

Developmental Contrast on Benefits in Districts of LNG and Districts Outside of LNG Area

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Acronyms

CARE PNG	CARE International in Papua New Guinea
CDA	Community Development Agency
DDA	District Development Authority
DSIP	District Services Improvement Program
EHL	Esso Highlands Limited
GoPNG	Government of Papua New Guinea
ICDP	Integrated Community Development Project
INGO	International Non Governmental Organisation
LBBSA	Licence Based Benefit Sharing Agreement
LLGSIP	Local Level Government Services Improvement Program
M&E	Monitoring and Evaluation
MoU	Memorandum of Understanding
MTDP	Medium Term Development Policy
MTDS	Medium Term Development Strategy
NEC	National Executive Council
NGO	Non Governmental Organisation
OLPLLG	Organic Law on Provincial and Local Level Government
PDL	Project Development Licences
PNG LNG	Papua New Guinea Liquefied Natural Gas
PNG	Papua New Guinea
PSIP	Provincial Services Improvement Program
UBSA	Umbrella Based Signed Agreement



Abstract

The Districts and LLGs comprising LNG areas see improvements on roads, the movement of cargo, the construction of infrastructure, the movement of vehicles and people as positive changes in their environment. Here, only the people within the affected area, or Project Development Licence (PDL), benefit directly from such developments. Beneficiaries see this as rightful compensation from the company and the GoPNG for extracting oil and gas from their land. Land owners treat the development initiatives as secondary to land royalty payments, partly due to the perception that development gains in the PDL are unsustainable or assets are been co-opted for personal use. The attitude of entitlement of people within the PDL area is understandable, but contrasts with the attitudes of people in remote parts of Menyamya - Lae Province, Gumine – Simbu Province and Obura Wonenara- Eastern Highlands province where there are no resource compensation payments from private sector development projects. Here, development assistance is limited to government funds and limited funding from NGOs like CARE International. As a result, people in these more remote areas are more likely to mobilise to facilitate development opportunities offered. People are also welcoming of new faces in their community. They willingly participate in ward development planning, organise community members and ward development committees, and accept gradual changes that are empowering women. Both areas received the same development funding from LLGSIP, DSIP and PSIP, which are partially funded from revenues from LNG and other resource projects. In this paper the approaches taken, the operating context, and the development outcomes in a resource development area are contrasted with the approaches, context and outcomes in non-resource areas away of LNG Projects.



Preface and Acknowledgements

The Author

Ms Priscilla Pius is an experienced Community Development person with over ten years exposure with various INGOs and PNG Government Departments at the District Level. This paper is based on the authors experience whilst working with the PNG LNG Project in Komo, Hela Province from 2012 to early 2014 as the Upstream North Team Lead under Social Impacts. She is currently working with CARE International in PNG based in Goroka, Eastern Highlands Province. The author is currently coordinating all Governance activities under the Integrated Community Development Project in three districts: Obura Wonenara in EHP, Menyamyia in Morobe Province and Gumine in Chimbu Province.

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Executive Summary

Introduction

This paper is in response to the call for PNG Updates, 18-19 June 2015 on “Development Challenges in the LNG Era”, and reflects the author’s experiences in LNG PDL areas of Hides/Komo (Komo-Margarima District) and the non-resource districts of Menyamya, Gumine and Obura Wanenara. It aims to provide a comparison of the development benefits of the different approaches taken, the operating context, and the development outcomes between the different development areas. Development in PNG communities is seen differently depending on how communities interpret development in their own context. Communities’ development priorities and attitudes depend on a number of contributing factors, including environment, culture, traditions, norms, values, topography, social networks, resources, local political economy, and others. These factors largely determine development needs and people’s attitudes toward development and this determines which approach is most suitable for the communities.

The main rationale for development benefits in the Komo-Hides LNG areas is to provide compensation, mitigate issues and address the concerns of land owners, so that the company (Exxon) can conduct its business without interference. The PNG LNG National Content Plan states that “EHL’s goals are to build and maintain good relations with host communities most impacted by the Project and to help generate sustainable benefits to PNG beyond the life of the project”. In the LNG area, development is seen as: land royalty payments, road improvements, infrastructure constructions, schools maintenances, movement of vehicles, community projects, livelihood skills training and personal viability trainings.

By contrast, communities in the 3 selected districts outside the LNG area (Obura Wanenara-EHP, Gumine- Simbu, Menyamya- Morobe) see development in terms of: ward development trainings, capacity skills training (livelihood), infrastructure maintenances (schools & Aid post), health trainings, foot bridge constructions, teachers training, early childhood training, FODE centres and opening of closed schools. Development in the non-LNG areas are aimed providing basic services (public goods) while improving nutrition and food security. This is a multi-dimensional approach to poverty alleviation in some of the most remote communities in PNG. The development activities in the 3 districts are implemented according to the National Policy for Integrated Community Development (Department for Community Development, 2007) that promotes the strengthening of community learning, livelihoods, and development through bottom-up approaches.

The approaches used to identify the issues or problems and how they are being addressed are different between the two areas. The sustainability of development benefits is largely determined by the approaches used and the ways in which they are implemented.

Development benefits in both zones are facilitated to meet one common objective which is the **“Medium term Development Strategy and PNG vision 2050”**.

1: 0 Key Questions

Why did investments in the LNG areas compared to non-resource areas not lead to sustainable development outcomes?

The PNG LNG National Content Plan targets sustainable benefits to PNG in three areas – Workforce Development, Supplier Development and Strategic Community Investments.

