Chapter 2

Context

2.1 Regional overview

As indicated in section 1.1, this report deals with the nine Commonwealth countries that participate in the CLGF Pacific Project to strengthen local government and governance. Table 2.1 provides an overview of those countries in terms of population numbers and social and economic development – the latter as evidenced by urbanisation, adult literacy and gross domestic product (GDP).

There are striking variations from one part of the region to another. The Melanesian states of Papua New Guinea (PNG), Solomon Islands and Vanuatu retain very large rural populations and have correspondingly low levels of literacy and (with the exception of Vanuatu) per capita GDP, but solid economic growth in recent years. However, the sheer size of PNG's population makes it easily the largest economy in the region, with the highest absolute number of urban dwellers. Fiji, at the geographic and cultural crossroads of the region, is second only to the New Zealand protectorate of Cook Islands in terms of urbanisation and GDP per capita, although its economy has suffered in recent years due to political instability. Like all the Micronesian and Polynesian countries, Fiji also enjoys a very high level of adult literacy. Except for Kiribati, those small island states have relatively high per capita GDPs, but economic growth is patchy. On the whole, growth rates in most of the

Table 2.1 Socio-economic characteristics of Pacific island countries

	Population[a]	Urban population[a]	Literacy[a]	GDP per capita[a]	GDP growth rate %	
	'000	%	(% adult population)	(US$)	2006	2007
PNG	5,800	13	57	695	3.7	4.5
Solomons	521	17	30	513	5.3	5.0
Vanuatu	213	23	34	1,472	5.5	4.7
Fiji	840	52	93	3,098	3.4	-2.3
Kiribati	90	49	93	633	0.9	–
Tuvalu	11	–	95	1,346	3.0	2.5
Tonga	102	34	99	2,087	1.9	0.0
Samoa	181	22	99	2,030	4.6	3.1
Cook Islands	20	70	94	7,549	1.8	3.2
All Pacific					3.1	4.5
Caribbean					8.3	5.4
Africa					5.5	6.3

[a] 2004 data
Source: AusAID (2006, 2008)

nine countries do not compare well with those of the wider Pacific region, or the Caribbean and Africa.

The generally low levels of urbanisation across the region are reflected in the dominance of village settlements over towns and cities. Hassall and Tipu (2008: 9–10) have compiled a preliminary stocktake of the different forms of settlements and local government, presented in Table 2.2. They note that:

> Whereas the distinction between 'rural' and 'urban' environments is generally understood, clear legal definitions of the 'city', 'town' and 'village' do not necessarily exist in the legislation of Pacific island countries. What is clear, however, is that references to a village in the majority of cases imply a native settlement that has been recognised as such. In the cases of a city and town, it is usually the case for some kind of legal declaration to be made under the relevant law. The town of Apia in Samoa is an exception to the rule. There is no town authority or municipality. Apia town comprises a number of traditional villages that as such are governed under the Village Fono[4] Act of 1990. Issues affecting the urban area as a whole are generally matters for central government agencies, but there is no overall authority.

2.2 Decentralisation

Over the past two decades moves to decentralise government roles and responsibilities have been common across developing countries. Decentralisation has been strongly promoted by major donors as a means to promote greater efficiency, effectiveness, responsiveness and accountability in service delivery, as well as a vehicle for strengthening democracy and community engagement in the processes of government – and hence 'good governance' in general. Whether these moves have proved or are proving successful is a matter for debate (see Box 2.1), but they

Table 2.2 Types of settlement and local governments

	Fiji	Vanuatu	Solomon Islands	Papua New Guinea	Kiribati	Nauru	Samoa	Tonga	Tuvalu	Total
Provinces/divisions	14	6	9	20	–	–	–	5	–	49
Districts	–	–	–	89	6	14	11	24	0	144
Cities	2	0	1	3	0	0	0	0	0	6
Towns	9	2	1	50	3	0	0	0	1	66
Villages[a]	1,175	2,149	–	–	–	–	247	167	9	–
Local-level governments	–	8	11	299[b]	23	–	247	–	8	–

[a] Given that there are no figures provided for four countries, this row has not been tabulated so as to not give a wrong impression of the number of villages

[b] The 299 local-level governments in Papua New Guinea comprise 26 urban municipalities and 273 councils. Local-level governments are themselves divided into wards. In PNG's case, there are 6,003 wards. Wards are made up of villages and hamlets

Source: Hassall and Tipu (2008: 9–10)

Box 2.1 Schoeffel's 'Sceptical Propositions' regarding decentralisation

1. The conditions that create governance problems at the top are the same lower down, so the same problems occur (corruption, excessive patronage, capture of power and resources by elites).

