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THE PROVINCIAL PERFORMANCE IMPROVEMENT INITIATIVE (PPII): ITS ACHIEVEMENTS AND THE FUTURE

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Summary

The Provincial Performance Improvement Initiative (PPII) is an initiative of the Department of Provincial and Local Government Affairs (DPLGA) and AusAID. PPII is making big improvements to provincial administrations. Since 2004, the PPII has helped to improve planning, accountability, and infrastructure in provincial administrations. PPII has also elevated the profile of the DPLGA and has strengthened relationships with the provincial administrations and other national agencies. However, PPII could be further strengthened in four main ways:

1. The Capacity Building Division (CBD) in DPLGA which manages the program remains understaffed and underresourced and needs further support to sustain implementation over the long term.
2. Some commentators have suggested that while public administration is certainly improving under PPII, this may not be translating into improvements in service delivery. Although there is growing evidence that PPII funds are supporting service delivery areas, more could be done to ensure that improved service delivery becomes the central objective of the program.
3. A similar approach to PPII should be applied in the districts, which urgently need improved public administration and the rehabilitation of

infrastructure. This would enable provincial administrations to engage more productively with the districts, thus making a huge impact on service delivery and the decentralised system as a whole.

4. Currently, there is no national policy for decentralisation in Papua New Guinea (PNG). This means that programs, such as the PPII, operate without an overriding framework. A national policy would be an important step in ensuring that the government's position on decentralisation is clear.

Background

The sub-national levels of government in PNG have been greatly impacted by the relevant legislation that was in force from 1976 to 1995 (Organic Law on Provincial Government), and from 1995 to now (Organic Law on Provincial Government and Local-level Governments).

From 1976 to 1995, the legislation allowed more powers to reside with the lower levels of government and especially with provincial governments. The situation changed dramatically after the 1995 reforms. Prior to 1995, intense political competition and rivalry was common between open members of the National Parliament, who were mostly on the backbenches, and provincial politicians in the provincial governments. The 1995

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reforms gave national Members of Parliament greater authority over the lower levels of government. Provincial members became the governors of each of the provinces and the open members became the chairpersons of the Joint District Planning Budgeting Priorities Committees (JDPBPC) which control district expenditure under the District Services Improvement Program (DSIP). This allowed open members to control most of the funds and projects at the district level, with funds bypassing the provincial administrations. Many powers that were enjoyed by the provincial governments prior to 1995, especially the powers to make provincial laws and raise taxes were also centralised.

The 1995 reforms were a reaction by national-level politicians to this rivalry and are an example of where political considerations took precedence over the proposals of technocrats and experts about how to improve decentralisation. The period from 1995 to 2000 became a period of trial and error, where some attempts were made to address the shortcomings of the 1995 reforms. These efforts were not sustained because of a lack of political and administrative leadership.

Changes took place when new leadership took over within the DPLGA. The department took on a more central role and began to create linkages with the Department for National Planning and Monitoring, Department of Personnel Management, the Department of Finance, and the Department of Treasury which provided the resources and support to the provincial administrations.

This marked the beginning of a third wave of reform to the decentralised system of government, which is currently trying to make the system that was put in place in 1995 workable, and eliminate obstacles to an effective system of service delivery. The PPII has become the most popular and pragmatic program of this third wave. Other initiatives that are also making positive contributions include:

- mobilising and strengthening the Provincial and Local-level Services Monitoring Authority (PLLSMA);
- new intergovernmental funding arrangement that was developed by the National Economic and Fiscal Commission (NEFC);
- strengthening s.119 (the annual performance reporting of the provincial governments as required by the Organic Law on Provincial Governments and Local-level Governments); and
- the establishment of a Provincial Coordination Monitoring Committee (PCMC) in each of the provinces.

The PPII and the forementioned initiatives have also defied sceptics of foreign aid, and have proven how targeted foreign aid, together with strong GoPNG leadership can successfully implement a program that is producing results. The aid support comes through the AusAID Sub-national Strategy, which provides financial and technical assistance.

