



# **Planning/CIMC – Mamose Regional Forum**

## **How has Papua New Guinea been Performing?**

*Paul Barker, Executive Director, Institute of National Affairs*



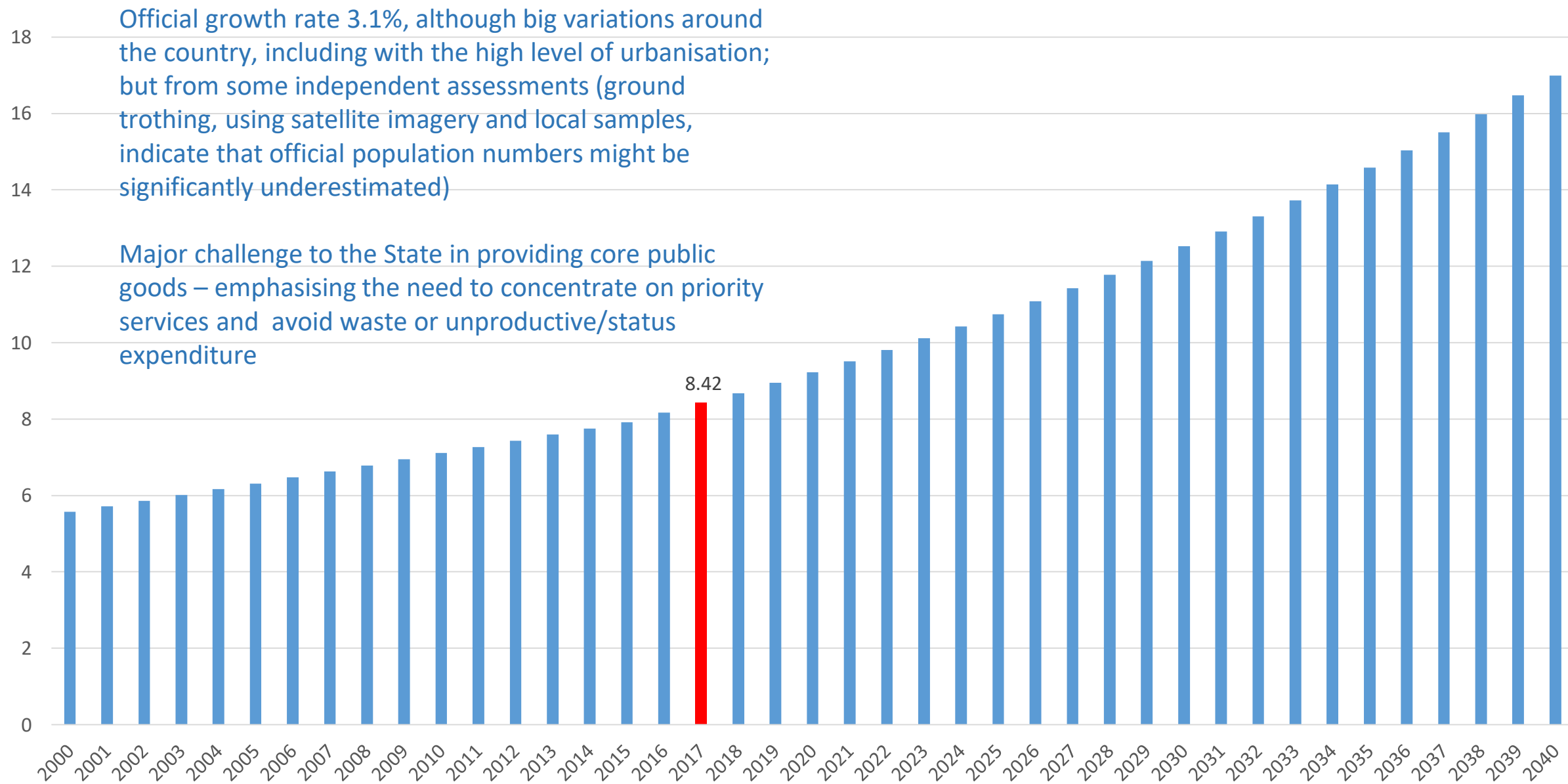
- Why are we here? The days of government thinking they know best are over; now the need to consult to make the content more relevant and accurate, but also to ensure engagement and a sense of ownership (by civil society and the private sector), and therefore also enable the public to oversee performance
- Plans are only as good as the content ..models of development (stages of growth etc)
- Data: PNG severe weaknesses of data and need for reliable information, at national through to local level: otherwise 'garbage in, garbage out' and the plans will certainly be of little value
- Who are plans for? To enable government to provide a meaningful contribution to development; its role is to provide an enabling environment...for the wider community to achieve its potential.
  - The social contract: duties of the State: ensuring law and order and protection from outside threat  
providing (other) key public goods and services: essential infrastructure, education and health services, regulatory environment (including for the private sector, competition, environment, labour and safety etc)
  - The private sector, whether large corporations through to individual farmers, drives investment and most economic activity, making their own decisions on what provides an adequate return on their investment of time, effort, money etc (within the natural, international/market and community – ie regulatory determined – conditions prevailing)
- Object of Development: Performance measures: - measures of economic performance: GDP growth, GDP per capita, GNI/GNI per capita, plus measures, incorporating cost of externalities, depletion of assets (natural resources etc) – measures of distortion/income disparity; but the purpose of economic activity, as measured in Human Development Indices, including prevalent poverty levels; other measures: e.g World Happiness Index (some overlap, but not the same as economic index results)
- PNG paradox: resource rich, strong economic growth (in many years), but poor HDI performance

Land area	461,937 km²
Marine jurisdiction	3.1 million km²
Population	8.251 million (est)
Population growth rate	3.1% (2015)
Human Development Index	0.516 (2015), ranked 154 out of 188 countries
GDP	US\$ 21.2 billion (2015)
GDP growth rate	2.5% (2017)
GDP per capita	<span>ibid</span> US\$ 2,745 (2015)
Structure of economy (top 5)	Extractive industry: 24%; Agriculture, Forestry and Fishing: 18%; Retail trade: 10%; Construction: 8%; Administrative and Support services: 7% (2016)
Composition of exports (top 5)	LNG: 33%; Gold: 27%; Agricultural, marine and other non-mineral: 12%; Oil/petroleum: 8%; Nickel/copper/cobalt: 8% (2016)
Poverty (Basic Needs Poverty)	39.9% (2009)
Employment	61.6% (2009)
Infant Mortality Rate	58/1,000 (2009)
Maternal Mortality Rate	733/100,000 (2009)
HIV/AIDS Prevalence Rate	0.8% (2015)
Gender Inequality Index	0.595 (2015), ranked 143 out of 157 countries
Women in Parliament	0 (2017, decreased from 3 in 2012 elections)
Primary enrolment rate	50.9% (net 2009)
Secondary enrolment rate	28.1% (net 2009)
Access to potable water	25.8% (2009)



