

## **State-Building and Public Sector Reform in Fragile States: the Case of Papua New Guinea<sup>1)</sup>**

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The present study examines the historical conditions, prerequisites and current problems of the process of state building in the developing South Pacific nation of Papua New Guinea (PNG), which in terms of contact with the “modern world” numbers among the latecomers. In the foreground of this interdisciplinary investigation are state reform and administrative modernization as well as the application of the good governance concept which, since the end of the East-West conflict, has developed into a leading paradigm in development cooperation. The sweeping reform agenda acknowledges not only the necessity of democratically legitimized political institutions, competent and efficient public administration and the rule of law and accountability of those in authority, but also calls for strengthening of self-reliance and participation of the broad mass of the population in the social modernization process, without which successful catch-up development appears unlikely.

Analysis of the only tenuously established state network of relationships and the pronounced deficits in administrative functions indicates strong remnants of cultural and political traditions according to which harm to the state as a representative of the general welfare to the advantage of individuals and ethnic groups basically appears to be acceptable. Reform efforts in the public sector must take into account much more strongly than previously political factors and decision making processes which are responsible for the widespread failure of modernization measures. New forms of government or even a traditionalization of rule based on primary ethnic groups – building a state “from the grassroots” – are as little visible and realistic in PNG today as are alternative notions of a political and administrative symbiosis of modernity and tradition.

The building up of stable, democratic, transparent institutions based on the rule of law and oriented towards continuity continues to be a central challenge in PNG, while this state centered perspective must be complemented by strengthening of self-help potentials in the mainly rural population and the only rudimentary civil society. Reform of state *and* society is a long-term project which can only be framed within a multi-generational context, is characterized by many setbacks, and is only in its inception. Effective and efficient institutions and processes but also general educational improvements and comprehensive cultural change are indispensable for such reform.

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## **The state, “state failure” and good governance – the state of research**

The various discussions of the state, how states are presently constituted, and its reform in different parts of the world provide the conceptual background to this study. In addition, the good governance paradigm, which plays an important role in discussions of development policy, serves as a basis. Theoretical excursions also examine the broad topic of state failure and the clientelistic or neo-patrimonial state. To place the discussion in perspective, a summary of the causes of successes in development in the states of East Asia and Southeast Asia is provided. Statehood is the result of a singular historical process that spans several centuries with interruptions and setbacks and resulted in centralization and consolidation of power in the political order of the territorial state. A change in structure from violent taking of the law into your own hands to a state monopoly on the use of force is achieved through these two development processes.

The formation of the modern state, whose central characteristics are territoriality, state monopoly on the use of force, a nation based on citizenship, commitment to and administration aimed at the common good, and constitution and democracy is also linked with the increasing takeover by the State of activities that were originally the responsibility of the private individual. While the general basic tasks of the state consist in ensuring the stability of social conditions, an orientation to the general welfare and the provision of public goods, which mainly include expenditures and investments in the health and education sectors and in infrastructure, maintaining internal and external security, guaranteeing social rights and rights to freedom and participation, as well as the fostering of socio-economic development can also be identified as central tasks. It is to be regarded as a major historical achievement of the modern state in the second half of the 20<sup>th</sup> century that it has secured and guaranteed peace, human rights, the rule of law, political participation and a minimum of social security, which has led to stable mass loyalty and the support of its citizens.

Criticism of the modern nation-state has largely focused on the loss of sovereignty both internally and also externally, which leads to a reduction in the state’s capacity to control events, without having been able to verify this empirically. A farewell hymn to the modern state seems to be premature. Rather, it is probably more appropriate to refer to an altered idea of statehood. Because of the defects of alternative concepts such as international consensus, in the foreseeable future the modern state can continue to be regarded as the central political category or unit of interaction in international relationships and nation-state affairs. Despite all asynchronicities and historical differences, as a result of its globe-spanning character statehood is displaying a tendency to universalization. Even more; the normatively based existence of the modern state on the West European pattern can be assumed.

At the beginning of the 21<sup>st</sup> century the modern state, once an uncommon political structure found only in Western Europe, has expanded to exist across the entire globe. Despite all the differences in the developmental achievements of the states of the Third World, it is, however, scarcely possible to speak of a success story for the European state in the non-European world. The ideal of a rational state with a monopoly on the use of force – the sine qua non of statehood –

centralized control of a territory, control of taxation and written law has largely remained a utopia. In numerous regions of the earth state crises can be observed which manifest themselves in economic stagnation, social disintegration, ecological degradation and violent conflicts. Apart from regional exceptions, especially East and Southeast Asia, it can be seen that in many developing nations the consolidation of modern statehood and with it the process of centralization of power has remained at the very least incomplete.

Although no comprehensive theories comparable to those in industrial societies exist on statehood in the Third World, the debate on the existence and dynamics of state power has intensified significantly since the 1990s. The absence of elites that are resistant to corruption and display integrity is regarded here as one of the central reasons for the failure of these states. Not least because of the absence of opposition in the society, the self-enrichment of the political classes at the expense of the state is regarded as a “historically normal state of affairs” (Wolfgang Reinhard), their orientation to the common good as in European and North American states, by contrast, as an exception. The state is not the shared focus of collective identity there, but is subordinate to the logic of social ties. What can then be observed is an internal inconsistency peculiar to the societies, which derives from the side-by-side existence of or even competition between traditional and modern conditions.

