

Appendix 1 Major outcomes from the conference

The last session of the conference was devoted to KSI members discussing the important lessons learnt and identifying the key outcomes. To arrive at the lessons learnt, participants discussed and identified the main points or lessons learnt from the respective speakers. The following is the list of points from the discussions that the participants felt were crucial for understanding the SAP as a program, its impacts and what can be done to address the issues.

Managing Director, International Funds Management, ANZ Bank, Australia

The following are the main outcomes or key-points derived from this presentation and subsequent discussions:

- Human resources is the key, thus it is important to invest in human resources in the South Pacific region, especially Papua New Guinea
- The ANZ Bank is already implementing elements of the SAP. In particular, the World Bank has been contracted as the investment manager for the National Superannuation Fund of Papua New Guinea (formerly National Provident Fund) which manages superannuation funds belonging to the private sector employees in Papua New Guinea.

The World Bank, the International Monetary Fund and the Structural Adjustment Program

The operations of the World Bank and the International Monetary Fund have changed over the years. Key lessons learnt so far from their operations are that

- economic reform is difficult

- supply response to reforms are lacking
- institutional development is important for efficient reforms
- coalition governments are not conducive for reforms
- local ownership of reforms is important
- the IMF approach is short term (12 months) while the World Bank approach is 2–3 years (structural reforms). There is a need to harmonise these programs into one program
- changing the structure of the economy carries an adjustment cost. This means that costs are incurred in terms of resources as well
- the sequencing of reforms is important to ensure adequate attention is paid to implementation of the reforms.

The Structural Adjustment Program in Papua New Guinea

Lessons from the recently completed SAP in Papua New Guinea.

- Past reforms have all failed.
- Recent reforms have been partially successful.
- The PNG government approached the two institutions without a reform package. The reform package was put together by the institutions for the PNG government. This raises the question of ownership and commitment to the reforms.
- Bilateral donors' role must be taken into account. In the case of Papua New Guinea, Australia has played a significant role in influencing outcomes in Papua New Guinea through its connections at the World Bank and International Monetary Fund.
- One reform package is required. The IMF and the World Bank must jointly promote one package.
- There must be adequate funding for the implementation of the reforms.
- The reform programs must be inclusive for purposes of ownership and effective communication.
- Reform design and monitoring should be separated to maintain checks and balances.
- Papua New Guinea's focus has been on receiving the money from the international donors and is relaxed about undertaking the actual reforms.

Sustaining macroeconomic stability

The main points from this session were that

- Papua New Guinea's experience has been to accumulate high deficits, leading to high debts, which in turn leads to disaster—referred to as the 3 Ds. The cycle of the 3 Ds repeats itself every three years, and the month of September is usually the starting month. Every cycle is usually worse than the preceding one
- high debt accumulation is disastrous for the economy and a huge potential burden for future generations
- Papua New Guinea has to raise the net worth of its economy by tackling the deficit bias problem. The common pool problem is a better explanation for deficit biases than strategic looting
- capacity to pay must be addressed by raising GDP and the productivity of resources
- default on loans will be very costly to the economy
- voluntary SAP during a relatively stable period would have more positive results than during a period of financial and economic crisis
- reforms are successful when home grown
- success in reforms and development depends on a small group of technocrats sponsored and shielded by the political leadership
- dissemination of information to the wider populace, transparency and accountability all assist in monitoring
- seeking funds from the international financial institutions during periods of crisis is counterproductive and expensive,
- during the financial and economic crisis and SAP period, the focus of monetary policy was on liquidity management, particularly on absorbing excess liquidity in view of inflationary and exchange rate concerns. For this, there was an increase in the use of indirect policy instruments such as T-Bills and Kina auction in open market operations
- the monetary policy environment has changed with the new independence of the Central Bank.

The promotion of good governance

The following are the main outcomes from the presentations and subsequent discussions.

- There has been a long evolutionary process in the application of the notion of power. Currently, power is seen as originating from the command of information.
- There is ample exercise of power in the design, negotiation, implementation, and evaluation of SAPs.
- Political economy is important in the use of power—who benefits and who loses in the process of initiating and implementing SAPs.
- Withholding information is an exercise of power by the few. Therefore, expansion and dissemination of knowledge and information is important to ensure accountability and transparency.
- The forestry sector remained a controversial industry. The cause of the controversy is land ownership, corruption and government policy.
- Political power play in the forest industry and political economy is very important here. Monopolist loggers and rent-seeking opportunities appear to be the main problems. Thus, auctioning of logging licences is one option for improving competition and instilling transparency.

