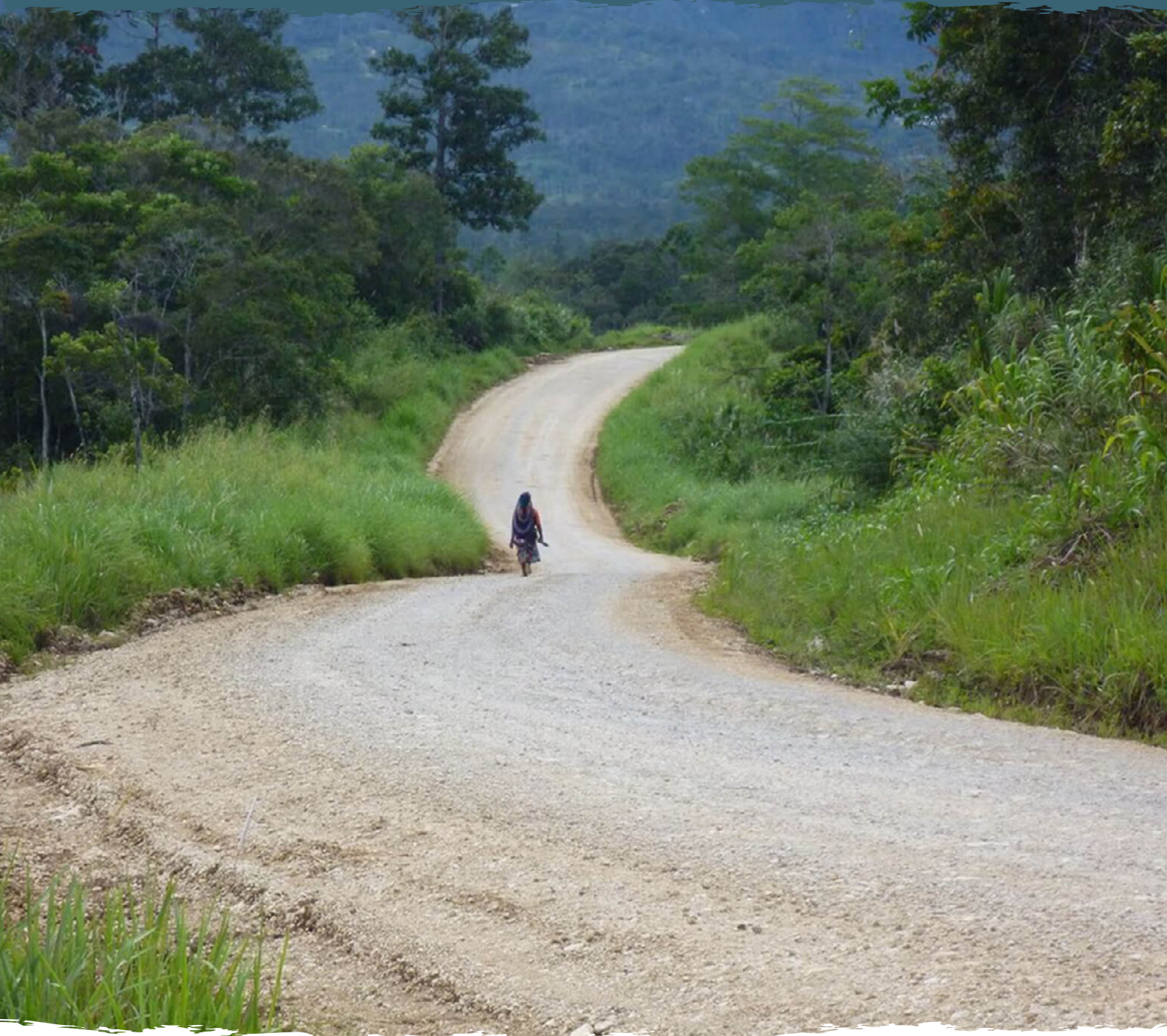


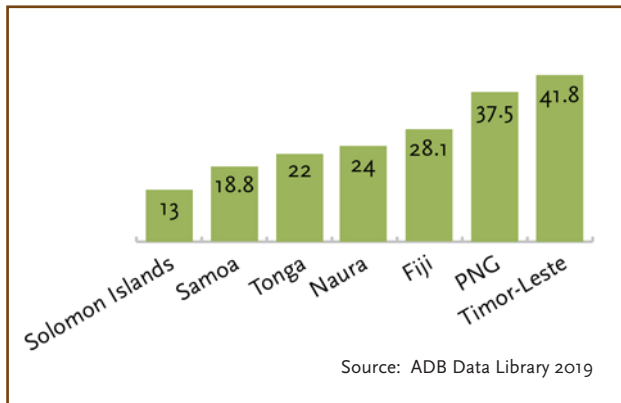
# FROM EXTRACTION TO INCLUSION

CHANGING THE PATH TO DEVELOPMENT IN PAPUA NEW GUINEA



Since Independence in 1975, Papua New Guinea's economic and social development outcomes have not matched people's aspirations or government promises. Indeed, despite the abundance of its riches, PNG lags behind its