

**CONSOLIDATING DEMOCRACY –  
a strategy for peaceful development in PNG.**

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## **PREFACE**

The initial stimulus for this essay was an unhappy assignment in Port Moresby in 2005 in which I found myself working in an environment of low work morale, wariness in social relations and evidence everywhere of acute stress in the social and physical fabric of the polis.

This was so different from the positive experiences I have enjoyed on earlier assignments in PNG that it set me on a quest to better understand the nature and causes of PNG's development problems.

A further stimulus was the opportunity to submit any observations I might want to make to bodies which were taking a fresh look at PNG's development problems. A Public Sector Reform Advisory Group was addressing many of the issues raised in this essay and the Australian Government was in the process of preparing a White Paper on its overseas aid program.

While I have submitted this essay (in earlier versions) to official bodies, it has been written as a personal contribution to what should be a much more vigorous debate, both in PNG and in Australia, on PNG's future development.

It is the work of a 'reflective practitioner' who has worked in the field in PNG, Indonesia, the Philippines and other neighbouring countries for a good many years.

It has been prepared without the benefit of funding assistance or research facilities or the opportunity for long conversations with Papua New Guineans about what is going on and what is to be done.

The approach taken has been to review selected secondary sources in order to develop an appreciation of contemporary understandings about the nature and causes of PNG's development problems and to assess how well emerging ideas fit with PNG realities. This work provides the basis for the formulation of an alternative strategy for PNG's development and for some suggestions on making it happen.

## **1 PNG's DEVELOPMENT PROBLEMS.**

This essay is a reflection on PNG's development problems – on the nature of those problems, why they are proving so unresponsive to policy interventions and what might now be done to better realize PNG's potential for peaceful development.

In this introduction I comment briefly on PNG's development performance and describe the 'paradigm' or model which has informed official development activities in recent years. This provides necessary context for the work of the essay – which is outlined in Section 1.2.

### **1.1 Performance and paradigm.**

With the election of a reforming Prime Minister in 2002 PNG's overall development performance came under close scrutiny. The country had suffered a decline in per capita national income in recent years. Time series data were more alarming. Over some 30 years national income had grown at a fraction of the population growth rate with GNP growing at 0.3% a year while population had grown at a rate 3.7% (Hughes, 2003:4).

With such a fundamental imbalance overall development outcomes could only be negative. A review of health records for the last 30 years confirmed sustained high levels of morbidity and mortality for the big killers - malaria, tuberculosis, pneumonia and diarrhoeal diseases (Hombanje, 2003:201-220). Hughes reported that PNG had the highest infant and maternal mortality rates and the lowest life expectancy rates for Pacific Island countries (Hughes, 2003:6).

PNG's poor development performance cannot be put down to resource constraints. In the period 1970 -'98 it received nearly US \$16 billion in total aid flows (Hughes, 2003:17). For much of the '90s it enjoyed large windfall revenues from its extensive natural resource base (Manning, 2003:3).

When PNG's past performance was set against its future prospects an alarming outlook was revealed. Donor fatigue and low commodity prices pointed to a shrinking resource pool while high population growth rates and a worsening law and order situation promised an increase in demands on already overstretched capacities of the state. The challenges would be compounded by an emerging HIV/AIDS pandemic and pressure from neighbours over cross-border issues.

The historical record suggests a progressive decline in PNG's capacity for managing its development. Its 'steady as she goes' performance in the years soon after Independence were cause for great satisfaction (Gumoi, 2003:117-131; May, 2004:17-35). From the mid '80s however concerns were raised regarding the delivery of services to rural areas and a deteriorating law and order situation. The army was called out to assist the police in managing outbreaks of violence in Port Moresby. The capacity of the state was further stretched in the early '90s with revenues collapsing as a result of the Bougainville crisis and the Asian financial meltdown.

A range of remedial measures was taken. Structural adjustment packages were put in place to repair state finances. Measures to improve the integrity and effectiveness of the political process included the establishment of an Ombudsman; the adoption of a leadership code and electoral reforms to improve representative legitimacy and parliamentary stability. The system of provincial and local government was subject to extensive reform in 1995.

Donor assistance was channelled into governance programs aimed at improving the capacity of the state to deliver basic services. Australia converted its assistance program from revenue support to a set of large, long-term, capacity-building programs for the health, education, infrastructure and law & justice sectors.

A second round of reforms was launched in response to the poor performance revealed in 2002. The government initiated a Public Sector Reform program the objectives of which are to improve efficiency and accountability in the performance of central agencies. The Australian Government moved to a more interventionist, hands-on role with an Enhanced Cooperation Program. This placed Australian police on the beat and outside experts in staff positions critical to the achievement of law and order, financial management and anti-corruption objectives.

While the particulars of the responses differ the underlying analysis in 2002 was the same as for the early '90s. In both periods *performance* means effectiveness in service delivery including the maintenance of law and order. The *development problem* is formulated as a lack of responsiveness in policy formulation and a lack of probity and capacity in its execution. The *solution* is therefore a suite of programs to strengthen the capacity of state institutions. The only development *actors* of any consequence are the state and donors. The division of labour remains unchanged. The government is expected to deliver institutional reform. Donors fund capacity building and service delivery.

In view of its persistence and influence I will label this policy framework the 'official' development paradigm. Within this paradigm the way in which performance is specified (service delivery) defines the problem (capacity in service delivery), the actors (state and donors) and the solution (strengthening capacity). For these reasons I describe it as a state-centred development paradigm.

## **1.2 Approach.**

Having opened this essay with a description of the 'official' development paradigm I will go on in Section 2 to summarise a number of commentaries on the nature and causes of PNG's problems. From this material I extract a set of propositions about the roles which the state, society and the private sector should play in PNG's development. Taken together these propositions constitute a 'first cut' or preliminary version of an alternative to the 'official' development paradigm.

In Sections 3 – 5 I assess the feasibility and appropriateness of these sectoral propositions by testing how well they fit with PNG realities. I conclude that they do not provide an adequate response to PNG's development problems.

So I go on in Section 6 to reformulate the propositions on the role of the state, society and the private sector and to add a fourth element which recognises the need to develop a strong state / society relationship at the district level. These four propositions constitute my new model for thinking about PNG's future development. The critical element of this model is a *political integration strategy* which proposes the development of a new system of sub-national government as a remedy for the disconnect between state and society which I claim lies at the heart of PNG's development problems.

In Section 7 I summarise the argument for a political integration strategy and discuss some of the matters to be considered in implementing such a strategy.

In Section 8 I make a broad assessment of the willingness and capacity of the principal development actors to engage in such an ambitious reform program and suggest a 'step wise' process for making it happen.

## 2 PERSPECTIVES

The work of this section is to develop an appreciation of contemporary thinking about the nature and causes of PNG's development problems and what should now be done. I do this by reviewing a selection of commentaries on PNG affairs to discover what the author had to say about the causes and effects of those problems; what they proposed in the way of solutions and who they identified as the principal development actors.

I then extract from this material a set of propositions about the underlying causes of PNG's development problems. These take the form of statements about the roles which the state, society and the market or private sector should play in improving PNG's development performance. These propositions form the core of a model which might serve as an alternative to the 'official' development paradigm. They are assessed in Sections 3 - 5 below.

### 2.1 Alternative Perspectives.

#### *Failed states*

Migdal's theorising regarding the difficulties developing countries experience in implementing social policies provided a framework and point of departure for much of the commentary on PNG's affairs in the '90s. His model of state / society relations can be summarised as follows. Social control is the right and the ability to make the rules that guide people's social behaviour. A state with effective social control is able to 'penetrate society, to regulate social relationships, to extract resources and to use these in determined ways'. Accordingly a strong state is able to implement its policies. The development of the state in developing countries involves a struggle between the modern institutions of the state and other social organisations for social control. He arranged the categories of strong and weak states and strong and weak societies into a matrix which could be used to classify developing countries (Migdal, 1988:4).

His work stimulated research into the performance of weak states (variously categorised as 'failed', 'weak', 'collapsed' or 'broken backed') including comparative research on the performance of the state in PNG and the Pacific (May, 2004:324-46; Dauvergne 1998).

The Australian National University has hosted a project on the topic of the '*State, Society and Governance in Melanesia*' since the mid '90s. The stimulus for the project was the steady deterioration in law and order in PNG. Its broader objective was to provide policy advice on measures for strengthening governance in weak states (Larmour, 1996). A scholarly approach was adopted. In theory order (or coordination or good governance) can be achieved by hierarchical control (the state), by social norms (community) or by the market. The state in Melanesia is weak. So the project would investigate the extent to which the market or the community might function as alternative bases for achieving order.

Scholars were assigned to core research streams including law and justice in PNG; the peace process in Bougainville and civil society issues in Vanuatu (Douglas, Dinnen & Regan, 1998). The work of these and associated scholars informs recent work on PNG's development problems particularly in relation to corruption and law and order.

#### *Corruption.*

Payani focuses on bureaucratic corruption the *effects* of which are to be seen in declining service standards for health, education, infrastructure and other essential services. He canvasses a range of

*causes* or factors explaining the prevalence of corruption including traditional attitudes and patterns of behaviour, the absence of a suitable work ethic, imbalance between salary and status at senior levels, a lack of political leadership and discipline, increased opportunity for corruption with increased discretionary power, low job availability and low salaries. He notes that corruption can take a wide range of *forms* and have a variety of adverse effects. His listing of the most commonly recognised forms of corruption runs to 35 items including bribery, nepotism, forgery, misappropriation of revenues, absenteeism, fraud, falsification of records, improper practices in contracting and others (Payani, 2003:98).

The process is self reinforcing. Corruption leads to poor performance. Poor performance feeds a perception of the public service as 'corrupt, slack, unresponsive and inefficient'. Such public perceptions undermine the self esteem and morale of capable officers and impacts negatively on their performance and effectiveness. And so the cycle continues.

Payani acknowledges the numerous attempts to clean up the public service; the promises of governments to eradicate bribery and corruption and the efforts of those who have run anti-corruption campaigns and introduced leadership codes. He recognises that a lack of resources and institutional capacity constrain efforts to combat corruption. He is forced nonetheless to conclude that these initiatives have not been effective and that corruption is becoming more deeply entrenched (Payani, 2003:102).

He outlines a *strategy* for eradicating corruption which relies on tightening up systems : discretionary powers must be clarified; transparency and accountability should be strengthened; regulations and codes must be enforced; penalties must be increased. But if governments are ineffective in fighting corruption it will have to be attacked at a more fundamental level. Since the root cause of corruption lies in personal greed the responsibility for eradicating corruption lies with the citizen. Accordingly it falls to civil society to assume the 'vanguard role' in the fight against fraud, bribery and corruption (Payani, 2003:104).

A study of PNG's national integrity system by Transparency International broadly confirms Payani's analysis and conclusions. After working systematically through the context, causes and impacts of corruption the authors examine the roles of the different agencies forming the 'national integrity system' and conclude that :

"Except for the judiciary, the media, the PNG Ombudsman Commission and civil society, most government institutions are perhaps tolerant and passive towards corruption" (Institute of National Affairs 2003:6-7).

They recommend the establishment of an Independent Commission Against Corruption, the strengthening of the Ombudsman Commission and a greater role for the general public in fighting corruption. Strategies for building community engagement include media campaigns, awareness campaigns and 'discussions and consultations with various sections of society.'

#### *Law and order.*

In a powerful passage on the wider links between corruption, crime and state capacity Pitts refers to 'cycles of relationships' in which :

"Unhealthy co-dependencies occur and are maintained between politicians and communities and the public sector continues to be inefficient and corrupt creating further imbalance in resource distribution. The private sector loses confidence, investment declines and this contributes to more unemployment. The informal sector remains under-developed,

communities become disillusioned, fearful and remain poor and powerless. Politicians in profitable allegiances become richer, creating arrangements that protect their interests and ignoring rules that do not. Crime rises, involves broader socio-economic groups and becomes more sophisticated and harder to control. Desperate communities create their own mechanisms of social order while the government – having already lost control – enacts draconian legislation like the death penalty, uses pillage and burn techniques in an attempt to control communities through fear, further destroying public confidence, and continues to inefficiently dominate rules, regulations and contracts – and the cycle reinforces itself” (Pitts 2002:94).

Pitts is sceptical about the effectiveness of capacity building assistance to law and justice agencies. She is attracted to forms of community policing and village courts but notes that such initiatives have generally failed for want of necessary technical support and resourcing. Her conclusion is that the state and communities must work together. Political leadership and public sector reform are essential. But these strategies will only work where citizens demand political integrity, public sector probity, the prosecution of offenders and become ‘enthusiastic practitioners of crime control strategies that respect shared values and beliefs’ (Pitts, 2002:179).

### *Political values.*

Gelu confirms liberal democracy as an appropriate political philosophy for a country as diverse as PNG. He notes with satisfaction the way in which the constitution entrenches basic rights and liberties. He draws our attention to the continuing functioning of core institutions including parliament, the judiciary, the electoral process and the fact that changeovers in government have been peacefully executed (Gelu, 2003).

But democracy for Gelu is a work in progress. Accordingly the ‘condition’ of democracy involves more than the condition of a particular institution such as the electoral process. In auditing PNG’s democratic system he therefore focuses on the extent to which elections are free and fair; on the degree of openness, accountability and responsiveness in government; on the protection of civil and political rights and on the realisation of democracy in society.