Removing barriers to investment and economic development

The following are the main outcomes from the presentations and subsequent discussions.

- There are three main factors to development—land, capital and labour. Land, though available in abundance, suffers from lack of property rights and contract enforcement. Labour, though available, is mostly unskilled. Skilled labour is scarce and expensive. Capital, though available domestically through the local financial system, is very expensive.
- Law and order has increased costs of business significantly.
- Customary land tenure dominance is a blessing in disguise.
- Adequate legislation is in place, but its objectives have not been implemented.
- As land is at the heart of the Constitution of Papua New Guinea, it should form the basis of development. Thus, a national perspective based on land should be developed and promoted for Papua New Guinea's advancement.

Improving public sector performance

The following are the main outcomes from the presentations and subsequent discussions.

- Public sector reforms (PSR) are deliberate actions to change the Public Service,
- Papua New Guinea has had many reforms, but the results have all been disappointing. The current state of the public sector reform (1995–2001) is classified as acute; this developed from a creeping crisis of the 1984–94 period. Prior to that, public sector reforms were effectively only tinkering with the bureaucracy.
- With public sector reforms, many things are done at once. It is thus important that any public sector reform program has the following elements: it is structured, analysed, accountable, transparent, replicable, popularly supported, locally owned and has political commitments. All these constitute the continuity and sustainability of public sector reform.
- Papua New Guinea's experience under the SAP was characterised by elements of destruction, confusion and instability.
- Recent public sector reform has failed to support the decentralisation process. No analysis was undertaken to assess the impact on the decentralisation process.
- Political and bureaucratic commitment remained a constraint.

Five major outcomes and the way forward for the Kumul Scholar International (KSI)

The following are the five major outcomes from the discussions that the participants felt were crucial for understanding the SAP as a program, its impacts in Papua New Guinea and what can be done by the KSI as the way forward.

1. Countries are developed by a core group of technocrats shielded by leadership. This enables home grown and owned reforms through this group.

KSI should initiate and continue communication and dialogue with technocrats, politicians, private business, academics and graduate students both within Papua New Guinea and overseas through its activities such as

the annual conference and a KSI alumnus organisation in Papua New Guinea.

2. Information is vital for development. Misinformation and lack of proper awareness is a recipe for disaster.

KSI should establish a website to disseminate information and continue to organise and participate in public forums and conferences in Australia and Papua New Guinea.

3. Papua New Guinea's problems have been a creeping crisis—high debt to increasing debt to disaster (3 Ds).

The international donor community led by the World Bank and IMF's intervention through SAPs in Papua New Guinea were reactions to requests from PNG during moments of crisis. It would be much better for Papua New Guinea to introduce such reforms voluntarily and intentionally during relatively stable periods.

4. Political economy matters as to who benefits and who loses from reforms. Thus reform is difficult, as power play is inevitable.

Coalition governments are not conducive to structural reforms. National interests can be comprised through the pursuit of political interest and personal interests during the design and implementation of reform programs such as the SAP. The public's access to information is hampered by a high rate of illiteracy and poor channels of communication. Thus, greater use and abuse of power by the minority who have access to information makes transparency and accountability of reforms difficult in Papua New Guinea.

5. Appropriate and efficient institutional development. This included institutions for human resource development, property rights and contract enforcement.

Human resources are important. Recent public sector reforms have shown the severity of the human resource and capacity difficulties facing the nation. While investing in human resources, institutions that define property rights and enforce contracts are needed. The PNG constitution provides the framework for development.