Although this is the underlying statement in the National Content Plan, people in Hides & Komo are still living traditionally, and it is evident that there have been few positive changes as a result of the LNG Project.

Under strategic community investments, a large number of projects were implemented by EHL but many of the projects are no longer functioning or benefiting the communities. Why can you not see these projects? The authors attribute that poor sustainable development outcome due to inappropriate approaches and poor consultation with communities and local government.

If the approach used is not participatory and does not meet the real needs of the community, the project may be seen as either personalised or destroyed and forgotten. It is for this reason that most of the community investment projects implemented in the LNG areas do not exist today, for example, water supply projects and community centres.

2.0 Limitations of Literature

PNGLNG National Content Plan

The National Content Plan provides a roadmap for compliance with relevant PNG law and to enhance the benefits of the Project to PNG in the areas of employment and training, business opportunities and standard of living by delivering real benefits to PNG and its citizens through implementation of the National Content Plan. EHL's goals are to build and maintain good relations with host communities most impacted by the Project and to help generate sustainable benefits to PNG beyond the life of the project.

The strategic community investments plan aims is to adopt a strategic approach to community investments that aligns community needs and Project resources to produce tangible, sustainable benefits.

The National Content Plan talks about outstanding project benefits, but there is little evidence from this study that investments reflect the plan as envisaged.

The legal project documents like the UBSA, LBBSA and National Content Plans were signed by the GoPNG without properly reading and understanding the content, as noted by Allan Marat, PNG Attorney-General. . As a result, few sustainable development benefits are evident in the LNG sites.

Reports and Papers

A Report by Keith Jackson & Friends quotes PNG Attorney – General Allan Marat as saying he and his office had less than 24 hours to analyse a 200 –page agreement before determining whether it was in the best interest of his country. The lack of understanding even at the higher level of government clearly shows that there was poor consultation and this led to poor decision making.

The report on LNG projects in PNG, posted on the 29 May 2012 by Oxfam Australia Media, states “the report finds that, although the project has boosted the local economy through employment, the project is fuelling community tensions because of inadequate community awareness – raising about the project and a belief that the process of landowner identification is flawed.’ The findings from the Oxfam report includes: inadequate awareness rising about the project and dissatisfaction with the information conveyed lack of comprehensive social mapping and land owner identification. As a result, some legitimate landowners have not been identified and therefore will miss out on the project benefits. This report again highlights poor consultation process resulting in no or less benefits.

In the fourth quarter 2011 Environmental and Social Report, “PNG LNG Project Executive Decie Autin said the PNG LNG Project recognises that strong and sustainable partnerships are integral to community development”. Despite this statement, sustainability of the benefits at the community is not seen. Even the employees of EHL confirm that the approaches were not appropriate and in an abstract state that “there are significant challenges to conventional community engagement. It was recognised that this rich cultural diversity would require a flexible approach to community engagement. This paper addressed the approaches and tools developed by the Project to meet these unique challenges” (Sam Koyama).

The Public Enterprise Minister Rt Hon Sir Mekere Morauta, at the National Research Institute in November 2011, also made this statement: “I call this “the PNG paradox” – rich in resources but poor in services. Plenty of money but little to show for it”. Clearly something is missing. What is the missing link between money, political stability and poverty and lack of services? We have to find the answer to the question. Otherwise, the enormous additional wealth expected from PNG LNG will only aggravate the paradox”.

The government Minister clearly points out that people at the LNG area have not seen services or development benefits.

Recently at UPNG during the “PNG Updates 16June 2015, Minister for Finance, Hon James Marabe said in his opening remarks that LNG is a Myth”. It confirms that LNG will not have substantial benefits to PNG’s economy and the people directly affected by the LNG Project.

PNG Government's Medium Term Development Strategy

In the National Content Plan, it is noted that the EHL's strategic community investment program will focus on areas identified in PNG MTDS particularly health, education and sustainable livelihoods.

CARE PNG also focuses its activity on MTDS which is further elaborated in the DCD (2007) policy on Integrated Community Development programs.

Both zones have similar aims and objectives, but the authors' experience and a review of literature confirm that the LNG areas have not followed its plan and sustainable development benefits are missing.

3.0 Methods

To compare development approach in the LNG area, three Districts outside the LNG area have been selected for contrast. The results identified are from authors' own physical engagement and experiences. The analysis and comparison use a cross sectional design method and reflects on-the-job experiences in the two zones.

The information provided are from inclusive participation, physical observation, engagement and interventions, significant stories and practical experience.

This is a "natural finding research paper" because these results are from what the author has done, learnt, seen, experienced, felt and observed when implementing projects at all four districts.

4.0 Results

Types of Problems and Solutions

Development benefits are provided to a community or individual based upon the needs or problems identified. Table 4.1 below provides a list of the main problems in the two zones and how these problems have been addressed using different approaches or solutions.

