

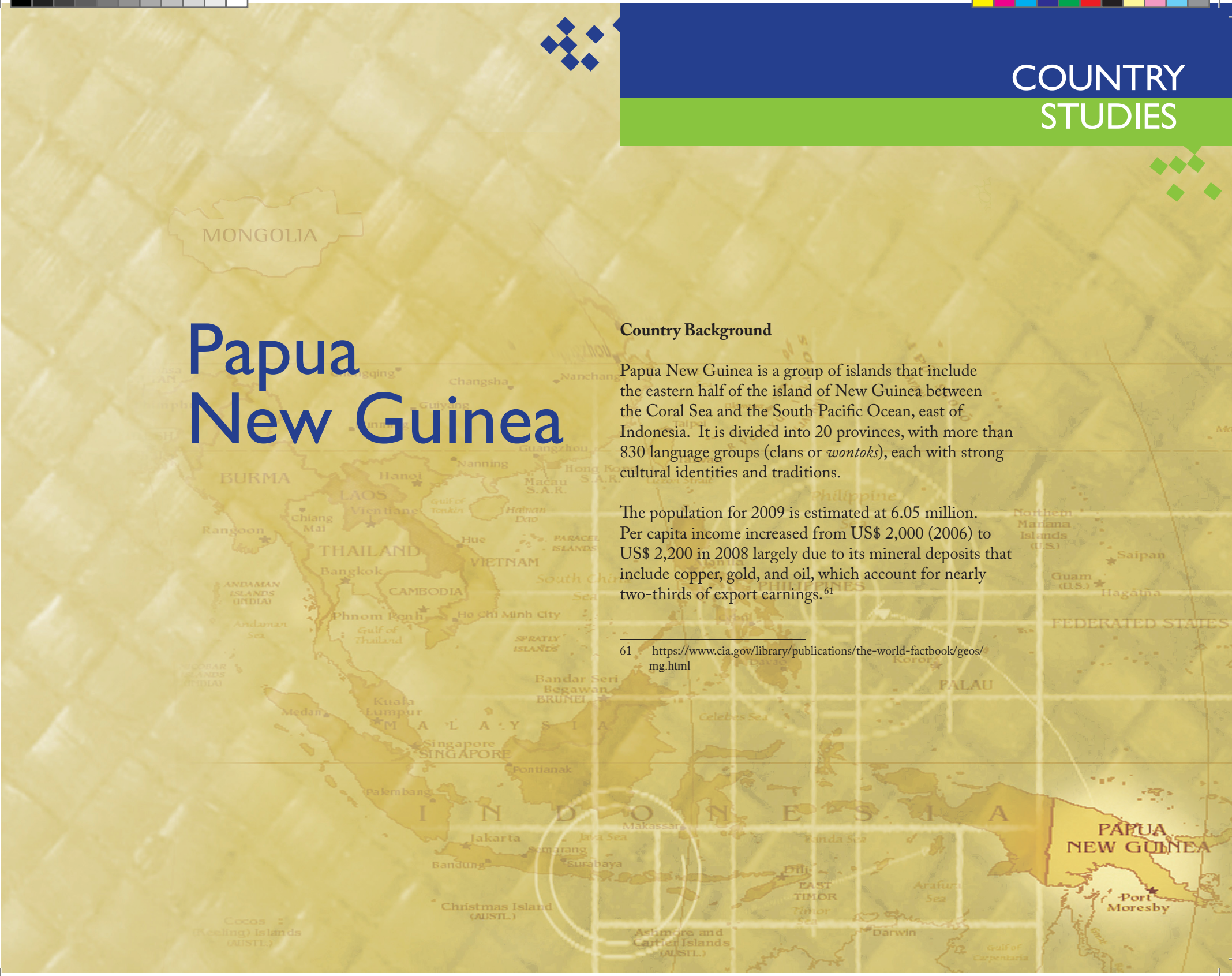
Papua New Guinea

Country Background

Papua New Guinea is a group of islands that include the eastern half of the island of New Guinea between the Coral Sea and the South Pacific Ocean, east of Indonesia. It is divided into 20 provinces, with more than 830 language groups (clans or *wontoks*), each with strong cultural identities and traditions.

