

RURAL DEVELOPMENT FORESTRY NETWORK

Policy Reform, Customary Tenure and Stakeholder Clashes in Papua New Guinea's Rainforests

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Introduction

This paper presents an overview and analysis of aspects of the development of forestry resources in Papua New Guinea (PNG). In particular, it focuses on policy and legal issues, examining some of the implications of the sectoral reform process which has been underway since the late 1980s and from which a number of positive results have begun to emerge. A brief review of the current stakeholders in the forest sector in PNG is followed by a discussion of the policy and reform process in the forest sector. This provides the background for the subsequent analysis of how different stakeholders have adapted to the reforms and to alternative options for resource development.

Background to Customary Tenure in Papua New Guinea

PNG as a nation became independent in 1975 and is made up of a multitude of ethnic groups, speaking at least 700 languages. Most of these groups are egalitarian or non-hierarchical in structure, with leadership being earned by assessing a person's behaviour against sets of ideal criteria (varying from place to place). A wide range of diverse customary land tenure and land use systems (Crocombe & Hide, 1987) exist for allocating rights to resources and for regulating the succession to these rights.

In most areas, rights to land and other resources are vested in customary groups such as clans, within which nearly all individuals have some kind of access to land and resources for subsistence needs, shelter and the other necessities of life. Certain rights are always vested in individuals – this applies especially to the ownership of economic trees (betelnut palms, breadfruit, coconuts, nut trees, *Canarium* and *Terminalia* spp., pandanus spp., etc.). Individuals may exercise all or any of these

rights either by inherited membership of a kinship group (giving them ‘permanent’ rights) or by accessing ‘temporary’ use rights through various kinship or friendship links. Temporary gardening rights, for example, may be in effect only for the life of a particular garden.

In pre-colonial days and into the colonial period, there was a considerable degree of flexibility for outsiders to become incorporated into customary groups. This required residence in and commitment to the new group (Watson, 1970). Societal mechanisms existed (and mostly still persist) for incorporating refugees from warfare, orphans and other adoptees into existing social groups. Initially such newcomers were treated as quasi-kin and then, over time and with intermarriages etc., they could become classified as true kin.

In effect, customary systems ensure that rights to all resources are privately owned, by individuals and by corporate groups (such as clans and lineages). Only some 3% of the land area has been alienated by the State. Customary rights are recognised by and enshrined in the National Constitution. Past colonial and state efforts to regularise land tenure and land ownership in various ways have foundered due to a lack of clear understanding of the far-reaching implications of these recognised customary systems. The result is that these customary resource systems are (by and large) still in place despite determined efforts to break them down or bypass them. With the exception of other Melanesian countries in the South Pacific, the modern formal recognition of such customary resource tenure and use systems is virtually without precedent.

Stakeholders in PNG’s Forest

There are a number of stakeholders in the forest sector, each with their own agenda and way of working. They include resource owners, landowner companies, the State, logging companies and/or contractors, and non-governmental organizations (NGOs). Each group is characterised below, focusing on their incentives to conserve or degrade the forest.

Resource Owners

Outsiders tend to see this category of stakeholder as an undifferentiated group. However, it actually consists of a number of subcategories:

Permanent resource rights holders

This subcategory, too, is not necessarily a unified group. For example, it has been reported from many areas in which logging projects are operating, that it is the older people who have pushed for logging so that they could enjoy some of the benefits of royalties before they die. However, it is particularly women and the young who suffer when the resource base is undermined or subjected to dramatic changes. This is because women tend to make the most regular and consistent use of the forest as a resource base (eg. for fodder and fuelwood) for maintaining the family's standard of living. Yet, women often have little control and influence over decisions made concerning natural resources.

Temporary resource rights holders

This category can also cover a wide range of persons and situations varying a great deal from area to area. Population pressures on one or more resources play a significant part in determining the size of networks of individuals (whether kin or not) who feel that they have some kind of temporary access to resource rights. In the PNG Highlands, for example, where population density tends to be much higher than in the lowland and coastal areas, the range of people gaining temporary access to resources is much more restricted than elsewhere.