Since the end of the east-west conflict, in the developing nations two competing tendencies can be seen in the relationship between state and society: on the one hand democratization, on the other erosion of the state’s authority and state failure. Processes of state collapse can be described which range from partial ineffectiveness (“weak state) to creeping erosion of state control and steering capacity (“failing state”) all the way to complete collapse of the capacity to act, the condition of de facto fall of the state (“failed state”), for which the modern productive state in the sense of Weber serves as the standard or model. It is primarily a matter of internal processes and structural defects, although the influence of external factors cannot be discounted. Multidimensional processes can be observed which in no way assume a linear development in one direction. In particular, deficits in performance in the core functions of a state are discussed, among which are primarily inadequate guarantees of the physical security of citizens, and defective provision of elementary public services and of the pre-requisites for economic activity. To these are added respect for human rights, a reliable system of law and political participation of the population.

In addition to an inadequately developed sense of statehood and national identity as well as the irresponsible behavior of elites, attention is drawn above all to the precarious relationship between modern state institutions and those of traditional societies as major components explaining the phenomenon of weak post-colonial statehood. Reference is made to difficulties between the political sphere of power and sociocultural conditions. In terms of concepts regarding cooperation with weak or eroding or even failed states broad courses of action have already been named, which however cannot take the place of specific national and regional analyses and conclusions. Primarily it is a matter of supporting the processes of state building, under which stabilization, reform and rebuilding of state structures, institutions and capacities are to be understood. Reform of the security sector involving police, military and civil authorities should

lie at the core of the efforts, as well as strengthening of the justice system and independent control organisms and mechanisms which ensure the validity of the constitution including human rights, prevent abuse and despotism by the state, guarantee balance among the pillars of the distribution of power and impose accountability on state institutions.

A further area of focus is reform of public administration, reduction of mismanagement, misuse of office and corruption, extension of powers and generally more efficient use of limited resources to make public goods available, by which strengthening of economic performance is intended. Not last is strengthening of the legislative branch, which is aimed at responsibility, transparency and stability in political rule. There is also widespread agreement that measures for strengthening weak statehood are inadequate on their own if regional and local conditions and actors in the civil society are not taken into account. In the final analysis, in view of existing political conditions, societal orientations and cultural conditioning, the challenge may lie in achieving willingness among the actors to participate constructively and cooperatively in the buildup of the community and the development of a sense of “ownership” in regard to the necessity, direction and depth of reforms. The options for action are all the more restricted the further state erosion has advanced.

The inability of many states in the Third World to sketch out and implement coherent policies is not attributed so much to the absence of rational organizational rules. Social relationships and informal practices which undermine the weakly institutionalized community structure are regarded as relevant in explaining their inadequate ability to act and produce. Attention is drawn to the lack of autonomy of the state when confronted with societal special interests. Corruption, misappropriation of public resources and manipulation of official office to achieve power, influence and prestige for individuals and their clients are identified as widespread practices which are reflected in terms such as clientelism, neo-patrimonialism, patronage, nepotism, rent-seeking and crony capitalism. The consequence is that the ability to provide services, and consequently the trustworthiness of the state, is undermined and democracy weakened.

In 1998 Dieter Senghaas drew attention to the fact that not individual factors but a bundle of social, economic and cultural conditions acting together are relevant in determining the success or failure of catch-up development. Whereas there was too little state in Africa and elites often looked no further than securing their own power, in East and Southeast Asian countries development often took a contrary course. Attention must be drawn here to the preeminent role of the state, which goes far beyond establishing a general framework. The state apparatus, which was based on a high level of competence and effectiveness, and the elites who controlled it succeeded in exploiting the opportunities to achieve economic modernization or industrialization offered on the world market. In Taiwan and Korea the establishment of efficient institutions by the state, the development of a strong market economy sector and the emergence of actors in the civil society in the course of their economic rise have ultimately led to a differentiation of society which has significantly reduced the importance of the state in favor of civil sectors. It became a victim of its own progress. The success of the East Asian model is evidence of the extensive socio-economic differences among developing nations.

Since the end of the 1980s no scientific and development policy related term has been as popular as the concept of governance. It refers to the complex interaction between political-administrative management and societal self-regulation. The spread of the concept of governance is attributable on the one hand to the political science discussion of management, on the other to modern institutional economics. Whereas discussion of the adaptation of the material-technical process of the exercise of political power to changed societal conditions was the original starting point in the discourse about control, today institutional control mechanisms are being examined beyond the conflict between state and market which should be applied to adequately deal with the overburdened state and increased complexity of the societal and global environment. Ultimately, both the re-establishment of effective state controls as well as an increase in societal and economic self-organization and coordination, which includes strengthening of civic actors with regard to public interests, are being pursued.

What must also be mentioned is the concept of good governance introduced by the World Bank in 1989. In connection with core problems of development policy, this brings out the low efficiency of administrations, the poor conduct of government by indigenous power elites, unreliable systems of law, arbitrary decisions and corruption and rent-seeking. The good governance concept is less an analytic instrument than a “western-prescriptive control and value concept” (Rainer Pitschas). It derives from a normative fundamental principle that is oriented to the “Western European value system” (Federal Ministry for Economic Cooperation and Development), which is based on freedom, democracy and human rights. It can be regarded as an intervening factor for institutional change. The basic challenge here derives from the necessity of reconciling developed indigenous traditions and modern institutions or rendering them capable of being linked. Its analytic weakness or lack of precision contrasts with the normative nature of the concept, the prescriptive definition of good conduct of government, which is supplemented by an analysis of empirically observable phenomena, the analysis of what actually exists.

Even though well worked out concepts for operationalizing the concept across its entire range are still lacking, the discussion of good governance makes it possible to assemble reform criteria and action strategies for development cooperation. As core areas for remedying the “crisis of governance” (World Bank 1989) with regard to modernization of state and administration it is necessary to emphasize: reform of the management of public centralized state administration and decentralized institutions with the goal of improved control and increased efficiency, establishment of responsibility and accountability, strengthening of the rule of law in the direction of equal legal rights, legal security and reliability, transparency and cooperation of politics and administration with the civil society and the economy.

