WOMEN IN BUSINESS IN PAPUA NEW GUINEA

Key findings from the October 2008 Scoping Study

INTRODUCTION

This report is based on an AusAID study to Papua New Guinea (PNG) from 27 to 31 October 2008 which served to profile women’s businesses for an upcoming regional publication and broadly explore issues for female entrepreneurs. This report summarises the main findings of the study and makes recommendations for donors, Government and Non-Government Organisations (NGOs) to consider.

KEY FINDINGS

1. Background on women in PNG

The PNG Government is making progress on gender equality. The PNG Constitution’s Eight-Point Plan calls for ‘the equal participation of women in all forms of social and economic development for the country’. An Office for Development of Women is about to be established, the national Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) report has been completed with shadow-report consultations to follow. The Deputy Prime Minister has put forward the idea of a Gender Equality Bill, and advertisements for three women nominated Member of Parliament positions have been circulated, and in October 2008, Cabinet endorsed three reserve seats for women.

But compared with the rest of the Pacific, much remains to be done in PNG. The country is among the poorest performers in the Pacific on both the United Nations Gender Development Index and the Gender Empowerment Measure. After 20 years of Independence, only three women have been represented in Parliament (none from 1991 to 1996) and only one since. PNG women candidates also suffer cultural and social discrimination, including verbal and physical intimidation, threats of clan and tribal sanctioning, the ‘tall poppy syndrome’ in a weak women’s movement, lack of support from both women and men, limited resources, inability to monitor ‘foul play’ in the electoral process, and pressure to conform to or condone male leadership qualities.

While PNG has recently recorded impressive economic growth it remains one of the poorest countries in the Pacific and women have not benefited from growth. Despite major investment, the mining and petroleum industry has had limited impact on employment growth, especially women’s employment. National law and company practice do not always give women the

1 The CEDAW Partnership was originally formed to promote the Convention on the Rights of the Child, to which the Convention on the Rights of Women was subsequently added. The Convention of the Rights of the Child has proved to be an effective entry point for the Convention on the Rights of Women.
2 Interview, AusAID PNG Gender Advisor, 27 October, 2008.
7 Consultative Implementation and Monitoring Council (CIMC). Draft Policy Paper on National Informal Economy. Department for Community Development (CDC), Port Moresby.
same rights as men in the extractive industry and women are often discouraged from participating in other major commodity sectors such as coffee and oil-palm. Women are not well represented in landowner groups nor are they benefiting from mining royalties. Mining and petroleum revenues and royalties have also not been invested in vital physical and social infrastructure such as roads and transportation, education and health, and law and order.

**Women are underrepresented in the formal workforce and neglected in the informal sector.** Only nine per cent of senior managerial and professional positions in the public sector were held by women in 1995, and even fewer women occupy managerial and operational positions in medium to large sized businesses. Formal sector employment—stagnant since Independence—engages only 5.2 per cent of PNG’s population and only 4000 of the 80 000 local student graduates who enter the workforce each year are likely to find employment.

Ninety-five per cent of the Indigenous population depends on subsistence agriculture and informal economic activity for a living. Women represent just under two thirds (63 per cent) of the informal sector and are more commonly affected than men by the problems facing informal sector operators (for example, theft, wontok demands, weak legal protection and poor and inadequate transport infrastructure). Unfortunately, policy-making for the informal sector neglects women’s unique needs and circumstances.

**PNG girls and women suffer educational disadvantages.** Forty per cent of adult women are illiterate, and primary school enrolment levels for both girls and boys are the lowest in the Pacific. Only 58.2 per cent of children enrolled in Grade 1 reach Grade 5, and girls consistently make up only 47 to 48 per cent of total primary school enrolments. As Figure 1 illustrates, PNG’s ranking on gender parity in secondary school is also the lowest in the Pacific (0.79 per cent).

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10 Interview, AusAID PNG Gender Advisor, 27 October, 2008; Interview, Chamber of Mining & Petroleum, 29 October, 2008.


15 A wontok is someone who shares another’s linguistic, familial and village ties. One’s network or community of ‘wontoks’ can be very extensive, to whom social obligations and social support is expected.