- Concerning electoral matters he comments adversely on the use of the no-confidence vote to achieve changes of government, abuses of the secret ballot, electoral violence, the ineffectual role of political parties, the high proportion of independent candidates, and the state of the electoral roll.
- Concerning accountability etc he comments adversely on the management of major issues including the Sandline Affair, the National Provident Fund and the privatisation debate.
- Concerning civil and political rights he refers to widespread police brutality and to particular incidents including the killing of demonstrators and religious intolerance.
- Concerning democracy in society he contrasts the accessibility of civil society organisations with the remoteness of government. He notes the decline in coverage of the radio network and that newspaper and TV coverage is effectively limited to urban centres.

Gelu’s overall assessment is that PNG has done well by comparison with other developing democracies. The institutions and forms of democracy are well established at the national level. But there are unresolved issues to do with the formation of democratic values in the community.

“... PNG still has a long way to go in terms of embracing the important elements of democracy. An atmosphere must be cultivated to sustain the working of democratic principles. It is the duty of the government as well as the people that this is realised. Democracy is an ideology that does not exist only within the government system but within

society as a whole. It is society that gives the democratic impression to the political system within which government operates.” (Gelu, 2003:48).

Gelu’s remedy for the democratic deficit is that the state and society work together to consolidate democratic values. But the primary responsibility must lie with society.

*Bringing the private sector in.*

Hughes opens her critique of development policy in Pacific Island countries with the dramatic observation that over a thirty year period economic growth in the countries of the Pacific has languished at a regional average of 0.6% pa while population growth has averaged 3.4% pa. (Hughes 2003, 2004).

In her view it is constraints imposed by society and the state that explain the poor performance of Pacific economies. She subjects conventional development policy to sharp scrutiny. She argues that stagnation, poverty and crime are the result of the policy choices of governments and that high levels of official development assistance have underwritten policy failure. She challenges the view that Pacific states face unique constraints in relation to ethnic diversity, difficult topography or distance from markets by referring to countries which have overcome greater difficulties and by pointing to the locational advantages of proximity to the booming economies of Asia. She acknowledges the contributions which customary land tenure makes to food security but she insists that no country in the world has developed on the basis of communal land ownership.

The state stands twice condemned : for misguided policy and for ineffective programs. Colonial legacies in the form of protectionist trade policy, high wage regimes and excessive regulation of the informal sector have restrained economic growth. In this context extravagant governance programs “have consolidated fraught institutions at the cost of investment in infrastructure, health, and education”. Development assistance has enabled governments “to remain in power by ameliorating failing education and health sectors and funding infrastructure maintenance” (Hughes, 2004:1&10).

Hughes wants to reverse the logic of the ‘building state capacity in order to improve service delivery and promote development’ model. The ‘corruption theft and assault that have brought the private sector, and hence job creation, to a halt in PNG and made life a misery in the towns’ will not be relieved by governance programs. Reforms to the size and role of government and an enabling business environment are needed ‘before policing and law can bring a new morality to public and civil life’ (Hughes, 2004:24 & 1). In her model the state and society must modify dysfunctional patterns of behaviour so that the market sector can flourish.

*Bringing local government in.*

A Public Sector Reform Advisory Group (PSRAG) with representation from civil society organisations and local and provincial government advises the Government of PNG on matters of public policy. PSRAG submitted a report on decentralisation to the Government in 2006 with the sub-title of “getting involved in democracy, strong civil society, peace and order and self reliance” (PSRAG, 2006).

PSRAG adopts an historical approach in explaining PNG’s current condition which it characterises as involving declining social indicators; an ineffective law and justice sector; poor infrastructure maintenance; political patronage and corruption; little lasting benefit from resource exploitation or overseas aid; a disengaged and disempowered citizenry and decaying administrative systems (PSRAG, 2006:xi).

It attributes this performance to a dysfunctional system of sub-national government. During the colonial period a system of direct administration from Canberra was replaced with governments at the national and local levels. Following independence a 3<sup>rd</sup> level of government was established at the provincial level in order to achieve a greater degree of decentralisation. A reform package introduced in 1995 left this structure intact but transformed relations between the different levels of government (refer the *Organic Law on Provincial Governments and Local-level Governments - 1995*). PNG's sub-national system of government now consists of 18 provincial governments and some 299 local level governments. In addition there are 87 administrative districts, special arrangements for the government of Bougainville and 4 community governments in the national capital (PSRAG 2006:2).

The Advisory Group's argument is that the two post-independence 'versions of decentralisation' have left the country with a sub-national system of government which is overly complex and which has failed to engage effectively with local communities. Service delivery has therefore failed. Their remedy is to simplify the structure of government; to clarify relations between the different levels of government and to ensure that sub-national units of government are established at a level which is accessible to local communities.

Accordingly the Advisory Group recommends that PNG's system of government be simplified by reverting to a 2 level system of government. It recommends abolishing the existing provincial level of government because :

“Provincial governments as established by the [’95 reforms] are not popularly elected. They are, by and large, removed from promoting equal opportunity or popular participation in government, providing basic human needs through economic self-reliance, or promoting responsible citizenship through self-management, control and accountability for one's actions. Most provincial governments are as far from direct interaction with people as is Waigani ..... The failure of provincial government to implement empowerment may be inevitable given the lack of direct connection to most people. Their place - one step down from the national government and one step up from local government - insulates them from the people” (PSRAG, 2006:11).

PSRAG's position on inter-governmental relations is that the muddle and confusion of the 1995 reforms must be clarified. The measures they recommend for sharpening lines of responsibility and accountability between governments include :

- consolidating national legislation on local government and consolidating administrative responsibilities at the national level for local government;
- giving local government access to more revenue sources and greater budgetary control;
- breaking the nexus between national and local elections and between electoral boundaries and boundaries for administrative and local government purposes;
- terminating discretionary grants to MPs;
- clearly demarcating the powers and responsibilities of national and local government;
- preventing individuals from holding multiple office in government or administration.

The Advisory Group recommends the retention of the existing system of local government. Its argument is that existing local government wards reflect traditional patterns of social organisation and are therefore in compliance with the Constitutional injunction on using Papua New Guinean forms of organisation; that there are limits on the number of wards which can be incorporated in a local body if it is to be effective and that this limit corresponds in the main with the size of existing local level governments (PSRAG, 2006:25).

PSRAG supports a widely held belief that it is at the level of the traditional community grouping that the energies of the people can best engage with the national development project (PSRAG, 2006:v). Finally PSRAG argues that local government has already demonstrated a capacity to perform – for example in the colonial period and in administering the Village Services Scheme prior to the '95 reforms (PSRAG, 2006:7& 31).

PSRAG affirms the view that the form which the local level of government takes should reflect the constitutional injunction to use Papua New Guinean forms of social, political and economic organisation. But it acknowledges the dangers of parochialism and local capacity constraints. Accordingly it recommends the establishment of a strong national agency for community and political development as well as national support for a system of village courts.

### *Bringing society in.*

The Australian Strategic Policy Institute released a strategy paper on PNG's development in 2004 (ASPI, 2004). In their appreciation of PNG's development problems the authors, White and Wainwright, distinguish between 'failed', 'surviving' and 'effective' states. States such as Somalia have suffered a complete breakdown of the state function. PNG's institutions have survived and are fulfilling their functions to varying degrees but it fails the test of an effective state because :

“The institutions of state lack the capacity to deliver services to the PNG people, develop its economy, control and protect its territory and respond to the crises and pressures that buffet societies and governments from time to time.” (ASPI, 2004:8 & 27).

White and Wainwright draw a bleak worst case scenario for PNG if its underlying problems are not addressed.

“And if things go badly? Then central government authority in PNG could collapse. Politics and the economy could be dominated by criminals, and the rule of law and respect for human rights could cease to exist. HIV/AIDS could reach catastrophic proportions. Health and education services could cease to exist. And the country could disintegrate into half a dozen lawless and unviable mini-states. Australia's policy towards PNG needs to recognise the possibility that unless today's negative trends can be reversed Australia may find within ten or fifteen years that our closest neighbour is a state in acute crisis whose people live a Hobbesian nightmare of lawless misery, and whose problems threaten to spread to our other neighbours.” (ASPI, 2004:18).

The authors acknowledge the significance of cultural, linguistic, historical and geographic factors as constraints on development by reference to the number of language groups, the difficult terrain, the short period of colonial rule, customary land tenure and the *wantok* system of mutual social obligations.

They identify three immediate causes for poor service delivery : overlap and confusion in the allocation of responsibilities between levels of government; the drain of debt servicing and salaries on the budget and poor management skills. These have been allowed to persist because the electoral process encourages independent candidates and single term members; the party system is weak; cabinet is unstable and compliance agencies such as the ombudsman, the judiciary and the auditor general have 'been damaged by recent events'.

But their analysis of PNG's developmental problems takes them beyond listing constraints or identifying management and accountability issues to a more macro level of analysis in which they consider the role of the private sector, civil society organisations and society itself.

They conclude that until the state is able to provide a satisfactory business environment the private sector will be unable to fulfil its role of driving economic development. Preconditions for economic development include the provision of infrastructure; law and order; regulatory reform; access to markets; suitable macro economic settings and changes in cultural values and practices.

They acknowledge the efforts of civil society organisations including a relatively vigorous and free media and a variety of think tanks, advocacy NGOs, church groups and academics in sustaining public policy debate and endeavouring to improve the performance of the state. They conclude that modern civil society organisations have played a useful proxy role for society at the national level. But it is, in their opinion, the absence of a strong sense of nationhood which explains the weak performance of the state.

While state-building initiatives have a continuing role to play the state is unlikely to perform satisfactorily until society develops a sense of national identity and with it the willingness and the ability to ensure that governments are responsive to community preferences and accountable for their actions.

“Law and order, economic growth, better health and education and more opportunities all depend in the first instance on the government being able to deliver better services to Papua New Guineans. For that the government needs to be stronger. For that, in turn, it needs to command more commitment from PNG’s people” (ASPI, 2004:34).

But the authors observe that society is inappropriately configured for such a role and the tools for its development are problematical. It is only at the level of the language group that one finds bonds of social identity and shared values which are strong enough to shape the political process. What is required therefore is a long term program of nation building - of building up a strong sense of national identity in PNG and promoting a broader sense of community. The authors endorse May’s conclusion that : “What is needed ... is less institutional reform than a fundamental shift in patterns of political behaviour” (ASPI, 2004:34).

The development program which they outline for discussion therefore gives prominence to *nation-building* as the ‘hardest and most important part of the process’. Measures might include support for the media, sports, civil society organisations, the electoral process and constitutional reform. Nation building activity should be supported by *state-strengthening* activities focusing on improving central agency management; the development of administrative skills and an overhaul of the responsibilities of the different levels of government. The *economic* focus should be on macro-economic management, regulatory reform, market access to Australia and land tenure reform.

The challenge for donors is to find a development model which reflects these various understandings and which can be used to deploy development assistance in a manner which respects PNG sensitivities and preferences. They recommend a ‘new approach’ to the aid relationship involving a larger assistance program but with significant changes in approach on both sides and Australia ‘playing a more active part’. (I return to Australia’s relationship with PNG in Section 8).

*The need for a new development paradigm.*

I opened this section with a reference to ANU’s enquiry into alternative means for achieving order (or cooperation or governance) in weak states. I close with a passionate call from a UPNG academic for a new development paradigm which synthesises these various development perspectives.

“Nothing less than a new state-making paradigm is required. If contemporary statist thinking is not approached more creatively – i.e. if modern state structures themselves are not radically interrogated in relation to the conditions and needs of PNG and its peoples – no form of sustainable state-making can occur in PNG (or for that matter, anywhere else in the South Pacific). It will be just more of the same : stumbling on amidst ramshackle institutions led by politicians and bureaucrats who lack the intellectual capacity and political will to make the necessary changes.” (Patience, 2005:10).

## **2.2 A model for PNG’s development.**

My contribution to this challenge is to construct a model for PNG’s development which I will test in Sections 3 - 5 and refine in Section 6. I do this by extracting elements of a developmental model from the above summaries and then formulating propositions about how the model should work.

### *Identifying the elements of a model.*

The summaries provided in Section 2.1 reveal a progressive deepening and broadening of policy analysis over time from the simple capacity building solution to a concern with causes and effects; to the identification of cycles and underlying causes; to the identification of other development actors: to bringing other sectors in and specifying the roles which these should play in the development process.

Payani, Pitts and the Transparency International study provide rich descriptions of ‘the cycles’ or ‘the chain of causes and effects’ which characterise the corruption, crime and law and order problems. They focus on strategic measures for ‘breaking vicious cycles’. They remark on the lack of success of state-based remedial measures. They each identify civil society or the citizen as having a critical role to play in reform strategies – in breaking the vicious cycle. Their work takes our understanding of PNG’s problems to a deeper level by probing for underlying causes and focusing on strategic solutions. Presumably similar analyses might be undertaken for the health, education and infrastructure sectors.

Gelu acknowledges strengths in PNG’s political institutions and affirms liberal democracy as an appropriate political philosophy for the country. But he identifies a democratic deficit in aspects of the electoral process, accountability in government, the abuse of rights and the role of civil society. His remedy is for the state and society to work together in entrenching democratic values. He stresses that the primary responsibility for nurturing political values lies with society.

