

# Common Country Analysis 2021



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# Acronyms

ADB	Asian Development Bank
CRC	Convention on the Rights of the Child
CSO	Civil Society Organisation
DfDCR	Department for Community Development and Religion
DHS	Demographic and Health Survey 2018
DMT	Disaster Management Team
DNPM	Department for National Planning and Management
FDI	Foreign Direct Investments
GBV	Gender-based violence
GDP	Gross domestic product
GNI	Gross national income
HDI	Human Development Index
HRD	Human Rights Defenders
ICT	Information and communications technology
ILO	International Labour Organization
IMF	International Monetary Fund
KRAs	Key Result Areas
LGBT+	Lesbian, gay, bisexual, transgender (+ related communities)
LNG	Liquefied Natural Gas
MTDP III	Medium-Term Development Plan III 2018-2022
MSME	Micro, small and medium enterprise
NGOs	Non-governmental organisations
ODA	Official Development Assistance
PGK	Papua New Guinean Kina
PWD	People with disabilities
RCO	Resident Coordinator's Office
SDGs	Sustainable Development Goals
SEIA	Socio-Economic Impact Assessment 2020
STaRS	National Strategy for Responsible Sustainable Development 2015
TB	Tuberculosis
UNDAF	UN Development Assistance Framework
VNR	Voluntary National Review
WaSH	water sanitation and hygiene

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# 1. Executive Summary



**The Common Country Analysis (CCA) provides an overview of Papua New Guinea's (PNG's) development achievements from social, economic, governance and environmental perspectives.** It creates the foundation for the UN Sustainable Development Cooperation Framework (Cooperation Framework), which entwines the national priorities as determined by the Government of Papua New Guinea (GoPNG) in the PNG Vision 2050 and the Medium-Term Development Plan (MTDP) III 2018-2022, and the United Nations system in PNG in support of the 2030 Agenda.

**PNG presented its first Voluntary National Review (VNR) on achieving the Sustainable Development Goals (SDGs) at the 2020 High-Level Political Forum.** The United Nations 2021 Sustainable Development Report shows that PNG is on track or maintaining SDG achievement for Decent Work and Economic Growth (SDG 8) and Climate Action (SDG 13); moderately improving for Affordable and Clean Energy (SDG 7) and Partnership for the SDGs (SDG 17), and decreasing on Poverty (SDG 1) and Life on Land (SDG 15). Further, PNG's progress on the remaining SDGs was stagnated or had no data to measure progress.

**PNG has made significant strides in several key development indicators since becoming an independent nation in 1975, most notably its economic development.** Gross domestic product (GDP) per capita increased from US\$432 in 1975 to \$2,829 in 2019. The value of total goods and services produced in PNG increased from \$5 billion in 1996 to \$25 billion in 2019. The vast expansion of PNG's economy has seen the introduction of several new sectors, including the production of liquified natural gas (LNG). As a result, PNG has experienced a current account surplus for ten of the last fifteen years. In 2018, the current account surplus was 23.3 percent of GDP or \$5.5 billion.

**Economic prosperity has contributed to improvements in several social indicators.** Life expectancy from birth in PNG has increased from 56.5 years in 1990 to 65.3 years in 2019. The expected years of schooling increased from 4.7 years in 1990 to 10.2 years in 2019. Infant mortality rates have declined - in 1975. Infant mortality was 89.3 deaths per 1,000 live births compared with 39.8 deaths per 1,000 live births in 2020. Government spending has also increased - in 2000, GoPNG spending on health was 1.97 per cent of GDP compared with 2.37 per cent of GDP in 2018.

**PNG's improved economic and social standing complements the country's outstanding biodiversity values. It has 78 percent forest cover and is the most floristically diverse island in the world, with a diversity of vertebrate animals is among the highest globally. PNG ranks among the world's top ten countries where conservation of its natural environment directly leads to saving biodiversity. PNG has signed various international agreements committing it to climate conservation.**

**Despite these successes and rich natural resources, there remain several economic, social, and environmental challenges. If PNG wants to achieve the SDGs by 2030, several sustainable development indicators require further improvement.** In PNG, 56.6 per cent of the population are classified as multidimensionally poor. An additional 25.3 per cent of the population are vulnerable to multidimensional poverty, and 25.8 per cent are classified as suffering severe multidimensional poverty. Gender inequality also remains very high, with a gender inequality index of 0.7. In addition,



public finances have deteriorated, with tax revenue amounting to 15.1 per cent of GDP in 2020 compared with 26 per cent of GDP in 2010.

**The decline in tax revenue led to GoPNG increasing its borrowing, with the current debt-to-GDP ratio at more than 50 per cent.** The exchange rate policy has affected the availability of foreign exchange and has consequently impacted investment. There are also challenges concerning education, with the 2020 literacy rate only at an estimated 61.6 per cent. Government spending on education has declined over the decades – in 1972, expenditure was 5.3 per cent of GDP compared with 2 per cent of GDP in 2017. In health, in 2016, 49.5 per cent of the population of children under five years of age suffered from stunting. The WHO reports that the long-term effects of stunting include diminished cognitive and physical development, reduced productive capacity and poor health. While access to water and energy has improved over the years, more work needs to be done, particularly regarding the rural-urban divide. In 2016, the access rate for essential water services in urban areas was over 84 per cent, but only 48.7 per cent in rural areas. In 2000, just under 10 per cent of the population had access to electricity, which increased by more than four times to approximately 55 per cent in 2017. Despite this jump, more work needs to be done to improve access to electricity.

**PNG has ratified six United Nations Human Rights treaties.** The conventions to be ratified include the Convention against Torture and Other Cruel Inhuman or Degrading Treatment or Punishment, the Convention for the Protection of All Persons from Enforced Disappearance, and the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families. A 2018 report by the UN Special Rapporteur about Human Rights Defenders (HRDs) found that HRDs in PNG face human rights concerns such as arrest and detention and harassment, intimidation, threats, and violence, with no domestic laws to protect them.

**Several persons fall into the category of ‘those left behind’ in PNG.** These include people with disabilities (PWD), vulnerable children, youth, women, older adults, settlers, landless people, those displaced by conflict or natural hazards, people living with HIV/AIDS and PNG's rural and remote communities. Women and girls continue to feel the brunt of harsh social norms and lack of protection, experiencing gender-based violence (GBV) at an alarming rate. 2018 Demographic and Health Survey (DHS) on attitudes towards intimate partner violence shows that 70 per cent of women and 72 per cent of men believe that a husband can justify beating his wife in at least one of five specified situations. The survey also showed that 56 per cent of PNG women aged 15-49 had experienced physical violence since age 15, and 28 per cent had experienced sexual violence. Further, women have lower literacy rates, with 2018 data showing 23 per cent of women and 13 per cent of men aged 15-49 have no formal education. There are currently no women parliamentarians in PNG.

**Despite some solid policies and commitment to international agreements, the implementation of environmental policies and strategies is inadequate** (for example, the languishing 2018 Policy on Protected Areas). Further strategies are well-needed, including wildlife conservation, forestry management, sustainable land use, waste disposal, and mining rehabilitation. PNG's environmental governance remains weak, ranking 146 out of 180 countries on the 2020 International Environmental Performance Index. One in five of PNG's mammals is under threat. Threats to wildlife and biodiversity include the wildlife trade, unsustainable hunting, invasive species, clearing and habitat loss, loss of biocultural knowledge, and climate change.

**Due to its geophysical location and terrain, PNG suffers from the high-level threat of natural disasters, and a great deal of the countryside is difficult to traverse.** PNG is also contending with the ongoing health and economic impact of the COVID-19 pandemic. The past few years have seen resources mobilized from global resources for at least one disaster/crisis each year: 2016's El Niño-

related drought and food insecurity; Kadovar Island volcanic eruption displacement in 2017; Highland earthquake displacement, combined with polio outbreak in 2018; early action planning for El Niño-related drought, Ulawun volcanic eruption displacement and a small refugee influx in 2019; and finally, COVID-19 in 2020.

**PNG has made significant strides in peace and security, but challenges remain.** In December 2019, the Autonomous Region of Bougainville (Bougainville) saw the successful and peaceful completion of the referendum where 97.7 per cent of voters opted for independence, with an 85 per cent voter turnout. However, Bougainville is now entering the post-referendum process and faces complex challenges around sustaining peace. In Hela and Southern Highlands Provinces, by the end of 2019, dozens of active violence situations placed substantial pressure on realising human rights, social/structural stability, and humanitarian development. The effects of these protracted conflicts have been profound and multi-dimensional, threatening and displacing entire communities.

**The CCA analysis identified several gaps, challenges, and opportunities in PNG.** In the **economy**, the government can improve public finances through amended tax policy and tax administration and reform of the country's public debt policies. Economic enhancement can be achieved through policies and programmes that support diversification, reform of state-owned enterprises, and sectoral policies to support critical sectors including finance, agriculture, fishing and micro, small and medium enterprises (MSMEs). PNG can achieve **social advancement** through robust policies and programmes that invest in, promote the rule of law, and support the implementation of gender equality, access to quality health care and education, and water sanitation and hygiene (WaSH) and waste infrastructure. However, investment in building social capital is needed. Despite progress on Climate Action (SDG 13), the environmental and climate change gaps can be addressed by strengthening wildlife and biodiversity conservation, investing in adaptation to climate change, and implementing sound environmental governance and stronger environmental regulation of industries. Several PNG environmental legislation and action plans are old and outdated, and where up-to-date policies exist, implementation is affected by lack of capacity.

**Improving government institutions' capacity and more data availability would also enable the country to advance SDG progress.** Increased transparency, reduction in corruption, political stability, and the inclusion of women in the next parliament would be significant ways to ensure good governance in PNG. Further conflict prevention and management, inclusive local governance, and conflict-sensitive developmental interventions addressing the root and intermediate causes of localised tension and violence would advance the SDGs in PNG. After a decade of commitment to the SDGs, it is time for GoPNG to raise the bar and proactively pursue its national goals to benefit all PNG people.

## 2. Introduction



**The CCA is the United Nations' independent, impartial, and collective analysis of a country's case to develop the Cooperation Framework.** The Cooperation Framework, which replaces the UN Development Assistance Framework (UNDAF), outlines the plans for UN development activities within PNG and translates the vision of PNG into UN actions and impacts on the ground.

**The CCA is an essential foundation for the Cooperation Framework.** The CCA examines progress, gaps, opportunities, and bottlenecks vis-à-vis a country's commitment to achieving the 2030 Agenda, UN norms and standards, and the principles of the UN Charter. It focuses on six areas – economic transformation, social exclusion, environment and climate change, governance and institutional gaps, financial landscape, and humanitarian-development-peace collaboration. CCA analyses describe how things are, examine progress towards the 2030 Agenda and the SDGs, and the multidimensional risks of PNG, including that no one is left behind. Thus, the CCA would contribute to the knowledge base on the PNG context and the planning for the work under the UN Sustainable Development Cooperation Framework.

**The CCA considered the PNG national priorities articulated in Vision 2050 and Medium-Term Development Plan III (MTDP III) to analyse the PNG context.** Vision 2050 is PNG's long-term strategic plan and is organized around seven focus pillars: wealth creation, human development, and institutional development. The MTDP III is a five-year development plan that translates Vision 2050 into a plan for action. It is organized around eight Key Result Areas, including economic growth, infrastructure development and governance. PNG also has an SME Master Plan 2016-2030 that positions the SME sector as a significant contributor towards PNG becoming a middle-income country by 2030 and a high-income country by 2050.

**The methodology for the CCA included both primary and secondary data from multiple sources.** Data collection involved reviewing relevant literature, including international journal articles, international organizations and other reputable agencies, government reports, email correspondence, discussions with government officials, and interviews with development partners and non-governmental organisations (NGOs). The analytical methodology included trend analysis of time series data and content analysis of documents, interviews, and discussions.

**The environmental analysis examined progress, programs, and gaps and made recommendations on various environmental topics, vulnerability to disaster, and environmental factors relating to those most left behind.** The social analysis looked at health, education, and human development. The economic analysis examined macroeconomic policies and developments, international trade, and various economic sectors. The financial landscape analysis looked at the public and private finances of PNG from domestic and international sources. The humanitarian-development-peace analysis examined how PNG has addressed various disasters, including the COVID-19 health crisis and a conflict analysis for Bougainville and the Highlands. Finally, the governance analysis looked at formal governance arrangements in PNG and governance opportunities and challenges. A gender and human rights lens was used across all analyses.

**The collective UN Country Team approach to the CCA was made through the results groups of the UNDAF.** The Prosperity priority working group was responsible for the economic transformation analysis and the financial landscape analysis. The Peace priority working group was responsible for the



governance and institutional analysis and the humanitarian-development-peace analysis. The People priority working group was responsible for the social exclusion analysis, and the Planet working group was responsible for the environment and climate change analysis. Non-resident agencies were involved in the CCA process through the work of the priority working groups. Both consultants and staff completed the analyses, with the Resident Coordinator's Office (RCO) responsible for coordinating the process and preparing the summary report. The Human Rights information came from evidence gathered during the Universal Periodic Review process that is currently underway in PNG.

**Several government agencies, development partners and NGOs were consulted in the process of completing the CCA.** Government agencies included the Department for National Planning and Management (DNPM), Department of Health, Department for Community Development and Religion (DfCDR), Climate Change Development Authority, the Department of Agriculture and Livestock, and the Department of Education. Development partners, international financial institutions and international NGOs included Asian Development Bank (ADB), Care International and Child Fund. National NGOs consulted included Caritas, CDI Foundation, Community Rights and Advocacy Forum and the Digicel Foundation.



# 3. Progress towards 2030 Agenda and SDGs in the Country

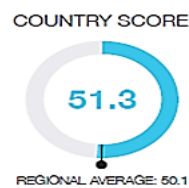
## 3.1 Progress on the SDGs

### PAPUA NEW GUINEA

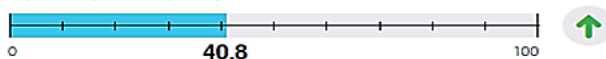
Oceania

#### OVERALL PERFORMANCE

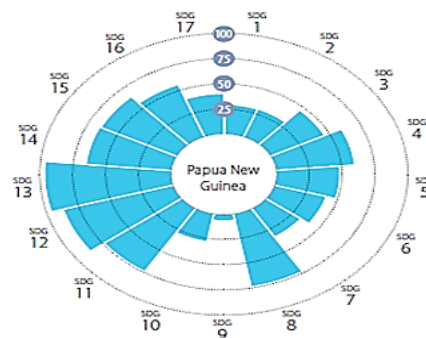
COUNTRY RANKING  
**Papua New Guinea**  
**151** /165



STATISTICAL PERFORMANCE INDEX  
0 (WORST) TO 100 (BEST)



#### AVERAGE PERFORMANCE BY SDG



#### SDG DASHBOARDS AND TRENDS



Major challenges Significant challenges Challenges remain SDG achieved Information unavailable  
 Decreasing Stagnating Moderately improving On track or maintaining SDG achievement Information unavailable

Notes: The full title of Goal 2 "Zero Hunger" is "End hunger, achieve food security and improved nutrition and promote sustainable agriculture".  
The full title of each SDG is available here: <https://sustainabledevelopment.un.org/topics/sustainabledevelopmentgoals>

Source: Sustainable Development Report 2021 (Sachs, et al. 2021)

PNG adopted the 2030 Agenda for Sustainable Development and the Small Island Developing States Accelerated Modalities of Action (SAMOA Pathway) to achieve the country's Vision 2050. The Samoa Pathway agreed at the 2014 third International Conference of Small Island Developing States (SIDS) reaffirmed the commitment of SIDS to move the sustainable development agenda forward. The SDGs were integrated into the MTDP III with other national policies, legislations, and budgets. In 2015, PNG took strong ownership and integrated SDGs into national planning frameworks, introduced the National Strategy for Responsible Sustainable Development (StaRS), and in 2016 legislated the National Responsible Planning and Monitoring Act.

The MTDP III is the first of the three national delivery mechanisms of the SDGs. Second is the National Development Budget, a vital tool to fund SDGs and MTDP III through the Capital Investment Programme. Thirdly, the Development Cooperation Policy 2018-2022 provides a protocol for development partners to align to national priorities. Meaningful partnerships between government and development partners are evident through their active engagements in localising SDGs and the development of MTDP III. These partnerships were fused through the Development Cooperation Policy, Public-Private Partnership, Civil Society Organisation (CSO) Partnership Policy, Open Government Partnership, and the Consultative Implementation and Monitoring Council.

The United Nations 2021 Sustainable Development Report shows that PNG's percentage of SDG achievement at the end of 2020 is 51.3 per cent, higher than the regional average of 50.1 per cent. However, significant challenges remain for the achievement of the majority of the SDGs for PNG. PNG is ranked 151 out of 165 countries in terms of SDGs achievement, and its progress is captured as follows:

- On track or maintaining SDG achievement – SDG 8 and SDG 13
- Moderately improving – SDG 7 and SDG 17
- Stagnated – SDG 2, SDG 3, SDG 5, SDG 6, SDG 9, SDG 11, SDG 14, and SDG 16
- Decreasing – SDG 1 and SDG 15
- No data – SDG 4, SDG 10, and SDG 12.

Despite some modest achievements, significant challenges across the board hampering the progress of SDGs include limited technical and financial capacities, lack of coordination, poor accountability, and governance. A specific challenge includes the socio-economic impact of COVID-19, which saw significant policy and fiscal trade-offs made to the limited available budget that covers other critical, life-saving essential services. In addition, despite the success of the 2018 DHS, tracking the progress of SDGs using data and evidence is challenged by rugged topography, limited capacity throughout the country, lack of coordination and lack of funding. The following graphic shows PNG's progress on the SDGs against performance indicators. Analysis of each SDG is listed below.