Table 4:1 Problems & Solution

Non-Resource Zone (Obura Wanenara/Gumine/Menyamya)		
	Problems/Issues	Solution
1.	Poor leadership and planning skills	Following the Government approved process and training materials, CARE has provided training and facilitation support for Ward Development Planning in all wards in the Districts, with District and LLG staff trained in the Ward Planning Process. Members of Ward Development Committees and LLG Assemblies have been trained in their formal roles and responsibilities. Ward Development Plans have been consolidated into LLG Plan which has informed District Development Plans.
2.	Poor accountability by politicians and government service providers.	CARE provides training for government and citizens in public and social accountability. PNG has a comprehensive system for public accountability, but these systems are not functioning effectively at the District level. Training is provided to improve public accountability. Citizens are trained in the use of the public accountability mechanisms, and also in the use of social accountability mechanisms. With this knowledge, they are better prepared to hold politicians and civil servants more accountable.
3.	Remote and Isolated Communities - due to geography, poor road access, or only accessible by small planes.	CARE helps reduce isolation by training members of Ward Development Committees [men and women], and improving their access to information. CARE assists key government service providers [health, education and law and justice] to access isolated communities to carry out field visits, inspections, and training for improved services.
4.	No or poor basic health services	CARE works in partnership with LLGs and DDA to use Ward Development Plans to identify health centres and aid posts which require maintenance and supplies, and include these into LLG Development Plans. CARE funds and provides material support for local NGO and government health staff to train

		volunteer health workers and village birth attendants.
5.	No or poor basic government education services	<p>CARE works in partnership with LLGs and DDA to use Ward Development Plans to identify the needs for elementary and primary schools in isolated communities, and includes these in LLG and DDA Development Plans.</p> <p>CARE provides logistical support for PDoE to visit isolated areas for re-opening closed schools and/or approving new schools. Logistical support is also provided for monitoring SLIP program in isolated areas.</p>
6.	Low literacy Rates	CARE funds and provides operational support for local NGO and staff of PDoE to provide training for volunteer literacy teachers for both children and adults. Literacy teachers with sufficient education are sent for formal teacher's training so they can teach school in their home area.
7.	Law and Order	<p>CARE provides funding and operational support to Village Court Secretariat to select, train and supervise sufficient magistrates (men and women) for the LLGs in OW Districts. CARE has supported the flying in of police personnel's to remote sites to do arrests to improve law & order.</p> <p>Partner local NGO has provided mediation for conflict resolution.</p>
8.	No income generating activities	<p>CARE works in partnership with LLGs and DDA to use Ward Development Plans to identify the livelihood needs for isolated communities, and includes these in the LLG and DDA Development Plans.</p> <p>CARE provides funding and operational support for local NGO, government trainers, or CARE staff to provide livelihood skills training to men and women in isolated communities. This includes training on fish farming, potato production, climate change, coffee husbandry, knitting & sewing and basic agricultural skills training</p>
9.	Climate change effects	CARE provides material and technical support to PDoE to open climate change resource centres in selected schools, and provides training for teachers.

		CARE works in partnership with NARI to conduct drought and crop resistant training for communities for food security and climate change adaptation.
Hides/Komo (Resource Zone)		
	Problems	Solutions
1	Relocation of communities to new locations	Pay resettlement benefits, either by cash and/or materials, to cover the total cash value of the relocation.
2	Poor or run down government services (health & education)	Maintenance of 5 school buildings in the impacted area, supply library books to the schools, facilitate FORD schools and supply of medical items to aid post
3	High law and order problems (tribal clans)	Use community affairs officers and village liaison officers to mediate peace.
4	Low literacy rate	Provide simplified trainings so it's easy for the communities to understand or in most case use translators
5	Less income generating activities	Provide life skills training e.g. Agriculture, baking, sewing ,PVT and build training centres
6	Cultural Barriers	Fairly distribute projects to the different clans to avoid arguments or comparisons
7	Migration of local skills personnel's	Work with teachers and health officers to identify priority needs to support and to encourage people to remain in their jobs.

The problems identified are only the main problems known for the two zones. Most of the problems in the LNG area are only slightly addressed. This is because of poor consultation. More detailed studies are required to identify the root causes and identify appropriate interventions to address the causes of the issues. The problem is not satisfactorily addressed and as a result the projects/benefits are mostly unsustainability. It is seen as one-off and only for that short period.

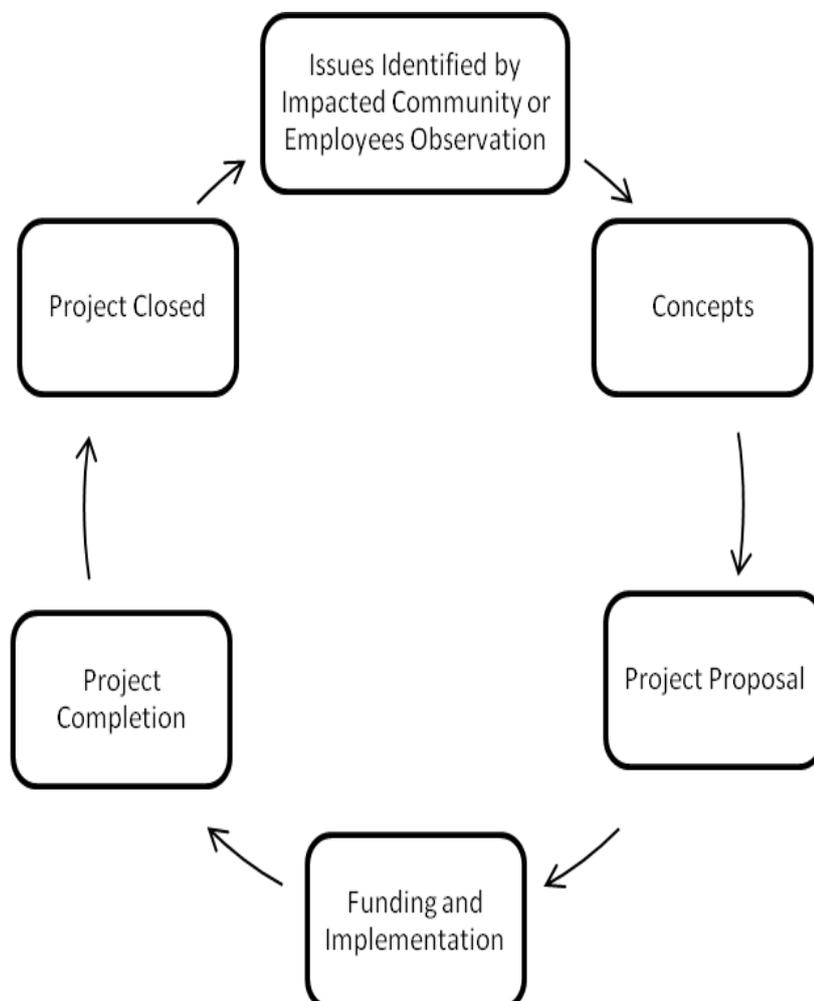
For good community investments, the problems are analysed properly using appropriate methods. For instance, CARE uses socialization, participatory rural appraisal and bottom-up planning by which the communities identify their needs through a properly coordinated process. In addition, local assets are also identified and used for self-help initiatives. For example, more educated members of the community [an asset] are trained as volunteer literacy teachers or volunteer health workers/birth attendants.