# Papua New Guinea's population 2000-2040

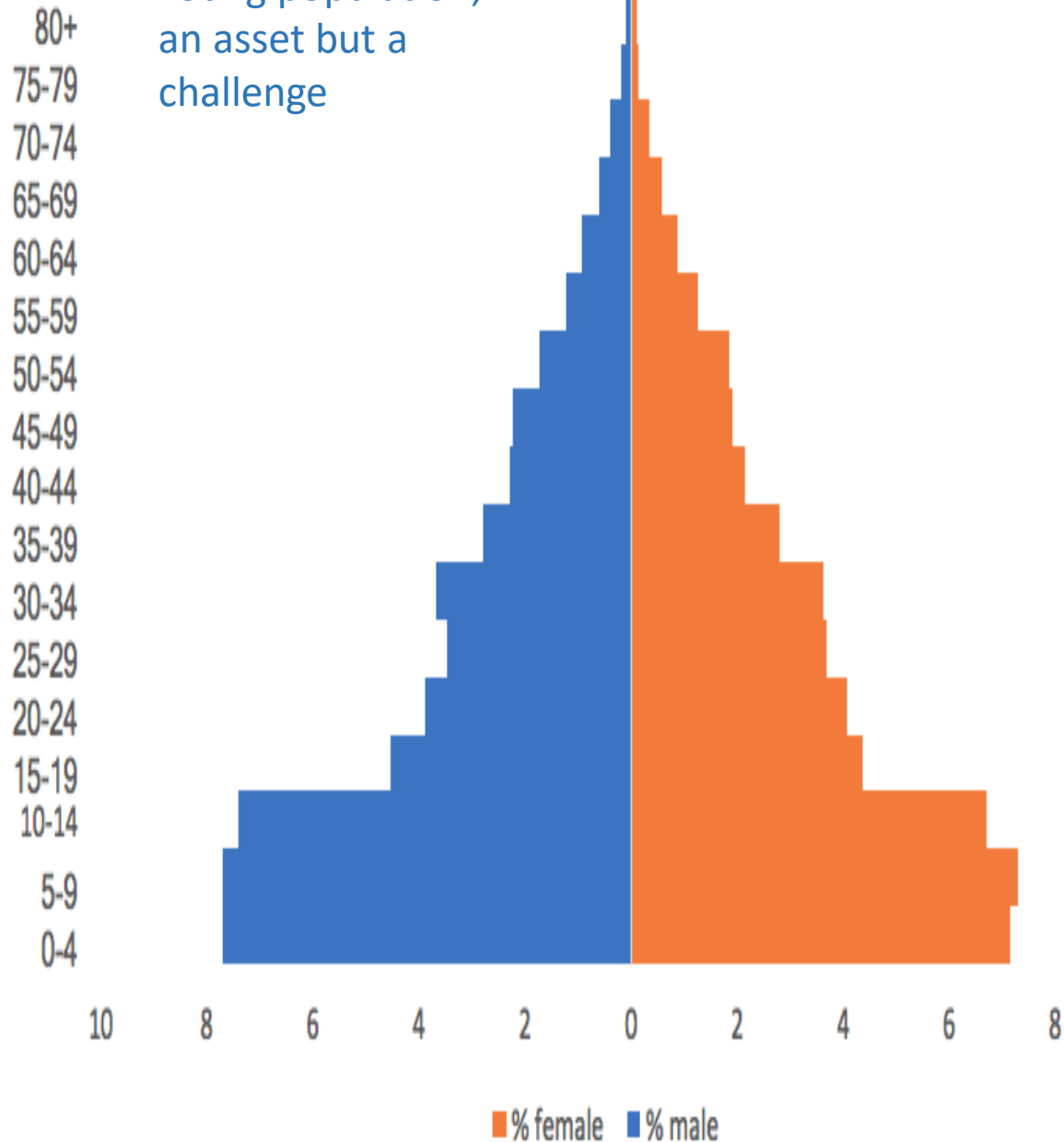
Million



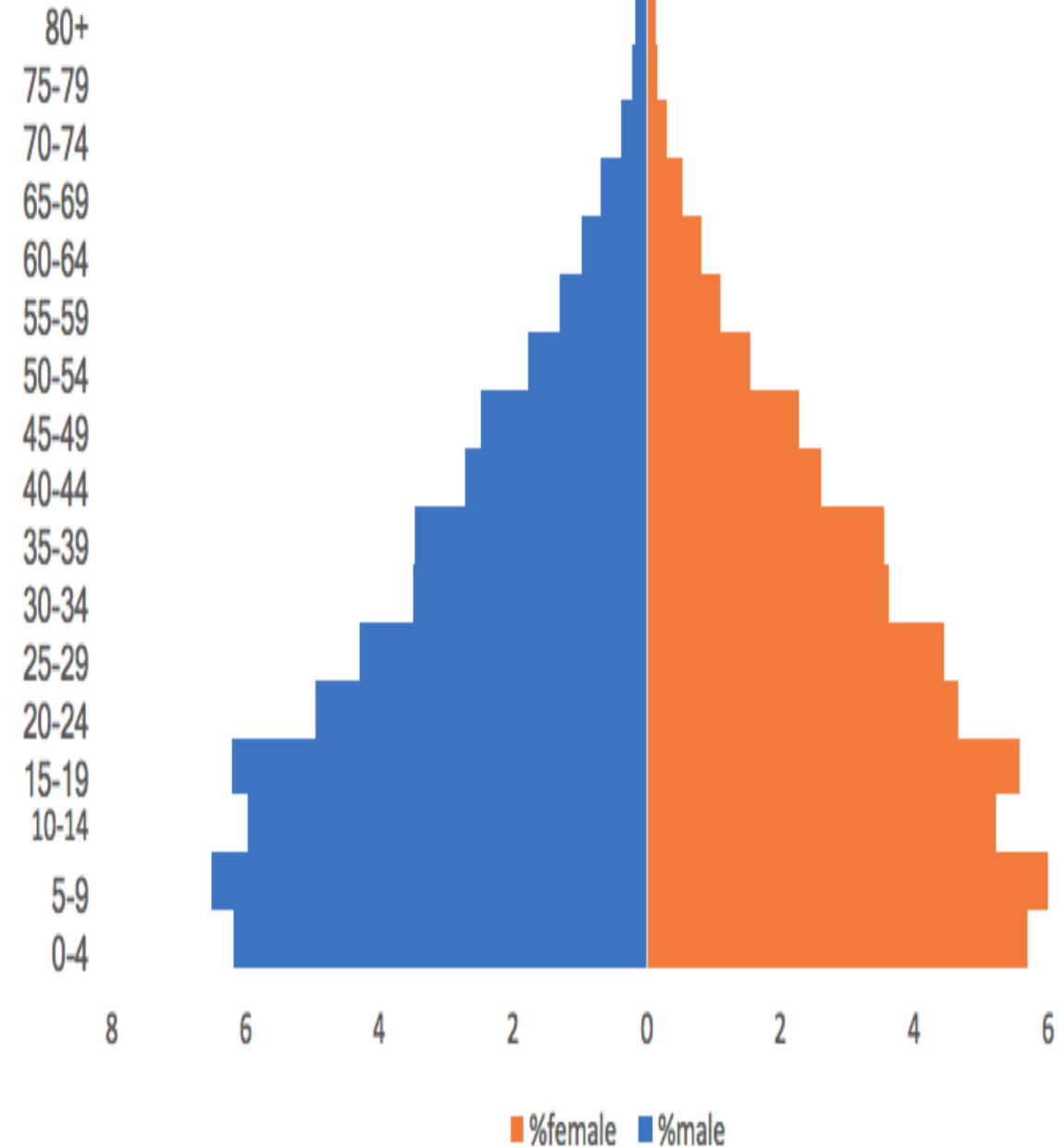
# The Shifting Population Bulge

2006

Population bulge:  
