

‘Putting the Enhanced Cooperation Package to the test’—a response

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The governments of Papua New Guinea and Australia jointly developed the Enhanced Cooperation Program (ECP) in 2003, following the Australian Government’s decision to strengthen its engagement in Papua New Guinea. The ECP reflects the Australian Government’s decision to prioritise support for improved economic and social governance to help boost economic growth and the quality of life in Papua New Guinea.

While Craig Sugden’s paper (this issue) provides some useful insights it also contains several questionable assertions, including

- ‘there is an appreciation that the initial placements of officers in line positions in central agencies will fail to generate sustainable benefits with respect to capacity building, and that over time more attention will need to be paid to building capacity. The means of making this transition to a focus on capacity building is still being developed’ (p.60).
- the assistance provided to Papua New Guinea since independence has been effective in raising social indicators, and more aid expenditure along similar lines could achieve improved development outcomes (p.61).
- ‘The ECP appears to rest on the expectation that there are administratively based, relatively quick fixes to the governance problem in Papua New Guinea... apparent in the rush to place staff before standard project design processes had been completed... The planning horizon of the ECP is limited to five years with no apparent discussion of the sequencing of linked initiatives’ (p.62).
- All ECP staff are in in-line positions and ‘the ECP is based on the premise that the critical tasks to be undertaken are currently beyond the capacity of Papua New Guineans’ (p.63).
- ‘The ECP marks a break from the past practice [because] there is no conditionality attached’ (p.65).
- Inappropriate Australian and New Zealand models have been adopted in Papua New Guinea, such as in Telecom privatisation, causing higher call rates (p.66).

This note analyses these assertions.

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Capacity building is not central to the ECP

Building of institutional and human capacity in Papua New Guinea is integral to the operation of the ECP. Officials being placed under the ECP have been recruited for their mentoring and coaching skills, not solely for their technical ability. Skills transfer outcomes are an important component of their AWA contracts, and also are central to agreements between Papua New Guinea and Australian agencies and in the ECP's monitoring and evaluation framework.

Prior to taking up their positions in Papua New Guinea, Australian officials receive training on capacity building techniques; and will continue to receive ongoing professional development in capacity-building approaches. AusAID's Papua New Guinea–Australia Targeted Training Facility will provide skills training for PNG officials identified by their agencies and its scholarship program will be employed to support institutional strengthening for core agencies.

Currently four economic ministry officials from Papua New Guinea and ten from Solomon Islands are participating in an intensive three month full-time training course at the Australian National University, expected to be the first of many such training courses in and out of Papua New Guinea. AusAID currently is considering PNG Treasury proposals for developing management skills and providing training on budget processes.

Development efforts to date have been effective

In recent years, improvement in Papua New Guinea's social indicators has in fact stalled and some indicators have actually fallen. Social indicators remain significantly below those enjoyed by the rest of the Pacific, and the developing world in general. For example, with a life expectancy of only 57 years (in

2001), Papua New Guinea has the lowest life expectancy in the Pacific. Also, only 65 per cent of the adult population is literate, compared with a developing country average of 74.5 per cent. In recent years, the delivery of services to regions has declined due to growing institutional weakness within the government.

A significant share of Australian aid to Papua New Guinea has sought to make good the short fall in the supply of basic health and education services to the population, for example by supplying text books and pharmaceuticals, among other services in these sectors. However, the Australian Government recognises it can have only a limited impact by taking this approach. Seeking to replace government service delivery mechanisms is neither financially viable nor consistent with supporting the legitimacy of the independent state of Papua New Guinea. The delivery of pharmaceutical goods to aid posts and hospitals is of value only to the extent such facilities actually operate and effectively dispense relevant supplies. However, a recent visiting Papua New Guinea parliamentarian reported that of 35 designated aid posts in his district, only two, both operated by the Catholic Church, were currently operating due to the failure by the provincial government to employ the necessary staff.

By seeking to strengthen institutions, the ECP aims to help the government of Papua New Guinea to better harness Papua New Guinea's resources to generate income and supply social services for its people. The ECP does not attempt to replace or replicate Papua New Guinea government structures and services, but will seek to assist the Papua New Guinea government to appropriately resource and deliver basic services from its own budget and through its own institutions, helping it to move away from dependence on international assistance and strengthen the legitimacy of the state.