About the PPII

The PPII is housed within the Capacity Building Division (CBD) of the DPLGA. Since 2004, the CBD has expanded its activities and increased its work output and staffing levels. The increased engagement of the CBD with the provinces is proving to be mutually beneficial for both the provincial governments and DPLGA. Within the CBD, officers are responsible for liaison with the provinces. However, there is need for additional personnel.

The ultimate objective of the PPII is improved service delivery by provincial, district, and LLG administrations through developing efficient and effective public administration in the provinces. The PPII program has a Preparatory Stage, Stage 1, Stage 2, and Stage 3. Currently, four provinces are in the Preparatory Stage, nine in Stage 1, and five in Stage 2. There are criteria in place for each stage of the PPII. In the Preparatory Stage, provinces must develop and start to implement their corporate plans. In Stage 1, provinces must implement their corporate and capacity building plans and start to integrate their district and human resource plans. In Stage 2, provinces must meet a large range of human resources, management, planning and budgeting, and reporting criteria. In Stage 3, provinces must prove that they can operate independently and have measures in place to generate their own revenue.

East New Britain, Central, and Eastern Highlands (the original pilot provinces), and Milne Bay and Sandaun are in Stage 2, where the positive changes are most evident. These provinces have successfully conducted the following activities:

- developed corporate plans to establish clear systems of management;
- mapped out roles, responsibilities and lines of reporting for divisions and personnel;
- introduced systems of accountability, including monthly, quarterly, and annual work plans; and
- identified and removed bottlenecks to service delivery.

Some commentators have suggested that it is not clear that the gains which the PPII has made in terms of public administration have translated into evidence of improved service delivery. These

views often do not take into account the full extent of the improvements that have been made under PPII. However, they represent an important consideration for the future which is to ensure that the focus of PPII is clearly on service delivery.

While improvements to public administration are obvious, they have not filtered down to the districts and LLGs, which remain poorly administered. Staff shortages, lack of infrastructure and equipment, and lack of proper housing and staff supervision are common. There are also no guidelines that define how many personnel should be located at the districts and LLGs and the areas of speciality that should be considered.

Some provinces, such as East New Britain and Sandaun, have been able to increase their manpower in the districts and LLGs. East New Britain Province saw 80 percent of the staff recruited in the recent restructure based in the districts and LLGs. However, in general, the localisation of staff and capacity building in the districts and LLGs are major challenges.

PPII's Achievements

PPII's achievements since 2004 are evident in the monitoring and evaluation (M&E) exercises done by the CBD. This includes visits to the provinces and observations of the changes taking place and most importantly in the annual PPII peer review process where provinces meet and share their progress.

The M&E exercise was undertaken for Eastern Highlands, East New Britain, Milne Bay, Sandaun, and Central Provinces in 2009. The M&E tool looked at the following issues:

- provincial issues, priorities and performance;
- criteria for determining 2010 priorities;
- performance against criteria for Phase 2;
- cross-cutting issues;
- stakeholders, DPM, NEFC, DNPM and SPIA;
- expenditure of PPII funds and the management of PPII projects, 2008–2009 (Schedule 2A & 2B); and
- 2010 priorities.

In the M&E, the performance of provinces in meeting their priorities emerged as the main issue on which the PPII has made a positive impact. This is because most provinces have struggled to do this since the 1995 reforms. All provinces scored above 50 percent – an indication that progress is being made.

One of the common concerns of the provincial administrations in the M&E was the disruptive demands of national agencies which affect their productivity. There is a common call from the

provinces for a national calendar to inform them of the visiting dates of national agencies. This will allow them to better plan and implement their work without disruptions while also accommodating the demands of national agencies.

The M&E exercise also revealed that many provinces are doing well with cross-cutting issues such as disaster management, gender, and HIV/AIDS. Technical assistance (TA), in particular, has been provided to provincial administrations since 2007 to address gender issues. This includes help to address issues of gender imbalance in terms of employment, decision making and management. Many provinces have also integrated HIV/AIDS-related issues into their corporate plans and have developed workplace policies to incorporate HIV/AIDS.

