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Developing a coherent policy for the restructure of decentralised government

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Introduction

Reforming or restructuring the decentralised system of government has been a major challenge for successive governments in Papua New Guinea. Although the 1995 reform was seen as a major restructure to decentralised government, ongoing changes have been taking place. The 1995 reform may be regarded as a benchmark concerning decentralised government because of the replacement of the Organic Law on Provincial Governments (OLPG) with the Organic Law on Provincial Governments and Local-level Governments (OLPGLLG). However, additional adjustments have been made to the system since 1995.

These adjustments were attempts by the Government, through the Department of Provincial and Local Government Affairs (DPLGA), to improve the mechanisms for service delivery and ensure that the provincial governments and lower levels of government continued to function effectively. The district treasury roll out by the Government in 2005 and 2006 was an attempt to improve the capacity of lower level governments. The continued support from donors – especially AusAID – to the DPLGA is another attempt to improve the system of decentralised government in PNG.

A restructure of the decentralised system is needed to address the current shortfalls in service delivery. Many of the development issues and problems emerging in the rural areas are the result of services, especially government services, not reaching the bulk of the people. Every year, the government gives money, through the annual budget, to improve service delivery, but these efforts have been ineffective in stemming the deterioration in service delivery and infrastructure.

In response to a request from the National Executive Council (NEC), the DPLGA prepared a brief setting out an approach to the adoption of policies to improve the performance of the decentralised system of government in PNG. Subsequently, the NEC appointed a taskforce on government and administration to undertake a review of the overall restructure of decentralised government in PNG.

The purpose of this brief was to propose a process for addressing the major problems with the existing system of decentralised government. It presents several options for the restructure of the decentralised system, and proposes appropriate recommendations regarding these options.

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The need for a coherent policy process

The need for a major restructure of existing decentralisation arrangements is widely acknowledged. The reforms that were adopted with the OLPGLLG did not improve previous arrangements, and led to additional problems. Since then, various amendments for improving the system have been proposed, but no single policy process for the restructure of the whole system has been initiated. The present process aims to do that.

If the present move to restructure decentralised government is to succeed, it will have to avoid previous mistakes. Often, the process has proposed, and adopted, initiatives that ignored previous reform efforts. Sometimes, competing proposals have been channelled through independent departments, resulting in incompatible policies being considered or adopted. This has contributed to an incoherent policy process, and led to changes that have been ineffective, or worsened the situation.

The present initiatives for restructuring decentralised government have the potential to create confusion and incoherence in the policy process. In addition to the proposal from the DPLGA, the Public Sector Policy Advisory Group (PSRAG) is pursuing the adoption of wide-ranging proposals that would, *inter alia*, eliminate the provincial level of government altogether, while proposals to create additional provinces of Hela and Jiwaka are being entertained. The East New Britain Provincial Government is pursuing autonomy through the Office on Autonomy and Autonomous Regions. Also, the National Economic and Fiscal Commission (NEFC) has designed new funding arrangements for provincial governments, which are to be implemented in 2008.

These proposals contain some provisions which are incompatible with the others. Usually, the policy process will consider competing proposals in order to achieve the best solution. The problem is that the fragmented policy evaluation process does not permit the proper assessment of alternative policies and the ultimate adoption of an appropriate policy solution.

NRI's research program on decentralisation

The National Research Institute, through its Research Program on National-Subnational Governance, is currently developing a framework for the evaluation of policy options to reform the provincial government system. This framework will provide the basis for evaluating the advantages and disadvantages of the various proposals for the reform of decentralisation in PNG. It will consider all previous and ongoing reviews and proposals for improvement, and will serve as the foundation for the design and implementation of future changes in a decentralised system of government.

The framework for the analysis and evaluation will be based on the:

- basic principles of good governance;
- appropriate characteristics of decentralisation in the service of development;
- requirements for the operation of a democratic state;
- nation's specific cultural, social, economic, geographical,

and political characteristics; and

- background of decentralised government in PNG.

