemented by the Autonomous Bougainville Region.

Until the last few years the economy has underperformed and even now the level and nature of economic growth remains inadequate to reach the whole population.

Whilst the state has been trying to do too much in too many activities, with too many levels of government, it has failed to perform many of these tasks effectively.

Everyone in the public sector, politicians and officials, have been quick to blame each other for the problems, and there has been inadequate recognition of the nature of the problems or readiness to take responsibility for them.

Somehow we have allowed systems to become unused, so that core public goods and services, such as roads and utilities have not been maintained, schools do not have teachers or without materials and health facilities or immunization programmes, for example without drugs or ceased.

Recommendations

The NGI Regional Development Forum resolves to recommend to the National Development Forum ten (10) summarized points of consideration to improve on

accountable leadership and the operational machinery to deliver goods and services to our people whether in urban squatters or in rural villages effectively.

The topics are presented to you as follows;

- Governance and Accountability
- Governance and Transparency
- Public Service Reforms
- Public Expenditure Management
- Annual Budget Cycle – Budget Formulation and Presentation
- Annual Budget Cycle - Monitoring and Budget Implementation and Monitoring.
- Provincial and District Administration
- Local Level Governments
- Community Participation
- Private Sector Participation

Governance and Accountability

Issues and Constraints	Recommendations
Inadequate resource allocation especially to key agencies that are responsible for compliance	Agencies that are responsible for promoting and enforcing good governance and accountability must be adequately resourced for them to effectively operate.
Lack of understanding of the different responsibilities involved in implementing the annual budget by politicians and public servants.	Leadership by politicians is critical in addressing these problems, and the chief accountable officers should be held responsible for poor performance.
Lack of enforcing the Public Management Act.	Dept of Personnel Management to ensure Public Management Act is enforced.

Governance and Transparency

Issues and Constraints	Recommendations
Lacks of information at community level on community Impact Projects	Report or feed back on community development projects should be made easily accessible by the public. Revive the office of Information setting branches in the districts
Lack of Public Information on implementation of the budget	Relevant agencies at all levels of governments to conduct awareness on existing systems, processes and laws.
No public seminars or workshops the budget systems and implementations.	Translation of the laws, processes or policies into understandable language engaging media & NGO's for basic awareness.
Too many are not prepared to speak out of fear.	LLG Budgets to NGO's & Stakeholders. There must be freedom of speech without intimidation.
Lack of compliance of existing procedures and regulations as well as no proper administration.	Competent/ Transparent/ Accountable leadership is needed at all levels

Public Expenditure Management

Issues and Constraints	Recommendations
Lack of coordination between Treasury and Provincial Treasuries	<p>A mechanism for prompt exchange of information should be established.</p> <p>Funds should be published in daily papers to increase community scrutiny on expenditure</p>
Lack of understanding about roles and responsibilities of public servants and politicians.	A program for induction of MP's and regular refresher courses for public servants.
The relationship between politicians and public servants need clarity	<p>Effective coordination between and amongst agencies should be promoted using existing institutions or mechanisms</p> <p>Right size the public service and save cost for development purposes</p>

Public Services Reforms

Issues and Constraints	Recommendations
Lack of proper housing for public servants that lead to lower output.	Better housing for public servants or review current housing allowance.
Lack of training of LLG & District staff to execute the budget.	Government to enforce public service management act in order to review and improve selection procedures of public servants.
Lack of compliance of existing procedures and regulations as well as no proper administration.	Capacity development in LLG's and Districts.
Lack of incentives to encourage public servants to work more effectively.	Develop incentives to encourage outstanding performance.

**Annual Budget Cycle
Budget Formulation & Presentation**

Issues and Constraints	Recommendations
Lack of training of LLG & District Staff to Execute the Budget	Capacity Building should be made priority to in this area.
Lack of coordination between National Department and Provincial government on National Sectoral Policies.	Involve all sectors in Planning and Budgeting and in all decision making processes.
No public seminars or workshops on the budget systems and how they work on implementing the budget.	The procurement process requires strengthening through various avenues (including through print media, NGO's & community groups
Lack of skilled personnel or technical personal in provincial governments to implement policies.	Link in with cadet training program. Basic training of proper government procedures and proper recruitment of personnel Target training for provincial and regional governments to enhance management and technical capacity.
Lack of information available to provinces about service providers	Mapping out and documenting resource providers both at national and provincial levels.

Local Level Government

Issues and Constraints	Recommendations
Staff at LLG's lack training to execute budget.	Prioritize Capacity Building for district and LLG's.
Lack of compliance of existing procedures and regulations / no proper administration.	Competent/ Transparent/ Accountable leadership is needed in LLG's
Inadequate funds reaching LLG's and Wards both recurrent & development funding.	LLG grants to be directly given to them
Lack of Budget Information reaching LLG's.	Education & Awareness is key to reducing misunderstandings to roles & responsibilities of all tiers of government.
Roles and responsibilities of all 3 tiers of government not clear.	Roles of all three tiers of government to be made clearer

District Administration

Issues and Constraints	Recommendations
Lack of proper training of District & LLG staff	Capacity Building should be made priority Put in place a mechanism for removal of unproductive public servants.
Lack of compliance of existing procedures and regulations	Competent/ Transparent Accountable leadership is required at all levels of administration
Lack of compliance of existing procedures and regulations / no proper administration	Competent/ Transparent Accountable leadership is needed.
No or lack of strong monitoring system in place	Pooling of regional experts where the region can draw from.

Community Participation

Issues and Constraints	Recommendations
Lack of information at the community level on the budget processes, impact projects, implementing agencies and roles and responsibilities as per the OLP & LLG.	Information on community development programs should be made easily accessible to enhance community oversight. Strengthen and build capacity for government agency that is responsible for giving out information
Government is negligent in involving women in budget processes	Need to define roles and responsibilities of nominated women at the provincial & LLG levels for enhanced opportunities for representation

Private Sector Participation

Issues and Constraints	Recommendations
Lack of information,	The public must be made aware of all government decisions; and
Lacks of incentives to encourage the public servants, and	That public servants must be given incentives to encourage high performance
Lack of freedom to speak out on issues are serious factors that encourage the continuous bottlenecks to effective delivery of goods and services	Freedom of speech with out intimidation

Conclusion:

Non compliance of the existing system of governance, service delivery mechanisms, and monitoring and reporting systems has become our biggest problem.

We hope our NGI recommendations will help in improving the budget spending process through accountable & transparent practices

***The 2005 Provincial Expenditure Review: Cost! Capacity! Performance!* by Dr. Nao Badu, CEO and Commissioner, National Economic Fiscal Commission**

Publications

The findings of this review are contained in the report entitled *Cost! Capacity! Performance!*:

There are 2 versions of the report:

1. The Extract – a summary version of the full report
2. The Main Report – which will be available in hard copy or from our website www.nefc.gov.pg

This Review

- Is an extension of the 2005 function grant review presented to this forum in 2006
- Covering ALL provincial recurrent spending on goods & services from both:
 - National Government Grants
 - Internal Revenue

Key Findings

1. Everyone spends too much on provincial administration – it must be reduced and controlled
2. Not enough is spent on priority sectors – health, education, infrastructure & agriculture
3. Education is the best funded service sector
4. Health & infrastructure maintenance are worst funded
5. There are two gaps in service delivery:
 - A funding gap – insufficient funds
 - But funding alone is not sufficient, analysis shows when fiscal capacity is considered, higher-funded provinces perform worst, so we need to address.....
 - The priority gap – spending in the wrong areas
 - By spending on recurrent goods & services in service delivery sectors not administration, non-priority areas, wages and development

Cost! Capacity! Performance!

During this presentation we will consider:

Cost! (the Cost of Services Study)

- How much does it cost to deliver services in each Province?

Capacity! (provincial revenues)

- The fiscal capacity of Provinces varies a lot. Some can afford the costs of delivering basic services – some can't.

Performance! (provincial expenditure)

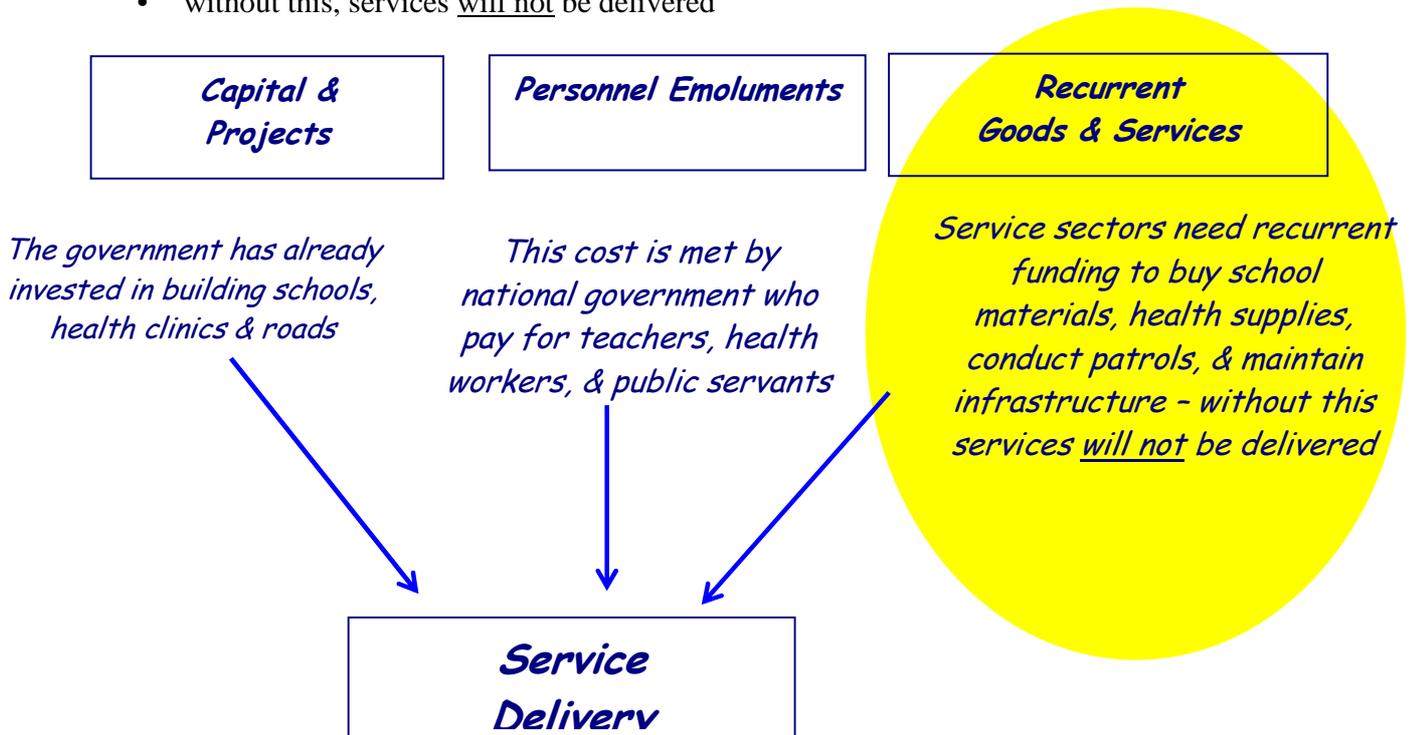
- How close are we to spending what we need to fund service delivery

Cost!

How much does NEFC estimate it costs to deliver services throughout PNG?

Our interest is recurrent goods & services

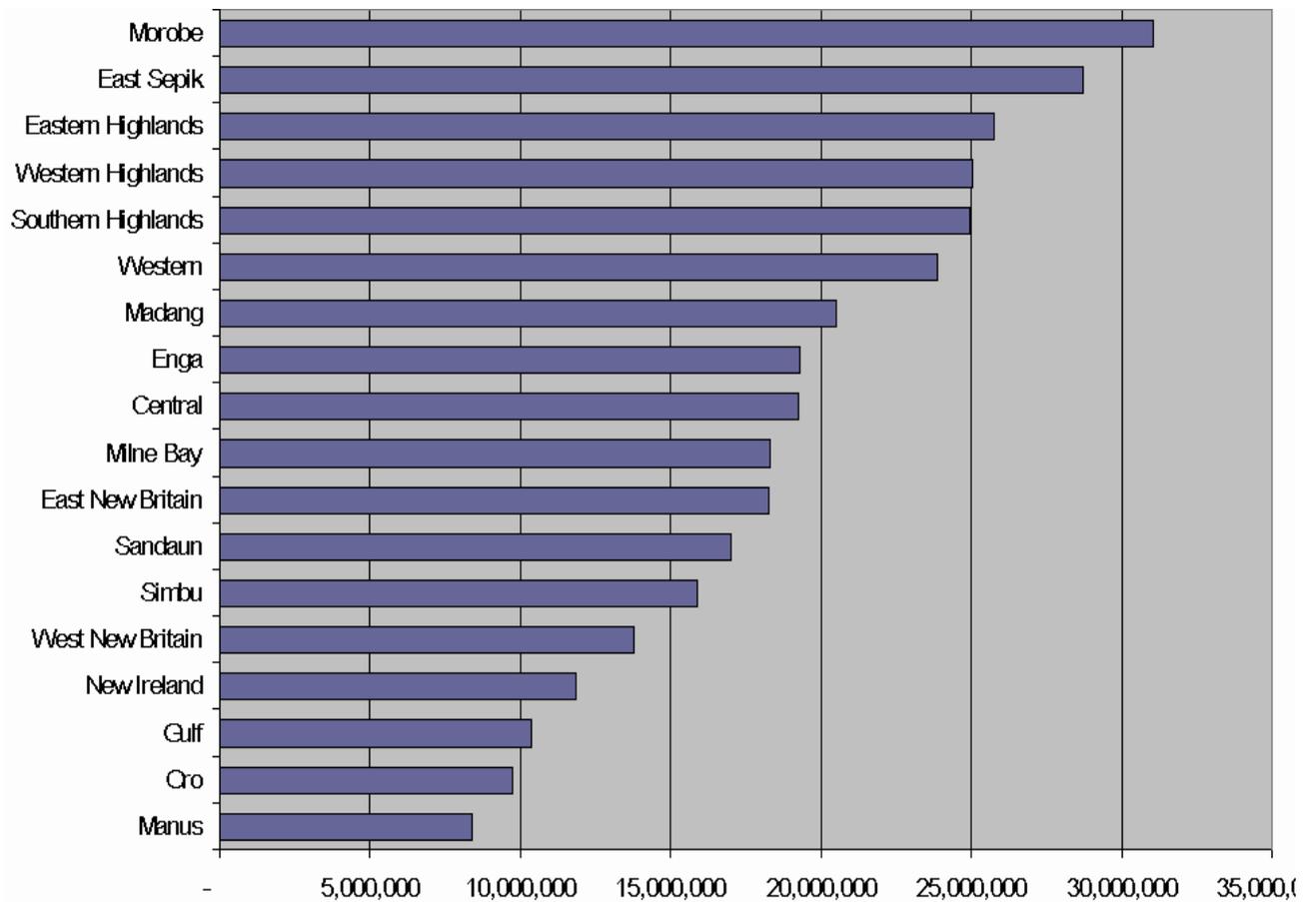
- Spending on recurrent goods & services supports ongoing service delivery
- without this, services will not be delivered



The Cost of Delivering Services by Province

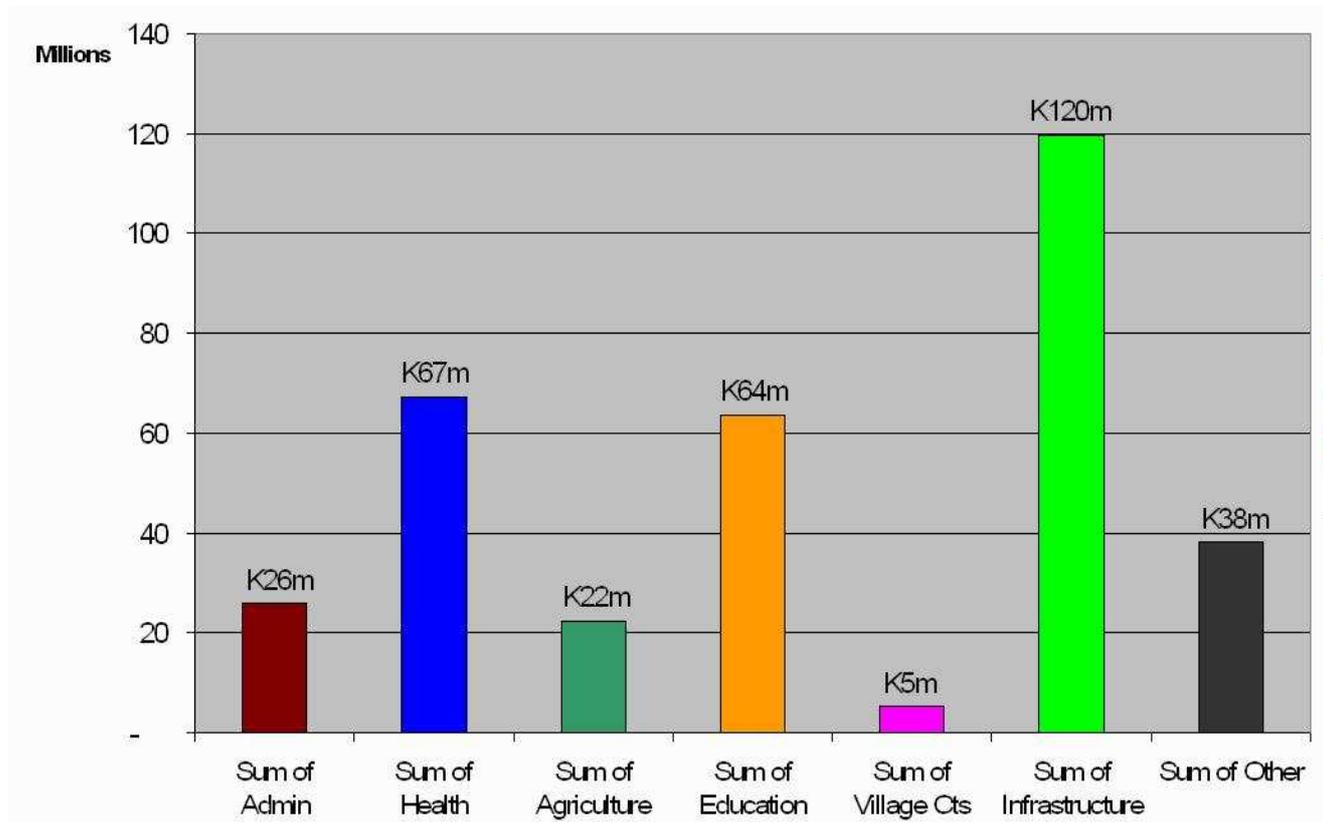
- NEFC has estimated the cost of delivering services across PNG for each district in each province
- Recurrent costs range from K8 million to K31 million

Recurrent costs only..... no salaries.....no capital.....no projects



The Cost of Delivering Services by Sector

- Cost to provide basic services – K342 million
 - Highly conservative
- Three sectors cost the most - health, education & infrastructure



Capacity!

The fiscal capacity of Provinces varies a lot. Some can afford the costs of delivering basic services – some can't.

What is Fiscal Capacity & how do we calculate it?

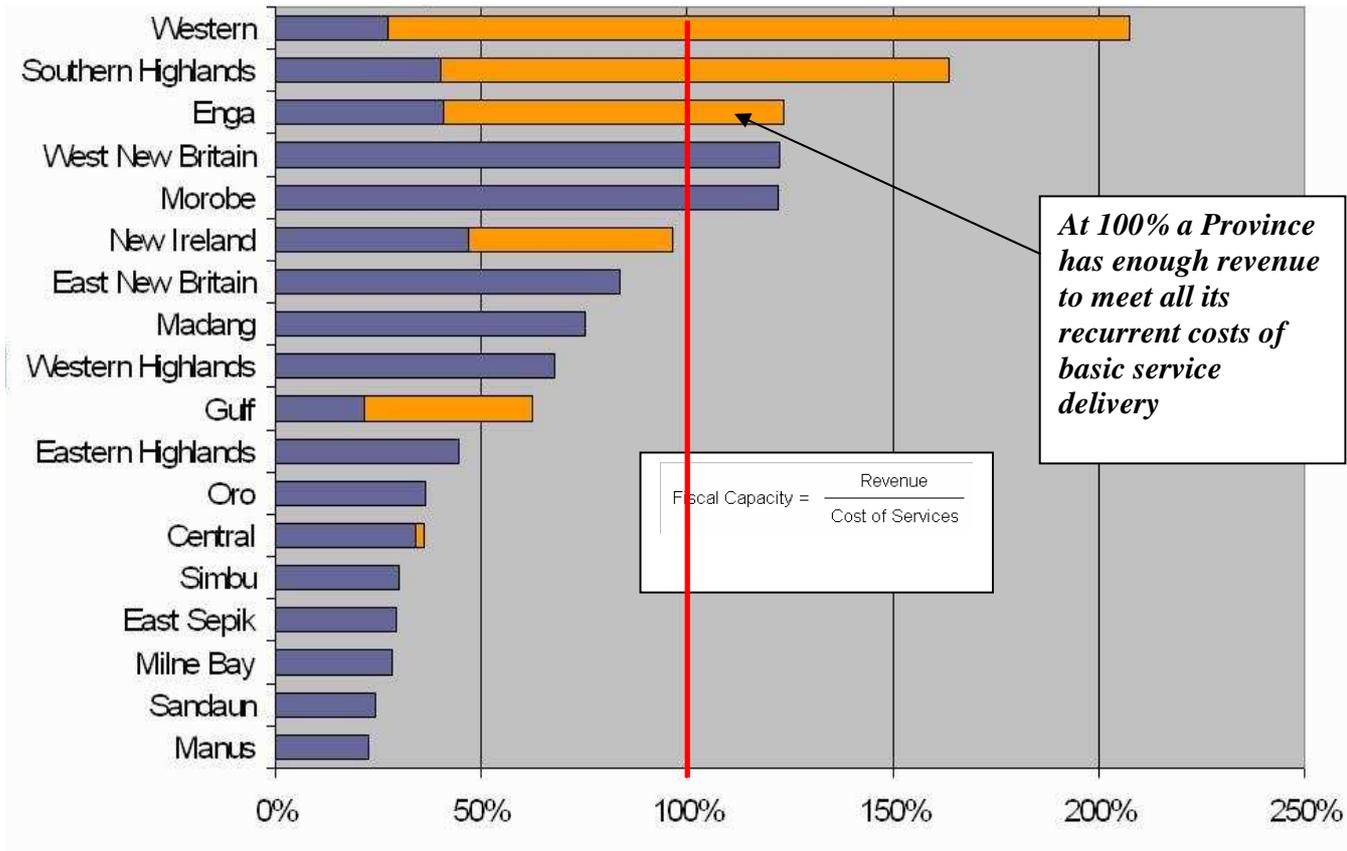
- The term ‘fiscal capacity’ describes a provinces’ ability to meet its costs.
- We know that not all provinces have the same resources – in fact there is a big difference. Some have a lot, some have little
 - We can calculate fiscal capacity as follows:
 -

$$\text{Fiscal Capacity} = \frac{\text{Revenue}}{\text{Cost}} \quad (\text{all sectors})$$

$$\text{example:} \quad \frac{11,500,000}{25,500,000} = 45\%$$

Fiscal Capacity varies across Provinces

- The funding available to Provinces in 2005 – ranges from 23% to 207%



Revenue from all other sources (grant, GST, own sourced revenue)
Revenue from Mining & Petroleum projects

Performance!

Comparing:

- What a province spent, to
- What we estimate they needed to spend

Comparing actual spending to cost estimates

- Comparing what a province spent to what we estimate they needed to spend will give us a performance measure
 - We can calculate this as follows:

$$\text{Sector Performance} = \frac{\text{Actual expenditure}}{\text{Cost}}$$

Performance!