# PAPUA NEW GUINEA

## Performance by Indicator

SDG1 – No Poverty			Value	Year	Rating	Trend
Poverty headcount ratio at \$1.90/day (%)	30.5	2021	●	↓		
Poverty headcount ratio at \$3.20/day (%)	54.3	2021	●	↓		
SDG2 – Zero Hunger			Value	Year	Rating	Trend
Prevalence of undernourishment (%)	NA	NA	●	●		
Prevalence of stunting in children under 5 years of age (%)	49.5	2010	●	→		
Prevalence of wasting in children under 5 years of age (%)	14.1	2010	●	→		
Prevalence of obesity, BMI ≥ 30 (% of adult population)	21.3	2016	●	↓		
Human Tropic Level (best 2–3 worst)	NA	NA	●	●		
Cereal yield (tonnes per hectare of harvested land)	4.7	2018	●	↑		
Sustainable Nitrogen Management Index (best 0–141 worst)	0.9	2015	●	→		
Exports of hazardous pesticides (tonnes per million population)	NA	NA	●	●		
SDG3 – Good Health and Well-Being			Value	Year	Rating	Trend
Maternal mortality rate (per 100,000 live births)	145	2017	●	↑		
Neonatal mortality rate (per 1,000 live births)	21.9	2019	●	↑		
Mortality rate, under-5 (per 1,000 live births)	44.8	2019	●	↑		
Incidence of tuberculosis (per 100,000 population)	432.0	2019	●	→		
New HIV infections (per 1,000 uninfected population)	0.4	2019	●	→		
Age-standardized death rate due to cardiovascular disease, cancer, diabetes, or chronic respiratory disease in adults aged 30–70 years (%)	30.0	2016	●	↓		
Age-standardized death rate attributable to household air pollution and ambient air pollution (per 100,000 population)	152	2016	●	●		
Traffic deaths (per 100,000 population)	12.6	2019	●	↑		
Life expectancy at birth (years)	65.3	2019	●	→		
Adolescent fertility rate (births per 1,000 females aged 15 to 19)	52.0	2018	●	→		
Births attended by skilled health personnel (%)	56.4	2018	●	●		
Surviving infants who received 2 WHO-recommended vaccines (%)	35	2019	●	↓		
Universal health coverage (UHC) Index of service coverage (worst 0–100 best)	40	2017	●	→		
Subjective well-being (average ladder score, worst 0–10 best)	NA	NA	●	●		
SDG4 – Quality Education			Value	Year	Rating	Trend
Net primary enrollment rate (%)	92.7	2016	●	●		
Lower secondary completion rate (%)	62.1	2016	●	●		
Literacy rate (% of population aged 15 to 24)	67.9	2010	●	●		
SDG5 – Gender Equality			Value	Year	Rating	Trend
Demand for family planning satisfied by modern methods (% of females aged 15 to 49)	49.2	2018	●	→		
Ratio of female-to-male mean years of education received (%)	75.5	2019	●	↑		
Ratio of female-to-male labor force participation rate (%)	97.5	2019	●	↑		
Seats held by women in national parliament (%)	0.0	2020	●	↓		
SDG6 – Clean Water and Sanitation			Value	Year	Rating	Trend
Population using at least basic drinking water services (%)	41.3	2017	●	→		
Population using at least basic sanitation services (%)	12.9	2017	●	↓		
Freshwater withdrawal (% of available freshwater resources)	0.1	2015	●	●		
Anthropogenic wastewater that receives treatment (%)	0.0	2018	●	●		
Scarce water consumption embodied in imports (m³/capita)	0.9	2013	●	↑		
SDG7 – Affordable and Clean Energy			Value	Year	Rating	Trend
Population with access to electricity (%)	59.0	2018	●	↑		
Population with access to clean fuels and technology for cooking (%)	13.4	2016	●	→		
CO <sub>2</sub> emissions from fuel combustion for electricity and heating per total electricity output (MtCO <sub>2</sub> /TWh)	NA	NA	●	●		
SDG8 – Decent Work and Economic Growth			Value	Year	Rating	Trend
Adjusted GDP growth (%)	-4.9	2019	●	●		
Victims of modern slavery (per 1,000 population)	10.3	2018	●	●		
Adults with an account at a bank or other financial institution or with a mobile-money-service provider (% of population aged 15 or over)	NA	NA	●	●		
Unemployment rate (% of total labor force)	2.7	2020	●	↑		
Fundamental labor rights are effectively guaranteed (worst 0–1 best)	NA	NA	●	●		
Fatal work-related accidents embodied in imports (per 100,000 population)	0.1	2015	●	↑		
SDG9 – Industry, Innovation and Infrastructure			Value	Year	Rating	Trend
Population using the Internet (%)	11.2	2019	●	→		
Mobile broadband subscriptions (per 100 population)	10.9	2017	●	●		
Logistics Performance Index: Quality of trade and transport-related infrastructure (worst 1–5 best)	2.0	2018	●	↓		
The Times Higher Education Universities Ranking: Average score of top 3 universities (worst 0–100 best)	0.0	2020	●	●		
Scientific and technical journal articles (per 1,000 population)	0.0	2018	●	→		
Expenditure on research and development (% of GDP)	0.0	2016	●	●		
SDG10 – Reduced Inequalities			Value	Year	Rating	Trend
Gini coefficient adjusted for top income	53.0	2009	●	●		
Palma ratio	2.1	2018	●	●		
SDG11 – Sustainable Cities and Communities			Value	Year	Rating	Trend
Proportion of urban population living in slums (%)	NA	NA	●	●		
Annual mean concentration of particulate matter of less than 2.5 microns in diameter (PM <sub>2.5</sub> ) (µg/m³)	11.0	2019	●	↑		
Access to improved water source, piped (% of urban population)	55.4	2017	●	↓		
Satisfaction with public transport (%)	NA	NA	●	●		
SDG12 – Responsible Consumption and Production			Value	Year	Rating	Trend
Municipal solid waste (kg/capita/day)	2.5	2014	●	●		
Electronic waste (kg/capita)	1.1	2019	●	●		
Production-based SO <sub>2</sub> emissions (kg/capita)	20.9	2012	●	●		
SO <sub>2</sub> emissions embodied in imports (kg/capita)	2.0	2012	●	●		
Production-based nitrogen emissions (kg/capita)	2.1	2010	●	●		
Nitrogen emissions embodied in imports (kg/capita)	0.5	2010	●	●		
SDG13 – Climate Action			Value	Year	Rating	Trend
CO <sub>2</sub> emissions from fossil fuel combustion and cement production (tCO <sub>2</sub> /capita)	0.8	2019	●	↑		
CO <sub>2</sub> emissions embodied in imports (tCO <sub>2</sub> /capita)	0.2	2015	●	↑		
CO <sub>2</sub> emissions embodied in fossil fuel exports (kg/capita)	NA	NA	●	●		
SDG14 – Life Below Water			Value	Year	Rating	Trend
Mean area that is protected in marine sites important to biodiversity (%)	1.6	2019	●	→		
Ocean Health Index: Clean Waters score (worst 0–100 best)	65.2	2020	●	→		
Fish caught from overexploited or collapsed stocks (% of total catch)	56.9	2014	●	↓		
Fish caught by trawling or dredging (%)	0.5	2016	●	↑		
Fish caught that are then discarded (%)	0.2	2016	●	●		
Marine biodiversity threats embodied in imports (per million population)	0.0	2018	●	●		
SDG15 – Life on Land			Value	Year	Rating	Trend
Mean area that is protected in terrestrial sites important to biodiversity (%)	6.9	2019	●	→		
Mean area that is protected in freshwater sites important to biodiversity (%)	NA	NA	●	●		
Red List Index of species survival (worst 0–1 best)	0.8	2020	●	↓		
Permanent deforestation (% of forest area, 5-year average)	0.1	2018	●	●		
Terrestrial and freshwater biodiversity threats embodied in imports (per million population)	0.0	2018	●	●		
SDG16 – Peace, Justice and Strong Institutions			Value	Year	Rating	Trend
Homicides (per 100,000 population)	9.8	2010	●	●		
Unserved detainees (% of prison population)	38.3	2018	●	→		
Population who feel safe walking alone at night in the city or area where they live (%)	NA	NA	●	●		
Property Rights (worst 1–7 best)	NA	NA	●	●		
Birth registrations with civil authority (% of children under age 5)	13.4	2019	●	●		
Corruption Perception Index (worst 0–100 best)	27	2020	●	→		
Children involved in child labor (% of population aged 5 to 14)	NA	NA	●	●		
Exports of major conventional weapons (TIV constant million USD per 100,000 population)	0.0	2019	●	●		
Press Freedom Index (best 0–100 worst)	23.9	2020	●	↑		
Access to and affordability of justice (worst 0–1 best)	NA	NA	●	●		
SDG17 – Partnerships for the Goals			Value	Year	Rating	Trend
Government spending on health and education (% of GDP)	3.6	2018	●	●		
For high-income and all OECD DAC countries: International concessional public finance, including official development assistance (% of GNI)	NA	NA	●	●		
Other countries: Government revenue excluding grants (% of GDP)	14.2	2019	●	↓		
Corporate Tax Haven Score (best 0–100 worst)	0.0	2019	●	●		
Statistical Performance Index (worst 0–100 best)	40.8	2019	●	↑		

\* Imputed data point



**The percentage of PNG's population living in poverty has declined since 2010. However, the poverty level has increased over the past three years, i.e. between 2019 and 2021, the percentage of the population living on less than \$3.20 per day increased from 51.47 per cent to 54.26 per cent. During the same period, the population living on less than \$1.90 per day increased from 28.29 per cent to 30.48 per cent. To address poverty, GoPNG prioritised free primary healthcare, infrastructure projects, and increased funding to lower levels of government through the Provincial and District Services Improvement Program.**



**PNG faces a nutrition crisis with almost one in two children affected by stunting, posing a critical threat to survival and development.** It is estimated that in 2019, 46.7 per cent of children under five years of age were affected by stunting, and 12.5 per cent of under-fives also experienced wasting. In addition, approximately 33 per cent of all hospital deaths of children under five are either directly or indirectly caused by malnutrition. GoPNG policies and strategies to address this issue include the National Food Security Policy 2018-2027, Multi-Sectoral National Nutrition Policy 2016-2026, and the National Nutrition Strategic Action Plan 2018-2022.



**According to the 2020 PNG VNR, PNG performed well on several health indicators, including reducing malaria incidence, maternal mortality rate, and childhood illness.** Life expectancy has improved to 64 years for males and 68 years for females. The private sector established 49 health facilities and supported many health programs. CSOs such as churches provide 60 per cent of rural health services, which run 502 of 3,841 health facilities across the country. However, challenges remain, and several indicators have not been improving. Also, UNFPA notes that reproductive health services and family planning are an acute shortage of human resources across all cadres of the health workforce - the most recent estimates of health worker densities reflect 0.5 physicians per 10,000 population and 5.3 nurses per 10,000 population. Although childhood and maternal mortality indicators are improving, vaccination rates have decreased



**Since 2012 GoPNG has made significant investments in education, especially to elementary, primary, and secondary levels, via the Tuition Fee Free policy, which offers universal primary education to all PNG children.** The education sector has robust public-private partnerships between state and non-state actors. Of PNG's 12,254 operational schools, 52 per cent are run by the government and 47 per cent by church education agencies and the remaining one per cent by private education providers. In 2018, Grade 12s increased to 72,000, and 25 per cent made their way into tertiary institutions. Overall, the national literacy rate increased from 57.3 per cent in 2000 to 63.4 per cent in 2015. In 2017, PNG had a total participation rate of 73.5 per cent in organised learning, one year before the official primary entry age. This data indicates that not all boys and girls have had quality early childhood education in preparation for primary school. In 2019, through the Minister for Education, GoPNG declared early childhood development a key government priority. This issue is at the back of establishing an Early Childhood Development Alliance led by the UN and collaborating with churches, CSOs, the private sector and development partners such as the Australian High Commission. The SDG4 Countries Table 2021 show that PNG's primary completion rate was 61.1% and secondary at 50.2% in 2018, with gender parity achieved at both levels. A more detailed analysis would be needed to identify vulnerable groups that are lagging. The PNG National Education Plan 202-2029 indicates that the Department of Education has participated in the Pacific Islands Literacy and Numeracy Assessment (PILNA) in 2015 and 2018. The results show that students at grade 5 level generally found difficulty demonstrating expected skills in literacy (18.1% at expected level) and numeracy (36.7% at expected level). The completion rate significantly drops to 16.9% at the upper secondary education, indicating accelerated support needs in secondary education and beyond and ensuring learning pathways for those who left formal schooling.



**Progress on gender equality is mixed.** There has been notable progress in specific areas such as policies and legislation for women's empowerment, some aspects of education, and leadership positions in formal employment. For example, the mean female-to-male years of education increased from 69.8 per cent in 2015 to 75.5 per cent in 2019. Policies and legislation for women's empowerment include the National Strategy on Gender-Based Violence 2016-2025 and the 2013 Public Service Gender Equality and Social Inclusion Policy. The female-to-male labour force participation rate increased from 97.2 per cent in 2015 to 97.5 per cent in 2019. However, areas such as GBV and leadership positions in the national parliament and provincial governments need more support. Seats held by women in parliament decreased from two in 2012-2017 to zero in 2020 (current parliament). Alarming, more than 50 per cent of women aged 15-49 years have experienced domestic violence since age 15, and 28 per cent have experienced sexual violence.

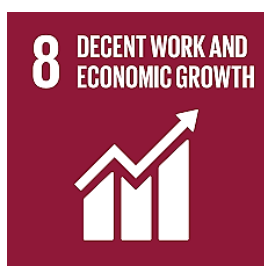




**An insufficient proportion of the PNG population in rural and peri-urban settings has access to these essential services.** GoPNG developed the National Water Sanitation and Hygiene Policy 2015-2030 that recognises WaSH access as a fundamental human right and provides ambition for equitable access to safe, convenient and sustainable water supply and sanitation. The national WaSH policy is being rolled out through pilot projects across the country. Development partners and NGOs are working with District Development Authorities to establish appropriate WaSH planning, financing, and service delivery approaches. UNICEF, in collaboration with the European Union and WaterAid for the interim management information system to establish using mWater, a free and open access system used to collect, manage and visualize WaSH related information. Current Government estimates indicate that 89 per cent of people in urban areas and 33 per cent in rural areas have access to safe water. In contrast, only 57 per cent of the urban population and 13 per cent of the rural population are covered for basic sanitation.



**The UN's SDG Report (2019) indicates that progress has occurred in achieving SDG 7.** There are positive indications that energy use is becoming more sustainable and readily available across many societies globally. For example, in PNG, just under 10 per cent of people had access to electricity in 2000, which increased by more than five times to about 55 per cent in 2017. In 2015, 44.5 per cent of the total PNG population, inclusive of rural and urban dwellers who had access to electricity, lived below the international poverty line. In 2018, 59 percent of people in PNG had access to electricity.



**The economy of PNG is divided into two segments, formal and informal.** The 2020 PNG VNR reports that in the formal economy, the market is dominated by large-scale resource projects, particularly extractives – mining, oil and gas. These have accounted for an average of 30 per cent of GDP since 2010, and their employment conditions are guided by legislation, policies, corporate plans, and employment contracts. The informal economy accounts for most of all jobs. It generates income for families, women, young people, and PWD. It helps to reduce poverty and crime and contributes to the long-term development of PNG. However, the less stable nature of this segment can translate into

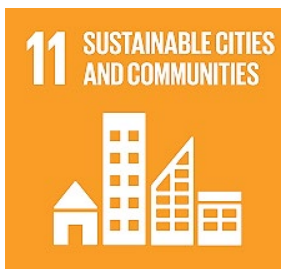
less resilience for communities/individuals who must rely on it for their livelihoods. GoPNG has shifted its focus from the extractive sector to the renewable sector, focusing on industries such as agriculture, fisheries and tourism, and quality and climate-resilient infrastructure to support the renewable sector. In addition, the government has made efforts to diversify the economy, increase employment, strengthen governance (through capacity building in institutions), and improve the environment for private sector-led growth. However, challenges in PNG include converting natural resource wealth into inclusive growth, risks concerning customary land law and access, high transportation costs, increasing security costs, corruption, and tariff barriers in some sectors of the economy.



**The DNPM suggests that infrastructure is the key driver of economic growth and development.** The information and communications technology (ICT) sector, through reliable and affordable internet broadband, and the transport sector through reliable and regularly maintained road networks, has a critical role in realizing the role of infrastructure in the economy. GoPNG has a built-up road network of 30,000km, of which 8,740km is national roads, and 22,000km is sub-national roads. This national road network carries close to 90 per cent of passenger and freight traffic. The PNG VNR 2020 indicates that the ICT sector connects all economic activity factors and improves capacity building and labour productivity. Communication coverage increased from just under five per cent in 2007 to 47 per cent in 2015 after Digicel entered the communication industry in 2006. Also, 7.9 per cent of the PNG population has increased internet usage and is now accessing this service.



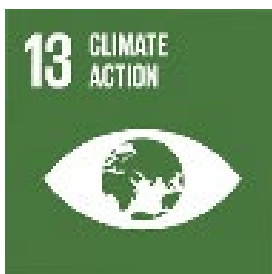
**Inequality has been a significant area of national concern and remains so.** Interventions have been made to reduce disproportions between citizens in terms of opportunity, income, and power. But despite sporadic periods of economic growth, income equality remains unrealized. Generated wealth has not been equally distributed across the country; equality of opportunity, including business, remains unachieved. Lack of quality education and health services, weak governance, corruption, and increasing population, amongst other issues, contribute to all forms of inequality in PNG. In addition, struggling health and education facilities in some parts of the country, the dire state of roads even within cities and towns, the prevalence of law-and-order issues, among others, manifest from income inequality and inequality of opportunity. Some government initiatives and interventions aimed at reducing inequality have included the development of the Small and Medium Enterprise (SME) Master Plan 2016-2030. GoPNG has also emphasised diversifying the economy via critical investments in the renewable sector, including agriculture, intensified transport and communication infrastructure, strengthening governance in public institutions, supporting informal sector development, and social protection initiatives.



As per data from the last official PNG census in 2011, only 13.5 per cent of the population live in urban areas, whereas 86.5 per cent reside in rural communities. DNPM also points out that major cities such as Port Moresby, Lae, Rabaul, Mount Hagen and Goroka have experienced an increase in their population, accompanied by associated challenges such as unemployment and law and order issues. To achieve SDG 11, GoPNG has introduced several initiatives, including but not limited to reforms to customary land, including reviewing legislation in the country concerning land; and partnering with a central bank to provide affordable housing. However, challenges include setting a long-term approach with appropriate strategies and adequate resources to achieve sustainable, liveable cities and communities.



**PNG has recognised that adequate, sustainable consumption and production interventions can drive economic stability and social life survival.** PNG populations living in rural areas depend on the natural environment and natural resources for primary production and consumption. DNPM highlights that GoPNG developed StaRS to support sustainable consumption and production; developed the National Sustainable Land Use Policy, the SME Master Plan 2016-2030, the National Nutrition Policy 2016-2026, and the PNG National Trade Policy 2017-2032 to drive investments, production, and consumption in all sectors of the economy. However, challenges remain in the areas of production and consumption. Population growth is driving demand for increased production. Therefore, applying pressure on land and other available natural resources contributes to the degradation of the environment. Otherwise, the manufacturing sector and other primary industries — such as fisheries — heavily dependent on imported raw materials. With high costs of production, sustainable production appears to be a long way away from completion.



**Economies have been developing sound disaster risk reduction strategies across Asia and the Pacific.** However, with some regions geographically positioned in disaster-prone areas, such as PNG's location within the Pacific Ring of Fire (host to some of the world's most active volcanoes), much needs to be done by individual economies beyond strategies, policies, and plans. PNG is a signatory to several

international conventions aimed at addressing climate change. Progress in urgent action to combat climate change and its impacts is on track, and PNG is well-placed to maintain achievement (Sachs et al., 2020).



**Only 12 per cent of PNG is covered by land – oceans cover 88 per cent. Therefore, there is a great need to protect the ocean and marine resources by improving governance and preventing marine pollution caused by land-based activities and other marine debris.** DNPM indicates that the current fragmented government offers little protection to the ocean and marine resources from activities including illegal, undetected, unreported, and unregulated fishing (including overfishing); illegal poaching of certain species of fish and other marine life; and pollution through oil and chemical spills as well as plastics and other waste from human activity. However, GoPNG has several initiatives on protecting life below water and has passed critical legislation such as the Environment Act 2000, the Protected Areas Act 2014, and the Maritime Zones Act 2015 to support its international commitments and meet local challenges associated with this SDG. Some of those challenges include diversifying approaches, identifying multiple stakeholders, and pooling existing and additional resources that are given limited funding support to the environment and conservation sector in PNG.



**PNG hosts the world's third-largest rainforest and close to seven per cent of the world's biodiversity.** GoPNG is a signatory to international agreements such as the United Nations Convention on Environment and Development (Rio Summit). Through agencies such as Conservation and Environment Protection Authority, the government implements several initiatives to ensure the sustainable use and management of resources to minimise land degradation, biodiversity loss and combat long-term adverse impacts to the environment. Through the Protected Areas Act 2014, the government is also working to protect life on land. However, the government must address significant challenges to achieve this goal (see Section 3.6).



**GoPNG promotes the Open Government Partnership Initiative, which focuses on government transparency, accountability, and responsiveness to citizens' needs.** Open Government Partnership brings together government, private sector and civil society. As a country response to combating corruption, in 2019, Parliament unanimously passed the Whistleblower Act. The Act aims to protect public employees and private individuals who speak out or report irregularities, bribery allegations, and corrupt practices. Other efforts to strengthen governance included passing the Organic Law on the Independent Commission Against Corruption (ICAC) in November 2020. The Judiciary system has undergone several improvements with government and development partner support, including an increase in the number of judges and magistrates, a decrease in backlog cases, and an improvement in court case registration and management through digitisation. As a result, there has been a steady reduction in significant crimes reported since 2015. In addition, the number of police stations has increased from 219 in 2015 to 240 in 2016, along with village courts from 1,525 in 2015 to 1,680 in 2019. However, PNG still lacks a national human rights institution and remains weak in accountability for human rights violations, including the security forces. At the same time, prosecution of crimes of violence against women and persons with disabilities, among others, can be further strengthened, including through both legislative improvements and capacity-strengthening of justice sector actors. Effective funding/resource allocation to justice institutions and the associated national strengthening strategies can also be improved.



**Several cross-sector partnerships exist, including the mechanism for inclusive multi-stakeholder engagement on 2030 Agenda implementation.** The 2020 PNG VNR indicates that PNG has policies and coordination mechanisms for development partners, civil society, academia, and the private sector. The PNG Development Cooperation Policy provides clear direction to guide the government on partnerships with traditional, new, effective, and emerging development partners to mobilise resources to implement localised SDGs. The government engages with development partners through dialogue mechanisms for formal engagement, coordination, and performance management. The dialogue mechanism is established to ensure effective engagement, project monitoring and performance and build mutual trust accountability through the partnerships. However, systems for monitoring and evaluation require improvement.

## 3.2 National Vision vis-à-vis the 2030 Agenda with links to regional and global frameworks/goals

**PNG has two national documents linked to the SDGs – the Vision 2050 and the MTDP III.** Vision 2050 is PNG's long-term strategic plan and is organized around seven focus Pillars.

- **Pillar 1** focuses on human capital development, gender, youth, and people empowerment. The main aim is to develop the "best and productive human resource". Human capital development, gender development, youth development, and empowering people will address the SDGs of eradicating poverty, good health and well-being, quality education, gender equality, reduced inequality, and promoting innovation and infrastructure development.
- **Pillar 2** focuses on wealth creation by developing a dynamic and competitive economy. Wealth creation involves using factors of production, including labour, capital, technology, and land.
- **Pillar 3** focuses on institutional development and service delivery using appropriate political and effective service delivery systems. Implementing solid institutions and effective service delivery mechanisms will achieve effective service delivery, good health/well-being, and quality education.
- **Pillar 4** focuses on security and international relations by making PNG a united, secure, trade-oriented country. It promotes social security, national security, and international relations.
- **Pillar 5** addresses environmental sustainability and climate change by making PNG a resilient country using sustainable development measures.
- **Pillar 6** focuses on spiritual, cultural and community development by creating a respectful, humane society and inclusive and enabling environment. The role of faith-based organizations, culture, and community development enhances people's spiritual and mental well-being (SDG 3). In addition, the development of communities addresses SDG 11.
- **Pillar 7** focuses on strategic planning, integration, and control, to contribute to sound and clear development plans that address the rest of the Pillars. This Pillar is the coordinating function of Vision 2050. We can quickly achieve this pillar's objectives and SDGs through proper planning and implementation.

