



Review of Cash Giving in Papua New Guinea: 2015 – 2021

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Summary

In PNG cash has been distributed from Cool Earth to people in partnership areas by two routes. The first is giving cash to a locally elected committee (committee giving); the second is giving cash directly to individual households (household giving).

Committee giving has been done from 2015-2021 in Gadaisu, 2016-2021 in Wabumari and 2018-2021 in Sololo. Cash is transferred into a committee bank account, and the committee spend from there. There are no restrictions on spend.

Household giving was done once in 2019 in Gadaisu as a response to elite capture from committee giving in 2018. There were no conditions for households receiving cash, and no restrictions on spend. Gadaisu is the only community where cash has been given through both routes.

This review aims to compare these routes of giving and summarise the results, strengths, weaknesses and costs associated with each.

This document does not analyse when cash is given to a committee who decide themselves to give some to households because spend data do not exist. Examples are given of when this has happened, but these discussions fall under the route of committee giving, as the committee is the direct recipient from Cool Earth. It would be complex to attempt to separate results and costs of committee-mediated (Cool Earth → committee → household) giving from Cool Earth to household giving. It would also ignore the importance of committee decision making in the middle of the cash route, a factor that contributes to problems and successes.

Model of cash distribution

The first partnership established in PNG was Gadaisu in 2015, followed by Wabumari in 2016 and Sololo in 2018. Table 1 shows the partnership statistics. Each partnership holds the same agreement, the Forest Agreement, with Cool Earth. The Forest Agreement is negotiated annually and all residents are given the opportunity to vote in agreement with it. The Forest Agreement pledges an amount of unrestricted cash (table 1), and the commitment of Cool Earth to deliver “parallel projects” to meet the wellbeing and development needs of partners. The cash is on condition that:

1. There must be no sale or leasing of land and timber
2. Spend of cash must benefit everyone living in the area
3. Spend of cash must be reported by the committee to Cool Earth and to all residents.

Papua New Guinea Kina 84,000 (£17,500) cash was given in Gadaisu, based on Cool Earth’s income and the cash given in Peru. It was not calculated by person or area. Although the amount was intended to compensate for lost income opportunities from logging or agricultural development, there no evidence that logging was imminent or if the amount was sufficient to outprice logging. It was also unclear whether the land was under community control or already leased by clans to timber or palm oil companies. It has since been found that the land in Gadaisu is not under customary clan ownership; it was leased to the state for agricultural development in the 1990s.

When the partnership with Wabumari was established, PGK 84,000 was given to be the same as Gadaisu. In 2018, the partnership in Sololo was given about a third of the amount as Gadaisu, reflecting the comparative population sizes. This demonstrated some equality in calculations from Cool Earth’s perspective and prevented conflict between neighbouring communities. In no

partnership was cash given based on local living costs, income or forest area.

Table 1. Partnership statistics in relation to unrestricted cash given

Partnership	Population (adults)	Area (ha)	Annual PGK given	PGK equivalent per adult	PGK equivalent per hectare
Gadaisu	216	2,858	84,000	389	29
Wabumari	192	2,015	84,000	438	42
Sololo	87	4,636	30,000	345	6

In each partnership, the cash was intended to be a bridge fund until such a time that people could earn through means other than logging or land leasing. These alternative income options were supported through the Income Generation parallel programme. Other parallel development programmes included improving health through access to clean water, reducing the financial burden of poor health, and providing education to support people's careers and businesses.

Committee giving

In each partnership, Cool Earth encouraged the communities to form a community association to manage the Forest Agreement cash given. To meet Cool Earth's equality objectives, the committee of 8 people was to include females, youths and representatives from all clans. Each member could serve on the committee for a maximum of two years, though not in the same position twice. This structure is not representative of PNG culture, where clans do not tend to work together, and each clan is headed by one person who makes decisions after consultation with clan members.

The committees receive the cash into their bank account, then plan and deliver development projects and cash distribution as agreed in community meetings. The committees must demonstrate to Cool Earth how they intend to spend each 6 monthly tranche, before the cash is released. This is to satisfy the second condition of the cash giving: benefit sharing.

To support financial management, project planning and the issues linked to clans working together, Cool Earth has provided governance advice and practical help with setting up bank accounts, bookkeeping and reporting spend to the community.

This model of committee giving has been done in all partnerships since their inception, but with the cessation of payments in Gadaisu in 2020 when a forest agreement could not be negotiated.