Young population,  
an asset but a  
challenge

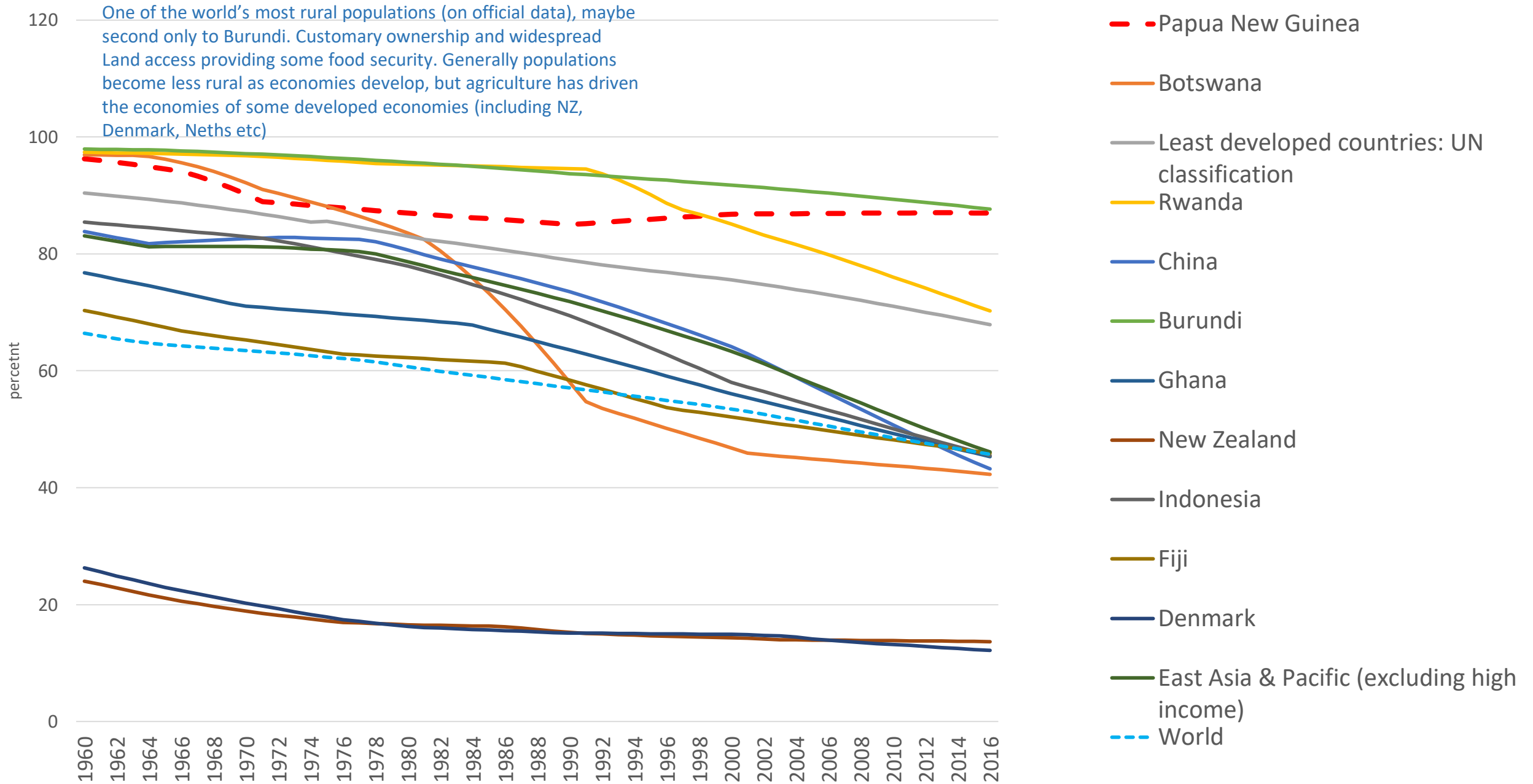


2011



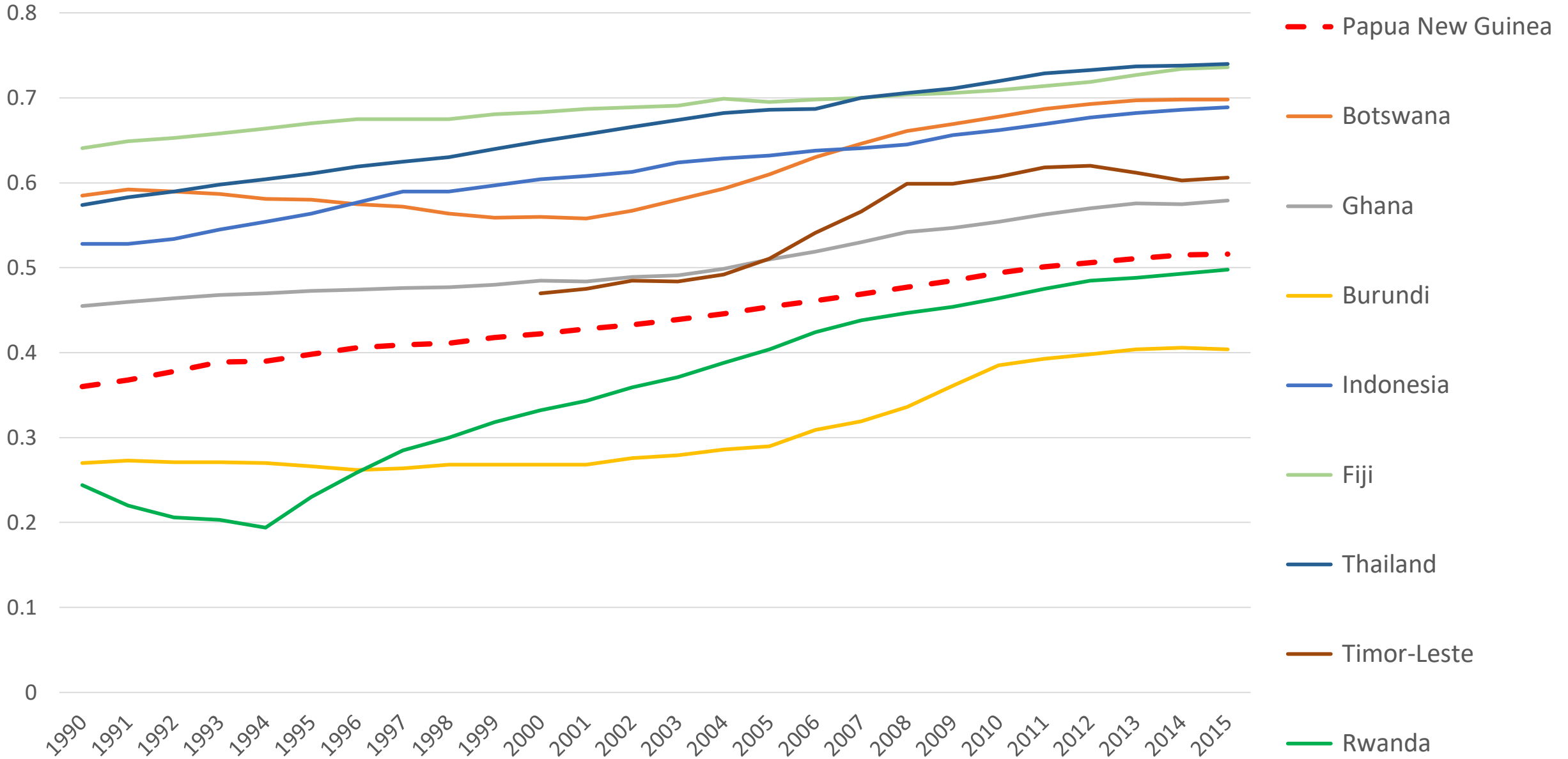
# Rural Population 1960-2016 (percentage of population)