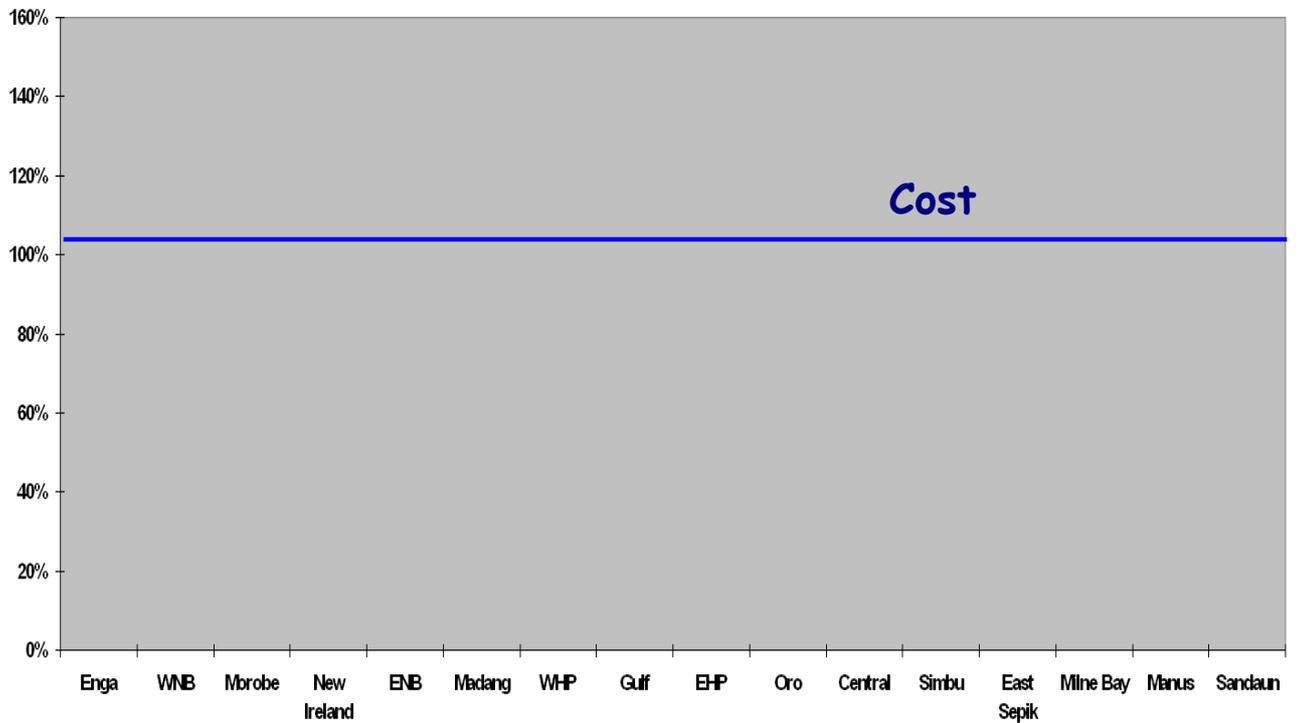
Sector by Sector

We need to bring together the 3 components of cost, fiscal capacity & actual expenditure together they show us:

- Are we spending too little, or too much?
- What priority we place on each sector

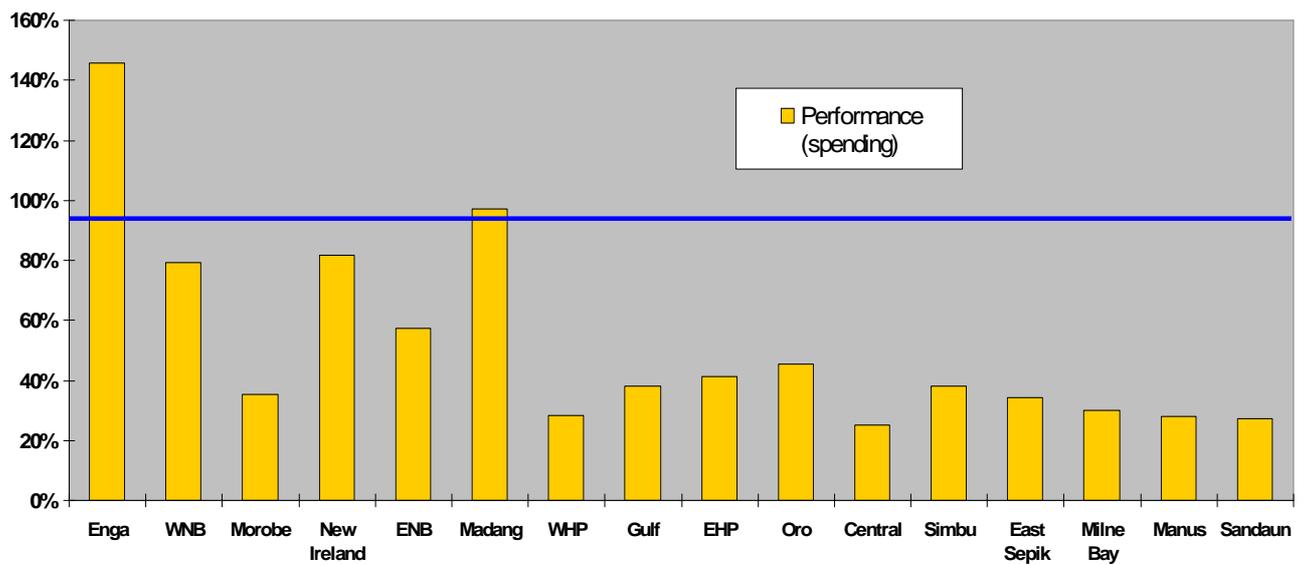
Education Costs

- the blue line represents the amount NEFC believes needs to be spent to adequately support education services
- Ideally we would reach 100% - at this level all basic education services can be provided



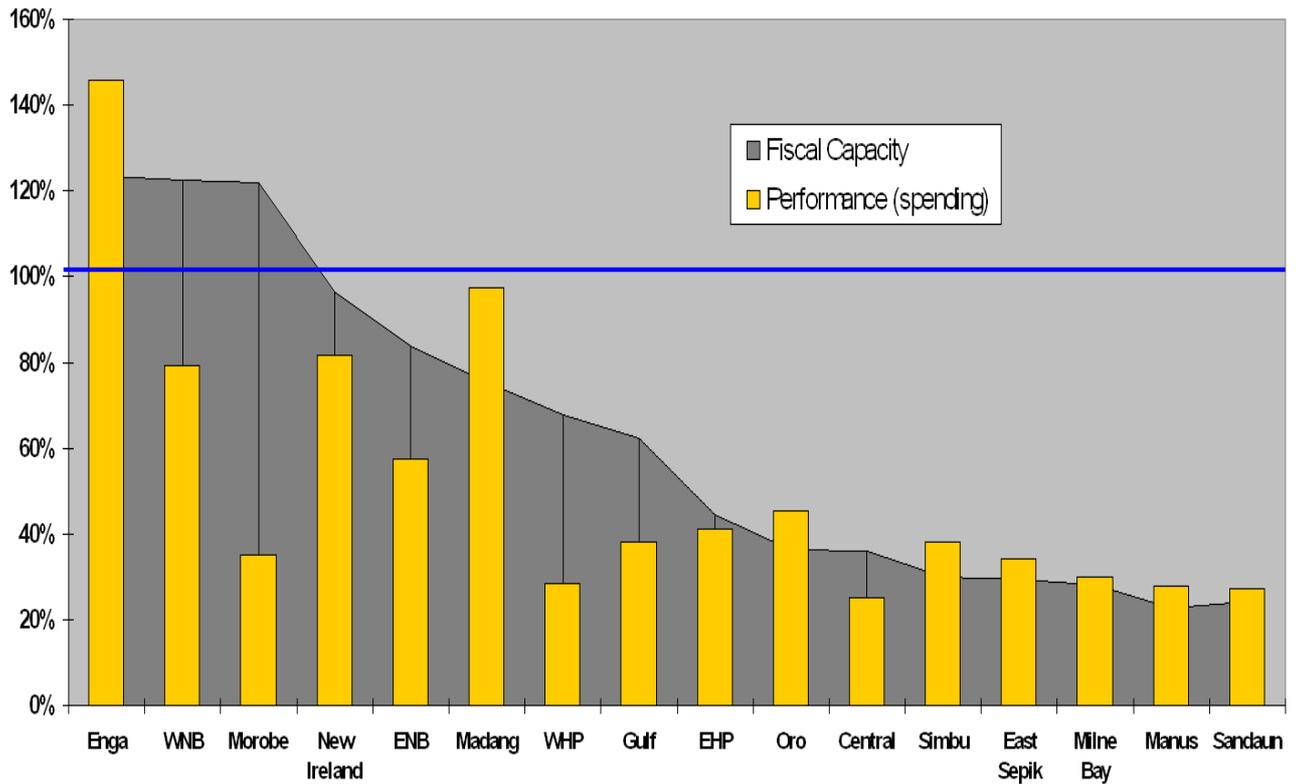
Education Spending

- the orange bars represent the amount the provinces spent in 2005 on recurrent goods & services in education
- Most provinces spent 40% (or less) of what is necessary



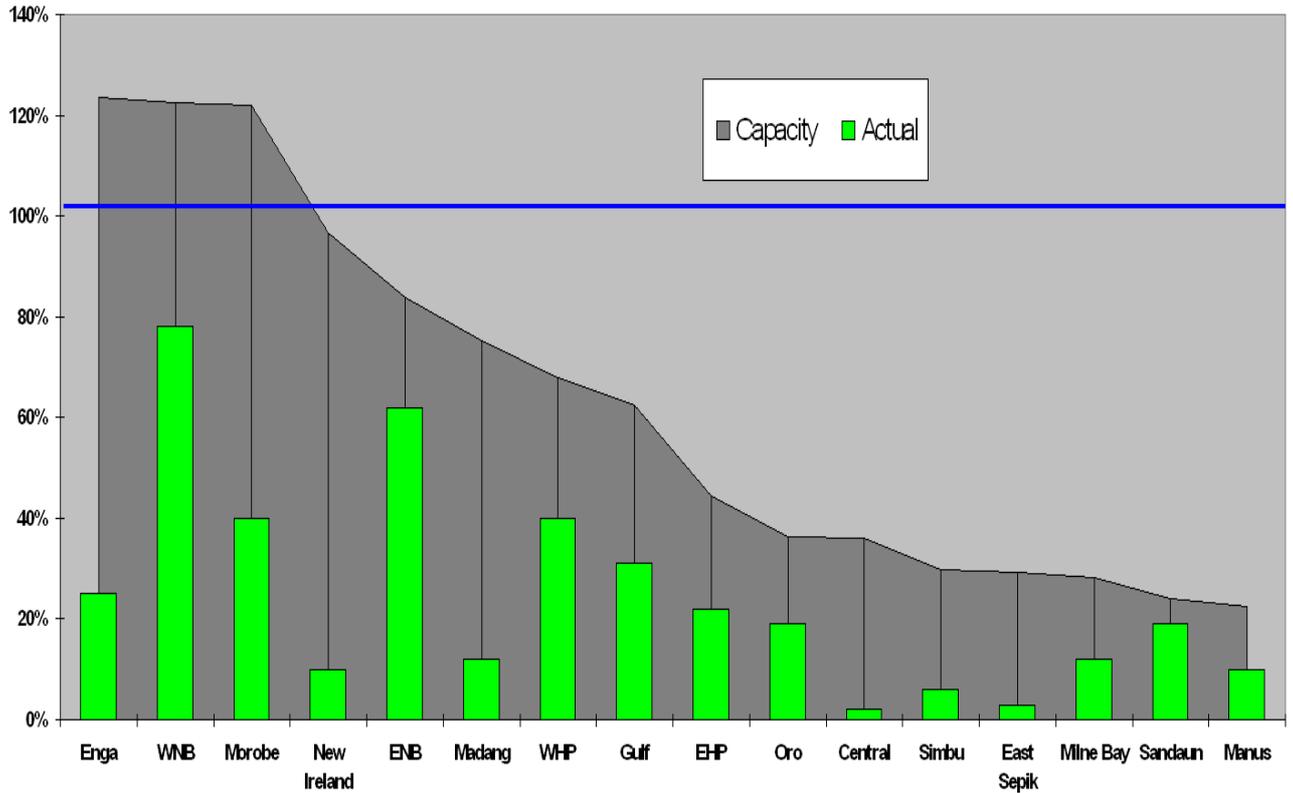
Education - Fiscal Capacity

- The dark grey background represents the provinces overall fiscal capacity – what can they afford to do
- If they spend above or below this level they are giving a higher or lower priority to other sectors (trade-off)

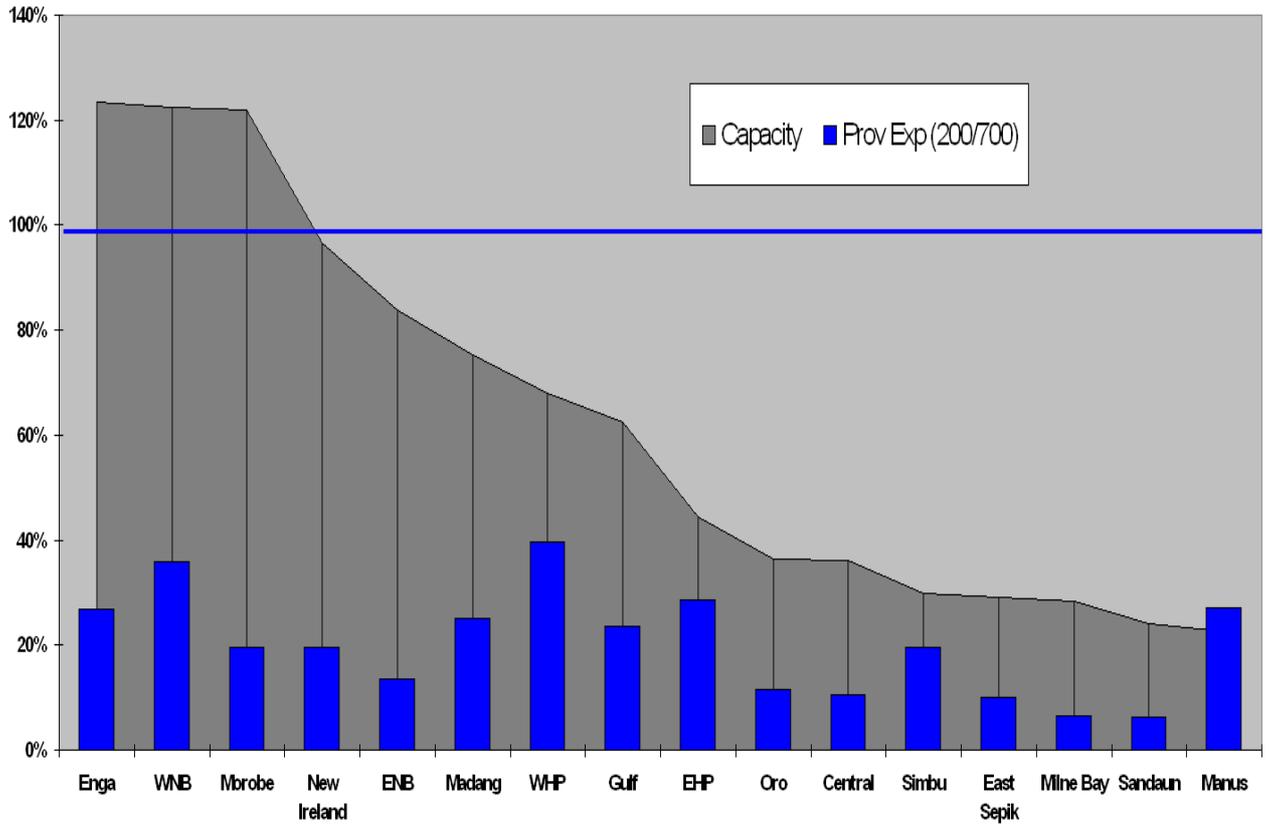


Infrastructure maintenance – is the task too big?

- No provinces allocate enough funds even for basic maintenance.
- Maintenance alone costs K120 million p.a. - is the task too big for provinces?

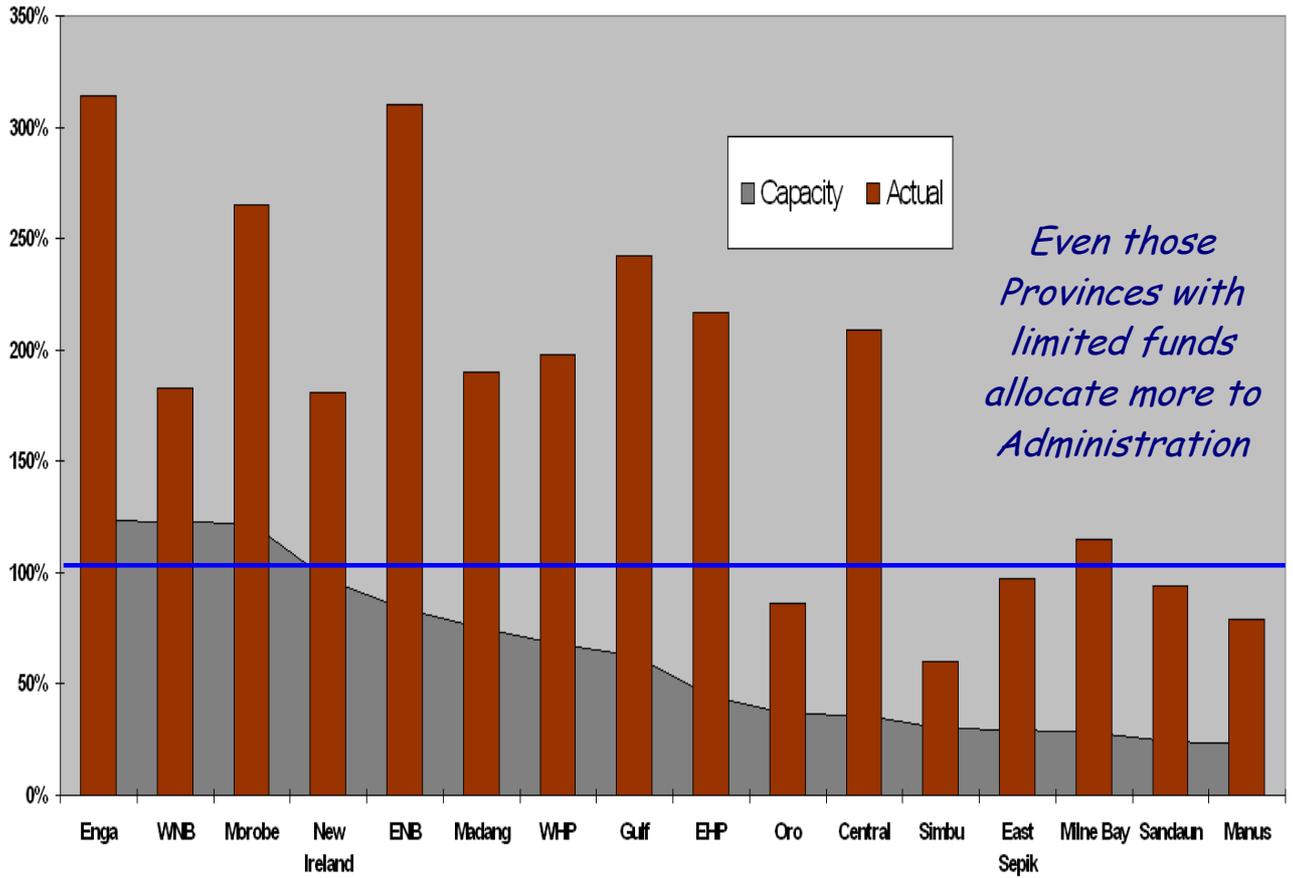


Health – the low priority for provinces



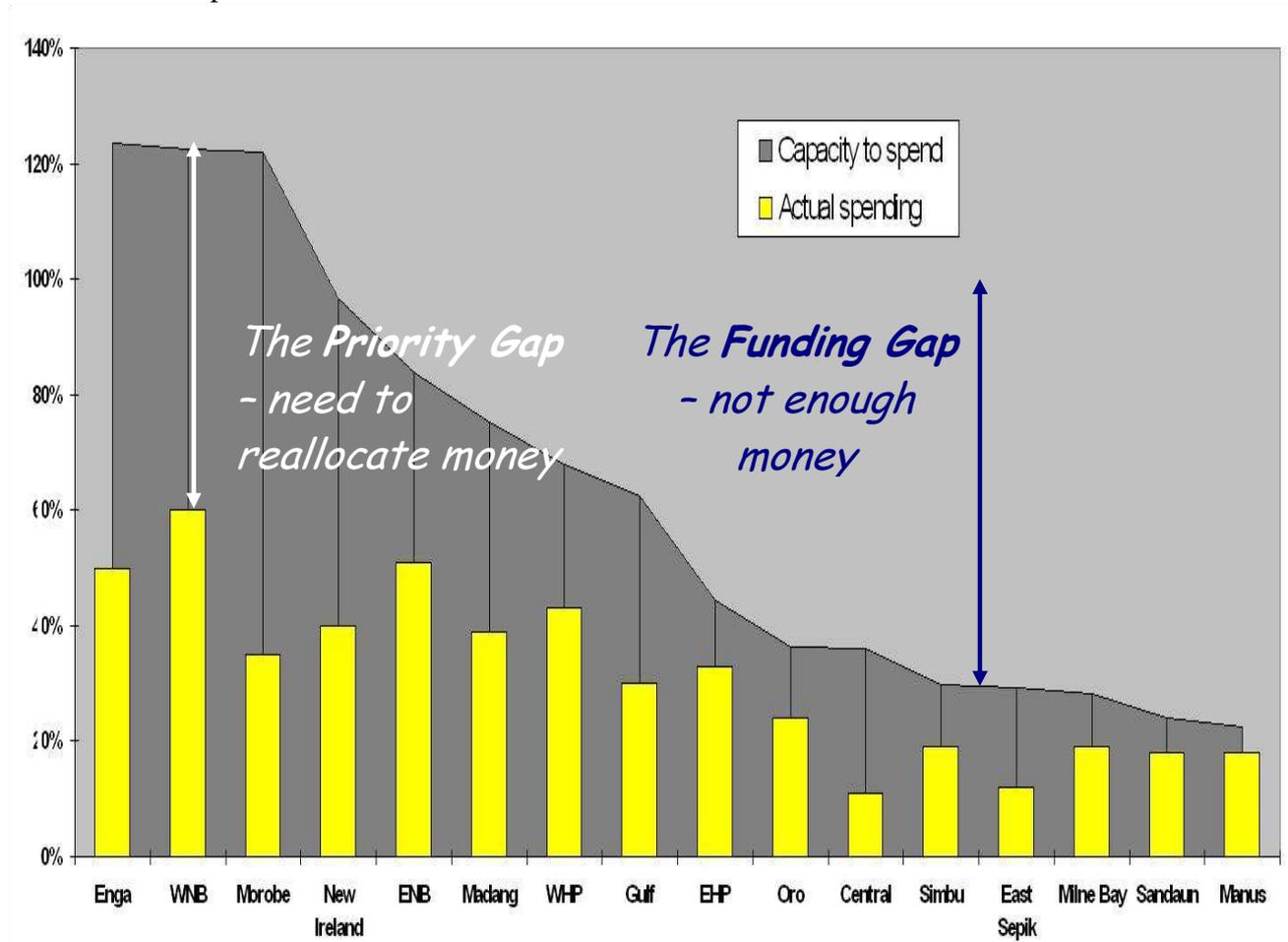
Administration – do we spend too much?

- Yes
- Administration costs are priority number 1 – most provinces spend more than we think necessary



All MTDS sectors combined

- This graph shows the combined spending on all core MTDS sectors – the twin gaps are clearly evident
- We need to spend more (on recurrent goods & services) in these areas if services are to improve



What can we do?

.....and what are we doing?

RIGFA addressing the key findings

1. The Funding Gap	Provinces need additional funding – only the National Government can address this
2. The Priority Gap	Provinces should redirect funding to the priority sectors that deliver core services – <ul style="list-style-type: none">• health• agriculture• education• infrastructure maintenance
3. You need to know what it costs to deliver services (for planning & budgeting)	Use the NEFC costing information as a benchmark of what it costs to deliver core services
4. Low <u>recurrent</u> spending	Fund recurrent goods & services spending <u>first</u>
5. High spending in low-priority areas	Reduce spending in these areas; <ul style="list-style-type: none">• projects• casual wages (PE)• new infrastructureuntil you adequately fund recurrent spending in service sectors
6. Over-spending on administration	Review the provincial budget and reduce spending on administration – use NEFC costing as a benchmark

Let's look at an example:

Health in Province A

If we assume these 3 factors:

- *Cost:* Cost estimate for province for health is **K4 million**
- *Capacity:* The province has an overall fiscal capacity of **45%**
- *Performance:* The province spent **K1 million** on health on recurrent goods & services

We can calculate the province's performance in the health sector as follows:

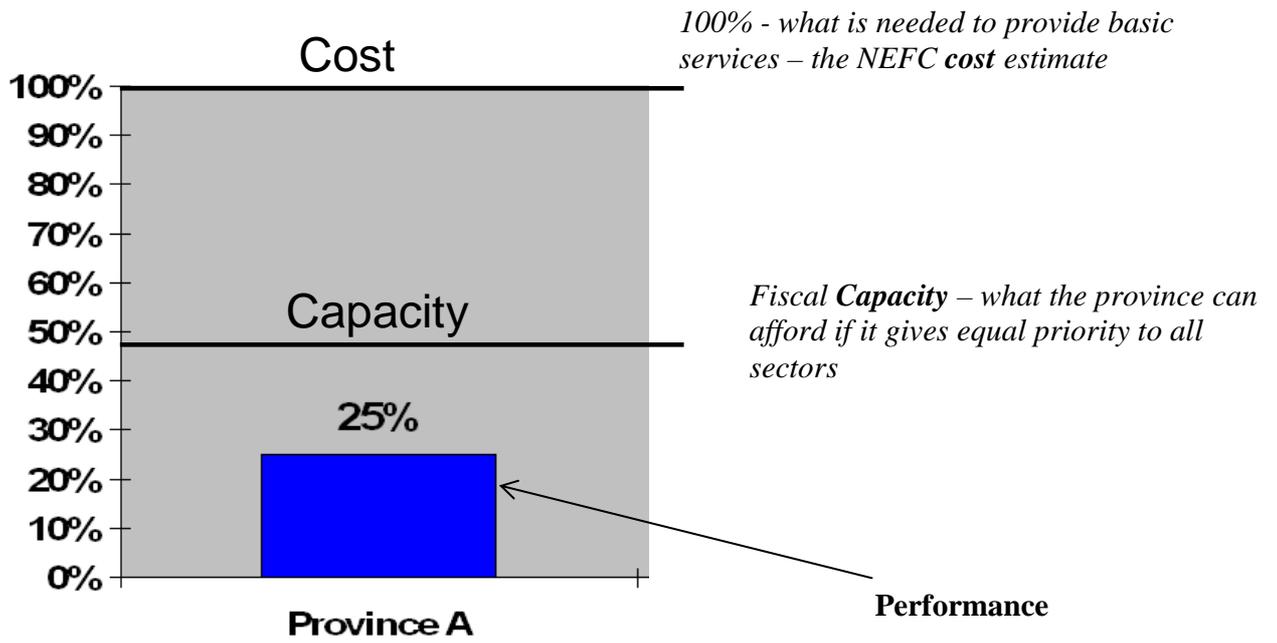
$$\text{Sector Performance} = \frac{\text{Actual expenditure}}{\text{Cost}}$$
$$\text{therefore } \frac{1,000,000}{4,000,000} = 25\%$$

Province A spent 25% of what is required to deliver basic health services. Yet they had the capacity to spend 45% if all sectors were treated equally. Health was a lesser priority

Let's illustrate that example:

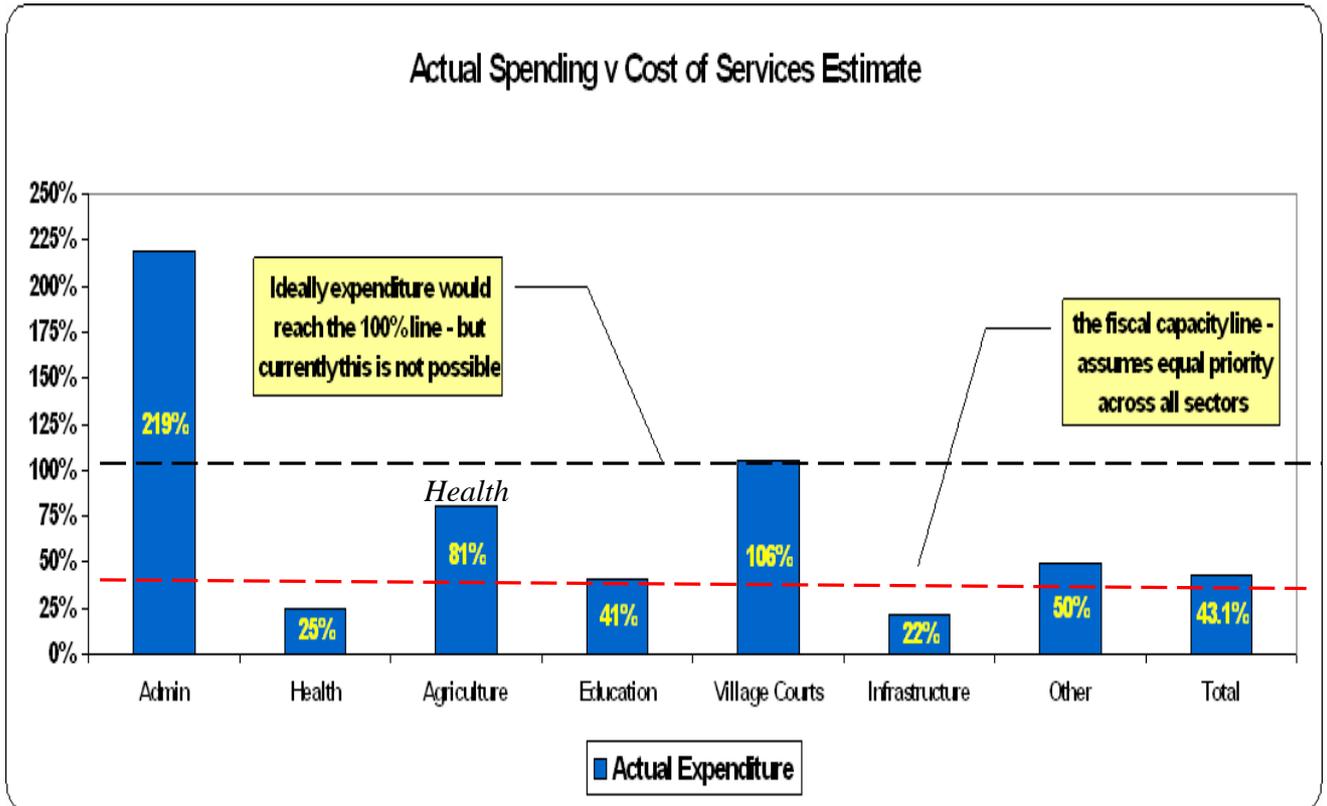
Province A:

