

ANSSR: Economy Priorities and Progress Assessment Measures

Papua New Guinea

The Papua New Guinea government has come a long way in its development initiatives. Under recent administrations, a number of significant initiatives were undertaken to map out the future of the economy. That is, in 2009 the government launched its “Vision 2050” together with a Development Strategic Plan (2010-2030).¹ These documents map out the future of PNG. Vision 2050 in particular is based on seven strategic pillars and eight enablers that guide how it should pursue its development routes. These development routes would be done in phases.

Critical to Vision 2050 and the Government’s development priorities outlined in its Development Strategic Plan is the need to;

1. Re-align resources and be transparent in budget execution,
2. Build capacity to be better able to implement its development priorities,
3. Have the power to enforce laws so offenders are penalised appropriately and
4. Have a whole-of-government approach and a greater sense of ownership by everyone concerned

After the launching of the Vision 2050 and the Government’s Development Strategic Plan (2010-2030), the government made an announcement and called all development partners including government agencies to work together in re-aligning all its efforts and reforms to work towards achieving what is contained in its Vision.

Like many developing economies, PNG has undertaken a number of initiatives or reforms to be able to get to where it is now. One such initiative is the pursuance of structural reforms that encourages and/or increases productivity growth in different sectors of the economy thus alleviating poverty and raising living standards. Examples of such reforms can come in regulatory, economic, institutional forms and so forth.

When assessing PNG’s reforms against the ANSSR priority areas, the following is noted;

1. ANSSR priority area one (1) refers to having *A more open, well functioning, transparent and competitive markets*. In PNG, such a reform has resulted in a number of areas. First, the establishment of the Independent Consumer and Competition Commission (ICCC) in 2004. The ICCC has had a great impact in the competition and regulatory reforms; conducting economic review in different sectors of the economy and foremost mandated to regulate markets to ensure no anti-competitive behaviors exist that would otherwise minimize greater benefits flowing to the public. A very good example of the public benefit that is being enjoyed due to the competition reform is the level of competition now in the ICT sector.
2. In addition, there were significant reforms to the central bank (the Bank of PNG) to ensure prudent administration, supervision and regulation of financial systems to protect public interests and stabilize financial systems during financial crises, and liberalise exchange controls to open up the domestic PNG market. Another example is the secured transactions legal reform that is currently being undertaken by the

¹ PNG Vision 2050, the Development Strategic Plan 2010-2030 and the Medium Term Development Plan 2011-15 can be viewed on-line at <http://www.treasury.gov.pg/html/publications/publications.html>

Government. This reform aims to encourage businesses and individuals to use collaterals to secure finance or do business. Current law limits the use of collaterals thus making it difficult for business to access finance for business purposes. In addition, the reform will also address the need to have an on-line registry where registration of collaterals will be a must to ensure who has first right over such collaterals to safeguard interests of lenders.

3. Furthermore, ANSSR Priority area 4 aims to support/promote a sustained SME development and enhanced opportunities for women and vulnerable populations. Such reforms include the Microfinance Expansion Project which aims to make finance and banking services accessible to the grassroots population so that they can also contribute to economic development activities. The Microfinance Expansion Project now is in its phase 2 where a successful contractor has been selected to help in setting up the risk share facility for the project as well as carry out other capacity building needs to the project.
4. The *National Land Development Program* is another reform priority of government that is also high on the government's agenda. These reforms aim to free-up land so that it is accessible for investors to participate in economic development activities that can contribute to PNG's economic growth, whilst at the same time protecting the rights of customary landowners. In particular, this should assist with housing development and help ensure that houses are affordable by those who are seeking to buy or rent.

Note that the above are just some of the big reform initiatives of government. Others include: free education, PPP, plus other SOE reforms. Below is a snap shot of four selected reform priorities and plans on measures and assessment benchmarks to track progress. The reforms have been selected as per the ANSSR priority areas as discussed in the Singapore Residential Training Workshop.