source: World Bank & UN Population Div



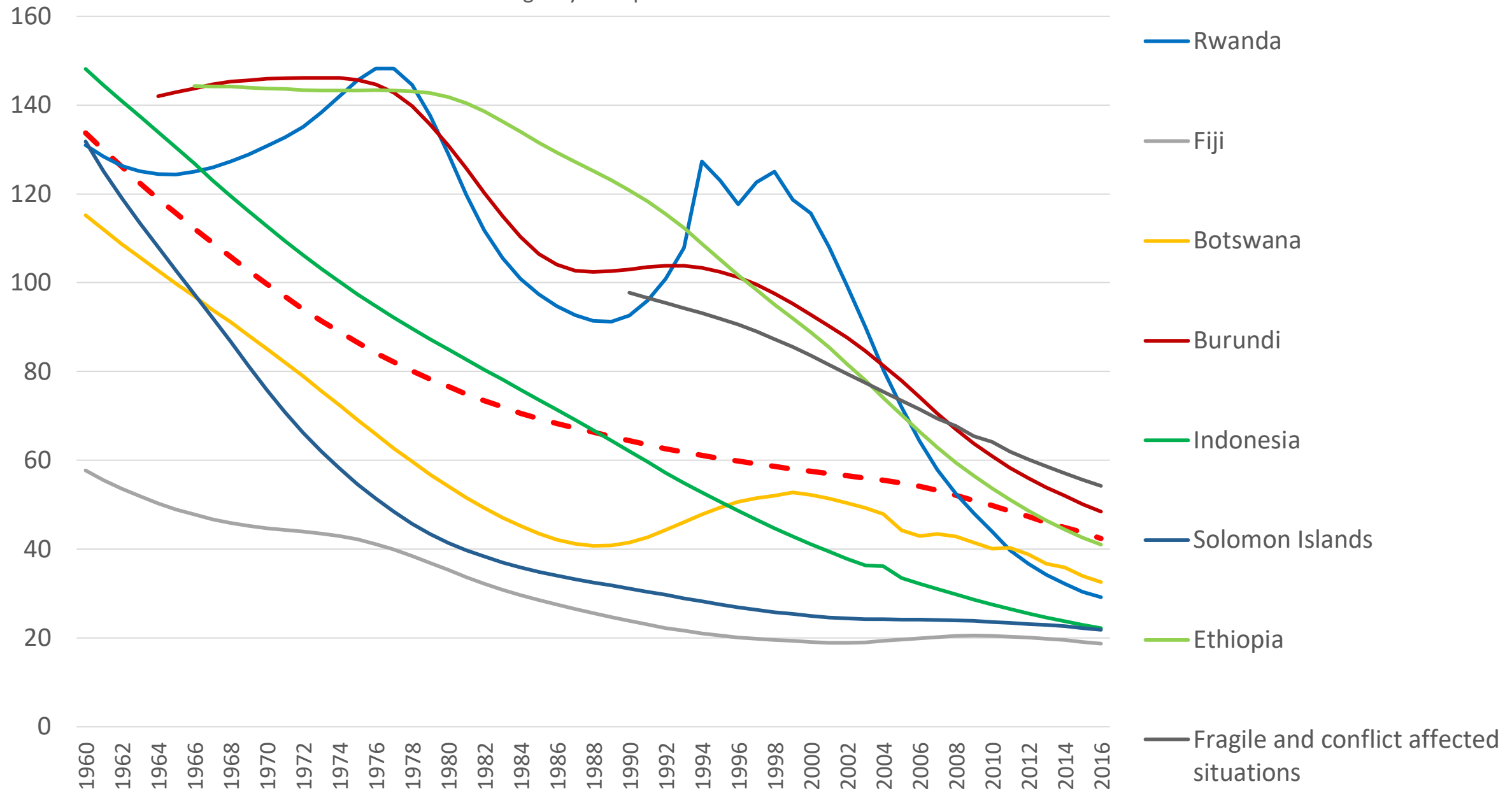
# Human Development Index 1990-2015

(UNDP composite from various sources)



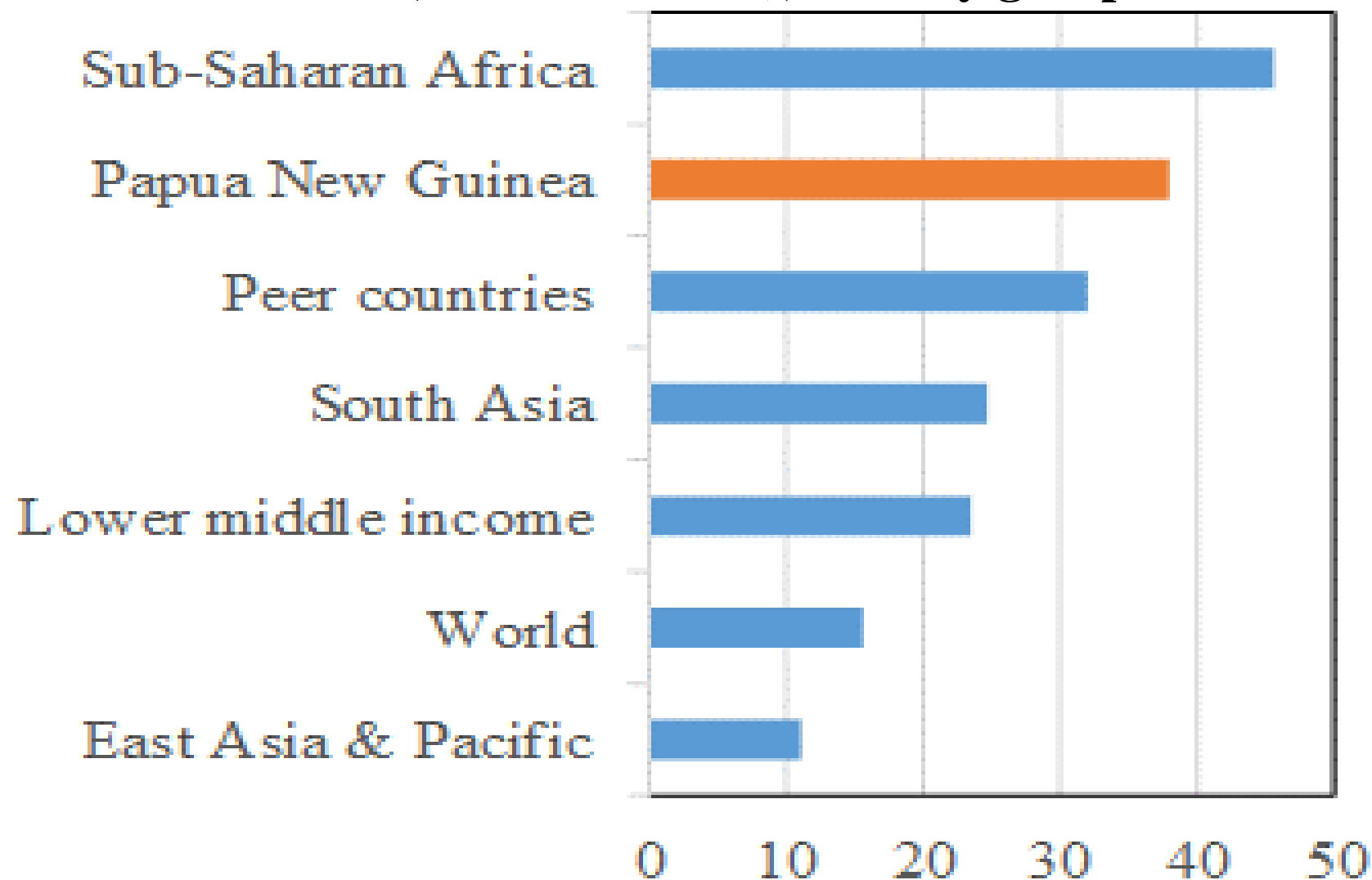
# Mortality Rate, Infants (per 1000 live births)