In Hughes’ view the private sector lies dormant in the Pacific Islands because of inappropriate public policy and customary constraints. Aid has entrenched these dysfunctions. Once the environment is made right the private sector will flourish. For this to happen the state must deregulate and society must sign up for land tenure reform and move on from traditional forms of mutual social obligation or *wantokism*.

The Public Sector Reform Advisory Group argues that the sub-national system of government must be reformed so that the state can engage productively with local communities. Their remedy is to strengthen state / society relations by establishing an effective local level of government and by undoing the muddle in inter-governmental relations arising from the ’95 reforms.

The ASPI team provides a rich account of PNG’s development problems. They conclude that a ‘new approach’ is required which strengthens the state, the economy and the nation and which involves Australia ‘playing a more active part’ in PNG’s development. They recognize nation strengthening or building as the hardest and most difficult of these challenges.

On the basis of these accounts of PNG's development problems I identify the structural elements for constructing a model for PNG's development as the principal development actors (or sectors), their roles and the political values informing the political process.

I specify the principal development actors as :

- the state (national and sub-national levels);
- society (modern civil society and traditional communities);
- the private sector (subsistence, informal sectors and modern commercial sectors); and
- donors (Australia, other bilateral and multilateral).

I note that liberal democracy is endorsed in elite circles as an appropriate political philosophy for PNG but that there is wide support for the constitutional injunction that institutional arrangements reflect PNG forms of social and political organisation.

*Making the model work.*

I have formulated propositions about the roles which the principal development actors should assume and the ways in which they should interact if PNG's underlying development problems are to be addressed. These are :

- The *local government proposition* : the active engagement of the people in the national development project is contingent on strengthening the existing system of local government because it is the level of government which is most closely aligned with traditional forms of social and political organisation.
- The *dormant private sector proposition* : the private sector lies dormant in PNG because of inappropriate state policies and customary constraints. Economic development will flourish once these are removed.
- The *national political community proposition* : probity in politics and effectiveness in public administration are contingent on the development of a national political community with the capacity and commitment to scrutinise and sanction the behaviour of officials.

By comparison with the 'official' development paradigm this model nominates society as the lead actor in the development process. The contributions of the state and private sectors are contingent on society taking a lead. State focused capacity-building activities will only be effective where society is able and willing to sanction political behaviour. The private sector will only flourish where state policy and social values establish an environment suitable to business.

The next sections 'tests for goodness of fit' between the realities of the state, society and the private sector in PNG and my propositions regarding their role in the future development of the country.

### **3 THE LOCAL GOVERNMENT PROPOSITION**

The purpose of this section is to test the appropriateness and feasibility of the proposition that the existing local government system should be assigned a lead role in PNG's development because it is most closely aligned with traditional forms of social and political organisation. I focus therefore on mapping features of the PNG state which are relevant to the local government proposition. For

these purposes I provide an historical sketch of the establishment of the state at the national and sub-national levels. I then concentrate on relations between these levels of government.

I conclude that political interests at the provincial and national levels will frustrate local government reform and that the size of existing local government units raises doubts about their appropriateness for our purposes.

### 3.1 **Formation of the State.**

It may be useful to clarify my use of relevant terms at this stage. *States* are political entities comprised of political institutions having a monopoly over the use of force within a territory and which are recognised as states by other states. States are to be distinguished from governments and nations. If states are sets of political institutions then *governments* are the caste of actors who, for the time being, occupy the political institutions of the state. *Nations* are groups of people forming a political community at the level of the state. Nationalism is a strongly held sense of identity in nations (Hague R, Harrop M & Breslin S, 1992:3-22, Pierson C, 2004:47).

Highlights of PNG's transformation from colonial dependency to independent state include:

- In 1884 the north eastern quarter of the island of New Guinea was annexed by Germany. The south eastern quarter was annexed by Britain first as a protectorate then as a colony. In 1906 Papua became an Australian colony. Following the First World War, German New Guinea was placed under an Australian administered U.N. mandate.
- After the Second World War, both New Guinea and Papua were governed jointly by Australia with executive responsibility being exercised by an appointed Administrator. The work of government was undertaken by central agencies operating through a hierarchy of administrative areas including the patrol post, the sub-district and the district.
- In the early post war years the Administrator was advised by an appointed Legislative Council. In 1964 an elected House of Assembly was established. In 1969 its mandate and membership were enlarged. The next step was self government in 1972.
- Full independence was achieved in 1975.

The more important of the political institutions which were established at independence or subsequently include :

- a written constitution providing among other things for the democratic process, for the separation of functions (legislative, executive and judicial) and the protection of basic rights;
- a Westminster system for the organisation and conduct of parliament;
- a free press, an independent judiciary and an open civil society;
- compliance agencies including the Ombudsman and Auditor General.

A measure of the success of PNG's political institutions is the fact that all changes of government since independence have been achieved peacefully by way of elections or parliamentary process.

A local government system was established in the colonial period. By 1973 92% of the population was 'embraced within the local government system' of 163 Councils (Fenbury 1978:1). Urban Councils were established in the principal towns and 13 Area Authorities provided for coordination across local government boundaries. A Department of Native Affairs (later District Administration) administered the local government system. Central training institutions were established. Legislation dealing with local government was consolidated in a single local government act.

While the Constitution contains a clear injunction that development is to be based on Papua New Guinean forms of social, political and economic organisation it does not make specific provisions for a sub-national system of government. Indecision on this point was to be overtaken by events. To accommodate secessionist demands the national government agreed to a form of provincial government for the province of Bougainville (or North Solomons). It then felt compelled to establish provincial government on a nation-wide basis. Enabling legislation took the form of an Organic Law – a law which requires more than a simple parliamentary majority for its amendment or abolition. Existing local government councils were put under the control and direction of the provinces to become the 3rd level in PNG’s system of government.

Provincial governments were established in each of the colonial-period ‘districts’. They adopted many of the symbols and practices of the state including flags, Governors, Ministers, Executive Councils and public services.

### **3.2 Sub-national reform.**

Different accounts of the performance of the provincial governments were advanced during the ‘80s. Some argued that a sufficient number of them were performing satisfactorily under difficult circumstances and that what was required was a package of ‘technical’ reforms in relation to resourcing, overlapping responsibilities and inexperienced management. Others attributed poor performance to destructive political rivalry between the national and provincial levels. These views were canvassed in a series of official enquiries undertaken through the ‘80s (Axeline, 1993). The outcome was the *Organic Law on Provincial Governments and Local-level Governments* – i.e. the ‘1995 provincial reforms’.

In other jurisdictions one would expect such legislation to contain provisions in relation to representation and organisation; powers and responsibilities; meetings; planning, budgeting and audit processes; provisions for cross-boundary coordination and a host of other substantive and procedural matters. The ‘95 reforms’ legislation and supporting documentation was however silent on critical policy and technical matters such as the :

- role of a sub-national level in PNG’s governmental system;
- relative merits of 2- and 3-level governmental systems;
- suitability of PNG’s existing units of provincial and local government;
- relationship between modern and traditional forms of government at the local level;
- criteria for allocation of functions between the different levels of government;
- implications of revenue raising capacity, cost structures and scale economies for the size and number of local government units and the efficient and effective provision of services.

The ‘95 reforms were essentially concerned with defining power relations between the different levels of government. Local government was removed from provincial control and given access to central funding. Provincial governments were brought under close central government control. Senior executive appointments (e.g. provincial secretary and treasurer) were made subject to national approval and provincial governments were required to submit annual performance reports. Their democratic accountability was compromised. Members would no longer be directly elected. Local MPs and the heads of local government councils would be ex officio members of provincial governments.

Other measures strengthened the control which local MPs could exercise over the allocation of resources. A substantial proportion of central government funding would be disbursed directly by MPs; a minimum proportion of provincial budgets would be spent in each national electorate; local

government budgets would be coordinated by District Administrators appointed by the national government.

Having legislated to provide for provincial governments constituted by, and held accountable to, the national level of government Parliament handed responsibility for detailing out and implementing the reforms to technical working groups. These were under the direction of agencies with a direct interest in the outcomes of the reform process. These arrangements allowed the health department to control the decentralisation of health functions; the education department to protect its interests and so on. The outcome is a web of inter-governmental relations so muddled and confused that it has taken a research team from the National Economic and Fiscal Commission 2 years to document the actual allocation of responsibilities between levels of government (PSRAG 2006:42-44).

If the Provincial Reforms of 1995 were conceived as a solution to PNG's development problems they are now recognised as a significant part of its problems. As indicated above PNG now has a total of 18 provincial governments, 299 local level governments, 4 community governments and 87 administrative districts for a population of some 5.12m in 2000 (PSRAG 2006:2).

It is a system in which the local level of government is well enough liked by those who are entitled to the allowances which the central government provides. But it is a level of government which lacks the staffing, management and revenue base to undertake any useful responsibilities. And it has a provincial level of government which is not directly accountable to its constituents.

The explanation for this unfortunate outcome lies in those struggles for power and influence which Smith tells us characterise the development and implementation of decentralisation policies in the Third World (Smith 1985:185-206). The principal rivalries have been between politicians and bureaucrats at the national level and between central agencies and the sub-national level of government. Tensions between politician and bureaucrat are given a sharper edge in PNG by memories of the large powers exercised by officials in the colonial period. But the critical factor has been the perception, among politicians, that they are competing with bureaucrats experienced in managing their political masters while politicians operate without appropriate support and networks - the kind of support provided in an established party system (Axeline, 1993:24-44).

Measures taken to strengthen the hand of the politician over the bureaucrat include changes to the Public Service Act giving ministers greater control over departmental appointments and the '95 reform measures which brought provincial and local governments under direct political control.

The other struggle which has had serious implications for the sub-national level is the struggle between bureaucracies over the extent and nature of decentralisation. Any agency will be reluctant to promote decentralisation if that involves the erosion of its power and influence. Strategies which have been employed by central agencies to resist decentralisation initiatives include contrived muddle in the transfer of functions to the provinces; failure to adequately fund transferred functions; failure to transfer appropriations in a timely manner and the conversion of grants from a bloc to a conditional basis.

These dysfunctions have been compounded by the failure of the local government department to effectively discharge its oversight and advocacy roles. As the national agency with the mandate to strengthen the sub-national system of government and to facilitate inter-governmental relations, the Department of Provincial and Local Government Affairs has achieved little. It contributed little to the reform debates of the '80s. It acquiesced in the weakening of the legislative framework for local government. It allowed national agencies to 'implement' the '95 reforms in accordance with their institutional interests and it has presided over the dispersal of responsibilities for staffing, finance, planning and training matters among agencies of the national government. In its current condition it

lacks both the standing to manage inter-governmental relations and the capacity to provide leadership or technical support to provincial and local levels of government.

### **3.3 Conclusions**

To summarise regarding the goodness of fit between these characteristics of the PNG state and the proposition that the existing local government system be assigned a lead role in the nation's development :

- there is a well established set of political institutions at the national level;
- attempts to establish an effective system of sub-national government have been systematically frustrated by power struggles between politicians and bureaucrats and between agencies at the national level;
- existing units of local government may align closely with traditional forms of social and political organisation but they are almost certainly too small to play a lead role in national development.

It is concluded therefore that an effective decentralisation strategy is unlikely to be driven from the top and that existing local government units are not appropriate in scale, finances or functions to assume a lead role in the national development project. In short the local government proposition does not fit with PNG realities.

## **4 THE DORMANT PRIVATE SECTOR PROPOSITION**

The proposition was advanced in Section 2 that the private sector lies dormant in PNG because of inappropriate state policies and customary constraints. Economic development will flourish once these constraints are removed. The task now is to crudely test for goodness of fit between these claims and the realities of the market sector in PNG.

### **4.1 Structural issues**

The following are the more important components of PNG's market sector :

- the extractive resource sector;
- State owned enterprises;
- the commercial agriculture sector;
- the modern small / medium business sector;
- an informal urban sector; and
- a mainly subsistence agriculture sector.

The first 4 sectors account for all of the enterprises in the 'formal' or modern sector and for the bulk of the country's foreign exchange earnings, for those in formal wage employment and for domestically generated revenue. The informal and subsistence sectors account for the bulk of employment and are the only source of income (in cash or kind) for many households.

Since major development projects in the resource sector are the subject of individually negotiated agreements and since there are few state owned enterprises of any significance the first 2 categories can be eliminated as sectors in which de-regulation might unleash rapid growth. Since the subsistence sector is not subject to specific regulation and since controls on the informal sector are being relaxed those sectors can also be eliminated from further consideration. Attention should therefore focus on commercial agriculture and the modern small / medium business sector.

The costs and disruptions associated with corruption and a poor law and order environment are important constraints on development in these sectors. But the critical constraints which these sectors face are low / unstable export prices for tropical crops in the case of commercial agriculture and the small and fragmented nature of the domestic market in the case of small / medium business. There is a further critical structural constraint. Both commercial agriculture and the small / medium business sectors are dominated by Australian and ethnic-Chinese owned enterprises. Associated informal barriers to entry make it difficult for local enterprises to get a start in these sectors.

