

Responsibility and good governance, the role of Development Partners and neighbourly relations....

Recently PNG's development partners and government representatives met in Kavieng and agreed ground rules for more effective cooperation, consistent with the 2006 Paris 'Declaration on Aid Effectiveness', which emphasises local ownership, harmony with national development strategies (notably poverty alleviation), synchronisation of donor programmes and recipients' demands, better programme management and mutual accountability.

This INA column has been emphasising the need for PNG to take full responsibility for its own destiny, notably:- pursuing suitable policies for the country's long term interest, and not just that of a vested elite; ensuring stable economic conditions, freeing the economy for investment and competition by large and micro enterprises; concentration upon core responsibilities, particularly: maintaining infrastructure, tackling crime and corruption, ensuring effective and widespread education and health services, maintaining standards and applying the law fairly. Households and the community must safeguard public assets, make government accountable, whilst safeguarding their own welfare, developing skills and managing their natural resources for the future, rather than short term consumption.

What's the role of development partners? In 1999 they played a critical role, led by the World Bank and other "friends of PNG", in assisting government prevent potential economic collapse, supporting wide ranging economic, institutional and resource management reforms; providing the basis for the current economic recovery. That recovery and improved growth have depended also upon recent improved commodity prices and relative political and economic policy stability, although the faltering commitment to overdue public sector, governance reforms and freeing markets (including SOEs) to competition and private investment jeopardises the sustainability of growth and widening of benefits.

In the late 1990s/early 2000s, with the Budget barely covering salaries and wages, AusAID supported core health and educational provisions, including school materials and medicines, enabling public servants and NGOs to perform basic functions. Similarly EU-Stabex funds during the 1990s provided agricultural price support and subsequently helped sustain many agricultural institutions, when government and other donors showed limited interest in this important sector.

The donor support for basic services was taken for granted by government, but highly appreciated by service deliverers and beneficiary communities, some complaining that government was overlooking them. The donors should not, however, have had to perform such roles, which are core government functions. The situation has eased with increased government funding for basic infrastructure and services in the provinces, but Government has still failed to grasp the scale of these responsibilities, or addressed the need to strengthen management and oversight capacity at the Provincial/district levels to manage increased recurrent and programme expenditure. The Government and many MPs, remain prone to dreaming up new and often extravagant projects, including for District Grants, whilst provided utterly inadequate funding for essential services, infrastructure restoration and maintenance, training and capacity building for the public sector to manage increased district funding.

Many in PNG's rural areas, seeing little sign of government services in decades, question the legitimacy of the State, arguing that the State has breached the pact under which land was provided for public infrastructure, when the State has subsequently failed to operate the services, maintain roads or provide government charters or vessels.

So, as Planning Minister, Paul Tiensten, has emphasised, there is an immediate need to legitimise Government in the community's eyes by ensuring (increased) public funds (particularly at District level) are managed properly and reach the community. This requires major capacity building right down to the District and local level, but also reinforced oversight and accountability by both formal watchdogs, but also the whole community, with tough penalties for those stealing from the public purse, whether politicians, bureaucrats or others.

Over recent years, in response to increased global concern over poverty, there has been a major increase in Official Development Assistance (ODA), more effort by donor countries to achieving UN's 0.7% target of Gross National Income (GNI) and improving the quality of assistance. Several countries, including Australia, have untied AID from home-sourced goods and services. Some (e.g. UK) have passed legislation de-linking ODA from donor foreign policy, requiring it to meet specific development objectives. Wide effort has been made to improve aid quality, and subject it to independent scrutiny. There remains a massive variation, nevertheless, amongst donors, with (amongst OECD members) Sweden granting 1.02% of GNI as ODA in 2006 at one extreme, the UK 0.51%, Australia 0.3% (with the new Government committed to 0.5%), the US 0.18%, and Greece a mere 0.17%.

There has been criticism of aid effectiveness within both donor and recipient countries, as: - poorly targeted, providing overly-paid or inadequately skilled consultants, too bureaucratic, inconsistent with government or community priorities, poorly coordinated with different donors, with parallel or competing programmes, undermining local initiative and generating dependency, etc. Criticisms here include: - AusAID managing agents securing an excessive cut, whilst ECP staff are inordinately expensive with many lacking suitable experience; EU's Aid, although relatively altruistic, (Europe having limited direct interest in this region) entails unwieldy rules (designed to satisfy 25 member States) and associated slow processes (although Stabex funds hitherto applied simpler procedures); World Bank and ADB offer largely concessional loans and should be used judiciously for economic rather than social programmes, although their technical assistance is generally of a high standard and they manage extensive global/bilateral grant funds. It is also better for PNG to avoid multiple projects in the same sector, requiring adequate donor coordination, preferably under a PNG-led Sector Wide Approach (SWAP), although donor harmonisation also generates complications.

The PNG Government must coordinate donor funding, but not control it. The public distrusts government institutions and favours direct donor support including to civil society. Likewise, donors must meet international standards and be accountable to their own tax-payers and recipients. The PNG public and donors require improved governance of PNG's own institutions, public funds and decision-making, enabling donor funding ultimately to be phased out. The portion of donor funding has reduced

in recent years but remains 60% of the development budget in 2008 and 16% of total planned expenditure (well below some basket-case countries where ODA reaches 75% of GNI).

Strengthening capacity for PNG institutions and population to manage funds and resources, requires donors and government boost support for education and training, including planning and financial management at District level and within the community, and reinforced support for the institutions responsible for oversight of funds and governance, some having performed inadequately for years and struggling under increased workload. In the interim, in addition to training/capacity building, skilled and experienced donor-funded personnel are needed to fill in-line police, legal, accounting and auditing roles, and for other economic and social agencies, to act as mentors and supervisors to newly recruited or up-skilled professional PNG staff. This should entail personnel (including volunteers) applying not exempted from PNG laws, and adequately but not unduly remunerated.

Some leaders may not appreciate such needed governance support but it has overwhelming public and private sector support, assuming those recruited work with, and not isolated from PNG professionals and the wider community, and recognise their role is building up, not replacing, in-country capacity.

The world community, including PNG, faces immense challenges, such as climate change, over the next years, for which we are all ill-prepared. PNG must play an increasing role in contributing to addressing global challenges. It must stand increasingly on its own feet, demonstrating higher standards of governance and commitment to its own future. Development partners can contribute to reinforcing PNG's capacity and prospects if their funds are well utilised in harmony with PNG's own efforts.

Australian Prime Minister, Kevin Rudd, has a challenge during his forthcoming visit. He needs to progress his effort to improve sticky relations with PNG and the region; listening to the concerns (as expressed by Government and wider community), whilst, together with other development partners, being firm on governance and standards, including over natural resource management. He must offer enough, including demonstrating Australia is progressing from its insular past to becoming a more multicultural society within the Pacific Community, as New Zealand has achieved to a greater degree. There is an immense connection felt by PNG towards Australia, yet there remain many negative impressions and feelings of being slighted. It riles that Papuans had Australian passports and now (together with other PNG citizens) have much harder visa requirements than if travelling/working in Canada or UK; likewise, the territorial boundary at low water mark in Western Province is cheeky.

Dishing out increased aid alone is inadequate. The whole relationship requires revitalising and more harmony, including addressing niggling issues, including difficulty of accessing Australian markets for many PNG products, improved (and less negative) awareness of PNG within Australia, starting with government. The reward to both neighbours of a true partnership would be immense, but Australia must also recognise PNG has other neighbours and partners. PNG must develop its economic and cultural connections widely around the region and beyond, and that

includes donor support, which should not be dominated by one development partner, however close that partner is.

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