Leading players

These individuals may be in one or other (or neither) of the above two subcategories, but are likely to be in very influential positions, such as senior public servants or elected members of a provincial government or the National Parliament. Because their positions require them to spend a great deal of time in urban areas, especially in the capital Port Moresby, they can be on the lookout for resource development opportunities. Initially, at least, their intentions are honourable as they try to find ways of assisting their home areas. They are, however, vulnerable to flattery, self-interest and 'capture' into a patron-client relationship. In these the patron controls the purse-strings and so the relationship, the client and thus the game. Thus the leading entrepreneurs, supported by a coterie of close relatives and other hangers-on, tend to have a very short-term perspective focused on achieving personal

benefit, with community rights (whether permanent or temporary) getting short shrift or being temporarily placated by promises of future wealth.

Landowner Companies

So-called 'landowner companies' are characterised by shareholders and management who tend mostly to be part of a group supporting a particular leader, such as a provincial politician or a national Member of Parliament, who has made contact with, or been contacted by, an overseas logging company. This is an exploitation strategy which began to develop some ten years ago, supposedly to adequately represent all resource owners in a particular area.

Once the contact and promises were made (behind closed doors), a landowner company was formed and registered under the control of a core group. The landowner company then agitated in the highest circles to be granted a logging permit. When this was successfully achieved, the original foreign logger was contracted to log and market the timber from that concession. Other than the direct royalty payment, which was made directly to individuals, the remaining funds were captured by the landowner company to do with as it pleased. Most landowner companies rarely held public meetings, let alone the statutory Annual General Meetings at which office bearers were normally elected. Very few sent in their statutory annual returns to the Registrar of Companies or presented financial reports of income and expenditure to the mass of resource owners in the concession area. Management officers usually resided in the provincial or national capital, often leading extravagant life styles.

The State

The State has a direct interest in the forest sector from two points of view. Firstly, by act of Parliament, the State controls who has access to the timber resource and how they can proceed. It regulates the activities of timber permit holders with respect to volumes to be harvested, mitigation of impacts, minimum diameters of logs to be cut, minimum standards of infrastructure and other requirements to be put into an area, and reporting procedures. The State controls the level of royalty payable to recognised resource owners. This first element of control is carried out through the PNG Forest Authority, a statutory body.

Secondly, the State's Department of Finance and Planning controls and collects a number of different fees from licensed operators, including log export taxes and

levies. The State's interest in income derived from the forest sector should ideally be balanced by its interest in undertaking the measures necessary to ensure not only that regulations are being adhered to by industry operators but also that the resource is able to properly regenerate itself. Until quite recently, the monitoring element has been almost entirely missing, allowing a virtual 'free-for-all' approach by logging contractors, as was highlighted by the Barnett Inquiry. In addition, any practical interest in regeneration of natural forests and in the establishment of plantations, despite some impressive research results in different parts of the country (Cameron & Vigus, 1993; Vigus, n.d.), has been perfunctory at best. Furthermore, the State's forestry sector income could further be balanced by assuring broad-based benefits for the population at large, such as improving infrastructure and services (Holzknecht, n.d.).

Logging Companies/Contractors

As Judge Barnett found, speaking in this case about New Ireland Province in the mid to late 1980s,

'It would be true to say, of some of the companies, that they are now roaming the countryside with the assurance of robber barons; bribing politicians and leaders, creating social disharmony and ignoring laws in order to gain access to rip out and export the last remnant of the province's valuable timber' (GoPNG, 1989).

The situation has considerably worsened since that time. Logging companies continue to find various ways of bypassing government-imposed difficulties. By linking up with a local leader and a group of his supporters, and ensuring that these people are kept happy, loggers create a useful buffer between themselves and the majority of resource owners in an area. The effect of this kind of patron-client relationship is to deprive most resource owners of a continuing involvement in their forest resource. The promised profits are diverted through a 'landowner company' into the hands and control of a small minority of individuals, thus divesting the majority of resource owners of any say in the disposition of these profits. Whenever there are so-called 'problems with landowners' – when logging companies are challenged by resource owners to explain what they are doing and why – the 'landowner company' executives take the side of the logging company. The usual response is to call in the police – logging companies ensure by various means that there is an excellent relationship between themselves and the provincial police command – to arrest or otherwise harass the protesting resource owners.