- Cost = 100%
- Fiscal capacity = 45%
- Health spending = 25%



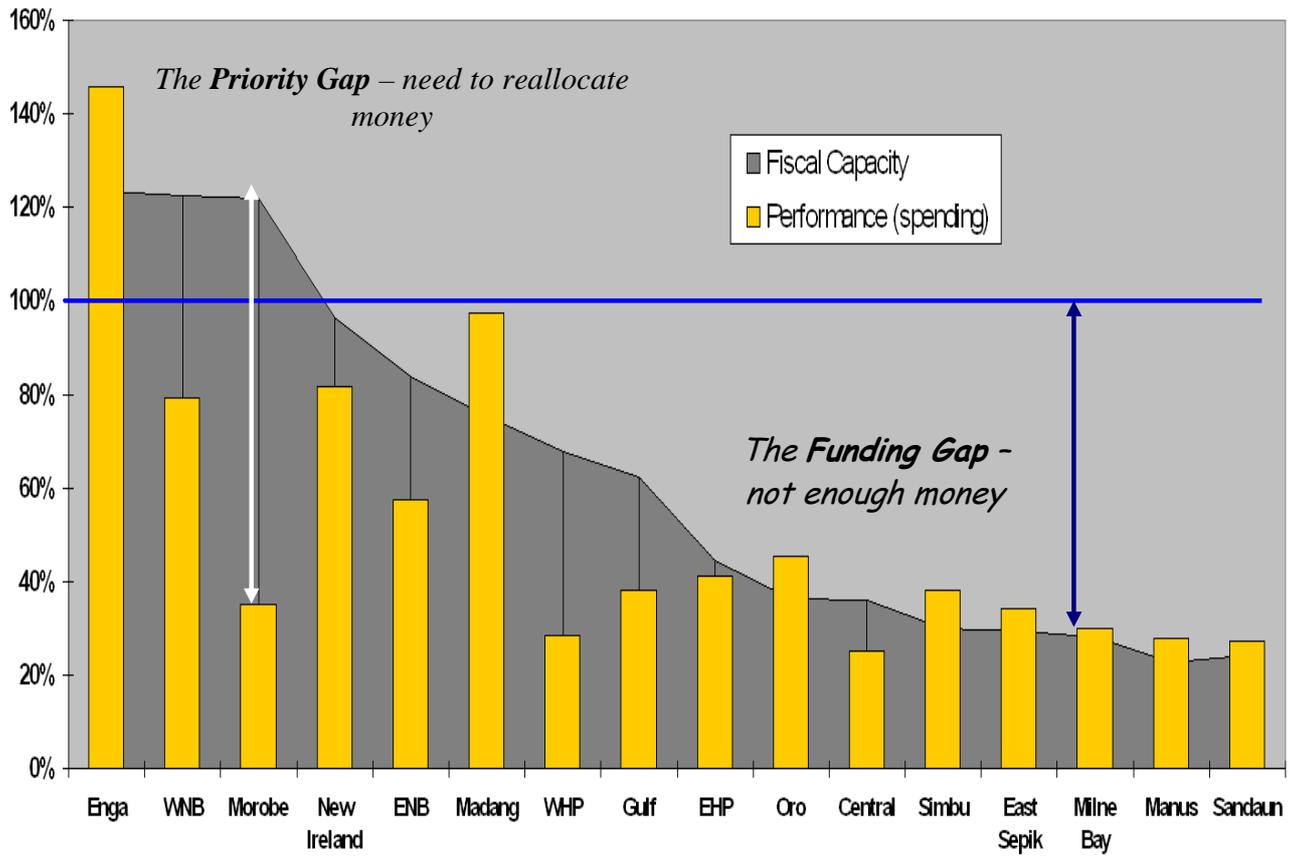
Let's expand the example further:

- The principle of trade-off
- Remember fiscal capacity is 45% - we can't do everything
- If spending in one sector is greater than 45% then the trade-off is spending in another sector must be less



Education – funding & priority gaps

- The priority gap shows the impact of provincial choices
 - The provincial government can fix this by reallocating their spending to core sectors
- The funding gap shows the impact of the shortfall in provincial funding
 - Only national government can fix this



Implications of the proposed new District Authority Act 2006 by Russell Ikosi, Acting Secretary, Department of Provincial & Local Level Government Affairs

Outline

- Purpose
- Status
- Main features
- Anomalies
- Policy implications
- Way forward

Purpose

- to inform the cimc forum the implications of the district authority act 2006
- to propose a way forward

Background and current status

- Introduced as a private members bill
- Passed by Parliament (4th may 2006)
- Not yet gazetted, therefore not in force
- Agencies raising legal/policy concerns with government

Main features of the Act and Organic Law changes:

- section 5 establishes a district authority for each district
- section 6 and 7 set out the functions and powers of district authorities
- section 9 sets out the membership of the authority
- section 22 provides for secretariat and support staff
- section 25 provides for the sources of finance for a district authority
- four related amendments have been passed to the organic law on provincial and local –level governments

Implications: policy and legal concerns

- legal entity
- membership
- functions & powers
- staffing
- funding
- relationship with national agencies
- LLG heads

Legal entity for district (section 5)

- A real constitutional conflict arises as district authorities exist in parallel to LLG - definition of “district” is an area of LLG while s.72(4) of OLP&LLG, it is the open electorate.

Membership (section 9)

- majority members non elected
- open member and LLG president will dominate
- blurring of administrative and political responsibilities
- duplication and conflicts of interest
- the process of appointment of other three members very complex.
- conflicts may arise if the district administrator must comply with directions from the authority as well as the provincial government, the LLG and the Provincial Administration

Functions and powers (section s.6 & 7)

- potential for hindering service delivery than enhancing because:
- exercise of powers and functions are unclear given that District Authorities are statutory authorities while JDP & BPC (s. 33a of OLP&LLG) – PMT and DMT are committed and the JDP & BPC at one district is likely to impede good administration and service delivery.

staffing (section 22)

- district administrator to ensure adequate staff and secondment of officers from national public services
- staffing is the responsibility of provincial administrator and DPM
- DA may not have adequate or have inadequate staff or have a reluctant staff

Funding (section 25)

- Grants from the National Government.
- No details on amounts & how the grants are to be calculated.
- Common members of the District Authority's & the JDP&BPC will receive 2 allowances
- Funds for the District Authorities will need to come from existing funds or a new source of funds.
- They may get control over district funds currently controlled by others

Relationship with national agencies (section 24)

- National agencies required to develop policies & programs, & guide implementation through provincial administrations.

Further, public servants must cooperate with District Administrators.

- this 'technical coordination and guiding' role of national agencies and its relationship with DA's has not been addressed.
- Unusual to have legislative provision requiring cooperation
- Will national agencies have to deal directly with 89 districts at a technical level?
- Will DAs prepare their own development agenda without regard for national priorities? DAs may make unreasonable demands on departments.

Accountabilities sections 18, 20, 26, 27 & 28

- Disclosure of interest
- Annual reports application of Public Finance (Management) Act
- Suspension of the District Authority

LLG Heads

- Amendments (No. 10 and 11) to the Organic Law mean LLG heads are no longer provincial assembly members
- The role of LLG heads is now restricted to local level government and membership of DAs & JDPBPCs.
- LLG heads will now have more time to focus on local matters. However, the province is now deprived of policy inputs from LLGs.

Way Forward

- No immediate plan for the implementation of the DA Act in place at present.
- Any attempt at implementation is likely to encounter significant administrative difficulties.
- DPLGA took action to ensure that the DA Act is subject to critical scrutiny by government before implementation.
- Department's position is to have the Act repealed and allow issues to be considered in the total review of the Organic law on Provincial and Local Level Governments

Mr. Tekura Renagi, President and Ward Councilor, Rigo Coast District and member of Central Provincial Assembly

Firstly I must acknowledge all of you knowledgeable people present at this meeting. Before I go onto present my paper about the situation we experience in my LLG, the Rigo Coast Local Level Government regarding the theme of this forum “Opening up the budget spending process: ensuring accountability and transparency at all levels”, I must share with you my experience from my earlier years as a Department of Primary Industry Officer and then as a District Administrator with the Okapa District in early ‘70s through to the late ‘80s.

The District Administrations used to do their own budgets for all Development projects that were to happen in the districts within the next year. The funds were paid directly to the districts and projects were implemented on time and transparently. The same went for services. Funds were disbursed on time and there were no hold ups resulting in all basic services being well maintained. The District Administrators only called on provincial officers for technical advice.

To date, no one has done any studies on the funding of LLGs and their performance. It is good to note that the Government has commissioned the National Economic Fiscal Commission to undertake the Cost of Services Delivery Study because from such an in-depth study and analysis we can see that the less Developed Districts and LLGs are facing severe break down in minimum levels of services delivery. This can also be seen in the actual physical infrastructure within all the districts in the Central Province, including Rigo District. Rigo is a big and wide district and the roads are basically impassable.

I can also safely state from the outset for the participants of this forum to note that the Reforms to the Organic Law on Provincial and Local Level Government (OLPLLG) introduced in 1995 has brought about the downfall in services delivery, especially to rural local level governments in rural districts or electorates.

For example, I have been living in Hula village for 5 years after retiring from the public service and I have never seen any extension services provided to Hula village farmers as used to be done in the past during my time as a former Department of Primary Industry Officer in the Highlands. There is minimal services and support from recognized Government institutions like Department of Agriculture and Livestock, Provincial Government Department of Agriculture and Livestock and other research and extensions agencies such as NARI, SSSPP, etc, except for NGOs and Churches.

The Central Province is yet to receive 10% GST from the National Capital District Commission as has been promised by the Government. Even the current Public Servants levels are not sufficient and at best inexperienced to provide extension services, especially to the most remote and rural districts.

On behalf of the Rigo Coast Local Level Government, I would recommend that the Government take note of the following recommendations for improvements to happen to in terms of ensuring effective budget spending happens in reality:

1. It is recommended that the Organic Law on Provincial and Local Level Governments be reviewed in order to allow for services to reach the people. This will make the system less cumbersome and more effective and efficient.
2. Government to allow for redirecting of all local level government funding to be paid directly to the LLGs, and then simultaneously undertake to capacity build them (basic infrastructure, power, housing for staff, police, courts, rural lock ups, etc).
3. Government to introduce legislation to tighten the Joint District Planning and Budget Priorities Committees (JDP&BPC). At the moment the JDP & BPC's are used as rubber stamps for MPs to get their money, resulting in non tangible services delivery where it matters most.
4. Government to allocate sufficient funding to oversight agencies for monitoring and reporting of expenditure of district and local level government funded projects o happen in a transparent manner.
5. District Administration and Local Level Governments capacity needs to be addressed as a matter of urgent priority by government. This is very essential for achieving effective budget spending to occur now and in the future.

These are some of the views of the Rigo Coast Local Level Government, and I am hoping and praying that the Government will address these recommendations with utmost urgency because the people are really suffering out there in the rural areas. We can only raise these issues and offer ideas to solve the problems, but the onus is on the political masters to show the will to redirect funding and attention in terms of capacity building to the rural areas.

Thank you for listening and for giving Rigo Coast LLG the opportunity to share with the rest of PNG at this important forum our experiences and for also giving us that chance to tell Government what the people of Rigo Coast LLG want done to remedy the situation in our own LLG.

Local Level Government Perspectives: The Tomar- Vunadidir Local Level Government Experience By Hon. David Piamia, President, Tomar –Vunadidir Local Level Government, East New Britain Province

Introduction

It is a great honour to present to the CIMC's National Development Forum the experiences at the Local Level Government Levels in managing and implementing the LLG Grants and failures and successes of good management and effective operations of LLGs. I will focus on the issues facing the five (5) LLGs in the Gazelle District.

District & LLG Budget Framework

Financial Management within the District and especially the Local Level Government levels had been improved over the last ten (10) years.

The system, which came into effect (PGAS) had helped improve control of the LLG & district Financial Management Revenue and Expenditure decisions had been made in accordance with the Public Finance Management Act.

The District & Local Level Government in consultation with the District Treasury Office as a combined effort to ensure the current Provincial and Local Level Government Accounting System is fully implemented. The Five (5) LLG's accounts are now computerized and as such LLGs will not but expend within budgetary appropriation.

With the direction from the Provincial Administration the LLG Budgets have been framed in line with Project Budgeting Guidelines.

The Budget ceiling allocated to the Local Level Government and when it has been adopted by the Provincial Budget it will reflect the Government's stand on priority areas and ongoing programs in line with Provincial priorities identified in the Provincial Government themes and strategies to improve the efficiency of Government delivery of goods and services. The long term budget theme was implemented under specific priority expenditure areas if identified as Strategic Results Areas (SRA) to assist in the allocation, expenditure, implementation as monitoring aspect of the Budget.

The Budget Framework is to strengthen public expenditure management and cost effective implementation of program, while at the sometime promoting fiscal sustainability as an important government objective.

The Eighth (8) SRA are

1. Government Management
2. Health
3. Economic Development
4. Education
5. Infrastructure
6. Social Development
7. Land Mobilization
8. HIV & AIDs

LLG Grants

Allocations of Grants to Local Level Governments continues to be released. These grants are insufficient to meet the eight (8) Strategic Result Areas. Our experience over the five (5) years was not simple in acquiring funds from the National Government, but continue to sustained development at a level sufficient to maintain the Livelihood of our people.

- National Grants are received on a Monthly Basis on budgeted programs.
- Programs failed to implement due to insufficient funds and the delay in releasing funds on time.
- Not the full allocation leased for budget Project and Programs.
- Incomplete Projects continues to heap-up at Local Level Government Levels.

Monitoring and Evaluation

1. *Budget Review*

Quarterly Reviewers are conducted to Measure The Work performance of Local Level Government. With the help of the Eight (8) Strategic Results Areas formula helps to identify failures, progress and success of projects and programs in each Local Levels Government.

2. *Audit*

Audit in Local Level Government are conducted to rectify problems ensuring that funds are spending according to programs.

3. *Certification of Completion Project*

Certification is issued to justify the completion of Programs and projects. This is a combine effort from the Treasury and the Sectional Heads.

4. PGAS

The Provincial Government Accounting System plays a very important roll in monitoring the Financial Capability of Local Level Government to ensure

- No over Commitment
- Funds are release as per programmes

The combined effort of the District Monthly Financial Report are conducted and release to Local Level Government for action and Records.

Problems and Solutions

Councillors' Allowances-Outstanding Councillors' still yet to pay.

Road Infrastructure-Deteriorating Roads

Soil Erosion-A major problem in Toma/Vunadidir LLG. Top soil cocoa and coconuts swept away including houses.

Rural electrification-No power to rural areas.

Women's-Little attention of Women's Affairs-Unequal distribution of services.

Youth and Sports-Participate in Community Development in unbalance.

- Insufficient Funds
Funds in Grants to Local Level Government are insufficient. If our aim is to focus on strengthening the Local Level Government, capacity building in LLGs, Grants must increase above the current allocation.
- Strengthening the Revenue Capacity of Local Level Government by allowing Local Level Government to venture in business and Join Ventures.
- The district Support Grant (DSG) has to be distributed to all Local level Governments to support them in their budgeted programs. Increase the (DSG) according to the needs per LLGs.

Recommendations

1. Increase the LLG National Grants to meet the Eight (8) Strategic Areas.
2. Increase the (DSG) from its current allocation to strength the LLG Budget.

Questions and Discussions

Ms. Freda Talao (AusAID): stated that the NEFC report stressed more about the apparent lack of capacity to implement at the LLG and district levels. She raised a question on whether this was being addressed by all levels of government or not. She also stated it is also a well known fact that the public servants were not going to work in the districts due to lack of essential infrastructure such as power, roads, etc. Also there is no knowhow to implement projects at that level. Is there any authority to monitor the performance of agencies or is someone docking the public servants when they do not turn up to work? She went on to ask how we deal with the capacity issue?

Ms. Talao then went on to state that the NEFC study highlighted that there is money going to the provinces but most of it goes to administration and the important services (health, education etc) are being over looked. She also stressed that even if money was available implementation could not be carried out within a year.

An unidentified participant: stressed that for the budget to run smoothly there has to be a program to follow. He went on to point out what the Auditor General presented about there being no proper financial reports in order for auditing to be done. So how can the National Budget or any budget be effective if proper financial reports are not being prepared on time? He then asked about whether the fund gets distributed first or does a submission have to come in before the funds get distributed? He suggested that if an organization does not come up with programs/reports/submission then funds should not be allocated to that organization.

Ms. Ume Wainetti (FSVAC): adding on to what Ms. Talao had stated, said that most projects/ programs are not carried out due to the fact that when submissions are made the budget is been cut down basically because each province is allocated a certain amount. After the budget has been cut down what's left is allocated to administration or paying for the workers salaries and entitlements.

She also pointed out that there is money sitting in the trust accounts that can't be used by the people.

Further discussion in small group highlighted the following issues:

Mr. Paul Barker (Director, Institute of National Affairs): pointed out that there isn't enough money for everything according to the report by NEFC so it is a matter of prioritizing for Provincial Governments.

Ms. Freda Talao (AusAID): stressed that if the funds were to be distributed again certain problems are likely to come up. Giving examples, how can a province manage large amounts of funds when it can not manage small amounts of funds in the first place?

She went on to clarify that due to the funds not being distributed equally, the NEFC has a bill before parliament to correct this issue, which will ensure that funds are distributed equally.

NEFC has done its part by producing its' report and so it is up to the Government to play its part by passing the bill so it becomes law and funds are distributed equally. She suggested that the issue of capacity is very important and the Provinces and agencies need to address it seriously. She went on to ask why can implementation not happen swiftly when the funds are distributed?

Mr. Paul Barker (Institute of National Affairs): stated that the problem is that the provinces with the less capacity in the administration are the provinces with the smallest private sector presence. He pointed out that there is a need for everyone to be working together to grow their respective provincial economies.

Pastor Peter (United Church): stated that in order for the budget to be implemented effectively, individuals, organizations and the departments have to have a proper understanding of the total funding that has been allocated to them. And that everyone should present a submission before the funds are distributed.

An unidentified female participant: raised a query with Ms. Freda Talao asking if she was suggesting that CIMC should request the Government to respond with some sort of policy of equitable distribution. And how does one compel Provincial Administrations to comply with MTDS priorities? How does one make sure that the Provincial Administration is doing the right thing and allocating the funds to the right places? She also asked how mini CIMC could be set up in each province after Ms. Talao brought to the attention of the group what the CIMC committee was doing in Eastern Highlands Province.

She also enquired about how a province could be helped even when it is so poor but with good intent. If the Government is not going to fund the mini CIMC, how can civil society and private sector push for the committee to be supported each provincial government?

An unidentified male participant: suggested the Provincial Government should assist with funding for the setting up of the mini CIMC in all provinces for consultation between private sector, civil society and government to happen at the provincial and district levels.

Mr. Paul Barker: stated that some support in capacity for planning and accountability may be needed by some provinces as they may not have that to start with if they are smaller and weak provinces. You need to attract people to a province but to do that you have to have proper housing. And to build up that core capability, one would need some sort of network with people who are attached to the National Planning Office who are assisting the weaker Provinces.

Open Budget Studies: Experience of CBGA by Pooja Parvati, Centre for Budget & Governance Accountability, New Delhi, INDIA

Budget Work

- ◆ Budget analysis is the process through which the state budgets are scrutinised from the perspective of poor and marginalised. Focus is on critically evaluating budgetary allocations made by governments and tracking expenditure undertaken on the basis of those allocations to determine the extent to which policy translates into outcomes.

Effective tool for

- making governance accountable
- advocacy for policy changes

Budget Work in India

Several groups used budget analysis effectively

- **DISHA** (Ahmedabad)
- **CBS** (Samarthan – Vidhayak Sansad, Mumbai)
- **CBPS** (Bangalore)
- **Social Watch** (Tamil Nadu)

People's Bias (People's Budgetary Information and Analysis Service)

Limitations and Need

- ◆ These initiatives rooted in sectoral focus
- ◆ State centric
- ◆ Need for analysis of Union Budget (as strongly impinges upon and influences state budgets)
- ◆ Need to network and promote cross learning
- ◆ Build capacities of NGOs – democratise budget analysis

Establishment of CBGA

NCAS most suited with its wide network, national presence and experience of capacity building

Objectives and Mandate

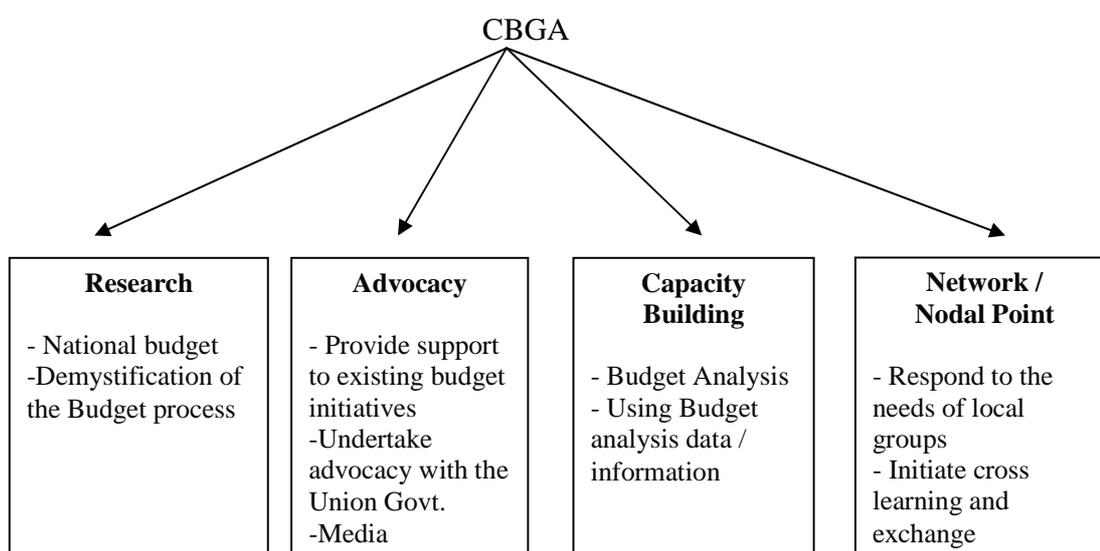
- ◆ Make governance accountable to the people
- ◆ To influence policy formulation from the perspective of poor, ordinary and marginalised citizens and groups
- ◆ Initiate public argument and debate around macro economic issues from the perspective of the people

- ◆ To demystify budget and budgetary process – for transparency and making it common citizen friendly
- ◆ To network with groups working on budget analysis
- ◆ To build capacities of NGOs, social action groups and movements for budget analysis

Main Principles of Work

- ◆ Pro-poor perspective in analysis
- ◆ Authenticity of data/ evidences
- ◆ Learning from the work of other budget groups
- ◆ Comprehensibility of outputs
- ◆ Suggesting alternatives

Our Approach



Major Dimensions of Work

- ◆ Research Studies
- ◆ Response to the Union Budgets
- ◆ Budget Track
- ◆ Manuals (on Budget and Economic Literacy)
- ◆ Enhance Civil Society Participation by way of Capacity Building & Advocacy

CBGA Budget Work Focuses on Participation

Policy makers/Govt: Questions, Focused Research, Advocacy

CSOs: Budget Track, National Convention (People's Budget Initiative), Capacity Building

Media: Press releases, Training, Print/TV/radio

Students: Internships, Short-term course (proposed)

Budget Cycle

- ◆ Response to the Union Budget (Feb)
- ◆ Budget Track (Year-round)
- ◆ Media Tracking of Budget with respect to Sectors/Groups (Year-round)
- ◆ Questions for Parliamentarians (Year-round)
- ◆ People's Budget Initiative – Convention (Oct/Nov)
- ◆ Charter of Demands (Dec)
- ◆ Building Capacity of Partner Groups
- ◆ Research Outputs

Major Studies: Completed

- ◆ Study on MPLADS (*The Rhetoric and Reality of MPLADS, 2004*) [PRINTED]
- ◆ Study on CRF (*Natural Disasters and Relief Provisions in India: Commitments and Ground Realities, 2004*) [PRINTED]
- ◆ Decentralisation of Finance: A Study of Panchayat Finances (2004)
- ◆ Study on Implementation of NREGA in Andhra Pradesh, Chhattisgarh, Jharkhand and Madhya Pradesh (2006)
- ◆ Report of the Gender Budgeting Study for West Bengal (2006)

Major Studies

- ◆ Monitoring Right to Education (analysing the Education Budgets in 3 States- Bihar, Orissa and Andhra Pradesh- focusing on four districts each) COMPLETED
- ◆ Child Budget Study (analysing the Budgets of 3 States- Rajasthan, U.P. and M.P.- focusing on child-specific schemes) COMPLETED
- ◆ Study on Centre State Fiscal Relations (focusing on 4 States- Tamil Nadu, M.P., Bihar and Orissa) ONGOING
- ◆ Study on Microfinance (focusing on the fishery sector in Orissa) ONGOING
- ◆ Study on Flow of Funds at the Sub-State Level in two states focusing on Schemes for Children ONGOING

Manuals

- ◆ Manual on FRBM Act
- ◆ Primer on Budget
- ◆ Budget as an Instrument to Transparency (A. Indira, CBPS)
- ◆ Transparency and Accountability in Government Budgeting in India (as part of the work with IBP in 2004)

Several other Manuals are under progress:

- ◆ On Tax and Non-Tax Receipts of the Union Government
- ◆ On Financing of Healthcare in India
- ◆ Policy Briefs on NREGA (with IBP)

- ◆ A modified version of Primer on Budget

Other Outputs

- ◆ Open Budget Study 2004 and 2006 (with IBP)
- ◆ Background Papers for National Conventions on Union Budget and some important Workshops
- ◆ Questions for MPs on issues related to CBGA's work
- ◆ Note on *Disaster Management Bill 2005* at the request of a member of Department Related Committee on Home Affairs
- ◆ Note on *Securitisation Bill 2005* at the request of Parliamentary Standing Committee on Finance
- ◆ Presentations in several important meetings (include the meetings for recommending policy measures in the 11th Five Year Plan)

Response to Union Budgets

- ◆ Analysis of Union Budgets in last four years: 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08
- ◆ Focusing on the outlays for Social Sectors, Agriculture, Rural Development and Marginalised Groups

Budget Track

- ◆ Newsletter brought out thrice a year
- ◆ Tracking the important developments/ policy announcements related to Union Budgets as also important socio-economic issues
- ◆ 10 issues printed as yet; Hindi version of 5 issues
- ◆ Very good response from several sections
- ◆ Two versions: English, Hindi
- ◆ Interviews of / Guest Articles from MPs and Experts from other Budget Groups

Thrust Areas

- ◆ Sectoral
 - Health
 - Education
 - Rural Development
 - Agriculture
 - Local level governance issues
- ◆ Marginalised Groups
 - Children
 - Dalits, Women

What Budget Does...

- ◆ Translates Government Promises and Commitments into Practice
- ◆ Reflects Socio-Economic Priorities of the Government
- ◆ Impacts lives of all citizens
- ◆ Greatest impact on those who have least political influence (Poor & marginalised)

Civil Society Budgetwork: Why?