Household giving

After elite capture of committee-given funds in Gadaisu in 2018, Cool Earth stipulated that half the unrestricted funds for the forest agreement in 2019 should be distributed between the 101

households equally. This resulted in each household receiving K340. Households were defined by local leaders and each household decided who should receive the cash. This ensured that multiple households living in one building were recognised and the correct person to manage family finances was identified. Most people do not have bank accounts and there is no mobile banking in PNG, so cash was physically taken into the villages by Cool Earth staff and distributed to each household head. Local leaders accompanied the staff for the distribution to ensure each household was reached and there was no diversion of cash. As cash was distributed, data were collected about intended spend, social effects of cash influx and people's understanding of the Gadaisu-Cool Earth partnership.

Costs of cash giving

Per year, Cool Earth pledges cash of PGK198,000 (£45,540) across three partnership areas in PNG. With the exception of 2019 in Gadaisu, this has always been given to a committee.

Cool Earth has covered the overhead costs of committee giving and household giving. Although it is hard to separate these costs from costs associated with ongoing programme monitoring and field trips, the biggest overheads for cash giving are committee support and cash distribution logistics.

Committee giving

Where cash is given to a committee, the overheads are the costs to support a committee to handle funds. Committee giving overhead costs per year (excluding salaries) are in table 2.

These costs include opening a committee bank account and changing signatories on the account each time a new committee is elected. When opening a bank account has not been possible, for example in Sololo where no member of the village has the necessary identification documents to open one, Cool Earth has paid an independent person or business to handle the cash.

There are also overhead costs of financial and governance training for the committee members, to support them in planning and reporting spend. It was originally hoped that these skills would be transferrable to family and individual financial planning, but there is little to suggest this has happened and family financial management is more short term than community level management. Families tend not to have financial plans for income and outgoings. Instead of saving, cash is used to address immediate needs and earning through temporary paid work increases at times when extra cash is needed. On the other hand, community groups have plans for spend, and funds saved to release for the groups' activities or aims.

Table 2. Average¹ annual costs of committee giving 2019 – 2021² across all partnerships.

Route of giving	Total cost (PGK) (GBP)	Overhead (PGK) (% total)	To partnership (PGK) (% total)
Wabumari Committee giving	99,525 (£22,891)	8,970 (9%)	90,555 (91%)
Gadaisu Committee giving	80,237 (£18,456)	8,455 (11%)	71,782 (89%)
Sololo Committee giving	29,390 (£6,760)	4,390 (15%)	25,000 (85%)

The overheads vary year on year, depending on the amount of training the committee members need. From 2019 – 2021 it has ranged between 18% and 6% of the total amount spent on committee giving. As elections are held annually, this cost will continue to fluctuate depending on skills of the members.

Household giving

Where cash has been given directly from Cool Earth to households, the biggest overhead is the cost of distribution. This includes increased staff numbers and vehicles on the trip, for security reasons, and payments to local people for collecting the names of household heads and overseeing the distribution. Only overheads for Gadaisu are presented in table 3. Overheads would increase with remoteness to site, for example to Wabumari, where a longer trip or boat is needed for access.

Table 3. Annual costs of household giving to 101 households in Gadaisu in 2019. As a comparison, table also shows annual costs of committee giving in 2019.

Route of giving	Total cost (PGK) (GBP)	Overhead (PGK) (% total)	To partnership (PGK) (% total)	To household* (PGK)
Household giving (Gadaisu)	39,687 (£49,073)	5,347 (13%)	34,340 (87%)	340
Committee giving (Gadaisu)	70,114 (£16,126)	10,550 (15%)	54,564 (85%)	

*Where applicable

The average overhead costs of committee giving and household giving are similar in terms of % of cash that reaches recipients. The main difference is household giving overheads are delivery logistics and committee giving overheads is training.

¹ Averages calculated from years the giving occurred – 2019, 2020 and 2021 in Wabumari and Sololo, only 2019 and 2021 in Gadaisu.

² Planned budget for 2021.

Results

Forest conservation outcomes have been monitored through comparing forest loss in partnership areas to the counterfactual. This analysis shows lower rates of loss in the partnership areas than the counterfactual. However, it is not possible to attribute this entirely to cash giving, as parallel development programmes have been running alongside, and the cash is frequently used by committees to add to these.

