Problems of policy transfer in public management reforms: some lessons from Papua New Guinea

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Abbreviations

EDF  Electoral Development Fund
ERP  Economic Reform Program
IMF  International Monetary Fund
NPM  New Public Management
OECD Organisation for Economic Cooperation and Development
PNG  Papua New Guinea
PSRU Public Sector Reform Unit
SAP  Structural Adjustment Program
SOE  state-owned enterprise
Given the widespread transfer of lessons in public management reforms from developed to developing countries in the 1990s, it is imperative that we develop an understanding of transfer in developing countries. This paper discusses the recent experiences of Papua New Guinea (PNG), the largest developing country in the South Pacific and a neighbour and former colony of Australia, in its recent public management reforms. The paper discusses four key issues problematic to the transfer of lessons in the reforms: corruption and self-seeking interests, adversarial relationships of key policy actors, the euphoria surrounding the novelty and sophistication of lessons, and the poor adoption and implementation of lessons. There are lessons to be learned from Papua New Guinea’s experience with policy transfer for similar developing countries.

Background

In recent years, ‘policy transfer’ and ‘policy learning’ have gained prominence in many developing countries’ public management reforms. Policy transfer is a process whereby policies and ideas from one political jurisdiction and/or policy domain are used in the development of policy and ideas in another (Dolowitz and Marsh 2000). Bennett (1991a, 1991b) refers to this process as the successive development of a policy in a number of political jurisdictions, whereas Rose (1991, 1993) refers to it as lesson drawing—a process where policy lessons are drawn from elsewhere by policymakers of a particular jurisdiction to shape policy in their own. Such a development usually follows a number of processes. These have been referred to as ‘copying’ (where the same policy is replicated or adopted), ‘emulation’ (where the policy is modified to suit different contexts and conditions), and ‘inspiration’ (where the policy stimulates the creation of novel policies elsewhere (Rose 1991; Dolowitz and Marsh 2000).

Policy transfer is contingent upon policy learning, a phenomenon which May (1999:22) defines as providing ‘a better understanding for policies’. Such an understanding becomes the basis for assessing how particular policies have fared in their original point of adoption, the strengths and weaknesses of such policies, and how they will apply to a new setting (Rose 1991). Decisions about transfer and subsequent implementation are therefore a consequence of policy learning. Rose (1991, 1993) describes the learning process as ‘prospective evaluation’, where positive and negative lessons from an existing program are determined and where analyses of how they are going to be applied and their expected impact are projected and or simulated in a new setting. A lesson is positive to the extent that its adoption would improve existing policy or create new conditions for solving a particular problem. By contrast, a lesson is negative to the extent that its adoption would undermine the operational efficacy or overall success of policy. The usefulness of negative lessons lies in their future use by policy actors. By comprehending them, policy actors can improve policy either by avoiding policy tragedies and/or problems, or by introducing positive changes to existing policies.

In newly independent countries, policy transfer has always been part of the overall
‘developmental’ process. Given the strong influence of the colonising country prior to and following political independence, administrative structures and institutions, for instance, are often copied or emulated from those of the colonisers. In the 1990s, however, there has been a more difficult sort of transfer of lessons in many developing countries seeking to institute policy measures to improve collapsing economies and public services. Many policy lessons were derived from similar reforms in developed countries in the 1980s. In the economic reforms, for instance, policy measures aimed at improving monetary and fiscal policies, deregulating markets, and opening up economies for international trade and commerce, were instituted in many developing countries. In the latter part of the 1990s, complementary reforms aimed at improving the performance of the public service were initiated. Dubbed as the ‘second generation reforms’ (Grindle 1997) the techniques adopted were inspired by the wave of public sector reforms in developed countries and the ideas of the New Public Management (NPM) model. Overall, similarities in the nature and contents of policy initiatives suggest that there was a lot of copying and emulation in the transfer of lessons in the public sector reforms. For instance, it is not uncommon to find similar or analogous reform initiatives involving a variety of corporate management techniques; accountability reforms; strategic management and departmental reorganisation; and financial management reforms focusing on new and improved strategies for departmental budgeting, financial reporting and accountability in developing countries (see, for instance, Knapman and Saldaha 1999; Kibria 2001; World Bank 1999b, 1999c, 2000b).