- ◆ To make **policy makers sensitive to popular needs** and concerns
- ◆ **Awareness on Government Performance**
- ◆ **Create Public Pressure on issues** of the marginalised sections
- ◆ **Engaging institutions of governance to empower the marginalised** through advocacy and Capacity Building
- ◆ Strategize the **use of knowledge to influence policies**

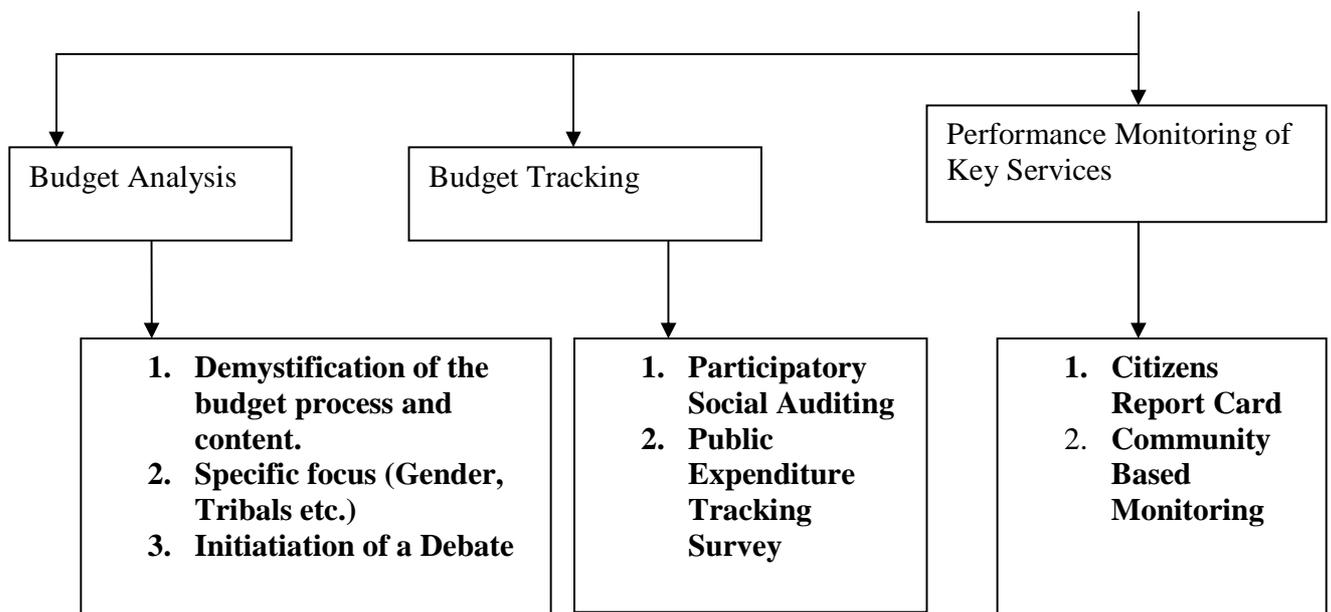
Budget Work Methodology

Data

- ◆ Foundation of Budgetwork
- ◆ Extremely difficult to extract from the budget
- ◆ Only some aggregate level information available
- ◆ Secondary Data may not be sufficient
- ◆ May be necessary to collect data from the primary sources

Budget Work Methodology

The Steps



Budget Analysis

Demystification of Budget Process and Content

1. Obtain Copies of the Budget Documents and Other Relevant Materials
2. Understand the Government's Programmes and Priorities
3. Analyse and Publish the Findings
4. Organise a Proper Dissemination Strategy
5. Follow up Action

Budget Analysis

Specific Sectoral Focus

Separating Expenditures into Categories

- ◆ Grouping of expenditure targeted groups (PRIMARY EDN)
- ◆ Employment opportunity expenditure targeted for tribals in government-sponsored schemes like MPLADS, Road construction etc.
- ◆ General budgetary allocations to be analysed for their impact on target group

Budget Analysis

Initiating a Debate

Democratisation of budget analysis through campaigns

1. A Long Term Process: Has a long-term impact on building public pressure and polarisation of the common people on the basis of issues
2. Enhancement of the organisation's credibility among the masses.
3. No set formula or format for initiating a debate on budget related issues
 - Review budgetary allocations of the previous year and discuss proposals for the New Year
 - Rank people's demands and seek accountability from the people's representatives
 - Organise Public Debates

Budget Tracking

Participatory Social Auditing

- Organise Civil Society and interested NGOs
- Prepare Field Studies
- Use your "Right to information" to get access to the programme documents of the government
- Interpret the technical details into simple language
- Hold Public Hearings
- Outputs: Increased Public pressure, Demonstration Effect.

Budget Tracking

Public Expenditure Monitoring Surveys

The best simple diagnostic tool in the absence of any reliable administrative and financial data

Sub Steps

- Determine demand and supply of services
- Assess the perception of the common users on service delivery.
- Collect data on budgetary allocations.
- Determine where and how the allocated sum gets spent
- Display your analysis in notice boards or posters and keep those in public places.
- Prepare audio cassettes on talks on such discrepancies and try to broadcast the information through radio/TV channels and public meetings during mela and other village functions.

Performance Monitoring of Key Services

Citizen's Report Card

Survey instruments to tap information on users' awareness, access to publicly provided pro poor services viz, telephone, water, electricity, municipality etc.

Sub Steps:

- **Planning and Preparation** : Prepare Case Studies and FGDs with the people (Sample Surveys)
- **Statistical and Analytical Groundwork:** Questioning of individuals by using 'ranking' methodology => for each agency and for each category of issues, e.g., corruption => Compilation of overall, as well as mini report cards => Preparation of supplemental material: press releases, media kits, briefing notes in accessible language for common people.
- **Dissemination:** Present mini-report cards to relevant authorities => Press conference to disseminate and launch findings to the public
- **Advocacy and Monitoring:** Facilitate coverage of report card findings in the media => Monthly or quarterly monitoring of progress => highlight anomalies by the agencies under surveillance => direct follow up accompanied by indirect pressure creation through the media and citizen lobbying groups => Prepare a sequel report card after a spell of 1 to 2 years => address methodological flaws, identify benchmarks using either identical or similar households, considering new areas of probing, etc.

Performance Monitoring of Key Services

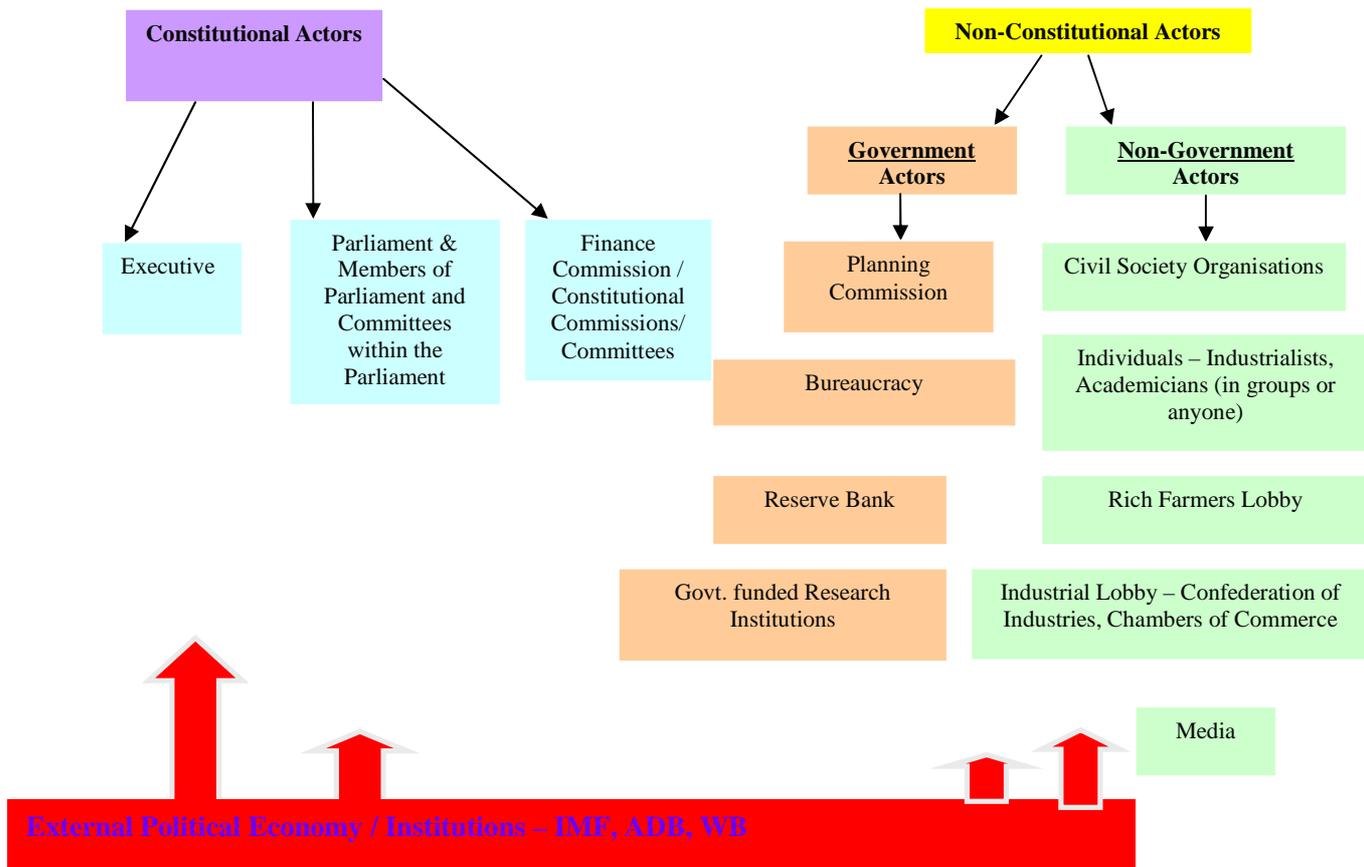
Community Based Monitoring

Measure the performance of a government agency by obtaining information about its outputs over a certain period of time and comparing this with the publicly declared outputs of that agency

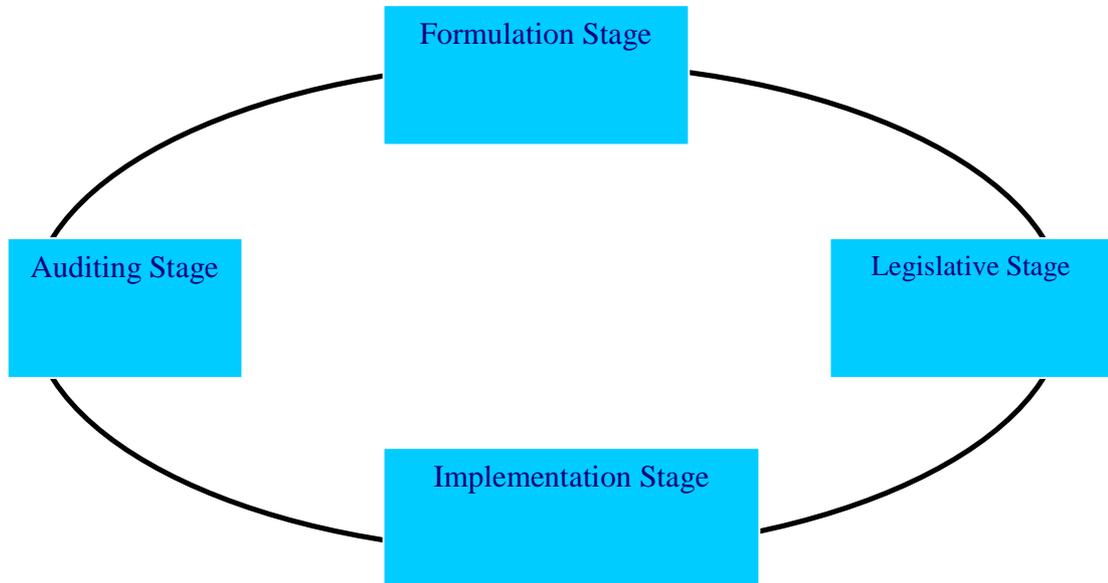
Sub Steps:

- Set-up indicators for monitoring performance:
- Generate credible and sufficient data:
- Analyze data and compare them with the established indicators:
- Give feedback of findings to government

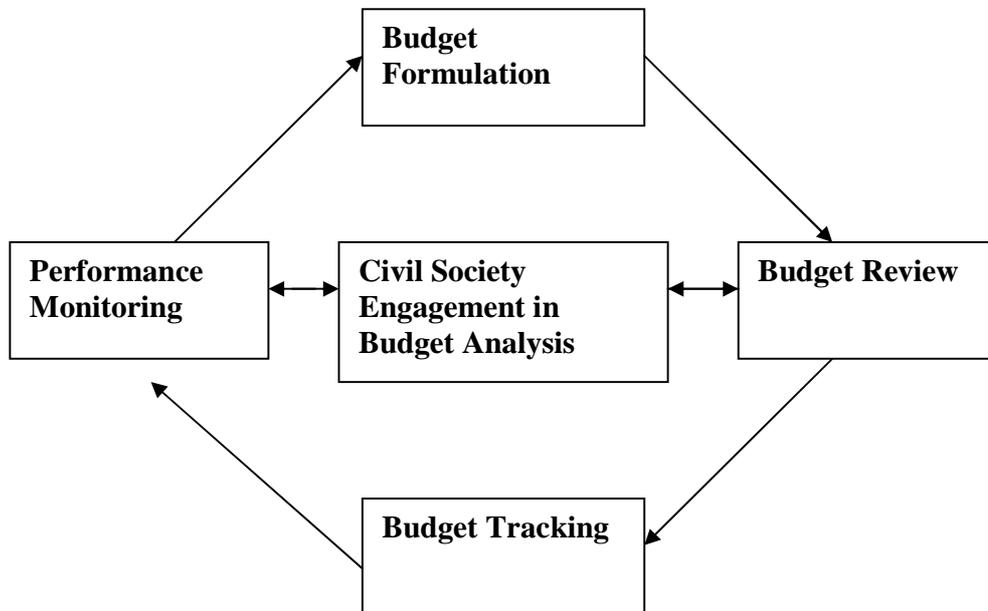
Institutional Factors that influence Budget



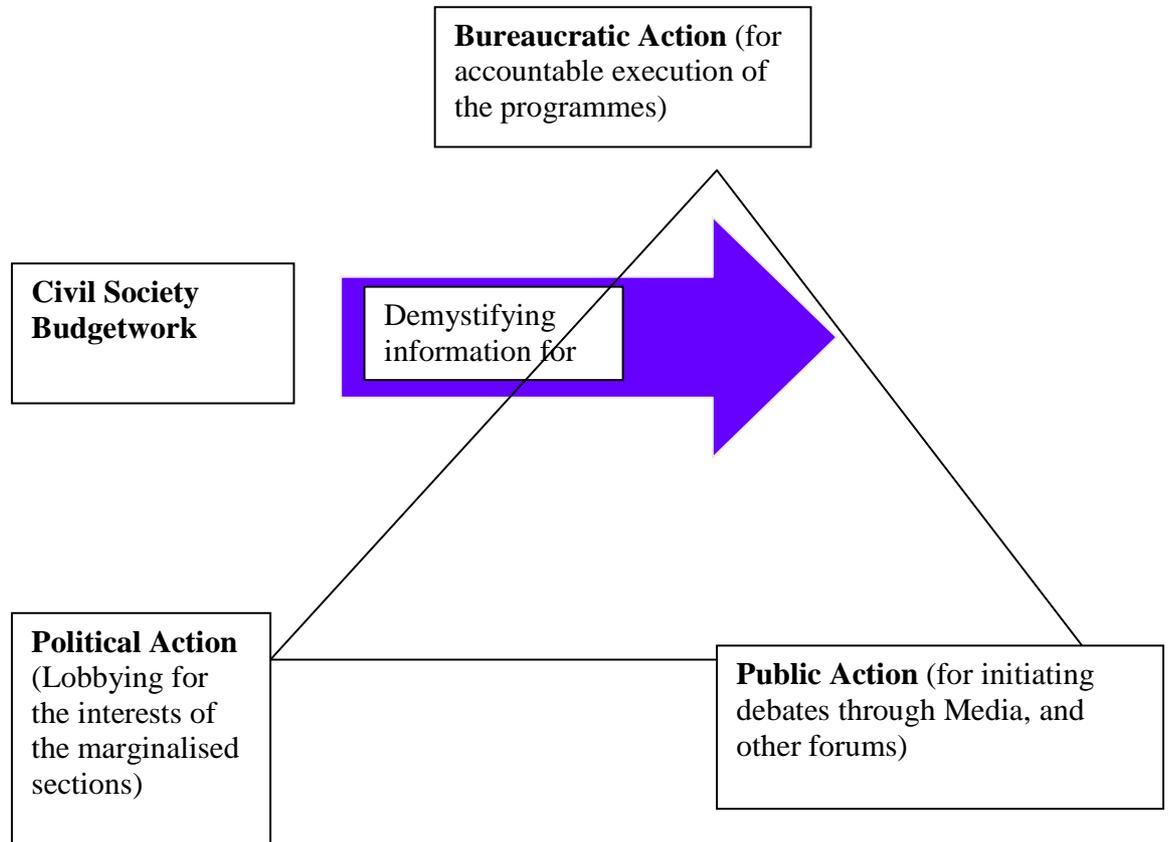
Budget Cycle



As a Tool for Participatory Governance



Action Based Budgetwork



Budget Analysis Tools

- Analysis and Strategy Development
- Research
- Networking & Coalition Building
- Lobbying
- Campaigning
- Media work
- Publications, Conferences & Seminars

CS Budgetwork: Success Stories

- Monitoring Public Expenditure - Uganda Debt Network
- Targeted/Sectoral Budget Analysis – Children’s Budget Project, IDASA, South Africa
- Public Participation – IEA, Kenya
- Tribal Budget, DISHA, India
- Dalit Budget, Social Watch Tamil Nadu
- Legislative Advocacy, Vidhayak Sansad, India
- **Policy Analysis, CBGA, India**

To succeed in your Budget Advocacy...

Success Factors

- Accuracy, accessibility, timeliness – three pillars of good budget analysis
- Effective budget work requires analysis AND advocacy
- Some budget changes require long-term engagement
- Focus on whole budget process – there is work to do in every stage
- Need for flexible political and organisational strategy
- Cooperate with governance institutions
- Critical ally relationship with the government
- Dedicated organisation capacity & investing in staff

To be SMART in Budget work, your objectives should be:

S = Specific

M = Measurable

A = Attainable

R = Realistic

T = Timely

- What would you like the govt. to do?
 - Specify an action – NOT what the problem is, rather the solution that you want
- Be SPECIFIC and CLEAR
 - Instead of setting a goal to reduce poverty... set a specific goal to introduce a social security programme for unemployed workers

Measurable

- If you can’t measure it, you can’t manage it
- Here ‘measurement’ refers to the AMOUNT you want govt. to raise or spend differently

- We want Rs. 2,500 million to be spent on transport for girl children, not ‘govt. should put in place transport for girls’
- Not all problems can be solved by the budget
 - For example, domestic violence

Attainable

- Goals you set which are too far out of reach, you and your partners probably won’t commit to doing.
- ‘Make Poverty History’ is not attainable in the short term. But annual targets on MDGs are.
- BIG enough to matter, SMALL enough to make a difference.

Realistic

- Budgets are rigid because of political compromises
 - Not everything can be changed immediately
- Propose a plan or a way of getting there which makes the goal realistic
 - How can what you propose be done in this year’s budget?
 - How much do you want the govt. to spend and where should they get it?

Timely

- Be realistic, but set a timeframe for the goal: for this financial year, for 2015.
- If you don’t set a time or too long a timeframe, the commitment is too vague.
- For big and long-term goals – progressive realization

Major challenges

- Analytical & advocacy skills
- Budget transparency & participation in the budget process
- Working with the executive
- Legislature
- Understanding & ensuring IMPACT on accountability and policy

Types of Civil Society Budget Work

- Highlighting best practices
- Simplification (demystifying) – enables debate
- Training / capacity building
- Tracking expenditures & measuring impact
- Independent critical analysis

- Building accountability

The role of information / knowledge in effective Budget work

What is information?

- Knowledge acquired through study / analysis
- Knowledge acquired through experiences
- Knowledge of specific and timely events, situations, processes, peoples, things, contexts, etc.

Information / knowledge divide

- Information rich vs Information poor
- Knowledge rich vs knowledge poor
- Powerful vs powerless
- Arbitrary control vs lack of control

Martin Luther King

“...freedom is never voluntarily given by the oppressor; it must be demanded by the oppressed...”

Work of Parliamentary Accounts Committee and the Report of 2007 by Mr. Repe Rambe, PAC Secretariat

1. Mr. Chairman, distinguished guests, workshop participants, ladies and gentlemen I thank you for the opportunity to address this conference on the subject of the public accounts committee, its work, challenges faced by the committee and the impact of the committee on budgeting processes.
2. The work and experience of the PAC is crucially important to the subject of this conference which is service delivery and the eradication of impediments to effective development and implementation of Development Budgets.
3. It is crucially important because it is the only agency or entity of state that has spoken the truth concerning the state of public administration across every aspect of the public service that the committee has considered.
4. That truth is recorded in the closing address of the last chairman of the PAC Hon. Leo Hennette, MP.
5. This address was possibly the most serious speech delivered in Papua New Guinea for many years – recording as it does the damning findings of the P.A.C. and warning, as it does, of the ultimate consequences of failing to address the rampant corruption, criminality and incompetence attending the public service and public administration in this country and the effect that this has on service delivery and development.
6. The chairman said this:

“I can truthfully say that this Committee has not been able to find one department or arm of government that began to comply with the terms of the Public Finances (Management) Act or the Financial Instructions.

As the Committee moved into the line departments responsible for fiscal management – that is the Department of Finance, the Department of National Planning and Monitoring, the Office of Rural Development and certain specific trust accounts, the true state of management failure became obvious.

This was nothing new. These failures had been identified by the office of the Auditor General – often for years – but nothing had been done by government or those agencies charged with law enforcement, to rectify the situation.

Nor did departments make virtually any attempt to rectify the failures identified by the auditor general – often year after year the same criticisms of the same departments are made.

This Committee found evidence of misapplication, fraud, negligence, dishonesty and disregard for the law and for the welfare of the state and its citizens by public servants at every inquiry that we held – with only one exception.

The identified conduct ranged from fraudulent and forged documents, conflict of interest, stolen money, constant breaches of the Public Finances (Management) Act, misleading of the NEC, forging board minutes with the intention of misleading the head of state, conspiracy to unlawfully obtain state property, acting as an agent of the state with no power to do so, breaches of trust, theft of trust property, misapplication of money paid to trustees by the government, failure to keep accounts, records, minutes and other documents, theft of trust monies, wantokism, fabricated qualifications, false pretences, dishonoured cheques uttered by the parliament itself, the receipt of benefit by deception, lies to this committee, failure to assist the Auditor General, obstruction of the Auditor General and of this Committee, corrupt conduction in many forms, criminal conversion and so on and on.

We state this list to show that we are not concerned with mere pedantic technical matters or administrative oversights.

This committee searched in vain for any department or agency that could manage its own budget properly – much less the National and Development Budgets.

That this illegal conduct is organized and protected was clear when this committee was told by the Office of the Auditor General that he would not perform certain audits into the payment of external legal firms by the state because he was afraid for the safety of himself and his employees.

This is a very serious matter. We detect a clear web of organized and systemic illegality reaching across and involving several departments which is designed to access public money in an illegal manner.”

7. The chairman then addressed the inevitable consequences of such failures. He said:

“What then is the result of such failings? why should we be concerned?

We believe that the result is clear for all to see.

Money that is allocated for basic services never leaves Waigani, or if it does, the management of its application is so poor that our people do not receive the basic services that they want, need are entitled to expect.

Schools do not open, teachers do not go to work, aid posts close, hospitals close, roads fall apart, law enforcement fails, contracts are unsupervised, contractors do not perform the work that they have already been paid for, fraud and misappropriation abound and our people become more and more alienated, remote, marginalized and angry.

More often than not, we find absolutely no capacity at National, Provincial or District level to keep accounts or records or to oversee and manage development contracts or projects. This is an open invitation to misconduct.

Each successive Government has tolerated this failure by the public service to properly and fruitfully manage public money dedicated to service delivery.

There is, in short, a failure of leadership in public administration and service delivery by the public sector because the custodians of our money have failed in their duties.

In the opinion of this committee, such failings cannot be allowed to continue.

If they do continue, we hold grave doubt that a viable, cohesive state can exist. Indeed, the signs of civil unrest in deprived areas, is already evident.

- 8 So, ladies and gentlemen, whilst I believe that gatherings such as this are useful, the real problem can only be dealt with by the National Parliament bringing the public service under control and out of the hands of those citizens who have sullied it.
- 9 The implementation of Development Budgets shows few achievements over the last twenty years.
- 10 Despite the fact that huge amounts of money are allocated and generally accurately targeted by Parliament, we cannot even fix potholes or open aid posts in the capital city and the situation in our remote or rural areas is shameful to us all.
- 11 Because of this failure we have suffered the humiliation of backsliding to the status of a third world nation in the opinion of the UNDP.
- 12 Effective budgeting can only be the product of effective analytical and planning systems and processes. This is the single biggest problem that the Auditor General and the PAC have found in the public service departments that we considered.

- 13 Almost all departments lack modern systems of data capture and analysis, oversight and prediction – which makes our public service unable to foresee or address changing circumstances or challenges as and when they arise. This can only result in an inability to plan and budget effectively.
- 14 That inability extends to control and analysis of internal environments. How can a line implementing agency plan, advise or budget accurately in the absence of such systems? In the opinion of the Auditor General and the PAC, it cannot.
- 15 Consider for a moment that neither the Department of National Planning and Monitoring nor the Office of Rural Development has an internal auditor at all. Consider that the Department of Finance does not have its own legal officer. How can such crucial line agencies perform to any acceptable standard without these basic officers?
- 16 Vested interests and systems failure have also affected the work of the PAC. We encountered significant obstacles in the last five years.
- 17 Our budget and funding were cut, the little funding that was allocated to PAC was not paid, staff went unpaid, members could not attend meetings, resources were not forthcoming and ultimately the PAC staff were removed from their offices.
- 18 However, the Committee continued its work because one of its members Hon. Mal Smith-Kela personally paid for the Committee to sit and function. Consider that for a moment. The senior parliamentary committee only functioned because a citizen paid for it himself.
- 19 The failures of public administration are perfectly illustrated in the result of referrals by the PAC for investigation and prosecution.
- 20 The systemic failures are more serious when the outcome of Committee referrals are considered. The PAC has made around 150 referrals for serious criminal conduct.
- 21 Those referrals were made to law enforcement agencies of government – the Police, the Public Prosecutor, the Ombudsman, the Department of Personnel Management, the Attorney General and the Solicitor General.
- 22 The committee received not even a letter of acknowledgement – with the exception of the Police Commissioner.

- 23 No action at all has been taken by any one of those agencies to our knowledge. The PAC actually had to refer a past Attorney General for prosecution and to the law society – and still we received no response from him or his office.
- 24 What is the clear message from this? It can only mean that the public service and misconduct are protected and immune. That is a very dangerous development.
- 25 Further, we found a clear decision by senior public servants not to co-operate with either the Auditor General or the Public Accounts Committee. This actually meant an intentional decision to disobey the law.
- 26 Failure to obey summonses, produce documents or records, remain in attendance in the committee, meet with or assist the Auditor General and attempts to close down the PAC by court action were all manifest.
- 27 What does this mean?
- 28 Firstly, the refusal to deal with illegal conduct renders any hope of effective budgets and, in particular, Development Budgets, impossible unless a government is prepared to accept the misconduct and incompetence that we have found.
- 29 In my opinion, public servants who engage in such conduct – refusal to be accountable for their actions – are in open revolt against their masters – the citizens of this country.
- 30 Such officers have for so long been unaccountable that they have become a state within a state – quite prepared to treat the National Parliament with the same indifference as they treat our citizens in the management of public money, Development Budgets and service delivery.
- 31 And in those facts, ladies and gentlemen, is encapsulated the real problem for the public service, governance, fiscal administration, service delivery, development implementation and which renders our entire budgeting system impotent and ineffective.
- 32 In one word, that problem is – attitude.
- 33 Senior public servants have shown the same contemptuous disregard to the PAC as they show to our citizens and to the law.
- 34 Arrogant indifference to duty and responsibility mixed with incompetence and indolence is the state of the public service, most particularly the departments dealing with public money and service delivery.

