



MASSEY UNIVERSITY

Papua New Guinea
National Human Development Report 2014

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2014 NATIONAL HUMAN DEVELOPMENT REPORT PAPUA NEW GUINEA

*From Wealth to Wellbeing:
Translating Resource Revenue into Sustainable Human Development*



Download your copy from
www.pg.undp.org



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Resilient nations.*

Outline



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- Introduction
- The 2014 National HDR rationale and process
- Why UNDP?
- Some Highlights
- Looking forward: policy options for better linking resource revenues with broad based human development
 - The question of mineral ownership
 - Grievance mechanism for the sector
 - Local-level governance and integration



Introduction



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‘Papua New Guinea stands at a critical moment in its development’ (PNGNHDR 2014).

LNG ‘will shape the development of this country’

LNG is a ‘game-changer’

LNG is ‘a myth’

LNG ‘clouds our vision’



‘Shape Papua New Guinea for the better’

‘Policy choices matter’



The National Human Development Report



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Four Purposes of the NHDR:

- 1) Review the link between extractive industries & human development;
- 2) Uncover relevant lessons from other countries;
- 3) Highlight innovations from Papua New Guinea;
- 4) Stimulate, inform and shift the debate in Papua New Guinea



Why UNDP and Extractives?



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- 1) Can draw on a range of global and regional expertise that spans economic, social and environmental areas;
- 2) 2012 *Global Strategy on Extractive Industries and Development*;
- 3) UNDP primary thematic focus on human development rather than economic growth;
- 4) Already engaged with government and other parties in a broad range of parallel areas (MDG/SDG, REDD+ etc)





Process



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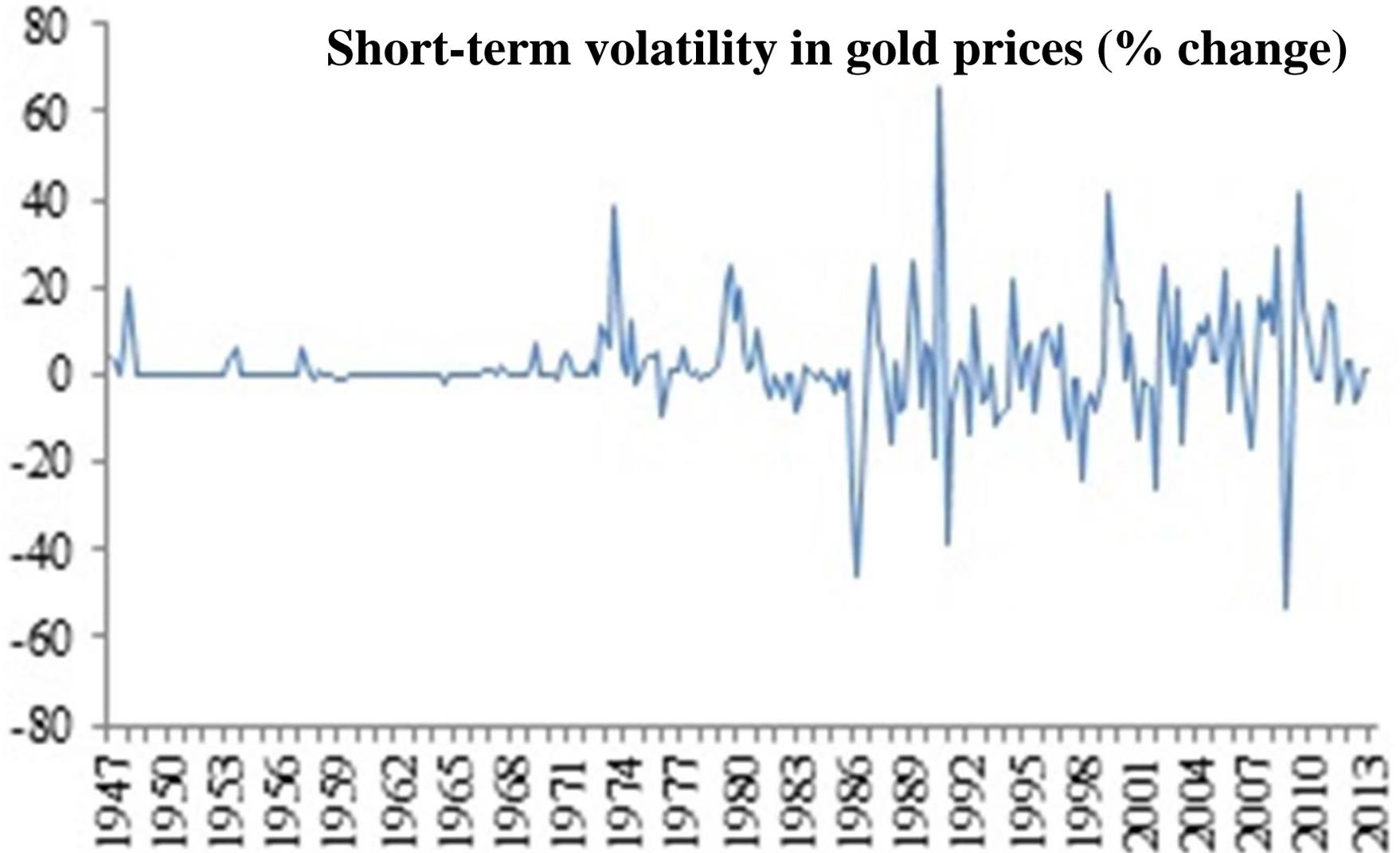
- Initial request from GoPNG to UNDP produce NHDR
- Steering Committee – government, civil society, development partners, UN agencies, industry
- Wide ranging consultations: government, civil society, industry, development partners, UN agencies, academics, researchers
- Review of documents on extractives and social, economic and environmental change in Papua New Guinea as well as global literature and policy on extractives
- UN agency peer review and DNPM review of drafts
- Feedback and validation sessions with government, industry and civil society (workshops/ CIMC/ presentations etc)