It is frequently claimed that customary land tenure constitutes a critical constraint on development. This comes in various forms : that projects can't get underway or are subject to disruption because of difficulties in establishing rights in land or that individuals can't put their rights in land to productive use - either directly in productive activities or as collateral for loans. These certainly constitute significant constraints on development. But it is surely unrealistic to expect PNG societies to sign up to the transformation of core aspects of their social and economic organisation in order to establish preconditions for the *prospective* establishment of modern enterprises from which they *may* derive some benefit. A more realistic pathway to land tenure reform is for successful pioneering enterprises to demonstrate the benefits which flow to the wider community from modern forms of commercial and social organisation including more appropriate forms of land tenure.

A more generalised explanation for low levels of enterprise formation by nationals is a 'poorness of fit' between traditional forms of social and political organisation and the requirements of the modern business corporation. Neither the earlier cooperative movement, the various business development programs of government, nor the home-grown development associations referred to in Section 5.2 below have been successful in finding a development pathway from traditional patterns of social and economic organisation to the organisational principles and practices under which the modern corporate enterprise operates.

## **4.2 Conclusions.**

To summarise regarding the 'goodness of fit' between structural aspects of the PNG economy and the proposition that economic development will flourish once constraints in the form of inappropriate policies and customary practices are removed :

- it is unrealistic to expect local communities to make radical changes to traditional forms of social and economic organisation as a *precondition* for economic development;
- the critical barriers to the formation of a commercial agriculture sector and a small / medium business sector are of a structural economic nature;
- sustained economic development is only likely to occur where these barriers are systematically addressed through positive interventions by the state.

My conclusions are therefore that the assumptions and prescriptions of the dormant private sector proposition are not appropriate for the PNG context. Relaxing existing state policies or introducing radical changes to land tenure will not clear the way for the private sector to flourish. Positive interventions by the state are needed to address fundamental structural constraints.

## **5 THE NATIONAL POLITICAL COMMUNITY PROPOSITION**

The work of this section is to test for 'goodness of fit' between realities of PNG society and the leading role assigned to it under the proposition that probity in politics and effectiveness in public

administration are contingent on the development of a national political community with the capacity and commitment to scrutinise and sanction the behaviour of officials.

This proposition reflects the lead role assigned to society by the commentators reviewed in Section 2. Society must assume the vanguard role in the fight against fraud, bribery and corruption (Payani). Law and order strategies will only work where the state and communities work together (Pitts). Society must play a leading role in entrenching democratic values (Gelu). The private sector will only flourish where social values regarding land tenure and mutual social obligations are modified (Hughes). Society will engage effectively with the state in the national development project once the local government system is reformed (PSRAG). White and Wainwright consider that it is the absence of a strong sense of nationhood which explains the weak performance of the state (ASPI).

My approach in this part is to consider prospects for the formation, within society, of a capacity to oversight the political behaviour of the state. I first consider the prospects for ‘society at large’ fulfilling this role. I then consider the feasibility of modern civil society organisations acting as a proxy for society at large in this role. Finally I consider the contributions which ‘other nation building activities’ might make.

Before commencing that work however it is necessary to caution regarding the hazards involved in generalising about society in the PNG context. A crude attempt to sketch the political structure of traditional societies in PNG’s will serve to make the point.

### **5.1 Generalising about PNG Society.**

Providing a summary description of PNG society is a daunting challenge for good reason. Firstly the field of political sociology which deals with social entities and their relations with the state is richly contested in both its concepts and descriptive categories making the general description of any society problematical (Faulks 1999:211). Care therefore needs to be exercised in the use of terms such as community, political community, society and nation. Briefly my use of these terms is as follows : a community is a group of people who are affiliated on the basis of shared interests; a society is the largest form of community to which an individual may be affiliated. The members of a society share attributes such as language, religion, history, culture or race. I use the term political community to refer to a group of people who subscribe to a common process for resolving issues of interpersonal influence and power. Political community may exist at the level of the village, the tribe, the province or the state. A nation is a political community at the level of the state.

Secondly Papua New Guinea comprises not one but many societies and it is a country which is experiencing major social and cultural transformations. In these circumstances the practice among commentators has been to make some cursory reference to the large number of its societies (or tribes or communities or language groups); to characterise these as being ‘isolated’ or ‘fragmented’ or ‘remote’ and then to retreat to more secure ground with an account of the organisation and affairs of a particular group or the behaviour of particular social types such as *raskols* or ‘bigmen’.

In the PNG context then we must remind ourselves at every turn that we are dealing with a country which is a work in progress. It is a country which is comprised of a large number of societies-in-transition each of which was traditionally stateless. To form an opinion of the feasibility of this emerging PNG society giving rise to a strong political community at the national level we need then to develop an appreciation, however sketchy, of the traditional stateless society and how these have (and are) responding to pressures for change.

From the perspective of the modern state societies are described as stateless where they lack formal political institutions, a clearly defined territory, recognition of their political integrity by

neighbouring societies and a codified system of rules (Held 1992:73). With this negative characterisation of the stateless society as our starting point we go on in the following paragraphs to develop an appreciation of the political dimension in traditional PNG society. We do this by advancing a series of generalisations - while recognising once again that for every generalisation there are exceptions within PNG's rich social fabric.

### *Internal organisation.*

Traditional societies were small in scale so that social relations were face to face. Descent, proximity and a common language were probably the primary bases of social affiliation with the kin group (or *house lain*), the village (or hamlet) and the clan (or tribe) being primary sites for the formation and expression of social identity and political community. Social order was maintained by reference to *kastom* and the use of informal processes (shame, ostracism etc) rather than by institutions enforcing compliance with codified laws. Social divisions based on class, caste or religion were not significant though women were subject to many forms of oppression and there may have been a form of class structure in Buin society (Griffin 1979:59).

The political process was open and informal in the sense that issues were debated publicly without recourse to political institutions or formal office holders and projects were implemented communally. But that is not to say that all individuals shared equally in the exercise of political power. Women were marginalised. Informal leaders or bigmen could, on the basis of past achievement or force of character, exercise a significant degree of influence over village affairs (May 2004:203). Hereditary chieftainship was practiced in some societies - Prime Minister Somare for example holds the rank of Sana or Chief in his community (Somare, 1975).

Standish informs us of the range of traditional political leadership styles:

“It is clear from the evidence presented that the techniques of leadership within clans and more particularly sub-clans varied from conciliation, compromise, persuasion, inspiration and bargaining to threats and sheer brute force.” (Standish, 1978:22).

In relation to their internal political organisation we can then conclude that traditional PNG societies were egalitarian in that there were no marked differences in wealth between individuals and that they were communal in that decision taking was open, direct and informal. But traditional societies were not, on that account, necessarily democratic - the informal nature of the political process left opportunities for the exclusion of some from the political process and for the exercise of petty tyrannies by others.

What distinguishes politics in these societies from the democratic ideal then is that in a democracy each individual is to be afforded equal moral worth regardless of age, gender or other attribute and political decision taking is to be impersonal and in accordance with formal rules. In PNG societies the extent to which an individual can influence political outcomes is a function of gender or other aspects of personal status.

### *External relations.*

We turn now to consider how traditional societies conducted their external relations. A distinguishing feature of stateless societies is the ambiguity of their political boundaries. Descent and language groupings give rise to overlapping patterns of social and political affiliation. The political world constituted by these mechanisms of cross-boundary integration is nicely conveyed in Morauta's depiction of inter-village relationships in the Madang area :

“Although there were no political units which included several villages there was in some sense an inter-village *moral* community. Not only did all villagers in the area live their lives in the same institutional framework but relationships between them were governed by recognised rules ... These rules were not enforced by any formal institutions. ... There was no institutionalised boundary to this inter-village moral community; there was no cut off point beyond which no holds or fewer holds were barred. Villagers probably recognised, as they do today, differences of custom in more distant areas. But the norms and sanctions which governed inter-village relationships did not operate in a limited community but in a social universe which, to those within it, appeared to fade gradually away into the distant mountains.” (Morauta, 1974 :26).

Boundaries were further attenuated by external alliances. Examples of large scale trading and ceremonial exchange cycles include the *Kula ring* of the Trobriand Islands, the *Hiri* annual trading cycle on the Papuan coast and the *Te* and the *Mekim Moga* exchange cycles of the Highlands.

The complex world of overlapping political communities which we glimpse here calls into question simplistic notions of PNG as a set of separate, or remote or isolated tribes or as a singular society. But it does nothing to modify the general understanding that traditional inter-group relations in PNG were characterised by high levels of violence. These characteristics persist in present day PNG society notably in the form of tribal fighting in the Highlands and the turf wars of *raskol* gangs.

## 5.2 ‘Society at large’.

We now consider the prospects for PNG society forming a national political community capable of overseeing the behaviour of the state. For these purposes we review the ‘adaptive’ responses of traditional societies to forms of local government instituted by the state and ‘movements’ as bottom-up initiatives to establish new forms of social and political organisation.

### *Adaptations.*

In the opening lines of a trenchant critique of the local government system which had been established in the colonial period Narokobi first acknowledges its beneficial effects.

“In its birth the Local Government Council system had many good points. It taught the people about elections, representations and Western forms of democracy and it organised people across language and ethnic groupings to understand development projects.” (Narokobi 1983: 110).

But he goes on to list the many ways in which Councils failed to conform to traditional forms of social and political organisation. Councils are secular institutions whereas Melanesians do not separate government from the spiritual and the religious. Councils impose uniform government on groups of villages whereas in Melanesian society the village is the political unit. Local government members are selected by universal franchise and the secret ballot whereas “leadership in a village is usually hereditary” (Narokobi 1983: 112).

For Narokobi their large size and their formal (democratic) procedures erode the legitimacy of Councils as forms of local self government. He wanted to abolish them in favour of smaller community governments ‘created along natural social groupings’ and to entrust these with a wide range of functions :

“ ... they would need to have their own police force, independent of, or as part of, the national police system. In addition to the court system the community assembly should

control and operate its own schools, clinics, or aid post, a banking and postal service and a newspaper, theatre, garage, church, parks and gardens and other facilities” (Narokobi 1983:114).

Narokobi’s struggle to force a fit between traditional forms of social and political organisation and the good things to be achieved through larger scale, representative units of government helps us to understand challenges which have been experienced in establishing sub-national government in PNG. In some areas the conflict was intense. The Tolai community of Rabaul rejected the reconstitution of their Council as a multi-racial Town Council. Traditionalists opposed the establishment of a Council for Kiriwina in the Trobriand Islands.

But generally resistance has taken the form of pressure for the separate recognition of existing language and tribal groups or for the further elaboration of the administrative hierarchy. Examples of the former are the separation of the western half of the Western Highlands Province to form Enga Province and current pressures for the constitution of a separate province for the Hela people of the Southern Highlands. Examples of the latter include the :

- subdivision of provinces into districts for administrative purposes;
- replacement of Councils with smaller community governments - the North Solomons replaced 9 Councils with 37 community governments (Dept of Education 1987:20) and
- subdivision of Councils into wards.

These strategies are evidently aimed at securing a better fit between forms of political organisation established by the state and the scale of political community in traditional society. Enga society secures a province for itself. Tolai society resists its transformation into a multi-racial political community. The establishment of Community Governments and Ward Committees provides access to the local government system at a scale which better fits with the traditional small-scale pattern of social organisation.

But these responses also serve to entrench a culture of heavy dependency on the centre which is a significant feature of the local government system in PNG. Small community governments are appropriate as channels for the delivery of centrally resourced and managed programs. A larger scale of operations is required to support self-reliant local governing councils.

### *Movements.*

We now consider responses in which the initiative comes from the community and involves the establishment of alternative forms of political organisation. In this we draw heavily on May’s work on ‘micro-nationalist movements’ (May, 2005).

There are many points of similarity between recent micro-nationalist movements and the cargo cults or millenarian movements of an earlier period. They are responses to tensions arising from rapid social change; they express a sense of deprivation or exclusion; they are conceived to remove blockages or impediments. Significantly they seek to do this by withdrawal or disengagement – by what May refers to as a strategy for “redrawing the world, as it were, within their own perspective and on their own scale” (May 2005:99).

A significant difference between modern movement and earlier cult lies in the official responses they received. Cargo cults were treated as ‘disturbances’ by the colonial administration. Governments have responded more constructively to micro-nationalist movements in recent times. The first Somare Government for example valued constructive relations with the Mataungan, Bougainville, Kabisawali and Papua Besena movements (Somare, 1975).

May reviews a long list of movements under the categories of ‘marginal cargo’, ‘local protest’, ‘self help development’ and ‘regional secessionist’. I summarise his findings on the origins, organisation and conduct of these in the following terms :

- they are essentially modernising with a focus on self help and the mobilisation of resources;
- they are able to rapidly mobilise a substantial following;
- they constitute loose alliances operating across traditional boundaries;
- they have objectives which are broad, ambitious and ill defined;
- they rely heavily on a founder and a few activists;
- they are loosely organised and have difficulty engaging followers in on-going activities;
- they generally fail to meet intended objectives and are short lived;
- they provide a valuable means for the expression of social identity.

For our purposes however the most significant of his findings is that :

“ ... micro-nationalism in Papua New Guinea cannot be seen simply as a transitional phase to ‘nation building’ but rather reflects the continuing strength of localism, regionalism and ethnicity in Papua New Guinea society.” (May, 2005:103).