The population for 2009 is estimated at 6.05 million. Per capita income increased from US\$ 2,000 (2006) to US\$ 2,200 in 2008 largely due to its mineral deposits that include copper, gold, and oil, which account for nearly two-thirds of export earnings.⁶¹

⁶¹ <https://www.cia.gov/library/publications/the-world-factbook/geos/mg.html>



The annual population growth rate was at 2.069% in 2008. The average life expectancy at birth is 66.34 years (68.72 for women and 64.08 for men). In 2002, the population living below the national poverty line was pegged at 37%.

[A Glimpse of the Present: Economic and Political Conditions](#)

Politics in Papua New Guinea can be traced to its ethno-cultural background and condition of economic development. Although the state has an unrestricted monopoly on power, strong clan and village ties still dominate social structures. This practice is evident in the highlands where the traditional linkages of the clan still persist and the belief that clan members will support each other endures. This system upholds the expectation that individuals who gain access to wealth will redistribute it to kinsfolk. By doing so, the traditional concept of having “big men” has been transferred to electoral politics. This is demonstrated by their capacity to dispense gifts to their tribe or followers.

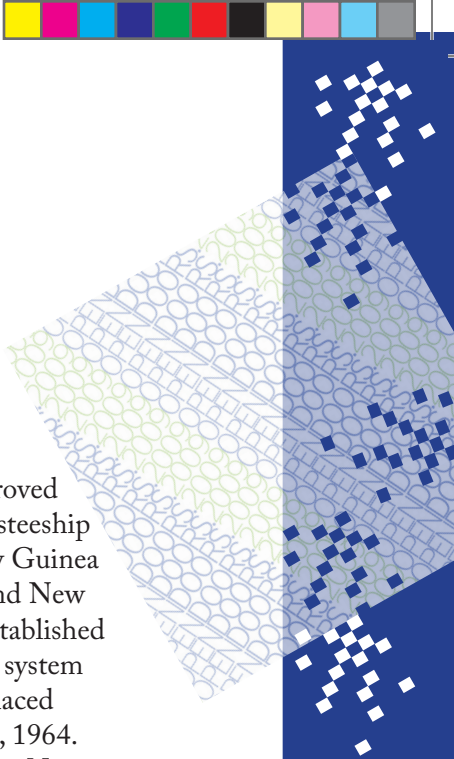

Largely due to this, Papua New Guinea suffers from an inefficient and corrupt bureaucracy, often characterized as a weak state that is unable to implement even the most basic policies. Civilians have an increasing distrust in political leaders, who are seen as corrupt and self-serving. Aside from the division among highlanders and the people from the coast, continuing tensions between the government

and Bougainville⁶² persist even if autonomy was granted to them under the new constitution. Although the country’s administrative and political structures are decentralized, based on the ‘Organic Law for Provincial and Local-level Government, it remains dysfunctional due to the disconnect between central and local levels. Basic services delivery is also highly politicized and is complicated by gaps or overlaps in authority.

After years of decline and government deficit, Papua New Guinea’s economy improved by a general rise in commodity prices and by government steps toward spending control. The economy continues to grow modestly and the government recorded a meager surplus in 2007. However, the economic improvements are based almost entirely on high commodity prices and the nation continues to have serious problems of corruption, a lack of law and order, land tenure concerns stifling investment, political interference in business, and a lack of political will to adopt needed sweeping reforms.

In the 2009 index of economic freedom published by the Heritage Foundation and the Wall Street Journal, Papua New Guinea ranked 23rd among the 41 countries

⁶² The people of Bougainville tried to gain independence in the 1970s but were unsuccessful. In 1989, a war of secession broke out. In December 2004, the Papua New Guinean government unveiled a new constitution for the island, granting Bougainvillians a higher degree of autonomy. Elections were held and a new provincial government was established.



within the Asia-Pacific region, though its overall rank globally is slightly below the average.⁶³ The United Nations Development Program's 2009 Human Development Index (HDI) score for Papua New Guinea was 0.541, receiving the 148th place out of 182 countries examined.⁶⁴ The country's 2009 Human Poverty Index-1 (HPI-1)⁶⁵ is at 39.6, giving it a rank of 121 among 135 countries. In the 2009 Global Corruption Report of Transparency International, Papua New Guinea's rank in the corruption perception index rose from 162nd in 2007, to 151st in 2008 among 180 countries.