### **The “crisis of governance”: the state and public administration**

After a brief geographical profile sketching out the current geographical, political and socio-economic situation of PNG the observable characteristics and thus the composition, structures and functional deficits of statehood in PNG will be discussed. A historical approach will outline the development of the colonial state and its institutions since possession was taken in 1884 by the German Reich, Great Britain and Australia, from self-management in 1973 to independence in

1975. As burdens linked to this which are still having an effect today it is possible to mention a highly centralized and dominant colonial administration with an urban orientation, a high level of dependence on budget subsidies, a vacuum in state presence in rural areas resulting from the withdrawal of the Australians, the absence of a national political culture, the lack of broadly effective education and experience with democratic and social participation beyond the village level and a low level of economic and social development of the country.

Achieving sovereignty despite the absence of a common history of statehood or even of political institutions going beyond the village level, the division into hundreds of partly hostile ethnic groups and the non-existence of a common language did not lead in PNG's political sphere solely to increasing instability and uncertainty. On achieving independence the withdrawal of the Australian officials, who adopted a paternalistic attitude it is true but also had an aura of independence and impartiality in dealings with the ethnic groups, exposed the state to increasing pressures involving instability, politicization, nepotism, misappropriation and corruption as well as neglect of institutions and mismanagement.

Analysis of the state organizational structure laid down in the constitution and other central laws, which also includes a detailed overview of the vertical network of relationships between the central state level and sub-national specialized public bodies, discusses the decentralization reforms of 1977 and 1995 and takes account of the special status of the capital city and the Bougainville Province, provides evidence of a complex and ambiguous picture of interlinked competency and financial relationships. Three legislative and four administrative levels can be distinguished within a unified civil service.

Hardly any of the ambitious goals of the constitution at the time of achieving independence have been realized up until today. This involves elimination of the urban-rural divide arising from the culture and the colonial epoch, decentralization of action and decision making authority in politics and administration, fairness in distribution with regard to and among the provinces and at the communal level, reduction of poverty and in general terms participatory self-reliance strengthening integration of the population in state and societal matters, which could have contributed to reducing the state-centered and centralized state-oriented dependence on established ways of doing things which resulted from colonial rule. The pathway to more self-determined structures was not available to the great majority of the population after colonial rule. The completely inadequate powers at all levels of the state, the lack of qualified personnel, unclear administrative procedures, inappropriate financial resources and provision of funds and, not least, absence of the political will for genuine reforms are responsible for this situation.

The post-colonial decentralization project was aimed, in particular in the case of the reform of 1995, at a stronger re-centralization of powers in the hands of national parliamentarians and the central government. Already by 1978 the rapid establishment of provincial parliaments and government agencies had led, as a result of inadequate structural and personal prerequisites, non-existent political mobilization and inadequate supervision, to growing misuse of office and corruption. In addition, the newly established political institutions were usurped by politicians and *big men* through traditional practices of patronage. The decentralization measures have

contributed to both the weakening of state functioning and performance as well as hindering the development and strengthening of regional and communal self-management. Instead of efficient goal-directed application of scarce resources, today the diffuse and expensive administration of scarcity dominates. The proper exercise of government in the first post-colonial decade in contrast to later years which has been assumed until now in the literature must be put clearly into perspective as far as rural areas are concerned.

An examination of the hinterland, which is divided into plains and highlands, with its widespread socio-economic stagnation shows that there the state is only present to a limited extent, if at all, and that the extent of the rule of law is limited. A look at the two provinces Gulf and Southern Highlands makes clear not only the range of living conditions in the society but also the different regional political styles. Group cohesion, the level of political competition, inter-ethnic violence and poverty are much stronger in the densely populated highlands than in the peaceful tropical south coast, which is largely left to its own devices. The history of large parts of the region involves an unstable cycle of periods of truce and traumatic conflicts.

Key elements of selective interaction with the state there are group prestige and the constant rivalry for political power. Misappropriation of public funds, nepotism and cash payouts to families, relatives, the clan or *wantoks* are normal experience in the context of public finances here. Rather than establishment of a constitutional state, a tribalization of public institutions with regard to personnel and clientele is to be seen, which reduces issues of social, political and economic access and distribution purely to ethnic relationships. The re-establishment of public order and security which has been seen there since July 2006 following upon declaration of a state of emergency also shows, however, that the imposition of the state's monopoly on the use of force as against a failed state is still possible and is demanded and supported by the populace, even though the commitment of all available security personnel cannot be maintained over time and is therefore not sustainable.

The following analysis of the level of institutional efficiency of the public sector provides a critique of estimates of the quality of the country's governance by the World Bank and the Bertelsmann Foundation, analyses the problems of the public security sector, in particular here the police, and finally examines the corruption and related effectiveness of the Ombudsman Commission which opposes it. According to the World Bank's assessment of the political, economic and institutional dimensions of governance, a significant worsening of the quality of governance can be seen over the entire period of observation from 1996 to 2005.

It rightly lists as aspects of concern corruption and, in second place, the inefficiency of administration. The evaluation is substantially better when based on the two indices of the Bertelsmann Foundation, which focuses on the country's capacity for transformation in terms of liberal democracy and a free market economy as well as related political management. There is no disagreement in the country concerning these two political management goals. Here too, poor conduct of government and corruption are recognized as the country's key problems. The generally more convincing governance dimensions of the World Bank provide evidence of the difficulty, despite the reform orientation that has existed since 1999, of implementing defensible

qualitative changes through responsible conduct of government, or even of initially stopping the institutional collapse that has been identified.