Recent experiences in the public management reforms in Papua New Guinea exemplify trends similar to those seen in other developing countries. Many policy measures adopted in the reforms since 1995 were based on various lessons found in the public management reforms of the developed countries in the 1980s. The transfer of such lessons was a consequence of the influence of various policy actors, the key ones being domestic policymakers, policy consultants and the international financial institutions of the World Bank and the International Monetary Fund (IMF). However, after some five years of engaging in the reform process and despite much optimism, progress has been poor in Papua New Guinea and in the case of the public sector reforms, many of the problems that were encountered prior to the reforms remain endemic. This suggests that adoption and implementation of lessons were problematic in Papua New Guinea’s recent experience with its public management reforms. This paper analyses four key problems encountered in the transfer of lessons in the recent reforms and argues that such problems serve as negative lessons for policy learning.

Public management reforms in Papua New Guinea

While Papua New Guinea has generally enjoyed steady economic growth and overall improvement in its public services since it gained political independence from Australia in September 1975, its economic performance plunged in 1980s. During this
period, there was also a deterioration in public services owing to a variety of problems, including poor work ethic, wastage, a lack of results in delivering critical services, bureaucratic corruption and over-politicisation of the bureaucracy. The World Bank (1995, 2000b) dubbed Papua New Guinea as a country with great promise but dismal performance compared to its many Pacific neighbours. Long years of economic mismanagement and poor public sector performance culminated in the near collapse of the economy in mid 1994. This was reflected in low foreign reserves without adequate import cover, a huge budget deficit arising from continuous budget blowouts, a huge debt incurred largely to finance the deficit, and a severe cash flow problem (see Duncan and Temu 1995; Garnaut 1995; Chand and Stewart 1997). The near collapse of the economy had a flow-on effect on the already inefficient public service. Much needed public services were cut, a wage freeze was imposed on public sector employees, and capital expenditure on road maintenance, airstrips and bridges was given little or no attention (Duncan and Temu 1995; Leechor 1995). The consequence was that key public services degenerated further.

The near collapse of the economy and the dismal performance of the public sector prompted massive public sector management reforms in 1995. Many of the programs that were instituted in 1995 are ongoing, suggesting that this exercise will continue for some time yet. The reforms saw the involvement of three separate governments—those of Chan (1994–96), Skate (1996–99) and Morauta (1999–2002). In general, reforms adopted were subsumed under two broad categories: programs concerned with improving macroeconomic management and creating stability in the economy in the long term and programs aimed at improving the performance of the public sector. Reforms in the former—macroeconomic reforms—were first implemented as a priority in mid 1994 and were assumed under the Structural Adjustment Program (SAP) and the Economic Reform Program (ERP). Macroeconomic reforms were complemented by public sector reforms initiated some three years later, in 1997. The public sector reforms began marginally with the adoption of strategies such as a wage freeze coupled with a cut in public service recruitment in 1995. These were followed by more ‘comprehensive’ reforms in 1998, 1999 and 2000. Such reforms were embodied in policy initiatives such as the privatisation of public entities, departmental restructuring and reorganisation, a concentration in improving service delivery in key sectors such as health and education, an insistence on result-oriented performance in government departments and entities, improving accountability and transparency, and policy coordination and improvement in the centre (see World Bank 1999b; 2000b). In an attempt to coordinate and expedite the reforms, the Public Sector Reform Unit (PSRU) was created within the Prime Minister’s Department by the Morauta Government. This unit is now spearheading most of the public sector reforms in consultation with key central agencies—the
departments of Treasury, Planning and Implementation, Personnel Management, and the Prime Minister and National Executive Council.

