The Development Forum—environmental governance and sustainability within Papua New Guinea’s resource extraction sector

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Since 1989, the Development Forum process has preceded the development of all major mining and oil and gas projects in Papua New Guinea. The process was adopted to increase the participation of project-based landowners (customary resource owners) and lower levels of government in the development of resource projects. The concept was first applied in the case of the Porgera gold mine in April 1989 and is now an accepted practice for all major mining and petroleum projects.

The purpose of the forums is to establish positions on issues related to a proposed project, but in practice they have been dominated by discussions of future streams of benefits accruing to landowners, local-level governments, and provincial governments, capped and formalised by memoranda of agreement between the major stakeholders. Other issues, of equal if not more importance to the stakeholders, are not discussed in any great detail, not least the environment.

This paper argues that the Development Forum concept should be extended to become a platform for a government campaign on environment protection, conservation and sustainability directed at the landowners, custodians of the country’s immense natural resource wealth, including the rainforests. The Department of Environment and Conservation, conservation non-government organisations, and other interested organisations such as United Nations Environment Programme (UNEP), United Nations Development Programme (UNDP), and the World Bank could capitalise on this opportunity to raise awareness and disseminate information to resource owners about the importance of conservation. The Forum could also provide an opportunity for government to gauge the value people place on resources and thus devise more effective conservation approaches.

The concept of the Development Forum

In the late 1980s, Prime Minister Sir Rabbie Namaliu’s government developed policies aimed at increasing the involvement of provincial governments and landowners in the development of resource projects. While some of these policies never made it beyond the first cabinet meeting, one policy became...
an established part of the approval process for resource projects, particularly in the mining and petroleum sector—the Development Forum.

The Development Forum concept has been applied to all the major mining projects since the Porgera project, such as the Tolukuma gold mine, the Lihir gold project, and the Ramu nickel and cobalt project. In the petroleum sector, the Hides gas project and the Kutubu, Gobe and Moran oil projects all adopted this process as part of the approvals process (West 1992).

The Development Forum is an important stage in the approval process and follows the formal submission of an application for a Special Mining Lease (SML) or a Petroleum Development Licence (PDL). The approval process commences when a developer submits relevant project studies and proposals to government. Senior cabinet ministers and department heads then prepare position papers responding to the proposal. The Development Forum thus allows the developer to provide an overall brief on the proposed project and to respond to specific questions or issues.

The Development Forum informs the developer of stakeholders’ understandings and aspirations, prompting the developer to amend the proposal to reflect these. Once the Development Forum is satisfied with the proposal, and this is formalised in a Memorandum of Agreement, the government grants the mining lease or petroleum development licence (West 1992).

The developer can also convey information to the government(s) and the communities on how it can best assist the local communities through its community-partnership philosophies.

In recent years, however, the Development Forum has moved away from its original purpose—allowing the developer and the national government to share information, raise awareness—towards ‘stitching up’ benefit packages between the national government, affected provincial and local-level government(s), and the landowners. It is imperative, therefore, that the Development Forum revert to its original purpose given emerging community disillusionment, breakdown of social structures, and the need for resource conservation and sustainability in the project areas.

The Development Forum in the petroleum sector

During the preliminary Development Forum discussions, commonly referred to within the petroleum sector as ‘pre-Forum’ discussions, various key government departments are invited to speak or otherwise present information on issues in which they are involved. These include the Department of Trade and Industry, which provides landowners with information regarding policies pertaining to landowner involvement in business spin-offs from resource projects. The Department of Labour and Employment presents landowners and other parties with information about labour laws and policies regarding employment and training in major resource-development projects. One of its main policies is the ‘preferred employment policy’, whereby local people are given precedence over other Papua New Guineans and expatriates, contingent on their having the necessary qualifications and skill levels. For the most
part, landowners are employed in general labour tasks and in basic clerical and technical skill jobs—as, among other things, truck drivers, motor mechanics, carpenters, and roustabouts (drillers) on oil rigs.

Although the Department of Environment and Conservation has been involved, its discussions have usually been directed towards projects’ major environmental impacts, eschewing detailed consideration of conservation and long-term sustainability. Projects’ socioeconomic impacts on local people are seldom considered at length, and locals generally receive little guidance on channelling the royalties they receive from the projects into worthwhile investments in long-term sustainability.

The evolution of the Development Forum

The Mining Act, passed in 1992, made a legislative provision for the Development Forum to be conducted within the mining sector. Section 3(1) reads

[a] Development Forum shall be convened by a Minister before the grant of any special mining lease to consider the views of those persons whom the Minister believes will be affected by the grant of the special mining lease and shall be conducted by the Minister according to such procedures as will afford fair hearing to all participants.

The previous Petroleum Act had no legislative requirement for a Development Forum. This Act was repealed at the end of 1998 and replaced with the new Oil and Gas Act (1998), Section 48 of which prescribes the Development Forum as an essential part of the approvals process, thus institutionalising it as a legislative prerequisite for the grant of a special mining lease or a petroleum development licence.

The Development Forum as a tool for environmental governance

Currently, the Development Forum process is applied only in the mining and petroleum sectors in Papua New Guinea. Experience has proven that the process can be successful as a venue for dialogue, consultation, negotiation, and learning by the various parties to a proposed project. The Development Forum does include discussion of environmental issues, but this tends to centre on likely environmental impacts and is related to the issues contained in the environmental plan that developers submit under the Environmental Planning Act. Very little is done beyond this, as noted earlier.