Concerning the inadequate efficiency of PNG's police (Royal Papua New Guinea Constabulary), which at the time of independence covered 10% of the land surface and 40% of the population, the ensuing decades-long under-equipment in personnel, funding and technology can be mentioned, which has led to lamentable working conditions throughout the country. These are matched by inappropriately low salaries at all levels of the hierarchy, which are appropriate to neither the duties nor the level of responsibility. Not only a fundamental failure in management and leadership on the part of the police hierarchy but also, above all, inadequate political support can be cited as the most important reasons for this development. No to be overlooked, however, is the everyday use of physical force by police officers both in the course of and outside their duties, which even extends to assaults and (gang) rapes of women and children in official custody.

Further human rights abuses by the police include arbitrary and illegal killings, interference in the private lives of citizens, unacceptably long detention on remand and discrimination against the disabled. The wide-ranging freedom from consequences or punishment for the use of excessive force or illegal (defensive) force has led to a situation where the population increasingly refuses to cooperate with investigative agencies. The establishment of responsibility and discipline and the implementation of existing intra-organizational control structures at all levels are listed as priorities in the reforms which would strengthen the professionalism and special skills of the department and thus increase the police's success rates in investigations. In addition to guarantees from the government of a realistic financial core budget, more efficient use of available resources within the department and a general strengthening of fiscal management are called for.

Ambivalent civilian leadership, lack of discipline and loyalty to the constitution and government, mismanagement, corruption, human rights abuses and other criminal activities, as well as generally inadequate institutional capacity and accountability are also characteristic, by the way, of the country's volunteer armed forces (PNG Defence Force). Over-manned, neglected and brought to the very brink of ruin from every point of view, both financially and in terms of materials despite substantial support from Australia, the armed forces are scarcely equal to their task. The analysis shows that PNG's organs of public security and above all the police are only fit for service to a limited degree. The weak establishment of the state is revealed in the inner structures of the state apparatus, whose ability to impose obedience and discipline on the security services is inadequate.

In PNG, state institutions are themselves part of the lawlessness syndrome instead of being an instrument for upholding justice and law, which additionally discredits the threat and application of "physical force" (Max Weber). Institutional reform of the police as well as the army with the goal of increasing their efficiency continues to be vitally needed for the purpose of reestablishment and stabilization of public safety, state monopoly on the use of force and status as a constitutional state. Responsibility, subordination and accountability of the security services to the democratically legitimated institutions need to be strengthened, even if no quick solutions to the complex and interdependent security problems are available. The standard to be striven for



here is the ideal of legitimate, just, fair, efficient, transparent and human rights oriented security institutions.

Whereas corruption was unknown before independence, today the country belongs to the bottom 20% of the most corrupt countries on earth. Although corruption is a nationwide problem in PNG, even today it is not an everyday experience. Among the manifestations of corruption in the public sector, political corruption and the taking of bribes, nepotism and mismanagement in public institutions and state-owned businesses are still limited. The creation of so-called “jobs for the boys” for their own clients was made easier in PNG by the removal of its powers from the Public Service Commission which occurred in 1986. Similarly to the situation at provincial and communal level there could now be no more talk at the central state level too of the separation of observance of political activities and their administrative implementation. The consequence of this growing political influence within government agencies is not only a low level of efficiency and falling morale of employees, but also an increase in irregularities.

What took place in the civil service continued in state-owned businesses. PNG’s public service providers not only lack transparency, but they are inefficient and cause disproportionately high costs for the general public. The quality of their services is also poor. Corruption in connection with the opaque personnel policy has led to demoralization among employees which is expressed in weak work ethic, low productivity and limited engagement of staff members. Lack of responsibility and inadequate supervision and sanctions make negligence and absence easy, which leads to criticism in the media from the public, which is almost comparable to corruption. That the topic of corruption has experienced greater sensitivity in the public at all is thanks to the engagement of civil society since 2000.

Regardless of how impressive the Ombudsman Commission’s record of success in the battle against corruption seems to be at first glance, the legislative, structural and institutional deficits of the leadership code are impossible to overlook. On the one hand, the cases that have come before the Commission represent only the tip of the iceberg. On the other hand, the law allows every Member of Parliament to escape the jurisdiction of the Leadership Tribunal simply by resigning. Even more relevant, however, is that in the case of a guilty verdict by the tribunal of judges punishment is limited to a three-year suspension from office and, in the majority of cases, no criminal sanctions follow; something which can be attributed to the fact that the investigative agencies are overloaded as well as the limited capacity of the justice system.

In view of the fact that corruption and misappropriation of public funds by leading personalities are regarded more as a peccadillo than a serious crime and consequently do not have the deterrent effect originally intended in the code of behavior, it is hardly surprising that a sense of guilt is poorly developed below the leadership level of government departments and state-owned businesses (and thus beyond the power of the Commission to impose sanctions). The same is true for the Investigative Commissions that have been carried out so far with the expenditure of great effort and tens of millions of Kina. They have undoubtedly served the search for truth, but as far as their ability to bring about prosecutions is concerned they have remained meaningless. Preventive anticorruption campaigns are admittedly important, but they cannot function as a

substitute for the difficult task of reforming the public sector, building capacity and taking responsibility. In particular, investigation and enforcement need to be strengthened. This is most notable with reference to the Ombudsman Commission, the police, the Public Prosecutor, the courts, the Public Service Commission and the auditor's office, including accounting at all administrative levels.