Influencing the transfer process: the policy actors

Various analyses of policy transfer posit that transfer is a function of the influence of various policy actors (Rose 1991; Bennett 1991a; Dolowitz and Marsh 2000). In this regard, some developed-country experience demonstrates that domestic policymakers are usually at the forefront in effecting public sector reforms, suggesting that transfer is likely to be more influenced by this group of policy actors than by others. For instance, this was the case with the public management reforms in New Zealand, where politicians and officials from the Treasury were strongly influential (Boston et al. 1996). However, the case of Papua New Guinea demonstrates that three key actors, domestic policymakers, policy consultants, and the international financial institutions of the World Bank and the International Monetary (IMF) drove the transfer of reforms. While their influence in the reform process has often been in concert, they have also at times acted alone. The influence they exert on the reforms often varies but generally they are of two types: obligatory/coercive transfer and voluntary transfer (Dolowitz and Marsh 2000). The former, obligatory/coercive transfer, is associated more with the World Bank and the IMF and the policy consultants they employ. The latter, voluntary transfer, is associated with the role of various governments, public officials and the consultants working for various governments.

Domestic policymakers

Domestic policymakers’ overall influence in the reform process stemmed from the command of the government and the bureaucracy, two institutions that were responsible for making and implementing policy decisions pertaining to the overall reform process. As such, it was imperative for various governments—the Chan (1994–96), Skate (1996–99) and the Morauta governments (1999–2002)—to take appropriate measures when faced with the troubled economy and the public sector. This was evident in the numerous decisions to engage the World Bank and the IMF for financial support of the SAP and the ERP, various decisions on budgetary restraints and, subsequently, the bold decisions to institute reforms in the public sector during the time of the Morauta Government.

Public officials were highly influential in the reforms in two ways. First, their roles in the transfer of lessons were greatly reinforced by their linkages with colleagues and government entities in the neighbouring countries of Australia and New Zealand and, for some, from study, short-term engagements and conferences/seminars in the two countries.

Second, the close linkages of public officials to politicians and the strategic location of many officials to key ministries have meant that public officials were relied upon heavily in the reform process. This was evident in the roles played by officials in the Bank of PNG and the Department of
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Treasury. Through interdepartmental committees and direct liaison with respective ministers, and in some instances directly with the Prime Minister and Cabinet (as was often the case with the Governor of the Bank of PNG), officials in those entities were able to influence important policy decisions pertaining to macroeconomic reforms. This was evident in the role of the Treasury in advising the Chan Government to adopt much needed reforms in mid 1994 when the economy was on the brink of collapse. Moreover, Treasury officials played a pivotal role in negotiating with the World Bank and IMF and putting in place a ‘rescue package’ for the troubled economy during and on the eve of the crisis. The approval of the US$55.59 SAP loan on the eve of the crisis and the ERP loan of US$50 million in 1995, together with various policy measures aimed at macroeconomic stabilisation, reflected the efforts of the officials from the Treasury. The influence of public officials continues and is evident in the variety of roles they play in the coordination and implementation of a variety of reform programs. Officials in the PSRU, for instance, still play a key role in mapping out strategies of reform and coordinate their implementation with the central agencies.

Policy consultants

Consultants have been very effective conduits for disseminating ‘new’ and developed countries’ ideas and policy lessons. In Papua New Guinea, external consultants have been working for the Treasury, the Privatisation Commission, the PSRU, the World Bank and the IMF. Economists in particular have been employed as consultants within the departments of Treasury and National Planning and were able to introduce policy lessons from abroad into macroeconomic stabilisation reforms (see Kibria 2001). Similarly, the Privatisation Commission has drawn consultants largely from Australia, while the PSRU has drawn expertise from New Zealand.

Papua New Guinea’s experience demonstrates that consultants were influential in the reform process in three ways. First, the perceived scarcity pertaining to the knowledge they possess has meant that such skills were highly sought after in the reforms. Consequently, there has been a heavy dependence on consultants to provide advice and implement some reform programs. The case of the Privatisation Commission is illustrative. The government has had to draw on the expertise of consultants mainly from Australia because it felt that there was a shortage of such expertise in the internal market. It now relies heavily on these consultants to implement the privatisation program. Second, the advantage of being strategically positioned in influential ministries such as the Departments of Treasury and the Department of the Prime Minister and National Executive Council, powerful entities such as the Privatisation Commission and the PSRU, the World Bank and the IMF, has provided leverage for consultants to have an overall influence over the government decisionmaking process. Finally, a reinforcing factor has been the lack of contestability in providing policy advice. A severe shortage of internal sources of advice coupled with poor mechanisms in appraising advice within influential
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ministries has meant that advice offered by consultants was rarely questioned, and in most cases, was taken for granted. Given this powerful position, it was relatively easy for consultants to influence the transfer process.

