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The evolution of Benefit Sharing Agreements in Papua New Guinea: What are the lessons learnt and what are the prospects for the future?

A research presented in partial fulfillment of the requirements

for the degree of Master of International Development

**in
Development Studies**



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Abstract

With an abundance of natural resources, the extractive and fishery exploitation at a developed stage, Papua New Guinea (PNG) should have been at the top end of the developing world, however, this has not materialised. PNG is going through the dilemmas of development through high rate of resource exploitation and unequal distribution of benefits that is having detrimental effect on the economy and general living standard. Many have questioned why this situation has existed without being addressed.

It is also acknowledged here that there has been much literature that has been written on the environment and social impacts of resource project, however, there has been little written on the benefits flowing through to those people affected by resource developments. This report attempts to address those benefit sharing issues.

A review of past and current projects and how they distributed benefits has provided a baseline from which the most important elements for future benefit sharing have been identified. These are that BSA are negotiated, legally binding agreements that recognise property rights, are internationally recognised, they allocate and demarcate responsibilities and ensure development coherence. Using these characteristics, a fair and equitable benefit sharing could then be developed for resource projects in Papua New Guinea.

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Abbreviations

ABS	Access Benefit Sharing
ADB	Asian Development Bank
AfDB	African Development Bank
BCA	Bougainville Copper Agreement
BCL	Bougainville Copper Limited
BDG	Business Development Grants
BHP	Broken Hill Propriety Limited
BSA	Benefit Sharing Agreement
CBD	Convention on Biological Diversity
CMCA	Community Mine Continuation Agreement
DFWN	Distant Water Fishing Nations
DPMNEC	Department of the Prime Minister and the National Executive Council
EEZ	Exclusive Economic Zone
EPG	Enga Provincial Government
FFA	Forum Fisheries Agency
FIFO	Fly In Fly Out
IBP	Integrated Benefit Package
IFC	International Finance Corporation
ILG	Incorporated Land Group
LNG	Liquefied Natural Gas
LRC	Law Reform Committee
MCA	Mine Continuation Agreement
MCC	Mettallurgical Group Corporation
MCCJV	Mettallurgical Group Corporation Joint Venture
MDC	Mining Development Contract
MOA	Memorandum of Agreement
MRA	Mineral Resources Authority
NCI	National Cancer Institute
NFA	National Fisheries Authority
NZ\$	New Zealand Dollar
OTML	Ok Tedi Mining Limited
PDF	Project Development Fund

PDL	Petroleum Development License
PGK	Papua New Guinea Kina
PJV	Porgera Joint Venture
PNG	Papua New Guinea
PNGDSP	Papua New Guinea Development Strategy
RMTL	Road Mining Tailings Lease
SML	Special Mining Lease
SSG	Special Support Grant
TAs	Technical Assistance
UNCLOS	United Nations Convention on Law of the Sea
UBSA	Umbrella Benefit Sharing Agreement
US	United States
WB	World Bank

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