A Peek into the Past: Historical Backdrop

The eastern half of the island of New Guinea - second largest in the world - was divided between Germany (north) and Great Britain (south) in 1885. The latter area was transferred to Australia in 1902, which occupied the northern portion during World War I and continued to administer the combined areas until independence in 1975.

63 <http://www.heritage.org/Index/Country/PapuaNewGuinea>

64 The HDI provides a composite measure of three dimensions of human development: life expectancy, adult literacy and gross enrolment in education, purchasing power parity, and income.

65 HP-1 is used for developing countries. HP-1 measures "a composite index measuring deprivations in the three basic dimensions captured in the human development index — a long and healthy life, knowledge and a decent standard of living."

The Papua and New Guinea Act of 1949 formally approved the placing of New Guinea under the international trusteeship system and confirmed the administrative union of New Guinea and Papua under the title of "The Territory of Papua and New Guinea." The act provided for a Legislative Council (established in 1951), a judicial organization, a public service, and a system of local government. A House of Assembly which replaced the Legislative Council in 1963, first opened on June 8, 1964. In 1972, the name of the territory was changed to Papua New Guinea.

A 10-year secessionist revolt on the island of Bougainville ended in 1997 after claiming some 20,000 lives.

Papua New Guinea has a parliamentary democracy recognizing Queen Elizabeth II as its head of state. The governor general represents the Queen and acts on the advice of the prime minister and the cabinet.

The government of Papua New Guinea is characterized by weak political parties and highly unstable parliamentary coalitions. The prime minister is elected by Parliament. He chooses the members of the cabinet. They answer politically to parliament.

A Look into Reforms Towards Good Governance

Corruption continues to be a major concern in Papua New Guinea. Although efforts have been made to combat corruption through a public sector reform program, it has continued to withstand the restraining influences of the Leadership Code and the Ombudsman Commission.

Anticorruption

In 1995, the government introduced provincial reforms that used decentralization to improve public service delivery. The Organic Law on Provincial Governments and Local-Level Governments provides the basic legal structure underlying the provincial reforms that also has a provision on the participation of women, youth, churches, and employers' and employees' organizations appointed to the provincial and local government legislatures. This provision, in many ways, mandates the public's accessibility to government information and documents. This also enables the citizens to monitor the government's performance in the delivery of services.

Likewise, the Organic Law on the Duties and Responsibilities of the Leadership (OLDRL) and the Leadership Code outlines the "responsibilities of office" and specifies that leaders must not place themselves in a conflict of interest. In general, the code defines monitoring and disclosures of assets by the leaders, their conduct and the rules and registries concerning gifts and hospitality. Among other things, it compels leaders to make an annual return to the Ombudsman Commission setting out a statement of wealth and sources of income.

PNG's participation in the ADB/OECD Anti-Corruption Initiative in Asia-Pacific focused on speeding up the government's investigation and prosecution of alleged bribery cases. This entailed the cooperation of key government agencies such as the Finance and Treasury and Personnel Management Departments. Under the charter, the Statement of Alliance signed by the State agencies, set up the Public Sector Anti-Corruption Liaison Committee in 1999. The Committee developed an anti-corruption strategy that recommended the establishment of a National Anti-Corruption Agency that will combine the existing resources to effectively investigate and prevent corruption.⁶⁶

Papua New Guinea's Ombudsman Commission (PNGOC) is comprised of both the office of the Ombudsman and the office that administers the Leadership Code. The legal basis of the Commission is provided for in Sections 218-220 of the Constitution and the Organic Law on Ombudsman Commission. The PNGOC is empowered to investigate a wide range of official bodies. In essence the PNGOC is authorized by the constitution to expose government actions and those of public officials that are detrimental to the public and its trust.