source: UN inter-Agency Group - UNICEF et al



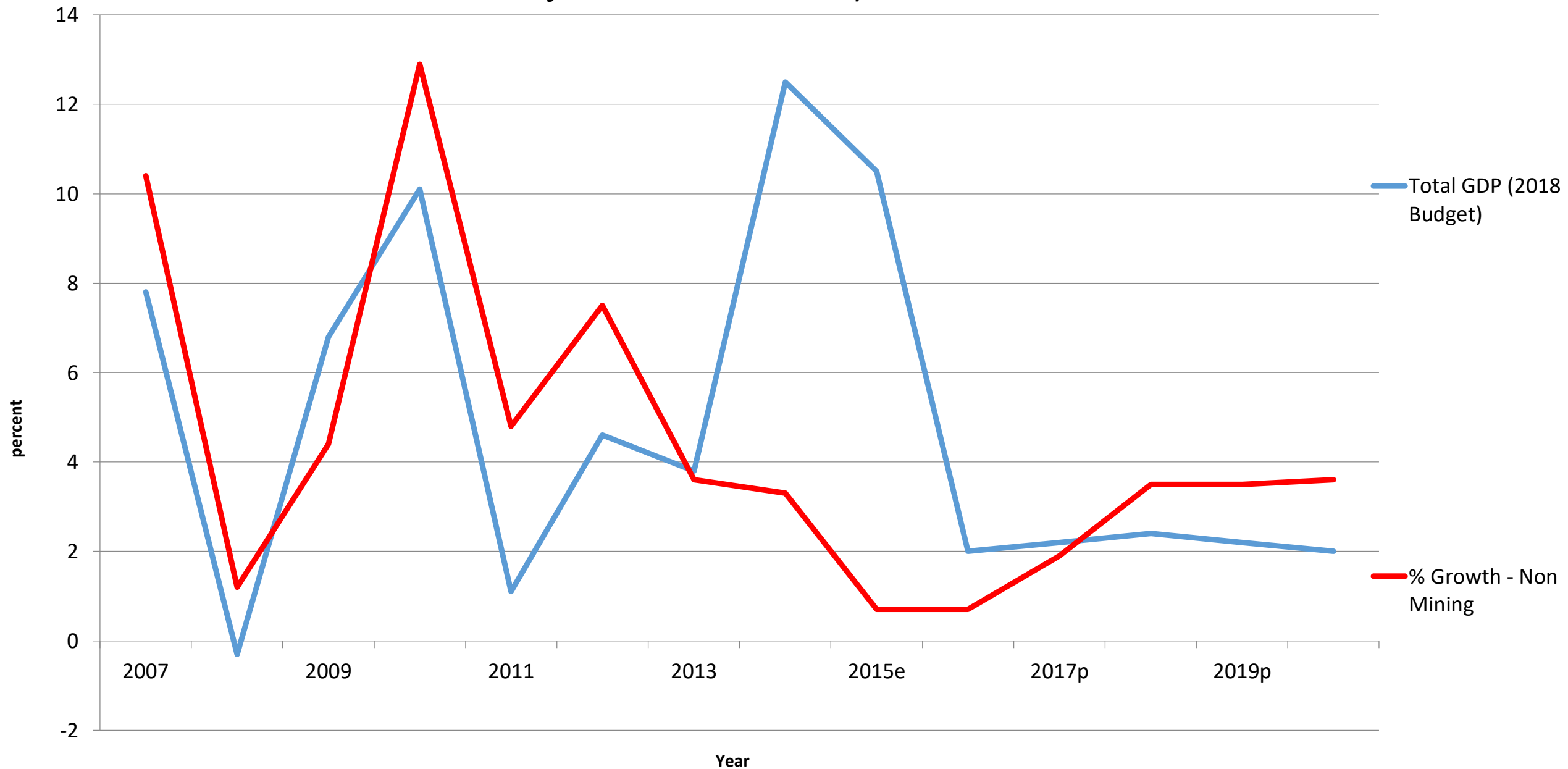


**Extreme poverty rate (% of population living below \$1.90, PPP USD 2011), country groups**

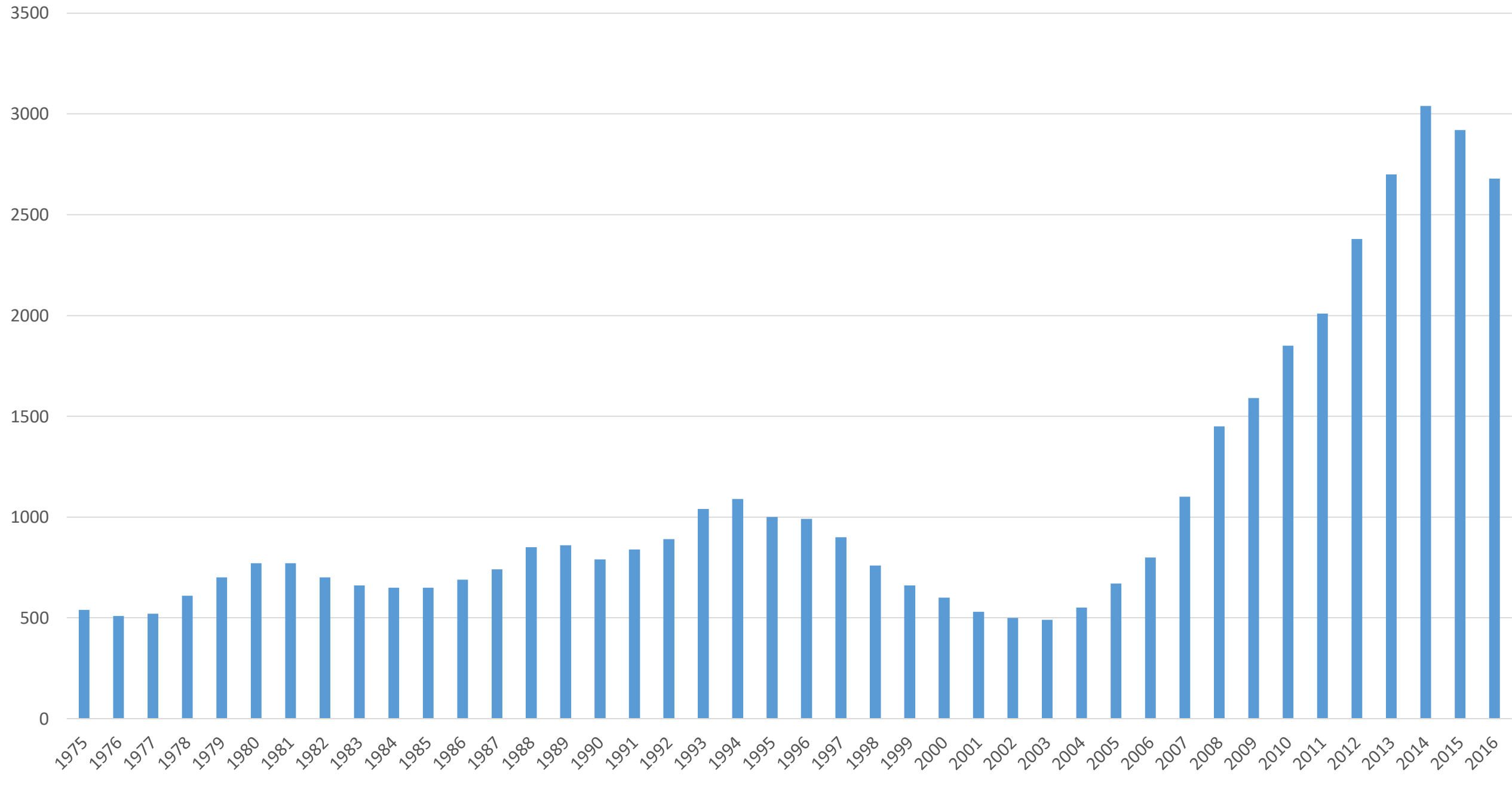


*Source: WDIs and 2010 HIES, from World Bank Systematic Country Diagnostic 2017*

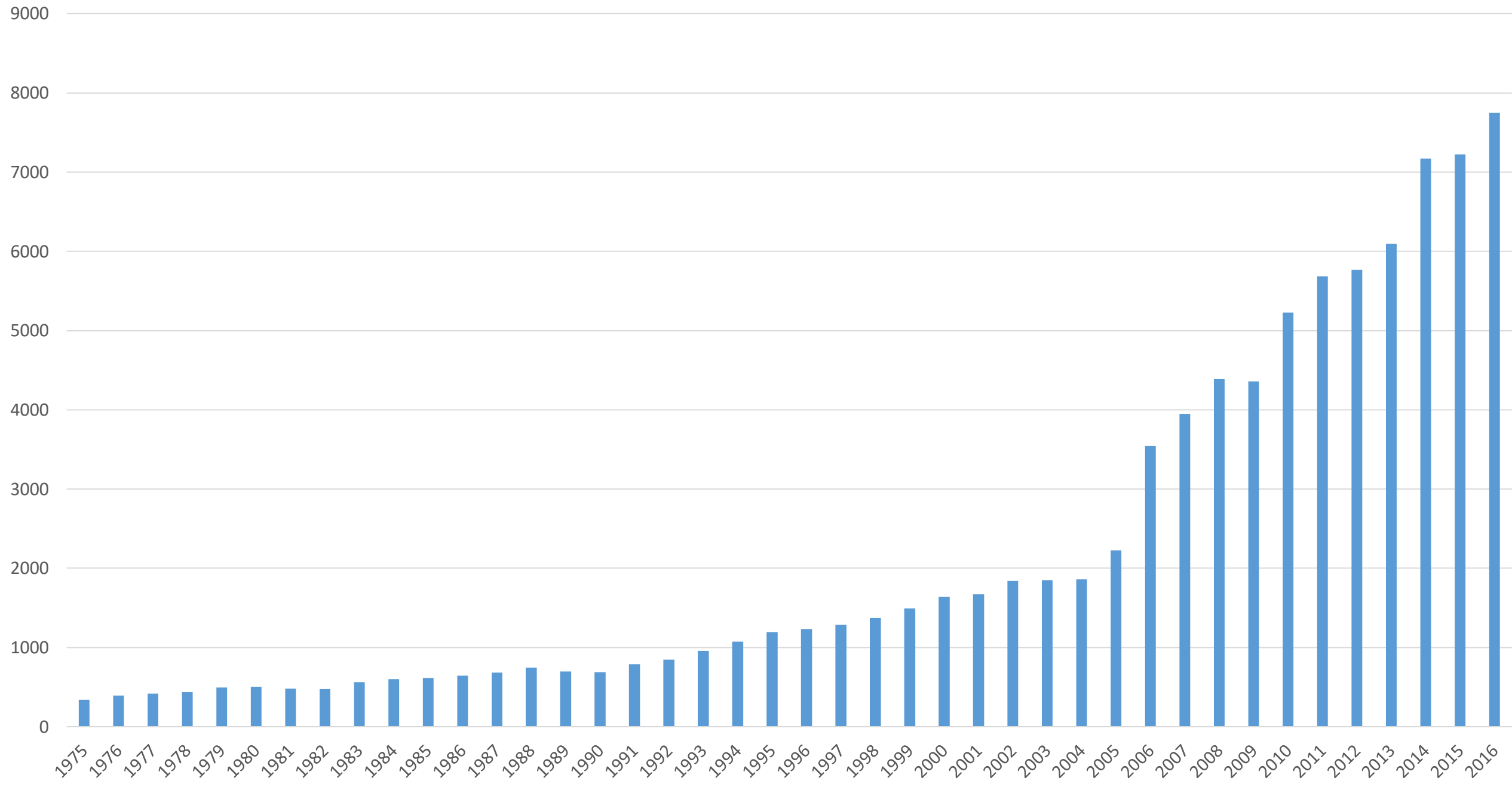
# GDP Growth Rate 2007-2020 (data: NSO to 2014, Treasury Estimate and Projections since 2015)



