

Poverty, Opportunity and Governance in PNG

Papua New Guinea doesn't face the mass starvation prevalent some years in parts of Africa, or in the past in India and China, but, during harsh years (such as 1997/8) and seasons, people have died of starvation even in this relatively productive agricultural land, with its seas and rivers still teeming with fish. PNG has relatively low population densities and widespread access to resources and should be able to readily meet all needs for basic staple foods. Its traditional exchange systems, and the social support or "wantok" system provide safeguards during local or seasonal shortages and for those at greater risk, nevertheless, malnutrition was long prevalent in PNG and changing social, demographic and health, economic and environmental factors are posing new risks of severe poverty, including food shortage, within parts of the community.

Some politicians may be oblivious to the deprivation within their own country, perhaps blinkered by darkened windows, red carpets and expectations of LNG and mineral wealth trickling down to the less-fortunate in the community. There's significant poverty even within the United States (a priority for Obama's administration to address), and extreme poverty sitting alongside opulent wealth in most oil and mineral rich States of Africa. Harsh climate and extreme weather conditions bring drought and floods, and certainly increase food insecurity, but the principal cause of under-nutrition and starvation prevailing worldwide is poverty, resulting from bad economic and social policies and management. Countries and regions with the highest resource incomes do not systematically address poverty, and often they're the least accountable and experience severe inequality and poverty. In PNG some of the richest provinces have demonstrated the worst governance and poorest provision of public goods and essential services. Empowering households (and especially women) to have reliable access to adequate income and markets and the means to supply their own food and other needs are prerequisites for food security, including practical support for the urban informal economy.

At a recent workshop on 'extreme poverty' it was confirmed that severe poverty exists in PNG, not so much across entire provinces, as within Districts and local communities. Whilst poverty maybe partly relative, with people feeling deprived next to relative affluence, (and one speaker argued it would be patronising to equate it simply with lack of income and modern goods and services), nevertheless, poverty is generally defined in terms of a range of social indicators. These include poor access to food and income (e.g. less than US\$1/day) and to certain public goods and services and respect for basic human rights. High infant and maternal mortality, short average life expectancy, lack of access to potable water, basic health facilities and education opportunities, for both males and females, needed to empower people, as well as lack of access to jobs or other legitimate income-earning opportunities, lack of legal recourse, and fear of forfeiting one's modest resources to constant crime or abuse by authorities or community/family members, all constitute or contribute to poverty.

Growing population pressure and urban drift, climate change and sea level rise, major epidemics with growing numbers of orphans, as from AIDS, but also other major environmental catastrophes, as from extractive industries or other pollution, destructive logging or land grabs, can all generate poverty and food insecurity and push more vulnerable groups into severe poverty. These require concerted responses by government.

The recent workshop highlighted such examples of social marginalisation, including women and children forced into the most marginal and at times degrading situations. These have sometimes been caused by actions of some businesses, leaders or failures of government either to empower its citizens, deliver basic services (including providing basic legal protection) or even disenfranchising them of their resources; for example, approving ill-drafted environmental plans for projects with major social and environmental ramifications, without any conditions or oversight, or allowing rogue police units to

operate without restraint on behalf of some logging companies, destroying village houses and property and callously permitting extensive human rights abuses on local households.

The major cause of widespread impoverishment has been the failure of government over many years to perform its basic responsibilities, with funds diverted away from priority public goods and services (including infrastructure maintenance) and squandered on administrative overheads, waste and extravagance in the main cities. As the Finance Inquiry and Public Accounts Committee have been highlighting much has also been simply siphoned off, whilst the richest provinces, like Western and Southern Highlands, were renowned for the false invoices submitted (and paid) for goods and services never supplied, as also with buildings never built by DEC at Moitaka Wildlife or the many classrooms in Districts, plus massive out-of-court settlements, tens of millions for a fisheries surveillance project never established, overpriced pumps for Eda Ranu, corrupt civil works tendering and selection, millions paid in rentals whilst the Central Government Office remains empty, or plans and studies repeated as the original documents were misplaced/discarded. Almost no-one has been punished for abuses, whether renowned cases like the POSF housing scheme, Central City, NFP and Investment Corporation, or the steady draining of funding needed for basic services, to empower and save lives in rural areas. Did no-one care as services and standards evaporated? Of course many did, but ordinary people didn't know what was planned and reported upon. They were effectively disempowered, as all decision-making was usurped by an all powerful politico-bureaucratic elite.