Project Cycle

The process used to identify and address the problems is very important and largely determines the success of interventions. It has to be consistent and accepted by the community. The consultation processes needs to be inclusive with beneficiaries making the decision on what is appropriate to address their own problem. Good facilitators are needed to facilitate discussions and guide the process. If properly design and implemented, the facilitation process will lead to better development outcomes.

Both zones had a process in place call the **project cycle** to address the community needs. Figures 1 & 2 below provide the project cycle of both zone.

Figure: 1 – LNG Hides/Komo Project Cycle

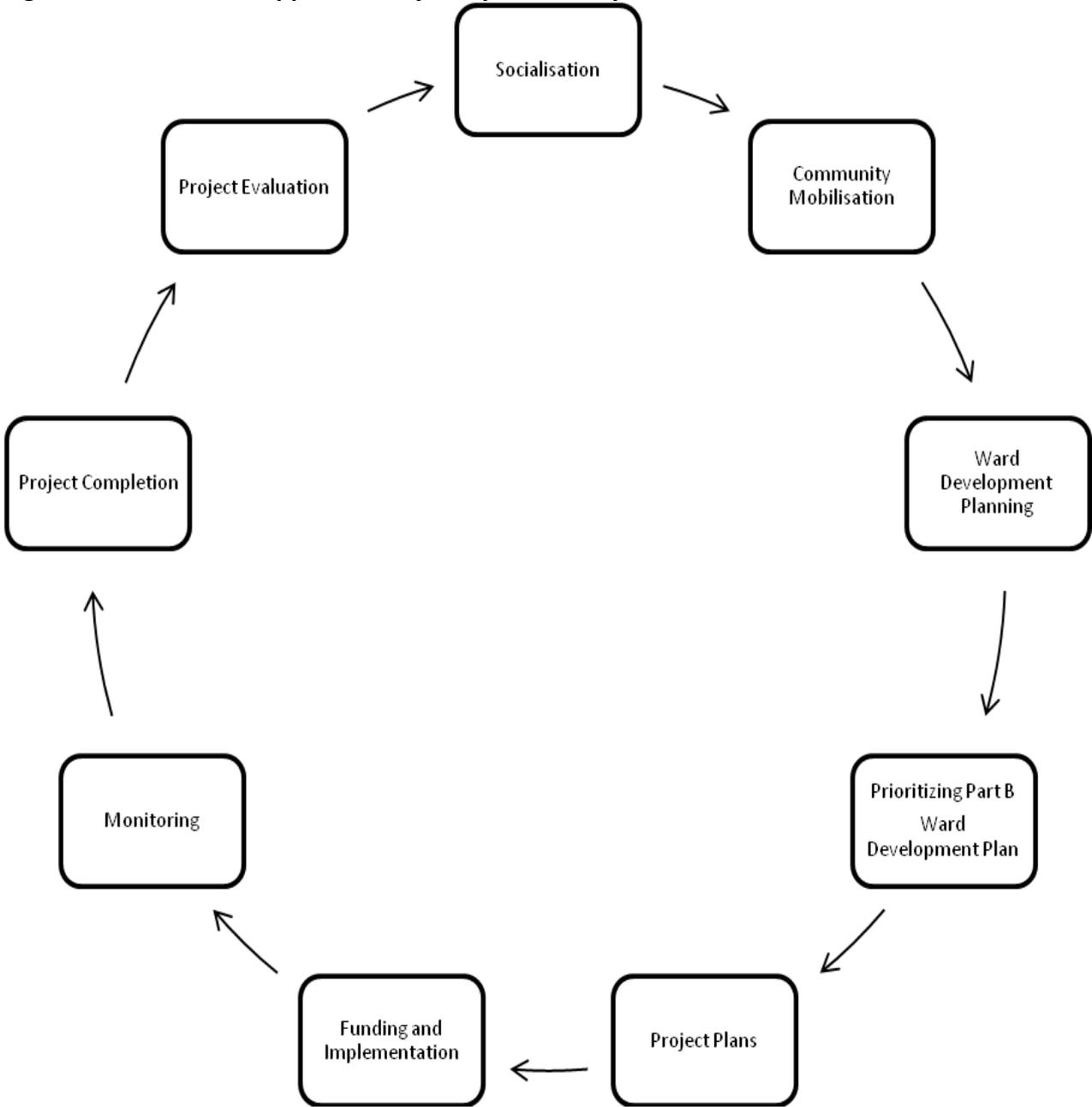


Step one is very important in any project cycle and must be done appropriately. The cycle above clearly outlines that the problems are identified either by the community or by the EHL employee who thinks it is the way forward to address the issue. In most case, the EHL employee’s ideas are followed and this has often leads to the wrong project being selected that is, a project which does