Analysis of the crisis of governance in PNG reveals not only a weak state with limited power to shape events and only inadequately developed legitimacy, but also increasing susceptibility to crises, which lead to further creeping erosion of state authority. In view of the ethnic tensions, especially the highland provinces can scarcely still be referred to as "pacified areas" (Norbert Elias). At the same time, the creeping collapse of existing modern bureaucratic institutions is ongoing. The state's material assets are being degraded more and more ruthlessly to the status of "booty" (Montesquieu) for individual or ethnic interests. Transgressions against the rules are increasingly becoming the norm and often simply go unpunished. However, such a sketch of the failure of the state would be inadequate in view of the ambivalent picture that presents itself of the efforts to build up the state.

Despite all its shortcomings, representative democracy has never been questioned in PNG and the integrity of the judiciary and thus also of constitutional statehood has always been maintained, especially vis-à-vis the demands of the executive, even though implementation of the norms of a constitutional state throughout the country continues to be limited and uneven. Also to be borne in mind is the temporal context of only 33 years of independent nation building, which is opposed by the centuries-old experience of survival and autonomy of pre-state mutually supportive communities, which makes the formation of a culturally homogeneous nation united by shared values difficult. In view of the limited interaction with the state and restricted economic development, this experience in turn guarantees the wide-reaching autonomy up until today of social organizations which offers a stark contrast to the comprehensive influence of the state on the living conditions of the population in the western world. Regardless of its basic organization, the modern constitutional and administrative state stands even today in contrast to a society that is scarcely integrated economically and strongly divided in social and cultural terms.

In addition to process-oriented interventions aimed at achieving positive changes in behavior, the requirements of reform continue to include increases in the ability to take action and efficiency as the most important goal of the agenda for strengthening and reforming statehood. The institutional capabilities of PNG are severely limited, not least because of its limited human resources and low educational standards. The poor quality of government and administration reflects the problems inherent in managing the transition from traditional to modern organization and control concepts. In view of the continuing strong traditional kinship and loyalty relationships, change processes are slow and contradictory. The most important areas of action aimed at good governance and increased effectiveness in the public sector are to be found in the network of relationships among state institutions, in public finance and personnel management, in the quality, continuity and stability of political leadership, transparency and accountability at all governmental and administrative levels, the quality of performance of public administration and corruption.

It is especially important to support the institutions providing “checks and balances” that have been mentioned in order to increase the credibility of the constitutional state. Without the changes in political behavior called for here, it will scarcely be possible to overcome the problems. As long as the holders of political office have a vested interest in a weak administrative apparatus, efforts to strengthen it and thus also to protect it from political interference are only partly capable of being realized. The same is true for the lack of continuity in political programs and political structures in general to which, in past years, central steps towards the modernization of administration *and* civil society have fallen victim. Constructive approaches to finding solutions to this fundamental conflict between social organizational principles of an ethnically structured, personally committed traditional community and rule based on functional rationality and committed to the emerging general wellbeing have until now been as little in evidence as a new political culture in PNG.

### **Public sector reform since independence in 1975**

Reform of the public sector is an issue that has been permanently present since the introduction of self-administration. Thus, it is also possible to identify initiatives, evaluation reports and external contributions on an almost annual basis prior to the beginning of the modernization-oriented Morauta Government in 1999. Whereas the first decade after 1972 was still characterized by unhindered growth in jobs and efforts aimed at institutional consolidation and further development of administrative structures, in 1980 there was, for the first time, a successful and constructive vote of no-confidence which was to typify each successive legislative period up until 2002.

The previous administrative continuity of the postcolonial phase was forfeited through frequent changes of government. The economic crisis linked to the closing of the Bougainville Mine in 1989 led for the first time to the provision of stand-by-arrangement (SBA) assistance loans from the World Bank. Their structural adjustment program (SAP) was primarily aimed at reestablishment of macroeconomic stability, acceleration of economic growth in the non-mineral sector and strengthening of the institutional capacity of governmental agencies which was to improve the population’s access to basic social services. However, with the improved economic conditions in the country, implementation of the promised reform measures quickly ran out of steam again.

Economic difficulties came to a head again in 1994 in an acute financial crisis whose causes were identified as high current expenditures and low levels of investment in developmental measures, questionable provisions of funds, a restricted tax assessment base and mismanagement of state mining revenues. In addition to this came the acute crisis in the provision of services by the public administration, which, by the first half of the 1990s at the latest, could no longer be denied. In addition to poor budgetary discipline and coordination of the various levels of government, the quality of national leadership and the priorities of the central government are identified as adverse developments. The second structural adjustment program which followed in 1995 was thus aimed, in addition to macroeconomic stability, at improvement of task management and a sustainable environmental policy in the forestry sector. The last point draws attention to the fact

that PNG is among the few developing countries in which the provisions not only contained socially relevant and therefore frequently criticized economic policy requirements, but also an environmental component which was aimed at fundamental reform of management and preservation of the tropical rainforest.

Subsequently, the reforms accepted by the government were only implemented in a half-hearted way, if at all. Neither transparency and accounting controls in fiscal management were improved nor politically motivated attitudes changed, nor were concealed support payments to members of parliament stopped, nor was corruption reduced. Added to this was the resistance of various interest groups and the general public, which was directed against price rises for users of the education and health systems, elimination of the general minimum wage and the loss of public-sector jobs and against early-stage deliberations over the registration of communal land ownership. There were also increasing tensions between the World Bank and the PNG Government.

The Skate Government which won office in 1997 continued the next round of reform initiatives in public administration. In addition, the 1999 budget proposed a massive rescue program involving job cuts, which was intended to divert consumption budget resources and turn them into capital investments. It finally resulted in an actual transfer of funds from the ministries to the hidden and barely accountable development fund of the members of parliament. By the end of the 1990s the politicization of the entire public sector, permanent changes of leadership in government agencies and public enterprises, the earlier lack or inadequacy of material and personnel support, collapsing morale among state employees, increased payments of millions to members of parliament, constant accusations of corruption as well as the cancellation of further reforms in the forestry sector had led to the collapse of responsible and irreproachable conduct of government on a scale previously unexampled in the country. In 1999, furthermore, it was decisive in the election of a government open to modernization under Prime Minister Morauta.