Appendix 2 Biodata of Speakers

Ashad Ali

Ashad Ali holds a Bachelor's degree in Economics and a PhD in International Business. Based in Melbourne and reporting to the Managing Director of ANZ Pacific and Personal Banking Asia, he is the Regional Executive responsible for developing the ANZ Bank's investment management business across the Asia-Pacific region. He has also been responsible for the fulfilment of specific assignments on secondment such as: General Manager, ANZ Bank (Cook Islands); Integration Manager, ANZ Bank Pacific (PNG); and Assistant State Manager, ANZ Asset Finance (Australia). Prior to joining the ANZ Bank, Dr Ali held progressively senior general management, marketing and operational assignments with leading multinational corporations such as The Coca-Cola Company (Division Marketing Services Manager), Motorola (Corporate Marketing Manager) and McCann-Erickson (Director of Operations). Ashad Ali is currently a member of the Investment and Financial Services Association. He has also been a member of numerous other Australian professional associations.

Ron Duncan

Ron Duncan has a PhD from The Australian National University (1972). He is the Executive Director of the Pacific Institute for Advanced Studies in Development and Governance at the University of the South Pacific. He is the former Director of both the Asia Pacific School of Economics and Management and National Centre for Development Studies at The Australian National University.

He was employed by the World Bank (1980–93) as Chief of the International Commodity Markets Division, and then Chief, International Trade Division. In this capacity he gave advice to developing countries on development of primary commodity markets, trade reform measures and

structural adjustment. He had primary responsibility for liaison between the World Bank and the international organisations concerned with trade—GATT, FAO and UNCTAD.

Ron has extensive research and consulting experience in the Pacific and elsewhere in Asia and has carried out consultancies on behalf of AusAID, the Asian Development Bank, ESCAP and the World Bank. His main areas of expertise lie in agricultural, trade and competition policy and the economics of development more generally.

Daniel Weise

Dan Weise worked as a civil engineering adviser with the Queensland Government between 1970–82. At the same time he completed his economics degree at the University of Queensland and gained first class honours and a university medal in 1983. He commenced his economics career in Canberra with the Department of the Prime Minister and Cabinet in 1984, but took leave soon after to complete a Masters Degree in Development Economics from the University of Sussex, UK in 1984–85. He resumed duties at the Department and reached the level of senior adviser responsible for monetary and international policy issues. He took secondment in 1987–88 to work as a senior adviser to the Central Bank of Papua New Guinea. After a short stint back in Canberra and a scholarship to the University of York, Dan Weise worked with the Queensland Treasury between 1989–93 as a Director in both the Economics and Public Enterprise Divisions. He has since worked as an economic consultant in most Pacific Island countries, in Africa and Asia for all the international institutions. He was appointed as the Resident Coordinator for the World Bank in PNG between 1999–01 responsible predominantly for the implementation and monitoring of the Bank's Structural Adjustment Loan. He is currently working as a consultant for a number of clients in the region.

Satish Chand

Satish Chand is a Fellow with Research School of Pacific and Asian Studies and Senior Lecturer in Economics in the Asia Pacific School of Economics and Government. Satish has been researching the PNG economy since 1996 having undertaken several studies for the Governments of PNG, AusAID and ESCAP. Satish grew up in rural Fiji, went to the village primary school and was the first person from his village to have entered USP. He

continues to return to the village where most of his family and all of his wantok live and sees lots of similarities across Pacific communities.

Gae Kauzi

Gae Kauzi is at present a PhD student at Monash University. He holds a Bachelor degree (Hons) from the University PNG and a Masters degree in Economic Policy from the University of Illinois in the United States under a Fulbright Scholarship. He has worked with the Morobe Provincial Government, department of Agriculture and Livestock, and is now an employee of the Central Bank.

Peter Larmour

Peter Larmour is Director of Studies of the Graduate Studies in Development Administration Program, and also heads up a new Master of Public Administration degree at NCDS. He teaches on Governance, Public Administration and Corruption. He taught at UPNG in the 1980s. His paper is part of a larger project on policy transfer.

Ruth Turia

Ruth Turia is a PhD student in the Department of Human Geography, Research School of Pacific and Asian Studies, The Australian National University. Her main area of research interest is to understand the dilemma in PNG's forest management efforts. She holds a Master of Social Science (Development Planning) from the Royal Melbourne Institute of Technology. All of her career life has been with the Forestry Department in PNG. She was awarded a MBE (Member of the British Empire) in the 2000 New Year Awards.