not meet the real priority needs of the community. Due to the cultural sensitivity and poor literacy rates, issues are not facilitated openly but are driven by quick fix solution identified by EHL employees. As a result, unsuitable project have been selected and funded, and these are the main reasons why most of the projects in the LNG area are not sustainable to date. During EHL construction phase, all the company wanted was for the issues to be solved quickly so that the work is not stopped. Whether it achieved a long term outcome or benefit was not what interested the company. It therefore was only a quick-fix benefit to address the problem. This short-sighted approach has led to the company and its community development program being discredited in the community and also in the media.

The cycle also does not have a monitoring stage which clearly indicates that it did not matter what happens next. Therefore, there is a discrepancy between the actual practise and what is outlined in the National Content Plan.

Figure 2: Government Approved Project Cycle Used by CARE and Partners



Compared to the LNG cycle, the Project Cycle used by CARE is a government process and has 9 steps aimed at achieving the desired outcomes. Significantly all stages of the project cycle from start-up to project completion are covered. The stages are sometimes lengthy but require patience, and the outcome is worth the investment. When carried out in partnership with LLG and District government, the process can lead to improved service delivery and development outcomes. Another contributing factor for achieving improved and more sustainable outcomes is that time and resources are invested in capacity at the ward, LLG and District level because of the organisations skills development for staffs before the process cycle is implemented. Skilled staffs are better prepared to facilitate good consultation processes and identify appropriate interventions to address key problems. If all levels of government buy into the process, then significant progress can be made toward development targets as outlined in the Mid-Term Strategic Plan for PNG.

Contrast of Development Benefits

Table: 4.2 below contrasts the different development approaches in the two zones.

Aspects	Hides/Komo (Resource Zone)	Obura Wanenara/Gumine/Menyamya (Non-Resource Zone)
APPROACHES	Individuals in the community of impacted areas or in most case the EHL employee identify projects for investments	Communities identify their own development needs through the Government process called “WARD DEVELOPMENT PLANNING”
	Projects are awarded on ad hoc basis and no proper system or process is followed for identifying projects	Projects are identified for implementation based on consolidated LLG plans, or through spatial planning using ward profiles which are part of ward development plans. Politics may also play a role is allocation of project funding.
	Benefits allocated were not long-term. Projects were one off to mitigate issues and give access to Exxon Mobil to do its business	Projects are consistent with LLG and District Development Plans which are informed by ward development plans. Projects are therefore more sustainable, since they are consistent with government plans and have commitment from government for long-term support.
	No follow up monitoring and evaluation were conducted after project were funded and closed	Random monitoring is conducted for all activities or projects and continuous support provided until long term outcomes are achieved.
	Had in place project cycle processes but the processes is largely overlooked, and replaced by quick fix strategies and activities to mitigate issues which may interfere with company’s	A clearly define project cycle is in place and has been followed to allow for consistent practises.

	operation.	
OPERATING CONTEXT	Benefits received were as a result of LBBSA signed Agreement in Kokopo 2009 between GoPNG & landowners. Exxon & PNG GoPNG signed agreement for access also in May 20, 2009.	MOUs have been signed with the 3 District MPs, Provincial and District Administration to allow CARE to work in the 3 remote districts in early 2012.
	Identified projects were implemented by few local Lanco contractors, one INGO (PSI) and one private sector(EDTC) who had the capacity to meet Exxon Mobil safety requirements and procurement standards	Projects were implemented as local as possible by; reliable service providers, local NGOs, technical experts, partners (government officers, church groups) and skilled CARE staffs.
	Funding was limited to the nature of scope of work and location. Funding was only for that period.	Funding and benefits were distributed accordingly to development plans at ward, LLG and/or District levels. All these plans are consistent with Provincial Five-Year Development Plan and MTDS. CARE provides support for activities identified in Section - B of the government's ward development plan. Part- A had the 5 big government priorities: education, health, economic, social development and infrastructure which target government support. This does not mean that all the identified needs were supported but a CLUSTER method was used to collectively address similar needs in strategic geographic locations (esp. by wards).
	There are six project steps in the cycle: issues identified by the impacted community or EHL employees, concept papers, project proposals, funding & implementation, project implementation, project completion and project closed.	There are nine project cycles; CARE socialisation, Community Mobilization, Ward development Planning, Prioritizing Part B of Ward Development Plan, project proposal, funding & implementation, monitoring, completion and project evaluation.