This framework will serve as a basis for establishing criteria to analyse and evaluate proposals for broad reforms of the decentralised system and specific changes in existing structures. Specifically, it will address:

- (a) new financial arrangements developed by the NEFC, to be enacted in 2008;
- (b) the recommendations for amendments to the OLPGLLG proposed by the DPLGA;
- (c) the proposals contained in the PSRAG report;
- (d) the literature on the reform of the decentralised system contained in NRI's literature review and bibliography;
- (e) the previous reviews of the overall decentralised system and the recommendations proposed by those reviews; and
- (f) specific changes presently under consideration by the government, including:

- the establishment of district authorities;
- greater autonomy for East New Britain and other provincial governments;
- the creation of additional provinces;
- the replacement of provincial governments with district governments;
- the abolition of regional electorates;
- the creation of additional open electorates;
- the number of legislative levels of government;
- electoral provisions for local-level governments;
- the status of the National Capital District; and
- the nature of the public service at the provincial level, and its relationship to the national public service.

This framework will present a series of options for the reform of the provincial government system, as well as the advantages and disadvantages of the various options. The financial, legal, and administrative implications of each of the options will be considered, in order to determine the preferred option(s).

Elements of a coherent policy-making process

In order for the policies concerning the restructure of decentralised government in Papua New Guinea to improve the delivery of basic services to the people, they must be developed within a coherent policy process. The broader process of restructuring has been under way for some time, and involves a number of strands. A range of changes is proposed, from changes in the wording of the OLPGLLG, to the wholesale overhaul of the system. For the restructuring process to succeed, it is imperative that these strands are brought together within a logical framework for policy evaluation and analysis.

Given the variety, complexity, and stage of assessment of the policy proposals currently being considered, the development of a coherent policy approach is a challenging exercise. An appropriate framework must be consistent in respect to previous policy proposals, and with changes that are underway and which need to be preserved. The policy process for assessing proposals must allow alternative policies to be evaluated with respect to their relative consistency and desirability.

The policy process must also take place within an institutional framework that will avoid redundancy and incompatibility among policy recommendations.

Past reform of decentralised government

During the 1980s and early 1990s committees and commissions were established to propose improvements to the OLPG. The proposed reforms covered legislative, administrative, and fiscal matters, and resulted in many specific recommendations for change – few of which were adopted. The procedures for the adoption of the OLPGLLG did not incorporate the earlier recommendations, which is partly why there was no significant improvement in the system.

The current process for developing policies to restructure the decentralised system should take into account the previous performance and reform arrangements, to ensure that important improvements are included and previous errors are avoided. NRI has produced a literature review and annotated bibliography, including complete recommendations of previous reform efforts. This review and bibliography will be available to all interested parties, committees of review, and independent researchers, in order to provide a clear understanding of past reform efforts.

Achievements in the present restructuring

Beyond the literature review, progress has also been made in reforming some elements of the decentralised system. The present initiative for restructuring the decentralised system must incorporate these accomplishments into its policy process. Two important accomplishments are the review of the OLPGLLG, and the review of funding arrangements for provincial government carried out by the NEFC.

NEFC's Review of Intergovernmental Financing Arrangements has resulted in new arrangements which achieve the provincial funding goals that have been pursued since the establishment of the decentralised system. These arrangements are to be adopted in 2008, with implementation being phased in over five years.

It is essential that NEFC's funding arrangements are not delayed by the ongoing process to restructure the decentralised system. NEFC's detailed research and analysis provides an accurate basis for the funding needed to effect the delivery of services in PNG. NEFC's proposals have received widespread national and provincial support at the administrative and political levels, and represent the first time that the original goals of funding decentralised government have been met. Funding provisions are central to a decentralised system, and any restructuring that emerges should be designed around these arrangements. The NEFC funding arrangements should be implemented without delay, and any new provisions for decentralisation should be built upon them.

The DPLGA has completed a review of the OLPGLLG, identified errors, shortcomings, contradictions, and inconsistencies in the Organic Law, and drafted amendments to correct them. The amendments should be adopted, and the proposed revisions to the existing Organic Law can serve as a guide to the drafting of the new law. The DPLGA review identified several areas that require further research, and these should be incorporated into restructuring of decentralised system.

Identify and incorporate competing policy proposals

The accomplishments of NRI, NEFC, and DPLGA will provide the policy foundation for restructuring the decentralised system. However, a single policy process must include all possible options, provide for their comparison and evaluation, and develop a coherent policy for the restructure of the system, with no contradictions.