- 35 That is largely why we are failing in National Development. Budgets are generally well meant, but not implemented because the responsible agencies have fallen into lethargy and indifference.
- 36 This must change and the PAC will take the lead in setting the ethical example for you to follow.
- 37 It is my intention that the PAC will, under my control, be properly and fully funded, will have a new Act and new powers, will actively pursue its mandate and will not be deterred from its duty by threats, funding strictures or non-cooperation from agencies – particularly those that exist to enforce the law – but do not do so.
- 38 In the near future, a handbook for the guidance of public servants appearing before the PAC will be available. I hope this will assist you to understand how to prepare and comfort yourselves before the Committee. It will certainly set out your duties toward the Committee.
- 39 We will shortly address the keeping of the public account and the budgeting process. We are particularly interested to ascertain the precise effect and use of the Statutory Grants and Supplementary Budget – so you should be prepared to ask searching questions concerning individual and departmental performance
- 40 Our aim is twofold.
- 41 Firstly, to ascertain the true degree to which our faltering public service and its failures affects the budgeting processes and implementation of huge Development Budgets and secondly to recommend to Parliament ways in which this public money can be better allocated, protected and accounted for – in other words to improve the budgeting process.
- 42 It is the intention of this government to make service delivery work – no matter what it takes – and it may take major and unpalatable change to enforce discipline and performance. My Committee plays an integral part in that process.
- 43 My message to senior bureaucrats is to lift your game before we get to you. That is what you are paid to do and you should take pride in achievement and serving the state – not the vested interests that have compromised so many of you – and compromised development and national advancement.
- 44 As of today, resolve to improve and implement transparency and accountability. Learn to refuse – say no – to improper demands no matter who makes them.

- 45 Further, read and consider the reports of the Auditor General and the PAC. They are designed to assist and improve.
- 46 I conclude where I began – unless service delivery quickly changes for the better, we will not have a country or a governance system in any viable form.
- 47 Transparency, obedience to the requirements of law and accountability by all of you will begin that improvement in budget implementation and hopefully the PAC can, in the near future, give praise instead of criticism.

Safeguarding Budget Execution Process and Advantage of Open Budgeting, by Ila Geno, Chief Ombudsman, Ombudsman Commission of PNG

1. What are the Major safeguarding Principles and what are the gaps and/or difficulties in maintaining its roles.
2. Any key recommendations to highlight to government for improvement

Points to consider:

- The CIMC offers the OCPNG the opportunity to share ideas and experiences with Government Bureaucrats
- Private Sectors
- Non Governmental Organisations

Major safeguarding principles

- Compliance
- Annual activity plan
- Gatekeepers – Guts to say “NO”
- Gatekeepers have to be prepared to follow the PF(M)A to the letter
- Auditor General must conduct Audits, issue Reports and Advice promptly

Major safeguarding principles – cont.

- Public Accounts Committee
- Expenditure must be visible
- Banks
- Business houses
- The Private Sector
- Contractors must have valid contracts
- Finance Inquiry
- Advertise Expenditure

Recommendations

- Advertise expenditure and what it was for – so Public can go and check if the asset exists
- Involve the Public in the Monitoring and Evaluation of whether Budget funds are properly utilised
- Use Professional Bodies (Certified Practicing Accountants-CPA) to better monitor expenditure and release of funds
- Ensure the Gatekeepers are properly remunerated so as to avoid the temptation to break the law and create risks
- Publish the names and salaries of all Gatekeepers
- Use the Public more often

Safeguarding Budget Execution: Processes and Advantages of Open Budget by Mr. George Sullimann, Auditor General

Background

Transparency (or the lack of it) of the budgeting process through dissemination of relevant and appropriate information to relevant execution and implementation agencies in all levels to facilitate the much needed participative approach to effective implementation of approved plans for delivery of goods and services to our people has been a common cause of anxiety and frustration. That issue has been one of the major concerns amongst the participants from the provincial and district levels at the majority of the CIMC forum meetings.

Closely related to the need for opening up the Budget Process in the equally important concern for proper accountability in all levels of execution and implementation of the Budget.

As great as economic forecasting and budget planning can be, the much desired state of good governance is not that easy to attain without:

- Realistic budgets,
- Transparent implementation of the budgets, and
- Proper and timely accountability.

Like in everything else we do, in pursuit of our purposes in life, it is not only expected of us but it is essential for us to demonstrate our trustworthiness and usefulness to life and to the society that we are a part of. The means by which we are required to demonstrate those attribute of trustworthiness and usefulness to society is in ensuring there is meaning, purpose and value in our contributions to life, society and to delivery of goods and services that are aimed at enhancing peoples' quality of life.

Transparency in all actions, activities and the dealings and decisions, and proper and timely accountability of all financial transactions and events in relation to implementation of the budget are essential prerequisites for individual and organizational accountability which ultimately underpins good governance.

Economic forecasting, analysis of budget implementation, investment analysis, debt management analysis and performance analysis are some of the important information gathering processes in budget planning. In the same way, without reliable financial analysis based on audited financial statements, the quality of the financial information for budget planning could be said to be less than objective (if not subjective).

Just as the transparency and accountability in the implementation stages of the budget are important, so is the quality of information for budget planning, including financial analysis based on audited financial statements prepared on a timely basis. To ensure that quality financial analysis is done, in the first place, good financial statements must be prepared on time and these must be audited within required time frame. But that has not always been the case.

Challenges encountered by the Auditor General's Office

We all know that accountability of the use of public property and application of public funds is a requirement under the Public Finances (Management) Act. Government organizations through their chief executive officers (CEOs) and heads of various state institutions are therefore required to produce:

- Performance and management reports, and
- Audited financial statements

Within the first six (6) months of each year covering each preceding year.

The role of the Auditor-General's Office therefore is to provide reasonable assurance on the:

- Quality, accuracy and completeness of information,
- Relevance and reliability of information, and
- Overall truth and fairness of accountability information

Of the individual state institutions and of the public sector as a whole through the Public Accounts of PNG produced by Department of Finance. That essentially is what the Constitution requires the Auditor-General's Office to do once every year.

But like many other agencies, the challenges beyond my office's control often make it rather impractical for our office to effectively satisfy that purpose as required under the Constitution.

Major challenges that continue to make it rather impractical to report to Parliament once within six months of each subsequent year on each state organization and the Public Accounts of Papua New Guinea are as follows:

1) *A lot of Financial Statements are still in arrears, e.g.*

Entities	Years		
	2006	2005	2004
Statutory Bodies (35/114)	30%	36%	40%
Provincial Governments (5/19)	26%	68%	89%
Urban LLGs (1/19)	5%	15%	73%
Hospitals (2/19)	10%	15%	63%
Business Arms (34+)	--	8%	63%
Public Accounts of PNG (11)			

2) *National Departments at present do not produce financial statements*

3) *Poor accounts and records, limited by lack of information*

4) *Performance and Management Reports (Budget/actual, plans)*

5) *Poor Quality financial statements (disclaimers and qualified opinions)*

6) *Lack of qualified or skilled/experienced staff in organizations.*

7) *Delays in responding to audit queries in organizations*

8) *Non-implementation of audit recommendations (including PAC's)*

9) *Size of scope of audit mandate Vs Resources:*

Entities	Annual Scope	Current Plan	Staff
• National Departments	44	20	16
Provincial Treasuries	19	6	
Public Accounts (statements)	11	11	
	74	37	16
• Provincial Governments	19	53	17
Urban LLGs	19	57	
Rural LLGs	226	-	
Hospital Boards	19	59	
Business Arms	34+	26	
Other	10	-	
	367	195	17
• Statutory Bodies	114 (382)	181	17
Donor Projects	13	13	5
Special Audits	6	6	
	133	200	22

10) Retention of qualified and Experienced Staff

11) Guarantee of Financial Resources

Conclusion

All but the last two of the challenges discussed are the responsibility are the responsibility of the agencies subject to audit. Public Accounts Committee has done the best it could in the last four (4) years or so in reminding us of our responsibility for ensuring transparency and accountability in the process of delivering services to our people, and in our conduct as public or people's servants. But that is an external control mechanism. An internally driven commitment to carry out our responsibilities to the best of our abilities and in the most ethical manner possible is one of the most powerful changes towards lasting improvements. Preparing financial statements in time and ensuring complete and accurate accounts and records, timely responding to audit queries, and implementation of audit recommendations will therefore not be concerns that we should spent time discussing.

But we in the Auditor-General's Office are also looking forward to working closely with the Audit Committees and the Internal Auditors to find ways to help cut down some of these challenges.

Auditors-General's Office also needs adequate financial and human resources to improve and increase the value and impact of our contributions, through the audits we conduct, to public sector-wide transparency, accountability and ultimately effective delivery of goods and services and good governance. Our Corporate Plan vision therefore is ***Auditing for Impact***. The strategies we have developed to work towards the realization of that vision covers issues such as:

- A property coordinated executive management and performance management system,
- Development of systems and procedures based on best practices,
- Revised audit approaches centred on risk management and corporate governance,
- Training aimed at development of practical skills and value adding audits,
- Professional development through CPA PNG exams, and
- Graduate Accountant programme which also involves secondment of some graduates to Australian National Audit Office for one year.

The two biggest challenges the success of these initiatives depend on are:

- 1) Our ability to retain the professionally qualified and experience staff – which is possible only through an attractive remuneration package, and
- 2) A budget based on the total number of organisations we are mandated to audit each.

We are willing to assist the CIMC to develop strategies to deal with these two (2) important challenges.

Questions and Discussions

An unidentified participant: I am concerned about the non compliance of the Audits with the districts and it is an outstanding with organizations or the Provincial Governments. Now all these are piling up in the office and you said you advertised a lot of the Audits to be outsourced. What is your remedial plan while these outstanding reports are piling up in the Office of the Auditor General, and especially on non compliance of set rules and laws?

Mr. Ila Geno (Chief Ombudsman) in reply: I agree with what the gentleman has stated saying that he was concerned about the report that the Auditor General presented. He pointed out that the Auditor General has already stressed some of the reasons why the Audits are still outstanding and why they have not been done. Some of these reasons range from shortage of staff to right sort of people to carry out the investigation. It is a requirement of the Act of Parliament that all Public Accounts be audited. He went on to suggest that the forum through the CIMC should raise the concern with the Government so that all Public Accounts can be audited and a fresh start made by each government agencies and statutory bodies.

Mr. Geno further stated that he did not have a real answer but, if along the way foul play was detected and there was the need for the Ombudsman Commission to step in they would assist. He went on to give an example. The alleged misconduct is on the part of the leaders who are under the constitution who are subjected to the leadership court, then the Ombudsman Commission would play a role. Pointing out that all the leaders are defined under the constitution where the leadership court is subject to; but the deputy heads and deputy secretaries are not restricted to the Ombudsman Commission. He went on to say that if the audits were not carried out due to foul play on the part of the institutions who are to carry out the audits then someone has to inform the Ombudsman Commission.

Mr. Repe Rambe (Secretary, Public Accounts Committee): when clarifying the non availability of audited accounts as was presented by the Auditor General, he stated that the reason for non audits is due to the fact that the various departments do not prepare their financial reports. He went on to say that he can confirm this statement having worked with the Auditor General's Office for some time. He pointed out that the departments should take the responsibility for this. He suggested that due to the fact that the departmental heads are failing their duties (in preparing and submitting on time important financial documents), there should be an amendment made to the Public Finance Management Act for a penalty clause to be included so that if the heads of departments fails to produce financial documents they should be penalized. This will ensure that important documents such as the financial documents are prepared for auditing to take place in a timely manner.

Mr. Ila Geno in reply said when there is a deliberate failure on the part of the Chief Executive Officer in not complying with the Public Finance Management Act it would be an offence and they should be dealt with accordingly. I again stress the CIMC should act as an oversight body to raise the concern with the disciplinary committee. But when there is misconduct this is where a leader has stepped out of line and the Ombudsman Commission will get involved.

Mr. Tom Lahio (Informal Services Association): 3 years ago there was a report from the Department of Health, Department of Works and Gulf Administration which I delivered in person to the Ombudsman Commission's office and up to now there has been no investigations done. What is the Ombudsman doing about it?

Mr. Ila Geno: in reply said that he would personally look into the matter.

Ms. Mathilda Pilacapio (Women Activist): enquired why Mr. Kila asked the participants not to raise certain questions when the National Development Forum is all about the seeking proper answers to questions that were not answered before. It is also about moving forward and developing.

Ms. Margaret: stressed that it was time that the different organizations and departments work to really make a difference with CIMC leading the way.

Moving Ahead through Integrated Redevelopment and Maintenance of Existing Rural Infrastructure by Mr. Pae Gure, Chairman, CIMC Transport & Infrastructure Sectoral Committee

1. Introduction

1.1 History

In February 1988 the national Economic Summit recommended the establishment of the Transport and Infrastructure Committee (TISC). The summit with the theme of “Getting Development Moving” formulate for TISC the mission of “Finding a Solution and Provide Cost Effective Infrastructure and Utility Services”. This mission statement is still valid today almost en years on.

1.2 Paper Title

The title of this paper “Moving Ahead Trough Balanced Redevelopment And Maintenance of Existing Infrastructure” is aligned to the original theme. What does it mean?

- a) **Moving Ahead** – regardless of the view of the world around us PNG must be **POSITIVE** and have confidence in itself about moving ahead.
- b) **Integrated Redevelopment and Maintenance** – For the different modes of infrastructure that exist in PNG any decision for redevelopment and maintenance within a certain geographical rural location must attempt to be a balanced and integrated with other competing infrastructure that need maintenance. This will lead to creating a harmonious transport and infrastructure system.
- c) **Existing Rural Infrastructure** – There are different modes of rural infrastructure including (but not limited) rural roads, rural health centers /aid posts, water transport, rural schools and so forth.

2. National Transport Development Plan (NTDP) 2006 - 2010

The National Transport Plan (NTDP) 2006 – 2010 focuses on the main transport modes of road transport, sea/water transport and air transport. Consistent with the Medium Term Development Strategy (MTDS) 2005 – 2010 the National Transport Development Plan (NTDP) 2006 – 2010 stipulates that its first strategy and top priority is to improve, redevelop and maintain the existing transport infrastructure and services throughout PNG. From the NTDP it is estimated that it will cost in excess of K700 million per annum to cater for the backlog of maintenance for land, water and air transport – majority of this (over 80%) will be required for land transport infrastructure maintenance.

There is a need to investigate other methods of infrastructure maintenance in order to achieve reliable serviceability especially for the high priority and economic infrastructure as has the Highlands Highway. This should include performance specified maintenance contracts currently used in many parts of the world.

NTDP also declares under its priorities the National Government funding for the transport network over the life of the NTDP will be directed to maintenance and rehabilitation but not for expanding the transport network (NTDP 2006-2010 Vol.2 pp3). This is a very responsible approach at this point in time as PNG cannot afford to embark on any new roads, ports or airports whilst the existing transport infrastructure, schools, medical facilities and others are yet to be adequately maintained.

3. Inadequate Maintenance of Infrastructure and the Consequences

The need to redevelop and maintain the infrastructure is a subject just about everyone in PNG talks about ranging from politicians to primary school children, unschooled to university graduates. Much of the dilemma of infrastructure maintenance is attributed to our inability to fund. As a consequence of this there is a diminishing trend of losing capacity in private sector to carry out maintenance work on any kind of infrastructure. For example, there are very few contractors who have the capacity to carry out any road maintenance or construction work. By the time we find adequate funding we may find that we do not have enough contractors to do the work and also could end up with very high cost due to limited competition.

Majority of our population live in the rural areas of PNG, some in remote islands. Service delivery to many of the people is non-existent due to bad state of repair of infrastructure particularly roads. Aid-posts, medical centers have great difficulty in receiving supplies because of very poor roads. For example, the people of Wiga in Rigo Inland of Central Province walk for about five days to reach Kwikila to catch a vehicle to ride into Port Moresby. The road has totally collapsed and needs reconstruction. The teachers and pastors are least interested to take up post in the area.

4. Integrated Redevelopment and Maintenance of Rural Infrastructure

With the advent of HIV/Aids in PNG road construction and maintenance contracts are now to include a special provision for HIV / Aids awareness campaign. This provision requires the contractor to carry out awareness campaigns within the vicinity of the road length during the course of the contract period. The awareness programme is run about every quarter of the contract period at approved locations. This has never been part of contracts before. As a way forward it is considered that any future maintenance contracts or new construction contract include provisions for maintenance of certain defined social

infrastructure particularly schools and medical services within the vicinity of the project. The perceived benefits of this approach as follows:

- a) People benefit directly and immediately. Major infrastructure projects such as roads are considered as government property and beneficial to business people and government only.
- b) Creates co-operation from the local people.
- c) Creates an avenue for people to co-operate and attend HIV/Aids awareness programs.
- d) Creates a greater impact on the local people
- e) Minimises landowner difficulties.
- f) Creates some cash employment opportunity for the local people

The scope of services for the maintenance of the social infrastructure component of the project would be clearly defined and would create no difficulties in tendering contract documentation.

5. Recommendations

From the above discussions the following are recommended:

- 5.1 Investigate alternative and appropriate methods of maintenance of infrastructure that may be adopted by PNG.
- 5.2 Investigate the possibility of integrated maintenance approach and determine advantages and disadvantages.
- 5.3 Dedicate secretariat to assist with research and support. This could be a line position person with the Department of Works but with added responsibility to the Transport and Infrastructure Committee.

Address to the National Development Forum by Mr. Brown Bai, Chairman, Rural Industries Council and CIMC Agriculture Sectoral Committee

As Chairman of the Rural Industries Council (RIC), and also of the CIMC Agriculture Sectoral Committee, I am grateful to be invited once again to give a report on the performance of agriculture development in this country, especially in the context of the theme of this conference, namely, “Improving the Budget Spending Process: Ensuring Transparency and Accountability” at all levels.

From the outset, let me first acknowledge the priority policy emphasis by the Somare Governments to promote agricultural development in PNG as one of the four Key Pillars to drive the country’s export-led economic recovery objective. The Somare Government is fully aware that by placing a high proportion of development initiatives in agriculture this will result not only in generating increased export revenue to the state, but will directly promote and uplift the overall living standard of the 87% of the people that live and operate their lifestyle based on rural agriculture and other primary industries

Let us remind ourselves therefore that PNG is an agriculture based country and has been so for many thousands of years. The most important challenge for PNG is to promote further development of this sector so that it must play a bigger and more dynamic role in the overall national development. This requires a carefully co-coordinated plan of action towards agriculture development by all these bodies, whether public or private, directly and indirectly involved in that pursuit.

As we all know, issues affecting agriculture development are both directly specific to agriculture and other crosscutting issues. To effectively promote agriculture and development, we must pursue a multi-pronged approach, otherwise such efforts and resources will fail to achieve their planned objectives. I am stating that plans for agriculture development in PNG must be carefully done within the overall budgeting and planning process, so that all development aspects of projects are clearly addressed and completely put into place to allow for smooth implementation programs.

The Government’s Medium Term Development Strategy (MTDS) and the various budget strategies upon which the national budgets were framed, establish the policy basis that the Government wants to direct the development of this country. The National Agriculture Development Plan (NADP), Transport plan etc. must be directly linked to the overall national strategies.

It is fact that there is no lack of policy directives, plans and budgets. For example, the Somare government recently announced a supplementary budget that will address the country’s infrastructure problems; The Government introduced seven initiatives to promote agriculture as part of its green revolution policy; The previous government introduced various road improvements to open up rural areas, and; K40 million in last year’s supplementary budget was injected into the National Agriculture Development Program. Twelve months later, DAL informs us that there is not a single project out of this funded government program.

The issue here is that these policies have not been implemented effectively on a timely basis. Why is this so? What is happening to the Government's delivery mechanism and bureaucratic machinery? Is the machinery grinding to a halt, or is it too big to operate effectively, or is the current system of government too expensive and cumbersome to facilitate quicker service delivery?

Lack of implementation of approved programmes is the worst enemy of the Government and people of this country. Our people and the corporate citizens know full well the Government plans and policies are not implemented as promised by the Government. Should the Government sit back and take a passive attitude towards such a situation? Clearly not, and I urge the Government to ensure direct intervention to ensure that its plans and priorities are effectively delivered on a timely basis.

The pace of agriculture development in PNG over the last thirty years can best be described as generally weak and very limited. Apart from oil palm, the other export sectors have not performed well at all.

Table 1

PNG Exports Classified By Commodity (K'million fob)

Year	Agricultural	Forest Product		Marine Product	Mineral				Total Domestic Exports	Re-Export	Total Exports
		Log	Total		Crude Oil	Gold	Copper	Total			
1999	1165.0	255.6	265.9	30.4	1382.4	1546.1	574.3	3524.0	4985.3	0	4985.3
2000	955.5	283.5	308.8	33.7	1870.8	1950.8	595.4	4443.7	5741.7	0	5741.7
2001	803.8	255.7	332.3	75.3	1889.4	2115.1	859.1	4895.6	6107.0	0	6107.0
2002	1084.9	365.5	414.1	944.1	1431.2	2294.8	1018.7	4774.0	6367.1	0	6367.1
2003	1390.8	369.6	416.0	125.3	1631.9	2811.2	1415.0	5890.0	7822.1	0	7822.1
2004	1688.0	355.7	459.5	58.2	1625.2	2779.5	1544.2	6007.5	8213.2	0	8213.2
2005	1949.9	404.9	476.3	69.4	2283.1	2834.1	2497.7	7651.9	10147.5	0	10147.5
2006	1653.3	491	526.7	92.2	2988.5	3090.5	4329.5	10459.3	12731.5	0	12731.5

Source: BPNG Quarterly Economic Bulletin – March 2007 Issue

Table 2

Agriculture and Other Exports – Classified by Commodity (K'million, f.o.b)

Year	Cocoa	Coffee	Tea	Copra	Copra Oil	Palm Oil	Rubber	Other (b)	Refined Petroleum Products (d) (e)	Total
1999	84.6	417.1	19.0	66.5	95.8	337.9	5.0	139.1	-	1165.0
2000	84.6	294.8	20.4	59.9	65.8	306.6	6.4	117.0	-	955.5
2001	120.5	246.6	21.0	11.2	12.9	244.8	6.9	139.9	-	803.6
2002	228.3	276.6	18.1	10.7	33.3	389.9	6.8	121.2	-	1084.9
2003	257.7	298.5	19.3	6.5	67.4	421.3	12.3	307.8	-	1390.6
2004	218.0	283.6	22.9	17.2	81.0	438.7	13.8	409.8	202.6	1688.0
2005	198.7	471.0	20.2	17.3	93.7	391.4/564*	16.0	242.6	496.6	1949.9
2006	204.4	337.0	21.2	8.3	60.4	430.1/659.9*	23.8	304.2	263.9	1653.3

Source: BPNG Quarterly Economic Bulletin – March 2007 Issue

* Actual Oil palm industry figure.

Table 3

Agricultural Exports – Quantities Exported of Major Commodities (000 tonnes)

<i>Year</i>	<i>Cocoa</i>	<i>Coffee</i>	<i>Tea</i>	<i>Copra</i>	<i>Copra Oil</i>	<i>Palm Oil</i>	<i>Rubber</i>
1999	29.0	79.2	8.2	63.5	50.3	253.6	3.7
2000	38.0	66.6	8.5	67.2	48.0	336.3	3.7
2001	38.0	65.4	7.5	22.3	15.8	309.1	3.8
2002	34.9	63.1	5.2	15.8	28.2	323.9	3.8
2003	40.3	68.8	6.6	8.4	47.7	326.9	4.2
2004	41.5	63.0	8.1	19.2	45.1	339.0	3.8
2005	44.2	72.1	6.9	22.3	54.4	345.8	4.8
2006	44.0	52.3	6.6	12.7	41.5	362.3/447.6*	4.4

Source: BPNG Quarterly Economic Bulletin – March 2007 Issue

* Actual Industry Figure

One important feature of export crops outside of oil palm is that export volumes for most of our export products have drastically declined and are still trying to catch up on previous years' production and export volumes. We should remember that PNG's export products have very good markets overseas but we are not producing enough of them.

Nationally, we have not been doing enough to promote the rehabilitation and expansion of our agriculture export sector. This statement is borne out by the fact that in 1995, PNG devoted 370,000 hectares to export agriculture crops. This hectareage was marginally increased to 460,000 hectares in 2004, recording a compound rate of growth of just 0.7% over that nine-year period, compared to the Indonesians who increased their hectareage during the same period from 1.9% to 5.7%, and the Malaysians increased their's from 7.5% to 15.6% of land area during the same period.

Moreover, the average yield performance for all PNG export products has been relatively poor. This performance clearly follows from decline in extension services, poor performance by farmers and regions.

Many aspiring farmers are taking their own initiatives to develop their farms but they lack markets for their produce.

PNG must be serious and determined to develop this sector in a coordinated and wholistic way. This will entail addressing solutions to the following issues:

- Infrastructure
- Law and Order
- Credits
- Extension Services
- Training.

Finally, let me restate the fact that PNG is an agriculture country and is dependent on the development of this sector to uplift the lives and overall wellbeing of the 87% of its people.

The development of the agriculture sector is PNG's answer to opening up its rural areas. Rural development must be the key primary focus for PNG and there is no other alternative to it.

Effective implementation of Government policies aimed at rural development must be directed and monitored by the Government to ensure that services are delivered to our people who live in rural areas.

Law and Order Sectoral Committee's Report by Mr. Graham Ainui, Chairman, CIMC Law and Order Sectoral Committee

Introductions

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

What was the Law and Order Sectoral Committee set up to do and what has it been doing in 2007?

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 were identified for inclusion in the 2006-2007 workplan 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 committee has endorsed the setting up of a working group to work on the proposal to establish a National Registry of all Compensation Cases and Claims. The working group is to:

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

It is hoped that this work will eventually lead to the development of 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.

2. Participatory Budgeting – Sectoral Budget Analysis

The Committee's view is that there needs to be a critical analysis of sectoral budget allocations. This is to see that the Government is keeping to its promises in terms of adequately resourcing agencies in the sector so that they are given the ability to perform their mandated responsibilities well. Further, the exercise will aim at ascertaining whether the allocations given to agencies in the sector is sufficient and given to set priorities of government so that these will assist them to work better towards addressing the issues identified by relevant stakeholders. The Committee's role in monitoring this process would require that select members receive training in the processes involved.

The Committee's view is that focus should be placed on a particular activity/program. After analysis it has been decided to focus on the RPNGC as this agency represents the basis of most law and order issues facing the community. The Committee understands that whilst the police department is very large by its very nature; to be effective the Committee's work would require open and frank discussions with the Police Review Report Implementation Secretariat and the Department of National Planning as well as other important stakeholders. Work on this has to be progressed once dialogue has been established

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

▪ National Anti-Corruption Alliance (NACA)

This is a collaboration between like mandated agencies (9 Fraud and Anti-Corruption agencies) 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, who has been appointed recently.

