

## **Opening up land for development or squandering the nation's resources for abuse - Are we facing a big land grab?**

Papua New Guinea faces various development choices. How it manages its land and other natural resources is one of the most critical.

Land is close to people's hearts here, and the basis for the majority's livelihood.

PNG has extensive mountainous, swampy or seasonally-flooded terrain, unsuitable for agriculture, as well as areas of high/growing population density with declining fertility. By world standards, however, Papua New Guineans on average are blessed with extensive land and other natural resources, including access to fresh (though not necessarily potable) water. Much of the world is crying out for such resources, for agriculture or other purposes. Resource-short nations are hungry to tie up natural sources in countries like PNG, and there are some resource-owners quite ready to make quick bucks from hasty once-off transactions, rather than planning and nurturing this resource for themselves, their children and the wider community. Recently, the Mozambique government was overthrown over a deal wherein roughly half the country's arable land was allocated to South Korean interests, reportedly with little apparent benefit to Mozambique (other than perhaps a few cronies?)

PNG's suffers many other impediments undermining opportunities, notably poor access to markets (with deteriorated road and other infrastructure), unsatisfactory education and health services, lack of utilities, law and order problems in some regions, and poor telecommunications, although mobile telephony is finally extending its reach (since competition commenced in mid-2007). Some of these difficulties are increasing, with government generally failing to perform core functions, particularly away from main centres, despite increased funding available in recent years, largely owing to unsuitable systems, poor governance (including corruption) and lack of capacity. The population is frustrated and desperately seeking ways to improve their livelihood, although many lack suitable skills for life in urban/peri-urban areas to which many drift.

Unrealistic expectations, distrust and the greed by some opportunists for upfront benefits, drive exaggerated equity demands in LNG or mining projects for selected beneficiaries (at the expense of wider community interest), with some leaders and purported landowners now committing vast areas of land (and other natural resources) to overseas interests, for short term gain, sidestepping proper processes.

Over recent months about two million hectares of land across lowland provinces have been granted as Special Purpose Agricultural/Business Leases under the *Land Act*, with seven of these areas (in Western, Sepik, Central and Oro Provinces) each exceeding 100,000 hectares. As with a 38,000 ha Collingwood Bay scam launched in 1995, and finally thrown out in Court in 2001, many (if not all) of the 50 known schemes have apparently lacked due process, with landowners never granting their 'informed consent' for the State to lease their land and subsequently reallocate it to various named (largely overseas-controlled) interests. In the case of Collingwood Bay a small group had signed on behalf of all landowners, without the majority (including most landowner leaders) even aware of the transaction, let alone granting approval.

In many cases these fast-tracked, supposed ‘agricultural’, or misnamed “agro-forestry” projects are a front for operators merely pursuing the timber, sidestepping the 32 steps (including competitive tendering) required under the *Forestry Act*. Some involved may also be interested in further agricultural development, but past experience has found operators departing hastily (or declaring bankruptcy) once the logs have gone and major expenditure required, with supposed developers establishing inadequate nurseries to plant up more than diminutive areas for agricultural crops, whether in Pomio or elsewhere. There is strong suspicion therefore of these special purpose leases, especially with many areas (e.g. karst limestone near Pomio, or around Mekeo) largely unsuitable for extensive oil palm or other crops. Such large developments also require environmental plans (under the *Environment Act*). Let’s hope that process is conducted more rigorously than the secretive approvals granted for Collingwood Bay!

It’s often stated that, apart from oil palm, agriculture has performed poorly in PNG over the past three decades. It’s certainly should have performed much better, and would have if various constraints (such as infrastructure) had not deteriorated, leaving produce unable to reach markets reliably. It’s often argued that lack of land title is a major constraint, especially for larger scale production. The sector’s poor performance shouldn’t be exaggerated, however. Apart from oil palm, the estate sector has certainly contracted severely, partly over poor tenure security over existing holdings or unavailability of new land areas, but also owing to high costs (including crime) and declining or cyclically low prices. However, smallholders have been better able to remain engaged, hanging in during low prices, whilst taking advantage of subsequent recoveries. So, whilst overall tree copra production (apart from oil palm) has been stagnant or growing modestly, this has concealed a significant growth in smallholder output, making up the shortfall from estates in coffee, cocoa and copra (although quality has slipped).