Some Findings



Short-term volatility in gold prices (% change)





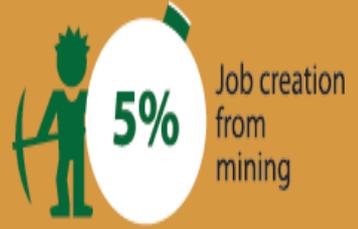
PNG is rich in natural resources...



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PAPUA NEW GUINEA NATURAL RESOURCES:

The country is rich in natural resources, including





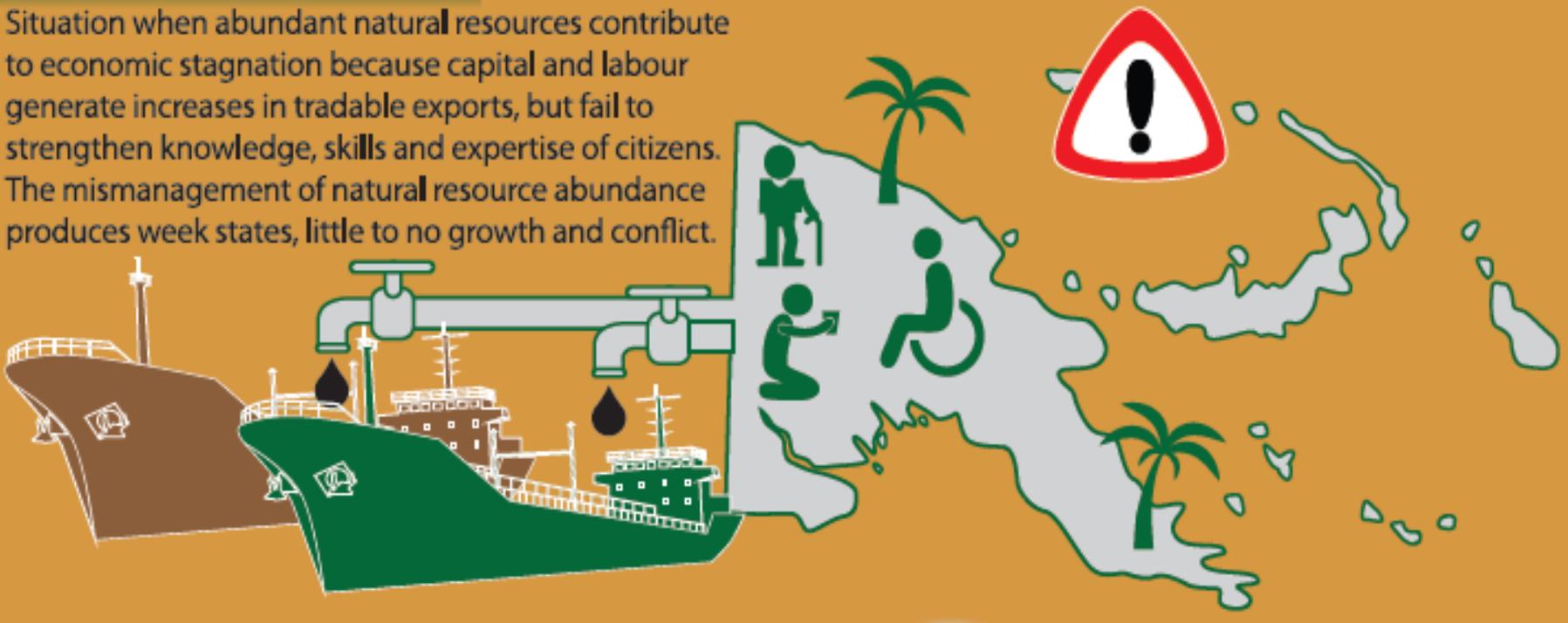
...but resource wealth is not translating into increased opportunities for all citizens



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PARADOX OF PLENTY:

Situation when abundant natural resources contribute to economic stagnation because capital and labour generate increases in tradable exports, but fail to strengthen knowledge, skills and expertise of citizens. The mismanagement of natural resource abundance produces weak states, little to no growth and conflict.