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ECP assumes quick fixes and failed to observe normal planning procedures and plan linked initiatives

The published agreement between the Australian and PNG governments approving the ECP recognises that building up Papua New Guinea's core institutions will involve at least a five year program of assistance in its present form, and no doubt subsequent follow up, probably involving a different mix of assistance.

Over the last decade, Australian aid project design processes have moved away from the traditional approach Sugden's article appears to assume with distinct mobilisation and implementation phases, and monitoring and evaluation against fixed pre-planned outputs. Australia's PNG program has led this reform, with design processes now more responsive to and integrated with Papua New Guinea government systems, avoiding inefficient and cumbersome parallel processes.

The ECP uses this model. Prior to any deployments, the package was subject to extensive planning in close cooperation with PNG officials to determine appropriate positions to be filled. Advisers are now working to departmental strategic, corporate and annual plans and defining priority outputs with counterparts. Australian and PNG authorities have already made considerable progress in developing an appropriate coordination, monitoring and evaluation framework to help the ECP meet PNG government priorities and allows the Australian government to be satisfied Australian tax dollars are being well spent. Within the Australian bureaucracy, senior officials' groups have been established in relation to each major sector of the ECP. A High Level Working Group is charged with overseeing and evaluating each team of Australian officials. A similar structure is being developed in Papua New Guinea in collaboration with the government.

All ECP staff are in in-line positions and 'the ECP is based on the premise that the critical tasks to be undertaken are currently beyond the capacity of Papua New Guineans'

During extensive project-planning discussions, PNG agency heads identified the positions they wished the ECP officials to fill, the positions (the majority) they wanted to be advisory and those they wanted to be filled in-line. In fact, agency heads initially asked for about twice as many positions to be filled as finally were prioritised under the ECP. Typically agency heads identified in-line and advisory positions they wished Australian officials to fill because of acute staff shortages; for a range of reasons many good officers have left the PNG public service over the last decade. While many effective and dedicated PNG officers remain in the public sector typically they are seriously over-worked.

The ECP is no different from other technical assistance programs which failed

The ECP differs from previous technical assistance models Australia and other donors have pursued, and offers hope of being a more effective method of building institutional capacity as the model involves professional colleagues working together, rather than a consultant-client relationship. These professional relationships are developed in the framework of institutional twinning agreements between Australian and PNG counterpart agencies, like the Papua New Guinea-Australian Treasury Twinning Scheme. By working closely with local counterparts, not simply providing technical advice, officials will seek to propose solutions suited to Papua New Guinea's conditions and needs. The principal focus of the ECP is upon building local capacity to do the job well, enhancing local skills and abilities, not crowding out local officers.

Senior Australian government officials also bring a wealth of experience of having

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worked through reform processes, including in recent years, fiscal reforms and the restoration of the Commonwealth Budget to surplus; introduction of the goods and services tax; the development of competition policy; and reforms to the operation of government business enterprises. These officials have experience of working within political process; working with public sector institutions and structures; and ultimately, having made, and learnt from, mistakes. Public officials are trained in a culture of accountability and responsibility and are well placed to mentor counterpart officials in these skills and attributes. All are on secondment from their home agencies, where they will return after 12 to 24 months; hence they have no interest in perpetuating their position. Finally, many officials being placed under the ECP have experience working in developing countries and other international arenas.

The programme should be underpinned by conditionality

Australia has a long history of engaging with Papua New Guinea, based on quiet diplomatic and development partner dialogue. The governments of Australia and Papua New Guinea consider such engagement more effective than placing possibly unobtainable conditions on PNG programs. While a place exists for conditionality, it should be approached cautiously, especially in complex development environments such as Papua New Guinea. In particular, conditionality risks setting up adversarial relationships and can undermine ownership of reform programs.

Papua New Guinea has adopted inappropriate models from Australia and New Zealand

Papua New Guinea and Australia have in fact completely different approaches to privatising their infrastructure. For example, Australia allows open entry into its local, mobile and international telecommunications

markets and has introduced competition into virtually all its other infrastructure markets, privatising many government monopolies in competitive market environments. Papua New Guinea in contrast still operates monopolies in telecommunications and most other infrastructure sectors. In fact, the government of Papua New Guinea currently is in the process of offering 51 per cent of the government telecommunications carrier for sale along with a long-term monopoly licence. This is likely to result in high call charges which will undermine private sector competitiveness.

References

United National Development Programme (UNDP), 2003. *Human Development Report 2003, Millennium Development Goals: a compact among nations to end human poverty*, UNDP, New York.