2. Cutting the pie up into smaller pieces doesn't make the pie any bigger (if national government and the economy are not productive, then splitting resources among more governments may result in further decline).

3. People often don't want what is good for them (local people may not make decisions in their best overall, long-term interests, and funds may be wasted on projects of little developmental value).

4. Fundamental changes are needed before government can achieve develop-ment goals at any level (if systems and attitudes are fundamentally flawed, decentralisation will not help).

5. Local government can be strengthened without much devolution of state powers to smaller geographical units (strengthening semi-traditional village governance can complement rather than replace the role of central agencies at modest cost).

6. To improve conditions at the local level, the priority must be to strengthen and improve the efficiency of centralised national bureaucracies (enhanced management capacity in central agencies is essential for effective oversight and support of local governments).

Source: Schoeffel (2003)

---

continue to be pursued to varying degrees and in various forms across most Pacific countries.

Decentralisation can take a variety of forms. It may simply involve delivery of services through regional offices or agencies of central governments ('deconcentration'), without any significant devolution of service delivery or decision-making (political) authority to sub-national governments. It may focus on the establishment of provincial governments that either enjoy a large measure of autonomy or remain subject to strict central control. Or it may mean creation or strengthening of a system of community- or district-level local governments, again with more or less autonomy. The precise goals and structure of any programme of decentralisation and/ or strengthening of local government need to be made clear at the outset (Turner 2003), and matched to available resources. For example, Saldanha (2005: 9) observes that: 'Papua New Guinea has a substantially decentralized government that makes financial and technical demands well beyond the capacity of the nation'. The same is almost certainly true of all Pacific island countries attempting to provide 'substantial decentralized government', but at least in the case of those countries that consist

of dozens of far-flung islands, there may be no alternative – irrespective of a lack of resources for effective administration and service delivery.

Hegarty (2009) discusses the failure of decentralised government in PNG and Solomon Islands. At independence in 1975 and 1978 respectively, both countries introduced three-tier systems of government: national, provincial and local, although with quite different allocations of authority. However, local governments 'quickly became very much the "poor cousins" of the higher levels of government' (ibid: 102). Decentralisation 'reforms' in PNG in 1995 reduced the powers and service-delivery capacity of local governments, while in Solomon Islands local-level Area Councils created at independence were largely ignored at the national level and then abolished in 1997.

Hegarty goes on to detail the weak state of local government in the two countries. He quotes the views of Gelu (2008) that very few of the 303 local-level governments in PNG operate effectively, and of Cox and Morrison (2004) that since the abolition of Area Councils in Solomon Islands a 'gap' has developed between provincial administrations and local communities, exacerbated by the closure of many provincial sub-stations due to financial cuts associated with the period of 'ethnic tension' from the late 1990s. Similarly, Lawrence and Allen (2008) report wide separations and disjunctions between communities and the formal structures of government: access to government services was seen as low, police involvement slight, and conflict resolution left to chiefs and churches. Visits by members of parliament to their constituencies, beyond their home area, were rare. Also, donors are reported to have expressed frustration at the absence of local government authorities or a workable decision-making structure through which they could disburse relief funds following the 2008 tsunami in Solomon Islands Western Province.

Richardson (2009) provides an overview of the decentralisation experience in the small island states of Kiribati and Tuvalu. In both cases decentralisation policies have sought to tackle the difficult task of improving governance and service delivery on small and widely dispersed outer islands. Those policies have been driven by a combination of the steady drift of population to the capital islands of Tarawa (Kiribati) and Funafuti (Tuvalu); an enduring attachment to the island lifestyle; the fact that a majority of members of national parliaments still come from outer island constituencies; and the promotion of decentralisation by international financial institutions and donors. However, as in PNG and Solomon Islands, 'there are significant items on the international decentralisation "menu" that have been inappropriate for both countries … Responsibilities have not been matched with sufficient finances and this has resulted in poor service delivery and diminished confidence by local communities in the ability of local governments to deliver' (ibid: 125).