	<p>Significant project outcomes or benefits to the community were of secondary importance to maintaining operations. The benefits were short and one-off projects with not much evidence of sustainability. No evaluations were even conducted to check if the projects brought any significant changes or outcomes.</p>	<p>Long term projects were implemented with continuous monitoring and support provided to the communities. Slow implementation of projects but the results are significant. Monitoring includes documentation of significant stories (success stories documenting experiences of community members).</p>
	<p>It was very difficult to work in culturally sensitive area with low literacy. It was very challenging to make people understand the scope of work. As a result, some projects were limited, forfeited and cancelled when communities did not accept them.</p>	<p>The 3 districts were selected because of their remote locations in PNG. The communities had very low literacy rate but they were motivated to take part in planning and trainings conducted. They showed willingness to help themselves. This made it easier for the team to work in these communities and it supports better outcomes.</p>
<p>DEVELOPMENT OUTCOMES (POSITIVE & NEGATIVE)</p>	<p>Created conducive environment for the EHL to operate and have access to complete its construction phase by 2014.</p>	<p>Hope is given to the people in the remote areas and basic services are slowly improving.. For example closed schools in Obura Wanera are now opened, teachers motivated and willing to teach, educated youths are given opportunity to go back to school to become teachers, fish training improving food & nutrition standard, women becoming good community leaders, ward councillors in Gumine know their roles & responsibilities as leaders and so many positive outcomes as a result of the projects been implemented at the three districts.</p>
	<p>Little change in the mindsets of people to accept and work for their own development.. Most still living traditionally within their own culture.</p>	<p>It has taken time for communities to accept development but their willingness has brought about positive changes in their communities. The smiles and expression of appreciation when seeing CARE and Government officers going back and forth in their community indicates that they appreciate the development and activities that are been implemented in their communities</p>
	<p>No strong relationship with communities was built through the projects though more funds were spent.</p>	<p>Very strong relationships have been built with the 3 district, LLGs, and communities.</p>

	<p>Good capacity building training on livelihood skills (baking and cooking, sewing) and personnel viability trainings that were provided for organised women groups in Angore, Juni, Komo and Hides.</p>	<p>Different types of capacity building skills were conducted for all communities in the 3 districts. Men, women, youths and PLWD were included. Skills training have been provided for livelihoods (food & nutrient, climate change & drought-tolerance, coffee husbandry, potatoes production), literacy programs, teacher training and certifications, roles and responsibility for WDCs, ward development plans, social accountability and other trainings..</p>
	<p>Empowering women through skills development brought about improved standard of living at individual homes. Men did not participate in skills development. Men saw skills trainings as a women thing. Men were only interested in land royalties or anything to do with cash payments.</p>	<p>All communities are being empowered through inclusive planning and implementation processes. Mindsets are slowly changing in support of positive and more equitable development.</p>
	<p>Empowering women was a strategic approach used to slow down tribal wars amongst the different clans.</p>	<p>Empowering both women and men improves cohesion, and builds support for initiatives aimed at improving the lives of women and girls more acceptable to the community as a whole.</p>
	<p>Infrastructure development often did not achieve anticipated results [mitigation strategy] as they were often personalised, destroyed and/or not sustainable after completion.</p>	<p>Communities' appreciation of infrastructure development has been good. For example, in Obura Wanenara, construction of foot bridges, and the maintenance of health posts and classrooms have been supported with community contributions. From the day they were constructed to present the communities are maintaining and using these services.</p>
	<p>Due to poor literacy and understanding, government property like schools and health centres are privatised or land owners claim to own them. As a consequence, it created complications to do refurbishments or new buildings.</p>	<p>The poor literacy rates and remoteness of the communities have not limited the aspirations of the people for more development. They want a better life for themselves and their children.</p>
	<p>High number of kids and teachers are not at schools. They are either working at the project or just hanging around.</p>	<p>More teachers and kids are now motivated and are at the schools. 9 people from Obura Wanenara are currently undergoing teachers training in POM.</p>

	Domestic violence and marital problems have increased during the life of the project	Domestic violence is also widespread, but women and men are gaining a better awareness of the problem and trying to address the issues. Village magistrates have received training, and are helping to mediate issues within families as well as within the overall community. Information is a prerequisite for addressing these social issues.
	Old, young and teenagers are expose to illicit materials	Many young are seeking skills training and assistance to meet their livelihood needs. They are motivated to participate in community development activities. More youth programming is needed to address the specific issues faced by youth, both men and women.
	Basic subsistence farming is being abandoned, and many people literally have become too lazy to go back to basic subsistence farming.	Improved skills and knowledge are empowering households to improve their subsistence gardens, and also their cash crops. Many are building fish ponds to improve nutrition.
	Outmigration of people with skills from communities is a serious issue. Many hope to find jobs in the LNG project. Most are labours and drivers.	Many school drop-outs have a renewed interest in continuing their education. They now want to complete their education so they can become teachers or village health workers in their own community.

Approaches

The approach used in the 3 districts outside of LNG area appears to be a better and more sustainable approach since; it integrates self-help initiatives with funding supports from LLGs, Districts and Provinces through the planning process. By contrast, the process in LNG Areas appears to be implemented outside the government system using a simplified process for project identification. Important steps in the project cycle have been by-passed. This has had a negative impact on the relevance and the sustainability of the interventions. Often what is identified and funded is not the community's priority, but only a quick-fix to prevent disruption of the companies work. Another important process overlooked is the monitoring stage where projects are checked if they meet the purpose and if it achieved targeted outcomes. This suggests that EHL really doesn't care if the project has a long term or short term outcomes. It shows, this is a short-sighted approach which undermines the company's credibility with the community, the government and the media as more effective system would be in the best interest of the company and its long-term success in PNG. It is hoped that the Exxon and other resource companies will learn from this experience, and adopt a more effective approach in partnership with government and civil society.

Operating Context

Both Exxon and CARE have signed documents that gave them operating access to the districts. For CARE, MOUs have been signed with District MPs, Provincial & District Administration (in 2012). For PNG LNG, UBSA and LBBSA were signed in May 2009 in Kokopo to give operating licences to Exxon.

Both have engaged partners to implement projects even though LNG community project working standards are very high. Most times local organizations and companies miss out on spin offs because they cannot meet EHL standards. Nearly every contract is given to well established Lancos or a few INGOs, with a high percentage of the funds spent on operating costs and less going to benefit the communities.