Are things changing, or about to change? Certainly not overnight, and there'll be many challenges ahead, not least how to prevent a small clique of landowners and other leaders grabbing undue control of the benefits from major new resource projects, including LNG and Ramu-Nickel. Such major projects invariably have substantial social, economic and environmental impacts (although LNG should have limited direct environmental consequences). It is critical that the positive benefits are maximised for the whole country (including revenue being utilised and invested transparently for long term, broad-based public goods and services), whilst negative effects (which could undermine the wider economy, as well as more localised impact) are minimised through a concerted effort, not only between government, some resource owners and companies involved, but also the wider business community and public. This requires that information is widely available, explained and discussed, including with the non-literate.

There are, however, some positive signs of change. The public is certainly becoming more aware and less tolerant of the failures of government, leaders and public servants. More accessible and affordable mobile telephony has assisted, including for exchanging information, but also highlighting the deficiencies of former monopolies. More questions are being asked (over NADP, DSIP, poor services etc) and there's more readiness to take leaders, officials and miscreant companies to task, including through the media, forums and litigation (e.g. over improper, unsuitable or secretive resource decisions, including land allocations and rezoning). There's also more exchange of information and lessons being learnt from other Provinces, Districts and business experiences. A few Districts, including MPs, are starting to demonstrate how District funds can be utilised to restore public goods and services, and the message is getting out, although no acquittals have yet been provided over the first K356 million released under DSIP, before the second K4 million per District was released. Reforms to land administration and new Informal sector policy will help, whilst NCD is setting good examples (but please don't forget that betelnut production and sales provide major income for the poorest in urban and rural areas)

In 2006 IPBC was bragging in forums about increased profitability of State Owned Enterprises (SOEs). Everyone was unimpressed as no consideration was given to standards of service. Mobile phones and some air services have now shown the merits of competition to the public. Let's hope the

new ICT policy, endorsing telecommunications competition, is seriously made to work, (and not undermined by a sub-standard or politically-controlled Pangtel-mark2). Positively, at last week's PNG-Australia Business Forum, IPBC and PNG Power acknowledged the deficiencies of SOEs and making efforts to address incapacity, and with ADB and others' support.

Addressing government's failures over the years (including the poor state of some SOEs), requires concerted effort. Improved planning (using 40, 20 and 5 year strategic plans) has some merit, so long as effectively coordinated and genuinely consulting and identifying the issues and contributing to practical 5 year plans and annual Budgets. But the main issue is getting government operational again and, by implication, accountable.

The State has extensive responsibilities, for establishing suitable economic and social conditions for markets to operate efficiently (largely at arms length), and more directly ensuring equitable provision of essential public goods and services, including safeguarding the welfare of the more vulnerable in the community, where necessary through social protection mechanisms, where traditional and market systems are failing to cope. Having responsibilities does not, however, mean government performs all those functions itself. It requires government has access to current market and social information, an area seriously lacking with the decline of NSO's (and other statistics) capacity, and then knows how to retain and utilise this information.

Broadly, commercial activities should be left to the private sector to invest, own and operate, but under competitive conditions; (the State should not own commercial businesses longer than necessary nor necessarily divert funds from deficient core services into buying equity in LNG, for example). In the absence of local competition (owing to certain market constraints) there must be other ways of consumer (or producer) protection, as with the oil palm pricing formula (which must be regularly reviewed), and through ICCC. Some other functions which remain run by government or by SOE's could be run more efficiently through Public-Private Partnerships, or contracted out, but rigorous processes are required to ensure transparency and that operations are genuinely more cost-effective than, e.g. run by the Works Department. Government consistently seeks to undertake, or control, too many functions and activities, and thereby ends up doing little effectively or accountably. Options for service delivery should be examined, leading to clear consensus and guidelines on the parameters of government responsibilities and the effective implementation mechanisms, including private sector, PPPs, NGOs/ churches etc. Some tasks should be left to the market, some require the State to improve and maintain transport and market infrastructure, and then left to the private sector. In other cases, as with distribution of medicines, this may be best undertaken by the private sector, but under clear guidelines and quality supervision. Churches perform various services better than government, but do not wish to assume all these tasks.