2.3 Issues in local governance

In general, 'formal' elected local government in the Pacific – as opposed to some traditional systems of local governance (see below) – is only weakly developed. While some countries have established quite elaborate legislative frameworks (see section 3),

Haley (2008: 9) observes that: '... local governments throughout the Pacific tend to be constrained by limited technical capacity, moribund public service infrastructure, political interference, a paucity of local leadership and very limited financial resources'.

Shah and Shah (2006: 2), in a review of the evolving roles of local governments in developing countries, argue the need for a framework of local governance that is:

- responsive – doing the right thing, delivering services consistent with citizens' preferences;

- responsible – doing the right thing the right way, working better but costing less; and

- accountable – to citizens through a rights-based approach.

They further propose that good local governance is not just about providing a range of local services, but must extend to democratic participation, quality of life and environmental sustainability (ibid: 2).

However, in contrast to this vision, Haley (2008: 10) finds that: '… citizens in many Pacific countries do not expect or necessarily want their governments or elected officials to be responsive to the wider community needs – only to their needs and desires. Indeed, many see the state as something to be used, if not plundered … and this means very little accountability is ever demanded by communities'. She goes on to suggest that: '… desire and demand for better governance in a Pacific context often remains little more than a demand for better service delivery' (ibid: 19).

A key issue here is the need for citizens to have sufficient knowledge and understanding of their rights and entitlements. 'In order to hold governments accountable, people need to understand the role of elected officials, how governments are meant to operate, and the law and how it relates to them … and they need to have access to the media and information about government performance' (Haley: 10). The CLGF Pacific Project has responded to this need by placing considerable emphasis on local leadership training (Peek and Sansom 2008).

A number of commentators have highlighted the limited involvement of women in political governance as a key factor that needs to be addressed. For example, Saldanha (2005: 17–8) argues that women exert extensive positive influences on governance through their roles in child rearing and education, economic activity, and maintaining cultural and community values, and that these roles need to be formalised and strengthened. He proposes that governments should adopt policies, strategies and budgets that reflect the contributions women can make, and that women should be guaranteed representation in parliaments, local governments and at senior levels of the public service.

Moves to reform local governance must have regard to the Pacific's widely differing socio-cultural contexts and political history. As Larmour (2005: 3) observes: 'The best model of political governance for a Polynesian country, characterized by common linguistic and cultural heritage and a tradition of deference to leaders, may be quite different to that which will work in a Melanesian country, where there is a huge

diversity of languages and cultures, and where leadership is more contested'. Various authors quoted by Haley (2008: 6) highlight international experience that shows:

- countries facing similar governance challenges may need to deal with those challenges in quite different ways;

- governance reform is a political, not just a technical exercise;

- reforms must be appropriate to local circumstances in terms of contexts, capacities and resources; and

- imported approaches are only as good as their adaptability to local context and capacity.

Significant variations in systems of local government and the legislation under which those systems operate are therefore to be expected and are often desirable.

2.4 Local government and civil society

Saldanha (2005: 5) draws a distinction between the *supply* side of political governance as opposed to the *demand* side. Efforts to improve governance often focus on the supply side, seeking to strengthen institutions such as the electoral system, parliament, local governments, the public service etc. By contrast, demand-side strategies seek to enhance civil society organisations and community understanding of people's rights and entitlements in order to promote widespread and concerted calls for better performance on the part of political leaders and public institutions.

In recent years, donors to several Pacific countries have sought to pursue demand-side strategies as a significant element of their aid programmes. A good example is AusAID's *Pacific 2020* strategy. Haley (2008) reviews recent comparative research on these efforts to build demand for better governance, drawing the conclusion that: 'Demand for good governance seems to emerge as a by-product of a robust and vibrant civil society and, as such, derives from broader civil society capacity strengthening and confidence building' (ibid: 19). She also notes that: '… promoting community demand for better governance through civil society strengthening is a slow, complex, incremental, iterative and reflexive process that is dependent upon extensive relationship building and investment in social infrastructure' (ibid: 19–20).