Regan provides a more positive take on the potential for locally generated change. He prefaces an interesting collection of ‘development success stories’ with a big picture scenario in which an inherited and little understood colonial state is weakening and decaying and the authority and coherence of traditional small scale societies is eroding but he notes that :

“Churches, schools, local governments, plantation work, squatter settlements, *raskol* gangs and many other developments have been contributing to the development of linkages between members of localised social groupings ..... [as] evidence of the beginnings of diverse pressures from society on the state to perform according to the expectations of the people.” (Regan, 2005 : 10)

He makes no suggestions however regarding the pathways and processes by which these developments might translate into improvements in the performance of the state. A good many intervening steps must be conceptualised before we can be confident that processes of building linkages between localised social groupings will lead to the formation of a national political community with the capacity to hold the state to account.

### **5.3 Modern civil society organisations.**

The term civil society has deep historical roots and is, on that account, open to a wide variety of interpretations (Kaviraj & Khilnani 2001; Faulks, 1999:30). In its earliest usage the term was used to entrench personal liberties and freedoms against the potential for tyranny by the state. Subsequently civil society has been understood variously as providing opportunities for personal development; as a source for the development of political culture; as a resource in the promotion of good governance or as an alternative mechanism for the delivery of services.

An indication of the scope and coverage of modern civil society organisations in PNG can be gained from a listing of the interests covered by domestic NGOs :

“There are now NGOs in PNG specialising in human rights and democracy, literacy, land rights, small business enterprises, environment, micro credit, a nuclear-free Pacific, gender, decolonisation in the Pacific, health, breastfeeding (*susu mamas*), Christian Fellowship,

youth, HIV/AIDS, poverty alleviation and conflict resolution just to name a few.” (Dickson-Waiko 2003: 247).

Features of the formation of civil society organisations in PNG include:

- the early establishment of the Christian churches; their indigenisation and the major role they now play in the provision of health and education services;
- the established role of union and employer associations and community service organisations such as the Red Cross and Cheshire Homes;
- a broadening of the scope of activities with for example the formation of land owner associations, or a chapter of Transparency International;
- a media committed to keeping the public informed but with press coverage limited to urban areas and a radio network struggling to maintain rural services;
- the particular challenges which high internal and external communication costs pose for PNG bodies in seeking to build their membership base and networks;
- the risks of co-option in partnerships whether with donor or government agency;
- the difficulties which particular advocacy groups have had in influencing public policy e.g. environmental and women’s groups;
- notable successes including in relation to internal security legislation or the land registration aspects of a Structural Adjustment Program;
- the useful work being done by consultative bodies including the Public Sector Reform Advisory Group and the Consultative Implementation and Monitoring Council.

This profile suggests a civil society with good prospect for developing the capacity to hold the state to account. But there are grounds for concern. Firstly a high level of dependency on international counterparts for funding and other resources raises doubts about the domestic political credibility and long term sustainability of PNG’s NGOs. Secondly the risks to NGO autonomy of engaging in development partnerships with donors or state agencies are widely recognised (van Rooy, 2000; Hulme & Edwards, 1997) and have been the subject of specific controversy in PNG (Dickson-Waiko, 2003:258-265). Finally many NGOs have tenuous lines of accountability to their constituents - whether donor or recipient (Lewis, 2001:140-60). It comes as no great surprise then to find that a number of PNG NGOs have been accused of the kinds of corrupt practices they are expected to expose in government (Dickson-Waiko, 2003:266).

#### **5.4 Other nation building activities.**

The ASPI report identifies nation-building as the hardest and most important element of an integrated response to PNG’s development problems. It recommends that Australia support measures for building a broader sense of community and a stronger sense of national unity. Specific activities are identified for strengthening the media, developing sport, supporting the electoral process and strengthening civil society organisations (ASPI, 2004 : 47).

Activities such as the production of popular dramas for television and radio or the wider coverage of sport may indeed contribute to the formation of a more expansive sense of community and a stronger sense of national identity. But the critical issue is the extent to which such activities are likely to translate into improvements in the performance of the state. A number of intervening steps are involved. A stronger sense of nation identity must contribute to the formation of a national political community with a strong commitment to such democratic values as the need for responsiveness, transparency and accountability in government. And this emergent community must have the capacity and the will to oversight the behaviour of the state.

If those linkages hold then loosely conceived nation-building activities may translate into improved services and reduced corruption. But to trace the links is to raise doubts about the credibility of loosely conceived nation building activities as policy measures for addressing PNG's hardest and most important problems.

## **5.5 Conclusions.**

Our findings regarding prospects for the formation, within society, of a capacity to oversight the political behaviour of the state are therefore :

- On the basis of the conservative manner in which traditional societies have responded to sub-national forms of government and the tendency for home grown social movements to function as expressions of withdrawal from pressures for change I conclude that 'society in general' is unlikely, at least in the near future, to drive the formation of a national political community with the capacity to hold the state to account.
- In view of concerns about their domestic political credibility, accountability and long term sustainability it would be unrealistic to rely on modern civil society organisations as a proxy for society in holding the state to account.
- Loosely conceived nation building activities may be very useful in building a wider sense of community and a stronger sense of national identity but they may achieve little in terms of stimulating the formation of a national political community with a commitment to democratic values such as responsiveness and transparency.

Accordingly I conclude that the prospects for the formation of a national political community with the capacity to oversight the political behaviour of the state are slim - at least in the short to medium term.

## **6 TOWARDS A NEW MODEL**

The work of this section is to reformulate the model presented in Section 2 to accommodate the deficiencies which the reality check has revealed in the sectoral propositions. The reformulation of the private sector proposition is a relatively straightforward task. The reformulation of the local government and political community propositions present significant challenges. The revised sets of sectoral propositions are then consolidated into a new development model for PNG.

### **6.1 Taking stock.**

I concluded my review of commentaries on PNG's development problems with a preliminary version of a model for the country's development. The key components of this model were a set of propositions about the proper role of the state, society and the market. On the basis of the reality checks undertaken in Sections 3 - 5 my assessment of that preliminary model is as follows.

*In relation to the state sector :* Our concern with the 'official' development paradigm is that sustained high levels of state capacity building activity are associated with deteriorating performance by the state in all sectors. The issue is however one of effectiveness not appropriateness. It is assumed that any development model for PNG will need to incorporate some form of state capacity building activity.

The *local government proposition* attributes PNG's poor development performance to the failure of the sub-national level of government to engage effectively with local communities. It argues that the existing local level of government is best suited to this task because it aligns well with the

pattern of local communities. But our reality check suggests that existing local government units are too small to undertake a useful range of functions.

The conclusion is therefore that a new development model should incorporate an element of state capacity building and that this should be combined with the development of a more appropriate system of sub-national government. Accordingly the local government proposition is reformulated in Section 6.2 below.

*In relation to the market sector :* The *dormant private sector proposition* claimed that PNG's private sector would flourish once constraints imposed by the state and society are removed. Our reality check suggests that structural constraints provide a better explanation for the poor performance of key elements of PNG's private sector and that positive interventions by the state will be required to resolve these. The proposition is therefore reformulated to reflect these understandings.

*In relation to society :* The argument that improved state performance is contingent on the development of a national political community with the capacity and commitment to scrutinise and sanction the behaviour of officials is an attractive one. But our reality check suggests that the prospects for the 'natural' emergence of such a political community are weak. It also raises doubts about the effectiveness and / or appropriateness of civil society organisations as a proxy for a strong national political community and nation-building activities as a means for encouraging the formation of such a political community. This is not to say that there is no role for such nation-building activities in a new development model for PNG. Clearly they can make a useful, if limited, contribution.

But these weak findings sit poorly with the widely held view that corruption is a significant development problem in PNG and that society (or the citizen or the community) must assume a lead role in its eradication. Clearly our new development model must include a more vigorous response to the corruption issue. My response is to subject the assumptions and prescriptions of the *national political community proposition* to further scrutiny in an attempt to find an alternative pathway for the formation of effective political communities. This work is undertaken in Section 6.3.

Before commencing the work of reformulating our political community and local government propositions it will be useful to reflect on the shape of these two propositions. Both are concerned with establishing a proper relationship between state and society. But they approach the equation from different sides, at different scales and from different political perspectives.

- The political community proposition promotes the formation of a political community at the national level as a means for overseeing the political behaviour of the state. The local government proposition aligns the sub-national level of government with local political communities so as to better engage them in the national development project.
- The political community proposition seeks to subject the political processes of the state to closer democratic scrutiny. The local government proposition seeks to equip local communities with a form of government which is responsive to traditional forms of social and political organisation.

Given the many points of intersection between these propositions it will come as no surprise to reveal that our attempts, in the following sections, to overcome their deficiencies point to a common solution : the district is identified both as the site for the formation of strong political communities and for the establishment of a strong system of sub-national government.

## **6.2 Reformulating the local government proposition.**

The local government proposition is sharp in its diagnosis and prescriptions but weak in its analysis. PNG's poor performance is attributed to the failure of its sub-national system of government to engage with the people. The solution is to clear away the muddle caused by the '95 reforms and to construct a strong state / society relationship at the point of intersection between PNG forms of social and political organisation and the existing pattern of local government units.

While the general argument for a better relationship between the state and society is attractive the local government proposition glosses over critical difficulties concerning the size of the government units. Existing local government units are not a satisfactory base on which to attempt to develop a robust form of local self government. With an average population of something like 17,000 most of the 303 local government units in PNG have a tiny revenue raising capacity. They will never be able to undertake a useful range of functions in their own right. And no national government will ever be able to afford to fund the provision of a full range of services through such a fragmented system. These stark realities have major implications for the structure of PNG's governmental system and for the appropriate size and number of units of sub-national government.

PNG's current 3 level system of government is overly complex and gives rise to confusion in lines of accountability and responsibility. It is a system of government which is inappropriate for PNG's requirements given constraints on fiscal and human resources at the sub-national level. Accordingly the existing 3 level system of government should be progressively replaced with a 2 level system. For these purposes a new level of government should be established. Having regard to the likely size of the units forming this level of government (see below) I will refer to it as a 'district' level of government and to the individual units as District Councils.

Considerations in relation to the size and number of units include:

- As a generalisation overhead costs, as a proportion of total costs, diminish as the size of service units increases. Therefore larger units will generally be able to provide a wider range of services or a higher level of service than smaller units. Accordingly district governments should be relatively large in terms of population served.
- To achieve their potential as a means for resolving inter-group conflict and their scope for enlarging human development district governments will, in many cases, need to be established at a scale which combines significant numbers of traditional groupings.
- Citizens should have reasonable access to their representatives and officials. Given PNG's difficult terrain and pioneering transport networks the average size of units might have to be somewhat smaller than would otherwise be the case. But proximity is not the only measure of access. Public consultation and participation processes, political education and awareness programs and public information systems can improve citizen access.
- The challenges which political integration at a district level poses for traditional forms of social and political organisation are recognised. But they should not be overstated. The readiness with which social movements have in the past mobilised at the regional scale and the active development of linkages between localised social groupings to which Regan refers (Regan, 2005, 10) indicates that local communities will cooperate where there is a prospect of mutual benefit.

Most existing local government units will be too small to meet the above criteria. Accordingly the proposed system is likely to involve a significant reduction in the number, and so an increase in the size, of units relative to the existing local government system. The appropriate scale for the proposed system is therefore likely to be somewhere between the scale of the current province and the district administrative areas.

### 6.3 Reformulating the political community proposition.

On reflection this proposition is robust in its *diagnosis* but weak in its *analysis* and *prescriptions*. The diagnosis is essentially that corruption, crime and ineffectiveness in government go unchecked because the behaviour of government is not subject to critical oversight by a strong political community. But its prescriptions lack coherence and credibility because its analysis is weak.

We are asked to support an assortment of popular nation-building activities (e.g. in the fields of sports and popular drama) and capacity building activities targeted at watchdog agencies and the institutions of civil society (political parties, media and public interest groups etc). These activities will accelerate the formation of a national political community with democratic values and the capacity to hold the state to account. The result will be a significant improvement in the performance of the state. But the connections between the proposed activities and improved performance are problematical. How will such activities lead to the formation of a strong national political community ? Why would that political community be democratic in nature ? How might it acquire the willingness and the capacity to hold the state to account ? I suggest that the weakness of the political community proposition lies in its loose assumptions and its uncritical analysis.

A striking feature of this proposition is the elitist model of the political process within which it operates. The activities it proposes are focused almost entirely on strengthening organisations and processes at the national level. An alternative approach would be to focus on building the capacity of citizens and social groups to demand responsiveness, transparency and accountability in the political process and so entrench a form of government which is, in practice as well as in principle, 'of the people, by the people and for the people'. A (re) formulation of the political community proposition based on this approach might run as follows :

The formation of a more democratically informed and engaged citizenry is critical to improvement in the performance of the state. In PNG the most effective way to promote the formation of an informed and engaged citizenry is to create the conditions for the development of strong forms of democratic political community at the sub-national level. These will accelerate the formation of a strong political community at the national level and provide a supportive environment for the activities of civil society organisations. The performance of the state will improve as it is subject to more effective scrutiny by the people.

But the case for focusing on the sub-national level goes further than an argument that the most effective way to build political community at the national level is to first build it at the sub-national level. I want to argue here that unless positive measures are taken to consolidate the transition from traditional to democratic forms of political organisation at the sub-national level the integrity of the state will be challenged through warlordism and the welfare of women will further deteriorate.

