

Poverty & Equity Brief

East Asia & Pacific

Papua New Guinea

April 2020

In the past 10 years, PNG has conducted only one Household Income and Expenditure Survey (HIES) in 2009-2010, with the previous one being in 1996. Using the World Bank's definitions for data deprivation, PNG is currently classified as moderately deprived, but will likely fall into extreme data deprivation as the next HIES is planned for 2021.

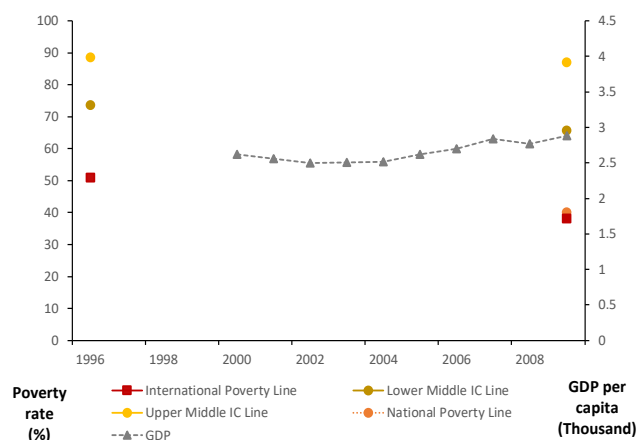
Using the national measure (see "Poverty Data and Methodology" section below for details), 39.9 percent of the population lived below the basic needs poverty line. Using the international poverty line of \$1.90 (2011 PPP USD per person per day), the poverty rate was estimated at 38.0 percent. Applying the international poverty line to urban and rural areas, the poverty rate is 40 percent for rural populations and 27 percent for urban populations. This is noteworthy as 87 percent of the population lives in rural areas. The incidence of poverty is also very high (65.6 percent) measured against the Lower Middle Income Class Poverty Line of \$3.20 and is high in the context of the East Asia Pacific region. With the coronavirus pandemic slowing global growth and impacting commodity prices, there are anticipated to be negative spillovers for Papua New Guinea, which may increase poverty.

According to the multi-dimensional poverty measure, 85.7 percent of the population is living in poverty. This is due to the high rate of monetary poverty, low educational achievement and most of the population (82.1 percent) having no access to electricity. Inequality, as measured by the Gini index, was estimated at 41.9.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	2.8	39.9	2009
International Poverty Line 3.8 in Papua New Guinea kina (2009) or US\$1.90 (2011 PPP) per day per capita	2.7	38.0	2009
Lower Middle Income Class Poverty Line 6.4 in Papua New Guinea kina (2009) or US\$3.20 (2011 PPP) per day per capita	4.7	65.6	2009
Upper Middle Income Class Poverty Line 11 in Papua New Guinea kina (2009) or US\$5.50 (2011 PPP) per day per capita	6.2	86.9	2009
Multidimensional Poverty Measure		85.7	2009
SHARED PROSPERITY			
Annualized Income or Consumption Growth per capita of the bottom 40 percent		N/A	N/A
INEQUALITY			
Gini Index		41.9	2009
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		N/A	N/A
GROWTH			
Annualized GDP per capita growth		2.74	2004-2009
Annualized Income or Consumption Growth per capita from Household Survey		N/A	N/A
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		N/A	N/A

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2020, and Global Monitoring Database for the rest.

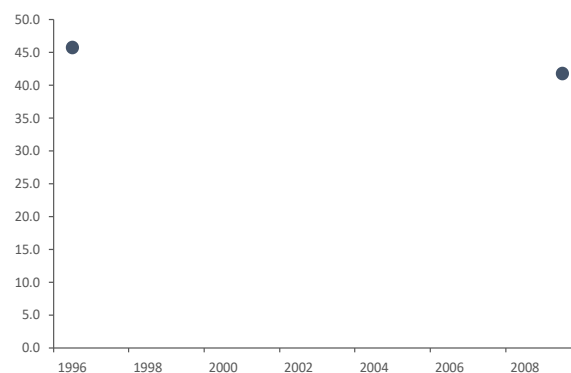
POVERTY HEADCOUNT RATE, 1996-2009



Source: World Bank using HIES/EAPPOV/GMD

INEQUALITY TRENDS, 1996-2009

Gini Index



Source: World Bank using HIES/EAPPOV/GMD

KEY INDICATORS

Distribution among groups: 2009	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	2009
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	73	27	29	71	Monetary poverty (Consumption)	
Rural population	60	40	42	58	Daily consumption less than US\$1.90 per person	38.0
Males	62	38	40	60	Education	
Females	62	38	40	60	At least one school-aged child is not enrolled in school	9.0
0 to 14 years old	57	43	45	55	No adult has completed primary education	19.6
15 to 64 years old	66	34	36	64	Access to basic infrastructure	
65 and older	55	45	47	53	No access to limited-standard drinking water	N/A
Without education (16+)	44	56	56	44	No access to limited-standard sanitation	N/A
Primary education (16+)	67	33	35	65	No access to electricity	82.1
Secondary education (16+)	74	26	28	72		
Tertiary/post-secondary education (16+)	87	N/A*	13	87		

Source: World Bank using HIES/EAPPOV/GMD

Source: World Bank using HIES/EAPPOV/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND METHODOLOGY

The national poverty statistics of Papua New Guinea for 2009 used a "cost of basic needs" approach to establish a welfare benchmark for the poverty line. A Food Poverty Line (FPL) estimated the required expenditure to achieve 2200 calories of consumption per adult-equivalent (with children aged 0-6 counting as half of an adult). Separate FPLs were estimated for each of six sub-regions: National Capital District, the South Coast, the Highlands, Urban Momase, Rural Momase, and the New Guinea Islands. The Non-Food Poverty Line (NFPL) was estimated by scaling the FPL using the non-food consumption shares of households living exactly at the FPL. Methodological changes between the 2009-2010 HIES and the previous HIES in 1996 mean that the resulting estimates are not comparable. For example, while the 2009-2010 HIES used a 2-week diary to record consumption, the 1996 HIES used a recall method.

To facilitate meaningful comparisons across countries, the World Bank publishes estimates using three different poverty lines (2011 PPP): the International Poverty Line (US\$1.90), the \$3.20 line and the \$5.50 line. In PNG, the consumption aggregates were deflated using the six regional poverty lines to account for spatial differences in the cost of living.

HARMONIZATION

The numbers presented in this brief are based on the EAPPOV database. EAPPOV is a database of socio-economic statistics constructed using microdata from household surveys in the East Asia and the Pacific (EAP) region and is managed by the East Asia & Pacific Team for Statistical Development (EAPSTD). As of January 2019, the collection includes 19 countries and 93 surveys. Harmonized surveys in the EAPPOV database are compiled into 4 modules following Global Monitoring Database (GMD) Harmonization guidelines. A subset of the harmonized variables form the basis of the GMD collection, including the welfare aggregate which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.