The M&E essentially involved important stakeholders such as the Department of Personnel Management, Department of National Planning and Monitoring, Department of Treasury, and Department of Finance, and the National Economic and Fiscal Commission. The stakeholders asked questions about the progress of initiatives and the provinces updated the national agencies. This dialogue benefited all parties.

When a province enters a new stage of PPII an incentive payment which is provided by AusAID is released. This money is in addition to the annual provincial grants. The DPLGA has a stringent accountability process to monitor these funds. Simbu and West New Britain Provinces had their accounts frozen as a result of non-compliance with the guidelines. However, their accounts are now in order after audits were done. The PPII funds which were given to the provinces as part of incentive payment, were spent in the following ways:

- *Central Province*: 82 percent on the rehabilitation of its office space, two projects in the districts, and the strengthening of local governments;
- *Eastern Highlands Province*: 80 percent to upgrade roads, upgrade a high school dormitory and a science laboratory, re-scope the development of a rural hospital, and refurbish the provincial headquarters;
- *East New Britain Province*: promote gender equity, organisational restructure, HIV/AIDS training, equipment, buildings, fixed asset management for local governments, and K1 million was used to upgrade a road;
- *Milne Bay Province*: more than 95 percent on internal management coordination, swearing in local government officials, a training workshop on human resources, refurbishing the training

centre, and upgrading the provincial database; and

- *Sandaun Province*: more than 70 percent on fixing the asset register, and visiting two districts to complete two district plans. Funds were also allocated to its 2010 priorities including capacity building, service delivery, health, education, agriculture, infrastructure, and district air charter.

An important area of success for the PPII has been the allocation of funding for service delivery by the provinces. Sandaun's M&E showed an allocation of funding for facilities such as health, classrooms, roads, capacity building, training, management and much more. This is one indication of the PPII being seen as actually improving service delivery in the provinces. The PPII peer review of 2009 and 2010 demonstrated the following tangible gains:

- West New Britain and Milne Bay Provinces have put in place a system for fixed asset management;
- East New Britain Province, through its gender focus, has seen a number of women gaining senior management positions within the administration;
- Eastern Highlands Province has restructured its positions in order to focus on the districts and the LLGs;
- Central Province has completed district plans for all its districts;
- Simbu Province has made outstanding improvements in financial management following a number of audits into its accounts and is now the leading province in the Highlands Region in terms of improved accountability and transparency; and
- Enga Province has seen the progress of other provinces, and has taken the initiative to begin PPII activities, including corporate planning and developing capacity building plans.

In the 2010 PPII Peer Review, the two outstanding presentations were by Milne Bay and Western Provinces. In Milne Bay Province, the provincial administration has signed contracts with Local-

Level Governments (LLGs) to reopen airstrips in the districts. So far seven airstrips have been reopened. This is an interesting case of the two levels of government working together to improve transportation throughout the province. Western Province is putting in place processes that will rejuvenate good governance and identify activities which will assist the people to generate income for themselves. The provincial administration has identified, and will develop, some economic corridors which will enable the people to participate in specific economic activities. Things are looking better for Western Province with its new leadership.

Recommendations for the future of PPII

The performance of the Stage 2 provinces must be carefully scrutinised before moving them to Stage 3. Stage 3 is the final stage of PPII and provinces must demonstrate that they can operate independently with their public administration machinery operating effectively and efficiently.

The role of the DPLGA, through the CBD, is critical. It has shown it can lead the way. However, there remain some critical areas that need to be addressed. An independent review that was undertaken in 2010 recommended that, in order for the CBD to continue to lead the implementation of PPII, it must be adequately staffed.

At the same time, a national policy on decentralisation is urgently needed so that the government's position on decentralisation is clear. Since 1995, there has been no national policy on decentralisation to align and coordinate all the agencies and initiatives at the national, provincial, district, and local levels. A national policy is needed so that initiatives, such as the PPII, can be aligned to the intent of the government. The absence of a decentralisation policy makes it difficult to understand what exactly the government's official stand is on decentralisation.

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