Tim Curtin

Tim Curtin worked as an adviser in the Department of Finance and Planning (later Treasury) from 1988–99. Previously he worked in the European Union's Delegations in Kenya, Egypt and Nigeria. He has published extensively on economic development issues in Papua New Guinea, and some of these are accessible from his website www.geocities.com/timcurtin_png/

Josepha Kanawi

Josepha graduated from the University of PNG in 1978 with an LLB degree. She started work with the State Solicitors Office in 1978 and progressed to

Principle Legal Officer in charge of Civil Litigation in the State Solicitors Office by 1983. In 1983 she was appointed as Secretary to the PNG Law Reform Commission, a position she held for three terms until 1993. In 1995, she was appointed as Chief Commissioner of the Land Titles Commission, a position she currently holds. Josepha is currently researching customary land rights for her masters in Law degree at the Southern Cross University under an AusAID Scholarship.

Mark Turner

Mark Turner is Professor in the School of Management and Policy at the University of Canberra. He worked at the Administrative College of Papua New Guinea from 1979–86 and has written extensively on PNG especially on the topic of public sector management. He has undertaken research and consultancy work on public sector management throughout Southeast Asia. His recent books include *Governance, Administration and Development: Making the State Work*, London: Palgrave, 1997 with David Hulme; and *Central-Local Relations in Asia Pacific: Convergence or Divergence?* London: Macmillan, 1999.

Joseph Demas

Joseph Demas has a Bachelor of Arts (Political Science and Public administration) degree from the University of Papua New Guinea. Currently he is a masters student (Development Administration) at the National Centre for Development Studies, The Australian National University. He has served more than 15 years in the PNG public service system. He has held the positions of acting Deputy Secretary (Policy and Planning), Department of Works and Transport and acting Deputy Secretary, Department of National Planning and Monitoring.

Appendix 3 Conference Program

Day One 10 July 2002

9.00am	Registration—Coombs Lecture Theatre— Research School of Pacific and Asian Studies (The Australian National University)
<i>Chair:</i>	<i>KSICOC Chairperson – Mr. John Maru</i>
9.30am	Welcome and Introduction Hitolo Moka, KSI President
9.45am	Formal Welcome John Hearn (Deputy Vice Chancellor, ANU)
10.00am	Sponsor's Address Ashad Ali (Australia and New Zealand Banking Group)
<i>Chair:</i>	<i>KSI President – Mrs. Hitolo Moka</i>
10.30am	Morning Tea (Coombs)
11.00am	Keynote Address Ron Duncan
11.30am	Structural Adjustment Program in Papua New Guinea: implementation and experiences Daniel Weise (Formerly World Bank, PNG Branch)
12.00pm	Questions/Discussions
1.00pm	Lunch
Sub-theme 1	Sustaining macroeconomic stability
2.30pm	Deficit, Debt and Disaster Satish Chand
2.50pm	PNG Experiences from BPNG Gae Kauzi (Monash University)
3.10pm	Questions/Discussions
3.30pm	Afternoon Tea

Sub-theme 2 The promotion of good governance

4.00 pm	Conditionality, coercion and other forms of 'power': international financial institutions in the Pacific Peter Larmour (The Australian National University)
4.30 pm	PNG experiences from Forestry Ruth Turia (The Australian National University)
4.50 pm	Questions/Discussions
5.10 pm	End of Day One Session

Day Two July 11, 2002

**Sub-theme 3 Removing barriers to investment and
economic development**

9.30am	Removing barriers to investment and economic development Tim Curtin
9.50am	PNG experiences from customary land mobilisation Josepha Kanawi (Southern Cross University)
10.10am	Questions/Discussions
10.30am	Morning Tea

Sub-theme 4 Improving public sector performance

11.00 am	Making Public Sector Reform Work in PNG Mark Turner PNG experiences from line agencies Joe Demas (The Australian National University)
11.40 am	Questions/Discussions Plenary Session
12.00 pm	General Discussions
12:50 pm	The Way Forward
1.00 pm	Lunch
2.00 pm	KSI Annual General Meeting
5.00pm	End of Conference