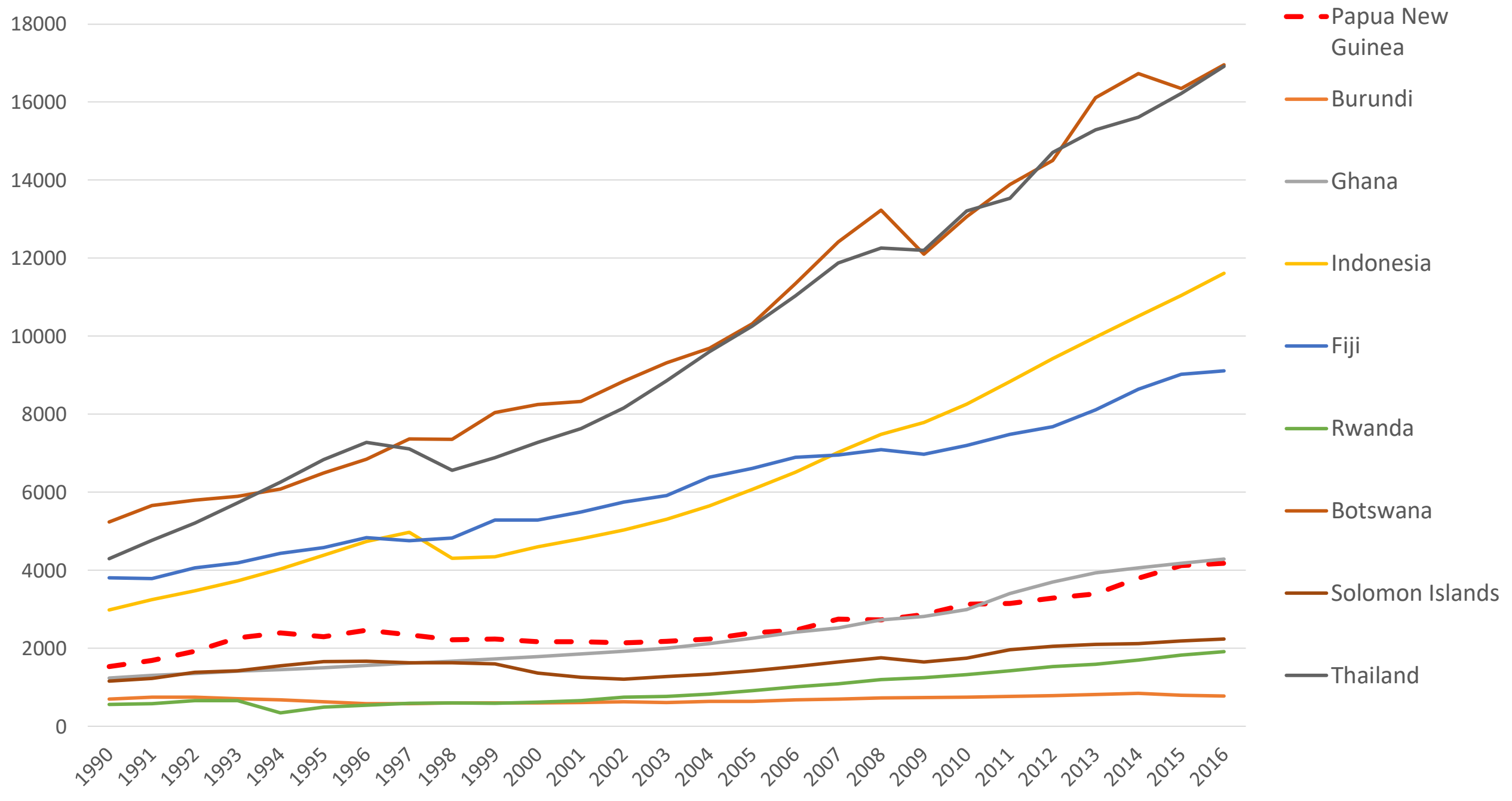
# GNI per Capita - Current US \$ (source: World Bank)



# GNI per capita - current Kina (source: World Bank)



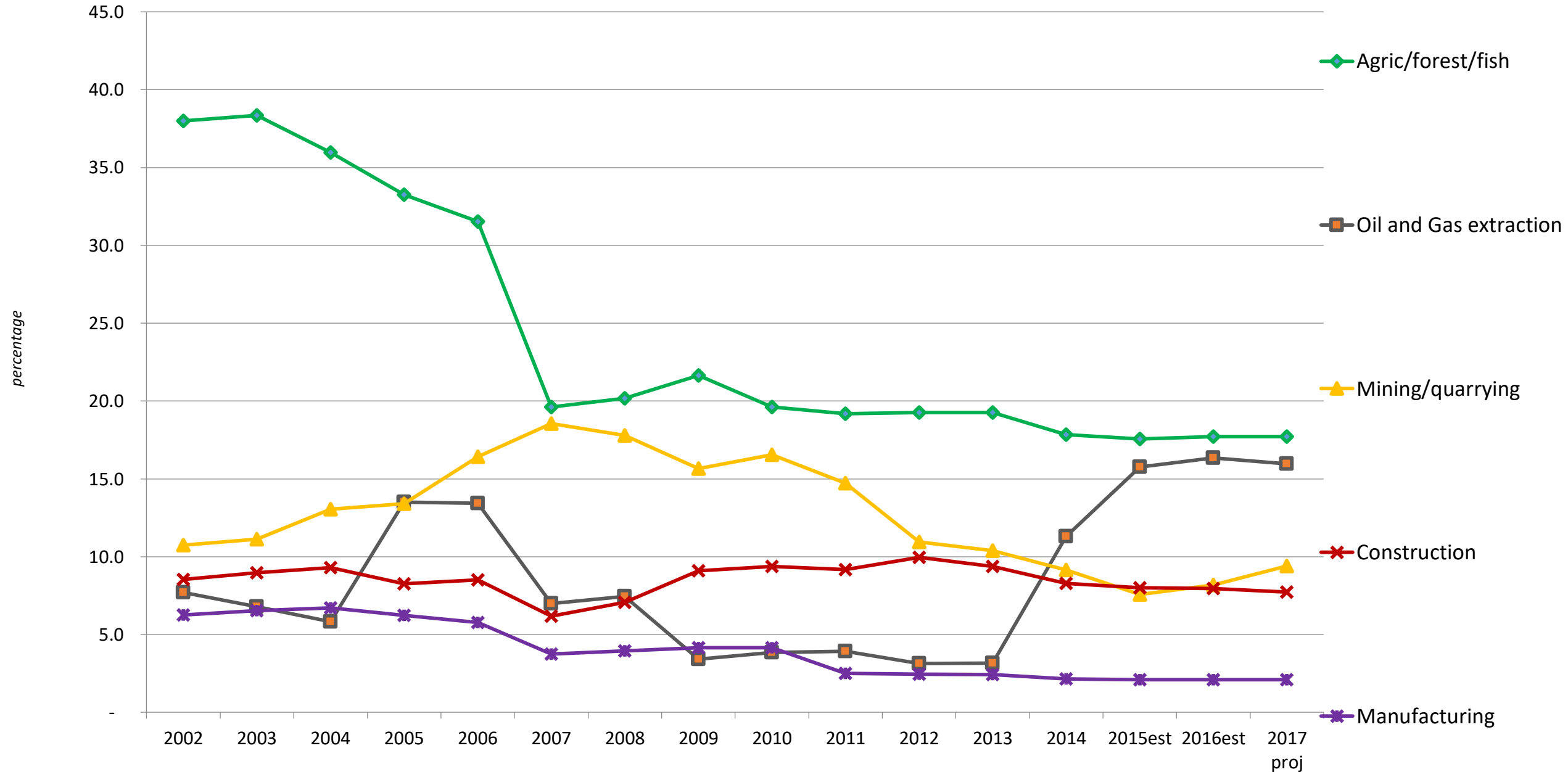
# GDP per Capita US\$ - on purchasing power PPP (source: World Bank)