Household level surveys from 2016 identified the biggest needs of people in Wabumari and Gadaisu as Water Sanitation and Hygiene (WaSH) improvements and better access to market. Both of these needs have been met by both committee giving and household giving. Long term outcomes for these have proved hard to measure but increasing turnout for voting to partner with Cool Earth indicates that general wellbeing is improved by the partnership. However, as with forest outcomes, it is hard to attribute these results to cash given, Cool Earth parallel projects, external projects delivered by other NGOs, the church or the state, or a combination of all.

Measurable outputs from cash giving are considered as spend of cash.

Committee giving

In 2019 and 2020, spend of a total of PGK 299,605 (£68,910) cash given to committees was recorded and categorised (figure 1). The biggest spends are

- Wellbeing (29%) which includes household cash gifts, sports and social events,
- Infrastructure (22%) which includes watertanks and school classrooms,
- Committee Administration (21%) which is allowances and all committee overheads – travel is the largest overhead.

There have also been significant spends on Community Assets including a chainsaw and dingy, Education in the form of school fees for some children, and Income Generation which was cash injections for some small businesses.

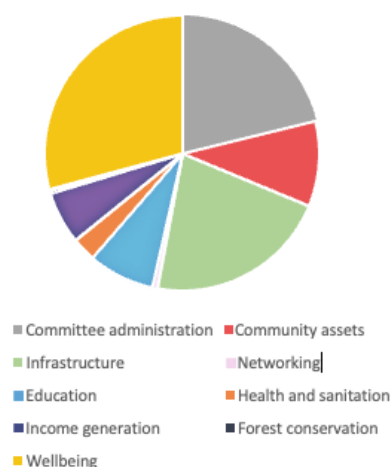


Figure 1: Categorised spend of PGK 299,605 by committees in all partnerships in 2019 and 2020.

Household giving

When household giving was done in Gadaisu, data were collected about what recipients intended to spend cash on. The main spend categories were

- Household (36%) which includes bedding, and kitchen utensils
- Family (27%) which includes clothes and food

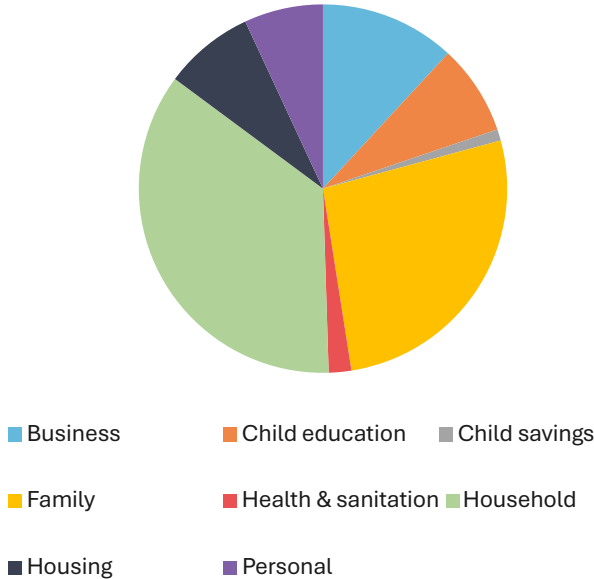


Figure 2: Planned spend of PGK 340 by households in Gadaisu in 2019.

The Basic Necessities Survey (BNS) from 2017 showed that a cooking pot was essential and owned by most people, but a mattress was important and a luxury which only some people had. The household giving allowed the poorest families to meet basic needs and to buy more luxury items, increasing equality across households. This outcome can be monitored by repeated BNS if household giving is repeated.

Committee giving can only address these personal household overheads when the committee decide to do household cash distribution. When this has happened, no data have been collected by the committees to see how households spend the cash. Collecting this has not been a priority of the committees and it needs further investigation to know why that is; for example whether they consider it invasive or whether they do not have the time or skills to collect it. Future collection of these data could be useful to see if the way it was spent by households could then be applied to a situation where Cool Earth gives directly to households. There is an opportunity to collect these data in Q3 2021, when the Sololo committee are giving half of the unrestricted funds to households.

Comparing the routes of giving, there are similarities and differences in spend, according to whether cash is given to households or a committee. To summarise:

- Household giving leads to in-family purchases of services and consumables for all people.
- Committee giving leads to shared community assets and improved infrastructure.