International financial institutions: the World Bank and the IMF

The World Bank and the IMF have long been known to engage in ‘coercive’ transfer in developing countries (Dolowitz and Marsh 1996) or ‘penetrative’ transfer (Rose 1993). A common perception, therefore, arising from such analyses is that these institutions are in many ways ‘unwelcome intruders’, moving into developing countries and imposing their will on how developing countries should reform their economies and public sectors. In the case of Papua New Guinea, the involvement of the World Bank and the IMF was facilitated by the invitation of the PNG government on the eve of the economic crisis in 1994 (Dasgupta 1998). As mentioned earlier, this was prompted by the near collapse of the economy and Papua New Guinea’s poor credit rating, which made it difficult to acquire financial loans from other credit sources. The response from these two institutions in 1995 was simultaneous and coordinated, with the World Bank giving an additional US$55 million (for 1995–98) to its earlier financial loan of US$55.59 (which had expired in June 1993) and the IMF approving a Stand-by Credit of US$111 million (for 1995–2000) to support the government’s economic reform program (see World Bank 1999b; 2000b and IMF Press Release, 14 July 1995). This level of support continued under the Morauta Government. This was evident when the World Bank released an additional US$90 million for public sector reform and governance promotion (for 1999–2001) and in the release of US$13.4 million in the IMF’s approved Stand-by Credit (for 2000–2001) (World Bank 2000b; IMF Press Release, 29 March 2000).

As was the case in many developing countries which have had to rely on these institutions for financial loans, obligations to reform the economy and the public sector constituted conditions for the release of funds. In Papua New Guinea, the World Bank and the IMF have made it obligatory for domestic policymakers to initiate tight expenditure control, redirect spending on what they perceived to be priority areas in the budget (from 1995 onwards), enhance the powers and independence of the Bank of PNG by amending the Central Bank Act, and reduce governments’ recourse to central bank credit (World Bank 1999b, 2000b; IMF Press Release, 29 March 2000). Such obligations were extended to the public sector as well, where domestic policymakers were told to institute a variety of reform strategies. These included

- Privatising state assets including the sale of state-owned enterprises (SOEs)
- introducing accountability reforms
- reforming public service capacity
- introducing result-oriented performance
- improving financial management.

Papua New Guinea’s experience demonstrates that overall control of financial loans and their release of loan tranches has exerted powerful leverage over the transfer of lessons in reform. But domestic policymakers and certain segments of PNG society have not always accepted this stance
and suspicions about the motives of the two institutions and disagreements about their overarching control over the reforms have led to numerous protests. Between 1997 and 1999, for instance, the Skate Government decided to cut all ties with the World Bank and IMF, arguing that the two institutions had exercised excessive control over decisions pertaining to the strategies and timing of the reforms. There was a strong feeling that the two institutions had overstepped their assistance role by being the advisors, architects, controllers and implementers of the reforms. It was argued that, as the architects and controllers of the reforms, the two institutions had effectively replaced the role of domestic policymakers and that national sovereignty over domestic policy was being compromised. What followed was a complete breakdown in the relationship between the Skate Government and the two financial institutions, which resulted in the cessation of all stand-by credit facilities and ongoing loan arrangements. Cut off from all available assistance, Papua New Guinea once again was plunged into an economic crisis in 1998 which lasted through to mid 1999.

Problems as policy lessons

It is not always easy to give a comprehensive assessment of the impact of public management reforms, be it in Papua New Guinea or anywhere else, given the inherent difficulties in evaluating such reforms. In New Zealand, for instance, about fifteen years after the public sector reforms began, observers and reformers are still having problems determining comprehensively the impact of the reforms (Boston 2000; Gregory 2000). What has emerged were pockets or sketches of evaluation assessing certain aspects of the reforms (Boston 2000). Assessing the reforms in Papua New Guinea faces the same difficulty, and therefore one is not in a position to give a comprehensive account of the impact of the transfer of reforms. While assessment is based on preliminary observation, it is contended that the PNG case presents fertile ground for examining problems in the transfer of lessons in an environment where a variety of policy actors are involved.