The table below presents information that links the SDGs to the seven focus areas of Vision 2050.

**Table 1: Link between SDGs and PNG Vision 2050**

PNG Vision 2050 Pillar	SDGs
1. Human capital development, gender, youth, and people empowerment	<ul style="list-style-type: none"> <li>• SDG 1: No poverty</li> <li>• SDG 3: Good health and well-being</li> <li>• SDG 4: Quality education</li> <li>• SDG 5: Gender equality</li> <li>• SDG 6: Clean Water and Sanitation</li> <li>• SDG 9: Industry, innovation, and infrastructure</li> <li>• SDG 10: Reduced inequalities</li> </ul>



2. Wealth creation	<ul style="list-style-type: none"> <li>• SDG 1: No poverty</li> <li>• SDG 2: Zero hunger</li> <li>• SDG 5: Gender equality</li> <li>• SDG 8: Decent work and economic growth</li> <li>• SDG 10: Reduced inequalities</li> </ul>
3. Institutional development and service delivery	<ul style="list-style-type: none"> <li>• SDG 3: Good health and well-being</li> <li>• SDG 4: Quality education</li> </ul>
4. Security and international relations	<ul style="list-style-type: none"> <li>• SDG 16: Peace, justice, and strong institutions</li> <li>• SDG 17: Partnerships for the goals</li> </ul>
5. Environmental sustainability and climate change	<ul style="list-style-type: none"> <li>• SDG 6: Clean water and sanitation</li> <li>• SDG 12: Responsible consumption and production</li> <li>• SDG 13: Climate action</li> <li>• SDG 14: Life below water</li> <li>• SDG 15: Life on land</li> </ul>
6. Spiritual, cultural, and community development	<ul style="list-style-type: none"> <li>• SDG 3: Good health and well-being</li> <li>• SDG 11: Sustainable cities and communities</li> </ul>
7. Strategic planning, integration, and control	<ul style="list-style-type: none"> <li>• SDG 17: Partnerships for the goals</li> </ul>

*Source: compiled from SDG documentation and PNG Vision 2050*

**The MTDP III is a five-year development plan that translates Vision 2050 into a plan for action.** It is organized around eight Key Result Areas (KRAs):

- KRA 1 focuses on economic growth and employment generation to create revenue and wealth for Papua New Guineans. In addition, this area reduces or eradicates poverty (SDG 1), reduces or eliminates hunger (SDG 2), increases opportunities for gender participation (SDG 5), provides decent job opportunities and economic growth (SDG 8), and reduce inequalities (SDG 10).
- KRA 2 focuses on providing quality infrastructure and utilities vital for economic and social development. This area drives industrial development and innovation, the focus of SDG 9.
- KRA 3 is concerned with sustainable social development. Changes in health and education, as well as WaSH (SDG 6), regarding access and quality, are vital for social development on a sustainable basis. Sustainable social development is vital for reducing inequalities (SDG 10) and sustainable development of cities and towns (SDG 11).
- KRA 4 focuses on improving law, justice, and national security. The security and safety of people and property are vital for social and economic development and improved welfare.
- KRA 5 centres on the crucial area of service delivery. Two essential services are health and education. The practical and efficient delivery of services is an essential driver of economic and social development.
- KRA 6 focuses on improved governance. Governance is concerned with the exercise of power and authority to drive positive change. In the context of the KRAs, governance is like the glue that holds the KRAs together and drives progress towards desired outcomes.
- KRA 7 is about responsible, sustainable development, and it is linked to 6 of the SDGs, including SDG 6 (Clean water and sanitation); affordable and clean energy (SDG 7); sustainable cities and communities (SDG 11); responsible consumption and production (SDG 12); action on climate change (SDG 13); life below water (SDG 14); and life on land (SDG 15).

- KRA 8 (sustainable population) cuts across all SDGs, given that labour is a factor of production and the base for consumer demand. Thus, all SDGs reflect the results of human action (population) from either the supply side or demand side.

**Table 2: Link between SDGs and PNG MTDP III**

Relevant Aspect in MTDP III	SDG
KRA 1: Increased revenue and wealth creation	SDG 1: No poverty SDG 2: Zero hunger SDG 5: Gender equality SDG 8: Decent work and economic growth SDG 10: Reduced inequalities
KRA 2: Quality infrastructure and utilities	SDG 9: Industry, innovation, and infrastructure
KRA 3: Sustainable social development	SDG 10: Reduced inequalities SDG 11: Sustainable cities and communities
KRA 4: Improved law, justice, and national security	SDG 16: Peace, justice, and strong institutions
KRA 5: Improved service delivery	SDG 3: Good health and well-being SDG 4: Quality education
KRA 6: Improved governance	SDG 17: Partnerships for the goals
KRA 7: Responsible, sustainable development	SDG 6: Clean water and sanitation SDG 7: Affordable and clean energy SDG 11: Sustainable cities and communities SDG 12: Responsible consumption and production SDG 13: Climate action SDG 14: Life below water SDG 15: Life on land
KRA 8: Sustainable population	Cuts across the SDGs

*Source: compiled from SDG documentation and MTDP III*

### 3.3 Integrated CCA analysis

Key developments since 2016 CCA

**Since the previous CCA presented in 2016, GoPNG has introduced several new policies and programmes and passed legislations including:**

- Medium-Term Development Plan III 2018-2022
- National Planning Monitoring and Responsibility Act 2016
- National Food Security Policy 2018-2027
- Multi-Sectoral National Nutrition Policy 2016-2026
- National Nutrition Strategic Action Plan 2018-2022
- National Education Plan 2020-2029
- National Strategy on Gender-Based Violence 2016-2025
- National Energy Policy 2017-2027
- National Trade Policy 2017-2032
- National Housing Policy 2018-2028
- National REDD+ Strategy, 2017
- Forestry (Amendment) Act 2019
- PNG's Development Cooperation Policy 2018-2022

- Whistleblower Act 2019
- Organic Law on the Independent Commission Against Corruption (ICAC), 2020
- SME Master Plan 2016-2030
- National Disaster Risk Reduction Framework 2017-2030.

**The new regulatory environment has impacted economic, social, governance and environmental developments in the country.** On the economic front, resource extraction is the primary driver of PNG's economic growth. In 2017, the economy grew by 3.5 per cent, and in 2019 it grew by 5.6 per cent. However, the economy contracted in 2018 mainly due to a significant earthquake and in 2020 due to the socio-economic impact of COVID-19. Most of the population, 56 per cent, are multidimensionally poor and deprived. PNG remains a lower-middle-income country, as gross national income (GNI) per capita averaged \$2,655 since 2016, and inflation averaged 5.1 per cent. Unemployment remained steady at the ILO (International Labour Organization) estimate of 2.5 per cent. There has been some improvement in doing business in PNG, with the country ranked 120 out of 190 in 2020 compared with the ranking of 145 out of 189 in 2016. However, the informal economy is still a significant sector of PNG, at approximately 20 per cent of GDP. Tax revenue as a percentage of GDP declined in 2020 to 15.1 per cent compared with 16.1 per cent of GDP in 2016. However, net Official Development Assistance (ODA) increased from 2.6 per cent of GNI in 2016 to 3.4 per cent of GNI in 2018.

**With economic prosperity comes improvements in specific social indicators.** Life expectancy at birth has increased from 64.5 years in 2015 to 65.3 years in 2019. Infant mortality rates have declined – in 2016, and infant mortality was 49 deaths per 1,000 live births compared with 39.8 deaths per 1,000 live births in 2020. However, there was a slight decline in years of schooling from 10.4 years in 2016 to 10.2 years in 2019.

**The World Bank's Governance Indicators on PNG show a decline on all governance indices since 2016.** For example, Control of corruption declined from -0.93 in 2016 to -0.99 in 2019; the rule of law declined from -0.78 in 2016 to -0.80 in 2019, and Political stability and absence of violence/terrorists declined from -0.50 in 2016 to -0.83 in 2019. While Voice and Accountability was the only positive indicator, the index declined from 0.16 in 2016 to 0.07 in 2019. PNG's environmental governance remains weak, ranking 146 out of 180 countries on the 2020 international Environmental Performance Index. Logging is responsible for 92 per cent of PNG's Forest degradation.

**The last general election was held in June-July 2017, and there are no females among the 89 Members of Parliament.** The political situation in PNG is likely to remain volatile until the next election, expected to be held in June 2022. The Opposition tabled an amended Vote of No Confidence against Prime Minister James Marape in April 2021, which was avoided after parliament was adjourned to August 2021 due to a reported COVID-19 outbreak. According to the Constitution, the motion for a Vote of No Confidence would not be allowed less than 12 months before the next general election.

**Despite several active conflicts and violence remaining a concern, peace and security have made several strides since 2016.** While violence persists in the Highlands region, among other areas, the post-conflict Bougainville process is progressing. The peaceful completion of the Bougainville referendum in December 2019, with an 85 per cent voter turnout and an overwhelming 97.7 per cent opting for independence, was an outstanding achievement. A new President and Government were elected in September 2020. However, Bougainville is now entering the post-referendum process in an environment where complex challenges remain and the risks to sustaining peace exist.

**At the macro level, growth, trade, investment, and employment at the COVID-19 pandemic. With continuous disruption, coupled with low global oil and commodity prices, growth contracted.** The Kina devalued by 6 per cent against the US dollar during June 2019-June 2020 and combined with the associated price hikes. As a result, inflation is envisaged to rise by another 4 per cent beyond the forecast 5 per cent for 2020. By June 2020, more than 7000 people had lost their jobs. Few sectors were spared. Travel and tourism were the worst affected, with a decline of about 97 per cent loss of business. The Services sector, as well as labour-intensive manufacturing and industry, saw 90 per cent layoffs. Manufacturing witnessed an 18 per cent decline as major companies suspended or significantly reduced operations in several manufacturing facilities/factories. The entertainment industry and sporting events saw a 95 per cent decline in business. Agriculture reported a 12 per cent sharp fall in production and fresh food markets, food supply chains, seed supply, livestock and agribusiness.

The impact of COVID-19 and compounding effects of African swine fever and the Fall armyworm pest on food security, nutrition, agriculture livelihoods and supply chain and market accessibility showed that the movement restriction measures implemented by GoPNG harmed food availability and accessibility. Wet markets (local markets) in provincial capitals were shut down, and the trading hours of supermarkets were reduced. Farmers experienced food wastage, as their products could not be brought to urban markets to be sold. As a result, many peri-urban/ urban households resorted to back-yard farming.

**Travel restrictions induced the most profound impact, accounting for 54 per cent of the effects on the incomes of households.** The UN-led Socio-Economic Impact Assessment (SEIA) survey of COVID-19, presented in September 2020, showed that the income of 80 per cent of households was adversely affected. The SEIA indicates that there was also a 38 per cent decline in household expenditures. Debt servicing was complex – of the 72 per cent of respondents that reported servicing some form of debt, more than 50 per cent have been severely affected. This difficulty is because of the adverse impact on their incomes. The consumption of essential food items of households declined by 15 per cent in half of the 6000 households surveyed. The SEIA also highlighted the social impacts such as the increase in domestic violence, including physical, emotional, and sexual abuse experienced by women; limited access to justice by victims as the police workforce was stretched; and barely functional safe houses due to lack of human resources or logistics; increase in criminal activities due to locking down at homes with no job and loss of income; and limited information flow on COVID 19.

**Of the SEIA respondents, 31 per cent of heads of families lost their jobs because of COVID-19.** This development contributed to reduced income opportunities, security concerns, travel expenses, managing children at home, mental stress, and family violence. In addition, businesses were disrupted by the State of Emergency measures, with 75 per cent of firms severely affected due to the lockdown in the second quarter of 2020, followed by a ban on operations (which impacted 32 per cent of businesses) and flight cancellations (impacting 12 per cent of businesses). Of these businesses, 48 per cent were wholesale/retail firms, 20 per cent were agriculture firms, 10 per cent were tourism/hospitality firms, and 8 per cent were construction firms. Registered businesses were more impacted than non-registered businesses by more than 40 per cent. Of these, 30 per cent were severely affected and had to lay off staff and temporarily cease operations.

**Other issues, including a decline in government spending on capital projects, caused several contracts to be postponed.** In addition, SEIA results showed that 81 per cent of impacted businesses did not receive support from the government. In comparison, 13 per cent received some form of support, including policy advice or awareness and financial counselling.

**According to the UNESCO 2021 study on the impact of COVID-19 on Education in 15 Pacific Small Island Countries, Schools and universities closure and transformation needs since 2020 has been taking their toll on parents, students, and education administration.** Overseas students enrolled in PNG educational institutions returned home, and the academic calendar was readjusted. This development resulted in an estimated loss of approximately K1 billion due to loss in tuition, realignment of teaching calendars, changes in student boarding and lodging and teacher salaries. The schools reopened under 'New Normal' COVID-19 protocols to prepare staff, students, and school communities, including shift classes and blended approach utilizing paper-based materials, radio, television, and internet teaching and learning resources. However, a lack of adequate funding, infrastructure, and capacity to support these transitions was identified.

[Leave No One Behind Analysis](#)

**The most vulnerable groups in PNG include:**

- PWDs depend on an extended family system for support; however, the system has continued to weaken.
- People living with HIV/AIDS often face stigmatisation from the community, making it difficult to access services such as health care. Likewise, people living with tuberculosis (TB) face similar challenges.
- Internal migrant settlers, often displaced from their traditional lands due to conflict, natural hazards, or who migrated for economic reasons, experience a lack of services and employment opportunities and face becoming landless after living where they have settled for several years.
- Youths who are unemployed and not in education for an extended period.
- Women and girls due to gender inequality, including GBV.
- LGBT+ community due to intolerance towards homosexuality in PNG. These persons may find accessing health care services difficult.
- Sex workers due to prostitution being illegal in PNG. These persons may find accessing health care services difficult.
- Older adults often rely on an extended family system for support.
- Children, including orphaned, adopted, and/or fostered, are disadvantaged and vulnerable and exposed daily to hardships, violence, abuse, exploitation, and neglect.

## **VULNERABLE GROUPS**



**Groups left behind in access to essential services include remote and isolated populations hampered by rugged terrain, women and girls who suffer gender disparities, a vast youth population, and those susceptible to internal migration.** GoPNG enacted the District Development Authority Act (2014) to manage the Service Improvement Programme to fund their sector development priorities, including health and education, to improve service delivery at the district, ward, and community levels.

GoPNG domestic policies and legislation have been developed and revised, notably:

- Gender Equality and Social Inclusion Policy 2017
- National Prevention and Response Strategy to Gender-Based Violence 2017
- Policy for Integrated Community Development 2017. With this Policy, the DFCDR, as the focal point agency for the vulnerable and the community, attempts to consolidate efforts around a single protection and empowerment strategy that aims to connect district and national efforts.

Also, the Sorcery Act was repealed in 2013, and a National Action Plan on Sorcery Accusation-Related Violence dates to 2015. However, some vulnerable groups, such as the LGBT+ communities and sex workers, are effectively not considered in government policy (for example, same-sex sexual relations are criminalised) and remain at risk of discrimination, violence, exploitation, and abuse. The Further rule of law reform/strengthening, in general, would also potentially improve the protection of specific groups concerning stronger accountability for human rights abuses in the context of such issues as violence against women or persons with disabilities, among other areas.

**DFCDR, through its Office for the Development of Women, is the focal point for women's development.** However, overall, DFCDR faces budget shortfalls and capacity and management issues,



affecting its ability to serve the gender development agenda. The National Council of Women is a critical organization recognized by GoPNG to advocate for women's development but needs capacity development support to strengthen its operations. DFCDR houses the Disability division, again with limited budget allocation. The disability sector is also served by the Assembly of Disabled Persons, who leads advocacy for PWD. Different disability service provider organizations, active in health and education but all taking an overarching community-based rehabilitation approach, provide much-needed programming support to PWD. The service providers are organized under the PNG Disability Coalition, focusing on advocating for service delivery improvements.

A small division within the DFCDR is responsible for developing policies and programs to protect the elderly. Child protection services are also limited by resource constraints and are coordinated through the Office of Family Welfare Services, attached to the DFCDR. CSOs are engaged in frontline work to address child protection problems in the community, alongside a GoPNG network of child protection and welfare officers at national and provincial levels.

**About 87 per cent of PNG's population live in rural settlements, surviving on artisanal fishing, hunting, and gardening.** There is little cash flow and limited access to health care, education, sanitation, and clean water, and 40 per cent of these residents live below the international poverty line. The significant causes of poverty for rural and remote PNG are lack of food security and access to basic infrastructure and human services, hampered by physical geography, and vulnerability to natural disasters. The remoteness of many of PNG's rural communities can create immense challenges for responding to disasters effectively, and the lack of local infrastructure and health services can have long-lasting impacts on communities following catastrophic events. Within these and all communities in PNG, the most vulnerable tend to be women and children and those living with a disability, as resilience to such events is less based on existing barriers.

**PNG is the site of the world's first climate refugees: the Carteret Islanders. Since 1994, these low-lying islands have lost about 50 per cent of their area.** In surveys of rural people near 59 protected areas, 93 per cent of communities said they were experiencing climate change. Due to its location on the Pacific Ring of Fire, PNG residents are among the world's most vulnerable to natural disasters such as earthquakes, tsunamis, and volcanoes. In addition, PNG's rural and remote communities are vulnerable to shocks resulting from extractive industries (including mining, oil, gas, commercial fishing, and logging), primarily where people depend mainly on the local environment for their livelihoods. Environmental shocks include land clearing, loss of farmlands and forests, with impacts on livelihoods and issues of freedom of movement also posing challenges to access to education and health services; pollution of marine areas and land, and entry of toxins, including heavy metals, into the environment and food chain, causing health impacts.

## Gaps, challenges and opportunities

### Gender equality

**Gender inequality remains one of the most significant restrictions to fully participating in all parts of PNG society.** By addressing inequality, PNG could achieve SDGs 1, 2, 4, 10 and 16. Gender equality should be incorporated in poverty alleviation, water and sanitation, education, and health projects. One area to reduce gender inequality is to ensure that women are national parliamentarians and play a critical role in decision making.

### Access to quality health care and education

**In PNG, health care is supposed to be free, although small fees are usually charged for outpatient services, with many hospitals and doctors expecting immediate payment.** Basic (elementary)

education is technically free given GoPNG's Tuition Fee Free policy, but individual schools and teachers charge extra costs. However, access to quality health care and education is restricted because of insufficient numbers, and insufficiently trained, health workers and lack of medical facilities, similarly so regarding the number and training of teaching staff and education facilities. There is a vital need to train teaching staff using modern methods. These methods include utilising multi-media resources, constructing more classrooms to match enrollment rates, and providing suitable education facilities to meet the needs of 13 years of universal education from early childhood to grade 12 with restructuring the system into 1-6-6 to boost each of these sectors. Government identifies quality teaching and learning with a standard-based curriculum central to improving education quality. Concerted efforts and coordination among concerned departments in education are needed to achieve quality education across levels from early childhood to tertiary and adult. Likewise, more opportunities to adequately train health workers are needed and create more health care facilities, especially in rural and remote areas. The linkages with greater access to quality health and education with women's empowerment are also critical, further highlighting the importance of this area and the need to ensure adequate capture of gender equality and full consideration of the specific issues of groups including children, women, and persons with disabilities, among many others.

#### Strengthening wildlife and biodiversity conservation

Revision of the National Biodiversity and Action Plan 2007 remains incomplete. There is no up-to-date legislation or policy regarding biodiversity protection, and the Fauna (Protection and Control) Act 1966 is critically outdated. No threatened species recovery plans or coordinated species working groups exist formally, and there is no action to address species decline. Also, no human resources are available to address these issues – some provinces have had wildlife officers, but the vast majority of these are no longer operational. In most provinces, there is no capacity for any biodiversity work, or officers have conflicts arising from also facilitating forestry and mining concerns. The exception is West New Britain, where an environment division has been established. Research and monitoring are insufficient to record species and understand their ecological needs, given the high threat from hunting and development activities.

#### More investment in WaSH

Rapid population growth is outpacing investment in WaSH and waste infrastructure and services in urban, peri-urban and rural areas. National government investment is lacking, as are provincial and local resources. Improvements are necessary to reduce the exposure of vulnerable populations to health risks from insufficient quality water, sanitation, and hygiene and impacts on the environment from unmanaged or poorly managed waste disposal. This change could include a transparent national lead agency coordinating and implementing national policies and qualified and experienced technical expertise.