Pacific neighbours on many important development indicators. Most people's quality of life has not improved, and the quality of basic government services like health and education has deteriorated.

**PNG poverty figures compared to its neighbours (% of population)**



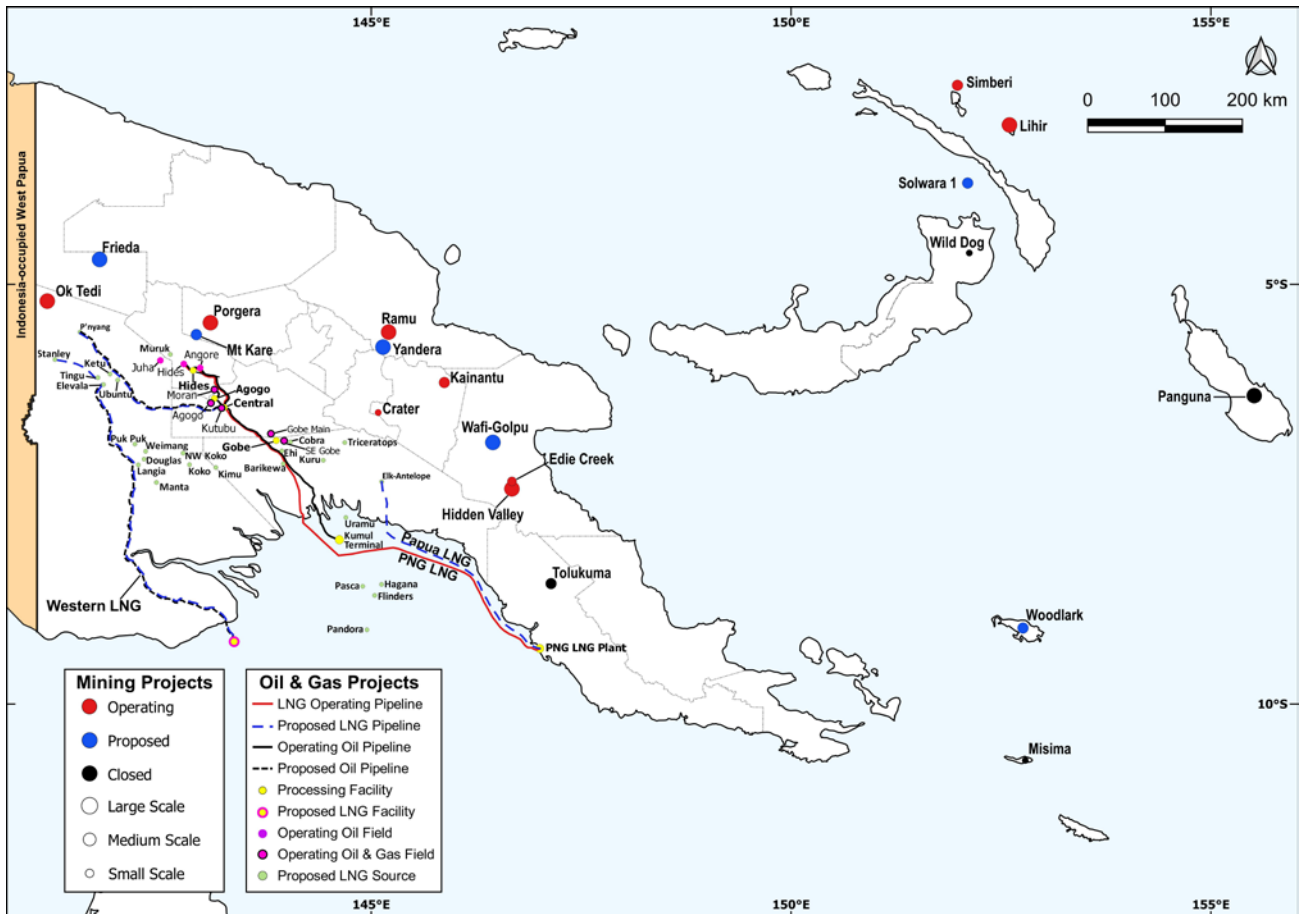
A comprehensive and objective review of the country's economic performance since

