



2014 NATIONAL HUMAN DEVELOPMENT REPORT PAPUA NEW GUINEA

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



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...it is about placing people at the centre of development, and enlarging people's choices by building their capacities, allowing them, to expand the range of things they can do, or be!

imp

4 Purposes of the NHDR:

- 1) Review the *extent to which PNG's revenues from extractive industries have led to human development outcomes*;
- 2) *Reveal lessons from other countries that can be useful for PNG*;
- 3) *Highlight innovations from PNG that can contribute to development in other countries*;
- 4) *Stimulate, inform and shift the debate in PNG to enable leaders to make appropriate choices for the wellbeing of citizens.*



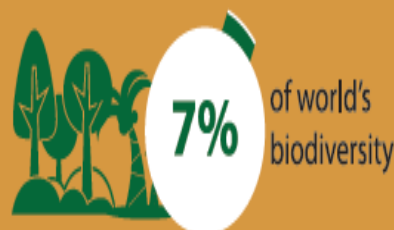
PNG is rich in natural resources...



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PAPUA NEW GUINEA NATURAL RESOURCES:

The country is rich in natural resources, including





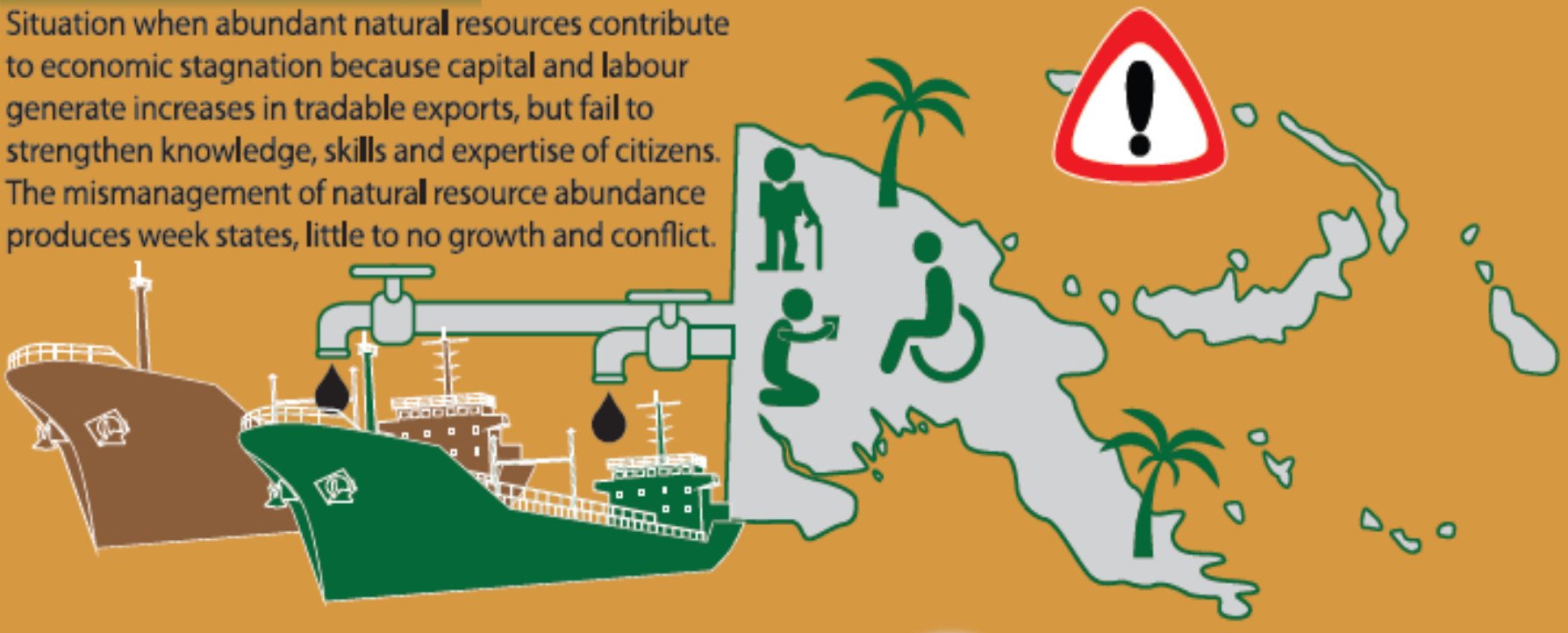
...but resource wealth is not translating into increased opportunities for all citizens



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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