This not only elevated good governance and the fight against corruption to its most important government targets, but also initiated a reform period which has persisted until today – a period which was intended to reestablish the integrity of public institutions. Reform of public administration was once again at the top of the agenda. In 2000, Washington agreed to a further SAP which was mainly intended to be applied to improving fiscal management and governance conditions. Although the target of good conduct of government and above all dealing with cases of malpractice and corruption in the past was widely accepted by the populace, Morauta quickly experienced a loss of respect nationally. Privatization policies in particular, which were completely lacking in transparency, were responsible for the loss of confidence. In addition, many of the reform attempts were not implemented or only partially carried out, and after a brief period old problems such as the lack of budgetary discipline re-emerged.

Despite Morauta's reputation for fiscal responsibility, the government left office in 2002 with the largest budget deficit in the history of the country. Nevertheless, Morauta's efforts were convincing, at least in view of the difficult internal political conditions. Through integrity, guideline powers and a small number of officials occupying key positions the Premier was able to place at least the bureaucracy in the capital city on a reform course. However, in view of the

unilateral modernization “from above” this course hardly served the cause of broad “ownership” of the reforms.

With Michael Somare’s return as Prime Minister in 2002 the new government emphasized the importance of continuing existing structural reforms. Refocusing envisaged clearer goal setting, the creation of an affordable administrative apparatus and increased efficiency and accountability. Along with general establishment of political stability, strengthening of central ministries, concentration of effort on the finance and education sectors, modification of provincial and communal structures, privatization of state enterprises and introduction of a new salary system were named as fundamental tasks. In the area of personnel substantial innovations were introduced with the aim of putting an end to the widespread nepotism. Revitalization of the independent Public Service Commission was intended to reinforce an appointment and promotion practice focused on transparency and following the principle of merit. The increasing cooperation with Australia from 2004 on, which compensated for the large-scale withdrawal of the Asian Development Bank, the World Bank and the International Monetary Fund because of permanent disputes over the fulfillment of credit conditions, did not concentrate solely on public fiscal management. Strengthening of the neglected and overloaded justice system was also intensified. Programs for increasing their powers also affected “watchdog” institutions.

Finally, the Australian Government felt compelled to become more active in its neighboring country by providing personnel, because a breakdown of state structures comparable with the neighboring Solomon Islands could no longer be ruled out in PNG. Consequently, in a treaty of cooperation signed in 2004 (“Enhanced Cooperation Program”, ECP) between PNG and Australia it was agreed to send 300 Australian experts who were to be employed in government agencies in a professional, collegial working relationship. Through this program, law and order were to be reestablished and the local employees supported in good administrative practice. In the foreground were the battle against corruption, weak finance and budget management and continuation of the reform of public administration. As the Supreme Court ruled that the ECP arrangement agreed upon with PNG was unconstitutional, 230 police officers were withdrawn again and the expert administrators removed from the hierarchy.

By 2006 at the latest the Somare Government’s enthusiasm for administrative reform had largely come to a standstill. The discrepancy between public declarations of intention and deep-seated problems with acceptance of responsibility for themselves and battling corruption often became obvious. Added to these were instances of political meddling and irregularities which cast substantial doubt on the integrity of the Premier, the Government and, as a result, the administration too. However, the engagement must be emphasized here of a small minority of ministers and leaders of government agencies of great integrity who, regardless of – or in spite of – the opposing political climate and lack of support, are building on continued internal reform of their institutions and in this connection have isolated successes to show for themselves. However, the majority of observers, as well as the greater part of the people involved themselves, regard the successes in reforming public administration up until now as minimal. Efforts at modernization in connection with the effectiveness of the state executive arm are interpreted as largely having failed.

What is identified is a “bad case of ‘reformitis’” (Kathy Whimp) through which neither an end to the cyclically returning announcements of reform nor decisive results are in view. To be added to this are inadequate consideration and integration of political problems and resistance, permanent changes in management personnel, unsatisfactory definition of processes and responsibilities, inadequate supervision and control, lack of trained personnel and poor coordination and infrastructure. Inadequate resources and lack of leadership, responsibility and work ethic may well have contributed to lack of success at the middle and lower administrative levels. However, the decisive influential factor in the meager reform balance is unanimously held to be the political dimension, which reflects the incompatibility of the interests of politicians and the demands for reform of the state. It is not only resolve and the determination to achieve a fundamental reform of administration which are lacking in PNG. In itself this poses a threat to the ambitions of the great majority of politicians. Reform-oriented politicians are in a minority in PNG and, even when in power, they are dependent upon compromises with uninterested cabinet colleagues and members of parliament in order to achieve a majority.

The illegitimate political meddling at the central state level which has grown steadily since 1986 has not only undermined the authority of administrative organs and personnel, but has led to a drastic reduction in the number of engaged individuals in the public service who are prepared to support external modernization initiatives. In addition, in view of personnel policy it is very unlikely that government agencies which are badly led, in which constant changes of personnel prevail and mismanagement and nepotism as well as accusations of corruption are the rule are capable of training their staff to be productive and innovative. In combination with poor quality management and lack of incentives to improve individual performance, stagnation and the maintenance of existing shortcomings ensue.