Independence in 1975, has found this can, in large-part, be attributed to the development path that has been followed by successive governments. Rather than a people-centred approach, which was considered and promoted in the years leading up to Independence and embedded in the nation's Constitution, large-scale resource extraction has dominated among policy makers and been sold to the people under the promise it will improve their lives.

In pursuit of this goal of development by extraction, PNG has allowed some of the world's largest mining, petroleum and logging companies onto its shores to extract large quantities of gold, silver, copper, nickel, oil, natural gas, tropical logs and palm oil.

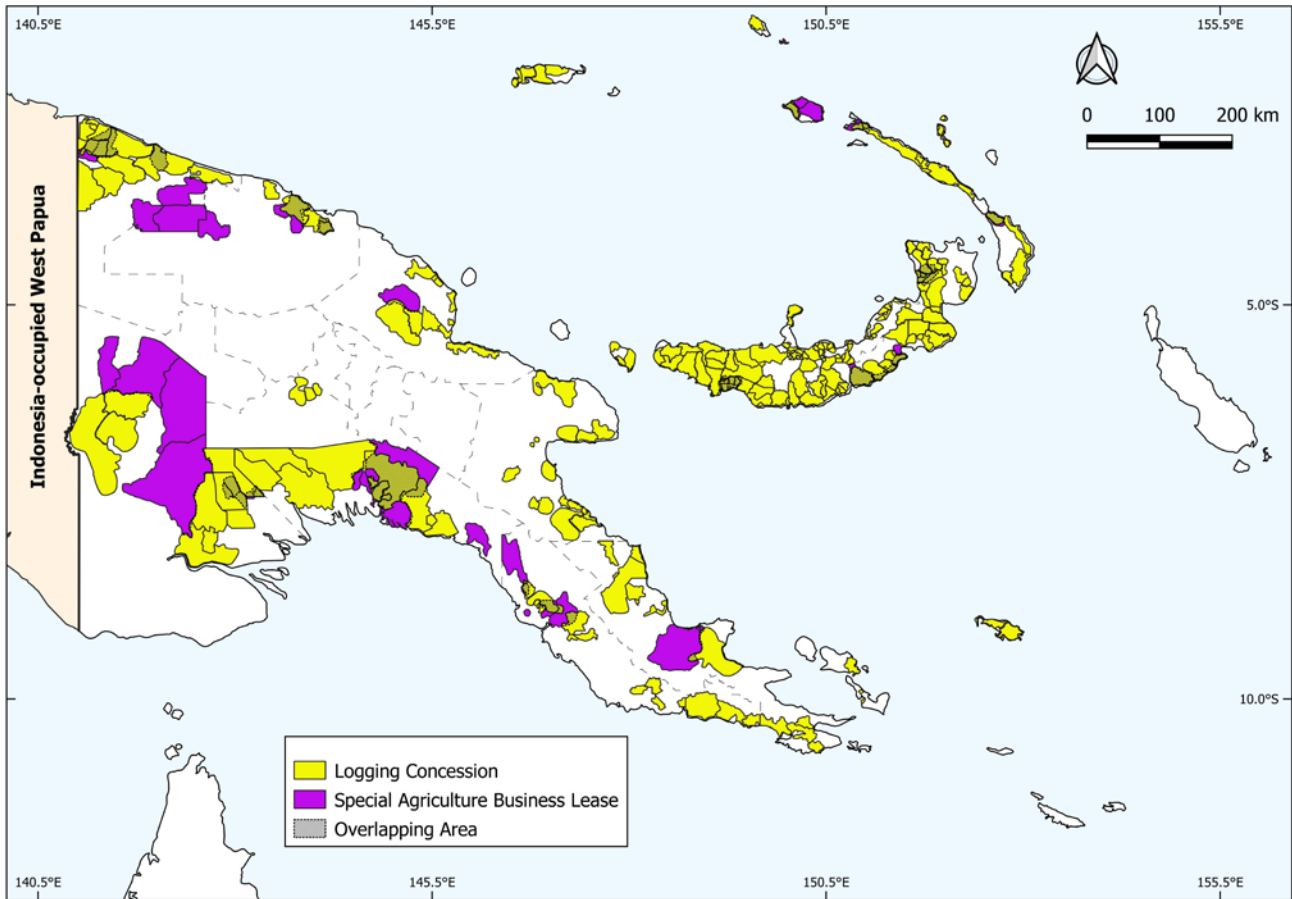
While there have been some positive developments, particularly in access to education and life expectancy, the economic and social development that has been repeatedly promised has not been delivered. Although it is hard to get reliable scientific data on the standard of living, evidence shows that for most families, it has either stagnated or declined. Health services have not improved or have gone backwards. There is poor access to clean