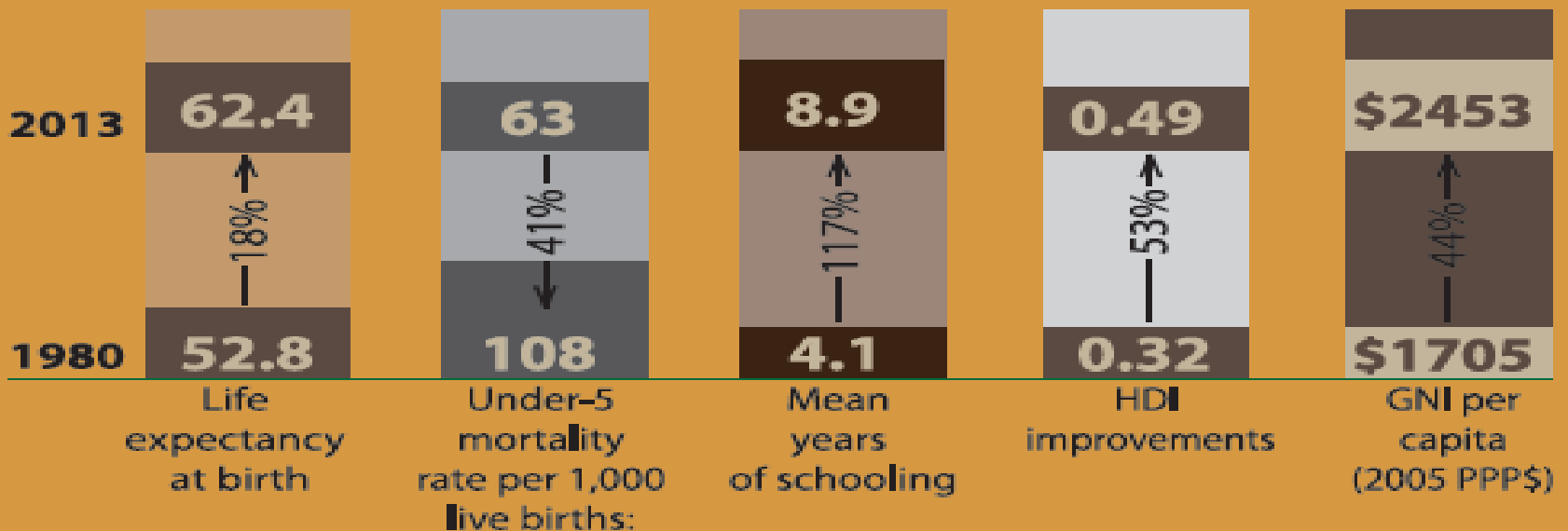


Extractive sector
 contributed positively to
 development through
 revenue generation allowing
 for cutting edge policy
 innovations that enhanced
 levels of social sector
 investments...



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SOCIAL INDICATORS OF PAPUA NEW GUINEA⁷





...but there is a need to greater responsibility to ensure the wealth of the country is used more wisely and works more effectively to improve the well-being of all citizens.



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1. Capture resource revenue through transparent & accountable systems without losing the foreign investment
2. Use this to boost human development through effective service delivery, especially to rural population
3. Reduce the negative social, economic and environmental impacts.



POLICY OPTIONS FOR SUSTAINABLE EXTRACTIVE INDUSTRIES IN PAPUA NEW GUINEA

LEGAL, INSTITUTIONAL & POLICY FRAMEWORKS



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- Continue to improve sub-national service delivery
- Tighten integration of discretionary budgets with established planning and accountability mechanisms
- Use international experience for negotiating new developments
- Institutionalize representation of women, vulnerable communities and indigenous people in negotiation processes;
- Ensure social mapping to identify marginalized groups
- Review costs/benefits of shifting from State ownership of minerals to a shared model (landowners, communities & state)



PEOPLE-CENTERED EXPLORATION AND EXTRACTION



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- Host consultations with local communities at all stages of development to build awareness & reduce conflict potential
- Refine mechanisms of benefit distribution to achieve more inclusive distribution schemes for marginal groups
- Establish formal grievance mechanisms, e.g. Mining Ombudsman for handling disputes
- Introduce better environmental management approaches
- Extractive operations to establish biodiversity offset programmes



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PRUDENT REVENUE COLLECTION AND MANAGEMENT

- **Better transparency and accountability for revenue flows. Commit to move to EITI compliant status**
- **Institutionalize periodic reviews of the fiscal regime**
- **Exhibit greater fiscal restraints**
- **Manage resource volatility by introducing stabilization mechanisms**



INVESTMENT IN HUMAN, PHYSICAL, FINANCIAL, SOCIAL CAPITAL



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- Allocate revenues for areas of high social return, including education, health, water and sanitation
- Put in place policies for companies to invest in creating employment opportunities, research and development, livelihoods restoration and local business developments
- Establish strategies to diversify economy towards agriculture, eco-tourism, science and industry
- Institutionalize obligations by companies to minimum spending commitments on community development activities
- Ensure accurate & timely data collection on economic, social and environmental development



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**Timely actions
of ALL
stakeholders**

**Unique
window of
opportunity to
make well-
informed
decisions**

**PNG needs to
grasp
opportunity
now and not
repeat
mistakes**

Report is only as good as the action that follows.....



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Thank you!