# Percentage of GDP by Economic Activity- estimate 2015-2017 proj)

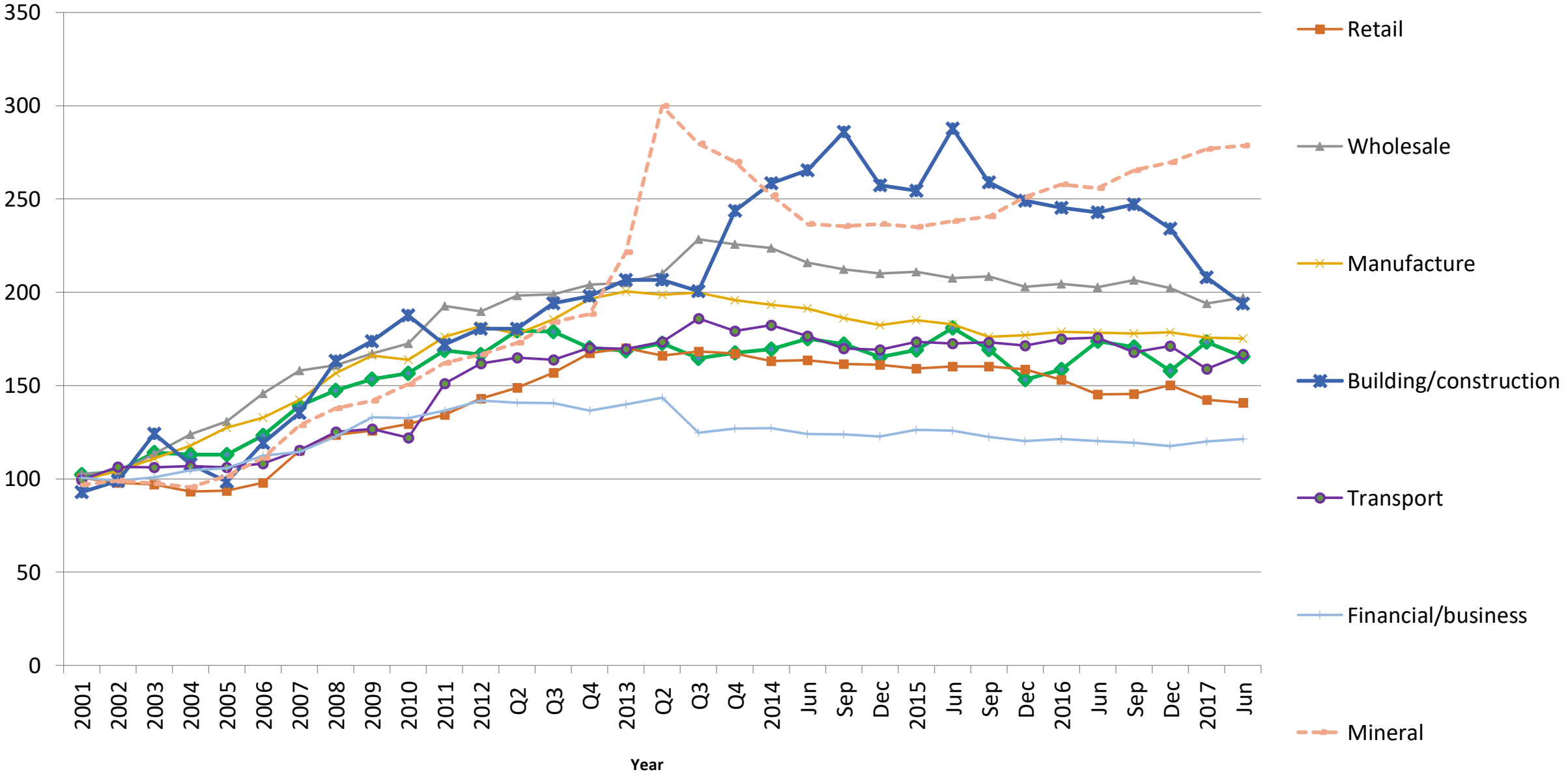
(source: NSO and Treasury forecast)



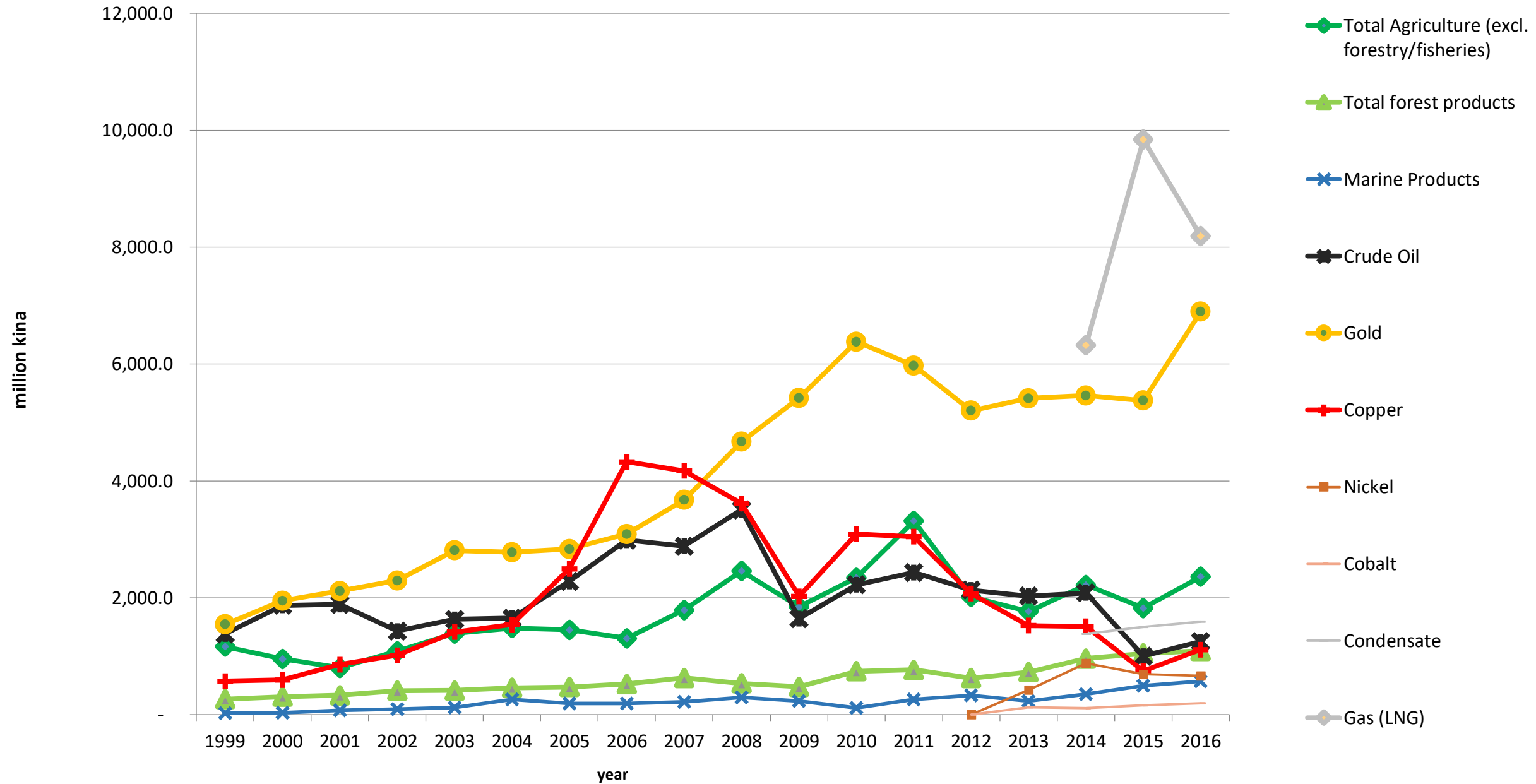
# Formal Sector Employment Growth 2001-2017 (qtr2)