Many despair that government will ever be accountable and perform, and pursue other options only, including urge donors to by-pass National Government entirely for critical service provision. But only government (national and sub-national) has the resources and powers needed for the major nationwide service functions, even if many are devolved or delegated out. These functions cannot all be offloaded to the private sector and civil society. Government must, therefore, be made to work and be accountable, if only with reduced implementation responsibilities, whilst other tasks are delegated out. If PNG is to address growing poverty and excessive inequality, and provide broad-based economic opportunities it must wake up government to become an effective development partner. With improved management and accountability government institutions can be much more effective, as demonstrated by a few better functioning institutions, but can the public shake their leaders enough to commit themselves to reform and tackling public sector bottlenecks (including Planning and Personnel Management Departments). This includes strengthening watchdogs and mechanisms for public

accountability. Proposed Amendments to make political leaders immune from leadership standards under the current leadership code would be a backward step. The capacity for prompt removal, under simple procedures, to protect public offices from abuse must be retained. Use of the Criminal Code to punish offenders is a separate process (although, as we all know, for some reason almost never applied in practice!)

Countries, whether wealthy or poor, with strong social capital and where systems of public accountability and the rule of law are vigorous, invariably take better advantage of, and don't squander, development opportunities. They also ensure broader-based development and better address the social and environmental issues faced, through better cooperation, without having groups marginalised through back-door transactions, resource-giveaways, human or other smuggling and other schemes which disempower citizens and the country's prospects. Can PNG make the shift to full public accountability and the fair and even-handed application of the law, and seriously addressing the growing marginalisation and impoverishment of sectors of the community? Yes it can, but it will require determined effort and pressure from throughout the community.

As stated in the last INA Focus piece, the issuing of extensive special purpose leases to outside interests for unknown purposes (so far 2.5 million hectares), without landowners' informed consent, could significantly lead to further rural impoverishment. Details of the areas so far gazetted are as follows: -

DATE	GAZETTE NO.	GRANTEE	TERM YEARS	AREA HECTARES	LAND DESCRIPTION			PROV
					PORTION	MILINCH	FOURMIL	
03-05-04	G42	TRUKAKE LTD	99	120.70	46	KOKOPO	RABAU	ENB
14-10-04	G113	BARAVA LTD		244.70	307	KOKOPO	RABAU	ENB
06-01-05	G113	LOLOKORU ESTATES LTD	45	1,750.00	1C	GARUA	TALASEA	WNE
28-10-05	G157	BAINA AGRO-FOREST LTD	40	42,100.00	29C	KASE	BUNA	CEN
12-12-05	G184	ROSELAW LTD	99	25.11	2541C	GRANVILLE	MORESBY	NCD
16-06-06	G120	PULIE ANU PLANTATION LTD	99	46,233.00	396C	GOGOR/MIO	RAULT/ARAWA	WNE
20-07-06	G143	VANIMO JAYA LTD & ONE UNI DEV. CORP.	99	47,626.00	248C	TADJI	AITAPE	WSF
21-09-06	G183	ZIFASING CATTLE RANCH	50	8,374.23	79	ONGA	MARKHAM	MOR
22-09-06	G186	PERPETUAL SHIPPING LTD	50	283.29	19C	AIRD	KIKORI	GUL
07-12-06	G224	CASSAVA ETAGON WHY LTD	99	20,000.00	884C	DJAUL	KAVIENG	NIP
28-12-06	G234	EMIRAU TRUST	99	3,384.38	53C-58C	ELEOA	EMIRA	NIP
01-02-07	G157	CHANGHAE TAPIOKA (PNG) LTD	40	1,656.00	519C	RIGO	MORESBY	CEN
01-02-07	G157	CHANGHAE TAPIOKA (PNG) LTD	40	74.87	444C	RIGO	MORESBY	CEN
01-02-07	G157	CHANGHAE TAPIOKA (PNG) LTD	40	66.77	446C	RIGO	MORESBY	CEN
01-02-07	G157	CHANGHAE TAPIOKA (PNG) LTD	40	2,514.00	517C	RIGO	MORESBY	CEN
01-02-07	G157	CHANGHAE TAPIOKA (PNG) LTD	40	3,573.00	518C	RIGO	MORESBY	CEN
01-02-07	G185	CHANGHAE TAPIOKA (PNG) LTD	40	2,514.00	521C	RIGO	MORESBY	CEN