It is also true that most benefits are one-off and short-term, and this is the reason why projects are not sustainable or do not have significant development benefits.

Development Outcomes (Negative & Positive)

Table 4.2: Contrasts the two development approaches. What stands out in the LLG areas are:

- Short-term projects were purposely facilitated to give access to EHL through the construction phase. This suggests a lack of serious concern for community development outcomes, including those written in PNG LNG National Content Plan
- During its construction phase, no proper working relationship was created with the impacted communities despite the huge spending. Company people talk badly about communities, and communities talk badly about the company.
- Most skills trainings were attended by women. Why? Because men were focused more on cash handouts than skills development. This attitude was a response to cash handouts made by company at the start of the project, and the reputation the company had for such handouts. As noted by Lands and Community Affairs Manager, the perception of local communities is **“Exxon is like stars in the sky and sand in the river”** when it comes to money. Empowering women in trainings aimed at minimising law & order issues, but this was just addressing the tip of the iceberg for law and order issues. Clans still fear and maintain security as warring tribes, and this was not addressed by the company. Much of the cash earned were diverted to buy firearms for the tribes, creating more law and order issues.
- Even state own infrastructures like schools were interrupted by the communities surrounding the school. It was difficult to do maintenance or new infrastructure for schools since communities would ask for payment first or to be employed on the project. It was very challenging for EHL to work freely to implement infrastructure projects.
- **The huge flow of cash** has made people lazy and unwilling to go back to farm their gardens. No food crops were been sold in markets. Only store goods were sold, and this led to a rise in the prices of goods. Prices at the LNG sites were double the prices in other areas.
- Because of the low literacy rate, people were susceptible to negative influences from the staff of the company. Men, women, young and old, were exposed to illicit materials and activities introduced by project employees. There was an increase in the domestic violence rate, early pregnancy and men marrying more than one wife.

By contrast, CARE has a long-term commitment to target districts and a long-term goal aimed at sustainably improving the well-being of the people living in these districts. There is also an emphasis on addressing the specific issues of women and girls. Participatory approaches are used to identify community needs and priorities, and concepts of community-driven development are used to ensure that communities are involved in decision-making, whether or not the intervention is funded by CARE or the Government.

The communities have taken ownership of the projects, and appreciate the support provided by CARE, NGO partners, and the Government, even when the activity is just training.

The participatory process and approach, staged implementation and on-going support over a period of time contribute to sustainable development at the community, LLG and District levels.

The approach can be replicated in other districts, where government and civil society are willing to work together for sustainable development and improved service delivery. The new DDA Act 2015 provides a legal framework for such partnerships. In resources areas, the partnership can be extended to the resource company. Having public, private and civil society sectors working together would increase long-term development outcomes and improved service delivery. It will also support the Government's Public, Private Partnership (PPP) policy.

Significant Stories

3 Districts Outside of LNG

Obura Wanenara _ EHP

Nancy Difey was once a Ward Development Committee member and a representative of women in her ward (15, Kurunumbura), Lamari LLG. She developed improved leadership and socialization skills during training received as part of the Ward Development Planning process. The process promoted the equality participation of women and other disadvantaged groups in the planning and decision-making process. With these new skills and appreciation of women's rights, Nancy decided to contest the 2013 LLG election and she was successful. She is now the Ward 15 Councillor in Lamari LLG. Nancy is the first woman to be elected as a Ward Councillor in that LLG area. Nancy's husband is very supportive and is also happy to see his wife excel over a male dominated field. The husband when interviewed mentioned that the knowledge gained through the ward planning process has been a stepping stone in enabling and enhancing his wife's success. In her new position, she is actively raising issues concerning women and vulnerable groups in her ward area. As Ward Councillor she is bringing these issues to LLG Assembly meetings, and promoting the inclusion of women's priorities in the LLG Development Plans. Community members, with Nancy's guidance and example, are now seeing the importance of the bottom-up planning process and the trainings facilitated by CARE.



Nancy is the one in the Middle.

Gumine – Chimbu Province

During May 2015, CARE facilitated a 2 weeks training in Gumine District, Simbu Province. Here, CARE works in partnership with a local NGO (Community Development Agency - CDA), with CARE providing capacity building and funding support for program implementation. The training was on Community Engagement & Awareness, the District Development Authority Act 2014, and Accountability (both Public Sector Accountability and Social Accountability). Following the training, CDA carried awareness exercises on DDA and Accountability at the ward level.

During this field exercise, the team encounter a serious conflict (fighting between communities) where trees were chopped down, houses were burnt and men were coming out with bows and arrows, guns and were preparing to fight. When they saw the team they stopped and went back into their homes as a sign of respect and left their fighting gears. Surprisingly, one of the CDA officers spoke in their native language and the people congregated to where we were standing. The facilitator then facilitated peace mediations between the two clans. After an hour, the two sides shook hands and peace was restored. Demands of compensation payment were requested to both sides and both sides agreed to the mediation. It was amazing to see such quick response and successful mitigation. It also reflects the kind of positive work the partner has been doing in the wards, and the strong relationship they have with all communities. The team later did the awareness on DDA & Accountability which was well received by the community.



Photo taken after peace mediation (during awareness) – proper consultation skills

5.0 Discussions and conclusions

Discussions

This paper compares development approaches been used in LNG areas and selected non-LNG areas. The findings outlined are primarily the reflection of the authors experience in the four districts. The comparison is looked at the two approaches in relation to:

- Approaches
- Operating Context
- Development Outcomes
- Problem and solution identification and the project cycle process.