#### Adaption to climate change

PNG has clear targets and policies for managing climate change. However, a key challenge is implementing, with financial resources, expert and technical advice, government systems, and community capacity. For example, investments in adaptation and resilience are yet to have a widespread impact at the community level. As a result, most of the population remains vulnerable to natural disasters, with these impacts likely to increase over time and with women, children, and other groups even further impacted. A national adaptation plan is being prepared to set the framework for adaptation activities, but this is only the beginning of the work required for PNG to adapt to climate change. Adaptation and resilience activities need to be developed with local communities and tailored to local conditions.

#### Investment in disaster planning, response and recovery

The geography of PNG makes it inherently vulnerable to earthquakes, volcanic action, tsunamis, and climatic extremes. Vulnerability is increased by the distribution and socio-economic circumstances of

the population and the lack of capability for governments and communities to plan and respond to events. Rural people dependent on natural resources are often left without shelter or any form of income and are highly exposed to disease and hunger. Those most vulnerable are women and children, for whom these disasters result in an increased risk of exposure to violence, including sexual assault and other forms of gender-based violence, as well as negative coping strategies.

Funding is also an issue, with disaster response and recovery funded chiefly from donors rather than PNG own-source funding. Interventions must be aimed at predicting and mitigating impacts and at building capacity for response and recovery. Investment is coordinated through the National Disaster Centre, which requires additional capacity and capability building. There are several areas for priority action, including expanding early warning systems, enhancing systematic data collection, analysis, and management by improving the ability of local communities to manage response and recovery through resilience and capacity building, including community-led resilience building.

### Conflict prevention and management

Efforts at the local level have undermined confidence in government institutions, primarily due to the lack of appropriate skills and tools to identify and mitigate conflict triggers/causes. The Strengthened rule of law institutions would also further support the resort to these institutions for conflict mitigation where relevant. Training, funding, and capacity building initiatives, supported at the national level and including various development partners, are crucial to remedying this. In addition, to ensure equitable, conflict-sensitive developmental interventions that address the root and intermediate causes of local conflict, institutionalised and inclusive local governance methods must be employed that involve the participation and decision-making of marginalised groups (such as women and youth).

### Improving public finances

Government tax revenue has been declining as a per cent of GDP, from a high of 26 per cent in 2000 to a projected 15.1 per cent in 2020. This decline has implications for government spending on the country's development, and the impact of COVID-19 on revenue exacerbated an already precarious position of the public finances. There is, therefore, a gap in the tax policy and tax administration of the country. Firstly, PNG can improve its tax laws to tax all economic activity in the country adequately. Secondly, tax administration can be improved to make it easier for individuals and businesses to pay their taxes. The International Monetary Fund (IMF) is currently assisting GoPNG. However, the country can benefit from more development assistance here, for example, the recently developed ADB hub on tax reform and domestic resource mobilisation. While domestic debt as a percentage of GDP has declined from 25 per cent in 2016 to just over 20 per cent in 2020, GoPNG has started to borrow loans domestically. Also, since the government guarantees loans taken at the sub-national level, including loans by public enterprises, its overall debt level may be higher than currently recorded by IMF and World Bank statistics. GoPNG should seek to rethink its domestic debt strategy to not crowd out the private sector from accessing credit and ensure that public enterprises have revenue streams that can finance the operations of the enterprises.

### Enhanced economic policies

GoPNG can diversify the economy to increase its tax revenue and current account surplus and increase employment opportunities. Also, the availability of good economic data will contribute to evidence-based economic policymaking. State-owned enterprise issues can be addressed through sound financial management, public-private partnerships, management contracts, and the sale of loss-making enterprises. If the government acts, there would be a reduced burden on the government budget and better service delivery to the public. Policies that enhance the performance of agriculture, fishing, extractives, MSMEs, and the financial sectors are required to increase these sectors' contribution to the economy, including increased tax revenue and employment. In addition, policies can be put in place to move PNG towards a market-determined exchange rate to reduce the foreign exchange shortages that the country currently experiences. A thorough review of trade policies will

ensure that PNG benefits from its membership in the World Trade Organization and regional trade agreements.

#### Improved governance and the strengthened rule of law institutions

There is a need for systems and processes throughout the government that promote accountability, including ensuring appropriate responses to the commission of human rights violations and discourage corruption. The Strengthened rule of law institutions will promote a culture of accountability and justice. While providing means of redress for human rights violations and abuses can build an environment involving tremendous respect for human rights overall, including conflict resolution and in other areas. In addition, these systems should include ensuring transparency, accountability and anti-corruption measures for wildlife trade-related jobs.

#### Advancing the SDGs around social development

Extra support for rural areas that lack social services should be provided and strengthen the capacity of relevant institutions to implement and monitor policies and projects effectively and efficiently. In addition, stigmatised vulnerable groups such as people living with HIV/AIDS, TB, sex workers, and people with divergent sexual orientations in PNG also need urgent, more comprehensive support. This support would advance social development and increase overall well-being in the rural areas and vulnerable groups.

#### Implementing good environmental governance

Much can be done to improve PNG's environmental governance. The outdated Fauna (Protection and Control) Act 1966 must be reviewed and replaced as a starting point. PNG should also consider participating in the Nagoya protocol, legislation, and/or policies addressing genetic property rights and access benefit sharing agreements. In addition, several bills can be finalised and implemented, including the Protected Areas Bill and the review of the Forestry Act 1992 to harmonise with the National REDD+ Strategy 2017-2027. GoPNG can also improve the governance of the forestry industry to strengthen forest legality and the effective participation of stakeholders. For example, requiring that all mining companies' annual environmental reports be publicly available would increase transparency. In addition, regulatory agencies or independent bodies should oversee regulation, enforcement, and accountability rather than self-regulating industry.

Future migration and increased mobility into rural and urban areas must be planned for, likely to result from mining and gas exploration and extraction, forest operations, natural disasters and climate-change-related issues such as sea-level rise. Therefore, programs that address those left behind and environmental matters need strengthening, resourcing, and expansion. In addition, compensation, incentives, and innovation for environmental management, including payment for and consideration of ecosystem services, should be introduced.

#### Stronger environmental regulation of industry and enforcement of conditions

Current challenges in this area could be overcome by regulations that require the mineral and gas industry to reduce and/or offset greenhouse gas emissions, as well as containing and managing tailings and other mining waste, monitoring and enforcing environmental conditions in existing mining approvals, and finalising details around the ban on exports of unprocessed 'round log' timber and improve monitoring and surveillance of logging practices. Opportunities could also include creating a node of industrial sustainability that minimises waste, reducing emissions in the industrial process, product use, and waste sectors, enhancing inter-industry cooperation, and more effectively utilising local resources. In addition, GoPNG should complete and implement the National Sustainable Land Use Plan and allocate protected zones not permitting development, including land and waters. Further, better environmental impact studies should be made for all developments.

### Improve capacity in government institutions working on the environment

The lack of capacity across PNG institutions is well-detailed. To address this, GoPNG can employ and support environment staff at the national and provincial level and support environmental research, especially PNG-based organizations and researchers, including a formal system to mentor and support environmental scientists. In addition, government agencies and provincial governments need support for protected area management, ground and water management, and waste management and recycling. Finally, PNG's national NGOs/ CSOs and local management committees that are shown to work for environmental and social benefits must also be supported.

### Improvement in Reproductive Health

The UNFPA reports that the modern contraceptive prevalence rate in PNG averages at around 31 per cent of married or in-union women, with high rates of unmet need for family planning among this group at around 26 per cent. Moreover, almost one in four births (24 per cent) occur less than 24 months after a previous birth. Short birth intervals, particularly those less than 24 months, place newborns and their mothers at increased health risk, including preterm birth, low birth weight, and death. Young people under 25 make up about 60 per cent of the population in Papua New Guinea (PNG), equating to about 7.3 million inhabitants. Twelve per cent of women aged 15-19 have children in Papua New Guinea.

## 3.4 Governance and institutional analysis

**Transparency International ranks PNG at 142 out of 180 countries in the 2020 Transparency Index.** With a transparency score of 27 out of 100, PNG has improved by two places since 2012. Transparency International reports that civil society actors and allies in PNG called for greater transparency and accountability in the COVID-19 response, including demanding emergency funds and procurement audits. According to Business Insider, the Ombudsman Commission of Papua New Guinea 2018 report indicated 115 allegations of corruption against different members of Parliament since independence in 1975, ranging from allocating funds to private accounts and unidentifiable, unregistered, and non-existent groups, as well as the allocation of funds without proper procedures.

The Ombudsman Commission and Leadership Tribunal play critical roles in the fight against corruption. Transparency International PNG encourages the reporting of corruption and runs awareness campaigns, while a Business Coalition Against Corruption has been established over several years. The PNG Extractive Industries Transparency Initiative has also led to improved reporting of revenues in the resources sector. In 2020, PNG's Parliament voted overwhelmingly to establish an Independent Commission Against Corruption.

**Table 3 presents the six indicators for PNG for 2010-2019, based on World Governance Indicators.** The assessment criteria range from 2.5 for strong governance performance to -2.5 for weak governance performance, with zero as the mid-point. Based on the data, PNG only showed one indicator with values above zero (voice and accountability) for 2014-19. The remaining five indicators show sub-zero values for all the years under investigation. On a somewhat positive note, the negative values do not go below -1 (given that -2.5 is "worst"), with "control of corruption" being the worst at -0.95. Overall, the data indicate that more needs to be done to address governance issues in PNG in the six listed areas to raise those scores above zero and closer to 2.5.

**Table 3: PNG Governance Indicators, 2010-2019**

	Control of corruption	The rule of law	Regulatory quality	Government effectiveness	Political stability and absence of violence/terrorism	Voice and accountability
2010	-1.04	-0.91	-0.56	-0.72	-0.81	-0.03
2011	-1.02	-0.81	-0.52	-0.71	-0.75	-0.04
2012	-0.94	-0.84	-0.51	-0.74	-0.59	-0.06
2013	-0.96	-0.95	-0.51	-0.66	-0.52	0.00
2014	-0.91	-0.80	-0.34	-0.61	-0.34	0.01
2015	-0.94	-0.87	-0.55	-0.61	-0.42	0.04
2016	-0.93	-0.78	-0.56	-0.74	-0.50	0.16
2017	-0.90	-0.83	-0.65	-0.67	-0.70	0.13
2018	-0.88	-0.77	-0.53	-0.68	-0.70	0.04
2019	-0.99	-0.80	-0.54	-0.81	-0.83	0.07

*Source: World Governance Indicators (World Bank, 2020)*

**Disappointingly, no women parliamentarians were elected in the 2017 elections.** In addition, since the resignation of Prime Minister Peter O'Neil in 2019 and subsequent leadership under Prime Minister James Marape, the PNG political climate has been mostly unstable with internal struggles and external factors leading to a Vote of No Confidence and, ultimately, an extended adjournment of parliament.

### 3.5 Economic transformation analysis

**PNG's economic transformation – the continuous long-term process of shifting of labour and resources – is generally characterised by:**

- The dominance of mining and quarrying in recent years, in particular the LNG Project. This project can produce more than 8.3 million tonnes of LNG, increasing 20 per cent from the original design specification of 6.9 million tonnes per annum. Over the Project's life, it is estimated to produce more than 11 trillion cubic feet of LNG (ExxonMobil, 2021). From 2014-19, production has been about 6.9 million tonnes of LNG per annum (Oil Search Limited, 2021).
- A significant subsistence and informal economy that provides both challenges and opportunities.
- A significant agriculture sector, including forestry and fishing that small-scale producers dominate.
- Exports are dominated by primary commodities whose prices are driven by international market forces (supply and demand) and are volatile. Therefore, the focus on primary exports implies a low level of value-adding.
- High dependence on imports that are dominated by consumer and capital goods challenges the domestic manufacturing sector
- A young labour force that provides both an opportunity to harness youth labour for development and a challenge in terms of youth resorting to illegal activities such as crime if there is a lack of positive opportunities elsewhere in their lives.

**PNG real GDP growth rate is primarily determined by energy and mineral production.** According to the IMF, the 13.5 per cent growth experienced in 2014 showed PNG becoming a significant exporter of LNG. The 5.6 per cent growth in 2019 resulted from the extractive sector recovery following the 2018 earthquake. PNG has experienced only three years of contraction over the past 20 years – 2.5 per cent contraction in 2000 that resulted from terms of trade shock and



relaxation of macroeconomic policies, 0.8 per cent contraction in 2018 caused by the major earthquake, and 3.8 per cent contraction in 2020 resulting from the COVID-19 pandemic.

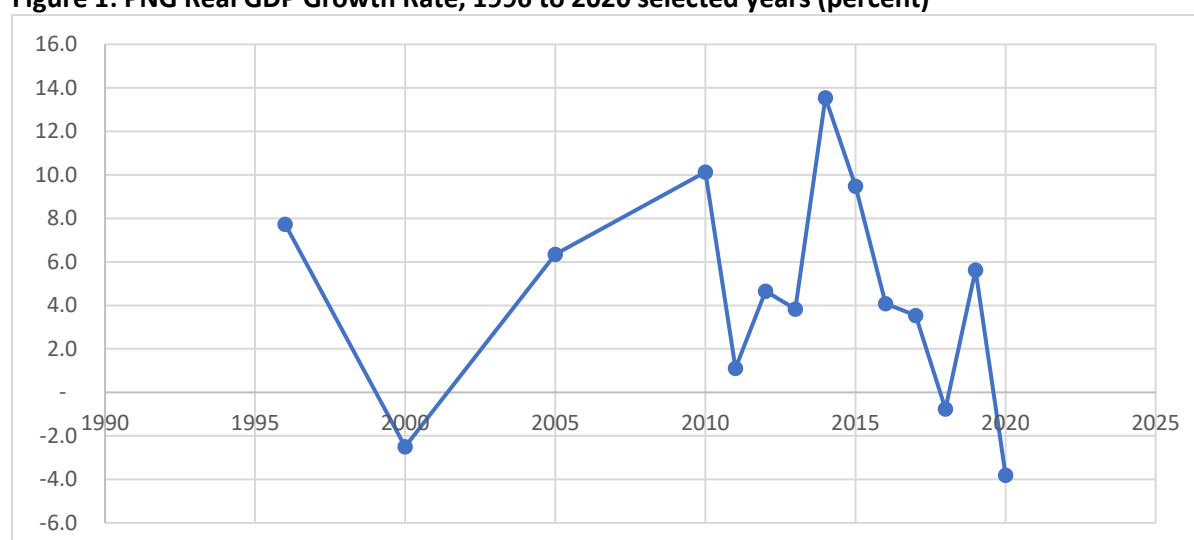
**The top ten sectors make up about 86 per cent of the PNG GDP.** As per Table 4, the mining, petroleum, and gas sector contributed about K11 billion a year to GDP, about 23 per cent share. Agriculture, forestry, and fishing follow with 18 percent or K8.7 billion. Given that most of the PNG population is rural-based, agriculture, forestry, and fishing are vital in providing opportunities for inclusive development.

**Table 4: Sectoral contribution to GDP for PNG, 2008-2014**

Rank	Sector	Amount (K' Billion)	% Share
1	Mining and quarrying	11.1	22.9%
2	Agriculture, Forestry and Fishing	8.7	18.0%
3	Wholesale and Retail	5.1	10.6%
4	Construction	3.6	7.6%
5	Administrative and Support Service Activities	3.5	7.2%
6	Real estate activities	2.9	6.1%
7	Public administration and defence	2.3	4.7%
8	Financial and insurance activities	1.6	3.3%
9	Education	1.3	2.6%
10	Transport and storage	1.2	2.5%
11	Others	7.0	14.4%

*Source: National Statistical Office, 2018*

**Figure 1: PNG Real GDP Growth Rate, 1996 to 2020 selected years (percent)**

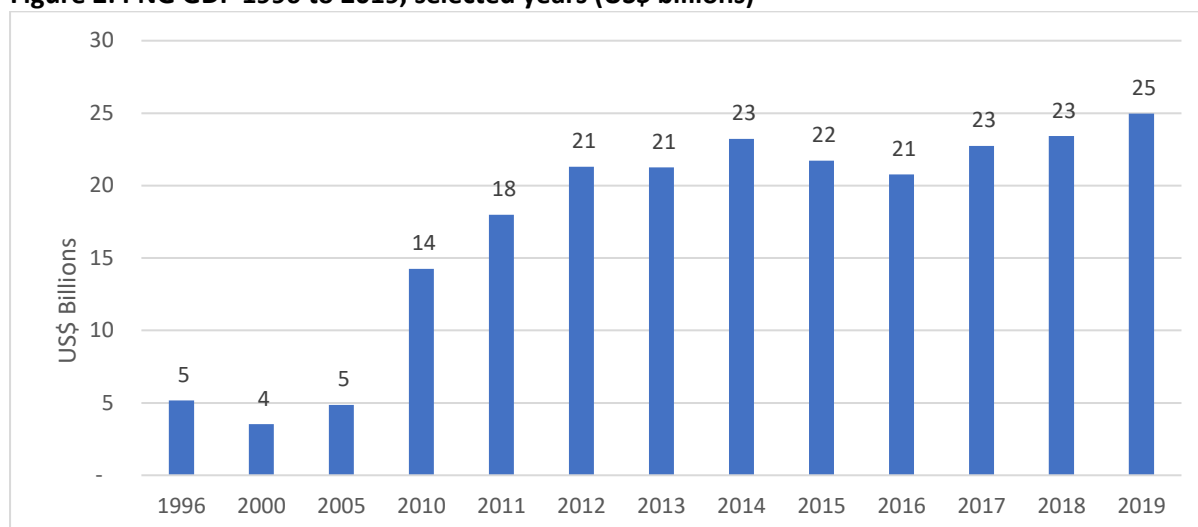


*Source: World Bank Development Indicators*

**PNG GDP increased by more than 75 per cent over the 2010 to 2019 decade.** World Bank estimates show that PNG recorded a \$25 billion GDP in 2019 compared with \$14 billion in 2010. As the country began exploiting its natural resources, GDP more than tripled over the previous ten-year

period from \$4 billion to \$14 billion. In addition, the construction and export of LNG in recent years enabled GDP to remain above \$20 billion annually.

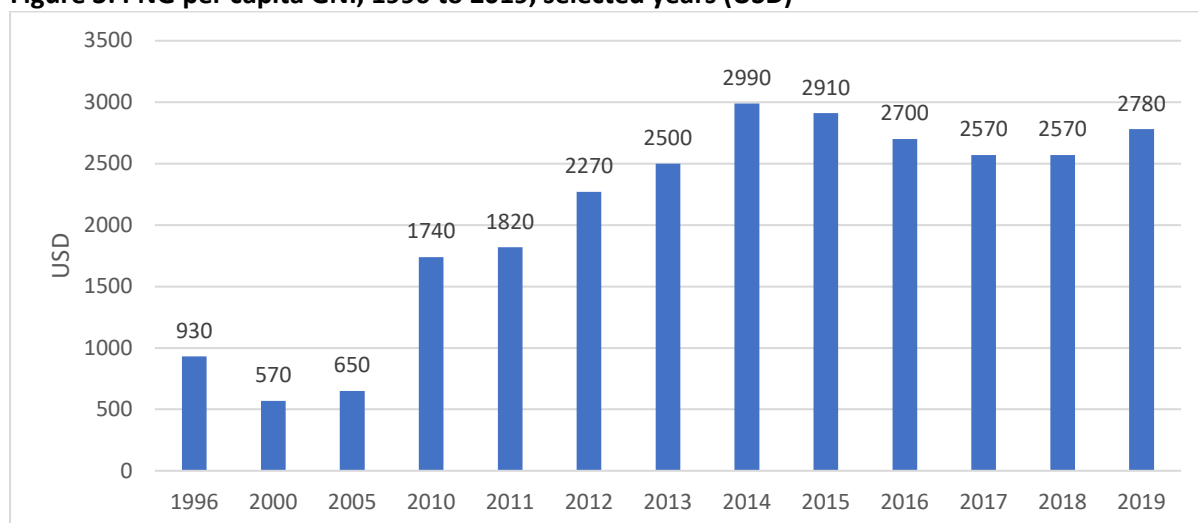
**Figure 2: PNG GDP 1996 to 2019, selected years (US\$ billions)**



*Source: World Bank World Development Indicators*

**The impact of the LNG Project has seen the country move from a low income to a lower-middle-income country.** Income increased from a low-income level of \$570 per capita in 2000 to a lower-middle-income level of \$2,780 per capita in 2019. When the LNG project exports started in 2014, annual per capita GNI peaked at \$2,990.