01-02-07	G157	CHANGHAE TAPIOKA (PNG) LTD	40	2,514.00	520C	RIGO	MORESBY	CEN
15-02-07	G224	BRILLIANT INVEST. LTD	99	25,600.00	146C	ANGORAM / MARIENBERG	BOGIA / VANIMO	ESP
19-02-07	G234	OKENA GOTO KARATO DEV. CORP. LTD	99	28,100.00	146C	KUPARI	TUFI	ORC
03-05-07	G38	YUMI RESOURCES LTD	99	115,000.00	30C	KASE	BUNA	CEN
03-08-07	G115	KOARU RESORUCE OWNERS COMPANY LTD	99	59,460.00	323C	KUKIPI/CUPOLA	YULE	GUL
17-10-07	G161	RAKUBANA DEV. PTY LTD	99	24,581.00	871C	DOLOMAKAS	NAMATANAI	NIP
17-10-07	G161	TABUT LTD	99	11,864.00	885C	LOVANGAI	KAVIENG	NIP
17-10-07	G161	UMBAKUL LTD	99	25,108.00	886C	LOVANGAI	KAVIENG	NIP
17-10-07	G161	CENTRAL NEW HANOVER LTD	99	56,592.00	887	LOVANGAI	KAVIENG	NIP
22-11-07	G182	MEKEO HINTERLAND HOLDINGS LTD	99	116,400.00	45C	OMERI	YULE	CEN
09-01-08	G38	WOWOBO OIL PALM LTD	99	23,180.00	4C	AURI	KIKORI	GUL
18-03-08	G45	AKAMI OIL PALM ESTATE LTD	99	231.20	104C	MEGIGI/DAGI	TALASEA	WNE
07-04-08	G54	AKAMI OIL PALM ESTATE LTD	99	345.75	2628C	MEGIGI/DAGI	TALASEA	WNE
09-07-08	G120	POMATA INVESTMENT LTD	99	15,000.00	196C	NAKANAI/WOIPUNA	TALASEA	ENB
09-07-08	G120	NAKIURA INVESTMENT LTD	99	16,100.00	198C	WOIPUNA	TALASEA	ENB
09-07-08	G120	RALOPAL INVESTMENT LTD	99	11,300.00	197C	WOIPUNA	TALASEA	ENB
14-07-08	G124	BEWANI OIL PALM DEVELOPMENT LTD	99	139,909.00	160C	OENAKE/BEWANI	VANIMO/AITAPE	WSP
14-08-08	G145	OIL PALM PLANTATION LTD	99	116,840.00	144C	TRING	WEWAK	ESP
14-08-08	G145	RERA HOLDINGS LTD	99	68,300.00	2C	KAPIURA	TALASEA	ENB
01-09-08	G152	ATABEDA AGRO FOREST LTD	99	11,700.00	409C	EPO/KAIRUKU	YULE	CEN
25-09-08	G174	AKIVRIU LTD	99	6,111.00	398	MIO	ARAWA	WNE
25-09-08	G174	IVAGA OUROUINO-MASINAMTA LTD	99	10,741.00	397	MIO	ARAWA	WNE
25-09-08	G174	POLOPO LTD	99	8,328.00	35	GOGOR	ROUALT	WNE
25-09-08	G174	KAVUN LTD	99	7,161.00	34	GOGOR	ROUALT	WNE
25-09-08	G174	GOGORANTO LTD	99	8,893.00	33	GOGOR	ROUALT	WNE
08-01-09	G4	MUSIDA LTD	99	211,600.00	16C	GONA	TUFI	ORC
18-02-09	G31	EAST WAII OIL PALM LTD	99	21,108.00	5C	BEARA/AURI	KIKORI	GUL
18-02-09	G31	AROWA OIL PALM LTD	99	12,341.00	6C	AURI	KIKORI	GUL
01-04-09	G58	NUKU RESOURCES LTD	99	239,810.00	26C	VARIOUS	VARIOUS	ESP WSP
28-04-09	G78	TUMU TIMBERS DEVELOPMENT LTD	99	790,800.00	1C	VARIOUS	VARIOUS	WES

2,395,558.00