The Millennium Development Goals by United Nations focus on eight areas. The development approaches in both zones are designed to contribute to achieve targets and development goals. However, the findings of this Research Paper and Oxfam Australia 29 May shows that project benefits are not significant in the LNG impacted areas; that is, well below expectations.

Other reports by Keith Jackson & Friends confirm that poor consultations have resulted in less or no development benefits for the communities.

PNG LNG National Content Plan has good strategies on how project benefits will reach the impacted communities. However, the findings here show that most of what has been planned was not implemented but other strategies were used to complete the construction phase. The main conclusions of the findings are:

- The consultation process leading to the signing of the Licence Based Benefit Sharing Agreement (LBBSA) between PNG Government and Exxon was rushed. As a result, everything in the document was accepted whether it was good or bad. Consultations with impacted communities were poorly facilitated and this led to developing projects that were not community priorities.
- Most of the development interventions for communities were identified by EHL employees, under the assumption that low literacy and cultural sensitivities prevented communities from knowing their own priorities.
- Projects identified by employees were often seen as quick-fixes to allow construction work to go ahead. It was of secondary importance if the projects provided long-term development benefits. The project cycle did not have a monitoring stage. This indicated that the company was not concerned about what happen after project completion or whether the project was sustainable.
- Development benefits were mostly one-off and for a short period of time. One-off projects did not contribute much too good development outcomes. This can be compared to CARE facilitated projects in other districts, where there has been follow-up support and linkage to government programs. Project sustainability is not evident. The perception is that investments were made to allow the company to continue to operate during the construction phase, and not for long-term development of communities. This was the rationale behide the one-off or quick-fix projects.

- CARE approach using the PNG Government process is more systematic, and encourages community mobilization, participative and inclusive planning, good implementation, consistence and participatory monitoring, and final evaluations. Lessons-learnt are shared with stakeholders, including government, donors and civil society.

Conclusions

The distribution of development benefits in LNG PDL areas address or mitigate issues which may disrupt the construction phase and/or interfere with the smooth functioning of their long-term business. Issues may be identified by individuals/clans, or by EHL employees. As a result, the benefits have been mostly ad hoc and short-term. The PNG LNG construction phase ended as planned in late 2014 because of the mitigating techniques used. Community benefits or long term outcomes were of secondary importance to the company. It wanted construction work to be done without delays, and their strategy worked.

Districts outside the LNG area have benefited from increased funding resulting from increases in resource revenues. However, their funding has been limited to standard government LLGSIP, DSIP, and PSIP funds [funded activities must be consistent with the Provincial Five-Year Development Plan and the Mid-Term Development Strategy]. The new DDA Act 2014 aims to facilitate the integration of funding for LLGs, District and Provinces, and improve service delivery.

Districts may also get significant funding from the national government for larger impact projects. Here the political economy of the District has a strong impact on the allocation of funds. In these Districts, citizens are hungry for development and will participate in development planning and contribute to their own development. This provides an enabling environment for community-driven development. The challenge is to get buy-in by local politicians and civil servants for community-driven development. The GoPNG and World Bank are piloting CDD, and this may increase government support for CDD in non-resource districts.

This comparison of outcomes between the two zones should not end here, but should continue in order to serve as a lesson-learnt for future project planning and development in both zones. In both zones, development gains can be made by improving the coordination of development funds [LLG, District, Provincial, National, Private Sector, Donors, and International] in order to improve service delivery and development outcomes in line in community priorities and the governments Mid-Term Development Strategy. That is, integrated top-down and bottom-up planning at the District level.

Recommendation

To conclude, the approach used by CARE and local NGO partners in the 3 districts outside of LNG area lays the foundation for sustainable and long-term development by having civil society organizations working as intermediaries, and building trust and linkages between the government and citizens. NGOs can also provide citizens with the tools and accountability mechanisms required to better hold politicians, civil servants and private sector accountable. With the new powers of DDAs, these government-civil society relationships can be made legal under contracting and/or public-private partnerships [government and civil society partnerships]. Government and civil society organizations can work in partnership to facilitate community-driven development, using government funding and NGOs facilitation skills. It is anticipated that development outcomes will better reflect and address local needs if communities drive their own development.

Resource companies like Exxon can learn from this experience, and use its development funds to complement government development funds [LLGSIP, DSIP and PSIP]. Funded activities should be consistent with Ward Development Plans, LLG Development Plans and District Development Plans. In this way, they will not only respond to the needs of the local communities as identified through Ward Development Planning and consolidated into LLG Development Plan, but be consistent with the District and Provincial Five-Year Development Plan and the PNG Mid-Term Development Strategy.

Resource companies should explore the option of contracting or working in partnership with civil society organizations [International NGOs, local NGOs, Churches, and social enterprises] to facilitate more effective community development and comprehensive service delivery.

Long-term and sustainable development requires a balance between private sector, public sector and civil society sector. At present, both government and local civil society are weak and require capacity building. Resources companies can work with international NGOs and social enterprises to build the capacity of government, civil society and citizens in their working area.

Private companies such as Exxon should facilitate its learning networks in order to learn from other development stakeholders in the PNG context. The new DFAT Governance Facility, to start later in 2015, will have such as learning network/research umbrella for shared learning across the Facility. Resources companies could link with this learning network and facility to improve their future performance.

The Government of PNG and Exxon also need to revisit the National Content Plan, and come up with better strategies for implementing what is already listed in the Plan.

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