Preliminary anecdotal evidence of the reforms in Papua New Guinea suggests that reforms have not progressed as expected. The World Bank (2000b), for instance, considers the first part of its SAP loan to Papua New Guinea to be unsatisfactory, suggesting that programs financed by the loan have not been effective. Equally, the program to privatise state assets has demonstrated apparent weaknesses. For instance, it was expected that the end of 2002 would see the privatisation of a number of SOEs, yet only a single SOE, Papua New Guinea Banking Corporation (PNGBC) has been sold. This seems a poor outcome after two years of work by a highly paid team of foreign consultants. By the same token, numerous policies aimed at instilling efficiency and effectiveness into the public sector in the latter part of the 1990s were poorly adopted. A review by the World Bank in 1999 (1999c), for instance, highlights improper adoption of policy mixes as being a key problem in the reforms. Another review in 2000 notes that ‘there was ineffective civil service reform’ and the ‘reform consisting mainly of the wage-bill
and staff reduction measures were inadequate’, suggesting that reforms were highly superficial (World Bank 2000b:9). Despite initial progress in the stabilisation measures, the overall level of economic performance remained poor. In the case of the public service, delivery of key services remained the same or worsened, suggesting that public sector reform efforts need urgent rejuvenating. For instance, basic development indicators demonstrate that capital and human development has remained static after almost a decade of reform (see World Bank 1999a, 2000b).

The major problem with transferring policy lessons concerns is finding domestic support for the externally imposed lessons, both in the short and long term. When such support is lacking, the transfer and subsequent implementation of policy lessons can be severely undermined. Four factors stand out as contributing to the lack of support for reform in Papua New Guinea:

- corruption and self-seeking interests
- adversarial relationships among key policy actors
- the euphoria surrounding the novelty and sophistication of lessons
- the poor adoption and implementation of lessons.

Corruption and self-seeking interests
In Papua New Guinea, the interests and purposes of domestic policy actors are often varied. Efficiency gain is not the only interest guiding policy transfer. In this respect, political interests and rent-seeking behaviour are often influential in shaping the transfer of lessons. In the former, political leaders often have a self-seeking interest in acquiring much needed cash from financial institutions. In such a situation, commitments made are often superficial and made only to impress donors. Consequently, policy lessons are half-heartedly drawn and poorly implemented.

The biggest problem pertains to political and bureaucratic corruption (hereafter corruption) where public instruments and resources are illicitly used or diverted for private personal gain. This is a key factor preventing policy lessons from informing the changes. For instance, while practices of probity and prudence were introduced within the organisational or departmental level, concrete legislative changes by way of strengthening existing laws or enacting tougher laws against political and bureaucratic corruption, and instituting policies that eliminate conflict of interest situations, have not been given real attention.

At the same time, gross nepotism in the appointments of top civil servants, a lack of accountability for dubious policies, such as the Electoral Development Fund (EDF), and the abuse of the Gaming Board’s Funds by some members of parliament, demonstrate that corruption runs parallel with public sector reforms in Papua New Guinea. In the most recent case, the Ombudsman Commission has found *prima facie* evidence of theft and illegal diversion of public money in the Gaming Board—the entity in charge of collecting taxes from gambling activities in the country—involving eight former and current members of parliament (see *The National*, 27 November 2001). Four of these who have retained their seats after the 2002 General Elections are facing serious charges
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and are awaiting trial by a Leadership Tribunal to be convened by the Chief Justice.

In addition, Papua New Guinea’s experience demonstrates that rent-seeking behaviour can be ‘officially’ protected, suggesting that domestic policymakers often have little interest in eradicating abusive policies and practices and will publicly defend them if required to. This, for instance, was evident in the use of the EDF. When the World Bank suggested the imposition of strict accountability guidelines on the use of the controversial EDF, members of parliament stiffly opposed the suggestion for fear that this would limit their free rein and abusive practices over the vast amount of public money they control.1

These circumstances suggest a perception among domestic policymakers in Papua New Guinea, that it is perfectly acceptable to have new ideas introduced for reforming public management on the one hand, while allowing the proliferation of rent-seeking behaviour on the other. In some ways, it reflects also the underlying thinking among domestic policymakers that the benefits from the introduction of reform lessons would, in many ways, outweigh the costs of corruption. In any case, it is a demonstration of the fact that domestic policymakers in Papua New Guinea are seldom honest in their desire for genuine change in the economy and public sector.