We have seen in Section 3.2 how forms of representative government at the provincial and local levels have been co-opted or marginalised to the point of impotence by MPs who are democratically elected to represent the people but whose political behaviour is that of the traditional big man.

In the absence of an effective democratic political community at the sub-national level members of the national parliament have exploited the processes of electoral democracy to extend their political reach and to deepen the resource pool available to them as political leaders in the 'bigman' tradition of political leadership.

If the democratic deficit at the sub-national level is not repaired then the prospect is that the representative democratic process will, in time, serve to scale up some local 'bigman' from MP to

provincial warlord and to inflict on other provinces the kind of misery and violence which the people of Bougainville have had to endure.

While these observations may appear alarmist the following extracts from a report on the Southern Highlands Province establishes warlordism as a feature of contemporary PNG politics.

“Southern Highlands Province ... is home to an estimated 500, 000 people. It is arguably PNG’s worst performing province despite commanding the largest provincial budget and being home to ... oil and gas projects. ... there is little in the way of service delivery and armed conflict is now commonplace.

Mendi District ... is amongst the most disadvantaged districts in the country ... conflict in recent years ... involved high powered weapons, claimed 120 lives and devastated infrastructure and essential services. ... It was generally agreed that [the former MP] ... had been responsible in many respects for the conflict ... it was alleged that he personally had supplied many of the high powered weapons used in the fighting ... he was found guilty of ... obstruct[ing] the count during a 1999 by-election ... in 2004 he was removed from office for [appropriating] state funds for his own use.

Relations between the district and provincial administrations were described as ‘poor’. ... the District Administrator is often absent ... the [budget] committee meets infrequently either in Port Moresby or Goroka. ... [it] was formerly chaired by the [MP] but is currently controlled by associates of the Governor.

Inspector Osil stated that he was unclear whether there is district plan as such ... there is negligible coordination between the various government agencies operating at the district level ... the current Governor, Hami Yawari, is responsible for the allocation of discretionary funds at both the district and provincial level. He uses that money as he likes and is said to favour handouts rather than funding projects ... he seemed ill inclined to support projects in areas where he had not received votes.

... contractors are often paid up-front for projects that are never undertaken and ... people from all over the province are lodging false claims against the state. ... the provincial health inspector ... refused to take me to the hospital saying “It’s too dangerous. The area is under the control of armed youth – you shouldn’t go there”.

There are three local level governments in the District ... all indications are they do very little ... they rarely get the funds they expect and they seem incapable of acting as a cohesive unit ... the Governor has refused to endorse and / or acknowledge duly elected councillors and has appointed his associates in their places ... ” ( Haley, 2005, 1-5)

In reflecting on the violence in the Southern Highlands the experienced anthropologist Strathern notes :

“ ... these episodes of violence do not spring from any overwhelming disposition on the part of the people nor are they welcomed by the people, as a whole. They are rather the result of the specific intertwining of national parliamentary and local politics ... they are beyond the capacity of traditional *kango* [leaders] ... to control or modify ... they constitute one of the most urgent problems facing successive governments ...” (Strathern and Stewart, 2004 : 116).

As I copy these lines there are reports that associates of Governor Yawari are threatening to disrupt oil and gas projects unless the Ombudsman withdraws charges against him (*Financial Review*, July 4, 2006, page 12). Plainly warlordism should not be dismissed as the stuff of worst-case scenarios or particular circumstances.

Turning to the condition of women we have the account of Sarah Garap, a candidate for office in the 2002 Chimbu Provincial Government elections. She and some 35 other “strong, intelligent, capable Chimbu women dared to challenge the corrupt practices of vote buying, intimidation, violence and discrimination in the election process”. She sets the context for their campaign in the following terms :

“Papua New Guinean women are swimming hard against the tide of domestic violence, rape, polygamy, and poor literacy, lack of medical resources and injustice in all decision making arenas. As a nation the participation of women in all aspects of development in society appears to be regressing” (Garap, 2004 : 6).

The highest vote achieved by any of the female candidates for provincial office was 2 %. Garap and her colleagues concluded that :

“The 2002 national election in Chimbu province was not an election by the people. Voters were not allowed to choose their leader through a democratic process. Violence, intimidation and bribery were widely practiced, and furthermore, accepted by the general populace. This situation made it virtually impossible for women candidates to be competitive. ... at present women have no chance in the Highlands Big Man Show. ... the candidates who were declared winners in the Chimbu election were not representatives of their electorates. Rather, they were the warlords of their clans only” (Garap, 2004 : 4).

The interpretation which she puts on these outcomes has serious implications for the future welfare of women and underscores the need for systematic consolidation of the democratic process at the sub-national level.

In her account traditional highlands big men were elderly, wealthy people who earned their power as orators and peace makers and used the resources they acquired to consolidate their status by looking after their people. In contrast the “Big Man Show” of modern electoral politics is a ‘money game’ among ‘money men’ in which young men employ violence and bribery to win elected office. These ‘so called’ leaders pay for the votes they receive and feel no obligation to ‘return to their electorates’ or to provide basic goods and services.

For Garap modern electoral politics is a “big man show” which is more hostile to the interests of women than traditional forms of social and political organisation : politics has become exclusively a male business because women do not have the resources to engage in the ‘election feasting’, violence, bribery and corruption on which electoral success depends (Garap, 2004 : 5).

The association which Garap draws between modern electoral politics and a systematic deterioration in the welfare of women in PNG is an alarming one. Democratic processes, which are premised on equality between individuals, should work to reduce disadvantage not accentuate it. The solution to this paradox lies in the partial and incomplete democratic transition which has been achieved at the sub-national level in PNG.

Democratic electoral processes have been superimposed on political communities which are emergent and which are more familiar with traditional styles of political leadership than with democratic principles and practices. In the absence of a strong democratic political community at

the sub-national level the introduction of modern electoral politics therefore works to amplify and reward dysfunctional aspects of traditional forms of social and political organisation. Specifically, in the absence of strong democratic political community, modern electoral politics works to reinforce and even expand the power which men exercised over women in traditional society and to expand the power which the big man could exercise in traditional society.

These observations regarding warlordism and the status of women, when combined with earlier observations regarding local government reform (Section 3.2), lead to the following conclusions regarding the importance and dynamics of political community formation in the PNG context :

- Traditional forms of political behaviour in MPs account for the historical erosion of representative government at the provincial and local levels.
- The failure to establish effective representative government at the sub-national level has retarded the development of a national political community with the willingness and capacity to hold the state to account.
- The practice of modern electoral politics, in the absence of strong democratic political communities at the sub-national level, reinforces undesirable aspects of traditional political leadership with serious implications for the integrity of the state (via provincial warlordism) and for the welfare of women (by their exclusion from the political process).

In short the formation of democratic political community is critical to achieving general improvements in the performance of the state, to averting the pathology of warlordism and to challenging the oppression of women. Nation-building activities at the national level can play a useful supporting role in the formation of a national political community but the primary focus should be at the sub-national level.

#### **6.4 Conditions and relationships.**

Having reformulated the political community and local government propositions it is necessary to consider the nature of the governments and communities we are proposing and the linkages which are assumed to operate between them. I argue that district governments and district political communities ought to be democratic. Secondly I propose that district government will drive the formation of democratic political communities – not the other way around.

Firstly aligning any system of sub-national government with traditional patterns of social and political organisation will leave them hostage to those forms of political behaviour which are a recognised cause of PNG's poor development performance. This point needs some clarification. We do this by reminding ourselves of the attractions of democracy relative to traditional forms of social and political organisation.

The core principle of liberal democracy is that individuals are of equal moral worth. To protect this principle the democratic process requires that decision taking be by way of rules which are formally agreed and impersonally administered. It is on the basis of such principles and practices that the claim can be made that :

“The democratic process ... is superior in at least three ways to other feasible ways by which people might be governed. First, it promotes freedom as no feasible alternative can ... Second, the democratic process promotes human development, not least in the capacity for exercising self-determination, moral autonomy, and responsibility for one's choices. Finally, it is the surest way (if by no means a perfect one) by which human beings can protect and advance the interests and goods they share with others.” (Dahl, 1989:311).

The strengths of traditional forms of social and political organisation in PNG lie in their communal processes, egalitarian outcomes and lack of serious social cleavages based on class, religion or caste. Their disadvantages lie in their lack of inclusiveness (for women), their low capacity for the peaceful resolution of inter-group conflict, the narrow scope for human development which they can offer and the potential for petty tyranny associated with the 'bigman' style of political leadership. Traditional forms of social and political organisation are then in conflict with democratic principles and practices to the extent that individuals are not accorded equal moral worth and decisions are taken in accordance with the *influence* which prominent individuals can bring to bear on the political process.

Where traditional styles of political leadership and modern electoral politics run in parallel we have the potential for the transitional dysfunctions of warlordism and female oppression referred to in Section 6.3. More generally where decision taking is on the basis of personal influence rather than impersonally administered rules the political process will be characterised by corruption - and the crime, erosion in administrative capacity and poor development performance with which it is associated. In reflecting on a lifetime of study around the themes of tradition, modernity and change in PNG societies Strathern and Stewart encapsulate the risks inherent in this transitional state as follows :

“The people all want development. What they protest against is their perceived share in development, which they consider too small. Politicians vie for resources they can obtain if they win elections, and they resort to violent means to do so. Democracy, by this process, undoes itself, and articulation with the outside world results in a kind of self-strangling through excessive and unregulated competition” (Strathern and Stewart, 2004 : 158).

On the basis of the above it is concluded that democratic principles and practices are critical to the formation of effective political communities and governments at the district level.

The second issue concerns the source of the initiatives for the formation of political communities and district governments and relationships between these processes.

The preferred scenario is presumably one in which political communities emerge and initiate the formation of governments to further their objectives. We have questioned the prospects for such communities emerging naturally and since PNG is a unitary state the formation of any system of sub-national government is within its prerogative.

An alternative scenario is that the state assumes responsibility for the formation of strong democratic political communities. Leaving aside questions of capacity any engagement by the state in the development of political values must be cause for concern if not alarm. Political education readily degenerates through partisan propaganda into state ideology as a favoured tool for corrupting the political process and entrenching authoritarian regimes.

Diamond, a recognised scholar in the field of democratic transitions, concludes that the best means for acquiring democratic values is by hands-on-experience :

“There is no better way of developing the values, skills and commitments of democratic citizenship than through direct experience with democracy, no matter how imperfect it may be.” (Diamond, 1999:162).

In the PNG context the implication is that the establishment of democratic district governments will drive the formation of democratic political communities and not the other way around. The relationship between the state and society therefore becomes a complex and interactive one. The

formation of a strong national political community is critical to improvements in the performance of the state. For this to happen the state must take the initiative in establishing an effective system of democratic district government. Such a system will engender the formation of democratic political communities at the sub-national and subsequently the national levels. The achievement of such a productive state / society relationship must be a central objective of any new development model for PNG.

## **6.5 A new model.**

Our conclusions on sectoral roles are now consolidated in a revised model for PNG's development.

- The state sector : Efforts to strengthen the capacity of the central agencies of the state should continue. The primary focus in state building should however be on the establishment of an effective system of district government.
- The market sector : Positive interventions are required to overcome structural constraints on the development of the key sectors of commercial agriculture and small / medium business.
- Society : Continuing support should be provided to popular nation-building activities and to capacity building activities targeted at watchdog agencies and the institutions of civil society with a view to promoting the formation of a national political community with the capacity to hold the state to account and thereby improve its performance. But the primary focus should be on the formation of strong democratic political communities at the district level as the most effective means for encouraging the formation of a national political community and as a means for averting provincial warlordism and for improving the status of women.
- The state / society relationship : The informed and active engagement of the people is critical to the improved performance of the state. This should be achieved by consolidating democratic principles and practices at the sub-national level. The establishment of an effective system of government at the district level will provide the vehicle for the development of strong political communities at this level. These political communities will provide the necessary foundation for the formation of a national political community with the capacity to scrutinise and sanction the political behaviour of the state.

The 'strategic' or critical element in this model is the development of a strong state / society relationship at the district level. I will refer to this as the political integration component of the model. In the next section I briefly restate the case for political integration and make some observations about a strategy for its implementation.

## **7 THE POLITICAL INTEGRATION COMPONENT**

In this Section I summarise the argument for establishing a stronger state / society relationship at the district level and consider aspects of a program for achieving that outcome.

### **7.1 The argument for political integration.**

PNG's fundamental development problem is that in spite of a fully elaborated institutional structure at the national level and access over an extended period of time to adequate levels of resources and technical assistance performance across all sectors has been poor and in some cases is deteriorating.

The *causes* of this problem lie in a persistent disconnect between society and the state. At the national level a fully elaborated set of political institutions is paired with a weakly articulated political community. At the sub-national level neither traditional nor emerging forms of social and political organisation are productively engaged with government at either the provincial or local levels.

The origins and persistence of the disconnect between state and society lie in an unresolved tension between the ‘bigman’ tradition of political leadership and the principles and practices of representative democracy. Democratic and traditional systems make different assumptions about the worth of individuals and they employ different decision taking practices. The democratic political process assumes individuals are of equal moral worth and protects this principle by requiring that decision taking be by way of rules which are formally agreed and impersonally administered. Under traditional forms of social and political organisation individuals are not accorded equal moral worth and decisions are taken in accordance with the *influence* which prominent individuals can bring to bear on the political process.