Customary land tenure provides broad-based access to land, food and nutrition and income-earning opportunities. Many other constraints to agriculture development and food security are more immediate than customary land registration, although growing needs and abuses (sometimes abusing existing laws) requires readiness to adopt reforms and safeguards. Access to credit is a secondary constraint, but realistically gaining a registered title is unlikely to secure smallholders or landowning groups access to significant credit, with banks recognising difficulties in transferring title in the event of default.

In the urban and peri-urban areas with fast growing population and land-use pressure there is a clear need to promptly identify customary land title, both to ensure rightful landowners are able to benefit from past and current developments (or occupancy) on their land, and to open up opportunities for overdue and properly planned new housing, infrastructure and other development, particularly with urban house prices and accommodation becoming excessive and unaffordable, forcing most to inhabit rapidly expanding, ill-planned and serviced squatter settlements.

The trouble is that PNG’s land laws have been severely abused over many years, with multiple titles issued, and politicians, officials and questionable businesses acquiring land titles over lucrative urban areas, commercial developments occurring on land zoned for other purposes, and even bogus land board hearings reported. So public and

private sector (including bank) confidence levels are low, with little transparency and documentation stored in unsuitable conditions. The land reforms currently being pursued are generally sound, covering (i) improved administration of existing “alienated” land, (ii) strengthened dispute resolution capacity (notably through the magisterial service) and (iii) customary land utilisation (commencing with more rigorous procedures for Land Group Incorporation).

Severe abuses are already happening under existing laws, including with special purpose leases over customary land (converted to 99 year leases – i.e. allocations of community land to ‘unknown’ businesses for 3 generations). We need the reforms under (i and ii) to proceed immediately, and be adequately funded, and even reinforced to ensure greater transparency over all transactions, including an impartial watchdog (with teeth) overseeing due process. Adequate funds should be made available urgently for any proposed lease-backs (under current laws) and for landowners challenging improper land transactions over their customary land. Land group incorporation and registration over undisputed land in urban/peri-urban areas should only proceed, where sought, on a closely monitored pilot basis, following processes rigorously.

In last week’s CIMC Momase Regional Development Forum in Madang there were two excellent presentations by Sarah Tsiamalili from the Environmental Law Centre and Lillian Holland from New Britain Palm Oil Ltd. Sarah Tsiamalili showed, on the one hand, many of the abuses under the current Land and Land Group Incorporation legislation, and potential pitfalls under the new legislation, notably if due process, including over community awareness and participation, is not followed meticulously, resulting in communities forfeiting land rights, especially when unscrupulous developers combine with corrupt officials and greedy purported landowner leaders. Lillian Holland, by contrast, highlighted the potential generated when a long-established PNG company, NBPOL, is committed to pursuing correct process and ensuring both landowner leadership, wide community participation and benefits (and perhaps learning from some earlier mistakes). Furthermore the leases are relatively short term (20-40 years, as determined by the landowners), in some cases converting back to landowner control within the next decade.

Oil palm will always have detractors, but it has sound long term market prospects. Well-managed oil palm nucleus estates (utilising relatively compact areas) complying with tight social and environmental standards, have a significant role (together with other crops) in providing agricultural income and opportunities in PNG. Conversely, logging projects, manifested as oil palm, should not have any role, nor extensive natural forest conversion into low-yielding and ill-managed oil palm estates, which fail to meet exacting social and environmental standards.

Papua New Guineans want to participate in the country’s development, accessing skills, jobs and income-earning opportunities. So long as Dutch disease is restrained, (associated with ill-managed resource extraction and macro-economic management), agriculture (including nucleus-estates and smallholders) remains best placed to provide broad-based opportunities (as well as meeting core needs), with growing long term domestic and international demand for food and other products and likely declining agricultural productivity in many parts of the world (including parts of PNG) with climate change and population growth. Let’s facilitate genuine agricultural

development (including large investors with a demonstrated track record) focused upon long-term opportunities for Papua New Guineans, but halt the current outbreak of fast-tracked land grabs, apparently endorsed by various leaders (and involving dubious or unknown investors), which threaten to alienate people from their land and wipe out those opportunities.