**Figure 3: PNG per capita GNI, 1996 to 2019, selected years (USD)**



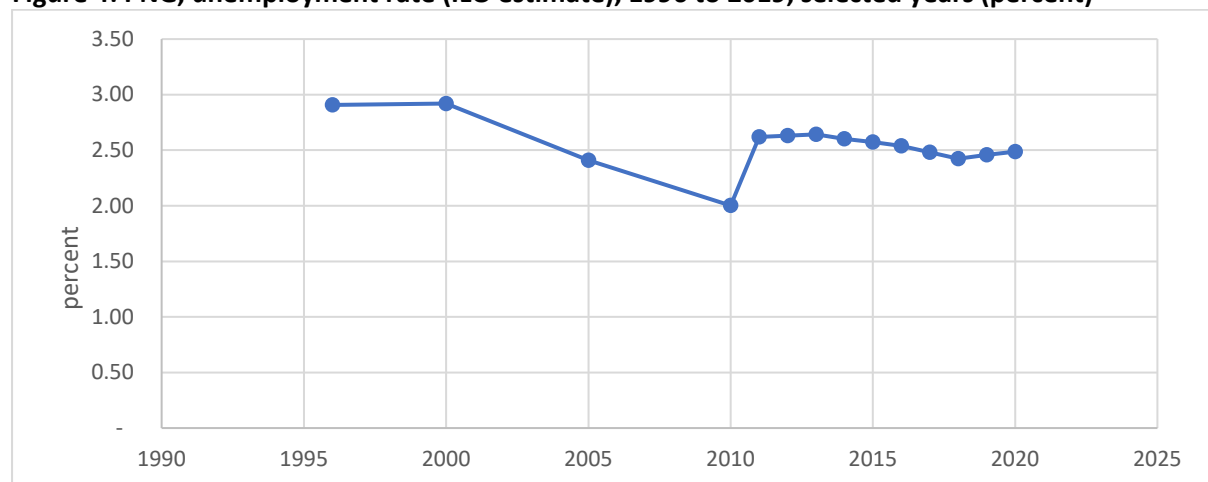
*Source: World Bank World Development Indicators*

**Unemployment averaged 2.5 per cent over the last ten years (ILO estimate).** Male unemployment in this period, which averages 3.52 per cent, is higher than female unemployment, which averages 1.41 per cent. The average employment index for 2010-19 stands at 210 — thus showing an increase in employment compared to the base year. Looking at different industries, the

highest average index for the period is for the mining sector, which stands at 245, while the lowest is for financial, business, and other services at 129. However, given that most of the PNG population is rural-based, the high employment index for the mining sector will not significantly impact employment for the masses.

The PNG National Education Plan 2020-2029 notes that to ensure continuous upgrade of skills for the workforce and provide second-chance and lifelong learning opportunities, the country has growing recognition that more significant opportunities should be made available for students to gain accreditable trade qualifications through expanded Education Pathways. Ministry of Education is preparing students to be able to access TVET from some selected secondary schools, which will be paired to nearby vocational institutions

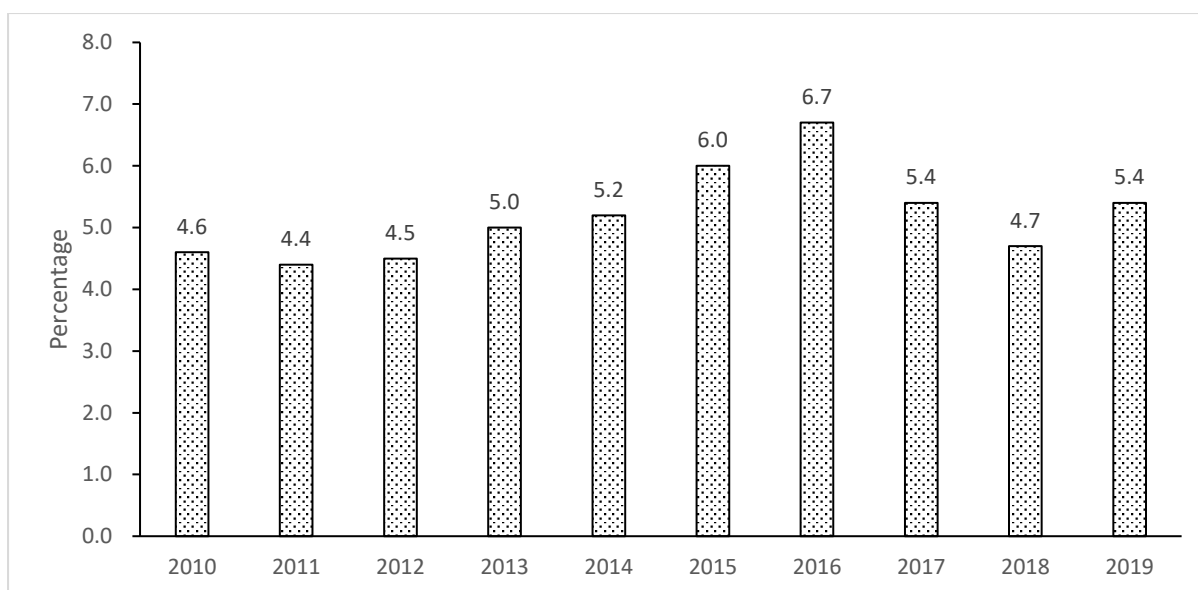
**Figure 4: PNG, unemployment rate (ILO estimate), 1996 to 2019, selected years (percent)**



*Source: World Bank World Development Indicators*

Between 2010-19, the inflation rate was around 5.2 per cent annually, the highest at 6.7 per cent in 2016 and the lowest at 4.4 per cent in 2011. The inflation rate reflects the limited exchange rate depreciation, lower commodity prices and trading-partner inflation.

**Figure 5: PNG inflation rate, 2010 to 2019 (percent)**



*Source: Compiled from the BPNG data*

**PNG has experienced a current account surplus over 2016-2019, averaging 23 percent of GDP.** However, despite a sizeable current account surplus, PNG's non-resource sector continues to face a shortage of foreign exchange. In 2019, PNG's significant LNG exports and minerals generated an estimated current account surplus of 24 percent of GDP, i.e. down slightly from 2018. However, as in the past, financial outflows have almost entirely offset the current account surplus (note: these outflows link with resource sector investments). As a result, the non-resource sector faces a chronic shortage of foreign exchange.

**PNG's Human Development Index (HDI) value for 2019 is 0.555, putting the country in the medium human development category by positioning it at 155 out of 189 countries and territories.** Between 1990 and 2019, PNG's HDI value increased 46.1 per cent from 0.380 to 0.555. Between 1990 and 2019, PNG's life expectancy at birth increased by 8.0 years; mean years of schooling increased by 2.3 years; and expected years of schooling increased by 5.5 years. PNG's GNI per capita increased by about 87.9 per cent between 1990 and 2019.

**The 2019 HDI of 0.555 is below the average of 0.631 for countries in the medium human development group and below 0.747 for East Asia and the Pacific.** When this HDI value of 0.555 discounts for inequality, the HDI falls to 0.390, a loss of 29.7 per cent due to inequality in the distribution of the HDI dimension indices. The most recent survey data publicly available for PNG's Multidimensional Poverty Index estimation is 2016/2018, which shows that 56.6 per cent of the population (4.9 million people) are multidimensionally poor. At the same time, an additional 25.3 per cent are classified as vulnerable to multidimensional poverty (2.2 million people), and 25.8 per cent of the population are in severe multidimensional poverty. The breadth of deprivation (intensity) in PNG, the average deprivation score experienced by people in multidimensional poverty, is 46.5 per cent. The Multidimensional Poverty Index shows that the share of the multidimensionally poor population, adjusted by the intensity of the deprivations, is 0.263. The contribution to multidimensional poverty comes from deprivations in the standard of living (65.8 per cent), deprivations in education (30.1 per cent) and health (4.6 per cent).

**On international trade, PNG is the signatory to several treaties, agreements and pacts which give the country's manufactured goods preferential access to various export markets.** As a result, PNG has duty free and reduced tariff entry to some of the largest markets in the world, for example, the European Union under the Cotonou Agreement and the United States Generalized System of

Preferences Program, which provides duty-free treatment for almost 3,500 products from PNG and its neighbours (Vanuatu, Solomon Islands, Kiribati, Fiji, Samoa, Tonga, Indonesia, Philippines).

Several policies and programmes in PNG have promoted economic development. These include:

- Village Economic Development Fund
- Government Guarantee Schemes
- *Stret Pasin Stoa* program
- Plantation Buy Back Program
- Establishment of the Papua New Guinea Banking Corporation
- Establishment of the Agriculture Bank
- Introduction of the Stabilization Fund
- Various concessional lending facilities like the less developed area grant scheme
- Establishment of Small Business Development Corporation
- Change of role and name of Agriculture Bank to the National Development Bank
- Creation of Industrial Centres Development Corporation
- Introduction of the 1998 SME policy document
- Sectoral SME support programs - Agriculture, Fisheries, Forestry, Tourism, and Mining.

These initiatives, however, have not been successful in transforming PNG as policies and intervention programs have been sporadic, not aligned, and not integrated into existing systems. In addition, many programs had no infrastructure, inadequate management, accountability, and coordination with key business enabling agents.

**The World Bank 2020 Doing Business Survey ranks PNG at 120 out of 190 countries.** Regionally, PNG ranks at 16 out of 25 Asia Pacific countries that include China. Globally, PNG received the lowest rankings for starting a business (142 out of 190), enforcing contracts (173 out of 190) and resolving insolvency (144 out of 190). Similarly, compared with the other countries in the region, PNG had its lowest scores for enforcing contracts (21 out of 25), paying taxes (21 out of 25), and starting a business (19 out of 25). On the other hand, PNG does well on getting credit (9 out of 25 regionally and 48 out of 190 globally) and protecting minority investors (9 out of 25 regionally and 72 out of 190 globally) indicators.

**The agricultural sector provides a livelihood for 85 per cent of the rural population and accounts for approximately a quarter of GDP.** Most of the agriculture is subsistence farming for basic needs. The country's main agricultural exports include cocoa, coffee, copra, palm oil, rubber, and tea. However, the agriculture sector contributes only 17 per cent of total exports. PNG has fertile soils and a favourable climate which permits the cultivation of a wide variety of cash crops, particularly in the highlands, coastal, and island regions. Production of cash crops usually centre on plantations, but significant smallholder production among rural communities also exists. Small-scale farmers either sell their produce to the plantations or the numerous community boards, centralised buyers and sellers to stabilise prices and improve bargaining power. The contribution of agriculture to food security through domestic cultivation for home consumption comes to an estimate of K5.0 billion annually. In contrast, its contribution to the export trade economy was estimated at K2.9 billion in 2011.

**The Informal Economy in PNG has been estimated at K12 billion annually, approximately 20 per cent of GDP.** Based on the findings of the National Audit of the Informal Economy (2018-19), co-funded by UN Women and GoPNG, around 75 per cent of workers in the informal economy are likely women. If we exclude the mining sector, the informal economy is approximately 30 per cent of GDP. If we add subsistence farming, the informal economy is about 60 per cent of non-resource GDP. Over

80 per cent of the labour force are employed in the informal economy. The informal economy is vitally important to local communities as it provides affordable and accessible goods and services and is critical for food security in local communities. Informal sector economic activities include producing and selling agricultural produce, informal moneylending at an interest rate of about 50 per cent per fortnight, and reselling goods from producers or wholesalers. More than half of men and women in the sector were over the age of 35. The proportion of young people (under 25) was around 15 per cent. The proportion of workers in the informal sector with no education was less than 25 per cent. The proportion of workers with post-primary education (i.e. beyond Grade 6) was over 30 per cent. Male workers appear to have received slightly more education than women in most of the survey locations.

**PNG has an SME Master Plan 2016-2030 that positions the SME sector as a significant contributor towards PNG becoming a middle-income country by 2030 and a high-income country by 2050.** The plan aims to support and facilitate SMEs' growth, increasing from 49,500 in 2016 to 500,000 in 2030. The role of government for the first five years of the plan is to provide financial support, provide SME protection through enabling legislation, create a conducive environment for SMEs to develop, create linkages with all stakeholders, provide infrastructural development and facilitate the catalytic projects in each province. In addition, both the ADB and the World Bank are implementing projects to develop MSMEs in PNG. The World Bank project aims to facilitate access to sustainable credit for SMEs, increase the numbers of formal sector SMEs, and increase total employment and revenue generated by SMEs. The proposed ADB project aims to facilitate financial inclusion and entrepreneurship by strengthening lenders and borrowers' capacity.

**The overall labour force participation rate (per cent of total population ages 15+, modelled ILO estimate) was 69.92 per cent in 2017.** Its highest value over the past 27 years was 72.53 in 2004. In 2016, the female labour force participation rate was 69.6 per cent, compared with 71.0 per cent for men. ILO estimates indicate that a critical factor in women's labour force participation and employment rates is their engagement in agriculture and fishing for household consumption in rural areas, where some 87 per cent of the population is concentrated. As a share of total employment, employment in the agriculture sector in 2010 was 19.2 per cent. The proportion employed in the industry was 5.6 per cent and in the services sector 49.7 per cent. However, unpaid work, unemployment, and underemployment are widespread, and formal sector employment growth has not kept pace with the growth of the labour force.

**The transport sector in PNG splits into three subsectors: roads, maritime, and aviation.** Unfortunately, infrastructure in all three subsectors has fallen steadily into a state of disrepair in the past two decades. The condition threatens economic development and limits access to markets and social services from much of the population, resulting in high costs for business activities. The condition of the country's transport infrastructure can be explained by:

1. PNG's challenging topography and climatic conditions
2. extended periods of funding constraints to support maintenance requirements
3. weak institutional and management capacity
4. the limited number of able local and international private contractors.

Road transport is the dominant passenger travel mode, but inadequate land connections between several mainland provinces and the island nature of PNG highlight the essential roles of domestic aviation and coastal shipping.

**Mining gold, nickel, silver, cobalt, petroleum, and gas sectors are vital for PNG economic portfolios.** Extractive industries contribute 29 per cent to GDP, 89 per cent to exports, and 10.1 per cent to government revenue. PNG has been exporting crude oil since the early 1990s and launched a

commercial operation of liquefied natural gas in 2014. The LNG project started with the initial \$19 billion investment, but its capacity exceeded expectations, reaching eight million tonnes per annum. A re-certification and upgrading the natural gas reserves should enable the project to sustain these higher production rates. The country's largest gold mines are Lihir, Ok Tedi, and Porgera. PNG is among the top ten gold producers in the world. A portion of gold and silver production is refined in the country and exported in dore bars to refineries in both Australia and Japan, whilst copper is exported as concentrate to Japan, Germany, and Australia.

**An analysis of PNG's financial institutions for 2013 to 2015 shows that the ratio of private credit by deposit money banks to GDP is 25 per cent.** Bank lending-deposit spread is lending rate minus deposit rate is 9.1 per cent. Also, the Bank Z-score approximates the probability that an economy's banking system defaults are 6.4 per cent. The financial services market includes commercial banks, finance companies, micro-banks, savings, loans societies, mobile network operator(s), superannuation funds, investment managers, superannuation fund administrators, life insurance companies, general insurance companies and one development bank. The IMF found that 70 per cent of people borrow money, mainly from *wantoks* (41 per cent), followed by moneylenders (24 per cent) and formal institutions (5 per cent). Informal moneylenders are generally risky and expensive and charge very high interest rates of approximately 40-50 per cent per fortnight.

### 3.6 Environment and climate change analysis

**PNG lies in the southwestern Pacific Ocean. It comprises the eastern half of New Guinea and the Bismarck Archipelago (New Britain, New Ireland, the Admiralty Islands, and several others); Bougainville and Buka (part of the Solomon Islands chain); and small offshore islands and atolls.** Located at the northern edge of the Australian plate and in the active Pacific Ring of Fire, PNG is among the most disaster-prone countries in the world due to geophysical conditions. Prevalent hazards include earthquakes, cyclones, storms, volcanic eruptions, riverine and coastal flooding, coastal erosion, epidemics, and droughts. PNG's geography consists of a high central cordillera (over 1500m), stretching West Papua across PNG to the southeastern Peninsula. Many 'subsidiaries' coastal ranges are younger, not relatively high, including very significant montane areas.

**Table 5: General features of PNG**

Human population density	19.7 persons/km <sup>2</sup>
Land area	452,860 km <sup>2</sup>
% Human population living within 100 km of coast	61
% People in urban areas	13
Claimed Exclusive Economic Zone	1,673,759 km <sup>2</sup>
Territorial Sea (12 nautical miles from national baselines) 752	256 km <sup>2</sup>
Area of Coral Reefs	40,000 km <sup>2</sup>

*Source: National Ocean Policy 2020-2030 and Worldometer Info, 2020*

**PNG has outstanding biodiversity values.** It has a comparatively high proportion of remaining natural vegetation, including 78 per cent forest cover. It is the most floristically diverse island globally, with a high degree of endemism and many undescribed species. The diversity of vertebrate animals is among the highest on the planet, with at least 1,786 species of amphibians, reptiles, birds, and mammals,



between 5-9 per cent of the world's total. PNG stands among the world's top ten countries where conserving the natural environment can save biodiversity. Despite this, PNG's biodiversity loss accelerates, usually offering few long-term benefits for local landholders or the PNG community.

**Table 6: Terrestrial ecoregions**

	Ecoregions	Size (Ha)	% of land	Source WWF Ecoregion
1	Manus Island	208,505	0.5	132. Admiralty Islands
2	North-eastern Islands	4,699,775	10.2	111. New Britain/New Ireland Lowlands 112. New Britain/New Ireland Uplands
3	Bougainville Island	939,137	2.0	119. Bougainville Island
4	Northern New Guinea	9,482,056	20.5	107. Huon Range 115. North New Guinea Lowlands 116. North New Guinea Uplands
5	Central Range	11,821,294	25.5	105. Central Range
6	Southeast Peninsula	7,457,004	16.1	120. Southeast Peninsula
7	Trobriand Island	432,689	0.9	125. Trobriand Islands
8	Louisiade (South-eastern Island)	181,395	0.4	110. Louisiade Archipelago
9	Southern New Guinea	11,053,974	23.9	121. Southern Wetlands 122. Southern Plains 708. Trans-fly
	<b>Total</b>	<b>46,275,829</b>	<b>100%</b>	

*Source: 2020 PNG CCA Environmental and Change analysis*

**Table 7: Marine bioregions of the PNG**

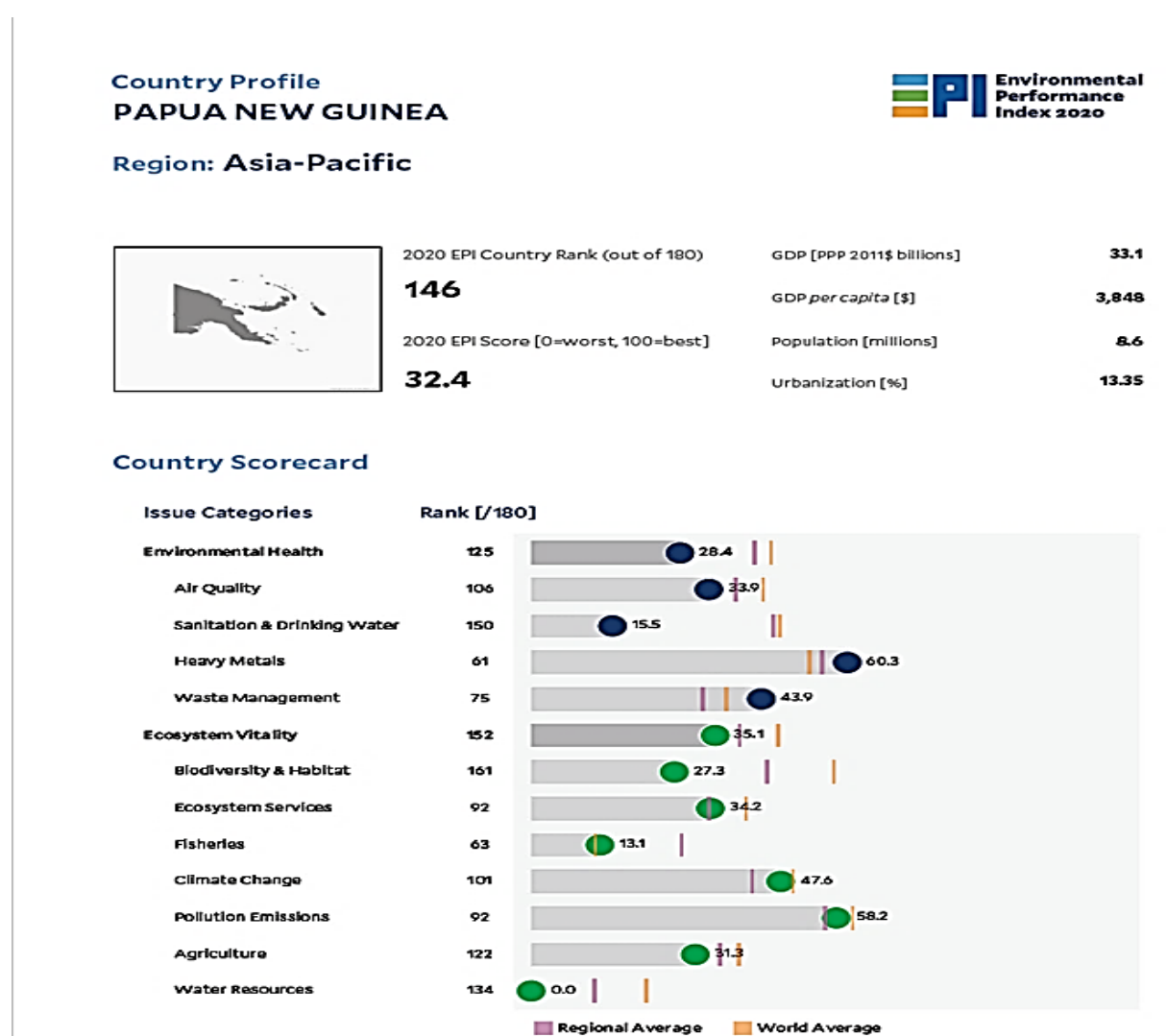
1	Bismarck Sea	Includes Manus, New Britain, New Ireland, and the Momase region's north coast
2	Milne Bay Area	Includes the areas Lae to Milne Bay Province excluding the south-east of the province
3	Southeast PNG	Including the southeast coastline from Port Moresby and further east to the Louisiade Archipelago divides the Solomon and Coral Seas in the Milne Bay Province
4	Bougainville Island	In the Solomon Sea
5	Southwest PNG	Far west of Port Moresby, including the Gulf of Papua and the Torres Strait area

*Source: 2020 PNG CCA Environmental and Change analysis*

**Although PNG's natural resources remain substantial, they are currently depleting; this has a double impact on PNG's biodiversity and community well-being.** Due to its geophysical location, PNG suffers from the high-level threat of natural disasters. In addition, some islands are active (or recently active) volcanoes, while high equatorial ranges create heavy waterways among the landscape. This issue means that a great deal of the countryside is challenging to traverse. Primarily, the coastline consists of hilly land that often descends into sandy beaches. Hilly areas and mangrove-lined river estuaries dominate the coast, around 17,000 km in total. Along the northeast lies several islands leading east to New Britain. The terrain has implications, including diverse flora and fauna, diverse cultures, inaccessible areas, transport costs, the high potential for disease and low productivity, and high vulnerability to volcanic eruptions and earthquakes.