Procurement Initiatives

Public procurement is governed by the Public Finance Management Act 1992. The Act established a Central Supply and Tenders Board (CSTB) that oversees budgeting

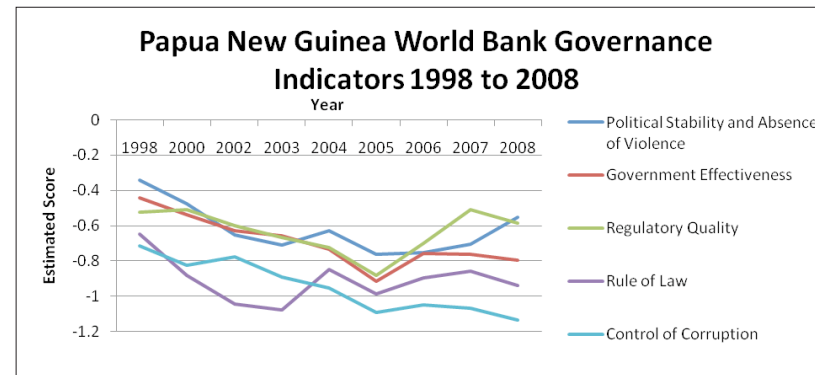
66 http://www.adb.org/Documents/Books/Financial_Mgt/PNG/chap_06.pdf

of government goods and services. However, in 2003, the World Bank in its Country Procurement Assessment Report (CPAR) for Papua New Guinea found that the private sector continued to perceive the government to have severe deficiencies in the areas of transparency, documentation, payment, and contract management. In response to this, the government created the National Government Contracts Review Committee to address allegations of corrupt practices in awarding of contracts.

Since 2005, several documents for procurement have been drafted. Among these are the Goods Procurement Manual, Operations Manual, and the Financial Management Manual. However, use of the documents has been limited due to the constraints in disseminating these to government staff, contractors, suppliers and consultants. A lack of a country-wide procurement training program also prevented the CSTB from fully implementing these initiatives.

Table 1 shows findings from the 2008 World Bank Governance Indicators Report. With the exception of Political Stability and Absence of Violence/Terrorism, all the indicators showed a downward trend. The trend stems from the government's inability to strengthen governance reforms, which have a direct impact on investment and growth. Corruption remains rampant throughout all levels of government, and participation from both the civil society and private sector is needed to abate the trend.

Table 1: World Bank Governance Indicators for Papua New Guinea (1998-2008)⁶⁷



Overview of Civil Society Organizations

Papua New Guinea has the most diverse types of organizations that make up its civil society. CSOs comprise both incorporated and unincorporated organizations, membership and non-membership groups, and either operate for public benefit or private gain. Most non-membership organizations work in the pursuit of activities for the public benefit, while the other local organizations were established principally for private gain. CSOs in Papua New Guinea are mainly active in the areas of community development, youth, gender equality, human rights, good governance and transparency, environmental protection, education and capacity building, health, and poverty alleviation.

⁶⁷ <http://info.worldbank.org/governance/wgi/pdf/c176.pdf>

The enabling legal framework for CSOs is set out under various legislation, most notably in the Associations Incorporation Act 1966, Business Groups Incorporation Act 1974, Land Groups Incorporation Act 1974, Cooperative Societies Act 1982, and the Savings and Loan Societies Act 1961. The government has created two institutions in particular that promote civil society participation in policymaking and oversight of government performance: the Consultative Implementation and Monitoring Council (CIM) and the Ombudsman Commission. They have been universally acclaimed for opening the public realm to citizen and civil society participation.

Conversely, a range of constitutionally mandated structures and processes designed to promote non-state participation in governance affairs such as representation of civil society in the Provincial Assembly, representation on Ward Development Committees or, less formal participation on school Board Management Committees have not been as effective as touted.