17 CIMC, 2006.


19 UNIFEM 2007.


II. Women Doing Business in PNG—key barriers

The constraints on women’s economic development reflect broader gender inequality in PNG. PNG’s predominantly patriarchal social structure\textsuperscript{22} limits women’s access to productive resources, particularly land, and the introduction of market exchange has displaced and devalued women’s contribution.\textsuperscript{23} According to numerous women entrepreneurs, PNG women operate in ‘a man’s world’ which makes it hard for them to do business.\textsuperscript{24} Successful women entrepreneurs tend to be landowners, educated, have supportive husbands and family (or female friends), and have a strong character. Just as efforts to improve women’s political status and participation have highlighted the need to include educating and raising awareness among men,\textsuperscript{25} the process of women’s economic development needs to involve men and its implications discussed with them.\textsuperscript{26}

Women face difficulty in accessing finance. PNG ranks poorly (at 131 out of 181 countries) on the World Bank Doing Business indicator Getting Credit and women entrepreneurs face unique hurdles. While salaried women can get loans through formal banks in their own right, unsalaried women require a salaried husband as guarantor. This is an issue for unmarried or widowed women, women married to unemployed husbands and most female entrepreneurs interviewed identified financial support from their husbands as being an important factor in deciding whether to go into business. Service providers noted that women tend to face greater pressure from \textit{wontoks} for money which makes it difficult for them to save and/or meet loan repayments.\textsuperscript{27} Unlike some other Pacific countries, such as Vanuatu, PNG lacks a women-only microfinance scheme supported by the Government.\textsuperscript{28} The Kokopo Savings & Loans scheme has effectively tapped latent demand by delivering financial literacy training and outreach to remote rural areas.

\begin{table}[h]
\centering
\begin{tabular}{|c|c|c|c|c|c|c|c|c|c|}
\hline
\hline
\textbf{Gross primary school enrolment} & 51.6 & 56.4 & 58.9 & 65.9 & 66.2 & 74.8 & 77.7 & 78.2 & 73.4 & 68.9 \\
\hline
\textbf{Male} & 63.2 & 67.9 & 66.1 & 71.3 & 71.1 & 77.4 & 80.5 & 82.0 & 77.2 & 76.2 \\
\textbf{Female} & 39.1 & 44.0 & 50.9 & 60.1 & 60.9 & 71.8 & 74.6 & 74.1 & 69.3 & 61.0 \\
\hline
\textbf{Net primary school enrolment} & .. & .. & .. & .. & 66.0 & 74.8 & 77.7 & 78.2 & 73.0 & 68.5 \\
\hline
\textbf{Male} & .. & .. & .. & .. & 70.9 & 77.4 & 80.5 & 82.0 & 76.8 & 75.8 \\
\textbf{Female} & .. & .. & .. & .. & 60.8 & 71.8 & 74.6 & 74.1 & 68.9 & 60.7 \\
\hline
\end{tabular}
\caption{Papua New Guinea: school enrolment rates for 1970 to 2002 (by per cent)}
\end{table}


\textsuperscript{22} Matriarchal societies exist in PNG.
\textsuperscript{23} Overfield, 1998: p. 54.
\textsuperscript{24} Interview with female entrepreneur, 28 October, 2008.
\textsuperscript{25} See UNIFEM 2007.
\textsuperscript{26} UNPF, 1996: p. 7.
\textsuperscript{27} Interview with Sustainable Business Development, 28 October 2008.
Default rates on loans tend to be extremely high in PNG due to limited financial literacy and an overarching culture of gift-giving in which the principle of lending and interest is alien. Women especially tend to lack the basic financial skills and knowledge needed to access and manage bank services and products and lack the independence and status to resist wontok pressure. Moreover, most women operate in the informal sector and so have limited capacity to meet a common loan-criterion for evidence of formal business registration and accounts. Offering more gender-inclusive and culturally-sensitive bank products and services could encourage women to grow into larger enterprises and graduate to the formal private sector.

Land ownership confers significant cultural status in PNG and is a vital driver of women’s economic empowerment. Yet most of the 97 per cent of land under customary tenure in PNG is under patrilineal ownership, and while not a universal practice, widows can be alienated from their deceased husband’s land by his wontoks and left with no land rights or security. Articles 15 and 16 of CEDAW on women’s equal rights in civil, personal and family matters are fundamental to ensuring widows have equal economic opportunities and rights.

This mission identified several women entrepreneurs battling tribal conflicts, cultural vilification and legal disputes over land with little or no support from the legal system or authorities. Addressing these issues is vital for women’s economic empowerment and economic growth generally; to the extent that women’s access to and rights over land is limited there is significant undercapitalisation in potentially lucrative sectors in which women are active and/or dominant, such as subsistence agriculture, tourism and artisanal/small-scale mining.