Although PNG has signed various international agreements obligating it to commit to climate conservation, components of PNG's legislation are out of date and require urgent review. PNG's government aims to conserve both the environment and culture for future generations in domestic policy. But work remains. Despite some strong policies, implementation remains weak (for example, the comprehensive 2018 Policy on Protected Areas). Further strategies are well-needed, including wildlife conservation, forestry management, sustainable land use, waste disposal, and mining rehabilitation. All in all, these policies need to be finalised and/or implemented.

PNG's environmental governance remains weak, ranking 146 out of 180 countries on the international Environmental Performance Index (see image below). Concerning landowner laws, the government rarely enforces laws and agreements. This has led to dissatisfaction, sometimes conflict. In future, the release of the first State of Environment report hopes to set a new standard in environmental reporting, promoting transparency at a governance level.



Source: Yale University, <https://epi.yale.edu/epi-country-report/PNG>

**PNG requires more research in biodiversity to prevent further decline.** There is a risk of losing species before specialists identify and catalogue them. On a positive note, the number of species will likely increase as researchers find new and undescribed plants and animals. PNG's biodiversity is both rich and irreplaceable. But two-thirds of its animal species and a fifth of plant species are listed as

decreasing, with the population trend of most of the rest unknown. One in five of PNG's mammals are under threat. Threats to wildlife and biodiversity include the wildlife trade, unsustainable hunting, invasive species, clearing/habitat loss, loss of biocultural knowledge, and climate change.

**Table 8: Numbers of threatened species in PNG**

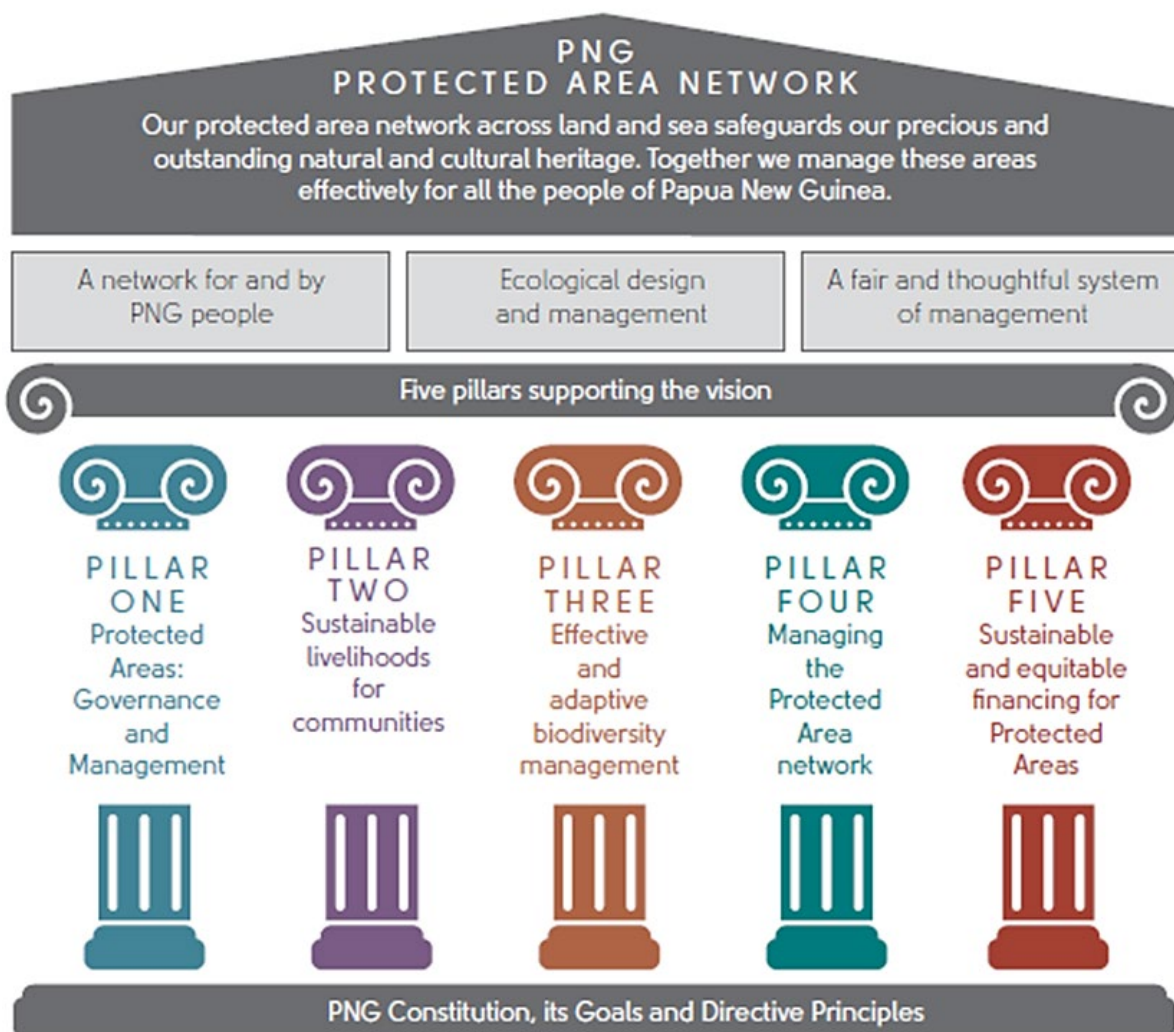
	Frogs	Reptiles <sup>1</sup>	Birds	Mammals	Bony fish	Sharks & rays	Insects	Anthozoa <sup>2</sup>	Plants
Extinct							1		
Critically endangered	1	1	1	10	4	8	n/a	n/a	40
Endangered		3	5	17	5	13	2	6	58
Vulnerable	10	8	37	17	26	21	8	151	176
<b>Threatened species total</b>	<b>11</b>	<b>12</b>	<b>43</b>	<b>44</b>	<b>35</b>	<b>42</b>	<b>10</b>	<b>157</b>	<b>274</b>
<b>% of assessed PNG species</b>	<b>4%</b>	<b>3.9%</b>	<b>5.5%</b>	<b>14.8%</b>	<b>1.6%</b>	<b>51.9%</b>	<b>3.4%</b>	<b>28.0%</b>	<b>15.6%</b>
Near Threatened	n/a	5	60	15	13	16	4	151	82
<i>Lower Risk/least concern</i>	n/a	4	n/a	n/a	10	n/a	n/a	n/a	n/a
<i>Lower Risk/near threatened</i>	n/a	1	n/a	n/a	n/a	n/a	5	n/a	n/a
Least Concern	146	234	665	196	1957	15	1		1157
Data Deficient	116	53	13	42	129	8	157	214	249
<b>Species total assessed</b>	<b>273</b>	<b>309</b>	<b>781</b>	<b>297</b>	<b>2144</b>	<b>81</b>	<b>116</b>	<b>38</b>	<b>1762</b>

Source: Data from Red List IUCN 2020

**Several pieces of legislation manage protected areas in PNG.** These will align when the Protected Areas Bill is finalised and enacted. However, existing legislation falls well short of the agreed goals per the Aichi Biodiversity Targets and the PNG Policy on Protected Areas. Problems relating to both funding and staffing shortages hinder the effectiveness of protected areas management. Exceptions include protected areas with consistent external support coupling biodiversity conservation with community development. Threats to area protection stem from the impact of climate change, unsustainable activities such as hunting, and the threat posed by invasive species. Though protected area management tends to be expensive and time-consuming, the rewards include internationally recognised sites receiving funding and attention. Also, the flexibility of modern protected area concepts means that conservation objectives can be achieved alongside social and economic progress.

<sup>1</sup> Lizards, snakes, turtles, and crocodiles

<sup>2</sup> Corals, soft corals, sea anemones etc



*Source: Government of Papua New Guinea*

**PNG's forests are globally significant in ecosystem structure, function, carbon storage, and biodiversity.** Land use analysis showed that 78 per cent of PNG's land is classed as forest, nearly 11 per cent cropland, 5 per cent grassland, 4.6 per cent wetlands, and less than 1 per cent settlements. Provinces with the highest proportion of forests are Gulf (91.2 per cent), West Sepik (90.6 per cent), and West New Britain (85.3 per cent). Just over 76 per cent of forests have had no significant human disturbance. However, nearly 11 per cent are logged, and the remainder (around 13 per cent) are disturbed by other activities, namely subsistence gardening, fire, and small-scale logging. Nearly 2.5 million ha of forest was degraded between 2000 and 2015. Logging is responsible for 92 per cent of degradation. Almost all deforestation (99 per cent) was due to land-use conversion from forest land to cropland.

The critical area of forestry concerns legal rights to harvest, taxes, and fees; timber harvesting activities; third parties' rights; transport; and trade. Critical issues associated with forest legality persist, including poor governance, illegal clearing, and lack of suitable engagement with customary landowners. In addition, policies to enable sustainable resource use and increased export value of commercial agriculture must consider the resultant forest degradation and deforestation, with the impacts of these actions fully addressed.

**PNG's marine environment is vast and diverse, globally significant in its ecosystem structure, function, and biodiversity. It is locally significant for the thousands of PNG residents who rely on its products for subsistence and income.** Most of PNG's threatened and highly biodiverse marine and coastal ecosystems and species are not well protected, leaving them potentially vulnerable to conflicting resource use and over-exploitation. Around 4,000 coastal communities rely on artisanal fishing to survive. A significant barrier to implementing marine protected areas across PNG's coastal waters is the chronic lack of resources and personnel for effective management. Any plans to manage marine resources must include viable pathways for coastal communities' health and well-being, including alternative incomes such as through tourism and easy access to essential human services well into the future. There is a need to protect and manage deep-water habitats and reefs and adequately protect commercial fish stock spawning aggregations, marine turtles, seabirds, and cetaceans. Specific opportunities and enablers include external processes to address critical impacts on marine and coastal ecosystems and mechanisms and incentives to ensure compliance with existing laws, regulations, and policies.

**PNG is located on the collision zone between the northward moving continental Australian Plate and the oceanic Pacific Plate, making the country highly prospective for various minerals, including gold, copper, silver, nickel, and cobalt, as well as hydrocarbon resources in the form of oil and gas.** However, the mining and gas extraction history in PNG commonly involves poor environmental regulation, environmental degradation, and adverse social impacts. The broad environmental impacts of mining and gas production through riverine tailings and waste rock disposal include:

- increased sedimentation
- increases in heavy metal loads
- impacts on water quality
- permanent changes in the landscape such as increasing the risk of introducing invasive species
- alteration of local climate from gas flaring and emission of excess gas into the atmosphere.

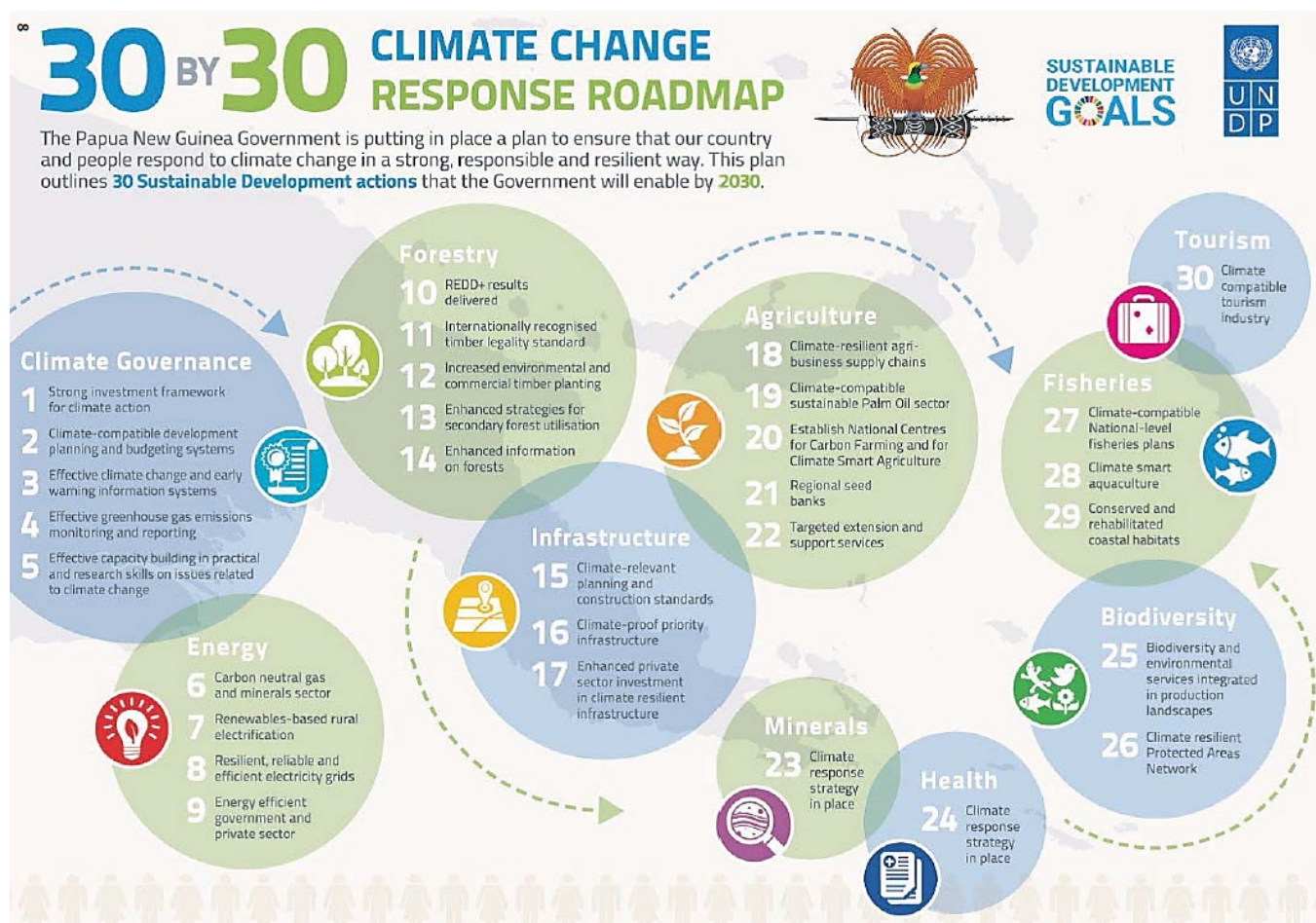
Hence, future interventions should improve the industry's overall environmental and social performance.

**A national adaptation plan is being prepared, but investments in adaptation and resilience have yet to have a widespread impact at the community level.** Though the country has a high potential for renewable energy, obstacles exist. A flawed policy environment and immature private sector both hinder the generation and distribution of renewable sources. Also, PNG lacks accurate data concerning supply and demand. In addition, vandalism (theft of infrastructure) proves to be a prevalent issue.

Nevertheless, PNG has clear targets and policies for managing climate change. A key challenge is resourcing implementation. Financial resources, expert and technical advice, government systems, and community capacity are all needed.



Figure 6: Climate Change Response Roadmap



Source: Government of Papua New Guinea, 2020

**Natural and environmental disasters mainly affect the most vulnerable in the community, including children, women, the elderly, PWD and the rural poor.** The National Disaster Centre coordinates investment in disaster planning, response, and recovery and requires additional capacity and capability building. The critical issue is the lack of capacity for sustained implementation at the national, provincial, and local levels. This issue would benefit from more powerful champions at higher government levels. Priority areas for disaster planning, response, and recovery include expanding early warning systems and improving local communities' ability to manage response and recovery effectively.

### 3.7 Social exclusion analysis

**Groups vulnerable to social exclusion include the elderly, PWD, sick or have a pre-existing medical condition, children, and individuals without a steady source of income.** According to the 2018 DHS, persons living in rural areas, mainly women, are more likely to have health care problems than their urban counterparts. For example, 66.9 per cent of women in rural areas stated that finding money for treatment hinders access to health care, compared to 40 per cent in urban areas. In addition, in terms of visits to health facilities by women, DHS data shows that more women in urban areas visit health facilities (45.3 per cent) than those in rural areas (34.6 per cent). Conversely, in the urban and rural



areas, the number of men visiting health facilities is lower than the number of women visiting (i.e. 42 per cent and 32.1 per cent respectively).

**The 2019 UNPNG Annual Progress Report highlights that life expectancy continues to increase and that most deaths are caused by non-communicable diseases such as diabetes, heart disease and lung cancer.** It also states that the highest adult mortality rates in the country are recorded in Enga (males only), Southern Highlands and Hela in the Highlands region; Sandaun, East Sepik, Morobe and Madang in the Momase region; and Gulf in the Southern region. According to DHS data, the under-five mortality rate in the five years preceding the survey was 49 deaths per 1000 live births in rural areas. In urban areas, the rate is 41 per 1000 live births. The data is indicative of the rural-urban divide as far as health care is concerned. Urban children are more likely to receive all essential vaccinations (49 per cent) than rural children (33 per cent). Children in the Islands and Southern Regions are more likely to receive vaccinations (47 per cent and 46 per cent, respectively) than children in the Highlands Region (28 per cent). Finally, the DHS showed that vaccination coverage positively links to a mother's education and household wealth.

**In terms of education status by gender, DHS data shows that 23 percent of women and 13 percent of men aged 15-49 have no formal education.** The data also shows that "the percentage of women and men with no education generally increases by age group, suggesting improved educational access over time". According to the 2011 population census, literacy is "the ability to read and write in a language with understanding". The DHS data shows that 66.6 percent (or two thirds) of women and 80 percent of men aged 15-49 are literate. It also shows that urban areas have more education than rural areas; for example, only 6 per cent of women in rural areas have completed secondary level education or higher, compared to 19 per cent of women in urban areas. The figure for men is similar, with 26 per cent of men in urban areas completing secondary education or higher compared to only 10 per cent in rural areas.

Less than 1 per cent of women in the lowest quintile (less wealthy or much more impoverished) have completed secondary or higher-level education. On the other hand, 25 per cent of women in the highest quintile have completed secondary or higher education. The picture is the same for men. Tertiary admissions increased from 28,815 in 2011 to 36,160 in 2016, an increase of 24 per cent. The highest number of admissions for a particular area of study is business and management, which accounted for about 24 per cent of admissions, with the lowest being law with a share of 2 per cent. In terms of gender, on average, 65 per cent of admissions are male, and 35 per cent for females. Therefore, in the context of social exclusion, the proportion of women accessing tertiary education needs to increase.

**Further, there is a disparity in the literacy rate between men and women in PNG, indicating that some population groups have less access to education.** Reforms such as National Education Plan (1995-2004) and the 2012 Tuition Fee Free Policy were instituted to improve access, retention, and quality of education. As a result, primary school enrolment reached 92.7 per cent in 2017, and the expected years of schooling increased from 4.7 years in 1990 to 10.2 years in 2019. UNPNG's Annual Progress Report states that GoPNG declared early childhood development a key government priority. This declaration is at the back of establishing an Early Childhood Development Alliance led by the UN and collaborating with churches, CSOs, the private sector and development partners such as the Australian High Commission. Also, in 2019, the UN, supported by the Australian Government, established 230 inclusive early childhood development centres in close collaboration with churches and NGOs.