Logging companies are interested in harvesting as much marketable timber as possible from a concession at the lowest cost, while incurring the least amount of trouble. Though royalties to resource owners and levies of various kinds to the State are paid at a particular time, companies often stockpile logs to await a higher world price. Most logging companies spend as little as possible on their own infrastructure in a logging concession, and bring in most of their personnel (trained or otherwise; often in contravention of Department of Labour requirements) and second-hand equipment from overseas. They employ relatively few PNG nationals, and then mostly as unskilled labour.

Most logging companies diversify their activities to a certain extent by setting up trade stores or transport operations. One particular group of companies, besides controlling some 80% of log exports from PNG, has diversified its activities into real estate, trading and the media. The banking organisation with which it deals in its home country has now set up a subsidiary in PNG, and services this group (to the exclusion of almost all other clients).

Non-governmental Organisations (NGOs)

NGOs have begun to play an increasingly influential role in the forestry debate in PNG. As government services and activities have increasingly been withdrawn from remote and outlying areas, so rural individuals and communities have begun to turn to NGOs with interests in the environment, church organisations and others for advice, assistance and information. One NGO, the Individual and Community Rights Advocacy Forum (ICRAF), for example, is playing a critical role in advising resource owners about their rights under the law and how they can proceed to exercise these rights. ICRAF also provides legal backup for cases which resource owners wish to take to court (ICRAF, n.d.).

With a seat on the Board of the PNG Forest Authority, the PNG NGO movement is in a position of some influence at this level. With regard to resource owners (who tend to be based in rural areas) NGOs have carried out sporadic campaigns focussing on such issues as public awareness and literacy. As always, funding these campaigns, as well as just keeping their organisations going, is a major battle. NGOs do their best to bring about an awareness of the importance not only of forests but also of all aspects of the environment in the lives of subsistence farmers, and to encourage people to think about alternative ways of finding cash income. In

this they tend to be let down by their own lack of practical information about such alternatives and their implications.

NGOs have also begun to use their international constituency more, both for funding appeals and to extend their public campaigns internationally. This can be a problem in that international NGOs often see such campaigns in simplistic terms and regularly put out slightly inaccurate information. Apart from their continual funding problems, NGOs suffer from inadequate numbers of trained and experienced personnel.

Policy and Legal Reforms

In May 1987 in response to widespread public concern about the situation in the forestry sector, the Government set up a Commission of Inquiry into the operations of the timber industry under Judge T. Barnett. Many interim reports and a two-volume Final Report (GoPNG, 1989) later, the results of the inquiry (more details in Holzknrecht, 1994; see also Barnett, 1992; Marshall, 1990) highlighted the following problems:

- ! widespread corruption at all levels
- ! regular breaching of permit conditions
- ! comprehensive transfer pricing practices
- ! regular misdeclaration (therefore undervaluing) of species
- ! inadequate or non-existent monitoring
- ! environmental destruction through bad logging practices
- ! unsustainable logging activities
- ! persistent manipulation and cheating of resource owners.

The Barnett Inquiry initiated an accelerating trend for reform. Beginning in 1990, PNG became involved in a World Bank-sponsored Tropical Forest Action Plan (TFAP) which brought together the Government, bilateral and multilateral donors, as well as NGOs. Out of this came a two-year moratorium on new logging projects (later extended for a further two years), the setting up of PNG's own National Forestry and Conservation Action Programme (NFCAP), and the commitment of various donors to support a range of research and development projects within the NFCAP.

A new National Forest Policy, developed within the Dept. of Forests, was unveiled in 1991. In the same year the National Parliament approved a new Forestry Act (not gazetted until 1992, and implemented from 1993) which repealed, amongst others, the previous Forestry Act and Forestry (Private Dealings) Act. However, the ability of the Government to control and bring timber companies into line in the then 75 active logging projects around the country was negated by the last-minute insertion of a clause exempting all current permit holders from complying with the requirements of the new Act.