These contradictions lie at the heart of PNG’s dysfunctional development process. They explain why members of parliament have used the processes of electoral democracy to extend their political reach and to deepen the resource pool available to them as political leaders in the ‘bigman’ tradition of political leadership. And this behaviour explains why representative government at the provincial and local levels has been co-opted or marginalised to the point of impotence. As a consequence local communities have been denied practical experience in the democratic management of their affairs. They have not therefore developed the democratic values and skills for effectively engaging in the national political process.

The more dramatic *effects* of this disconnect include high and rising rates of crime and corruption, systemic decline in the reach and quality of service delivery, incipient warlordism and an erosion of the status of women.

On the basis of the above the *solution* to PNG’s development problems lies in the formation of effective state / society relationships at the sub-national level. The point of intersection between traditional forms of social and political organisation and the existing pattern of local government units does not provide a suitable site for the formation of such relationships. Existing units of local government are too small in size to function as robust units of local self government and there are serious points of conflict between the traditional political processes of local communities and democratic principles and practice.

The most effective means for promoting effective state / society relationships at the sub-national level is to create the conditions for the development of strong forms of democratic political community at the district level. This can be achieved by establishing an effective system of government at that level. The formation of strong political communities and governments at the district level will accelerate the formation of a strong political community at the national level. This will create a supportive environment for the activities of civil society organisations. As the state is brought under more effective democratic scrutiny and control its performance will improve.

I will refer to the above as the *political integration* argument or theory because it focuses on the relationship between state and society; because it integrates local-level and national-level solutions and because it proposes a transition from traditional to democratic political processes as the basis for addressing PNG’s fundamental development problems.

## **7.2 Elements of a reform program.**

Major reforms to the existing structure of sub-national government are indicated. Matters for consideration in designing a suitable reform strategy include :

1. Local government, democracy, community, representation, participation, responsiveness, transparency and accountability are contested concepts or values which are capable of a wide range of interpretations.
2. District government should be conceived as a form of democratic, local, self-government not as an administrative agent for the delivery of centrally managed services.
3. District governments should be equipped with a broad range of responsibilities and powers. Certainly these should extend beyond the provision of services to include cultural, regulatory, economic development and conflict resolution functions.
4. A program to establish a district government system will have to address matters relating to the functioning of the larger governmental system including topics such as inter-governmental relations; training and accreditation systems; the audit, electoral and integrity functions; industrial relations matters; civics education and the provision of technical support services.
5. In implementing a reform program the tendency will be to focus on concrete, state-building activities such as the establishment of units of government. The focus must however be on the more complex objective of developing effective state / society relationships.
6. The conventional approach to local government reform has been to debate all the issues, to prepare comprehensive enabling legislation and then to introduce reforms on a nation-wide basis. This approach favours the status quo because it holds reform hostage to a general consensus on all issues before experimentation can proceed on any of them.
7. The conventional approach appeals on the grounds of transparency and uniformity. But it works to maximise the capacity of current office holders to protect the positions of power and influence they enjoy under current arrangements. It works therefore to frustrate the development of innovative and responsive systems. An incremental approach which allows for the trialling of more responsive systems to proceed in communities which are politically open to experimentation and change is preferable.
8. A reform program should be conceived and presented in a positive manner as a program for developing new state / society relationships and supporting effective self government - not in a negative manner as a program for restructuring existing units of government.
9. In view of the political and administrative sensitivities involved it would be politically prudent to introduce the new system on an incremental basis.
10. In view of the low level of human resources in PNG's existing provincial and local levels of government their replacement with a new system must necessarily proceed on an incremental basis.
11. In view of the scope, complexity, scale and political sensitivity of the matters to be addressed an incremental approach will allow for 'action learning' in which lessons learned in the course of developing state / society relationships in a particular community can be incorporated in the development of such relationships elsewhere.

12. While an incremental approach will allow for flexibility and learning in the development of effective state / society relationships in particular areas these activities should be conceived as part of a process of developing a coherent governmental system for the whole country.
13. Having regard to all of the above it is evident that legislation should support rather than lead the political integration process. A principal act for a system of sub-national government should be seen as a product of the reform program not a blueprint for it
14. Finally advocates of structural reform must recognise the relationship between political integration, economic development and overall development. Our development model relies on political integration and on positive interventions to achieve growth in the key economic sectors of commercial agriculture and small / medium business. Structural reform is necessary for overall development but structural reform by itself without substantial economic development will not yield a significant development dividend.

### **7.3 Rolling out a reform program.**

An indication of the scale and complexity of the reform process is provided in the following sketch of the steps which might be involved in rolling out a reform program.

In an *initiation phase* legislation would be enacted to establish a Commission (or other implementing agency); to enable it to assume / exercise the powers and responsibilities of existing provincial and local governments and for these to be transferred to District Councils. The Commission would then be appointed and a program design prepared.

In an *implementation phase* the Commission would call for expressions of interest from candidate areas. A short list of these would be selected for 'District Council conversion' over say a 5 year period.

- In the first year the Commission would assume an oversight role over existing local governments in the candidate area. After extensive community consultation a charter on district government would be submitted to a deliberative convention. Subject to adoption of a charter the Commission would assume the powers and responsibilities of existing local governments and elections would be held for an Interim District Council.
- In the middle years of the program the Commission would support and assist the Interim Council and deliver awareness programs on political matters including democratic principles and practice.
- In the 4<sup>th</sup> year of the program a follow-up convention would be held to review and adopt a revised charter. Elections for a District Council would then be held.
- In the out years of the program the Commission would continue to monitor the performance of the District Councils.

This 5 year cycle would be replicated in other areas until the district government system had been established nation wide.

In a *consolidation phase* District Government legislation would take final form. A Commission for Inter-Governmental Relations could assume the Commission's oversight role and a District Government Association could assume its technical assistance and support roles.

The complexity, scale, time frame and political sensitivity which this preliminary sketch reveals must raise serious doubt about the feasibility of the political integration strategy. In the next section

I consider the willingness and capacity of potential stakeholders to engage in such a reform program and the implications of this for putting together a reform initiative.

## **8 MAKING IT HAPPEN**

In Section 7 I outlined some elements of a political integration strategy. In this Section I comment on the prospects for its execution. I first make a broad assessment of the willingness and capacity of the main actors - civil society and the state in PNG and the international development assistance community including Australia - to engage in such an ambitious reform program. I then formulate and assess alternative approaches to initiating a reform process.

### **8.1 The domestic constituency for reform.**

*Civil society.*

Our brief survey has revealed a willingness in civil society to engage in 'political community building'. There is an impressive range of civil society organisations in PNG (Section 5.3 above); Regan provides 'evidence of the beginnings of diverse pressures on the state to perform according to the expectations of the people' (Regan, 2005:10); Garap has formed a women's electoral action group following her experience as a candidate in Chimbu (Garap, 2004); a consultative body with civil society representation has recommended major reform of the sub-national system of government (PSRAG, 2006).

There are therefore segments of civil society which are progressing beyond advocacy of the interests of particular social groups to engage with 'political community building'. These segments could assume a lead role in the initiation and oversight of a reform program.

*The state.*

Structural reform is very much on the political agenda at the national level.

- The Government's *Medium Term Development Strategy : 2005 - 2010* refers to the costs to national development of the failure of the '95 provincial reforms and commits the government to making the system of decentralised government work more effectively (DNP&RD, 2004 : 6, 9-10 & 45-46).
- An advisory group has recommended that PNG's 3 tier system of government be replaced with a 2 tier system based on existing local level governments (PSRAG, 2006 : 13-17).
- The Minister for Inter-Government Relations has indicated a preference for a 2 tier system of government for PNG with Provincial Governments being replaced by Provincial Commissioners and existing local level governments being rationalised into a system of District Governments (Barter, 2004 : 19-25).
- The Opposition has a Bill before Parliament for the establishment of District Authorities which would strengthen administrative coordination at the district level (Government of Papua New Guinea, 2006).
- The National Economic and Fiscal Commission is canvassing proposals for major reform of PNG's inter-governmental financial relations (PSRAG, 2006 : 42-45).
- Another advisory group has supported the recommendation for a 2 tier system and made radical recommendations on national level institutional arrangements including the abolition of the Department of Provincial and Local Government Affairs and the transfer of some of its functions to the Prime Minister's Department (PSRWG, 2005 : 45, 46 & 53).

Evidently there is a willingness in some influential quarters to canvass radical proposals for structural reform. These initiatives are contributing in their different ways to putting structural reform on the political agenda. They should be read in the context of a pattern of sub-national government which varies widely from the innovative and relatively effective systems in East New Britain and the Eastern Highlands to the totally dysfunctional system of the Southern Highlands.

But these initiatives must be set against the record of skilful subversion of the '95 reform process by MPs and central agencies in order to protect positions of influence and power at the centre (refer Section 3.2 above). It will require first rate political leadership along with creative program design and delivery to advance structural reform in such a challenging political environment.

## **8.2 The international community.**

There are many points of entry available to PNG in seeking international assistance for the development and execution of a reform program. These include :

- The major multilateral development assistance agencies such as the World Bank, UNDP and ADB which have extensive experience in sub-national reform whether in the form of programs for decentralisation, governance, local government reform, sectoral development, community development or institutional capacity building.
- PNG could learn a great deal from the experience which other countries have had in implementing major structural reform programs. PNG's nearest neighbours have highly relevant recent experience - Indonesia with administrative decentralisation and the Philippines with local government reform. A recent World Bank study on decentralisation in Asia constitutes a useful comparative analysis of the experience of some Asian countries with 'decentralisation' and 'making local government work' (World Bank, 2005).
- There are organisations which operate at the international level in support of the development of local government systems. Examples include the International Union of Local Authorities, which facilitates international cooperation in local government matters, and the Institute of Local Government (INLOGOV) which provides specialised consulting and training support to local government including in developing countries.

These few paragraphs are sufficient basis for suggesting that there should be no difficulty in identifying a range of agencies, programs and models which could be useful in developing and delivering a reform program in PNG. The difficulty will lie in extracting out of this abundance a package of institutional arrangements and technical capacities which are responsive to PNG's preferences and circumstances.

## **8.3 Australia.**

The willingness and capacity of Australia to assist PNG with a reform program depends on many factors. These include the willingness of Australia to provide continuing development assistance to PNG ; the nature of the working relationship between the two countries and Australia's capacity to provide the kinds of assistance necessary for a reform program and many others. In the following paragraphs I note grounds for concern in relation to both willingness and capacity.

### *Willingness.*

Following a major review of its overall aid program the Australian Government has committed to doubling the amount of development assistance it provides to \$4 billion by 2010. But this financial commitment does not automatically translate into an uncritical commitment on the part of the Australian people to provide continuing development assistance. To sustain a long term

commitment the people of Australia should be engaged affectively with the people of PNG as development partners and they need an assurance that the assistance which is being provided in their name is broadly effective.

Neither of these conditions is assured. In relation to aid effectiveness I have indicated in Section 1.1 that PNG has performed poorly notwithstanding access to 'windfall' revenues from a rich natural resource base and the provision of some US \$16 billion in development assistance. Secondly there are signs of stress in the affective relationship between Australia and PNG.

There are many points of shared experience and circumstances to explain the robust and friendly relationship which has obtained between the two countries. They shared a common Pacific War experience and have moved on from a colonial relationship. They are close neighbours. Both are big countries in their regional contexts. For both the relationship with Asia is a work in progress. But in practice the relationship has become surprisingly thin. To focus on the negatives from the Australian perspective : aside from war histories, the memoirs of colonial officers and one or two documentary films PNG is a neglected field in Australian popular film and writing. PNG affairs form a tiny fraction of coverage in the Australian media. Pacific studies form a negligible part of the curriculum in Australia. Few Australian scholars now research PNG topics. Papua New Guineans are thinly represented among the many overseas students studying in Australia. Sporting, cultural, tourism or other social contact between the two peoples is reduced to a trickle. Exorbitant fares and charges discourage such contact.

This thin and wasting people-to-people relationship is underscored by an undercurrent of tension and mistrust in official relations between the countries. Recent incidents include what Prime Minister Somare perceived as a public humiliation at the hands of customs officers in Brisbane and the forceful manner in which Canberra promoted its ill-conceived Enhanced Cooperation Program. These and other aggravations lie behind Prime Minister Somare's view that Australia undermines PNG in the international arena with its references to failed states and "saying that we are trouble makers up in this region" (*Dateline*, SBS Television, September 14, 2005).

If Australia's relations with PNG can be characterized as thin and mistrustful then its willingness to engage as a principal development partner in a complex, long term reform program must be open to question. And a thinning relationship can give Port Moresby little confidence in Australia as a development partner for such a politically sensitive reform program.

#### *Capacity.*

If we can assume for the moment Australia's commitment to PNG's development and that the PNG government might accept Australia as a development partner we must next consider whether Australia has the capacity to properly support such a program. Since the conduct of Australia's bi-lateral relations with PNG "has in effect been sub-contracted to AusAID" (ASPI, 2004 : 4) our first line of inquiry must be into that agency's capacity to initiate and support such a program.

For these purposes I will consider first whether AusAID has demonstrated the capacity to undertake the kind of critical analysis or to exercise the kind of strategic leadership required for getting structural reform on the development assistance agenda. I will then consider whether it has the technical capacity to support the execution of such a program.