Notwithstanding these notes of caution, Saldanha (2005: 19) proposes that civil society organisations must be encouraged to hold government accountable, starting at the local government level. 'At the local government level where the interface between the community and government is most intense, voicing demands for better service delivery, for more effective law and order, and for transparency in decision-making and budget allocations is a useful way to make government more accountable'.

This approach tends to assume, of course, that civil society organisations themselves are accountable and efficient, which may not always be the case. A related issue is that when local government itself is weak or non-existent, civil society organisations may themselves become frontline service providers. Hegarty (2009) provides an overview of the extent to which thousands of community-based organisations and groups

have become active across a wide and diverse range of service delivery activities in both PNG and Solomon Islands. These include churches (which play a key role throughout the Pacific), national-level non-government organisations, community-level associations, women's groups and village self-help committees.

While the rationale and objectives of these groups are varied, most are focused on improving the livelihoods and socio-economic conditions of the rural populace, as well as the preservation of local *kastom* and 'ways of life'. Increasing numbers are accessing donor funding, thereby requiring some degree of formal organisation. However, the absence of effective local government leaves these groups without a structured and robust operating framework, making them vulnerable to the vagaries of patronage politics and associated maladministration. Reliance on civil society organisations, either to hold local government accountable or as primary service deliverers, has significant limitations as a result.

2.5 Local government and traditional governance

Finding an appropriate relationship between traditional governance – principally in rural areas – and modern systems of local government is a key issue across the Pacific. There is widespread agreement that different cultural traditions and systems must be respected, but also acknowledgement that the relationship with newer forms of 'western' democratic local government can be a difficult one. The 'Auckland Accord' adopted at the 2007 Commonwealth Local Government Conference (CLGF 2007: 4) stated that:

> Sites of competing authority at the local level are damaging to community well-being. The Aberdeen Agenda[5] underscores the importance of inclusive governance with local government acting as first among equals. Effective co-operative governance frameworks that suit the local conditions enable traditional and democratic systems to operate side-by-side or be complementary in the attainment of local development … It is essential to have a clearly defined legal framework as … the basis for effective co-operation in the local governance context. A sustainable and structured framework for dialogue is needed to ensure genuine communication and provide a peaceful dispute resolution mechanism.

Saldanha (2005: 5) argues that the quality of political governance across the Pacific can be improved by, among other things, strengthening local government's integration with customary or traditional community leadership. He suggests that in Polynesia 'some degree of effective integration of political and customary structures has been achieved and perhaps this explains the relative stability of local leadership' (ibid: 9), citing Samoa in particular. While acknowledging some of the disadvantages of 'big man' or *matai* leadership (relying on customary chiefs) and *wantok* (loyalty to kinship group) culture, he also argues that community respect for local leaders, plus the limited resources available for governments to service rural areas, make it sensible to use traditional systems where appropriate (ibid: 17).

Several systems of local government in Pacific countries incorporate traditional village structures. Those structures can provide a valuable building block, but over time they

can also become obstacles to necessary change and modernisation – fully including women in local governance, for example – and their legitimacy may be questioned. There is also a risk that established elites will unfairly capture additional power and resources created by new systems of local government. Richardson (2009: 125) suggests a lesson from the Kiribati and Tuvalu experience could be that while ignoring traditional institutions and leaders is a recipe for weakening local governance, giving them widespread powers may also be problematic.

Storey's (2005: 3) concerns about governance of rapidly developing peri-urban areas are also relevant here, as urban growth spills over on to customary land, or alternatively is constrained because such land is not made available to accommodate much-needed housing or other urban uses. He comments as follows:

> They are in practice 'grey areas' of 'negotiated territory', overtly urban in terms of their economic function and, often, of their physical form. Yet they are still rural, for municipal councils are kept at arms length, the state frequently has limited legitimacy and village-based structures of leadership and social organisation often continue. This mix of urban lifestyles and aspirations with rural social structures and customary leadership is often volatile for while forms of customary social control operate, not all members of a settlement will have a kin or even ethnic connection to the society at the centre.