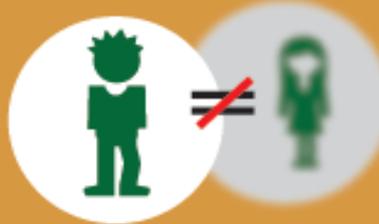


Despite some measurable improvements in human development, many indicators, including levels of hardship and inequalities, have shown less positive progress during the last 15 years...



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25%
of children are not attending schools



PNG ranks in the bottom ten countries of the gender inequality index with estimated two out of three women having experienced gender-based violence

Almost 40%



Almost 40% of the country's population lives on less than one dollar per day



In the 2013 Global Human Development Index, Papua New Guinea ranks

156 out of 187
(level of low human development)

Papua New Guinea is unlikely to meet any of the internationally agreed Millennium Development Goals by 2015

Policy Options: Points to note



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- Basic principles clear globally:
 - Extract maximum value from sector while allowing investors to achieve returns to ensure it is sustainable
 - Manage macro-economy to reduce negative effects
 - Wise use of resource revenues to promote sustainable, broad-based, inclusive growth and human development
 - Integrate planning for operations into broader national and local planning processes
 - Reduce, regulate and monitor negative social, economic and environmental effects of resource developments



Approach needs to be appropriate to Papua New Guinea

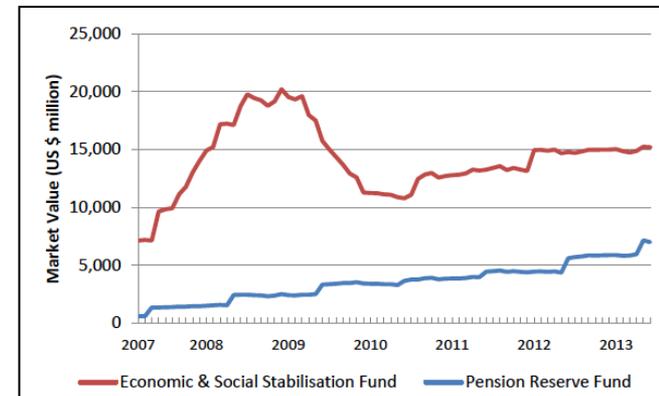
Building on existing successes...



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... and learn from elsewhere





POLICY OPTIONS FOR SUSTAINABLE EXTRACTIVE INDUSTRIES IN PAPUA NEW GUINEA



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1. LEGAL, INSTITUTIONAL & POLICY FRAMEWORKS

2. PRUDENT REVENUE COLLECTION AND MANAGEMENT

3. PEOPLE-CENTERED EXPLORATION AND EXTRACTION

4. INVESTMENT IN HUMAN, PHYSICAL, FINANCIAL, SOCIAL CAPITAL



Policy Arena	Policy Issue
<p>Legal, institutional and policy framework</p>	Good governance and accountability
	Negotiation capacity of the Government vis-à-vis private sector and multinationals
	Mechanisms and capacity for involvement of communities in negotiations
	Mineral rights and ownership
<p>People-centred exploration and extraction</p>	Local participation and control
	Grievance mechanisms
	Reducing social and environmental costs
<p>Prudent revenue collection and management</p>	Appropriate fiscal regime and monetary policy
	Transparency of and accountability for revenue flows
<p>Investments in human, physical, financial, social capital</p>	SMART spending (equitable service delivery; social services and infrastructure, local integration)
	Inclusive employment and broader livelihood creation
	Diversification of the economy
	Greater oversight and integration of Corporate Social Responsibility/Community Development Activities
	Data







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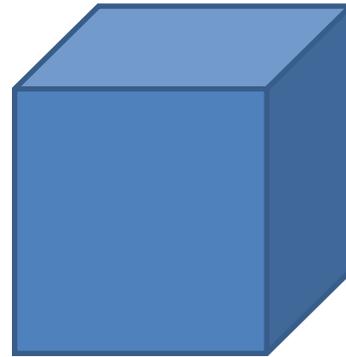


Thinking outside the box



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Novel and creative thinking required...



Support and build local research capacity, initially through promoting and investing in private sector partnerships with universities.

Legislate for a minimum CSR spend and regulate this

Legislate a meaningful role for women in all extractive negotiations

Explore wider use of biodiversity offsets for environmental damage





In summary



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- Papua New Guinea at a critical moment
- Historical resource-derived growth has not driven sustained and equitable improvements in human development
- The myth of LNG will not magically solve these development challenges...
- But neither will doing nothing... shape policy for the better
- NHDR report offers sets of Policy Options as a basis for public and policy dialogue and debate



...Critical decisions and timely action needed!



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Thank you!



Forever discovering

Te Kunenga
ki Pūrehuroa



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