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, with about 30 people being charged and 2 disposed off. There is a problem with the resident magistrate in Mendi District Court for committal so due to the elections this has been put on hold. The Chief Magistrate has given his undertaking that a new Magistrate will be appointed soon.

NACA Funding for 2008:

NACA allocated funds for this year, have been used up already. For 2008, 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 but work has been started on putting a submission to NEC to complement this funding and most importantly to allow for Government to own the NACA by fully funding its operations in 2008.

The new Commissioner, Mr. Gari Baki has been very supportive and he indicated that it is okay for the RPNGC to continue to house the NACA.

In the meantime, an Information Paper for NEC has been sent to the NEC, which amongst others seeks to get government's initial support for NACA.

▪ **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 made aware of the sector's Provincial Engagement Strategy which was in the process of being implemented, with some visits already been made into some provinces (9 provinces) throughout the country by teams of the Law and Justice Working Group. The Provincial Engagement Strategy is an effort to bring together the provincial and districts together with the national agencies to achieve what the sector has identified as priority. Department of Provincial Affairs has been asked to come on board in this through the Provincial and Local Services Monitoring Authority (PLLSMA). Also AusAID funded Provincial Performance Improvement Initiative (PPII) is supporting in this exercise in terms of capacity building the provincial administrations to work on law and justice issues.

Strategy for Australian Assistance to the PNG Law and Justice Sector:

The Committee has also been asked to comment on the Strategy for Australian Assistance to the PNG Law and Justice Sector, which looks at how the Australian support to the sector in the next 5 years will be put in place.

▪ **Urban Safety Initiative undertaken by NCDC**

In 2005-6, the Committee has been actively involved in efforts to establish a dialogue and consultation mechanism with the NCDC call the Urban Safety Advisory Committee (USAC). This initiative stalled through mid 2006 but an initiative called the Yumi Lukautim Mosbi Projek ha kept going, thanks to the support of AusAID with an advisor placed within NCDC.

The Committee still is of the view that the Urban Safety Advisory Committee (USAC) which was established under the previous management purposely as a dialogue mechanism between NCDC Management and users of services as well as providers of services such as Eda Ranu, PNG Power, MVIL, Village Courts, etc needs to be strengthened. NCDC as a municipal authority should be concentrating its efforts on providing services to the city residents and not be used as a milking cow by vested interests.

▪ **Implementation of the Proceeds of Crime Act 2005**

Implementation of the other two pieces of legislation have to be progressed. However, work on establishing the Financial Intelligence Unit set up is ongoing and is anticipated to be in place by November 2008 or early 2009 as there are a lot of work that need to be done for it to be fully operational. The Bankers Association are also assisting in terms of strengthening bank procedures. For example, if a transaction is over K20, 000 then you need it to be authorized by more than 1 person, having more people to clear cheques. A committee has been formed and is chaired by Westpac Bank to look into these issues.

▪ **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

What is outstanding now is that appointment to the SIA of two representatives of the industry to the Security Industry Council (SIA) will be made by the Minister for Internal Security. Four names were submitted to the Minister for Internal Security and this is yet to be done for the Act to be operationalised.

▪ **Monitoring of the Enhanced Cooperation Program (Two) - ECP II**

The Committee has also been trying to monitor the work of the ECP II program. But this has been put on hold as a big component of this support is on advisory support in key areas of government.

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 2006:

The Committee is of the view that the CIMC was instrumental in initiating the legislation, it is equally responsible to ensure that the law is implemented in the best possible way which is to ensure that all stakeholders are involved in its full implementation.

In particular, the following important issues have not been adequately addressed by the Security Industry Council (SIC) which needs to be addressed to ensure swift implementation of the act is achieved. These being:

1. Ensuring that two duly elected representatives of Licensed Security Providers and one representative, representing security employees join the Security Industry Council. The Act provides for these three representatives to join the council one (1) year after the commencement of the act (1st March 2005). This period has lapsed and there are legal implications if the SIC continues to make decisions without a fully constituted Council
2. 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.

National Anti-Corruption Alliance (NACA):

The Committee would like to support the NEC Information paper put in by the NACA Board through the Internal Security Minister and strongly push for the Government to support the NACA through budgetary allocation annually starting in 2008.

Urban Safety:

The committee is of the view that the communities must be empowered to be in charge of their own destinies utilising internal resources and the resources of the various agencies.

The early successes of the Yumi Lukautim Mosbi Projek (YLMP) in Port Moresby will ultimately determine if it can be duplicated in other centres, possibly in Lae and Mt. Hagen.

The issue primarily is to identify and instill in key organisations such as City Authorities a sense of ownership in the project. This will ultimately empower the communities to also take ownership. Other organisations will then come on board to collaborate and support the project.

Sectoral Budgeting

The Committee is of the view that Sectoral Budgeting is an important planning tool if PNG is to move ahead in its efforts to think and work in a coordinated manner, as a sector to deal with our persistent problems. To this end, the Committee calls on the Law and Justice Sector to undertake sectoral budgeting, monitoring and reporting and strengthen existing systems for this to happen.

Police Review Report – Implementation

The Committee also strongly calls on the Government to support the RPNGC to fully implement the 61 Recommendations. A few of these recommendations have been fully implemented, and we commend the Police Commissioner for showing leadership in this area to implement some of the recommendations recently.

Proceeds of Crimes Act:

The Committee commends the Government for establishing the Financial Intelligence Unit (FIU) within the National Fraud and Anti-Corruption Directorate. However, it needs to be fully funded to achieve its objectives.

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 the 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) that will foster economic growth, especially in the rural agriculture sector so that many of these young people can be absorbed.

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.

Report by Ms. Rosa Au, Deputy Chairperson, CIMC Family and Sexual Violence Action Committee

“Take care of the people and the population will take care of itself. The statement implies that when the social, economic and cultural well being of individuals rises to an adequate level, people will make right demographic choices of their free will” (PNG Population Policy 2000-2010)

The Family and Sexual Violence Action Committee is one of CIMCs 12 Sectoral Committees and was established in 2000. The FSVAC was established to work towards reducing the occurrence and suffering caused by physical, sexual and psychological violence especially between family members in the home environment. The FSVAC does this through implementation of the Integrated Long Term Strategy. The Integrated Long Term Strategy (2001-2006) is an outcome of a study conducted in 2001 to analyze the family and sexual violence situation in PNG. The Integrated Long-Term Strategy identifies six (6) areas for the committee to focus its work on. These are:

1. Institutional strengthening
2. Legal reforms
3. Services for victims
4. Working with perpetrators and potential perpetrators
5. Community prevention and responses
6. Data collection and research

The FSVAC partnership would like to acknowledge the donor partners that have participated and supported the work of FSVAC in successfully implementing the Integrated Long Term Strategy. The major donors are – AusAID, British High Commission, the Asia Foundation (USA), UNFPA and UNICEF.

What implications would the implementation of the Population Policy have in reducing the family and sexual violence issues in Papua New Guinea.

CIMC in the last three years through its Regional and National Development Forums has been addressing the theme on “Opening Up of the Budget”. The budget expresses in financial terms the social and economic policies pursued by the country. It is through the budget that policies are transformed from paper promises into funded action, really showing what is important to the government.

We hear speakers quoting figures that are alarming concerning Papua New Guinea's population of 5.9 million and is estimated to be growing at 2 per cent per year. The median age is young at 20 years, posing serious socio-economic implications. Total

fertility declined from 5.1 lifetime births per woman in 1990, to the current 4.4. The country's maternal mortality ratio of 300 deaths per 100,000 live births is among the highest in the Western Pacific.

The National Population Policy 2000-2010 was developed and adopted in 1999 setting the framework for the national response towards reducing family and sexual violence and gender related issues. The population policy was created in response to the concerns raised about the growth rate of the PNG population. Even though the Population Policy is now in existence we still hear these same concerns being raised by Departments of Health, Education and other government departments that are dealing directly with people.

The National Population Policy 2000-2010 is implemented with support from UNFPA without any budgetary support from government. To implement the population policy we need to improve our coordination skills, commitment and provide leadership, guidance and financial support.

The population policy goals and objectives if implemented will address the family and sexual violence issues that FSVAC partnership has been trying to address in the last six years. We cannot continue to address the abuse of women and children without all sectors addressing other population issues as these are all inter-related and can not be achieved in isolation. Nor can we continue to talk about street children and not talk about family planning, education, bad cultural practices, legislation, abuse of women and children, HIV/AIDS, economic development and the list goes on. We have to consciously address these issues to reduce the number of unplanned children being born to reduce the burden on the families to survive and the burden being placed on our governments limited resources. The social marketing of the policy must be developed to encourage the ordinary people to participate in the implementation of this policy and achieve its goals.

Since 1998, the Papua New Guinea Government has been a signatory to the United Nations Convention on Elimination of All Forms of Discrimination Against Women (CEDAW). The population policy calls for increase opportunities for women and girls to meaningfully participate and benefit in the economic, political, cultural and social life of our communities and country. How can we achieve these goals and objectives when we fail to implement the CEDAW articles?

A National Response towards Family and Sexual Violence

Very recently, there have been reports of two horrendous cases of extreme violence against two women. The uterus of a pregnant woman was ripped out by the husband in WHP whilst another woman was bashed repeatedly by the husband resulting in the death of an unborn child in the Lufa district in EHP. These two extreme reported cases show the depth of suffering our women and children are enduring in the country.

The Governor for Western Province, Dr. Bob Danaya rightly says that PNG will eventually fall apart if nothing is done to protect women and children from all forms of violence.

As PNG is now experiencing a dramatic increase in family and sexual violence occurrences, this clearly shows a society of family units falling apart in morality and values. A healthy society reflects stable family units and this is called for in the population policy. PNG is now doomed for disaster as many family units are not held together for obvious reasons of violence in families and at homes. The long term implications of violence on women and children on development and economic growth are unpredictable. Papua New Guineans must act as a nation in addressing these issues before we reach the destructive path in the future.

A national response towards the fight against violence on women and children is now a national agenda. The petition presented by the Minister for Community Development Dame Carol Kidu on the Floor of Parliament is the beginning. The response from the government on this petition through a bi-partisan approach established a framework for the needed national response on violence against women and children.

The CIMC's Family and Sexual Violence Action Committee has been coordinating the national response to family and sexual violence. The FSVAC strategy has now run into its full term with donor support, implemented by NGOs and Law and Justice Sector Departments. The FSVAC strategy is going to be reviewed in January, 2008 and a second phase developed.

Recommendations:

It is therefore recommended to the National Government:

1. That a budgetary support be given to the Department for National Planning and Rural Development to fully implement the population policy, including the establishment of the senior planner's position to give support to other government departments;
2. To organize special forums through CIMC process on the Population Policy, to generate debate on how we can move the population policy forward and develop a social marketing strategy so that the Population Policy Goals and Objectives become common knowledge to the general public;
3. The governments as its national response give budgetary support to implement the second phase of the Family and Sexual Violence Action Committee Integrated Long-Term Strategy;
4. Give budgetary support to the CEDAW desk at the Department of Justice and Attorney General's Office; and,

5. To ensure that the proposed Human Rights Commission be established so that some of these issues can be addressed through that Commission.

Questions and Discussions:

Ms. Iva Kola (Manager Implementation, Law and Justice Sector Secretariat): the story basically has been that all the speakers in this session pointed out that implementation of projects or programs have not been done effectively. There was acknowledgment of the Government making funds available to the Supplementary Budget but there is no evidence of these funds on the ground.

A female participant: said that Family and Sexual Violence is a big issue affecting the country and the parliamentarians just simply have no time to discuss such issues affecting a large proportion of the population which are women and children.

Ms. Rosa Au: clarified that the 82/83 report that was referred to by the lady was on domestic violence. The recommendations were given to the Government in 1992 and since then some discussion on it have taken place. There were groups of women who were concerned and an awareness program was held. With the formation of the Family and Sexual Violence Action Committee (FSVAC) in 2000, the committee has been looking at the different approaches on how things were dealt with before. The report has not been completed.

A female participant: stated that there is a break down in communication. Population growth is outpacing agriculture growth. The roads are going from bad to worse and so are other important infrastructure. There is K4 million allocated to women and agriculture but there are no guidelines for this. She agreed with Mr. Bai that the National Agriculture Development Plan (NADP) is still sleeping. She suggested that there should be implementation and something should be done regarding the law and order situation.

She further pointed out to Ms. Au that there has been a lot of pressure put on the Ombudsman Commission. The Human Rights Commission should have been established a long time ago to deal with some of these situations.

Ms. Catherine Natera (Papua Hahine): made reference to the establishment of the Human Rights Commission, and stated that both the FSVAC and Law and Order Committee should push for the establishment of a Human Rights Tribunal through the National Court System.

Ms Mathilda Pilacapio (Women Activist): stressed on the importance of PNG's traditional food and asked if the RIC had plans to protect these traditional foods. She gave an example of the potato plant being affected and there was no treatment for it. She also raised to the forum that at times the Government brings in the wrong variety of crops and this should be stopped through deliberate measures.

Mr. Bai: in reply clarified that Rural Industries Council (RIC) is not a government organization but just an industry association. He went on to say that he understood and was aware of the situation that was raised. RIC have spent a lot of time with the help from Graham Ross (Managing Director of Alele) and funding from New Zealand High Commission on holding training workshops for farmers on how best to deal with the potato blight disease. He went on to state that RIC is also working with NAQIA, NARI and National Department of Agriculture and Livestock. He also clarified that RIC is a body that makes sure that the projects or the jobs have been carried out.

The National Agriculture Development Plan is a document which is led by the Department of Agriculture and Livestock and it reflects governments plan to develop the agriculture sector. And within this they have sectors that address these situations. And he stressed again that NADP is just a document and results have yet to be seen.

He assured Ms Pilacapio that they would take note of the issue she raised and try to give back some form of feed back.

Perspective on the Health Sector “The Human Face of Development” by Dr. Clement Malau, Secretary, Department of Health

Our accountability

6.1 million people and residents of PNG

Health Department’s Commitment

Keeping the nation healthy

“Focus on Service delivery to the rural majority and urban poor”

Infrastructure and Human Resources

- Hospitals – 19
- Health centres – 199
- Health sub centres – 303
- Urban Clinics – 45
- Aid posts – 2,399
- Total staff – 11, 739
- Doctors - 359
- Nurses - 3,189
- CHW – 1, 189
- Health Extension Officers – 265
- Health Inspectors - 70
- Other allied staff – 3, 667

2007 Budget

- Dept of Health – K129 m
- Public Hospitals – K121 m
- Provincial Health – K45 m
- Church Health – K51 m
- Development Partners- K200 m
- Total – K 546 m
- Supp Budget – K 185.3 m

2007 Budget

- Dept of Health – K129 m
- Public Hospitals – K121 m
- Provincial Health – K45 m
- Church Health – K51 m
- Development Partners- K200 m
- Total – K 546 m
- Supp Budget – K 185.3 m

INDICATOR	1990	1996	2003
Life expectancy at birth	55		61
Infant mortality rate/1000 live births	74		69
Under five mortality rate/ 1000	99	93	90 (2000)
Maternal mortality ratio/100,000 live births	345	390 (1995)	330 (2000)
Crude birth rate/1000 people	33		31
Total fertility rate (births per woman)	5.6		4
Annual population growth	2.37		2.7 (2006)

Sources:

Asia Development Bank. Key Indicators 2005: Labor Markets in Asia: Promoting Full, Productive, and Decent Employment.

http://www.adb.org/Documents/Books/Key_Indicators/2005/default.asp

SPC MDG Database (Regional MDG Report 26/10/2004 .

http://www.spc.org.nc/mdgs/MDG_DB/G5_T6.asp

Gobalis – Papua New Guinea

http://globalis.gvu.unu.edu/indicator_detail.cfm?IndicatorID=29&Country=PG

The current setting

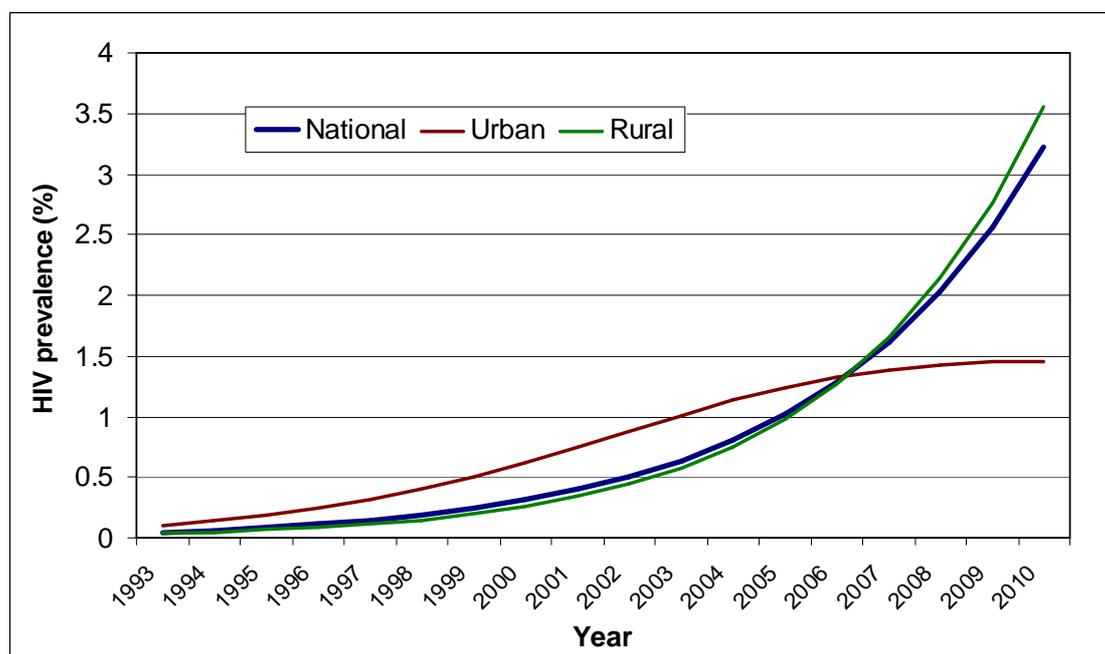
- Cultural diversity
- 2.7% population growth
- High maternal and child mortality
- High prevalence of infectious diseases including HIV
- Provincial links and resources allocation and implementation
- Poor transparency and accountability
- High reliance on donor funding

HIV and AIDS

Estimates 60,000 -2007

127,000 in 3 years

All provinces have reported HIV/Aids



Areas of Focus for Health

- Update and sharpen focus of the National Health 2001 -2010 Plan (Vision 2010)
- Establish strategic direction through a 5 year Corporate Plan
- Reinstate basic service delivery to the rural majority and urban poor
- Focus on implementation of Strategic Directions priorities (HIV, malaria, reproductive health, TB)
- Establish transparency and accountability in the Department of Health
- Improve surveillance on re-emerging and emerging infections
- Donor harmonization to maximise impact

Sectoral Committee Focuses

- Population
- HIV and AIDS
- Sectoral role in poverty alleviation
- Drug abuse
- Gender and violence against women

Special initiatives

- Advocacy - shifting health and education as core human resource development and productivity enhancement sector
- Tag money to useful health interventions including links with the private sector
- Environmental health study on pollution caused by large projects

- Review and re-casting of basic package of health
- Public health focus on violence, peace and security
- Analysis of PNG's biodiversity as a value for health and economic development
- Enhance link between PNG IMR, NRI and others for NDoH to foster evidence based practice
- Innovation in Communication and Information Technology

Conclusion

Look forward to working with the new Minister, key sectors and all our partners with a common goal of improving the health and well being of all residents of Papua New Guinea

Group Discussions

Group A - Discussion Points

Ms. Ume Wainetti (Program Coordinator of FSVAC): with the back log would need a lot of money to outsource to the private sector to get the job done for them. An additional point was that the recommendation by Mr. Tekura Renagi was that there should be a study to review the 10 years implementation of the Organic Law.

Mr. Paul Barker: added that Mr. Renagi particularly spoke about what was being talked about and what was being experienced as the reality. So there is no link between the planning process and accountability and what is really being run by the local member. He went onto stress that the Ombudsman Commission was talking about gate keepers and reinforcing those gate keepers, recognize that they are gatekeepers and take on their responsibility. But they will also need backups in the case of being whistle blowers. And the Whistle blower Act has never been actively used.

Ms. Freda Talao (AusAID): suggested that the Joint District Planning & Budget Priority Committees be abolished and everyone go through the Provincial Administration for planning purposes. The Discretionary Fund can be handled by the provinces themselves but everything else comes through the District Administrations.

Unidentified Participant: pointed out that the DA is the Executive Officer of the JDP&BPC who is part of the system. And when the member hand picks people on the board, what choice have we got but to put up with the people that have been picked. Because this people have been hand picked by the member himself means that a lot of unnecessary laws and rules will be passed. And also taking into account the fact that most of these members are not in the same place and meetings are hardly been held. So the member makes a one man decision, pretty much.

Mr. Paul Barker: stated that means what we want is a single planning system for the District and the LLGs and we want the appointment procedure open and transparent, and not for it to be at the discretion of the Open Member.

He further added that it also means “Demystifying the Budget” as Ms. Poorja said in her presentation to enable participation and empowerment of the community in planning and oversight of the budget. He later stated that in the long run GoPNG should and must take ownership of the program/project, pointing out that the donors are there just to help get things running/started.

Ms. Freda Talao: pointed out that the capacity issue keeps popping up and the group has not said much about the issue. She went on to state that there will be an imbalance with the level of staff knowledge, the level of capacity and the amount of money coming in when you have a sudden change of funds brought into the province. How can a province take on a large responsibility when it did not know how to cater for the small responsibility?

She went on to state that even if the Province would take the responsibility, there would be pressure from the leaders (Members of Parliament) to use the money whichever they liked. Now you have the problem of mobilizing construction companies to do the work in the Provinces. And bear in mind that not a lot of these companies will be willing to take up small jobs.

Mr. Gabriel Marua: suggested that the Works Department should be the ones who should cater for the provincial requirements in terms of construction and infrastructure. He gave an example of how the Works Department is not operating in Western Province.

Mr. Paul Barker: suggested the Government could get rid of the Works Department in the Provinces or Fund them instead of leaving them in the middle.

Ms. Ume Wainetti: added that getting rid of the Works Department means getting rid of the Technical people in the provinces. The Members bypass the Works Department and set up their own small construction companies to do what the Works Department should be doing.

Group B - Discussion Points

First Concern: the government should take into consideration how the funds are been distributed, in order to ensure that each Province gets equal amount.

Clarification: A group member sought clarification and said: under the old organic law where the Provinces were put into 3 different categories, which are: (1) Developed Province (2) The next Developed Provinces, (3) Least Developed Provinces. Then it was according to these groups the Government would distribute the funds, giving more to where it was needed the most which was the least developed Provinces.

Discussion:

An unidentified female participant: suggested that the funds should be distributed in percentages.

An unidentified male participant: pointed out that NEC was talking about the cost of service delivery and not the 4 million kina. So he asked the group not to discuss the 4 million kina.

An unidentified male participant: pointed out that equal distribution will still be a problem due to the fact that the well developed provinces will still have surplus and the least developed provinces will still be struggling. So you still have the gap between these provinces widening.

An unidentified female participant: stated that one of the recommendations should be that the funds be distributed in percentages so that funds can be distributed according to which province needs it the most.

An unidentified male participant: agreed but added that the first thing that the leaders have to do is to categorize the provinces to find out which province would need the funds the most.

Mr. Greg Toxie (Lord Mayor of Kavieng): clarified that the provinces have already been categorized which was the data that was presented. That is the reason why Dr. Badu asked that the Government fill those gaps up.

Mr. Tom Lahio (Informal Services Association): suggested that whatever way the Government want to distribute the funds is up to them but when it comes to cost delivery; can we recommend that the Office of National Economic Fiscal Commission be the one to decide which province get what percentage and that the report from NEFC be used as a guideline to distribute the funds?

Ms Janet Nisa (Mendi Peace Foundation Melanesia): suggested that a proper stock take of actual infrastructure or other signs of service delivery in the districts be carried out to find out actual issues about the different Provinces in regards to the cost of service delivery in the provinces; she said this giving an example of Southern Highlands.

Mr. Tom Lahio: suggested that one of the recommendations that the Commission should make is in relation to having an inventory to check or to carry out research to find out what is really needed in a Province, and to find out how far a Province has developed.

Mr. Paul Barker (Institute of National Affairs): brought to the group's attention that most of the speakers spoke about Capacity and Participation (stressing on Pooja's presentation). Pointing out that to participate one has to have knowledge and if there is no

capacity in a Province then how can development take place? He then asked if the group can discuss these issues.

Mr. Joseph Kaptigau: suggested that the report comes in 2 forms

1. There is money but there is weakness in either Administration or the leaders are not delivering the services.
2. They are only focusing on the cost

Dr. Anorld Kukari (NRI): agreed that the NEFC report did highlight that there is money in the provinces but there is also misappropriation in the provinces resulting in the provinces not being developed as expected. He pointed out that the report was not entirely talking about delivering of services but the distribution that brings about the delivery of services.

An unidentified male participant: suggested that someone from another province should be brought in to complete the job. Because the job is not being done by the man from that province.

Another unidentified male participant: suggested any funds allocated to the district, 75% of that fund must be used for the rural population.

Recommendation:

1. With in consultation with NEFC, CIMC is to strongly recommend to NEC to immediately adopt and undertake to implement the findings of the NEFC report; the implementation to commence in 2008.
2. The National Government to fill in the gaps between the developed and least developed provinces by way of appropriating adequate findings.
3. The National Government to address other governs issues to assist in effective service deliveries.
4. To publicizes the distribution of funding to all Provinces.
5. The National Government to immediately repeal the District Authority Act and reintroduce the previous arrangements. Once this is done, appropriate research and wider consultation be carried out into the appropriate system.

Group C – Discussion Points

Ms. Catherine Natera: suggested that the group support the proposal to repeal the District Authority Act. And that the Auditor General be adequately funded

Mr. Kasper Yambui: clarified that some of the money comes from Internal Revenue which they have no control over. So what the group is to discuss is the National Budget

from the Government. He suggested that instead of having the Government distribute the funds equally; the Government should distribute the funds according to the provinces' needs, filling in the gaps.

Mr. Kaptigau: suggested that the recommendation should be based on the guidelines that were distributed. We are to look at Governance, Transparency and Governance Accountability; are they accountable for what they are doing? The Accountable Officer is obliged to provide the report annually so what is our recommendation for these two groups.

Mr. Nicholas Baroro: reminded the group that they were asked support the recommendations or disagree with them.

Mr. 00:25:43, the funds should be distributed based on the NEFC recommendation.

Ms. Sima Koupere: stated that the Population policy has not been taken up by the Parliament. Ms. Natera added that the policy was from UNFPA and Ms. Au recommended that Government give funding to support the policy.

An unidentified male participant: stated that there are no drugs in the rural areas and what is the Government doing to address this issue? He went on to stress that there are a lot of shops selling drugs that would normally need a prescription before obtaining one. Are these people authorized under the Drug Act to sell these drugs?

Ms. Sima Koupere briefly explained what FSVAC has done so far and also stressed that the committee members are all volunteers who make up the group.

An unidentified male participant: suggested that CIMC should be established in all the Provinces, stating that this way the people in the rural areas can be reached easily.