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30 See http://www.un.org/womenwatch/daw/cedaw/
31 Interview with female entrepreneurs, 27 October 2008; Kokopo businesswomen’s focus group, 30 October, 2008.
A further property issue that deters women (and men) entrepreneurs is high rent. Almost all women cited excessive rent fees as a key reason why they and other women operate informally. Several expressed concern about the lack of rights and means of dispute for tenants.\(^{33}\) PNG ranks 73 out of 181 countries for the World Bank's registering property indicator.

### Figure 3
The rank of Pacific Island countries for the Registering Property indicator in the World Bank Doing Business Report

![Registering Property - Global Rank](image)


**Women’s productivity and potential economic contribution is affected overwhelmingly by poor provision and maintenance of infrastructure**, especially roads and transportation, telecommunications and electricity. While commonly linked to PNG’s poor development,\(^{34}\) the impact of poor infrastructure and maintenance on women’s economic activities is less well known. Women dominate the informal economy, where infrastructure limitations curb incomes significantly\(^{35}\) and tend to be responsible for getting goods to market and managing small business activity. Women interviewed stated that poor infrastructure added to business costs and time delays.

**Women tend to be ‘soft targets’ for unfair trading practices and anti-competitive behaviour.** Women’s relatively lower social status affects their ability to conduct business; several women entrepreneurs told of being bullied at marketplaces or when negotiating and managing contractual agreements.\(^{36}\) One woman’s phone line was cut by a male competitor and she has been waiting for three years to have it fixed.\(^{37}\)

**Enforcing contracts in PNG is difficult and time-consuming for women.** PNG women entrepreneurs face unique obstacles due to their weaker bargaining power and cultural pressure to be submissive. Women interviewed cited lengthy duration (for example, two to three years), poor service and high fees associated with enforcing contracts, particularly contracts with Government. Here, a particular concern for women was the lack of transparency and accountability, especially the practice of paying bribes to secure government contracts. Transparency International’s Corruption

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\(^{33}\) Interview with female entrepreneurs, 27 October 2008.

\(^{34}\) Roughly only four per cent of PNG’s roads and airports are paved and only two per cent of the total population has access to residential phone lines. Businesses are also heavily reliant on private generators for power supply (Faal, 2007: pp. 29–30). See also AusAID, 2008.


\(^{37}\) Interview with female entrepreneur 29 October 2008.
Perceptions Index ranked PNG at 151 out of 180 countries in 2008 (the worst rank among Pacific countries), and 9.2 per cent on the World Bank 2007 Control of Corruption Index.

**PNG’s legal system could better support women entrepreneurs.** Many businesswomen interviewed are preoccupied with actual or potential legal disputes, are unsure of their rights and lack confidence and support to exercise them. Few had knowledge of their commercial rights (for example, protecting jewelry, art, craft or fashion design) or of the gender inequality in land ownership and decision-making (especially at official decision-making authority-level) which often causes women’s rights and access to land to be lost or altered in negotiations with outsiders, as seen in the mining sector in Bougainville. In spite of such laws, examples exist of small, medium and large firms in the formal mining sector supporting and protecting women’s rights to work and/or own land to earn an income. PNG is ranked 162 out of 181 countries on the Enforcing Contracts indicator in the World Bank’s Doing Business Report.

**Figure 4** The rank of Pacific Island countries for the Enforcing Contracts indicator in the World Bank Doing Business Report

![Enforcing Contracts - Global Rank](image)

Capacity and assertiveness is lacking among women and women’s organisations and women’s economic development has received little attention. PNG women are eager to do business, but lack basic business skills for bookkeeping, budgeting, pricing, marketing, product development and differentiation, as well as access to information. Women interviewed also tended to lack self-confidence and viewed PNG’s ‘tall poppy syndrome’ as a barrier to business growth. Some refused to market or try one-on-one selling out of concern they would be perceived as ‘big noting’ themselves. Others actively limited their business growth to avoid cultural and social opprobrium and jealousy. Few women’s organisations focusing on women’s economic empowerment exist and those involved with political or social issues affecting women have limited resources to expand into new areas. Several service providers indicated the opportunity for gender-sensitive business incubators and training. Cultural sensitivity is equally important for any such programs or training; styles of

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40 While land in Bougainville is under matrilineal ownership, the process and outcome of negotiations for mining leases favoured men, who were overrepresented as landowners during negotiations, were made signatories to agreements and were given control over royalty/compensation payments to the exclusion of womenfolk (AusAID (2008). ‘Women, Land & Custom: A Brief Overview’, *Making Land Work*. AusAID, Canberra, pp. 81–84). See also Moretti, 2006.