Within the PNG Forest Authority a National Forest Service began to be established in mid-1993, 75% of whose staff were to be project- and field-based officers. Forest Development Guidelines were prepared and endorsed by the National Executive Council in December 1993. They included (see Holzkecht, 1994, 1995 for more details) the following:

- ! A new approach to gaining access to timber resources while empowering resource owners to have greater control over their resources. This was to be achieved by involving resource owners through awareness programmes and forming resource owner groups under the Land Groups Incorporation Act (see Box 1). Studies of development options were to inform and advise resource owners, while Forest Management Agreements (FMAs) were to regulate dealings between resource owners and the Forest Authority. Furthermore, environmental plans were to be scrutinised and approved prior to issuing of timber permits, and logging contractors required to post performance bonds. Finally, regular monitoring was to match performance to key environmental and operational standards contained in a logging code of practice;
- ! A new revenue system to replace royalties and excise duties – the implication being that resource owners, through their representative organisations, would benefit more from logging activities;
- ! A decision to cap annual log exports at 3.5 million m³;
- ! A limit on monopoly control of harvest under permits and licenses held by a single corporation or related group;
- ! Encouragement of domestic processing;
- ! Measures to review existing projects and bring them into compliance with the new requirements set out in the 1991 Act.

Box 1

Incorporated Land Groups

The Land Groups Act of 1974, a very progressive and innovative piece of legislation for its time, gave formal recognition to 'incorporated land groups' (ILGs). These are customary groups (sometimes clans) of people who, by traditional right, can make fundamental decisions about their land and resources without reference to or approval from any other group. ILGs should not be confused with 'Landowner Companies'. These are normal commercial companies (formed under the PNG Companies Act) for whom there is no requirement that there should be any customary relationship between shareholders.

Under the Land Groups Act an ILG must formally identify itself by listing current members and membership criteria, supported by genealogies. Membership lists can be reviewed on an annual basis, thus maintaining the essential flexible character of customary groups. Each ILG is required to identify its properties, which must be verified by consensus with neighbouring clans. ILGs must also have a constitution, with customary law applying to any matters not covered by this constitution. ILG committees can only undertake major initiatives with the active consent of the group's members. Information on incomes and expenditures must be accessible and regular assemblies and consultations between committee and members should ensure that any dealings remain transparent.

While the Act does not register land in the ILG's name in the accepted sense, it does record the ILG's interest in, and control of, the properties listed in its constitution, i.e., named land areas, mountains, forests, rivers, caves, etc. ILGs may entrench a legal requirement in their constitution to disallow the sale or alienation of their land. The Land Groups Incorporation Act, therefore, approaches the issue of control and management of land and resources in an innovative and constructive fashion without losing the strengths of customary resource tenure and use systems. For example, none of the above requirements interferes with the customary arrangement of temporary access rights to land and resources for certain individuals.

A criticism often heard from the mostly foreign dominated business sector is that the customary resource tenure and use systems in PNG impede entrepreneurship and investment. However, on the contrary, the recognition of ILGs, with all modern legal securities, allows them to make arrangements both with their own members and outsiders to use a parcel of land (for example), for a particular purpose, for a specific period of time and under certain conditions.

ILGs have already been introduced in a number of mining project areas as a way of organising customary resource owners, in the first instance to receive royalties and compensation payments. In addition, the 1991 Forestry Act requires all new forestry projects, through an awareness and information campaign, to assist resource owners to organise themselves in ILGs and this process has now been underway since mid-1995.

Most, if not all, of these proposals and activities were met with active and increasing opposition, especially from commercial interests in the foreign-dominated industry. During the latter half of 1993, and early 1994 in particular, there was a concerted campaign in the media against a number of the above provisions. Evidence indicates that this campaign, which cost an estimated K 250,000 (equivalent to c.US\$ 250,000), was orchestrated by foreign timber companies operating behind local persons and organisations.

The result was that the Government suspended the implementation of all the Forest Development Guideline proposals for a time. The proposed new revenue system, in particular, was attacked and scrapped. A revised revenue system was put in place by the 1996 budget with increased revenues earmarked for resource owners, but this proposal, too, has been opposed by industry. Latest reports indicate that the implementation of this revised revenue system may also be suspended by the Government.

Stakeholders and Reforms

From the information presented in the previous sections about the context of customary tenure, stakeholders' interests and policy reform in PNG's forest sector, a number of difficult issues emerge:

- ! Why have the policy and legal reforms undertaken to date not had more effect in regularising the forest sector?

- ! How were small groups of resource owners able to circumvent the majority of rights holders in the initial signing-away of rights, their ongoing non-inclusion in decision-making, the lack of regular and substantive reporting to the majority, the ongoing misuse and waste of resource owner funds locked up (and therefore inaccessible to most resource owners) in landowner companies?