Inclusiveness of the policy process

While the evaluation and analysis of policies for restructuring the decentralised system will be organised around the major findings of the DPLGA review, it should include other considered or proposed options during the assessment process, including:

- maintenance of, and improvement to, the existing system;
- basing the system on the *District Authorities Act*;
- replacing provincial governments with district governments;
- developing a system based on the proposals of the PSRAG;
- introducing a mechanism for different levels of provincial autonomy;
- considering the appropriate number of provincial governments; and
- variations on, or combinations of, the preceding options.

Other options, such as the granting of greater autonomy to some provincial governments, and the creation of additional provinces are being considered.

Consistency among elements of policy options

The East New Britain Provincial Government has requested greater autonomy status, and other provincial governments have expressed interest in autonomy. Proposals have been made to create additional provinces – Hela and Jiwaka – in the Highlands Region. However, there are contradictions and inconsistencies between these proposals and the other options.

The *District Authorities Act* is an example of what can happen when policies are adopted without considering their effect on the overall system. Similar inconsistencies arise in relation to greater provincial autonomy, whereby under the PSRAG proposals, provincial governments would effectively be eliminated. A model of decentralisation centred on District Authorities would also appear to be incompatible with highly autonomous provincial governments. All of these proposals affect the nature of the decentralised system, and must be evaluated within the overall policy process for restructuring the system. They must all be assessed for consistency, as well as validity, to ensure an effective system of decentralisation.

Structure of a coherent policy process

In order to identify inconsistencies, reconcile them, or eliminate them, it is imperative to consider all potential options within a single, coherent, policy framework. All proposals must be channelled through a single, clearly defined institutional policy process.

A unified and coherent framework

A unified structure for policy analysis is the most efficient way that the advantages and disadvantages of all competing proposals can be fully explored. It also provides for:

- comparing the implications of different options;
- identifying contradictions among policy options;
- selecting the best elements from different options;
- structuring compromises from competing options;
- considering new options that may arise during discussions; and
- avoiding duplication and redundancy of policies.

A single analytical framework would assess the various options to improve the decentralised system of government, and make it more effective in delivering services to the people.

The framework for policy analysis will comprise criteria for assessing options for the restructure of the decentralised system, within the context of the present situation in PNG. It will provide a basis for evaluating different options by considering:

- previous recommendations for reform of the system;
- the shortcomings of the present arrangements;
- the specific problems that need to be addressed;
- the way the policy proposals intend to resolve the problems;
- alternative ways of resolving the problems;
- evaluation of the options with respect to specific criteria; and
- implications of adopting the proposed options.

The findings of the policy analysis within this framework will form the basis for recommendations concerning the adoption of a restructured decentralised system of government.

A single institutional policy-making structure

The evaluation of policy options within a single, appropriate, analytical framework requires a clearly defined institutional structure within which the evaluation can take place. Although there are fundamental contradictions between some of the policy options under consideration, this is not a problem. A coherent policy process is designed specifically to deal with, and resolve, such contra-

dictions in determining policy choices.

The proposals for changes in the decentralised system that are under consideration are not being evaluated within a single analytical framework, and are following different institutional paths through the policy-making process.

The overall evaluation of options for restructure of the decentralised system is being carried out within the DPLGA, the reform proposals developed through the PSRAG are being considered at the ministerial level, proposals for creating new provinces of Hela and Jiwaka are being dealt with by the NEC, and the policy submission by the East New Britain Provincial Government is being processed through the Office of Autonomy and Autonomous Regions. Whatever the merit and ultimate disposition of these proposals, it is virtually impossible that the outcome will result in a coherent policy for restructuring the decentralised system.

Without the structure of a coherent policy process it is conceivable that the NEC could adopt contradictory proposals of relatively little merit and make it difficult to effect changes that would lead to an improved decentralised system. To avoid this, all proposals should be channelled through the same process of analysis and evaluation.

Conclusion

In 2008, the Government of Papua New Guinea is involved in rethinking the fundamental nature of its decentralised system of government, which creates opportunities and challenges. This is an opportunity to finally achieve the goals of improving the lives of Papua New Guineans through a system of government that delivers services in a more effective manner. The challenge is to avoid repeating the mistakes of previous reform efforts by learning from those experiences and adopting a policy process that is more coherent than previous policy processes.

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