Also to be included here are the long implementation times for reforms. Concessions to the World Bank in connection with unpopular reform measures were made during acute financial and budget crises. Once these were seen as having been even only partially surmounted, long-term reform programs were subordinated to immediate goals or support for them vanished, or the programs were completely forgotten. In addition, they lacked clear goals, integration into a broad and carefully coordinated overall strategy, evaluation, planning and coordination of intended programs and consequently any understanding of probable consequences, all of which then result in frustration, lethargy and future rejection when they fail as expected. A clear example of this are the recurring calls since the 1990s for reductions in the size of the public service and expenditure on salaries, which were the real core of governmental reform agendas during these years and which, from the very beginning, raised doubts about their implementation. Also ignored was the trend towards the constant recruitment of new personnel, who far outnumbered the actual redundancies.

Concerning the ministry responsible, in general terms it is only possible to speak in a very limited way of effective personnel planning based on cost-benefit analyses of planned job cuts, of coordination and control. In addition, the reform concepts paid scarcely any attention or none at all to important areas such as public security, the justice system, the development of infrastructure and land reform. Over and above this, reform of the vertical division of powers between the

central state and the provinces was considered, if at all, solely in projects involving bilateral and multilateral cooperation partners. Also to be criticized here is the focused concentration of efforts on a few core ministries, as a result of which efforts were not made to strengthen lower-ranking levels of administration whose responsibility and accounting practices would first have had to be developed as a prerequisite for the relinquishing of powers.

When discussing the reasons for the widespread lack of success of reform initiatives in PNG's public administration, mention of the World Bank and its structural adjustment programs cannot be omitted. This organization itself admitted to its own failure in the 1980s and 1990s, as sustainable results with regard to staffing levels, their costs, the building of competency or institutional reform were not achieved. A significant reason for this may well lie in the Bank's inability to carry out public information programs and to integrate national interest groups. Finally, the subsumption of reform initiatives into structural adjustment programs can be criticized.

If macro-economic savings programs contained in an SAP are rejected by the population (as in PNG privatization, job reductions in the public service, freezing of salaries, elimination of a general minimum wage and devaluation of the currency), the administration component is also compromised. Also to be taken into account here is that the new understanding of public institutions and the role of the state developed in the 1990s was difficult to entrench within the bank. The old technocratic approaches to administrative reform from the 1980s which, in the context of the SAP, consisted of job shedding, budget restrictions and rounding them out with increases in productivity were, according to the bank, still largely determined by the approach "do more with less" and the criterion of fiscal efficiency.

It has become clear that administrative reforms in PNG are the goal of a few enlightened politicians and experts who are open to modernization, and who are receiving strong support from external sources, especially in the context of development cooperation, but also from some portions of their own civil society. The modernization offensive under Premier Morauta is thus revealed as a measure imposed from above by a small core of political leaders who occupied the central corridors of power for a short time and were partially successful but had to operate within the prevailing political and cultural context which determined structures, which explains the contradictions, cuts in programs or failures. A serious openness to reform is much less obvious in the Somare Government, which has been in office since 2002, than under Morauta. The Somare administration is engaged to a much greater degree in the simultaneous practice of constantly proclaimed openness to change accompanied at the same time by informal practices which too often show no signs of the characteristics of good governance.

Without an accepted clear distinction between the tasks of members of parliament and civil service officials the implementation of efficient administrative structures can only be achieved with difficulty. Generally speaking, reforms should be considered which are restricted enough to be realizable but are also ambitious enough to make the effort worthwhile. It must be emphasized here that reform concepts which, like the New Public Management Model are dependent upon a market-driven administration culture, are inappropriate for PNG. For the adoption of this model, a

functioning public administration, a well developed and robust market sector and established mechanisms for actually fulfilling contracts are fundamental prerequisites which are not present in PNG, as is true for many other developing nations. Under such conditions, modernization primarily means concern about optimization of procedural organization as well as the creation of reliable norms and control mechanisms which are consistent with existing reality and are also adopted. What instead is necessary are basic reforms involving transparency and financial accountability as well as participation of the people affected before thinking at all about wider ranging modernization measures on the way to a more complex organizational structure. The same rejection applies to appropriate management systems, which would have to be developed from so-called indigenous organizational forms, a discussion which took place in management studies in the 1980s without leading to any results.

In discussing modernization of state and administration, it is necessary to consider Australia in particular. With an annual budget allocation of just on €300 million for development aid, this country is by far PNG's most important cooperation partner. Since PNG's independence, \$A14 billion has been made available to Australia's northern neighbor by Canberra in real terms. In the 1990s Australian development aid shifted from unallocated budget support payments to pure project assistance, something which reflects Canberra's growing dissatisfaction with PNG's untransparent budgetary procedures. The last budget support payment occurred in Australia's 1998/99 fiscal year.

The development projects which began in PNG in 1986 affect most sectors of the economy. They involve systemic improvements or are sector-specific. In the case of the latter, promotion of the education and health sectors as well as infrastructure is the main priority. With Canberra's decision in 1998 to concentrate more intensively on projects for strengthening government and administration structures, its share of total aid increased to today's figure of 40%. The balance of this aid is judged by the Australian government agency AusAID, which functions as sponsor of the measures, to range from at best ambivalent to unsustainable, with few exceptions. Nonetheless, successes too can be seen in education and poverty reduction, something which can be explained by the low baseline position. Many of the projects are overly ambitious and not very realistic while also accompanied by little personal responsibility or motivation on the part of the aid partners. Other reasons stated include the level of reliability and quality of infrastructure, limited institutional capacity, changes in personnel, financial restrictions and hiring freezes imposed by the government.