Ms. Koupere: reminded the group that CIMC is funded by business houses, enquiring where would the funds come from to implement the mini CIMC in the Provinces. Mrs. Setae stated that the business houses can push start CIMC then the Government can take ownership of it. She further suggested that the budget be open to the public.

Recommendation:

1. The Finance Department to make available all financial reports of Departmental Heads and statutory bodies to the Auditor General Office.
2. Adequate funding to support the Institutional Capacity of the Auditor General.
3. The National Government make the Budget equitable according to the capacity of each province.
4. Failure of submission of financial Act CEO's to be referred to the leadership code
5. The implementation of the National Corporation Policy to be funded by the National Parliament.

Group D Discussion

Auditor General:

An unidentified male participant: suggested that the forum accept the recommendations because these are the technical people who have presented and who have been in the system for a number of years. So we should just add on and empower what they have recommended

Another unidentified participant: stated that the Auditor General just gave a report on what the department was facing and not a recommendation. Because he is in authority, the idea was for him to give his recommendation and suggest what could be done to improve things.

The issue that we came to discuss was the Budget and the Implementation of the Budget process. The Auditor General also mentioned that he seemed to be losing senior staff after they have been trained.

Based on that maybe they come here with the hope that, the forum would come up with some recommendation to help them. Monitoring and Implementation are some things that were lacking in yesterday's and today's sessions. The Auditor General should help monitor the implementation of the budget. But he has implied that he does not have the capacity.

Ms. Wallis Yakam (CIMC): suggested that even if he had the capacity, the other Government agencies who don't comply will hinder the process.

An unidentified male participant: asked is there any political interference in the functions of the Office of Auditor General?

Mr Michael Gene (Gene Consultants): asked how do you solve the problem of senior staff leaving the Auditor General's Office? Because even after the conditions are improved the staff still leave.

An unidentified female participant: suggested that the Auditor General's Office should use the graduate scheme where he can use the new graduates to help do some of the job and on low salaries. This way a lot of things will get done and the new graduates are gaining experience.

An unidentified male participant: suggested that there should be an MOU with the Auditors and the Auditor General's Office. So that when the staff is trained there is an understanding that he/she has an obligation to service the Auditor's Office.

Law and Order

An unidentified participant: stated that the law and order problem will be solved only when the social issues have been improved. So right now everyone's concern should be on the social and economic sector development issues.

An unidentified male participant: stated that from experience in the rural areas, the economic sector can not do much without the law and order being effective. He suggested that the CIMC Law and Order Sector should look at ways to bring back the ECP.

Everyone agreed that the 61 Recommendations of the RPNGC Review should be viewed to make better decisions.

Mrs. Wallis Yakam (CIMC): stated that Dame Carol took the initiative to put an information paper together on the Human Rights issue and circulated them to the other stake holders. After the paper was analyzed it was realized that this was not possible due to the fact that there were no resources available. She further stressed that it would be good to support the reintroduction of the ECP but in terms of the sustainability of the program, there were some questions still there, in terms of ECP being able to give Papua New Guineans the type of training that they need.

Recommendation:

1. Adequate resourcing of budget monitoring and implementation.(manpower, funds)
2. The use of undergraduates under the graduate scheme to help get the job done.
3. Review the issue of bringing back ECP.

**“Tourism” - Papua New Guinea’s: Real Pot of GOLD by Mr. Richard Kassman,
Chairman, CIMC’s Tourism Sectoral Committee**

Tourism Sectoral Committee

- Established in 2006
- Terms of Reference Developed
- Membership list confirmed
- Active Secretariat

Key purpose is to bring all stakeholders together to develop consensus and to strategically work in partnership

Stakeholders comprising our Committee

- Membership of 25
- Government Agencies
- Industry Bodies
- Individuals

Major activities & achievements

- Strengthen existing networks in the sector
- Developing the integrity of the Committee to deal with real issues of concern
- Membership to the Tourism Bureaucratic Committee chaired by the Chief Secretary
- Partnership with PNG Tourism Promotion Authority
- Master Tourism Development Plan
- Input to Regional & National Development Forums
- Effective Lobby – Passenger Travel Card, other industry related issues

Key Recommendations

Tourism Marketing	Capacity Building, infrastructure development and wider industry & government involvement in Marketing	Prime Ministers Department, NEC, PNGTPA, PNGTIA, DNP, Treasury, ICCC
High Cost of Travel	Review Tax incentives Draft PNG Tourism Sector Review and Master Plan; Review of the PNG Air Transport Industry needs and report to NEC	Prime Ministers Department, NEC, PNGTPA, PNGTIA, DNP, Treasury, ICCC
Wider consultation for draft of Master Tourism Plan	Support of Master Tourism Plan and active engagement of Secretariat and encouraging members to participate	Prime Ministers Department, NEC, PNGTPA, PNGTIA, DNP, Treasury, ICCC

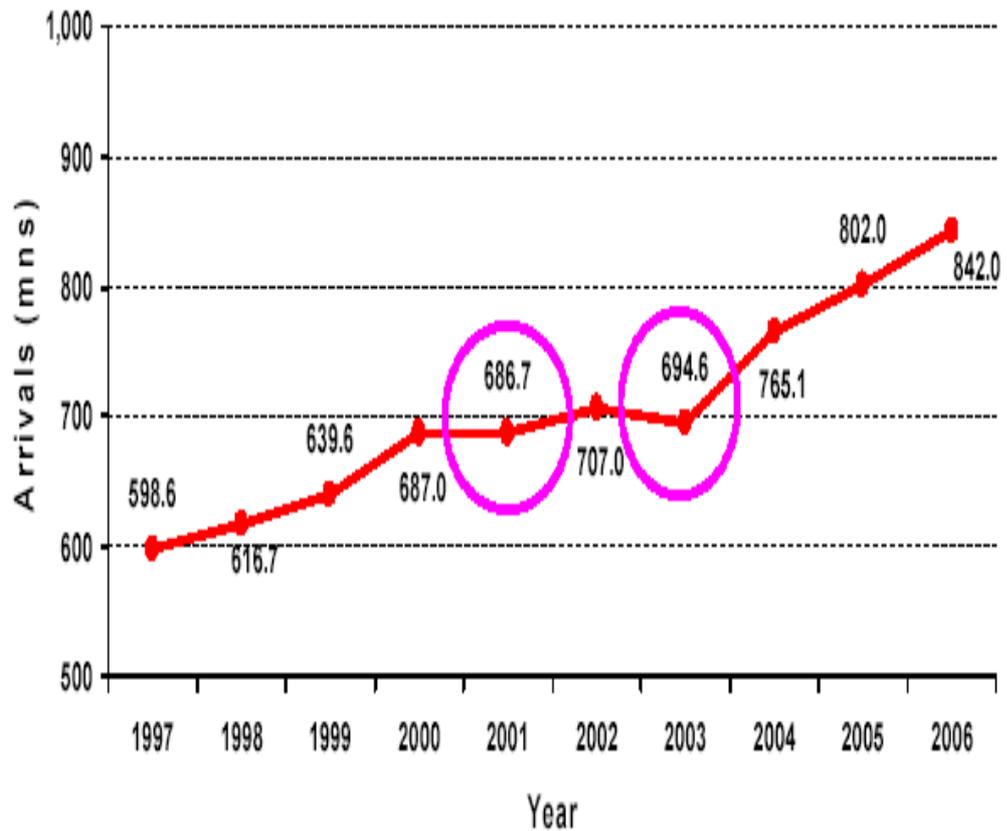
Tourism Sectoral Committee:

- Acknowledges National Government recognition of the importance & potential of the Tourism Industry
- Priority as a Development Sector
- Master Tourism Plan
- Complex Industry
- International in nature
- Sensitive
- Encourage active consultation and partnership of government, industry, land & resource owners
- Committee's on going role

**National Tourism Master Plan – Implementation Update by Mr. Jerry Argus,
Manager, Policy and Planning, Tourism Promotion Authority**

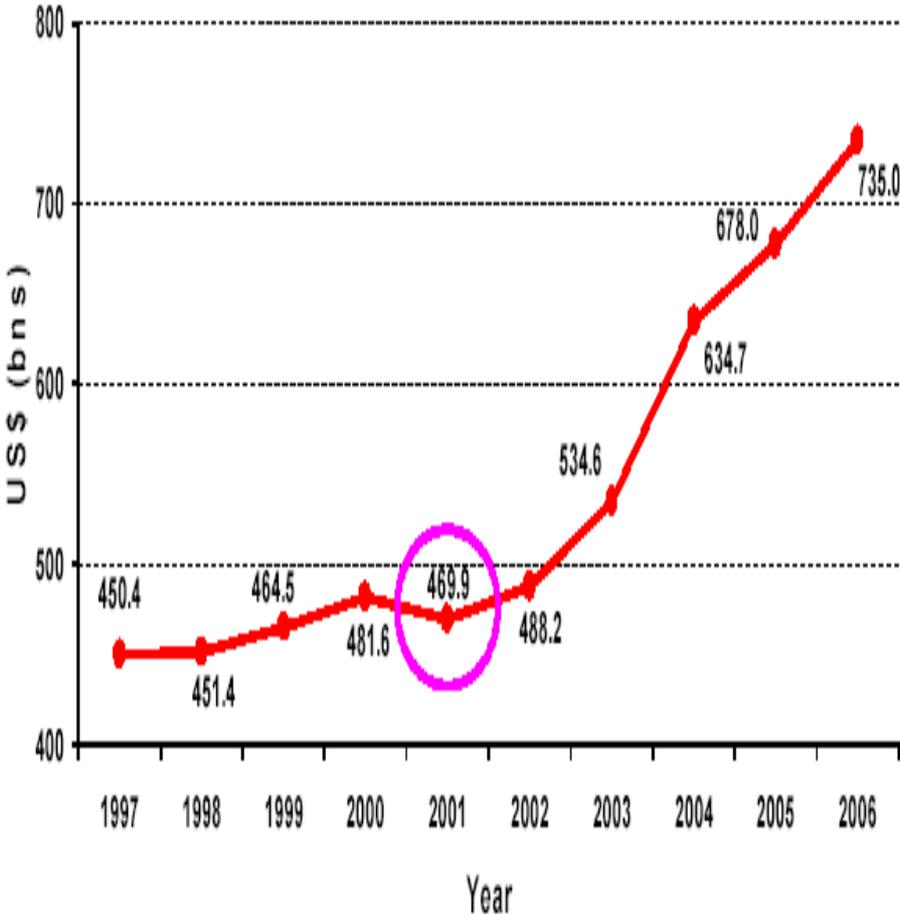
International Tourist Arrivals

Source: UNWTO, in millions



International Tourism Receipts

(Source: UNWTO, in US\$ billions)



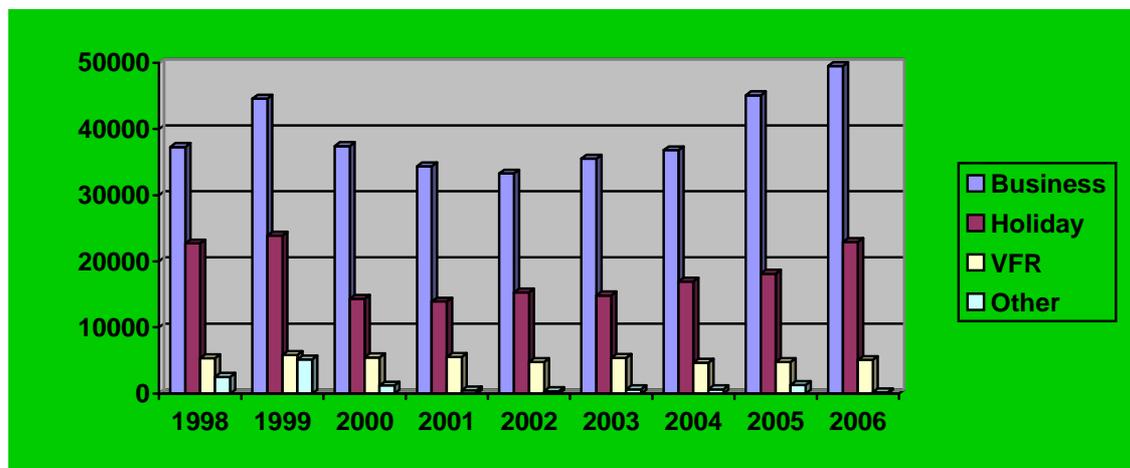
Why Develop Tourism?

- Tourism is now the biggest industry in the world estimated to be worth \$US 800 billion per annum and doubling by 2020. Supports 46/49 LDCs
- Tourism in PNG is growing but still relatively undeveloped
- Tourism sector has strong linkages and has high poverty alleviation impacts and high levels of rural employment
- Tourism offers PNG a sustainable economic alternative to mining and logging

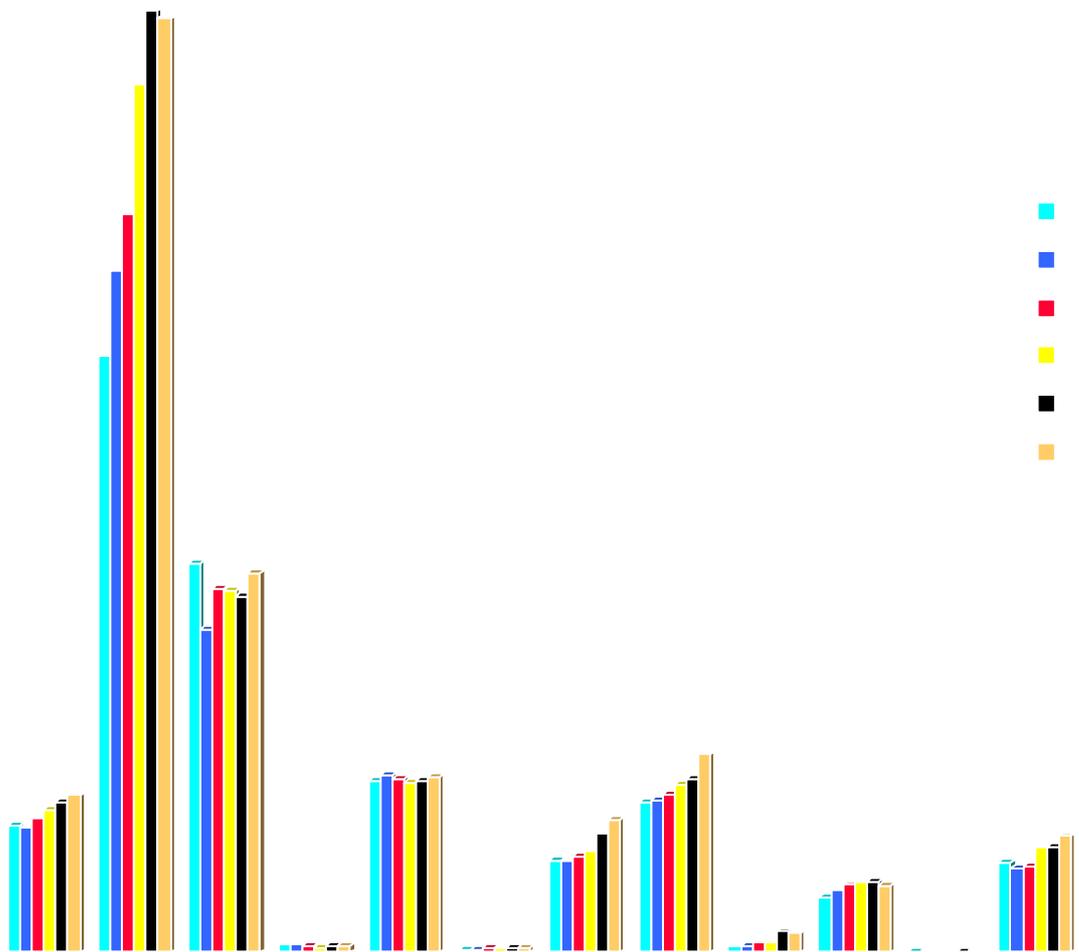
Tourist arrival trend

	Business	Holiday	VFR	Others	<i>Total</i>
2003	35,339	14,820	5,395	631	56,185
2004	36,796	16,917	4,671	629	59,013
2005	45,098	18,115	4,762	1,276	69,251
2006	49,547	22,919	5,075	189	77,730

PNG – Purpose of Visit



Regional Visitor Arrivals
2001 - 2006



Tourism in PNG

- Arrivals increased by 12.5 percent in 2006 to around 80,000 visitors
- Visitor arrivals in PNG are mainly business but the holiday market is increasing steadily
- Holiday arrival increased by 26.5 percent last year boosted by cheaper fares and greater interest in PNG products
- Kokoda in particular is growing strongly with numbers increasing from only a few hundred five years ago to around 5,000 this year
- Growth is continuing this year (holiday market increase of 17 percent)
- Tourism was worth an estimated 690 m Kina in 2006 in direct expenditure alone

What are the Tourism Products?

Diving, Surfing, Trekking, WWII Relics & History, Fishing, Cycling, Caving, Cultural Shows, Mountain Climbing, Village Stay, Flora & Fauna Visits, White Water Rafting etc, cultures, waterfalls, white water rafting, eel feeding, diving, surfing, fishing, trekking, orchids, bird watching, cruise ship,

What are the tourism icons of PNG?

Famous Kokoda Trek
Magnificent Dive
Cultural Shows/Festival
Huli Wigman
Asaro Mudman
Japanese War Relics
Mt Wilhelm
Niche Products

What are the benefits of Tourism?

Provides Employment, is the only source of Income for some Rural Communities, It helps to alleviate poverty with direct injection of cash to families, improves living standards of people. It is a sustainable industry. Promotes and Preserve Cultures & Traditions and brings in foreign exchange/currency.

Why is Destination PNG different from others?

Cultural Mecca of the World, has more than 800 Languages and countless Tourism Products. It is the second largest rainforest to Amazon & Congo 6% of world's biodiversity.

Words linked with PNG

- *Real adventure
- *Last frontier
- *Authentic
- *Varied & unique cultures
- *Undiscovered

Community based Tourism

- PNG Tourism is 95% Community Based
- PNG promotes CAN & SSS tourism
- PNG is promoting MICE
- 97% of the product is owned by the people
- Every single Papua New Guinea is a stakeholder in tourism industry.

Successful Community Based Tourism Areas

- Kokoda Track
- Mt Wilhelm
- Tufi
- Soi/Mansava
- Namatanai
- Crater mountain
- Kiunga birdwatching

Kokoda Trek Figures

Years	Trekkers #s	Trek fees
2001	76	7,600
2002	365	36,500
2003	1,074	107,400
2004	1,584	158,400
2005	2,374	412,075
2006	3,747	677,915
2007	4,401	770,000
2008*****	5,XXX,XXX	

Tourism Projects support other initiatives

1. Climate change
2. Environmental protection
3. Conservation of culture
4. Rural – urban drift
5. Law & order
6. Equal employment opportunity
7. Development of rural economy
8. Millennium development goals of UN

What are the obstacles to Tourism Growth?

Law & Order
High Cost of airfares
Poor infrastructure
Inadequate Government Support
Poor Services & facilities
High ground cost
Visa issuing process/fees

Lack of incentives

TOURISM MASTERPLAN (2007 – 2017)

Background to TMP

- The TMP was prepared in 2007 jointly by PNGTPA and ICCC
- The Plan was endorsed by NEC at the end of 2007 and implementation has been taking place since then
- Provides a comprehensive ten year framework for development of the sector
- Contains a three year implementation program which identifies key initial priorities.

Key Constraints to Tourism Development

- Limited sector wide policy and coordination (tourism is multifaceted)
- High cost of tourism operations and transport
- Poor infrastructure and facilities
- Safety and security/law and order issues
- Visa issuing process and costs
- Lack of tourism industry incentives
- Limited institutional capacity and manpower
- Low awareness and poor image overseas

Overall TMP Goal

- Increase the overall economic value of tourism by doubling the number of tourists on holiday in PNG every five years and maximizing sustainable tourism growth for the economic, social and environmental benefit of all Papua New Guinean's

Strategies and Recommendations

- Strategies and recommendations have been developed around five focal areas:
- Marketing the Destination
- Investment and Product Development
- Transport and Infrastructure
- Human Resource Development
- Institutions and Industry Partnerships

Potential Impacts

- If the Master Plan goal is achieved:
 - PNG tourism would be worth 944 m Kina by 2010 and 1,507 m Kina by 2015 in direct expenditure.
 - Additional holiday travel alone would conservatively generate over 2,400 new jobs by 2010 and 7,250 by 2015
 - Total employment would increase by 4,800 jobs by 2010 and 13,000 new jobs by 2015.
 - By comparison, PNG Gas Project will generate approx 400 jobs post construction.

Implementation to date

- NEC decision was to establish a Technical Working Group (Industry and Government) and a Tourism Task Force (Ministerial)
- TMP Implementation Working Group established and sub groups established for each focal area
 - Marketing
 - Institutions
 - HRD
 - Investment and Product Development
 - Transport and Infrastructure
- An initial implementation program has been developed based on the high priority recommendations
- Government provided additional 3.1 m K in the Budget for TMP Implementation

Implementation Process

- Sub groups have met every month and main Technical Working Group has met every two months
- TPA provides Secretariat
- TMP Technical Adviser recruited to provide support

TMP Implementation

- In the short period (from June – October) a number of specific outcomes have been achieved as follows:
 - Working Groups have established private/public sector dialogue at a new level to work through the issues
 - High priority recommendations are being addressed (see next slide)
 - PIP projects are being implemented (see next slide)

TMP Implementation – Priority Projects

- Concept papers prepared for all 24 Priority TMP Projects
- Presentations made to major donors and all projects submitted
- Funding secured from UNDP for Community based Tourism Project and NZAID for Tourism Training

TMP Implementation – Priority Projects

- Project implementation has commenced on
 - TMP Coordination
 - Image Improvement Program
 - Tourism Icon Development
 - Internet Market and Database Development
 - Tourism Awareness and Training

Issues and Constraints

- Capacity limitations apply within key agencies
- All stakeholders need to commit time and resources to implementation
- Some of the recommendations require major change which takes time ie Airline Competition, Removal of Visas etc
- Identified project require funding and support from Government and Donors
- Donor support to date has been limited

Tourism..... is everyone's business

Tourism is for everyone;

- man/woman
- young/old
- skilled/unskilled

Tourism really touches people's lives and puts a smile on their face but the future generation too. Most importantly tourists get an experience of a lifetime. We get dollars that will change our lives to some extent. Tourists call it paradise, we call it our home.

Be a proud Papua New Guinean

Towards a National Policy for Informal Economy by Mr. Max Kep, Chairman, National Consultative Committee on Informal Economy and Technical Working Group

Presentation Purpose

- ◆ to inform the National Development Forum about the initiative undertaken by my Committee to start a policy formulation process for the informal economy
- ◆ through this process it is intended that awareness is created to support this work and ideas are solicited to formulate a policy for this crucial sector of the PNG economy

Background

- ◆ What is informal economy (i.e. in the PNG context?)
 - income (only hope)
 - employment
 - livelihood
 - few benefits to state
 - severe limitations on information, infrastructure, markets/finance government services, protection etc
 - workers fewer rights/protection
 - no standards, health & safety risks, congestions, petty crime, pickpockets etc
 - no data for national accounts
 - 2004 national informal sector development and control act was put in place with
 - no overarching policy to control
 - and bring players into a coordinated
 - and integrated approach to managing
 - and promotion of the informal economy

Purpose of Policy

- ◆ makes clear the nations approach to dealing with the ie clear
- ◆ it clarifies roles of local authorities
- ◆ it puts the current 2004 act in context
- ◆ basis for common action by all agencies/stakeholders
- ◆ provides basis for monitoring & evaluation

Policy Development Hierarchy

- ◆ Ministerial Committee on the Informal Economy established
- ◆ National Consultative Committee on Informal Economy
- ◆ Technical Working Group on Informal Economy has been working on early work in formulating a concept paper
- ◆ CIMC to provide secretariat services and coordinate the policy development work.

- ◆ budget support to go to CIMC in the form of grant
- ◆ donor agency/ies such as the World Bank and Ausaid meeting part of costs

Policy Process

- ◆ TWGIE has been having regular consultative meetings since March 2007
- ◆ A Concept Paper for the development of an Informal Economy Policy has been developed
- ◆ interest groups to be involved in work shopping the policy
- ◆ survey on the informal economy conducted with assistance of International Finance Corporation
- ◆ Analysis of survey results will be made available towards the end of 2007.
- ◆ NCCIC meetings to be organized
- ◆ Ministerial Committee meetings also to be organized early in 2008.
- ◆ 2 year process
- ◆ The policy to be launched in 2009

Policy Theme

- ◆ informal economy or sector to be seen as being in transition
- ◆ policy to help remove obstacles/ hindrances to growth of informal/small PNGean businesses
- ◆ help as many as possible into the formal economy
- ◆ create a homegrown economy

Conclusion

- ◆ As chairman of the Consultative Committee, I want to advocate as loudly as possible like I do with the Urbanization of PNG that this really is one sector that deserves our combined effort to nurture and bring its fullest potential to bear for the benefit of the great majority of our people who on that side of the extreme (unskilled, subsistence based).
- ◆ the Informal Economy is not really very clearly understood and we have no claim on expertise or any savvy about it
- ◆ new, innovative and ground breaking
- ◆ all useful contributions will be most welcome
- ◆ the more active participation from stakeholders, the more of a PNG made policy.. with more and more people finding livelihood out of this sector, attention and investment in this sector will not be a waste of time for any one, especially that of the government in the spirit of democracy, government by the people, for the people, of the people.
- ◆ Thank you

Contact: Max Kep phone 3250674/ 6914710

Questions and Discussions

Mr. Mathias: said that it seems that the foreigners are taking lead in the Tourism Industry and it's about time that the local people take ownership of the Industry. I also strongly oppose the Look Not Policy.

An unidentified participant: I will have to agree with Mr. Mathias that a lot of our people are just spectators in the tourism industry. There is a lot of talk about by the leaders that there is a huge potential in tourism but not much resources are being put into this area. So to make the tourism industry work for the benefit of the people, the Government should try and put some funds into the industry to help things move forward.

Key Player has taken the initiative to come up with the funds (even though it is not in our geriatrician to do so), we are negotiating with the Rural Development Act and National Government to establish funds so that the small to medium enterprise sector can borrow some funds at a lower repayment period and lower interest rate. But if the Provinces are really serious they could put funds aside from the funds that are given to them by the Government.

Mr. Eric Carlua (Dept. of Prime Minister & NEC): I know that one of the issues that Jerry raised is that an obstacle to Tourism growth is the inadequate funding given by Government to the sector, but I just want to note that the Government's role in the tourism sector is very much to provide enabling environment for the private sector to flourish. And real development can take place only with the help from the private sector. I would encourage the private sector to make full use of the Tourism incentive that was mentioned in the budget.

Ms. Matilda Pilacapio (Women's Activist): asked 3 questions. Firstly, why is the Tourism Tax Incentives serving only the big industries and not the small businesses? Secondly, there should be an Open Sky Policy for tourists to come in, why is this not happening? Thirdly, the Informal Sector is part of the Tourism sector (in terms of artifacts, bilums and paintings). Can there be proper market places for the tourists to go and buy without having to worry about being pick pocketed, etc?

Mr. Repe Rambe (PAC): What are the Government and the Tourism Authority doing to make sure that the War Relics are not been taken out of the country? Or is the Tourism Authority working closely with the National Museum to make sure that things like this are preserved and kept in the country attracting tourist to come into the country.

Ms. Evelyn Pukari (Oro Provincial FSVAC)

1. Why was the Swamp Ghost removed and where is it now? The landowners are still fight for it to be returned.
2. There is nothing done for the Oro Province even though the Kokoda Track attracts a lot of tourist.