The case of corruption in Papua New Guinea brings out a number of points of policy learning. The obvious lesson is that corruption and public management reforms cannot be mixed. The proliferation of one naturally results in the demise of the other. Consequently, any drawing of lessons, despite their perceived viability and/or usefulness, will produce mixed or poor results if corruption persists. The other important lesson is derived from the first. Given the scourge of corruption, domestic policymakers must make a genuine commitment to the reforms. In this vein, the first step is a firm resolve to do away with those interests that perpetuate self-gain but undermine the implementation of reforms. The second step would be to take corrective measures such as instituting appropriate policies and legislative changes aimed at eradicating corruption at the pinnacle of the political and bureaucratic machinery, putting the bureaucracy at arms-length’ distance from political control, and the enforcing existing policies and laws that deal with corruption. Overall, instituting necessary changes would require significant political will on the part of political leaders.

Adversarial relationships

Adversarial positions among policy actors can create problems for policy transfer and implementation. In Papua New Guinea, such problems in recent times have been evident in the relationship between domestic policymakers and the World Bank and the IMF. Thus, stalemates over reaching policy decisions about the reforms and a lack of immediate policy intervention in areas critically needing reform were some of the obvious consequences. In other cases, disagreements over policy have resulted in a complete breakdown in working relationships. Consequently, resources that are critical to the reforms are withheld, thus stifling any progression in the reforms. The case of the breakdown in the relationship between the Skate Government, and the
World Bank and the IMF discussed earlier demonstrates this. In 1998–99, when the cash flow crisis surfaced again, the severance of the working relationship with the World Bank and the IMF meant that the government could not get the much needed assistance from the two financial institutions. As a result, public services and various other commitments were on the brink of collapse due to a lack of funding. In a last ditch effort, the government has had to resort to internal borrowing from superannuation funds it controlled. The consequence of this action is still felt today in that mounting debts incurred by the government have made it extremely difficult for the funds to honour their commitments to contributors.

*Prima facie* observation of the PNG case suggests that the adversarial relationships have two causes. The first concerns the conflicting perceptions of the objectives of the reforms held by domestic policymakers and international financial institutions. As demonstrated earlier, in the analysis on corruption, efficiency is a key source of conflict. While international financial institutions would be more willing to support reforms aimed at achieving efficiency in public management generally, there are cases where domestic policymakers would not. In Papua New Guinea, this has been evident in the conflicts surrounding the proposed accountability measures for the EDF. There have, however, been cases of disagreement on the nature and timing of policy owing to different perceptions about the usefulness of policy. For instance, this was reflected in the policy differences between the Skate Government and the World Bank and the IMF. This example also demonstrates that disagreement often cannot be resolved because policy actors are not willing to reach a compromise on policy decisions. In the case of the Skate Government, this situation eventually led to a complete breakdown in working relationships. This stemmed from a lack of policy learning that would allow a comprehensive understanding of the nature of policy and its strategic ability to solve problems. When perceptions are based on different experiences, and opinions differ over appropriate policy choices, conflicts arise over policy decisions and strategies of implementation.

The second problem concerns the ‘control’ over the adoption and implementation of reforms. The PNG experience demonstrates that control is a function of the competing interests of the domestic policymakers on the one hand, and the World Bank and the IMF on the other. In this regard, domestic policymakers would often have an overall interest in maintaining national sovereignty where the preference is for the domestic government to take overall charge in deciding the nature, timing and implementation of policy lessons. By contrast, the World Bank and IMF’s role as the funding agencies has meant that their involvement in the reforms has been more intrusive and controlling.