- ! How do different stakeholders' interests and agendas influence their behaviour and actions, particularly in the context of changing and probably increasingly stringent operating, reporting and monitoring requirements, and in the face of growing opposition from at least some resource owner factions and non-governmental bodies?

- ! To what extent may the interests of foreign stakeholders be influencing the outcomes of national policies, both in terms of parliamentary approvals and in the implementation of appropriate policies?

- ! When discussing alternative options, what are some of the likely implications for different stakeholders?

A Society in Transition

These issues must be examined within the context of a society in transition. Developments in PNG forestry have not taken place in a vacuum, but against distinctive historical processes. These include, for example, the transition from colonial times to independence, the change of focus of communities and individuals from an integrated local and regional level, involving kinship, marriage and trading relationships, towards the world outside these spheres – the province, the wider region, the developing nation of PNG. An important part of this change was moving from a predominantly subsistence and barter economy towards a gradual but inexorable integration of even the most remote parts of the country into the capitalist cash economy¹. New systems of production of wealth, for example through education, migration, and remittances (Pomponio, 1992), gradually replaced the old while still holding on to the customary idioms, practices and structures revolving around kinship.

These transitions were accompanied by the commoditisation of increasing elements of PNG's resources and parts of the environment to which, in the past, either no specific direct value was or needed to be ascribed. This has been most obvious in the case of forest resources. As described earlier, forests were traditionally seen as a common resource (with the exception of a few 'economic' trees which were owned and inherited by individuals) managed by a particular clan. However, as

¹ This has been best described for the island of Ponam, Manus Province by Carrier & Carrier (1989, 1991).

PNG became drawn into the world economy and external values were placed on timber species, so resource owners were increasingly targeted by outside interests and the State desiring access to these resources. Under these conditions of change, it was possible for 'leading' individuals (in the modern, electoral, sense) to take advantage of opportunities for resource exploitation, often getting trapped into patron-client relationships which were not in the interests of their fellow resource owners.

Stakeholders' Responses

In this unfolding and somewhat uncertain context stakeholders have had to adjust their interests to changing realities. These are discussed below together with an assessment of the likely implications of alternative options for resource development (outlined in Box 2) for different stakeholders.

Resource owners

As a broad category, resource owners have increasingly come to realise the true value of the resources they have in hand. However, different factions within the category may adjust and respond differently.

Box 2 Alternative Options for Resource Development

There are a range of options for the development of forest land in PNG (discussed in greater detail in Holzknicht, 1995, Working Paper 11) which include activities such as:

- ! Ecotourism
- ! Ecoforestry (including the use of mobile sawmills controlled by each community)
- ! Forest plantations
- ! Agroforestry
- ! Marketing of non-timber forest products

On the one hand, small cliques of resource owners committed to foreign (and local) patrons will attempt to maintain the status quo, since they already control the landowner companies with their regular income of funds and lack of reporting and accountability. The 1991 Forestry Act requires such landowner organisations to be fully representative of the different groupings of resource owners within a concession area. Resource owner organisations are required to apply to the PNG Forest Authority for recognition and registration by tabling a number of documents to prove their

representativeness. However, a number of the more vocal 'landowner companies' are objecting to these requirements – a rearguard action by those currently entrenched in power and in control of logging revenues.

On the other hand, the more or less silent majority of resource owners, who currently benefit from a project only in so far as they receive a timber royalty payment from time to time, is gradually becoming somewhat restive and more prepared to speak out against the control of arrangements and funds by a small and unrepresentative faction. Quite dramatic changes can be expected as resource owners in their groups and communities move to reclaim the rights and responsibilities associated with resources in their areas.

Assuming that alternative options for resource development are implemented, and depending on what these alternative options are, resource owners as individuals, in their groups and communities are likely to be the greatest beneficiaries in a number of ways. These include re-empowerment of resource owners as a whole to take responsibility for the proper long-term management of their own resources; a determination to add more value to locally-derived products to create employment and income; a decision to include regeneration strategies in resource management; and a better distribution of benefits to the community and to individuals.

The majority of resource owners – individuals, groups and communities – will accept alternative options for resource development and will push strongly for them. In the current situation they have nothing to lose and everything to gain, since the customary basis for their ownership of the resources in question is already guaranteed by the National Constitution. The nascent re-empowerment movement, building as it does on customary strengths using a flexible approach, will be one powerful way to move forward.

