

Poverty & Equity Brief

East Asia & Pacific

Papua New Guinea

October 2021

Papua New Guinea (PNG) has not conducted a Household Income and Expenditure Survey (HIES) over the past ten years, with the last one being completed in 2009-10. Using the World Bank's definitions for data deprivation, PNG is currently classified as extremely data deprived, with uncertainty as to when another HIES will take place.

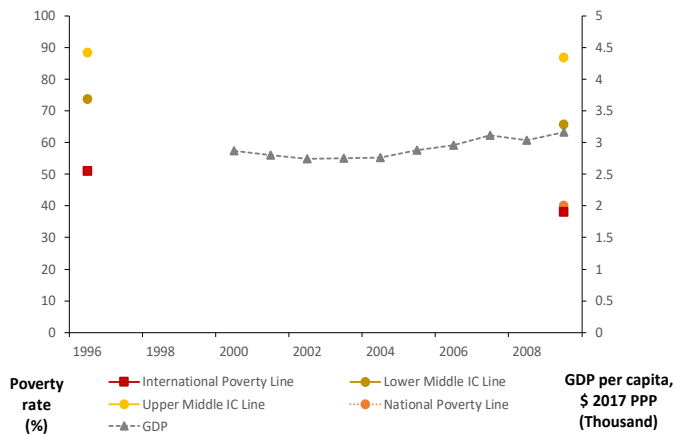
Using the national measure (see "Poverty Data and Methodology" section below for details), 39.9 percent of the population lived below the basic needs poverty line. Using the international poverty line of \$1.90 (2011 PPP USD per person per day), the poverty rate was estimated at 38.0 percent. Applying the international poverty line to rural areas, the poverty rate is 40 percent, higher than for urban areas where it is 27 percent. 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. According to the multi-dimensional poverty measure, 74.2 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. The Gini index, which measures inequality, was estimated to be 41.9.

There has been a substantial impact of COVID-19 on livelihoods, according to three rounds of a World Bank mobile phone survey conducted in June 2020, December 2020, and May 2021. More than one-quarter of those working in January 2020 were estimated to have stopped working by December 2020. The largest employment losses were in the agricultural sector, where most of the poor work. Despite some recovery in the second half of 2020, there remained a 28 percent loss in total employment between January and December 2020. Preliminary analysis from the May 2021 survey shows that employment did not change significantly since the beginning of 2021. While most households in the May 2021 survey reported no change in income since January 2021, more than a quarter reported that their income had either reduced or stopped entirely. Overall, the survey results suggest an increase in poverty from pre-crisis levels.

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		74.2	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

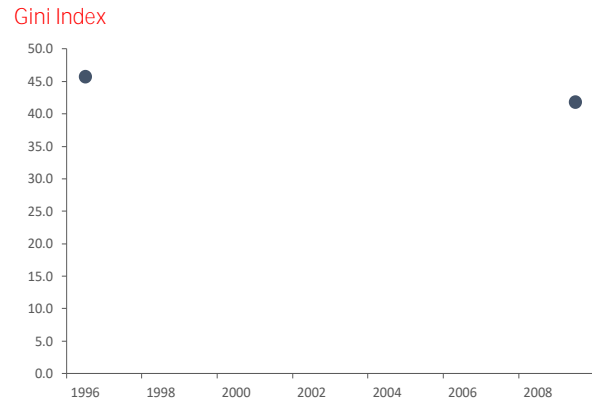
Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of September 2021, and Global Monitoring Database for the rest.

POVERTY HEADCOUNT RATE, 1996-2009



Source: World Bank using HIES/EAPPOV/GMD

INEQUALITY TRENDS, 1996-2009



Source: World Bank using HIES/EAPPOV/GMD

KEY INDICATORS

Distribution among groups: 2009	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures: 2009 (% of population)
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	73	27	29	71	Monetary poverty (Consumption) Daily consumption less than US\$1.90 per person 38.0
Rural population	60	40	42	58	
Males	62	38	40	60	Education At least one school-aged child is not enrolled in school 9.0 No adult has completed primary education 22.2
Females	62	38	40	60	
0 to 14 years old	57	43	45	55	Access to basic infrastructure No access to limited-standard drinking water 69.2 No access to limited-standard sanitation 79.8 No access to electricity 82.6
15 to 64 years old	66	34	36	64	
65 and older	55	45	47	53	
Without education (16+)	44	56	56	44	
Primary education (16+)	64	36	38	62	
Secondary education (16+)	74	26	28	72	
Tertiary/post-secondary education (16+)	79	21	22	78	

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 (EAPTS). As of January 2021, the collection includes 20 countries and 106 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.