**Major mines & petroleum projects in PNG**



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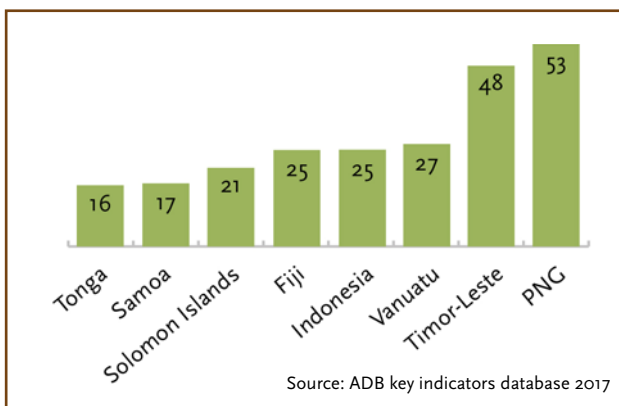
## Land lost to logging and SABL



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water, sanitation and electricity. Child malnutrition, easily preventable diseases and other health issues are widespread.

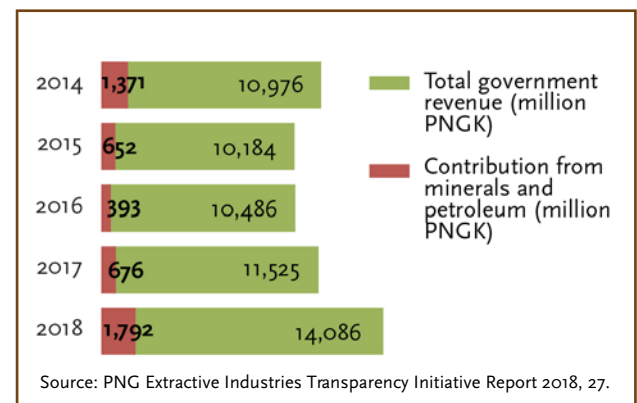
### Under 5 mortality rates per 1,000 live births