The State

As the State, for a variety of reasons, has come under increasing financial pressure, so it has come to depend more and more on its various forestry revenues. A small percentage increase in the export levy on logs brings in many additional millions. Any proposal to increase revenues to resource owners themselves must, therefore, ensure that annual incomes to the State are not diminished in any way.

While the State accepts such incomes, it has for many years neglected its proper roles and responsibilities to provide its citizens with, amongst other things, services and infrastructural development. Although these have been written into the contractual agreements with logging companies, there has been little monitoring by the State to ensure that proper standards are maintained. In effect, logging companies have functioned as ‘quasi-governments’ in certain areas, virtually a law unto themselves.

In terms of direct cash inflow through taxes, levies and duties, alternative options for forest resource development may, initially at least, lead to a reduction in the State’s current income from forestry. However, in the longer term, and taking into account such sources as company tax, income tax, licensing fees, and greatly increased economic activity across the board, such a shortfall is likely to be made up to a large extent. So while, at first, the State may be in opposition to the implementation of alternative options, it will eventually have to decide whether it will work in cooperation with resource owners or not.

Logging companies

The stakeholder interests and agendas of logging and marketing companies have perhaps been the slowest to respond to a changing situation. There has been little willingness to show long-term commitment to both the industry and the country and to carry out their approved business as a good corporate citizen.

As the boundaries of what could and could not be done under PNG Government regulations were tested and found wanting, so logging interests expanded their areas of involvement (often beyond the approved parameters) and flexed their reins of power and influence. Patron-client relationships were set up with individuals and ‘landowner’ companies, linkages to additional avenues for protection were developed and maintained, and ways of influencing decision-making (from the highest level down) to their benefit were established and fostered. Loggers have persisted in flouting the law, eg. in disregarding Department of Labour requirements for employment and training, not adhering to environmental conditions, and in ignoring orders from a court of law to stop logging activities in particular areas.

Industry (or perhaps only a proportion of its members) has been (both organisationally and financially) behind orchestrated attempts to negate the 1991 Act. This has included its sponsorship of a PNG Forest Resource Owners

Association, support to a concerted media campaign against the Forest Development Guidelines and the recent campaign against the intention to increase royalties to resource owners, as well as a number of unsuccessful attempts to introduce private members' bills into National Parliament to negate or reverse the effects of the Act.

Under alternative options for forest resource development, current foreign logging companies are likely to be the most significant losers, since they are likely to have to conform to much stricter codes of behaviour with resource owners, comply with new codes of logging and environmental practice, and be required to operate within strict business parameters. Much of a foreign logging company's current activity is likely to be taken over or performed by PNG companies, probably with local interests and connections. The local and/or export marketing of forest products such as sawn timber will be carried out either by a state corporation or by regional marketing organisations.

There will probably, therefore, be strong opposition to the implementation of alternative options from logging and marketing companies as well as from their clients (individuals at all levels, landowner companies and other sponsored organisations). Any attempts by the State to enforce more stringent reporting and operating requirements on the industry, especially on currently active projects, can be expected to be met with not only sponsored unrest and violence but also with direct court challenges, all with the intention of maintaining the current, for them most lucrative, status quo.

Non-governmental organisations

NGOs have also developed their interests and expertise in line with changes in the resources situation. However, NGOs have generally been reluctant to side and link up with the Government for fear of being tied to its mistakes in this area.

As resource owners have become more vocal and more prepared to speak out against abuses of power and assumption of control over funds held in landowner companies, so NGOs have moved to make useful information more accessible to resource owners across the country. Regular training workshops on the law for resource owners have been and continue to be held. Funding of such ongoing activities is a perennial problem.

In order to reinforce these constructive approaches, NGOs now need to work with resource owner groups to encourage and maintain a re-empowerment movement, leading to local level sustainable resource management practices.

Concluding Remarks

As pertinent summarising statements to this paper, a number of themes, already alluded to above, need to play a more positive role when searching for appropriate alternative approaches. These include the continuing importance of customary resource tenure and resource use systems, the need to return resource management strategies and their attendant responsibilities to resource-owner based communities across PNG, the need to develop appropriate alternative resource use options, and State obligations to its citizens. I summarise each of these briefly.