41 ibid., 2006: p. 145.
Indigenous entrepreneurship differ between the Highlands and coastal populations and which will determine program effectiveness and sustainability.\(^{42}\)

**The private sector could be better harnessed to drive rural social and economic development, in ways that support and promote women’s economic empowerment.** Westpac and other large private sector businesses are keen to help promote women’s business development and networking and are interested in learning from regional and global best practice to improve performance. Westpac is a leader in the area of women’s business development through its annual women in business awards. Westpac PNG is in the second year of holding these awards. The publicity generated has led other corporate sponsors to approach Westpac on how to promote women’s entrepreneurship. This indicates demand from the private sector to be involved in women’s business development and promotion. It also represents a significant opportunity for AusAID to engage the private sector in women’s economic development. While private sector engagement is a relatively new way of approaching development work within AusAID, it is an emerging strategy in areas such as HIV/AIDS and the Millennium Development Goals.\(^{43}\) Given the role-model status that large private sector operators hold in local communities,\(^ {44}\) it is vital to pursue opportunities to harness and shape corporate practices to support and promote desirable outcomes for women in the private sector.

**Women lack business networking opportunities in PNG.** Women entrepreneurs expressed a strong desire for opportunities to network with each other to share common concerns and help each other in business. Those interviewed are seeking to change the culture of competition and jealousy among women, and private sector companies are interested in providing women’s networking opportunities and helping women access them. A focus group with women entrepreneurs in Kokopo, Rabaul, demonstrated the value of bringing businesswomen together and having them participate in economic governance. Women identified and focused on community (rather than individual) business concerns—such as the need for inclusive economic ventures—and were eager to explore options and solutions.

**Fair Trade and organic market opportunities are of particular interest to small-scale women producers and exporters but state-owned marketing/export boards are an impediment.** While many women in PNG are involved in subsistence agriculture and sell to local markets, larger markets abroad hold significant appeal. Women interviewed expressed desire to start businesses that operate for community benefit and inclusion. A number of Indigenous entrepreneurs and organisations practice, promote or are interested in Fair Trade business and trade in the spices, cocoa, coffee and vanilla sectors. These, however, need capacity-building and information and training about Fair Trade and organic certification and/or markets and traders. Many have waited up to 18 months to be issued with export licenses from state-owned marketing and export boards overseeing these commodity markets.\(^ {45}\) This impediment to rural economic development is poorly reflected in PNG’s rating on the Trading Across Borders indicator (Figure 5).

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\(^{42}\) Interview with Ministry of Community Development, 29 October 2008.


\(^{44}\) Moretti, 2006; Koczberski, 2007.

\(^{45}\) Interview with female entrepreneur, 31 October 2008.
Figure 5  Trading Across Borders indicator 2008

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<td>Cost to import (US$ per container)</td>
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Overall, gender mainstreaming in PNG’s private sector development has been neglected by a number of players and formulating appropriate measures for women’s economic empowerment is hampered by a lack of sex-disaggregated data. For instance, neither major nor local rural banks could produce sex-disaggregated data on their clientele. Nevertheless there remains the potential and demand for change to PNG women’s poor economic status and opportunity, and for the private sector and donors to do much more to promote inclusive business growth and female entrepreneurship especially.
### III. Recommendations

