

Poverty & Equity Brief

East Asia & Pacific

Papua New Guinea

April 2023

There are no recent and reliable national estimates of poverty for Papua New Guinea (PNG). All proceeding poverty estimates in this brief are historical (referring to 2009-10) and may not reflect the current state of poverty in PNG, as the last Household Income and Expenditure Survey (HIES) was 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.

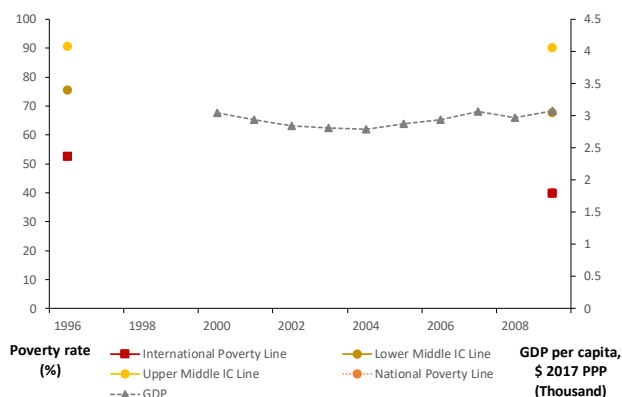
Using the national measure (see "Poverty Data and Methodology" section below for details), 39.9 percent of the population lived below the basic needs poverty line. Using the international poverty line of \$2.15 (2017 PPP USD per person per day), the poverty rate was estimated at 39.7 percent. The incidence of poverty is also very high (67.7 percent) measured against the Lower Middle Income Class Poverty Line of \$3.65 (2017 PPP USD per person per day) and is high in the context of the East Asia Pacific region. According to the multi-dimensional poverty measure, 74.7 percent of the population was living in poverty. This is due to the high rate of monetary poverty, low educational achievement and most of the population (82.6 percent) having had no access to electricity. The Gini index, which measures inequality, was estimated to be 41.9 percent.

There has been a substantial impact of the COVID-19 pandemic on livelihoods, according to five rounds of a World Bank mobile phone survey conducted from June 2020 to June 2022. 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. Analysis from the June 2022 survey shows that employment improved significantly in agriculture from June 2021 to June 2022. However, less than five percent of households reported growth in household incomes and to make ends meet, most households had to use coping strategies such as spending from savings or receiving financial support from friends and family. Given higher inflation in 2022, the real incomes of poor and near-poor households are likely to have fallen further.

| POVERTY | Number of Poor (million) | Rate (%) | Period |
|--|--------------------------|----------|-----------|
| National Poverty Line | 2.8 | 39.9 | 2009 |
| International Poverty Line 4 in Papua New Guinea kina (2009) or US\$2.15 (2017 PPP) per day per capita | 2.9 | 39.7 | 2009 |
| Lower Middle Income Class Poverty Line 6.7 in Papua New Guinea kina (2009) or US\$3.65 (2017 PPP) per day per capita | 5.0 | 67.7 | 2009 |
| Upper Middle Income Class Poverty Line 12.6 in Papua New Guinea kina (2009) or US\$6.85 (2017 PPP) per day per capita | 6.6 | 90.2 | 2009 |
| Multidimensional Poverty Measure | | 74.7 | 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 | | 1.94 | 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, PIP as of April 2023, and Global Monitoring Database for the rest.

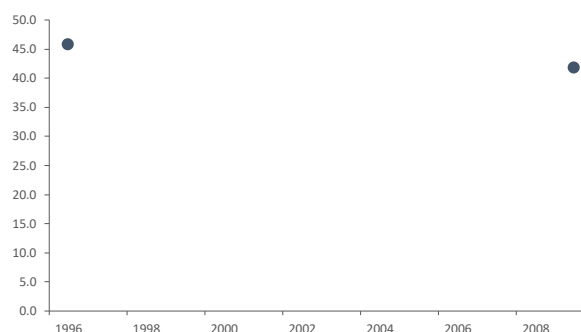
POVERTY HEADCOUNT RATE, 1996-2009



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: 2009 (% of population) | |
|---|-------------------------------|------|--------------------|--------|--|------|
| | Non-Poor | Poor | Bottom 40 | Top 60 | | |
| Urban population | 71 | 29 | 29 | 71 | Monetary poverty (Consumption) | |
| Rural population | 59 | 41 | 42 | 58 | Daily consumption less than US\$2.15 per person | 39.7 |
| Males | 60 | 40 | 40 | 60 | Education | |
| Females | 60 | 40 | 40 | 60 | At least one school-aged child is not enrolled in school | 9.0 |
| 0 to 14 years old | 55 | 45 | 45 | 55 | No adult has completed primary education | 22.2 |
| 15 to 64 years old | 65 | 35 | 36 | 64 | Access to basic infrastructure | |
| 65 and older | 54 | 46 | 47 | 53 | No access to limited-standard drinking water | 69.2 |
| Without education (16+) | 44 | 56 | 56 | 44 | No access to limited-standard sanitation | 79.8 |
| Primary education (16+) | 63 | 37 | 38 | 62 | No access to electricity | 82.6 |
| Secondary education (16+) | 73 | 27 | 28 | 72 | | |
| Tertiary/post-secondary education (16+) | 78 | 22 | 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. The consumption aggregates were deflated using the six regional poverty lines to account for spatial differences in the cost of living. 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.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

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 2023, the collection includes 21 countries and 122 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.