In Papua New Guinea, the need to safeguard a secure return on investment has seen the two institutions being involved in the reforms as advisors, architects, implementers, controllers and evaluators of the reforms. However, these roles, particularly the three latter ones, have not
been well received and have been a cause of disagreement and conflict. For instance, imposing lessons and maintaining detailed control over the implementation of policy measures has raised the issue of encroachment on national sovereignty and the sustainability of externally imposed reforms. This problem has also been evident in other developing countries (Dasgupta 1998). In this regard, domestic policymakers often see themselves as mere spectators, watching public policy being made and controlled by the World Bank and the IMF. This was a key reason for the disagreement between the Skate Government and the two institutions, and one that led to the complete breakdown in their relationship. Until recently, the World Bank has not seen domestic support to be a major problem in the reforms. In a recent study (World Bank 2000c), it conceded that imposing conditions to coerce African nations in exchange for aid is not effective and is a contributing factor to failures in reform programs. Such programs have failed because lessons are externally imposed, alienated from any input from domestic decisionmakers, and controlled by the World Bank in their ongoing implementation. As a result, they are resented even before they are implemented. This suggests that policy transfer in developing countries needs a cautious approach: one where transfer is done with the cooperation and understanding of different policy actors.

Novelty and sophistication of lessons versus reality

The perceived novelty or sophistication surrounding policies or ‘new’ ideas can have a popular appeal and this can produce unquestioning faith in the viability of their application in another setting. Boston (1996), for instance, describes how the popular appeal of the New Zealand model has drawn international interest and triggered reforms in other jurisdictions. In another case, Ingraham (1993) was able to demonstrate how the popularity of the ‘pay for performance’ scheme in the private sector had triggered its adoption in the senior executive service in the United States several other OECD countries.

The biggest drawback surrounding the transfer of lessons on the basis of novelty and sophistication is a lack of critical assessment of the application of lessons. When so much faith is placed in the ability of lessons to solve various pathologies of administration, little attention is paid to those ‘conditions’ that are vital in ensuring the continued sustenance of lessons. Policy success is then taken for granted and lessons are applied on that basis. When this happens, lessons that are unsuitable can be selected for transfer or lessons may be inappropriately applied to a new setting (Schick 1998; Dolowitz and Marsh 2000).

This problem was evident in the public management reforms in Papua New Guinea. In this regard, there was no real effort to understand and determine the preconditions necessary to sustain the introduction of ‘new’ lessons. Not only were political conditions such as to undermine reform constantly, but lessons could not be transferred because bureaucrats had no adequate knowledge of new lessons, their intended objectives and how to implement them, and so made mistakes in their adoption and implementation.
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Poor approaches in the adoption and implementation of lessons

The PNG case demonstrates that the reforms were triggered by the economic crisis facing the country. As such, lessons were adopted and implemented rapidly. Overall, this particular circumstance produced two general approaches in the reforms, each having its own shortcomings. First, domestic policymakers and to some extent the World Bank and the IMF introduced measures using what could be termed a ‘quick fix’ approach. Problems were identified and lessons that were perceived to be appropriate were transferred with little analysis of local realities. There was therefore an apparent failure to diagnose policy problems and transfer lessons accordingly. The case of the fiscal reforms, focusing on the wage and employment freeze adopted in 1995, is an example. When the fiscal crisis became apparent in mid 1994, it was thought that the appropriate strategy was to freeze wages and new entry to the civil service. Domestic policymakers then instituted these measures in the 1995 budget as a move to curtail spiralling expenditure. Some two years later, budget blowouts were again experienced under the Skate Government. The problem was not really unnecessary spending on wages and new employment, although that may have contributed to some extent. Rather the problem had to do more with the budgetary regime—internal expenditure mechanisms and financial accountability—and the lack of restraint on the part of politicians in public spending. A lack of proper understanding of the causes, coupled with the need to introduce quick measures, has meant that policy measures were focused on the wrong causes. Relief was temporary, therefore, and the problem came back worse than ever two years later.

Another example is the sluggish privatisation program. Domestic policymakers and policy consultants in the Privatisation Commission had assumed that privatisation lessons that had been applied elsewhere would be equally relevant to the program in Papua New Guinea. As a result, diagnosing the particular character and problems of SOEs was not taken seriously, and, under the guise of streamlining them into corporate structures, governments appointed political cronies to senior management positions on extremely generous conditions of employment.