<table>
<thead>
<tr>
<th>Issue</th>
<th>Recommendation</th>
<th>Comments</th>
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<tbody>
<tr>
<td><strong>Access to land/property</strong></td>
<td></td>
<td>See recommendations in AusAID’s <em>Making Land Work</em> report, p. 86.</td>
</tr>
<tr>
<td>Women’s independent ownership of land, and input into land-use decision-making, tends to be limited.</td>
<td>Review gender-neutral or discriminatory land laws to ensure land development in PNG promotes women’s economic empowerment. Consider supporting a National Land Summit (similar to Vanuatu) to enable women to raise their concerns.</td>
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<tr>
<td>Widows are discriminated against and lack legal support.</td>
<td>Prioritise widows in CEDAW shadow report consultations. Provide assistance to those in rural/remote areas.</td>
<td>As above, pp. 86–88.</td>
</tr>
<tr>
<td>Limited awareness of impact of introduced (and customary) land laws on women’s and community development.</td>
<td>Investigate feasibility of a legal aid office and officer as well as a hotline for widows (and women to improve women’s access to legal protection and information).</td>
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<tr>
<td>Onerous rental fees discourage women from establishing and growing businesses.</td>
<td>Build capacity and awareness in PNG’s legal system, land administration and among women’s NGOs to address discriminatory land laws and practices.</td>
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<tr>
<td><strong>Legal/regulatory issues</strong></td>
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<td>Use AusAID Small Business Training program for this, if not doing so already.</td>
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<tr>
<td>Women lack awareness of laws affecting business activity and how to address their grievances.</td>
<td>Conduct participatory awareness-raising training with women and men on laws, legal processes relating to land (formal legislation and customary), contracts, intellectual property and Fair Trading, and sector-specific (specifically in mining).</td>
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<tr>
<td>Informal economic policy overlooks</td>
<td>Support the Consultative Implementation Monitoring Council to</td>
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Study team:
Kristie Drucza AusAID (team leader)
Anna Hutchens consultant (report writer)

<table>
<thead>
<tr>
<th>women’s issues and needs.</th>
<th>identify and integrate women’s issues and needs into informal economic policy.</th>
<th>Consultative Independence and Monitoring Corporation eager and committed to doing this and as soon as possible.</th>
</tr>
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<tbody>
<tr>
<td>Lack of sex-disaggregated data and data on PSD generally.</td>
<td>Ensure collection of sex-disaggregated data in future research on PSD in PNG.</td>
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### Access to finance and business training and education

<table>
<thead>
<tr>
<th>Women lack basic business skills and training (bookkeeping, pricing, product development and design, differentiation, budgeting, marketing).</th>
<th>Conduct feasibility study on women’s business incubation centre(s) and small business program combined with microloans.</th>
<th>Could be a feature of regional model of the Small Business Enterprise Centre (Samoa).</th>
</tr>
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<tbody>
<tr>
<td>Women lack support to integrate financial literacy and skills with <em>wontak</em> culture.</td>
<td>Offer business and financial mentoring to women (and men) to address cultural and familial problems for women entrepreneurs.</td>
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<tr>
<td>Entrepreneurial culture differs between different provinces and regions.</td>
<td>Undertake study of different cultures of Indigenous entrepreneurship and women’s roles in these cultures. Identify appropriate program designs for different provinces to harness capabilities of different entrepreneurial cultures.</td>
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### Access to regional value-added markets

<table>
<thead>
<tr>
<th>Farming communities need support and information to access Fair Trade and organic certified product markets.</th>
<th>Assist farming communities to establish contact with Fair Trade and organic certification bodies and traders to access these markets.</th>
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<tbody>
<tr>
<td>Craft and jewelry producers lack information about Fair Trade market opportunities in the region.</td>
<td>Coordinate trader-tours to PNG to meet with craft and fashion producers and designers, and jewelry makers and designers, to stimulate business partnerships for development.</td>
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<td>Study team:</td>
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<td>Kristie Drucza AusAID (team leader)</td>
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<td>Anna Hutchens consultant (report writer)</td>
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| Farmers and artisans face obstacles to trading across borders. | Conduct value-chain analyses to identify bottlenecks affecting small producers in the spices, coffee, cocoa, vanilla and handicraft sectors. Use findings to engage the PNG Government on competition and public sector efficiency in export industries for rural sector development. |
| Limited infrastructure restricts women’s economic productivity and participation, especially in rural areas and in small-scale farming. | Improve extension, maintenance and efficiency in infrastructure especially for roads and transportation, electricity and telecommunications, including for rural/remote and currently low-priority areas. |

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<tr>
<th>Women’s business advocacy and networking</th>
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<tr>
<td>Women entrepreneurs have limited collective representation and voice.</td>
<td>Support establishment of a Women’s Chamber of Business with provincial branches. Ensure opportunities for widows and rural and young women.</td>
</tr>
<tr>
<td>Women lack networking opportunities and a culture supporting women’s business achievement.</td>
<td>Coordinate meetings with the private sector to generate ideas and proposals for promoting businesswomen’s networks and networking. Engage local and national media to promote positive stories of successful women entrepreneurs. Offer opportunities for women to travel to regional networking events.</td>
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</tbody>
</table>

| Conduct at regional and country levels to share lessons and encourage greater dialogue/action? |  |