Continuing Importance of Customary Resource Tenure and Use Systems

As the marches, riots and other disturbances in PNG in the second half of 1995 showed, Papua New Guineans are not willing to allow their customary resource tenure and use systems to be tampered with, encompassed and fossilised by any proposed legislation. Customary systems are recognised by the National Constitution of 1975 and have survived previous colonial and post-colonial attempts to bring them to book and law. These proposals would have frozen these systems in time and so removed them of their essential and distinctive characteristics. Nevertheless, some developments acceptable to rural resource-owners throughout the country must soon take place within customary systems, building upon their strengths to maintain and enhance their integrity and responsiveness.

Community-based Resource Management

The recognition of and support for 'incorporated land groups' (ILGs), discussed above, cannot be seen as an end in itself, or only as a useful mechanism for government and foreign companies to expedite the setting up of major resource exploitation projects. ILGs are, in effect, the first step in a process which re-empowers resource owners and resource owner groups to become more actively engaged in the proper and long-term management of all their resources for the benefit of the whole community and not just for a privileged or powerful few (Holzknecht, 1995; Power, 1995).

Of the resource sectors in PNG, few would be able to operate effectively without resource-owner involvement (whether individual or group) – for example, no commercial fisheries would exist except on the high seas; there would be no forest industry, except possibly through plantations on alienated land; and much commercial agriculture would also be affected.

Appropriate Alternative Options

Appropriate development options for PNG have not been sufficiently researched in order to be able to present viable and sustainable activities to resource owners. The NGOs, in particular, discuss an array of alternatives to logging as if each one was ready to be implemented at a moment's notice; this is not so. Some basic information is known and various economic and other extrapolations are being developed from this base (see Sekhran & Miller, n.d.), but PNG currently does not have the market experience nor the entrepreneurship required to manage such developments well. Much preparatory work and background research needs to be undertaken, in particular at the marketing end, before appropriate, practical and achievable alternative development options can be properly implemented.

A closely related factor which has severely limited resource owners' decision-making is access to information of all kinds, whether regarding alternatives and options, or the implications of such choices for the management, development and conservation of their resources. This area of resource-owner access to information, will need to be tackled very soon if community-based resource management alternatives to the current free-for-all in resource exploitation are to gain any credibility.

State Obligations

This paper, drawing on a wealth of available data, has highlighted that the State has in many ways failed its citizens. It has allowed outside commercial interests, usually acting through local clients, to dictate policies, programmes and implementation strategies. In so doing it has allowed itself to become corrupted and undermined, in some respects emasculating even the highest legislative body in the nation and negating many productive initiatives intended for the betterment of the nation and its citizens.

The undermining of the 1991 Forestry Act is a case in point. Policy developments and the reform process (discussed above) had raised hopes that there would be

better overall control, more detailed monitoring of logging activities (see PNGFA/DEC, 1995), and more thorough scrutinisation of logging proposals (including detailed working plans and environmental and social impact assessments). However, the fact that all existing logging permit holders were exempted from the new legal requirements made a mockery of the Act. Given that this simple clause has enabled the industry to avoid virtually all the policy and legal reforms in PNG forestry to date, a number of difficult questions remain to be answered regarding how it came to be inserted into the last reading of the parliamentary bill proposing the Act, and why (and by whom) it was felt that the insertion of such a clause was necessary. A major reason why the PNG State cannot exert more pressure on, and require stricter compliance of its logging industry is that such draft legislation will not be approved by any senior government circles nor, subsequently, by the National Parliament due to the many powerful vested interests at these decision-making levels. The State is thereby seriously compromised into not acting in the best interests of all of its citizens.

The State must now find ways, through legislation and implementation strategies, to stand up to stakeholders who degrade resources and are not interested in their long-term viability, who ignore the laws of the land and do not consult and inform widely, and who curry and buy favour where and how they choose. In this area of resource management, conservation and development, the State could do worse than to be guided by its own National Constitution, in particular the national goals and directive principles set out in the preamble (GoPNG, 1975).

But above all, the State should understand the implications of the constitutional endorsement of customary tenure systems and recognise the need for representative resource owner groups to be taken seriously in resource management. This is *the* major factor that must be considered in trying to achieve the sustainable and equitable management of natural resources in PNG.

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