I would argue that AusAID has operated within a narrow intellectual framework which has constrained its ability to respond creatively and effectively to PNG's deep developmental problems. In relation to the issues which this essay identifies as critical to PNG's development AusAID has :

- Supported the endeavours to privatize PNG's state owned enterprises and to de-regulate the business environment when it has been evident for a generation or more that the critical economic challenge is to develop commercial agriculture and the small / medium business sector as a development pathway out of the subsistence economy and as a complement to the resource extraction sector.
- Persisted with a state-centred development strategy in a country which is famous for the complexity and diversity of its (stateless) societies and held closely to a narrow conception of governance as a concern with improving the management performance of agencies of the state.

It has failed therefore to draw attention to systemic failure in representative government at the local and provincial levels and it has failed to recognize the democratic deficit which lies at the heart of PNG's poor development record. As a consequence PNG continues to experience poor development performance and once again stands exposed to the risks of provincial warlordism. In the PNG context these dysfunctions are first and foremost an expression of a persistent failure to achieve good state / society relations at the sub-national level.

A development assistance agency ought to challenge and revise models which frustrate the achievement of broadly based objectives over extended periods of time. In the PNG context AusAID should long since have moved on from its version of state capacity building and 'governance lite' to a vigorous and direct advocacy of democratic reform at the sub-national level.

If AusAID has not itself undertaken critical analysis on the sub-national issue how has it responded to challenges to the state-centred orthodoxy from other elements of the policy community ?

We have noted the ASPI conclusions that the hardest and most important challenge facing PNG is nation-building (ASPI, 2004 : 43 – 49). We have referred in Section 8.1 to recent initiatives within PNG on the sub-national issue. Many of these were reflected in the background analysis supporting the preparation of the Australian Government's White Paper on Aid. For example the *PNG Analytical Report* refers to the need to balance supply-side governance (i.e. capacity building) with activities which increase the demand for improved governance. It also refers to the administrative confusion and adverse impact on service delivery of the failed '95 provincial reforms. These particular issues are presented as part of a larger problem in political governance :

“But there is a fundamental longer term issue – which type of decentralised structure will best support stronger performance in PNG ? This is a relevant issue in the thinking about the positioning of the aid program over the medium term. ... This is not just an issue of political governance. It is a critical issue in stability and cohesion, service delivery and opportunities for growth” (AusAID, 2005 : 9-26).

None of the analysis in this material (or an earlier version of this essay) finds its way into the final outputs of the White Paper process – which was managed by AusAID. Under the theme of '*Fostering Functioning And Effective States*' the White Paper affirms AusAID's established approaches to governance and it introduces new strategies on political governance, incentives, technical assistance, emergency response capacities and law and justice. But it remains entirely silent on the topic of sub-national reform which lies at the heart of PNG's development problems.

If AusAID has failed to initiate or to build on the initiatives of others in addressing the sub-national problem does it have to the expertise and / or the experience to properly support a reform program ? AusAID's extensive experience in such fields as governance and community development would suggest that it does. But there are fundamental differences in both ends and means between the

governance / community development activities with which AusAID is familiar and the political community building / district government forming activities of a political integration program.

I am not aware of any major sub-national reform program in which AusAID has played a lead role. I would be surprised if any AusAID staff have relevant professional experience in the areas of local government, sub-national reform or political community building. I suspect that very few of its staff are qualified in the disciplines of politics or government. Finally AusAID's preferred mode of delivering technical assistance - i.e. short term advisory inputs managed by private contractors – would appear to be both inappropriate and impractical. Inappropriate because long term relationships are critical to broadly based change and impractical because the Australian consulting industry lacks capacity in the organisation and conduct of local government systems

For the moment then we must conclude that AusAID constitutes an unlikely vehicle for providing Australian support to a sub-national reform program. It has failed to initiate critical analysis on the sub-national problem or to build on the initiatives of others in getting the issue on the agenda. It lacks relevant expertise and experience and its agents are poorly equipped for the task.

The current round of negotiations to update understandings between the two governments on Australia's role as a development partner provides a critical opportunity for AusAID to remedy this situation. But if recent AusAID initiatives provide a good indication of its intentions then an updated PNG Country Strategy is unlikely to provide an adequate response to the need for sub-national reform. The White Paper makes favourable mention of a Sub National Initiative and a Provincial Performance Improvement Initiative (AusAID, 2005 : 9 -26). But these constitute mechanical extensions of the capacity building model to the provincial level. The problem is defined as poor service delivery at the provincial level. The solution is to provide technical assistance and financial incentives to induce improved budgetary performance. This is supply-side governance over again. Technical advisers will strengthen the capacity of the bureaucracy to deliver service outcomes which mimic the performance of an effective government. The available documentation on these initiatives remains silent on the formation of political communities and viable forms of local self government.

#### *Alternative channels.*

If AusAID is unwilling or unable to function as the vehicle for delivering Australian support to a political integration program then consideration needs to be given to the use of alternative channels.

Until recently the orthodoxy has been that Australia's assistance to its development partners should be channelled through a single agency. Recent events have however challenged the administrative case for relying exclusively on AusAID. The interventions in the Solomons and Timor were emergency responses to catastrophic failure in the development processes of those countries. Those failures should be understood as constituting failures in AusAID's ability to promote peaceful development in the two countries. Accordingly the reliance on the disciplined forces to restore law and order in Honiara and Dili should be understood as introducing a new set of institutional actors to the business of providing development assistance.

The PNG Enhanced Cooperation Program represents a logical extension of emergency reaction to a more proactive model in which a wider range of players are engaged in delivering Australia's development assistance. While putting Australian police on the beat in Port Moresby attracted the opposition it deserved the longer term significance of the ECP model lies in the fact that it has inserted officials from 10 Australian government agencies into line positions in various central agencies with the intention of providing 'a more hands-on, proactive approach to tackling the multifaceted challenges of governance' (AusAID, 2006 : 42). The White Paper on Aid confirms this

dramatic shift in the architecture of the aid relationship with the observation that while AusAID would remain the primary vehicle for the delivery of the aid program the ‘whole of government’ model pioneered by RAMSI and the ECP is here to stay with funding of \$1 billion over the next five years.

The interesting question now is whether the ‘whole of government’ model might be extended to encompass development partnerships at the sub-national level on both sides. For example could the new aid architecture support a development partnership between an Australian state government and a PNG provincial government for the purposes of structural reform ?

Drawing together these various observations on the willingness and capacity of Australia to assist PNG with a sub-national reform program I note that :

- Australia is committed to a long term development partnership; to increasing the amount of assistance to be provided and to diversifying the channels for its delivery.
- AusAID appears to be unwilling to engage with sub-national reform and lacking in the capacity to support a reform program.

#### **8.4 Making it happen.**

To summarise the analysis so far we have a domestic constituency in which community based groups are taking self help initiatives; civil society organisations are advocating local government reform; elements of the political elite are canvassing options for structural reform; there is a history of political and bureaucratic resistance to decentralisation; there are prospects for improving the capacity of central agencies to deliver structural reform.

We have international development assistance agencies with extensive experience in delivering sub-national reform and an international civil society with advocacy / technical assistance capacity in the field of local government. The challenge in engaging with these sources will lie in packaging support programs which are appropriate to PNG’s particular preferences and circumstances.

Finally we have Australia as a development partner with the commitment to support a large, long term assistance program in PNG but which, at least at this stage, appears to lack the capacity to deliver a sub-national reform program.

The task now is to identify and assess a range of institutional options for executing a reform program and then to develop an action plan for initiating the preferred option. For these purposes I will distinguish between *domestic options* (which refer to alternative executive arrangements within the government of PNG for the control and direction of the program) and *partner options* (which refer to alternative sources of technical assistance and funding support). I should remind the reader that the following work should be read in conjunction with the comments made in Sections 7.2 & 7.3 regarding the design requirements for a reform strategy.

##### *Domestic options.*

The main options for exercising PNG control and direction over any reform program would appear to be :

1. a central *agency* (possibly operating through some form of inter- agency committee),
2. a special *commission* with a broad brief and executive powers,
3. a special *authority* with limited territorial responsibilities.

These bodies would presumably report through a Minister to the National Executive Council and Parliament. An Advisory Group, with representation from civil society and all levels of government, would be established to provide guidance to the program.

The first option should be treated with caution since responsibility for local government matters remains contested and because central agencies have frustrated sub-national reform in the past. A choice between the second and third options would be influenced by the scale of a reform program.

#### *Partner options.*

Plainly a very long list of potential external sources of technical and financial assistance could be identified. For purposes of considering how a reform program might be made to happen it will be sufficient to focus on a range of generic sources. These are identified and grouped as follows :

##### Multi-lateral :

- 1 Multi-lateral agency e.g. World Bank
- 2 Multi-lateral with bi-laterals (e.g. IUIDP program)

##### Bi-lateral :

- 3 Official development assistance agency e.g. JICA or AusAID
- 4 Special purpose development assistance body e.g. ACIAR.
- 5 Twinning arrangements e.g. province / state partnerships

##### Civil society :

- 6 Association-based e.g. IULA
- 7 Foundation-based e.g. Ok Tedi Foundation

By way of clarification Option 2 involves a lead agency such as the World Bank and a number of other bi-lateral donors working to a common template. The model here is the Integrated Urban Infrastructure Development Program which provided for the rapid upgrading of urban centres across Indonesia in the 1980s. Option 4 involves the establishment of a special body for the delivery of particular types of assistance. The model here is ACIAR - the Australian Centre for International Agricultural Research. Option 5 takes as its model the RAMSI / ECP concept of broadening the channels of assistance to encompass 'whole of government' twinning type arrangements. These could be located at the sub-national level and could vary in scale from one-on-one projects to partnerships involving multiple units in a longer term program. Options 6 and 7 would be less ambitious in scope and coverage. The focus would be more on innovation, leadership and management and less on structural issues. Option 6 might involve a regional centre in PNG participating in the World Bank's *Urban And Local Government Strategy* or the UN-Habitats *Global Campaign On Urban Governance*. Option 7 might involve a partnership between a development foundation such as the Ok Tedi Foundation and a lagging region such as the Southern Highlands. As with the domestic options a broadly based advisory / reference group would add value to the support provided by any external development partner.

The criteria I will use for crudely assessing the feasibility and desirability of these reflect our analysis regarding the constituency for reform and are :

- *political feasibility* i.e. the likelihood of the option winning domestic political support or mobilising political opposition.
- *institutional capacity* i.e. the ability of the option to mobilise external technical and financial resources sufficient for nation-wide reforms.
- *appropriateness* i.e. the ability of the option to find particular sub-national solutions within a coherent overall framework of government in PNG.

My crude assessment of the 7 options against these criteria is recorded in tabular and point form as follows :

- *feasibility* : a reform program which is targeted to particular areas and which is delivered by specialist agencies (Options 4-7) will be more politically feasible than a nation-wide program delivered by a mainstream agency (options 1-3).
- *capacity* : multi-lateral agencies have a greater capacity to mobilize the financial and technical resources necessary for a nation-wide program than the other options.
- *appropriateness* : Specialised bi-lateral partners (options 4 and 5) or multi-lateral agencies (option 1) are more likely to strike an appropriate balance between the need for creative solutions and the need for overall coherence in a sub-national system of government. Bi-lateral agencies are likely to give too much emphasis to universal solutions while civil society partners are likely to come up with an array of particular solutions.

#	Option	Political feasibility	Institutional capacity	Appropriateness
<b>Multi-lateral</b>				
1	agency	2	4	4
2	agency / bi-laterals	2	5	3
<b>Bi-lateral</b>				
3	development assistance agency	1	3	3
4	special authority	4	3	5
5	twinning arrangements	4	2	4
<b>Civil society partnerships</b>				
6	association	4	1	2
7	foundation	5	1	2

Note : 1 = low, 5 = high.

Taking all of the criteria together we have a situation in which :

- Official development assistance agencies are likely to mobilise high levels of domestic opposition in the initial phases of a reform program (because of a preference for universalist approaches and solutions) but have the best capacity for delivering nation-wide reform.
- Civil society partnerships may work very well in bringing particular external resources to bear on particular local problems and so serve to broaden the constituency for reform but are unlikely to provide a template for nation-wide reform.
- The option which performs best across all criteria is the special authority but it may take some time to win support for such a novel delivery mechanism from both sides of the development relationship.

These observations suggest a ‘step-wise’ approach to making it happen in which either a twinning arrangement or some form of civil society partnership is used to deliver a lead-in, low profile, high impact demonstration project. This would establish the domestic political constituency for a general reform program. The partnering role would pass at that stage to a multi-lateral agency or a special authority.

## 8.5 An action plan.

### Phase 1 :

- circulate essay to a range of interested parties
- secure seed funding for advocacy / consultations to completion of Phase 2
- develop long list of potential reform partnerships
- engage short listed candidates in exploratory discussions
- develop concept for a specific partnership

Symposium : Convene principals for proof of concept

### Phase 2 :

- develop outline partnership proposal
- develop concept for a reform program
- formulate process for taking project and program proposals forward

Symposium : Convene principals for in-principle commitment to project design and program concept and arrangements for progressing proposals

### Phase 3 :

- partnership agreement concluded and project initiated
- program proposal refined and submitted to principals
- monitoring of progress with project and program

Symposium : Convene principals to monitor project and agree action plan for finalisation and submission of proposal for reform program.

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