Appendix 4 List of participants

No.	Name of participant	Position/Title	Org./Institution
1	Augustine Kot	Student / Secretary	PNG Students Assoc.Victoria
2	Roy manda	Student	PNG Students Assoc.Victoria
3	Philippa Raurela	Student	PNG Students Assoc.Victoria
4	Florence Pakalu	Student	PNG Students Assoc.Victoria
5	Wilson Pakalu	Student	PNG Students Assoc.Victoria
6	Mary Guma	Student	PNG Students Assoc.Victoria
7	Joseph Kavon	Student	PNG Students Assoc.Victoria
8	Jeffrey Weri	Student	PNG Students Assoc.Victoria
9	Gibson Tito	Student	PNG Students Assoc.Victoria
10	John Kewa	Student	PNG Students Assoc.Victoria
11	Vincent Pou	Student	PNG Students Assoc.Victoria
12	Samuel Yuguru	President/ student	PNG Students Assoc.Victoria
13	Leanne Bola	Student	PNG Students Assoc.Victoria
14	Martin Lulu	Student	PNG Students Assoc.Victoria
15	Leslie P.Tikil	Student	University of Queensland
16	Bucky Poka	Student	South Bank TAFE
17	Rene'e Masa	Student	South Bank TAFE
18	Nola Peni	Student	Griffith University
19	Miku Singin	Student	James Cook University
20	Tea Malinowski	Student	James Cook University
21	Ron Duncan	Director	APSEM, ANU
22	Mr John Yamin	Minister	PNG HIGH COM. Canberra 23
23	Melanie Koinari	Student	Australian National University
24	Benjamin Misel	Staff cadet	RMC, Duntroon
25	Esmie Sinapa	Student	Australian National University
26	Hitolo Moka	Student	Australian National University
27	John Maru	Student	Australian National University
28	Charles Yala	Student	Australian National University
29	Joe Degemba	Student	Australian National University
30	Herman Partia	Student	Australian National University
31	Peter Chalapan	Student	University of Canberra
32	Margaret Paraka	Student	University of Canberra
33	Anita Chariton	Student	University of Canberra
34	Joseph Demas	Student	Australian National University
35	Tim Curtin	Visiting fellow	NCDS, ANU
36	P. Leci	Senior Lecturer	University of PNG
37	Josepha Kanawi	student	Southern Cross University
38	Lydia George	ATSIIC	ATSIIC

39 Kirsten Bishop	PNG Program	AusAID
40 Debbie Bowman	PNG Program	AusAID
41 Angela Dixon	PNG Program	AusAID
42 Lindsay Fairhead	International Policy	ABARE
43 Gae Kauzi	Student / KSI Treasurer	Monash University
44 Miriam	student	Canberra Inst. Of Technology
45 Melinda Plyah	student	Canberra Inst. Of Technology
46 Virginia	student	Canberra Inst. Of Technology
47 Joanna Vavana	student	Canberra Inst. Of Technology
48 Malken R.L	Major	PNGAF/ADC
49 Peter Lamour	Director, Graduate Studies in Development Administration	NDCS, ANU
50 Schubert Maketu	Student	Australian National University
51 Daniel Weise	Private Consultant	
52 Alfred Mokae	Economist	PNG Treasury Department
53 Urgei Costello	Visitor	
54 Igumu Momo	Economist	PNG Dept. of Treasury
55 Natasha Turia	student	University of Canberra
56 David Robert	student	Flinders University
57 Chris Mackay	Visitor	ASPC
58 Adam Blundel	PNG Program	AusAID
59 Julie Hulama	student	University of NSW
60 J.Poka	student	University of Canberra
61 Elia	student	Australian National University
62 Charles Moka	Visitor	Canberra
63 Gari Moka	student	Canberra
64 Valerie Moka	student	Canberra
65 Ashad Ali	Managing Director International Management	ANZ Bank
66 Gae Kairore	student	Australian National University
67 Philip Leo	student	Australian National University
68 Everlyn Tamitai	student	Australian National University
69 Mark Turner	Visiting fellow	NCDS, ANU
70 Satish Chand	Senior Lecturer (NCDS) and Fellow RSPAS	NCDS, ANU
71 Ruth Turia	student	Australian National University
72 Ellen Kulumbu	Student	Australian National University
73 John Hearn	Deputy Vice Chancellor (Research)	Australian National University
74 Quinton Clements	Secretariat to ACT and Northern Territory	Australian National Parliament