All this suggests that local government legislation might perhaps seek to 'modernise' traditional structures to the extent necessary to ensure effective democratic governance capable of addressing today's pressing issues such as urbanisation, or establish an over-arching framework within which new systems of local government and traditional arrangements can work in sufficient harmony. However, Richardson (2009: 125) cautions that while there is scope for Pacific island countries to learn from each other in harmonising traditional and modern systems, '… the country-specific complexities of this issue make generic international models (which generally focus on modern institutions) less relevant'.

2.6 The urban challenge

A particular challenge for local governance across much of the Pacific is that of rapidly growing urban and peri-urban areas, often characterised by squatter settlements. Storey (2005: 1) has summarised the key issues as follows:

- land shortages and conflicts, where traditional systems come into contact with modern ones;
- rapidly increasing informal settlements, and a lack of affordable and relevant private housing;
- incomplete, inadequate, and failing infrastructure and services;
- growing inequality and poverty, with employment predominantly in the informal sector;
- worsening environmental conditions, with both organic and toxic waste presenting significant and growing threats to health;

- increasing crime and violence undermining attempts to create urban unity; and

- inadequate institutional capacity and human resources to deal with issues.

He goes on to argue (ibid: 4) that:

> … existing forms of governance are inappropriate for peri-urban areas and their future. The models that are available – managerial, neoliberal/entrepreneurial and customary – all have something to contribute, but none gives a complete answer. Peri-urban growth creates a key problem of governance: who is responsible for management of growth (housing, services, land use, environment etc.)? The central state may have putative power, but this is often weak and contested at the local level (by customary landowners or local power brokers, for example); city councils are usually poor and urban expansion now extends well beyond their limits; and local rural systems of governance are proving incapable of handling major urban issues.

Hassall and Tipu (2008: 10) discuss the case of Fiji as an example of the 'escalating challenge' of peri-urban development. Squatter settlements have proliferated around the urban centres of Suva-Nausori (72 settlements with 8,687 households), Nadi (19 settlements with 1,208 households), Labasa and Lautoka (15 settlements each), and Ra and Sigatoka (10 settlements each). Urban drift has been aggravated by the demise of the sugar industry, with many farmers migrating to towns and cities to seek employment. These developments raise the complex issue of how and whether town boundaries should be expanded in recognition of the need to provide services to new settlements.[6] Some 83 per cent of the nation's land is still under indigenous communal ownership. Urban development has already consumed most state and freehold land, so that future urban growth will require access to adjoining areas owned by Fijian clans. As explained by Storey (2005, quoted above), this poses major challenges for both effective urban governance and community relations.

The key point here seems to be that several existing systems of Pacific local government, although established quite recently, have failed to come to terms with this critical issue for the region. In other words, the design of those systems is not 'fit for purpose', at least in one crucial respect. However, this does not necessarily mean that the local government system itself must be changed. Governments may well decide that urban problems are better tackled by other means, such as special purpose agencies: Samoa has a Planning and Urban Management Agency that, among other things, provides a framework for urban governance in the capital, Apia. What does appear essential is that the expected role of local government in addressing the issue of urban expansion is made clear, and that both legislative provisions and allocation of resources match that role.

2.7 Local government finance

As Hassall and Tipu (2008: 31) point out, adequate funding is essential for effective – and it might be added, stable – local government. Data are limited and in some cases of questionable accuracy, but in general it appears that local government across the

Pacific lacks a sound financial base. A possible exception is Honiara City Council, as discussed in chapter 6.

Data provided by Hassall and Tipu has been used to construct Tables 2.3 and 2.4,, which show respectively sources of revenue available to local governments and expenditure per capita in 2007. Conversions to Australian dollars are those made by Hassall and Tipu or were calculated using contemporary exchange rates.