ANSSR Priorities

Promoting more open, well functioning, transparent and competitive markets			
Examples of reforms include: ICT, Aviation and land)			
Priority:	Strengthen the economic and technical regulators. i.e. Independent Consumer and Competition Commission and PNG's ICT Authority.		
Progress assessed based on:	INDICATORS	NOW: 2011	FUTURE: 2015
	1. Improved response to complaints from consumers or businesses regarding unfair conduct or trading	Routine complaints currently addressed in a timely fashion but response to more complex complaints may be constrained by resources	Complaints to be address in a thorough and timely fashion
	2. Increased enforcement action against businesses in breach of the relevant legislation	Occasional enforcement action is limited by lack of resources	Enforcement action taken as needed
	3. Regulatory support for increased private sector investment in electricity generation	Limited regulatory guidance for Independent Power Producers (IPPs). No Third-Party Access Code in place.	Regulatory guidance for IPPs established through relevant regulatory contracts. Third-Party Access Code established.

Priority:	The <i>National Land Development Program</i> : To Improve and strengthen the administration of alienated and customary land, land registry system, build capacity of the PNG's Lands Department by having a centralised institution equipped with professionals and a modernized computerized system to service its clients in a timely, efficient and effective manner as well as strengthen enforcement to ensure compliance.		
Progress assessed based on:	INDICATORS	NOW: 2009	FUTURE: 2015
	1. Effective and efficient registration of Incorporated Land Groups (ILGs)	Loopholes in current regulation creates conflicting registration of ILGs as well as multiple licenses awarded to different or conflicting groups or individuals and businesses	Implementation of new registration process for ILGs based on recent legislative amendments
	2. Capacity-building for improved land administration	The PNG's Lands Department lacks the capacity to properly implement requirements of effective land administration	Professional pool of staff who work with integrity, honesty and who carry out their duties with ethical codes of conduct under the Public Services laws of PNG
	3. Education and awareness on voluntary customary land registration	Current processes for using customary land for economic development has led to conflict, allegations of corruption and abuse of process. A Commission of Inquiry is currently investigating many of these allegations.	Implementation of new, voluntary registration process for customary land based on recent legislative amendments. A better understanding of land (and ILG) registration would result in an increased in the number of customary land being released for development purposes, whilst protecting the rights of customary landowners.
	4. Effective resolution of land disputes	Currently, there is a huge backlog of land disputes that are awaiting resolution by the courts.	Establish a dedicated Land Court Division within Magisterial Services. At the same time, strengthen capacity of land mediators and alternative dispute resolution processes in order to reduce the caseload for the courts.
5. Improved response to clients' questions, land applications, and other land matters	Delayed responses to client matters, may take weeks, months and/or years	Short and fast response time to clients	

Ensuring better functioning and effective regulated financial markets			
Priority:	Secured Transactions Legal Reform		
Progress assessed based on:	INDICATORS	NOW: 2011	FUTURE: 2015
	1. Finalise and implement legislation to govern all security interests in personal property	Existing legislation outdated and an impediment to commerce. Draft legislation circulated for public comment.	Legislation enacted and implemented that will streamline the creation (attachment), registration, prioritization and enforcement of security interests.
	2. Establish single, web-based registry of security interests in personal property	Some security interests (e.g., charges, bills of sale) are recorded in manual, office-based registries. Others (e.g., finance leases) are not recorded in any registry at all.	Web-based registry established and used as the only place to record security interests in personal property,

Supporting sustained SME development and enhanced opportunities for women and for the vulnerable populations (e.g.			
Priority:	Microfinance Expansion Project		
Progress assessed based on:	INDICATORS	2010	2015 (or conclusion of project in 2018)
	1. Micro-savings deposit accounts	250,000 deposit accounts	410,000 deposit accounts
	2. Branch Expansions		To be decided
	3. Expansion of micro-credit to individuals and micro and small enterprises	43,000 borrowers	95,000 borrowers; increase in micro-lending of US\$33m
	4. Financial literacy training	Unknown (but probably low)	120,000 clients (minimum 40% women)
	5. Microfinance industry standards	No industry standards in existence	Industry standards established and 90% voluntary compliance with standards
	6. Streamlined regulatory arrangements	Regulation currently managed by BPNG	Improvements to regulatory arrangements, with 90% compliance by microfinance institutions and savings & loans societies

Source: Report and Recommendation of the President to the Board of Directors, Proposed Loan and Administration of Grant Papua New Guinea: Microfinance Expansion Project Asian Development Bank, August 2010