



Forest Policy and Environment Group Overseas Development Institute

Project Title:	Forest Sector Review, Papua New Guinea
Year / Time Period:	2006
Country:	Papua New Guinea
No. of Staff:	4
Client:	European Commission

Objectives:

The overall objectives of the programme of which this project will be a part are to 'provide a forum for a participatory approach to drawing up a plan for the future of the forestry industry in Papua New Guinea... with the ultimate objective of providing a sustainable and viable source of income for all participants – landowners, loggers, traders and government'.

ODI will prepare three papers, to be presented at the "Seminar on Trees and Tree Products for the Future of Papua New Guinea" in December 2006.

History of the Forestry Sector

A comprehensive study will be undertaken to document the development of the Papua New Guinea forestry sector from Independence (1975) to the present. This will establish the basic facts relating to the industry in relation to the areas of forest and tradition; forest and law; forest and trade; forest and governance.

Audit of the Forestry Sector

ODI will undertake an audit of the current monitoring system in PNG by carrying out an independent inspection of the whole system to assure credibility and transparency. It will provide recommendations for the creation of a timber legality assurance system. The study will examine incentives that might be put in place to encourage operators to comply and encourage operators and those affected by their operations to report.

Potential of the Forestry Sector

This study will analyse in detail the sustainable level of exploitation of PNG's Tropical Rainforest to ensure continued and viable income generating opportunities for all participants. It will focus on the need and potential for industrial diversification (downstream processing) to support a sustainable forest and wood products industry. In order to ensure continued timber supplies to the industrial component the study will propose a practical timetable for phasing out of round log exports. The study will analyse the economics of timber plantations and propose levels of plantings required by logging operators in order to obtain a license to exploit tropical rainforest. The legislative requirements associated with terminating round log exports and the financial needs of the sector in establishing downstream processing facilities will also be examined.

Policy Relevance:

The timber industry plays an important role in the national economy of PNG. Timber is one of Papua New Guinea's major export commodities. The sector employs about 7,500 people, representing about 4% of total formal employment.

Many commentators believe that illegal logging, which takes place when timber is harvested in violation of national laws, has become a growing problem in the country in recent years. Illegal logging and the associated trade have been estimated to cost local communities vast



amounts of money in lost royalties and the country in export taxes (Ref. SGS Monthly Reports). Recently, the Australian government announced that it was examining the legality of imported PNG timbers. The problems posed by illegal logging and associated trade have been recognised by ACP countries, through the East Asia Ministerial Process for Forest Law Enforcement and Governance (East Asia FLEG) in 2001, in which Papua New Guinea is a participant. This declaration expresses deep concern with the serious global threat posed by illegal logging and associated illegal trade, and recognises the fundamental role of government in tackling the problem.

Outputs:

3 papers, to be presented at the "Seminar on Trees and Tree Products for the Future of Papua New Guinea" in December 2006:

1. History of the Forest Sector
2. Audit of the Forest Sector
3. Potential of the Forest Sector