Table 2.3 suggests that local governments across the Pacific have access to a fairly wide range of revenues. In practice, however, own source revenues are often constrained by central government policies and regulations, by the limited capacity of small and poor communities to pay, and by inadequate financial management. Thus dependence

Table 2.3 Local government sources of revenue

Country	Central government transfers	Own source revenues
Cook Islands	Grants and subsidies	Rates, various fees and charges, fines, trading enterprises
Fiji	Very limited; no general revenue grants	Property rates, various fees and charges
Kiribati	Administrative and capital grants, some seconded staff	Rates ('rate, tax, duty or toll'), various fees and charges
Papua New Guinea	Revenue-sharing grants, special purpose payments, some salaries	Property rates, various fees and charges
Samoa	Various special-purpose payments, salaries of *Pulenu'u* and women's representatives	n/a
Solomon Islands (Honiara)	General and special-purpose grants (fairly consistent), some salary payments	'Basic rate' (head tax), property rates, business licenses, various fees and charges, trading enterprises
Tonga	Salaries of district and town officers	n/a
Tuvalu	Payments from investment trust funds (local governments make contributions)	Rates ('community development tax'), various fees and charges, trading enterprises
Vanuatu	Variable transfers, some salary payments	Property rates, business licenses, various fees and charges, fines (by-laws infringements), trading enterprises

Source: Author, based on Hassall and Tipu (2008)

Table 2.4 Local government expenditure per capita, 2007

Country	Lowest AUD	Highest AUD	Average AUD
Fiji	$31	$363	$105
Kiribati	$23	$285	$46
Solomon Islands (Honiara)			$48
Tuvalu	$98	$646	$238
Vanuatu	$17	$113	$42

Source: Author, based on Hassall and Tipu (2008)

on central government grants and subsidies is generally high, and local discretion to make expenditure decisions correspondingly low.

The expenditure data in Table 2.4 again highlight the weakness of local government in the Pacific and its limited range of functions. In particular, per capita expenditure tends to be relatively low in the larger urban centres, although Suva in Fiji (178 Australian dollars [AUD]), and Port Vila (AUD113) and Luganville (AUD80) in Vanuatu, are exceptions among the countries shown. Tuvalu stands out as having relatively high levels of local expenditure, apparently as a result of the success of the country's system of trust funds (Hassall and Tipu 2008: 23–24).

2.8 Central-local relations

In general, local government in the Pacific is subordinate to central government (Hassall and Tipu 2005: 27). This is particularly evident in terms of financial dependency, as outlined above, and close ministerial oversight of council activities. In most countries local by-laws and the level of taxes and charges are subject to ministerial approval; key staff may be appointed by or seconded from central government (e.g. Solomon Islands, Vanuatu, Kiribati); ministers may appoint additional members to elected councils (e.g. Vanuatu, Fiji, Solomon Islands), although these are usually non-voting members; and in the absence of constitutional protection the very existence and continuation of local government is subject to national determination – exemplified in 2008 by the complete abolition of local government (not just dismissal of elected councillors) in Rarotonga, Cook Islands, through the repeal of the Rarotonga Local Government Act.

Another issue in some countries is the relationship with local members of national parliaments. In the case of Kiribati and Honiara City Council, for example, local members of parliament (MPs) are ex officio members of councils. Also, MPs may exercise control over development programmes (or have their own constituency funds) and use this power in a way that tends to weaken local government. Writing about Papua New Guinea, Allen and Hasnain (2010: 14) have observed that:

> [Local governments] have been increasingly marginalised from planning and financial decision-making processes at both provincial and district levels. They have also been starved of funding to perform their basic planning and service delivery functions … The 89 open electorate MPs and their associated electoral and administrative units – the districts – have eclipsed or overshadowed all other forms of local political activity.

Few countries have arrangements for regular discussions between representatives of local government and national ministers or their agencies. Samoa is an interesting exception, where there are frequent meetings of the village *Pulenu'u*[7] and women's representatives with senior officials of the responsible national ministry. In Kiribati and Tuvalu political leaders and senior staff from island councils meet periodically in the capital with central government leaders and officials, but this is somewhat ad hoc and made difficult by the logistics of travel between far-flung islands.

Fiji and Papua New Guinea are the only countries that have had national local government associations. Both have received considerable support from the CLGF Pacific Project, and have in various ways demonstrated the potential value of associations in representing local governments' interests and enhancing their performance. However, the dismissal of elected councils in Fiji in 2009, coupled with the withdrawal of Commonwealth support for government capacity building programmes, and persistent difficulties with membership fees and administration in the case of PNG, mean that at present there is little substance to these associations in either country.