Similar results were demonstrated in a randomised controlled trial of cash giving in Sierra Leone (Bulte et al, 2016), in the buffer zone of Gola Rainforest National Park. Here, giving to individuals led to increased goods consumption and giving at a communal level (to leaders) resulted in more public

goods and management. It may be worth noting that Sierra Leone has a social structure of Chiefs and landowners who control land use of other local residents, similarly to the Clan leaders in PNG. The authors suggest that trust and honesty of leaders affects the impact of cash giving on a communal level, and this has been seen in PNG, discussed below.

In PNG, the similarities in spend between committee giving and household giving are where cash is spent on individual or family needs, particularly school fees, health and housing. These can be compared in Gadaisu where household giving resulted in 20% being spent on these by household heads and committee giving resulted in 32% being spent on these by the committee.

Although both routes lead to spend on health, education and housing, when cash is given to committee, they decide who should be funded for these; it is not necessarily all households. The committee pass the cash to select individuals. This has led to widows with low income being provided with better housing, elders receiving emergency healthcare and children of the committee having better education. In these examples, benefits to the marginalised and elite capture have both been apparent, depending on the local social context.

Committee giving in all partnerships has resulted in the committee giving cash to individuals for school fees and health care. We cannot assess if these children would have been sent to school anyway, but between 2019 and 2021, 54 children have had their school or college fees covered by the committees.

The main difference in spend between committee giving and household giving is when cash is spent on shared community assets and infrastructure.

In Wabumari and Sololo, resource centres have been built as culturally important meeting spaces, storage areas and training centres. In Wabumari eight rainwater harvesting tanks, spread across the annexes, have been built. Wabumari committee have also invested in a community dingy, as access to market was difficult for all people living there. Wabumari committee are planning to use shared assets such as the dingy, chainsaw and resource centre to bring income to the villages through providing travel services, accommodation and equipment loans. They plan to use this income, made independently of Cool Earth's cash giving, to continually invest in and maintain community assets and infrastructure.

Lessons

Strengths and weaknesses of cash giving in PNG cannot be easily separated into those attributed to committee giving or household giving. This is because context seems to be the biggest determinant of the result of each type of giving.

- Social context, particularly intra- and inter- clan cohesiveness affects the balance of elite capture and benefit-sharing
- Local financial context, including access to market and how much the people use a cash-economy, affects choice about spend of cash; many people in the remote villages use informal trade for day-to-day needs, cash being needed more for large or ad hoc costs (school fees, health care)

- Land-use and land conflicts affects if and how cash can be used to improve infrastructure or change commercial or subsistence agriculture
- Existing infrastructure, services, and access to these, determines if cash can be used to meet people's greatest needs

The following are a summary of all successes and problems, though whether each will be realised is dependent on the local context.

Committee giving

Committee giving has led to improved communal infrastructure and assets. Many of these address WaSH, social and transport needs. Regular, large amounts of cash, alongside support for project planning has allowed these long-term village level improvements to be made. Introducing the committee to NGOs, businesses and government actors, as well as financial management support, has provided them with the choice to continually invest in community development.

Committee members are elected annually, and this change leads to project disruption and loss of skills. This election schedule was stipulated by Cool Earth but has proved unsuitable. It frequently takes 6 months for the new committee to plan spend, have training with Cool Earth and change the signatories on their bank account. The remaining time for project implementation is insufficient and has led to several half-finished projects. In PNG, local government elections are every 5 years and Wabumari committee are planning to change their constitution to five-yearly elections. Gadaisu committee wanted to do this in 2019 but the issues of elite capture meant that residents did not agree and Cool Earth would not financially support this change without full community consent. Sololo have not indicated that they wish to change, but based on past amendments to forest agreements and committee structures, changes often occur in one partnership after they can see success or failure in another. It is recommended that from the onset of new partnerships involving committees in PNG, the residents form their own governance structure and changes are agreed at community level, without Cool Earth as a decision-maker.

Committee giving is agile. In the Covid19 pandemic the committee recognised that household cash needs, for inflated food prices, were more important than improving infrastructure. They decided to distribute cash by household themselves. This is household giving under the control and leadership of local people, not directed by Cool Earth. This reduces the risk of disrupting local culture and power dynamics, an issue found with household giving, discussed below.

In other emergencies, committee giving means large amounts of cash are accessible when needed. These have been used to pay for individuals' healthcare which is a cost few families can afford.