Although successful to some extent (by the simple fact that it is now mandatory), the Development Forum process has not realised its full potential. The process can be broadened to include the discussion of wider environmental issues, such as conservation and sustainability, and the raising of awareness of environmental and socioeconomic issues. In order to do this, more parties need to be invited to the Forum ‘round table’, including other government departments and line agencies, non-government organisations, and donor agencies. The Development Forum could also involve UNEP and UNDP as well as regional environmental organisations such as the South Pacific Regional Environmental Programme (SPREP).

The Forum concept also needs to be introduced into other resource-extraction sectors, such as forestry, fisheries, and agriculture, in which little concern is currently given to landowners’ views, lives and livelihoods in project development. Particularly in the forestry sector, where large tracts of rainforest are logged annually, landowners need to be educated about the implications of massive forest loss for their
land and livelihoods. It appears that landowners are consenting to logging of their forests without appreciating the possible dire environmental and long-term sustainability consequences of such activities for their land, forests and river systems. It seems that logging companies and governments are taking unfair advantage of the peoples’ resources, mainly because of their ignorance of long-term implications. Responsible governments would ensure that the landowners are aware of all the benefits and costs involved before they consent to the extraction of their resources, thus invoking the principle of ‘prior informed consent’.

So far, the messages conveyed to the people have overemphasised the benefits, in terms of royalty payments and other resource rents, distorting landowners’ judgment with promises of huge bundles of cash. Whilst much information is provided about the upsides of a forestry project, next to nothing is conveyed about its possible downsides— the degradation of land due to forest loss and erosion, the loss of wildlife, both fauna and flora, and the loss of streams and creeks as a consequence of forest loss, just to name a few. Arguably, the long-term environmental costs could far outweigh any short-term monetary gains by landowners from forest exploitation. This possibility becomes even more critical when one considers what happens to the money landowners receive from royalty payments. Their poor economic know-how and managerial ability result in them recklessly spending on luxury items and making poor investments, resulting in little long-term economic sustainability from resource rents.

Commercial agriculture is another area in which the Development Forum process should be introduced, especially for plantations where large tracts of land are cleared for a monoculture of commercial crops such as coffee, coconut, palm oil, and cocoa. The lifespan of these plantations ranges from 20 to well over 50 years, removing from a generation land that could be used for subsistence activities or other semicommercial or commercial purposes. Once again, the people need to be aware of the consequences of leasing their land for long periods of time as opposed to alternative uses of the land. A simple benefit–cost analysis of two or more land-use scenarios would help landowners consider their options. The lure of large sums of money tends to cloud judgment, and landowners often come to regret their decisions years later when the money obtained from such transactions has been lost to unwise spending and investments and they find themselves living a lifestyle inferior to their former subsistence way of living.

Thus, the extended Development Forum concept would be a sensible addition to the project approval process in other resource sectors. It could ensure that such projects are just, conducted in an environmentally sustainable manner and pursued with due consideration of resource-owners’ longer-term livelihoods. Only when this is done can resource owners accept the consequences of their informed decisions.

Resolving conflicts between resource-use legislation and environmental protection

The Development Forum process achieves two fundamental objectives. First, it allows for ‘meaningful and equal participation’ of landowners and local-level and provincial government, thus fulfilling the objectives enshrined in the Constitution and its Preamble—National Goals and Directive Principles. This particularly relates to the Second National Goal, which ‘calls for all citizens to have an equal opportunity to participate in, and benefit from, the development of our country’.
Second, the Development Forum concept seeks the support and cooperation of landowners and local-level and provincial governments for the smooth operation of resource projects. This assurance hinges heavily on providing landowners with accurate information that allays any doubts they have about the project and its impacts. This process should also bolster investor confidence in resource development projects and help to ensure their long-term economic viability.

A Development Forum process, if incorporated into all resource sector policies and legislation and extended beyond its current boundaries, may help bring to the fore the importance of sustainability issues, including ecological (including conservation), economic and social-cultural sustainability. Hence, compatibility between individual resource extraction legislation and wider environmental issues is essential. This compatibility can be enhanced and extended by the incorporation of institutions such as the Development Forum into the existing resource-extraction legislation.

Such an initiative could only improve environmental governance. Often the laws that determine the effectiveness of environmental governance are those that govern the resource sector. Hence, it is imperative that the Development Forum concept be pursued vigorously so that sustainability and environmental protection and conservation issues are seen as being promoted from the community level upwards and not only by a ‘top-down’ approach. Through constant dialogue, consultation and negotiation, a co-management approach could be arrived at, which would be the ideal means by which resource development issues could be addressed. Such an approach is a mix between top-down and bottom-up approaches.

Conclusion

This paper promotes the idea of extending the Development Forum concept beyond its current application to one that embraces the pursuit of environmental protection, conservation, and sustainability through the involvement of all relevant government departments, non-government organisations, and other interested parties such as UNEP, UNDP and SPREP. To avoid a piecemeal approach, the Development Forum process should be incorporated into the policy and legislative framework of all resource-extraction sectors (renewable and non-renewable). Often resource owners have given consent to the exploitation of their resources after hearing only about the benefits the mine or logging would bring them. They must also be informed of the long-term adverse environmental, social, and economic impacts.

There must be some central forum where resource development stakeholders, such as resource owners, the various levels of government, and the developers, can thoroughly discuss issues. All issues must be discussed and nothing must be hidden, and the Development Forum provides the best avenue for this. This process must be recognised in policy or better still in law to ensure that it is implemented across all resource sectors.

Incorporating this framework into policy or legislation for all resource sectors would strengthen environmental governance, improving the legislation, policies and practices affecting the nation’s environmental and natural resources and hence raising Papua New Guineans’ experience of development more generally.
References