3. It seems that the tourists are not interested in the TAPA clothes and clay pots that the Oro people have; what is the tourism Authority doing to help promote these things. It's time you get everyone involved just like the presentation and not by going through the Government policies.
4. Promote the culture to attract tourist and preserve the War Relics.

Mr. Richard Kassman (Chairman of CIMC's Tourism Committee): Tourism is a complex industry; there are steps or processes we (TPA) have to follow before we can start attracting tourists. There is the process of identifying the product, evaluating it, then there is the process of how we are going to get the tourist to travel this way to PNG, then we have to see if we have a market for the product, will it attract the tourist and you have several other processes to go through.

The tourism infrastructure is very expensive here in PNG to set up and obviously foreigners will be the first people to open that up but there is the need to link this with the local people and certain products and aspects as well.

There is a real need to the Provincial Government to take ownership as well and depend on the National Government. They need to audit what their tourism products are which is the first step, then engage with LLG who are the alternate owners.

Improving transparency and accountability in budget spending – Forestry development perspective, By Mr. Brown Kiki, General Manager, PNG Forest Authority

Presentation Outline

- Objectives of the PNG Forest Authority
- National Forest Service
- Finance Directorate
- Accountability and Transparency
- Status of the Forestry Sector
- National Forest Development Program
- Concluding Remarks

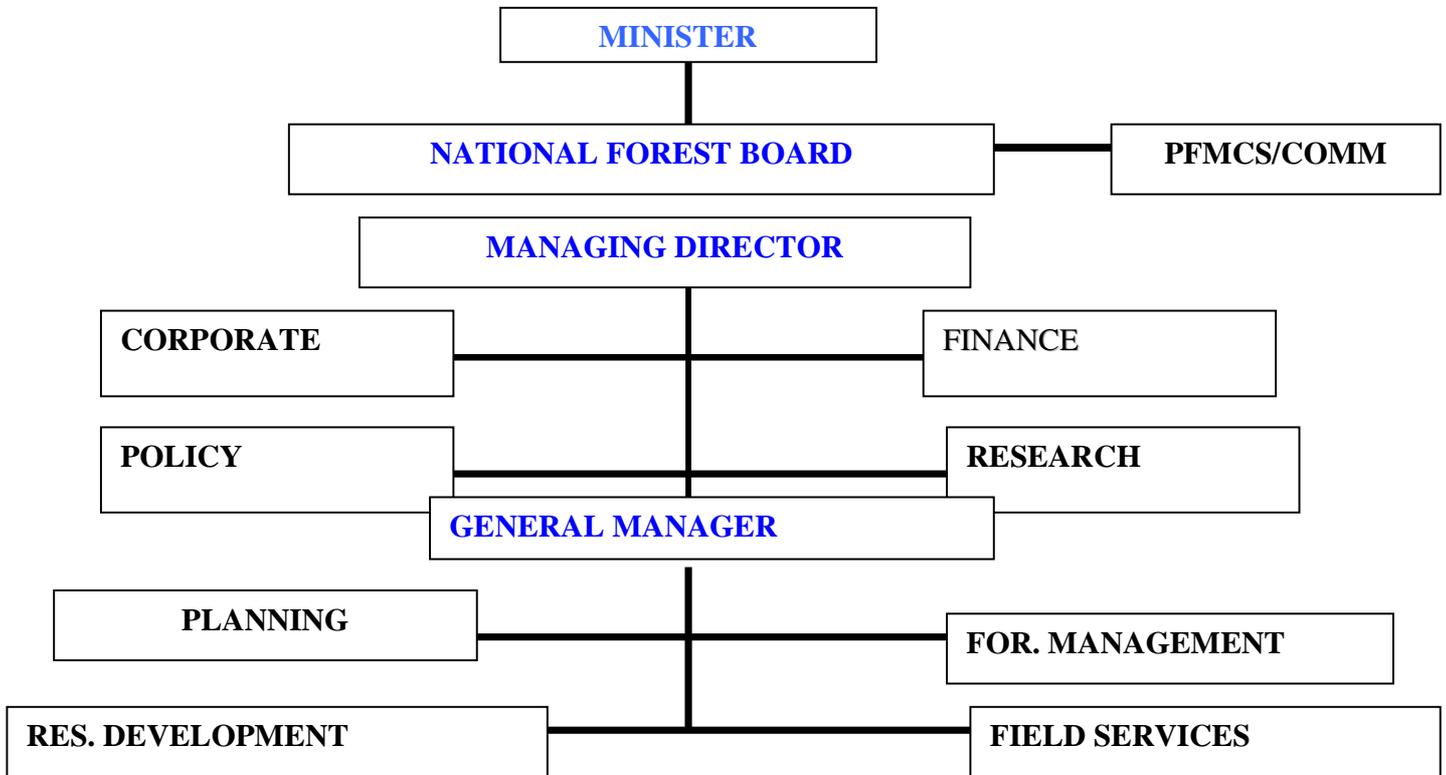
Brief Overview of the PNG Forest Authority

Objectives of the Authority

In carrying out its functions under the Act, the Authority is to pursue the following key objectives:-

- the management, development and protection of the Nation's forest resource and environment in such a way as to conserve them as an asset for succeeding generations;
- the utilization of the nation's forest resources to achieve economic growth, employment creation and industrial and increase down-stream processing of the forest resources;
- the encouragement of scientific study and research into forest resources so as to contribute towards a sound ecological balance, consistent with the National development objectives;
- the increased acquisition and dissemination of skills, knowledge and information in forestry through education and training; and
- the pursuit of effective strategies, including improved administrative and legal machinery, for managing forest resources and the management of national, provincial and local interest.

ORGANISATIONAL STRUCTURE



National Forest Service

- Established under Section 33 of the Act
- Constitutes all Staff of the Authority
- Managed by Managing Director
- MD is appointed under Section 34 of the Act
- Current Staff strength - 420

Forestry Management Standards

- 1991 National Forest Policy
- Forestry Act 1991 (as amended)
- Forestry Regulations
- National Forestry Development Guidelines
- Public Finance Management Act
- Code of Logging Practice
- Planning Monitoring & Control Procedures
- 5 Year Forest Working Plan
- Annual Logging Plans
- Set-up Plans and Approvals

Functional Areas of the NFS

- Office of the Managing Director
- Office of the General Manager
- Corporate Services Directorate
- Finance Directorate
- Policy Directorate
- Forest Planning Division
- Resource Development Division
- Forest Management Division
- Field Services Division
- Forest Research Institute
- Regional Offices

Finance Directorate

Finance Directorate Role and Function

- Improve communication and reporting to all stakeholders, both internal and external strictly in compliance with Forestry Act 1991(as amended) and Public Finance Management Act.
- Ensure Good Corporate Governance and effective internal control environment through financial policies and procedures.
- Production of Annual Recurrent Budgets, based on substantive workplans and activities, and maintain effective and efficient control of expenditure funds strictly within budget allocations
- Ensure all PNGFA revenue is collected efficiently and effectively and accounted for in accordance with prescribed procedures

Types of funds managed:

- Government Grants
 - Recurrent
 - Public Investment Program
- Revenue Raised Internally
- Facilitate Revenue from Timber Projects – collection and disbursement of Timber Royalties, various levies, etc.

Accountability and Transparency

- Lounce of a PNGFA Corporate Plan
- Establishment of an Audit Committee
- Appointment of a permanent CEO
- Monthly, Quarterly Financial Reports
- Documentation of a Finance and Accounting manual soon to be tabled in the NFB meeting in November.
- Program Budgeting
- Improved dialogue with Department of Finance and Treasury in Quarterly Budget Review meeting

Export Monitoring & Surveillance

- Conducted by SGS PNG Ltd (Societe Generale de Surveillance)
- Contract commenced since 1994
- Is ensuring Credibility, Accuracy, and as Deterrent
- Current performance indicators (Jan-May 07):
 - Export volume – 250,000 m3/month
 - FOB value – K52.5 million/month
 - Taxes – K14 million/month
 - Export levy – K1.9 million/month
- Current contract under review

General Contribution by the Sector

- Economic and Social well-being of the rural population
- Provide K350-K400 million on average annually to GDP
- Provide K120-K130 million on average annually in taxes
- Provide K35-40 million in royalties and levies to landowners
- Provide infrastructure - roads, bridges, wharfs, jetties etc..
- Provide community services - schools, health, transport etc..
- Provide employment - >8,000 employees – rural and urban

Log harvest and Royalties
2000 – 2007

Trend in log harvest increased at the turn of the century due to recovery in Asian economy and renewal of expired timber permits.

Year	Volume Harvested (m3)	Royalties (K)
2007 (May)	1,481,617	14,816,170
2006	3,389,891	33,898,910
2005	2,832,162	27,465,254
2004	2,776,900	28,347,957
2003	2,100,284	21,136,044
2002	2,140,953	21,425,672
2001	1,646,047	16,470,431
2000	1,876,196	18,761,960

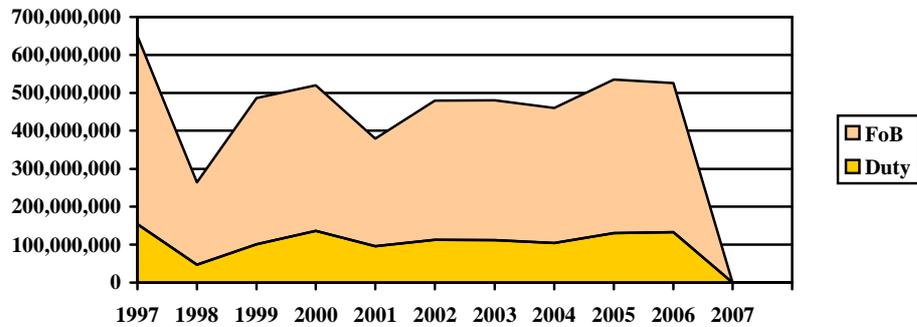
Round Log Export, Earnings and Duty
2000-2007

- Round log exports has increased steadily from about 1.5 mill. m3 in 2001 to over 2.0 mill. m3 to date.
- This trend is expected to hold into the new year.

Year	Volume Exported (m3)	FOB Value (K)	Export Duty (K)
2007 (Mar)	829,402	167,694,328	44,298,343
2006	2,638,296	489,463,821	168,370,911
2005	2,282,414	405,370,831	129,997,020
2004	2,012,136	355,660,116	104,208,412
2003	2,015,208	369,556,781	111,247,250
2002	1,853,549,	367,043,758	112,692,563
2001	1,556,220	283,089,897	95,770,091
2000	1,992,527	383,744,200	135,876,046

Funds managed

Log Export Earnings and Duty 1997-2007



National Forest Development Program

Government Ten (10) Impact Projects

Status of Implementation is as follows:

Project Name	Province	Progress
Amanab 1-4	West Sepik	Completed and operational
Asengseng	West New Britain	Completed and operational
Rottock Bay	West New Britain	Completed and operational
Cloudy Bay	Central	Completed and operational
East Awin	Western	Completed and operational
Amanab 5-6	West Sepik	Completed pending operation commencement
Aitape Lumi	West Sepik	Project agreement executed pending timber permit
Middle Ramu Blk 1	Madang	Project agreement negotiated pending execution
East Pangia	Southern Highland	Undergoing project evaluation and selection
Kamula Doso	Western	Project pending national court decision

Non – Impact Projects

Medium Scaled Projects Approved for Implementation

Project Name	Province	Progress
Wipim Tapila	Western	Evaluation completed and going to PFMC
Ioma Block 5	Oro	Now to Board
Josephstaal	Madang	Under evaluation
Watut Ongga Waffa	Morobe	Under evaluation
Nunguia Bongos	East Sepik	Pending DOS

Major Agro Forestry Projects

Agro-forestry based Projects Approved for implementation in 2007

Project Name	Province	Progress
Illi Wawas	East New Britain	Completed and operational
Toriu Lassul	East New Britain	Application being processed
Baina	Central	Public Hearing Week 1 Oct 07
Aitape	West Sepik	Public Hearing Week 2 Oct 07
Aitape West	West Sepik	Public Hearing Week 2 Oct 07
Pongani LP	Oro	Application under evaluation

Forest Plantation Development

The total area of planted forests to date is 60,000 hectares scattered in the highlands, coastal and island regions of the country. The major planted forest areas are located at;

- Bulolo-Wau Pine forest 12,000 hectares
- Wahgi Eucalyptus 2,100 hectares
- Lapegu Pine 1,800 hectares
- Gogol Eucalyptus 12,000 hectares
- Hoskins Mix Hardwoods 12,000 hectares
- Open Bay Eucalyptus 13,000 hectares
- Brown River Teak 2,000 hectares

Planning and Co-operation by Sectoral Agencies

- The Project promotes integrated Rural Development in Least DA
- Co-operation is necessary among these Agencies –
 - Provincial Administration
 - Department of Works
 - Department of Transport
 - Department of Education
 - Department of Health
 - Department of Agriculture
 - Department of Lands and Physical Planning
 - Department of Commerce and Industry
 - Department of Environment and Conservation

- The Governments Ten Impact Projects are structured similarly, and capable of impacting critical aspects of rural development
- Sectoral plans and programs must be integrated
- Consistent budgetary support to sectoral agencies is must
- Recognition and support by National Planning, Finance, Treasury, and Personal Management is a must

Concluding Remarks

To conclude, Papua New Guinea needs a much improved cooperation and linkage between all government agencies to be able to bring about tangible benefits to the least developed areas at the National and Provincial Levels

Forests as a renewable resource can continue to contribute to the well-being of the nation and our people in providing economic, social, and infrastructural development if properly planned, used and managed sustainable.

Such development trends have been experienced in the past, and there is no reason why it can't happen again in the future.

Perspectives from Education by Mrs Etwin Apai, Acting FAS – Corporate Services for Secretary for Department of Education

Outline

1. Statement of Purpose.
2. Overview of the Sector's Budget.
3. Objectives of the Sector's Budget.
4. Key Initiatives the Sector has undertaken in Improving Transparency and Accountability in its operation.
5. Recommendation to Improve Difficulties Faced in Delivering Education Services.
6. Conclusion

Statement of Purpose

This paper presents to this forum a number of initiatives/interventions the sector has identified and are being implemented to improve transparency, good governance and accountability in budget spending.

Overview of the Sector Budget

Education today is accountable to 1.3 million students enrolled in schools, 37,000 teachers, 4,000 elementary schools, 3,300 primary schools, 170 secondary schools, 140 vocational centres, 6 church agencies, 20 provincial education boards, 18 SERCs and an increase number of private schools.

To manage the education sector there are twenty four (24) budgets involve:

- Recurrent Budget (NDoE).
- Development Budget (NDoE).
- 21 Provincial Budgets.
 - ✓ *Teachers salaries*
 - ✓ *Teachers leave fares*
 - ✓ *Function Grants.*
- The sector budget for 2008 reflects the priority areas in the MTDS 2005-2010 and the NEP 2005-2015, core functions of the department and sustaining the achievements of the reforms.
- The budget appropriation to the Sector is between 15% and 17% annually.

The objectives of the Sector's Budget are to:

- Ensure that the Education system continues to grow so that more students have access to quality and affordable education.
- Improve the relevance and quality of education and supply of curriculum resources and interventions.

- Ensure adequate supply of qualified teachers through teacher education programs.
- Ensure that quality of education is monitored and evaluated through the inspectorial system.
- Improvement of basic infrastructure (institution houses, buildings).
- Ensure school libraries are built in all schools and necessary books are supplied for students learning.

Key Initiatives the sector has undertaken to improve transparency and accountability in its operation

The education sector is guided by two (2) completed documents including various legal acts.

- Implementation of the National Education Plan 2005-2014.
- Review of organisation capacity (ROC) and implementation of its Recommendations.
- Public Finance (Management) Act/Financial Instruction, Education Act, Teaching Service Acts, 21 Provincial Education Acts, Public Service Management Acts.

Identified Key Initiatives

- Centralization of Procurement Asset Management.
- Centralization of Travel and Accommodation.
- Trust Account Rollout to PEO and NEI.
- Deployment of Finance Controller by DoF to NDoE.
- Internal Audit Committee.
- Cliental Service Desk.
- ICT Rollout Program.
- IECC and Quality Manpower/Budget Review Committee.
- Decentralization of PARS to Provinces.
- Education Sector Improvement Program (ESIP).

Recommendations to improve difficulties faced in delivering education services

To improve in transparency and accountability in budget spending at the education sector, the following recommendations are made:

- Cash Warrants be released to departments (National & Provinces) as per the annual cashflow projections and on a timely basis and that funds for goods and services to be fully released between January and October each year.
- Provincial Education Advisors (PEAs) must actively participate in the framing of annual provincial budgets and during quarterly budget reviews.

- Function grants are appropriated direct to the provincial budgets and monitoring and reporting on the expenditure of this grant by provinces is lacking. For future expenditure analysis, a better tracking system of public expenditure on the education sector be instituted at the provincial governments.
- There is a need for better co-ordination of district and province expenditure reports to improve transparency and accountability, the function of Internal Audit be established and/or adequate resourced at the provincial level.
- The current budgeting is too stringent therefore locking the appropriation to a specific expenditure items. Appropriation in Block Grants to line agencies in the national budget to give them flexibility in budget spending is recommended.

Conclusion

- The implementation of the NEP 2005 – 2015 reflects the priority areas in the MTDS and the Millennium Goals and the plan strategically has mapped out a number of performance benchmarks so that within the period of this plan the sector provides a quality and relevant education to the people of Papua New Guinea.
- The sector has also identified a number of interventions to improve good governance of public funds and that the processes and the systems in place satisfy the audit trail for transparency and accountability.

Questions and Discussions

Forestry:

Ms Lana Kami (Business Council of PNG): Is there a MOU or agreement between the Government and the logging company to ensure that the logging company is not just taking timbers out of the provinces/country but also giving back in terms of infrastructure of for Health, Education etc? Most of these obligations are not being fulfilled by the logging companies. How do you get the logging companies to fulfill their obligations under the project development agreements?

Mr. Brown Kiki (PNGFA): In reply said that there is an agreement in place called the Project Agreement. This agreement is signed between the State and the Logging Company and it covers for developers to build infrastructure such as roads, schools etc.

The PNG Forest Authority does not have the resources to carry out the required duties. Two third of the funds go to salaries and administration and what is left is still not enough to run the projects. Then there is the case of man power where the PNGFA just simply does not have enough workers to do the job.

An unidentified participant: asked what is the grace period for the land owners to sit and talk with the Government before the logging companies come in and start cutting the timber?

Mr. Brown Kiki: in reply stated that there are 34 steps that the PNGFA must follow before allocating a timber project. Mind you the forest board is constituted of people from different walks of life.

An unidentified participant said: When land owners do not agree with a certain logging company, how can the Forestry Board go ahead and approve this particular logging company to log?

Mr. Brown Kiki: in reply said that the job of the Forester ends when he hands in the project proposal to the Forestry board. The board then decides how to carry out the projects. The Forester has no input as to how the project is allocated. The Forester is just asked to evaluate and help assist in recommending who the right project proponent should be.

An unidentified female participant: commented that everyone seems to forget that the women are users of the forest (collecting firewood and food). When it comes to decision making everyone forgets the users of the forest. Can the Government ensure that the women's voices are heard when it comes to decision making of the forest?

An unidentified male participant: asked what is your action when logging companies fail to comply with the payment agreement?

Education:

An unidentified participant: asked is there any guarantee that all our children who are educated will get a job after their education is over? What is the Education Department doing to cater for those children who are pushed out of the education system?

Mrs. Etwin Apai (Department of Education): in reply said education also depends on other sectors. If there is no infrastructure, such as good roads, bridges, etc then education services will not be delivered to the rural areas. Some of these schools are located in areas where they can be reached only by planes. And now with the third level airlines not working, the education department can't get services over to these schools. There is no real infrastructure and capacity to deliver quality education to the children who really need it.

She also went on to state that education is dealing with the supply side of labor. The economy has to grow to absorb the ever increasing number of students graduating each year. Education is responsible for providing quality in labor you need for the labor market. But the actual creation of jobs is a broader economical question we have to deal with.

Ms. Mary Kamang (Madang FSVAC Chairperson): Can the Department of Education ensure that schools that have been established in the rural areas are registered (Early Childhood Education).

Can the Department of Education help the Teachers by providing funds for them to go for further studies if and when the teachers require it?

Group Discussions

Question: Has there been any implementation on the previous recommendations from the forum?

Mr. Alois Francis (CIMC Secretariat): replied that the Secretariat has tried to work with the relevant agencies that are implicated in the recommendations. Some of these recommendations are not realistic to them and need to be digested/ talked through. This means going through a long process. Others are directly implicated by the recommendations meaning these can be implemented quickly and those have been reported back to you in various forums. But there are still a lot of recommendations that are outstanding and it takes time for this to be progressed.

Day One Recommendation:

Everyone agreed with recommendations

Day Two Recommendations:

Recommendation 04: is endorsed as presented by the group

Recommendation 07: is endorsed as presented by the group

Recommendation 13: Capacity of buildings of Districts

Who is going to take ownership in taking care of the officers in the Districts?

Recommendation 14: The requirements of the Act should be enforced and perpetrators prosecuted

Recommendation 15: the call for repealing of the District Authority Act was endorsed.

There should be a study carried out to see how some of the provisions in the Act can be kept.

Recommendation 19: Human Rights Tribunal, should be Commission and not Tribunal

Recommendation 20: Establishment of Provincial CIMC Secretariats.

This is missing from the recommendations. That was on the recommendation some years ago. The recommendations of day 2 were accepted.

Day Three Recommendations

Transport Committee recommendations adopted by the forum

FSVAC recommendations adopted by the forum

Law and Order Committee's recommendations adopted by the forum.

Tourism Committee's recommendations adopted by the forum

Informal Economic Committee's recommendations adopted by the forum

Everyone agreed to the other recommendations.

**Closing remarks by Hon. Powes Parkop, Governor for National Capital District
read by Hon. David Piamia, President of Toma – Vunadidir Local Level
Government**

Occasion of the Closing of the National Development Forum 2007

1. Good afternoon distinguished guests, ladies and gentlemen. I am pleased to be here today to close the CIMC's National Development Forum for 2007. 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.
2. Session One, explained how the key central agencies who control and administer the budget are starting to look at the issues of transparency and accountability in the way they do their work. I am told that the forum was informed of the efforts by the Department of Treasury in implementing the recently passed Fiscal Responsibility Act. 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 web site up to date. I feel, personally, they need to do more for the benefit of the rural masses by publicizing the budget information as well as status of expenditure for the public's benefit.
3. Department of National Planning explained how the planning process is accountable with the reporting structure provided. We note that they see transparency in the formulation of Development Plans meaning " Wide Consultation: Inter agency meetings, public forums, parliamentary debate", and I would very much like to see this concept better developed and operationalised, so that planning and budgeting becomes more participatory by the wider society.
4. I am however, very concerned to learn that even though there has been large amounts of funds allocated for District Grants, that there is very weak capacity by the districts to plan, implement, and account for and report on these expenditures. Indeed the Office of Rural Development and the Provinces need a lot of technical assistance and training to better manage these funds and spend them properly and in a timely manner.
5. As for the initiatives undertaken by the Department of Finance, I support the efforts undertaken to implement internal audit functions by Departments and Provinces and Agencies. As Governor for the NCD I particularly am concerned about this being applied to the District Level, and hope that more resources are allocated for this work. Indeed, one of the Forum recommendations is for the government to provide much more financial and personnel resources, not only for the Department of Finance, but more so for the Auditor General's Office.

6. While on the subject of audits, this I understand is an area where it was revealed at this forum that most government departments and provinces have not produced financial statements for recent years, and therefore audit reports are not being produced. Even for those reports that are produced, it was reported that many of these can not be verified and therefore remain unqualified. This is extremely disturbing. How can we as a government that promotes good governance allow these bad practices to continue?
7. But as we all know, audits are tools that managers must use to correct what is wrong with performance and expenditure. And if we don't have audits and find out what is not right, then how can we improve the performance of our government agencies?
8. As leaders, we must support the call for strengthening of Police, Prosecutors, the Judiciary, and Correctional Services and the Ombudsman Commission, to raise the risk of those who mismanage public funds to be caught and punished, in both urban and rural districts. Without these measures, service delivery will continue to be in disarray, hurting our people and slowing down economic development.
9. The performance of Chief Accountable Officers was an area that presenters pointed at how they can become more accountable and be held responsible. I understand that a call is being made for an Independent Authority to monitor their performance and report or refer to the Ombudsman Commission those who have neglected their responsibilities to provide financial statements. I totally support this recommendation.
10. The National Economic and Fiscal Commission's study into "cost of services delivery" has also revealed important issues for us all. As a politician I am frustrated to hear that much of the problems associated with lack of service delivery is to do with huge amounts of funds going to "operational costs" and nothing much going to actual service delivery. I will be looking to address this problem at my own level. I urge you all to do the same in your own capacities too.
11. I am also reminded that the recently passed District Authority Act is going to pose problems if it is being gazetted and implemented. We need to persuade the Somare-Temu Government to see that it is a defective law, which will do nothing good but will bring about more chaos to the already persistent problems brought about by the reforms to the Organic Law on Provincial and Local Government 10 years ago.
12. I am also told that Compliance to procedures and guidelines in the use of funds by agencies is a persistent problem that you discussed in the course of your deliberations. I understand that the Government is focused now on developing the districts, and there is pressure to allocate large sums of money to the districts, but I think the onus is on the government to stress that this money is managed properly so that real tangible benefits are felt by our people.

13. These real benefits can only be realized if there are tangible services delivered to our people at the districts. It is welcome news that the Government allocated K4mil to each of the districts as Electoral Development Grants, but how will this be spent? I would only hope that emphasis is placed on building capacity in the districts to help in spending these huge sums of money. When I mean capacity, I mean not only in terms of human capacity, but also in terms of the infrastructure (electricity to supply power to print cheques in district treasuries, keep officers putting in a good day's work, get council meetings happening, ensure houses for public servants are there so they are happy to work there). In other words, what all the things that we, in Port Moresby (Waigani for that matter) seem to get for granted. It is not fair to see 85% of the people missing out on real development, when only a few of us who are privileged just talk about things, but do nothing to meaningfully address these concerns in our own little ways.
14. That is the CHALLENGE I want to leave with you, all the participants of this forum, when you leave this forum. I want you to remind yourselves that you are **not** leaving here having wasted 3 days of your time, but that you put in quality time to genuinely contribute ideas in the hope that Government does act on your recommendations, but also to do your bit, to help government address the constraints that were identified over the last 3 days as well as in the regional forums held earlier, in your own little ways, that were held earlier, to fix many of the problems we face in this country.
15. To conclude, I thank you all for giving government free advice through your deliberations over the past few days. I find the CIMC a very unique and homegrown "Melanesian" process of soliciting views from all sectors of the community. I will personally support the CIMC to push for the Government to adopt some of the recommendations you have identified in this forum. I feel that it is important to legislate for this process of consultation to be a hallmark of democracy in this country. To this end, I will support any efforts to get Parliament to get this to happen.
16. On behalf of the Government, I thank you for your time and effort in giving your ideas freely to Government to help address many of our persistent problems. The Challenge now is on the Government to take these up and direct the relevant agencies to implement them.
17. I also would like to wish all the participants a safe journey back to your home provinces, especially those of you who have come from outside of Port Moresby to make your contributions over the last two days.
18. I now have the pleasure to declare the CIMC National Development Forum for 2007 closed.