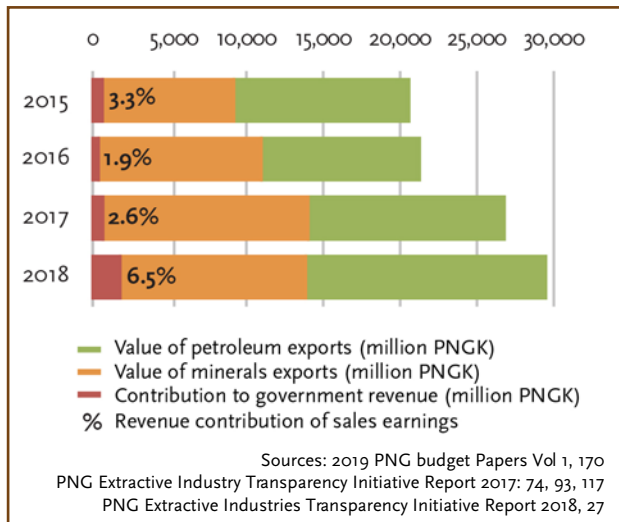
At the same time, it is PNG's traditional strengths in agricultural know-how and the continued resilience of the informal economies and clan kinship networks at the heart of village life that continue to sustain and support most of the population. In 2020, the COVID-19 pandemic has once again illustrated this strength and resilience.

Scientific analysis reveals the strategy to rely on the large-scale extraction of natural resources has failed to improve people's lives for several reasons. Extractive industries like mining, oil and gas and industrial scale logging operate in small enclaves with little connection to the rest of the economy. Foreign companies take most of the profits offshore, and contribute relatively little to government revenues as they are adept at both tax avoidance and tax evasion.

### Minerals and petroleum sectors' contribution to budget revenues



## Sales vs government revenues for mining and petroleum sector



The growth of these sectors has also been accompanied by poor governance, theft of public money, and corruption, which all take much needed funding away from health and education services.

Meanwhile, the extractive industries have been allowed to externalise their enormous social and environmental costs. PNG is now ranked as the

largest exporter of tropical logs anywhere in the world, as a consequence it has already lost much of its accessible forests. This is a disaster for a country where forests constitute a crucial source of construction materials, food, and medicine for large parts of the population and play a vital role in sustaining local cultures, beliefs and community governance systems.

The pollution of land and waterways by waste from mines like those at Ok Tedi, Panguna, Porgera and Tolukuma has also had devastating consequences for local communities, compromising their access to fresh water, to food sources and to prime gardening land.

In addition to their high social, economic and environmental toll on the population, extractive operations involve widespread human rights abuses. Communities opposing extractive projects often face repression, threats and violence. When they have industries forced upon them, or when they consent to them in the name of empty promises that are never delivered, legitimate dissent and protests are often met with violence and abuses by police forces or private security guards.

## A MORE POSITIVE FUTURE

A comprehensive and objective review of the above facts and figures, makes it clear that it is urgent for PNG to change course and put people back at the centre of its development policies.

The country still has important assets, and the most important is its people. PNG has a mostly rural population, living on their own land with the skills and ability to work, produce, trade, and innovate in a way that will improve their lives and those of future generations. PNG's natural environment and its wealth of natural resources can continue to be the basis of people's livelihoods, and they can be further developed to improve economic and social outcomes. This is if they are managed by and for the people in a sustainable, responsible, and wise way.

The change of course requires significant policy shifts from the government, which should start by halting its attack on customary land tenure, which

is the basis for vibrant local economies and the livelihood of most of the population.

The next step is to reject new large-scale resource extraction projects. In the forestry sector, a ban on round log exports is urgently needed. Local communities must be placed at the heart of future forest management. Downstream processing of sustainably and ethically produced timber products should be the priority. Halting the expansion of oil palm is another priority that must come with public policy and investment in appropriate local agriculture that benefits farmers, feeds the country, and uses natural resources in a responsible way.

There are hopeful signs that the government is beginning to understand the problem and is starting to shift in the right direction, but a much greater, more consistent and whole-of-government approach across multiple sectors is required.

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