**The access rate for essential water services is higher in urban areas, at over 84 per cent.** In contrast, it is low in rural areas, with a 48.7 per cent access rate in 2016 being the highest for the years

under observation. However, the low access rate in rural areas (where about 85 per cent of the population reside) remains a concern because they are effectively excluded from using essential water services. In urban areas, the access rate for sanitation services is better, with a high of 53.6 per cent in 2010 and a low of 41.3 per cent in 2016. However, the problem is much worse in rural areas, where the highest access rate was only 11.75 in 2010.

In terms of the total population, the access rate to electricity ranged from a low of 19.5 per cent per annum in 2010 to a high of 55.4 per cent in 2018. For the rural population, the access rate ranged from 11.8 per cent in 2010 to 50.4 per cent in 2017. For the urban population, the access rate ranged from 71.2 per cent in 2010 to 80.8 per cent in 2017. GoPNG is being supported by the United States, Australia, Japan, and New Zealand to undertake projects that will ensure a 70 per cent access rate by 2030, an essential step in the right direction.

**The social development vulnerability of PNG results from geographical factors, infrastructure, violence, economic circumstances, access to employment opportunities, and the level and quality of the education and health system.** Service delivery is affected because connecting rural and urban areas across rugged terrain is challenging and complex. Most rural places have limited infrastructure. Many of the country's population living in rural and remote places are at a disadvantage: isolated from the rest of the country, they remain vulnerable to deprivation and inequality. Although most rural people are semi-subsistence farmers who produce their food and cash crops from their gardens, they are vulnerable to land shortages, land degradation, declining crop yields and food shortages. The scarcity of affordable housing, especially in Port Moresby and Lae, has led to sprawling squatter settlements home to the poor and unemployed and a diverse cross-section of PNG's society, with varying socioeconomic means.

**Crime and violence are prevalent across PNG, from violence in the household to violent conflict between clans and various forms of interpersonal violence.** Violence in schools between groups of students is also common in PNG. Inter-ethnic violence is present in urban areas, particularly in settlements. Some groups are more exposed to threats of violence than others; women are especially at risk of GBV. Violence in any form is a crucial driver increasing vulnerability to poverty and disparity in wealth in PNG society. The indirect effects of violence include dampening the investment atmosphere, impairing the ability of small businesses to operate, losses of wages and livelihoods, lowered productivity, and increased costs of medical treatment. Violence also creates a public health crisis and can drive mental health challenges. In addition, children deprived of adequate quality education on account of violence have more impoverished income and health outcomes throughout their lives.

### **3.8 Analysis of compliance with international human rights, norms and standards**

**PNG will undergo its third cycle of the Universal Periodic Review in November 2021.** GoPNG, with support from the UN, conducted nationwide consultations based on the 108 recommendations that were accepted in the second cycle review in 2016. These consultations were conducted by the State Report Group in National Capital District, Bougainville, Highlands Region, Momase, and New Guinea Island, with the State Report due for submission to the Human Rights Council on 9 October 2021. Also, the UN-supported civil society's active engagement in the Stakeholders report on Human Rights, that was submitted on 25 March 2021. The expected significant issues in all consultations are the need for the government to establish a National Human Rights Institution. Also, GoPNG has made significant progress towards its reporting on human rights conventions by establishing a government task force on Convention on the Rights of the Child (CRC) reporting, led by the Office for Child and Family Services

and was adopted by the National Executive Council. This commitment to CRC reporting, and the current drafting of a new report, is significant considering the last report was submitted 16 years ago. In addition, the National Executive Council approved the National Child Protection in Emergency Preparedness and Response Strategy, which strengthens the operational framework for protecting the lives and well-being of children during the COVID-19 pandemic and beyond. Similarly, with successful advocacy, the State Solicitor provided legal clearance to roll out the national child protection case management system, using Primero/CPIMS+.

**A 2018 report by the UN Special Rapporteur about Human Rights Defenders found that HRDs in PNG face human rights concerns such as arrest and detention and harassment, intimidation, threats, and violence.** The risk is most significant for HRDs who challenge vested political, social, and economic interests, including environmental HRDs and sexual orientation and gender identity rights defenders. HRDs who focus on environmental, Indigenous, and labour rights and hold businesses to account sometimes face reprisals and retribution from companies. Article 12 of the UN Declaration on Human Rights Defenders highlights the obligation of states to take the necessary measures to protect HRDs. The International Covenant on Civil and Political Rights further guarantees the freedoms of association, peaceful assembly, and expression. However, despite these protections, PNG has no domestic laws or policies to recognise and protect HRDs. HRDs and journalists continue to face harassment for undertaking their work. HRDs in PNG work on a range of issues that include land and environmental rights, anti-corruption, women's rights, sorcery, and witchcraft accusations and GBV. The lack of law in some regions has made it challenging for HRDs to undertake advocacy and speak up on abuses. National legislation stipulates that children as young as ten can be held criminally responsible, which falls short of international standards. The UN Committee on the Rights of the Child has recommended that countries increase this age as much as possible to ensure that children (all those under the age of 18) in conflict with the law are subject to a juvenile justice system rather than the adult penal system.

**Although the media enjoys a relatively benign legal environment (Sec 46 Constitution), it has faced challenges.** Various media violations characterised the last months of the government of Prime Minister Peter O'Neill in 2019, including intimidation, direct threats, censorship, prosecutions and attempts to bribe journalists. However, many viewed the subsequent leadership of Prime Minister James Marape as an encouraging development for the prospects of greater media independence.

**Although the number of children enrolled in elementary, primary, and secondary schools has increased, many issues persist.** About a quarter of children aged 6 to 18 are still out of school, with fewer girls attending. Furthermore, many of the enrolled students do not perform at their grade level. According to UNICEF, "Violence, including physical, sexual and emotional violence as well as neglect, is a daily reality for most children". In a report from 2019, Save the Children documented that around 2.8 million children (around 75 per cent of the child population) experience violent discipline at home. A survey conducted in two provinces states that 70 per cent of children aged 6 to 8 felt 'scared and in pain' in their community. Sexual violence is also exceptionally high. Studies and reports account that more than three-quarters of victims are female and under 18. PNG adopted the Lukautim Pikinini (Child Welfare) Act in 2015 to strengthen child protection. Under this new legislation, Child Protection Officers will be employed to prevent and respond to violence, abuse, neglect, exploitation, and discrimination against all children.

**The Environment Act 2000 mainly regulates the protection of natural resources. It gives effect to the fourth PNG National Goal, which states that "the natural resources and the environment of Papua New Guinea should be conserved and used for the collective benefit of the people: and should be replenished in the interest of future generations".** PNG is one of six countries included in the Coral Triangle marine area. Given the urgent need to protect marine and coastal life in

the region, the Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security was launched in 2009, creating specific plans to protect communities' marine habitats within that area. However, despite the existing legal framework to protect the environment and human rights, many violations in the coral triangle area are still being reported. Thus, the UN High Commissioner for Human Rights Zeid Ra'ad Al Hussein shared his concerns about the extractive industry after visiting PNG in February 2018. He noted that "The reported actions of some major corporations engaged in the extractive industries in Papua New Guinea are shameful," also citing the incidence of sexual violence with impunity in some cases. "States have a responsibility to prevent, investigate, punish and redress human rights abuses within their territory, including abuses committed by private corporations. And business enterprises should avoid infringing on the human rights of others and address adverse human rights impacts of their activities." Ensuring that the exploitation of natural resources will benefit the communities owning and connected to the resources is critical. The failure to do this has been seen as a conflict driver in PNG in the past. Moreover, the approach taken should ensure the minimisation of environmental, human rights, or other harm to communities, and a mechanism should be ensured for addressing any issues which occur.

**PNG has ratified the following human rights instruments:**

1. CERD - Convention of Elimination of Racial Discrimination (ratified 1982)
2. CEDAW- Convention on the Elimination of all Forms of Discrimination against Women (ratified 1995)
3. CRC - Convention on the Rights of a Child (ratified 2003)
4. ICCPR - International Covenant on Civil and Political Rights (ratified 2008)
5. ICESCR - International Covenant on Economic, Social and Cultural Rights (ratified 2008)
6. CRPD - Convention on the Rights of Persons with Disabilities (ratified 2013).

PNG has not ratified the Second Optional Protocol to the ICCPR relating to abolishing the death penalty and maintains this penalty in law. However, the country has never been executed since independence.

### **3.9 Development – humanitarian – peace linkage analysis**

**PNG requires humanitarian assistance for natural disasters, refugees, food security, and health issues.** The country is highly exposed to natural disasters, including the impact of climate change. People across the country are vulnerable to seasonal drought, flooding, and associated hazards such as landslides. In addition, most of the country's population are vulnerable to earthquakes, volcanic eruptions, and tsunamis. Likewise, biosecurity threats put the nation's food supply at risk. Since the 1960s, West Papuans have sought asylum in PNG, escaping the Indonesian military and government. In November 2019, at least 160 asylum seekers arrived; in August 2020, authorities relocated these asylum seekers to Iowara, Western province, a designated community for West Papuan refugees, who await processing. Recurrent food insecurity/lack of access to clean water results in malnutrition and an increased risk for diseases. It also exacerbates existing high rates of violence against women and girls, reducing their access to support.

**Since 2016 at the national government's request, the Disaster Management Team (DMT) has mobilised global resources for at least one disaster/crisis each year.** This development began with 2016's El Niño-related drought and food insecurity; Kadovar volcanic eruption displacement in 2017; Highland earthquake displacement, combined with polio outbreak in 2018; early action planning for El Niño-related drought, Ulawun volcanic eruption displacement and a small refugee influx in 2019; and finally, COVID-19 in 2020. In 2019 the DMT also monitored at least 12 other emergencies, including local flooding, cyclone-related food insecurity, landslides, earthquakes, minor volcanic

eruptions, and conflict-related displacement. Between 2020-present, it has monitored 21 other emergencies, including biosecurity threats (African Swine Fever and Fall Armyworm), local flooding, earthquakes, landslides, minor volcanic eruptions, and conflict-related displacement. Additionally, in the last quarter of 2020, the DMT monitored the potential impacts of La Niña, bringing higher-than-average rainfall and temperatures to most of the country.

**The development, human rights, and peace challenges in Hela and Southern Highlands provinces in the Highlands region are particularly concerning.** At the end of 2019, the estimated number of active community-level conflicts in the two provinces ranged from 54 to 85, placing substantial pressure on realising human rights, social/structural stability, and humanitarian development. These protracted conflicts in the Highlands have resulted in weakened social systems; reduced service delivery; eroded social structures/civic trust; hyper-polarised the political environment; damaged the legitimacy/confidence of governmental institutions; reinforced a culture of violence; disrupted social norms/social orders; threatened livelihoods, and displaced entire communities. Exacerbated by poor governance, these highly fragile conditions pose a multi-dimensional challenge to economic and humanitarian development within both provinces – mainly because they both have some of the lowest human development indicators in PNG.

**Conflicts between/within many tribes and groups in the Highlands occur frequently; they can be triggered for various reasons, leading to frequent outbreaks of inter-group violence, causing destruction, disruption, death, injuries, and grave human rights violations and abuses.** Traditionally low-level, low intensity, small-scale, and localised, tribal fighting has long been a part of life in Southern Highlands and Hela provinces, at once acting as a recognised means of prosecuting claims, seeking restitution, and enabling the foundations for peace. From the 1960s to 1980s, authorities viewed the landscape as a relatively peaceful period, owing to the Australian colonial government's overarching system. However, since the late 1980s, the situation in both provinces has deteriorated. Experts have attributed this decline to changing local-level social dynamics and intensified fighting levels, leading to a marked change in violent inter-group conflict's complexity, scale, and dynamics.

**Of varying scales, both Hela and the Southern Highlands and other provinces experience inter-group (intra-group) violence.** While similar causal factors (from demographic pressures to lack of economic opportunities, including lack of access to an effective formal justice system) underpin these conflicts, observed trends suggest these conflicts can manifest themselves differently in each province. For example, inter-group conflict in the Southern Highlands can be attributed to the competition: that is, the goal of political influence and provincial power. Yet in Hela Province, inter-group conflicts are often crudely characterised as “tribal” conflicts, linked to intensified resource competition over “land, women and pigs”. Situations of violence/fighting in the Highlands Region are triggered by incidences of GBV, land disputes, accidental injury/death, polygamy, sorcery accusations, perceived unfair redistribution of state/extractive wealth, stealing/theft, and natural hazards.

**Beyond traditional leaders, historical and recent experience has demonstrated that women and youth in communities can contribute as local agents of peace.** Also, the recognised role of women in engaging and educating community members is an essential asset in the peacebuilding process with community members. Though women are largely excluded from formal peace processes (having a limited role in formal decision-making), they have more conventionally played an active and essential enabling role in creating necessary conditions for peace/reconciliation via informal processes – particularly as connectors and messengers. Conversely, youth view themselves as constructive agents in efforts toward peacebuilding – especially in information dissemination, mass mobilisation, and mediation. However, communities need more support from male leaders and traditional community elders to recognise their potential to contribute and support their initiatives rather than fight. Drawing on the UN-World Bank Pathways for Peace framework, a series of pathways toward







peace are recommended. The pathways include the rule of law/human rights, government services, development planning, women and youth, leadership, skills training/livelihood opportunities, social cohesion, and disaster risk reduction.

**The situation in Bougainville has been incredibly dynamic.** In December 2019, the successful and peaceful completion of the referendum saw 97.7 per cent of voters opting for independence, with an 85 per cent voter turnout. In September 2020, the people of Bougainville elected a new President and Government. Bougainville is now entering the post-referendum process in an environment where complex challenges generally remain and may contribute to additional risks to sustaining peace. The post-referendum period will ultimately determine Bougainville's political future, which will require an aware and engaged population capable of making well-informed decisions and inclusive processes and, ideally, the groundwork laid for creating a culture of human rights.






### 3.10 Multidimensional SDG Risk Analysis











The significant risk factors for PNG identified through the CCA analysis are outlined in Table 9 below.

**Table 9: PNG SDG Risk Analysis**

SDGs	Risk Area	PNG Risk factors
 	Democratic space	<ul style="list-style-type: none"> <li>• Lack of gender diversity in Parliament since no women were elected</li> <li>• Political stability</li> <li>• Limited participation and representation for CSOs/ NGOs</li> </ul>
 	Displacement and migration	<ul style="list-style-type: none"> <li>• Settlers and landless people experience a lack of services and employment opportunities that contribute to the migration of people who live in rural areas. As a result, they become landless after living where they have settled for several years.</li> <li>• Displaced persons experience a lack of durable solutions and are marginalised/lack access to government and other services as a result or are in a situation of protracted displacement</li> <li>•</li> </ul>
 	Economic stability	<ul style="list-style-type: none"> <li>• Weak public finance management</li> <li>• Dependence on loans and international aid to finance revenue gaps</li> <li>• Foreign exchange shortages</li> <li>• Dependence on the extractive industries</li> <li>• Some state-owned enterprises require reform</li> <li>• Reduced fiscal space for social service expenditures</li> <li>• Mineral revenue management</li> <li>• Resource allocation to human development</li> <li>• COVID-19 contributed to shrinking fiscal space for development</li> <li>• Budget allocation alignment to SDGs/development policies</li> </ul>



	Environment and Climate	<ul style="list-style-type: none"> <li>• Since 2013 PNG has ranked 28 out of 190 countries in terms of natural hazards/exposure, vulnerability, and lack of coping capacity.</li> <li>• Physical exposure to an earthquake with the relative intensity of VIII</li> <li>• There are 94 active volcanoes in PNG, the most active in the South-West Pacific. Its most active include Manam, Karkar, Lamington, Langila, Ulawun, Rabaul, and Bagana volcanos. The total population living within 30km of a volcano is estimated at more than 1 million people, or 17 per cent.</li> <li>• Risks for biodiversity persist, as shown by the number of species currently threatened with extinction in PNG</li> <li>• Threat to both native species and industry from invasive environmental pests (plants, animals, fungi)</li> <li>• Risks for cultural heritage loss are high, given the close relationship between natural and cultural values</li> <li>• Risks for biodiversity are dire if the management of protected areas is not improved</li> </ul>
	Food security, agriculture, and land	<ul style="list-style-type: none"> <li>• PNG faces significant challenges in ending hunger, achieving food security, improving nutrition levels, and promoting sustainable agriculture.</li> <li>• Poverty</li> </ul>
	Internal security	<ul style="list-style-type: none"> <li>• Protracted conflicts in the Highlands have resulted in weakened social systems; reduced service delivery; eroded social structures/civic trust; hyper-polarised the political environment; damaged the legitimacy of/public confidence in governmental institutions, especially the rule of law institutions; reinforced a culture of violence; disrupted social norms/social orders; threatened livelihoods, and displaced entire communities.</li> </ul>
	Infrastructure and access to social services	<ul style="list-style-type: none"> <li>• Inequitable and inaccessible access based on urban/rural location, income/wealth, education attainment and sex or gender. Persons living in rural areas are more likely to have problems accessing health care than their urban counterparts. For example, 66.9 per cent of women in rural areas stated that getting money for treatment hinders access to health care compared to only 40 per cent in urban areas.</li> <li>• 23 percent of women and 13 percent of men aged 15-49 have no formal education.</li> <li>• In 2017, the access rate for essential water services was 86 per cent in urban areas and 35 per cent in rural areas</li> <li>• The access rate to electricity was 55.4 per cent in 2018 for the rural population. In 2017, the access rate to electricity for the rural population was 50.4 per cent, and 80.8 per cent for the urban population.</li> </ul>
	Justice and the rule of law	<ul style="list-style-type: none"> <li>• Gender inequality</li> <li>• In the absence of the rule of law in some parts of the country, it is difficult for HRDs to advocate, protest or speak publicly on such abuses, and some of them have been arrested and detained for speaking out.</li> </ul>

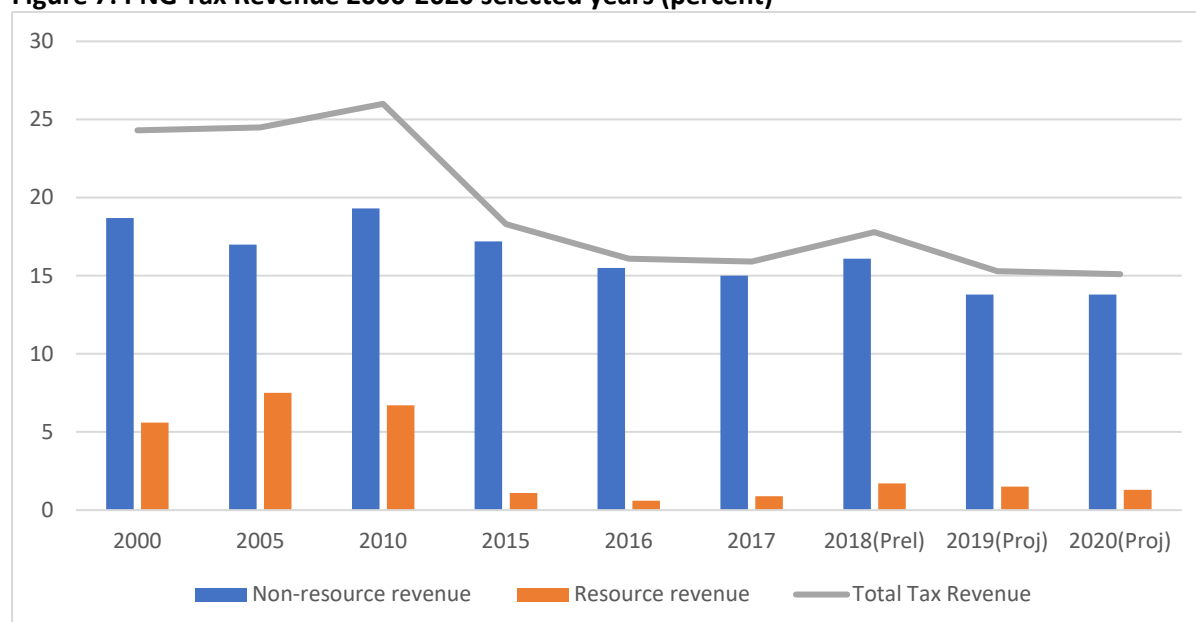
		<ul style="list-style-type: none"> <li>Resources and capacity of institutions remain weak/limited in many areas</li> <li>Impact of insufficient capacity or engagement in some areas has led to lack of public confidence in the rule of law institutions, further negatively impacting their effectiveness (and vice versa)</li> </ul>
 	Political stability	<ul style="list-style-type: none"> <li>PNG's poor formal governance scoreboard. PNG sits at 138 out of 180 on the Transparency International Corruption Index.</li> </ul>
 	Public health	<ul style="list-style-type: none"> <li>49.5 per cent of the total population of children under five suffered from stunting: that is, underweight children under 5 tuberculosis prevalence</li> <li>For epidemic risk, PNG ranks 31 of 190 countries, remaining first among countries in South-East Asia and Pacific regions</li> <li>The under-five mortality rate was 49 deaths per 1000 live births in rural areas in the five years preceding the 2018 DHS. In urban areas, the rate is 41 per 1000 live births.</li> <li>COVID-19 health risks</li> <li>Uneven access to health services based on gender and location and the multidimensional risks associated with vulnerabilities (disability, age, gender),</li> <li>Lack of adequate investment in health infrastructure</li> <li>Highest levels of HIV/Aids drug resistance and rising levels of STIs</li> <li>Harmful practises due to insufficient knowledge/access to services</li> </ul>
 	Regional and global influences	<ul style="list-style-type: none"> <li>The global economic slowdown as a result of COVID-19</li> </ul>
   	Social cohesion, equality and non-discrimination	<ul style="list-style-type: none"> <li>Gender inequality (ranked 3 of 190 countries globally)</li> <li>Gender-based discrimination against girls in which a male child is given preference to a female child when parents are deciding on who gets sent to school</li> <li>Domestic violence is rampant in both rural and urban areas of PNG, which is an emergency.</li> </ul>

## 3.11 Financial landscape analysis

**PNG's tax revenue as a per cent of GDP declined significantly between 2000-2020.** IMF data indicates that Total Tax revenue to GDP declined over the review period, from a high of 26 per cent of GDP in 2010 to a projected 15.1 per cent of GDP in 2020. The most significant declines were in resource revenues, which declined from a high of 7.5 per cent of GDP in 2005 to 0.9 per cent of GDP in 2017. Projections for 2020 put this indicator at 1.3 per cent of GDP, well below the levels achieved during 2000 to 2010. Non-resource revenue averages 16.2 per cent over the period 2000 to 2020. In the last five years, 2016 to 2020, non-resource revenue as a per cent of GDP was lower on average at 14.8 per cent of GDP than the previous years. The IMF attributed the tax revenue to the subdued economy in 2018 and lower commodity prices in recent years.