Committee giving is vulnerable to elite capture, through cash diversion and the election process. This is a risk when there is internal community conflict. Even with the current conditions that spend must benefit all, and be transparently reported to all residents, diversion of funds by the elite has been seen. It is not the norm for leaders and other residents to benefit equally from relationships with outside actors. This is in part due to the legacy of extractive industries, financially compensating leaders for the land, and other residents only benefitting through development projects. There is potential for the risk to be reduced through more governance and financial management support from Cool Earth, but this poses questions of interference with clan dynamics and cultural power structures

Household giving

Household giving gives choice to people with the opportunity to people to meet basic needs. These can lead to greater equality across households. It also provides social capital to marginalised people, allowing them to contribute to community events, such as feasts.

Access to market and services affects peoples' choices for cash spend. This has been seen in Sololo where all households requested soap and cleaning items in the pandemic, yet few could get to town to buy them. In this instance the committee bulk-bought and distributed these. Where people want better healthcare and education, cash to households cannot provide this unless the services and infrastructure are improved alongside. It is recommended that a market analysis is done prior to household cash giving to ascertain if people will be able to spend cash on the things they most want and need.

Earning in PNG fluctuates with cash needs; people increase their paid labour, market sales and small enterprises only when there is a need for cash, such as school fees or sickness. Saving is uncommon so household giving cash is likely to end up being spent day-to-day. Therefore, household giving may be less agile than committee giving in terms of responding to emergencies, such as pandemics or medical bills.

As part of the 2019 household giving, all recipients were asked if they preferred cash to be distributed to them, or to the committee; 98% preferred household giving. In Gadaisu, this is likely to be a response to people's unhappiness at the leaders giving funds to their families in previous years. However, household giving is as open to diversion as committee giving, and church leaders took funds from every household the day after distribution.

The 2% of people who preferred committee giving were members of the committee. They challenged Cool Earth's decision to give to households as it disrupted the social and power structures that exist. They felt it was inappropriate for all residents to receive the same as the leaders, when it is the leaders that have chosen to forsake income from logging and partner with Cool Earth.

Considering the 98% who preferred household giving in Gadaisu, and the committees in Wabumari and Sololo sometimes choosing to do household cash distribution, we can assume that this route of giving is both culturally acceptable and has perceived benefits to people.

In direct Cool Earth to household giving and committee-mediated household giving (Cool Earth to committee to households), the individual households decided which member will receive the cash. This is recommended to avoid household conflict and acknowledge the matrilineal and patrilineal structures that exist in the area. Additionally, households should always be defined by local people; in many cases adults living in the family house are financially independent and considered a household.

Both routes of giving have a risk of dependency and reduced food security as seen in Wabumari where increased wealth from Cool Earth for the last four years meant many people had stopped gardening

to buy store food instead. When store prices rose in the Covid19 pandemic, this created greater need for food in Wabumari compared to Sololo, where people are more reliant on gardens.

Summary of lessons and recommendations

Lesson	Recommendation
Cool Earth directing committee establishment and constitutions lead to a committee structure not representative of PNG society or local clan culture.	Residents of new partnerships should form their own governance structures to manage cash. Existing partnerships should be supported to change their structures if desired.
Local leaders organising household cash giving while Cool Earth staff did the cash handling meant cash effectively reached all households.	Households should be defined by local people and households should determine who receives cash.
There is an equal risk of diversion of cash in household and committee giving due to powerful elite and clan conflict. Powerful external actors (church) have also captured funds.	It is widely considered that cash is no more at risk of diversion than in-kind aid. Mitigation of the risk is through checks and witnesses of cash distribution.
Household giving and the resulting equal benefits to all residents is not always supported by those in power. When decided by Cool Earth it can upset local power and clan structures.	Local-decision making structures and community consultation should be used to decide whether to give to households.
Access to markets and services affects peoples' ability to spend cash on what they need. This effect is greater for household giving where there is individual onus on travelling or accessing goods.	An analysis of markets and access so services should be done prior to household cash giving to ascertain if people will be able to spend cash

Conclusion

This review demonstrates that some routes of giving address some needs better than the other, and some routes cannot address any needs. The different outcomes from each should be considered when choosing a route of giving, and how these outcomes meet partners' needs and Cool Earth's forest conservation aims. Household giving cannot address clean water infrastructure as committee giving can, but committee giving cannot address affording consumables as household giving can. Neither alone can address quality of services dependant on local level government, such as lack of nurses or teachers. Neither can address the threat of logging in Gadaisu, where the state holds a 99-year lease to the land rights. For future cash giving projects, recommendations from lessons learned should be applied only after analysis of the social, environmental and financial context of an area.

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