

Revitalised marketing cooperatives in Papua New Guinea: a weak link in the agricultural development strategy?

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Abstract

This paper explains the important role that marketing cooperatives are expected to play in developing Papua New Guinea's (PNG's) agricultural value chains, especially for export crops like cocoa, coffee, balsa and palm oil, and why New Generation Cooperatives (NGCs) are more likely to fulfil this role than the more traditional marketing cooperatives that the government is currently promoting. These explanations are based primarily on interviews with key informants and theory drawn from the New Institutional Economics. It is contended that PNG's new cooperative policy does not recognise the institutional problems that almost certainly contributed to the collapse of the country's first cooperative movement, and which account for the global trend towards hybrid cooperative models. A policy change emphasising NGCs over the more traditional cooperative model should be possible without amending or replacing PNG's existing (1982) legislation for cooperative societies. However, it would be rash to recommend this change in policy without first establishing the feasibility of converting existing marketing cooperatives to NGC status – from both the perspective of members and government. At the same time, it would be prudent to investigate the impact of customary governance arrangements on the accountability of directors and managers as PNG's cooperative policy encourages the use of customary institutions and its cooperative law allows for deviations from the principle of democratic control.