[A Picture of Years Gone by: A Brief History of CSO Involvement](#)

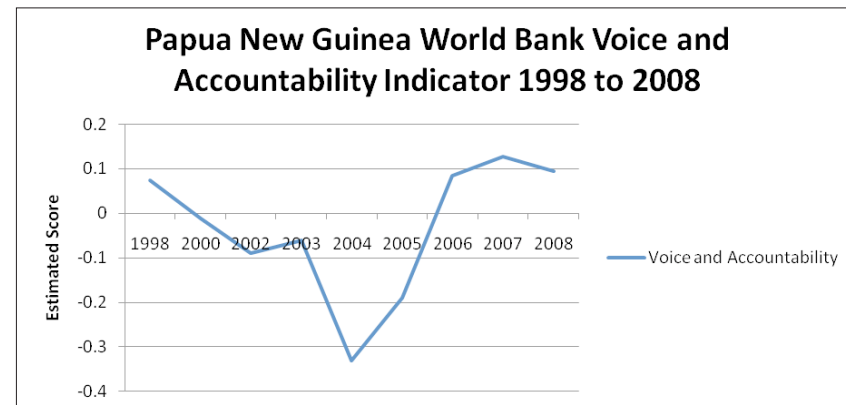
Donor funding is one of the main reasons why civil society in Papua New Guinea has blossomed. This is a case where supply (of resources) drives demand (for new associations). Unfortunately, once projects are completed, the organization disbands.

In line with its culture, the principal associational form in the country is the clan. People coming together voluntarily beyond the clan for a common purpose appears to be infrequent, but there are a growing number of instances that indicate this may be changing. Due to this, most CSOs prefer to address the social and economic

needs of their members or clans rather than engage the state over issues as corruption. Moreover, while there is relative autonomy from state for CSOs, many primary level community or citizen organizations are highly dependent on clan leadership for decision making.

Below is the World Bank's Voice and Accountability indicator, which reveals the erratic engagement of civil society:




Table 3: World Bank Voice and Accountability Indicator for Papua New Guinea (1998-2008)⁶⁸



[A Glance at CSOs Involvement in Governance Reforms](#)

Despite these constraints, organizations such as the Community Coalition Against Corruption (CCAC) and the (CIMC) have been formed to take advantage of the government's decentralization.

68 <http://info.worldbank.org/governance/wgi/pdf/c176.pdf>



CIMC is an independent organization that brings together civil society, private sector and government partners to develop policy and directly influence and monitor government decision making for the long-term development of Papua New Guinea. It was established by the National Executive Council after the National Economic Summit of February 1998. The private sector and civil society representatives who attended the Summit called for a consultative mechanism to be put in place so that recommendations made by the community would be followed up within government circles and implemented through law and policy. The CIMC Secretariat is based in Port Moresby and administered by the Institute of National Affairs, a private non-profit research institute with a tradition of offering alternative advice to that being given by the public service.

A Snapshot of Civil Society – Government Relations

In spite of the many challenges, civil society continues to adapt to the environment that Papua New Guinea has provided for it. Although decentralization has opened the doors for CSOs to participate and influence government activities, participation is still controlled as government continues to draft policies with limited consultation from the public.

A Preview of Issues Past, Present and Future

Several issues plague the development and sustainability of CSOs in Papua New Guinea.

The greatest constraint to CSO participation in the formulation of sectoral policy and the delivery of public services is the structurally flawed Organic Law on Provincial and Local Level Government. In its conception and application it is centralized, top-down and does not include communities in relevant service delivery systems. In fact, there is general consensus both inside and outside government that the law is practically non-functional with too many layers of bureaucracy and too few resources actually reaching the community level. In short, it is a principal reason for the breakdown in the delivery of essential public services.

Many CSOs are supply/resource-driven. As such, projects and advocacies are not owned by the CSO implementers. They are only dictated by donor agencies. This leads to a problem of sustainability for projects and organizations.

Donors and private philanthropic institutes are wary to fund CSOs that are not legally incorporated, and numerous CSOs in Papua New Guinea are such.

Lastly, the culture of being clan-centered is a disadvantage for CSOs that aim to tackle national issues.