The need to adopt lessons quickly has also meant that lessons were drawn and applied on a piecemeal rather than a comprehensive (holistic) basis. A piecemeal approach is one where the adoption and implementation of lessons are uncoordinated and unplanned. In this regard, the reforms do not focus on an integrated system of government and administration, but on pockets of administration or governance that appear to warrant reform. By contrast, a comprehensive reform is one where the application of lessons is coordinated and planned and is implemented within the context of the overall system of government and administration.

In Papua New Guinea, the piecemeal approach in the reforms was demonstrated in earlier examples, such as the rationalisation of the public service in the form of massive retrenchments, a wage and an employment freeze, and isolated
measures taken to reform fiscal policy and the public sector (World Bank 2000b). While they were often seen as constituting comprehensive reform, they were at best uncoordinated and unplanned pockets of reform. They did not address the important linkages existing within the overall government system. As a result, problems which were targeted, and which were supposedly solved, surfaced in other areas.

Conclusion

The recent experience of public management reform in Papua New Guinea, though unique to the PNG setting, gives some indication of the problems of transfer in developing countries. On a more positive note, the PNG experience shows that policy transfer in developing countries is likely to be a function of the influence exerted by a variety of actors whose actions are often shaped by their own ‘interests’. Adversarial relationships are likely to arise when these interests are in conflict. The PNG case demonstrates that conflict often arises from different perceptions of policy contents and merits, policy goals, and of overall control in the application of policy measures. In particular, control over the reform process appears to be the biggest source of conflict. In Papua New Guinea, this problem has led to a breakdown of the relationship between the government and the World Bank and the IMF. As a result, critical policy lessons that were needed in the reforms were never adopted. This also exposes a particular character of policy transfer in developing countries’ public management reforms. This is the mutual state of dependency that different policy actors have on each other in the reform process in terms of finance, material resources, expertise and government backing (domestic support). Thus, successful transfer depends on the cooperation and goodwill of all policy actors, since transfer is a function of concerted effort by these actors.

This has proven difficult in Papua New Guinea, where policy actors’ perceptions vary greatly. The main perception of domestic decisionmakers in Papua New Guinea is that it is acceptable to engage in corruption amid public management reforms and that the gains achieved from the reform may outweigh the costs imposed by corruption. The poor result of some five years of reform work shows what bureaucratic and political corruption can do to genuine reform efforts. In this regard, much policy learning is needed. Domestic policymakers must realise that corruption cannot be mixed with any reform effort, and that they have a responsibility to institute policy measures to combat corruption prior to any meaningful drawing of lessons.

Finally, there are lessons to learn from the dangers arising from the sophistication and novelty of lessons and poor approaches in the adoption and implementation of transferred lessons. In Papua New Guinea, the failure to provide necessary preconditions at the ground level to sustain long-term reform efforts, and the piecemeal approach in instituting reforms have had negative impacts. A worst case reading of this experience would note the complacency of domestic decisionmakers and the arrogance of external experts as major impediments. The former seem to feel that it does not matter if they do not succeed
because someone else is responsible. The latter seem to feel that applying ready-made policy solutions regardless of local realities and often against local advice is both reasonable and necessary. This has created a culture in which quick fix solutions are sought to a range of problems which are really endemic and require a long-term program of acquiring knowledge, building support and carrying through policies.

**Note**

1 The Electoral Development Fund (EDF) was established for the purpose of funding developmental projects in each electorate. Money allocated under the fund is managed by respective members of parliament with their Joint-District Planning Committee, whose responsibility is to oversee implementation of projects. Overall, the accountability regimes of the fund are weak and in many instances outcomes of the use of the fund have been difficult to verify. As is the case with the funds from the Gaming Board, theft and abuse cannot be ruled out. In November 2001, the then Prime Minister Morauta announced a decrease in the amount by K1 million (about US$225,000). However, accountability remains weak. The general perception in Papua New Guinea is that the fund is nothing more than a vote-buying tool.

**References**


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