There is a high reliance on income taxes in PNG. In 2018, for example, 43.4 percent of total revenue came from income taxes. Economists also estimate that over 90 per cent of personal income tax was contributed by salary and wage taxes paid by just 400,000 people in the formal workforce — i.e. 4.8 per cent of the national population. Discretionary incentives have narrowed the tax base.

**Figure 7: PNG Tax Revenue 2000-2020 selected years (percent)**



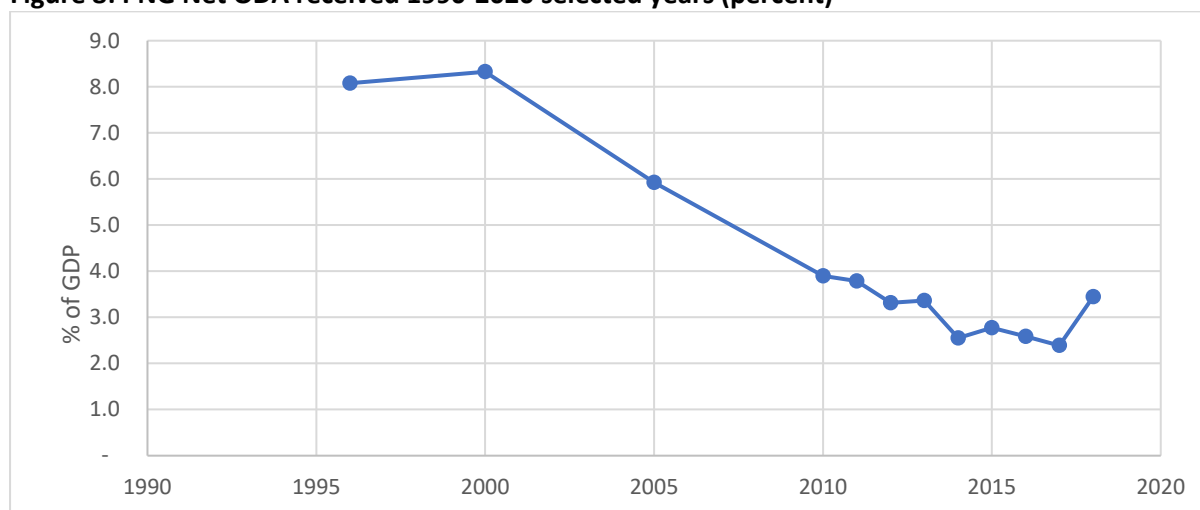
*Source: International Monetary Fund*

**The Medium-Term Debt Strategy 2018-22 is guided by the legal framework governing government borrowing, including the authority to borrow and issue new debt, invest, and undertake transactions on the government's behalf.** The overall objective of the Strategy is to “raise the required amount of budget financing and manage the debt portfolio to achieve prudent risk and cost minimisation objectives and develop and maintain an efficient market for government securities and diversification of funding sources.” The major strategies to support the debt management objective comprise of:

- maintaining debt at sustainable levels
- maintaining financial risk at prudent levels
- developing and efficiently managing the domestic debt market, which involves broadening and deepening the market in domestic securities and improving the market infrastructure
- developing and managing the offshore commercial market, including the inaugural sovereign bond issuance that will diversify funding sources.

**The government borrows in the domestic market through treasury bills and inscribed stock (i.e., bonds) denominated in Kina (local currency).** The IMF and World Bank data show that Zero-coupon T-bills are issued roughly weekly with tenors typically six and 12 months. Inscribed stock is currently being issued at fixed rates with maturities of two, 10, and 17 years. These instruments are issued on market terms; there is no captive placement with public or quasi-public investors. Hence, no instruments specifically suit retail investors, although retail investors may acquire T-bills and inscribed stock directly or through commercial banks under the Central Banking Act. As shown in Figure 8 (below), net ODA as a per cent of GNI has been declining over the past 20 years. After peaking at 8.3 per cent of GNI in 2000, ODA declined to reach a low of 2.4 per cent of GNI in 2017 and increased to 3.4 per cent of GNI in 2018.

**Figure 8: PNG Net ODA received 1990-2020 selected years (percent)**



*Source: World Bank World Development Indicators*

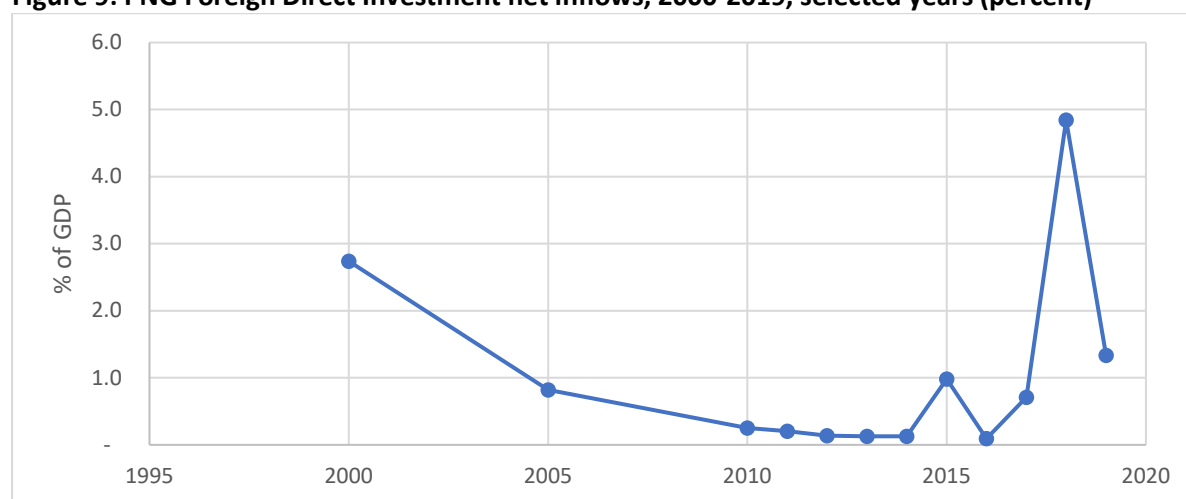
**The authority to issue guarantees on behalf of the state is set out in the Public Finances (Management) Act which also requires the Minister to table the documents associated with the guarantee at the next sitting of Parliament.** Ministerial approval also guarantees medium- or long-term loans (i.e., longer than six months of maturity) contracted by provincial or local-level governments. While the Act gives the minister the authority to charge a fee for a guarantee, no such fee is required, nor is it linked to the level of risk associated with the guarantee. The authority to extend loans to public bodies on behalf of the State is set out in the Public Finances (Management) Act.

**Founded in 1999, the PNG Stock Exchange has only 13 listed companies, with limited options for investors resulting in a low market capitalisation of K94.7 billion.** Its rules come under license from the Australian Stock Exchange, on which some of the PNG Stock Exchange-listed companies are also present. The companies listed include aviation, banking, finance, manufacturing, mining, oil, and gas. Portfolio investments are unregulated and limited to the availability of stocks. Credit is allocated on market terms, and foreign investors can get credit on the local market, provided that foreign investors have a good credit history. However, credit instruments limit to leasing and bank finance.

**CSOs and Churches are crucial to PNGs' development operating schools, hospitals, and various community services. Also, traditional social structures such as the 'wantok system' provide support for families:** churches and traditional social structures influence CSOs in PNG. Clans, the earliest form of civil society in PNG, organise village life around a hierarchy and a set of rules. The clans are egalitarian, with no chief or single leader who can speak for all. Leadership and power come under those who can obtain and share the wealth. The Associations Incorporation Act 1966 is the principal legislation applying to CSOs in PNG. Under this act, a CSO can become an incorporated association if it fulfils specific criteria, such as promoting an objective that is "useful to the community" and being non-profit. The Registrar of Companies, under the Investment Promotion Authority, is responsible for registering incorporated associations. The government and the Christian churches in 2010 both signed the Partnership Policy Framework for Service Delivery. The Consultative Implementation and Monitoring Council is an independent body that brings together government, civil society, and the private sector. The Community Justice Liaison Unit, National Council of Women (along with the provincial councils of women), National Advisory Council on Disability, National Youth Commission, and the provincial AIDS councils are government entities coordinating engagement with civil society.

**GoPNG fosters an enabling environment for businesses to grow and attract foreign direct investment. Foreign direct investments (FDI) in mining and the petroleum/gas sector amounted to \$40.0 million in 2016.** FDI stock reached \$4.2 billion in 2016. The mining, oil, and gas sectors attract most of the FDIs. PNG does not have any specific policy or law that promotes discrimination against foreign investors. However, the Foreign Investment Regulatory Authority Bill 2018 prompted severe business concerns that disadvantaged foreign investments. In response to these concerns, the government suspended the bill for further review and broader consultation. An act of parliament established the Investment Promotion Authority in 1992 to promote and facilitate investment in PNG to regulate the business. GoPNG screens FDI. When reviewing an FDI proposal, the Investment Promotion Authority may consider several factors, including the potential for the positive development of human and natural resources and the investor's record in PNG and elsewhere. There is no specific investment level. As shown in Figure 9 (below), net inflows of FDI were 1.3 per cent of GDP in 2019, compared with 4.8 per cent of GDP in 2018 and 2.7 per cent of GDP in 2000.

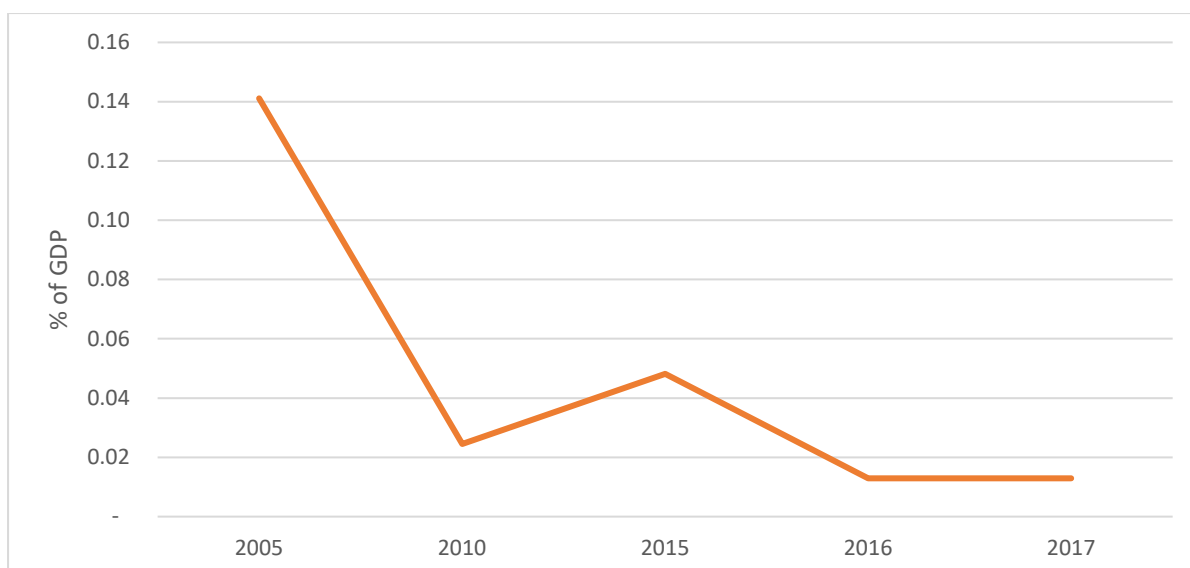
**Figure 9: PNG Foreign Direct Investment net inflows, 2000-2019, selected years (percent)**



*Source: World Bank World Development Indicators*

**Personal remittance outflows from PNG was \$92 million for 2018, a decline of 66 per cent from the previous year amount of \$268 million and the lowest outflow in 14 years.** Remittance inflows into PNG amounted to \$3 million in 2019, \$1 million less than in 2018. Except for 2011 to 2014, remittance inflows to PNG have been less than \$10 million per year. Bilateral remittance estimates show that for 2018 the leading countries for sending remittances to and receiving remittances from PNG were Australia, China, India, Indonesia, Japan, New Zealand, Philippines, Solomon Islands, South Korea, Sri Lanka, United Kingdom, and the United States. As shown in Figure 10, the inflows of migrant remittances have been declining since 2005. Remittance inflows amounted to \$7 million in 2005 (0.14 per cent of GDP), compared with \$2 million in 2020 (0.01 per cent of GDP).

**Figure 10: PNG Migrant remittance inflows, 2005-2020, selected years (percent)**



Source: World Bank World Development Indicators

## 4. Conclusions

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### 4.1 The key accelerators, entry points, challenges, and opportunities to advance the country's 2030 Agenda/SDGs

PNG's national priorities, namely, to become a Smart, Wise, Fair, Healthy and Happy Society by 2050, to secure a future that is inclusive, sustainable, and economically robust, and to realise the SDGs, remain achievable despite the considerable effort that needs to be made across all government levels.

**To advance the SDGs on environmental indicators, PNG should seek to implement good environmental governance.** Good environmental governance includes stronger environmental regulation of the industry and enforcement of conditions; wise allocation of land and water; capacity building; compensation, incentives, and innovation for conservation; responsive and thoughtful actions; partnerships, awareness, and cooperation. Good environmental governance actions include finalising and implementing the National Biodiversity Strategy and Action Plan and improving governance of the forestry industry. Stronger environmental regulation of industry includes requiring the mineral and gas industry to reduce or offset greenhouse gas emissions.

**Acceleration of economic SDGs and improvement of the financial landscape can be achieved through improving tax laws to adequately cover all economic activity in the country and improving tax administration to make it easier for individuals and businesses to pay their taxes.** The government can also diversify the economy to increase its tax revenue and current account surplus and increase employment opportunities. State-owned enterprise issues can be addressed through sound financial management, public-private partnerships, management contracts, and the sale of loss-making enterprises. In addition, policies that enhance the performance of agriculture, fishing, extractives, MSMEs, and the financial sectors are required to increase these sectors' contribution to the economy.



**Vulnerable groups and people living in rural areas are most likely to experience social exclusion in PNG.** The social exclusion includes lack of adequate health care, low educational achievement, lack of access to WaSH services and electricity. Also, crime and violence are prevalent and infrastructure limited. Women (a vulnerable group) in rural areas (an under-served location) are more likely to have lower healthcare access. The highest adult mortality rates are in rural areas. Vaccination rates for children are lower in rural areas than the urban areas. Reforms such as the National Education Plan and the 2012 Fee Free Policy resulted in improved access, retention, and quality of education. Overall literacy rates and the persons enrolled in universities have improved. The urban areas have more educated persons than rural areas, but men have higher literacy rates than women. Access to WaSH and electricity is better in the urban areas compared with the rural areas. However, access remains below 100 per cent in the country.

**The data of Transparency Index and the World Bank Governance Indicators show the need for improved governance performance in PNG.** Most PNG Governance Indicators show sub-zero values, and the country has a transparency score of 27 out of 100. However, improvements have already been made through PNG reporting on the Extractive Industries Transparency Initiative and establishing the Independent Commission Against Corruption.

**PNG experiences several natural and human-caused disasters that require humanitarian assistance.** The country's population are vulnerable to earthquakes, volcanic eruptions, and tsunamis. Likewise, biosecurity threats put the nation's food supply at risk. Also, West Papuans have sought asylum in PNG since the 1960s. However, no Humanitarian Needs Overview or a Humanitarian Response Plan are being prepared for PNG. The Disaster Management Team is instrumental in mobilising global resources to address disasters and crises in PNG.

**Community-level conflicts and violence are prevalent in several PNG communities, but there have been several progressive steps to achieve peace.** The situation in Bougainville has been dynamic following the successful December 2019 referendum. At the end of 2019, the estimated number of active community-level conflicts in the two provinces ranged from 54 to 85, placing substantial pressure on realising human rights, social/structural stability, and humanitarian development. Beyond traditional leaders, historical and recent experience has demonstrated that women and youth in communities can contribute as local agents of peace. The pathways towards peace include the rule of law/human rights, government services, development planning, women and youth, leadership, skills training/livelihood opportunities, social cohesion, and disaster risk reduction.

## **4.2 The groups of persons left the furthest behind**

While policies, legislation, and initiatives exist to ensure no one is left behind, many groups in PNG remain vulnerable for varied and complex reasons. Those that are particularly vulnerable include PWDs; people living with HIV/AIDS and TB; internal migrant settlers; youths who are either unemployed and/or haven't had access to education for an extended period; women and girls through systemic gender inequality and GBV and restrictive attitudes towards access to information and services about sexual and reproductive health; the LBGT+ community; sex workers; older adults; and children either within or outside of a family support network. More and urgent work needs to be done to protect these groups now and into the future.

## 5. List of CCA resources



This summary report drew on the individual analysis conducted as part of the CCA process. Each analysis contains detailed references to source documents as well as a list of persons consulted during preparation. The list of analysis are as follows:

- Environment and climate change analysis
- Humanitarian-development-peace analysis
- Governance and institutional analysis
- Economic transformation analysis
- Social exclusion analysis
- Financial landscape analysis.

## 6. List of Stakeholders consulted



1. Asian Development Bank
2. Australian government
3. Care International
4. Caritas
5. CDI Foundation
6. Centre for Environmental Law and Community Rights (CELCOR)
7. Child Fund
8. Christensen Fund Melanesian Program
9. Climate Change Development Authority
10. Commonwealth Scientific and Industrial Research Organisation (CSIRO)
11. Community Rights and Advocacy Forum
12. Conservation and Environment Protection Authority (CEPA)
13. Department of Agriculture and Livestock
14. Department of Community Development and Religion
15. Department of Education
16. Department of Foreign Affairs and Trade
17. Department of Health
18. Department of Implementation and Rural Development
19. Department of Justice and Attorney General
20. Department of Lands and Physical Planning
21. Department of National Planning and Monitoring
22. Department of Provincial Affairs and Local Level Government
23. Department of Treasury
24. Digicel Foundation
25. Eco custodians
26. Equal Playing Field
27. European Union Commission
28. FHI 360
29. International Committee of Red Cross
30. International Labour Organisation
31. International Union for Conservation of Nature (IUCN) Oceania
32. James Cook University (JCU)
33. Japan International Cooperation Agency
34. Kokoda Track Foundation
35. Leitana Nehen Women's Development Agency

36. Meri Toksave
37. Museum, Hawaii
38. National Capital District Commission
39. National Quarantine Inspection Authority
40. National Statistical Office
41. National Youth Development Authority
42. New Zealand Agency for International Development
43. Oil Search Foundation
44. PIKU Biodiversity network
45. PNG Forest Authority
46. PNG National Disaster Centre
47. PNG Stock Exchange
48. Principal lawyer, CELCOR
49. Reef and Rainforest Research Centre
50. Royal Melbourne Institute of Technology (RMIT)
51. Save the Children Fund
52. Secretariat of the Pacific Regional Environment Programme
53. The Nature Conservancy
54. The Voice Inc
55. United States Agency for International Development (USAID)
56. University of New South Wales/ Australian Centre for International Agricultural Research (UNSW/ACIAR)
57. WaterAid Global
58. Wildlife Conservation Society (WCS) PNG
59. World Bank
60. World Vision
61. Worldwide Fund for Nature (WWF)
62. Young Women's Christian Association