**Against the persistence of traditional special interests:  
Good governance and the relevance of civil society actors for reforms**

Today's discussion of development policy is unimaginable without the concept of the civil society. Civil societies are regarded, especially in the Third World, as the bearers of hope for overcoming major economic, social and political problems. It is not only help in overcoming underdevelopment which is expected from them. From their organizations more flexibility, cost effectiveness, closeness to ordinary people and the participation of their beneficiaries are expected. Civil societies are seen as important actors and as the supporting pillars of the young



and fragile democracies of the south. They are regarded as the key to better conduct of government (good governance) and constructive relationships between state, economy and society. Finally, a lively civil society and the build-up of social capital associated with it are regarded today as the central prerequisite for economic and social progress.

Since there is no definitive concept of civil society comparable with non-governmental organizations (NGOs), by civil society all organizations will be understood here which autonomously organize their material and normative interests on a voluntary basis in the non-state sphere and orient their activities towards the community. A prerequisite is a fundamental normative consensus based on the principles of tolerance, fairness and rejection of violence. The functional definition is based on a narrow point of view which excludes traditional structures of social organization, as these are based exclusively and without exception on family relationships. Ethnic primary groups in PNG are committed neither to civil approaches based on non-violence, equality and respect for human rights or the requirement of tolerance, nor to social integration and the general good.

In PNG, civil society is less than weakly developed and is only starting to develop. Even the actual NGOs have not developed beyond an early developmental level. Their boom phase since the end of the 1980s ended in collapse and disillusionment. Politicization, fragmentation, endemic mismanagement and lack of organizational, managerial and leadership resources often led to a short lifespan. A fundamental problem is that they have neither a membership base nor a mandate to represent anybody. Thus they do not represent society and lack authenticity. The situation is quite different with organizations in the capital city. Their actors and members come from the small, enlightened local elites who are interested in modernization. To this can be added the media, which carry on investigative journalism that is sensitive to malpractice and infringements against the constitutional state.

The interaction between these NGOs, which because of their independent financing operate autonomously, and the media is all the more important because political parties as institutions for forming political will among the public do not exist. Added to this are broad issues-related alliances with church groups, women's groups and youth groups, schools, universities and companies, as well as the ombudsman and the Electoral Commission. These coalitions not only create transparency in government behavior, but they also function as effective controlling bodies for undesirable political developments to the advantage of good governance. Furthermore, on the basis of their effectiveness in public life they can be seen as driving development and reform as well as cultural and social change, whose critical and emancipatory effects extend far beyond the capital city as a result of their demonstrated "ownership." The discussions they set in motion about good conduct of government and corruption have a democratizing effect in themselves, as they secure a social space for engaged civil forces. Ongoing cooperation and exchange of views between the civil society and business and the state has only been observed since the Morauta Government came into office in 1999.

It is revealed that in PNG not only the state but also the civil society is only developed to a rudimentary level, which is consistent with the limited socio-economic and socio-cultural

transformation process in the country until now. The need to form a civil society outside the dominant ethnic structures and shape fundamental consensus on the universality of human rights, democratic structural principles and the need for a constitutional state becomes clear. Right up until today strong loyalties, expectations and dispositions which tend to favor ethnic family groups and place the legitimacy of the state itself in question are blocking not only the uncoupling of a civil society in rural regions beyond the media's reach, but also the communication and implementation of the values and contents of the good governance concept.

While it is hardly possible to speak of processes of local empowerment since the country gained independence, levels of efficiency, stability of democracy and accountability in civil society groups in rural areas raise substantial doubts about the feasibility of decentralization as a solution strategy to compensate for the inefficiency of the state apparatus. It can be seen today that the path from the paternalism of the colonial masters, which discredited personal initiative, to today's patronage by *big men* was a short one. Without further intervention and support from the central government's agencies, especially the national watchdog institutions, things are unlikely to change in the foreseeable future. This emphasizes once again the necessity of building the state as the fundamental task of development aid. It has become more than clear here that government action cannot be replaced by a civil society. Only a state that is at least partially functioning can offer the chance to develop the individual as well as the civil society.

## Summary

In summary, it can be said that in the apparently endless list of administrative reform requirements sketched out, the establishment of responsibility, transparency and accountability, reform of management – especially central state administration and here above all the public finance sector – and the strengthening of public safety, constitutional statehood and the fight against corruption must take priority. Without massive improvements in performance in the healthcare, education and infrastructure sectors significant development in the hinterlands will not be possible.

On the agenda, as at the time of independence, is the establishment of the foundations of a hierarchically structured administration based on the classical properties of performance, professionalism, legitimacy, personal responsibility, reliability and an orientation to the common good and possessing effective supervisory and control powers and mechanisms. As in many other developing nations, the long-term task is to relocate institutions, personnel and resources to the rural regions, despite massive vested interests. This would be linked to the organizational and institutional reforms urgently needed by the desolate network of state relationships. Further decentralization without efficient institutions at national level seems at the present time to offer limited prospects.

Good governance proves to be a normative model and at the same time a reform agenda, to which considerable practical relevance in PNG is justly assigned. Thus, development policy should adhere to this in the future too. The concept will continue to be a core task touching all areas of society, but will remain limited with regard to its operationalization in reform efforts within the

civil service, where new innovative concepts need to be developed. In general, with regard to administrative reform it can be said that in view of the weak skills, what is called for are clear political guidelines, a more forceful setting of priorities, continuity, a long-term policy of taking small steps, limited institutional and regional authoritative scope and local leadership and responsibility with stable partners. Effective administrative structures will remain decisive for the quality of implementation of development policy based projects. Beyond the existing forces that are willing to modernize it is necessary to win broader political support from actors in the society in order to continue the state and administrative reforms which have been started, to make them permanent and to intensify them. Support of state-building processes and thereby establishment of the integrity of political and administrative institutions in PNG remains an ongoing key prerequisite for development, which needs to be broadened through the promotion of local development and problem solving skills.