(BPNG Employment Survey)

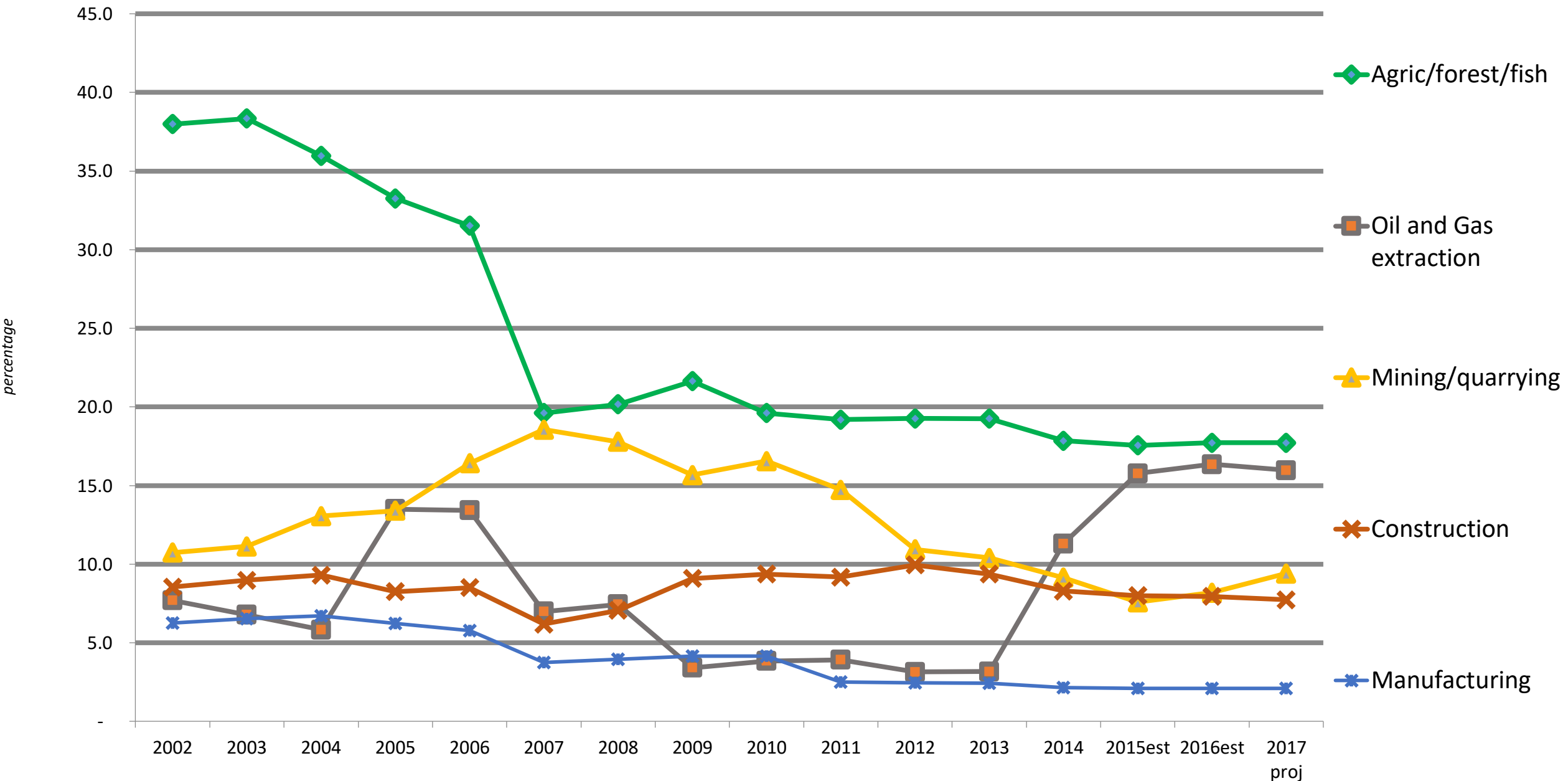
March 2002 = 100



Exports -Value FOB (million kina) 1999-2016 (BPNG)

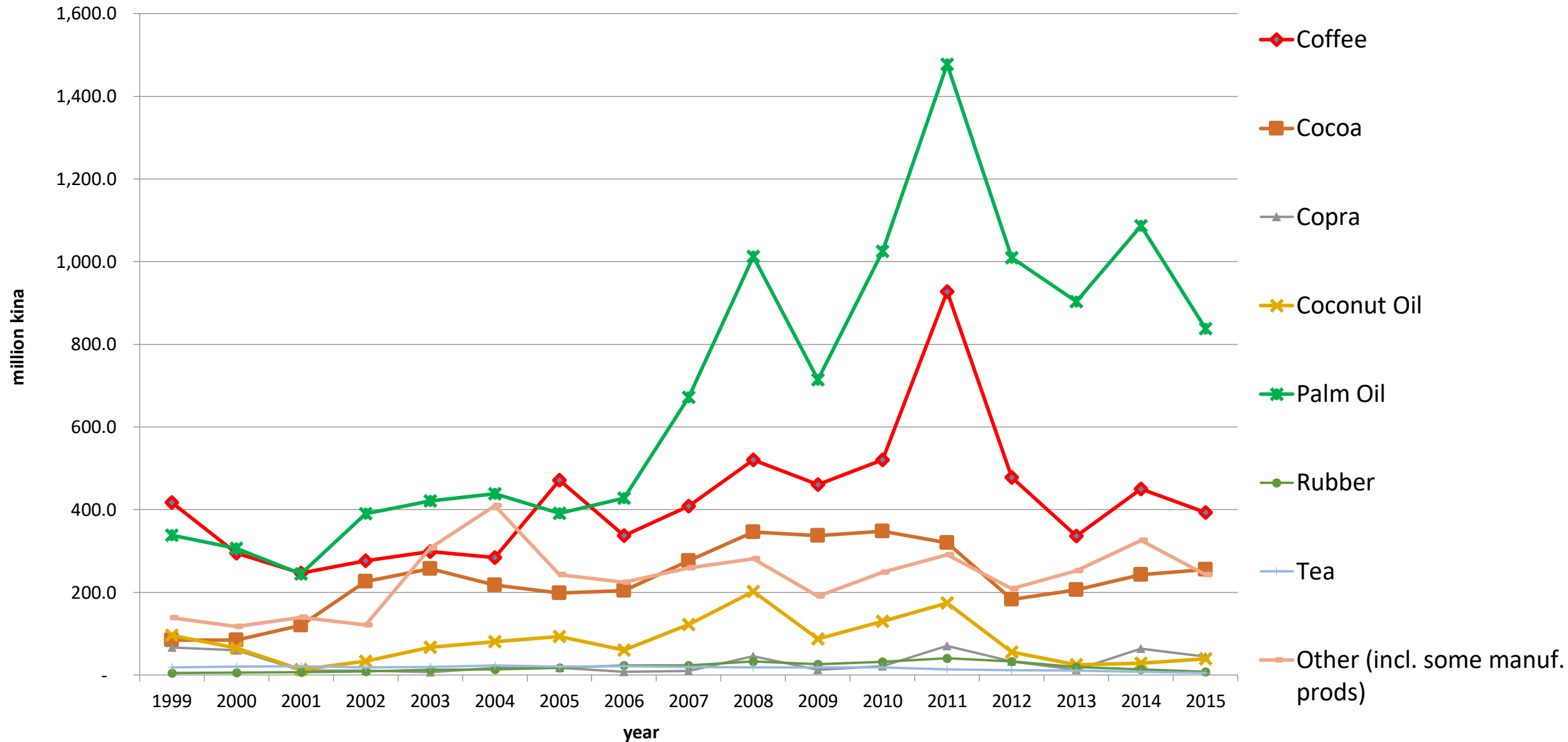


Percentage of GDP by Economic Activity- (estimate 2015-2016) (source: NSO and Treasury forecast)



# Agricultural Export Crops (incl. some manufactured prods and vanilla) -FOB million kina

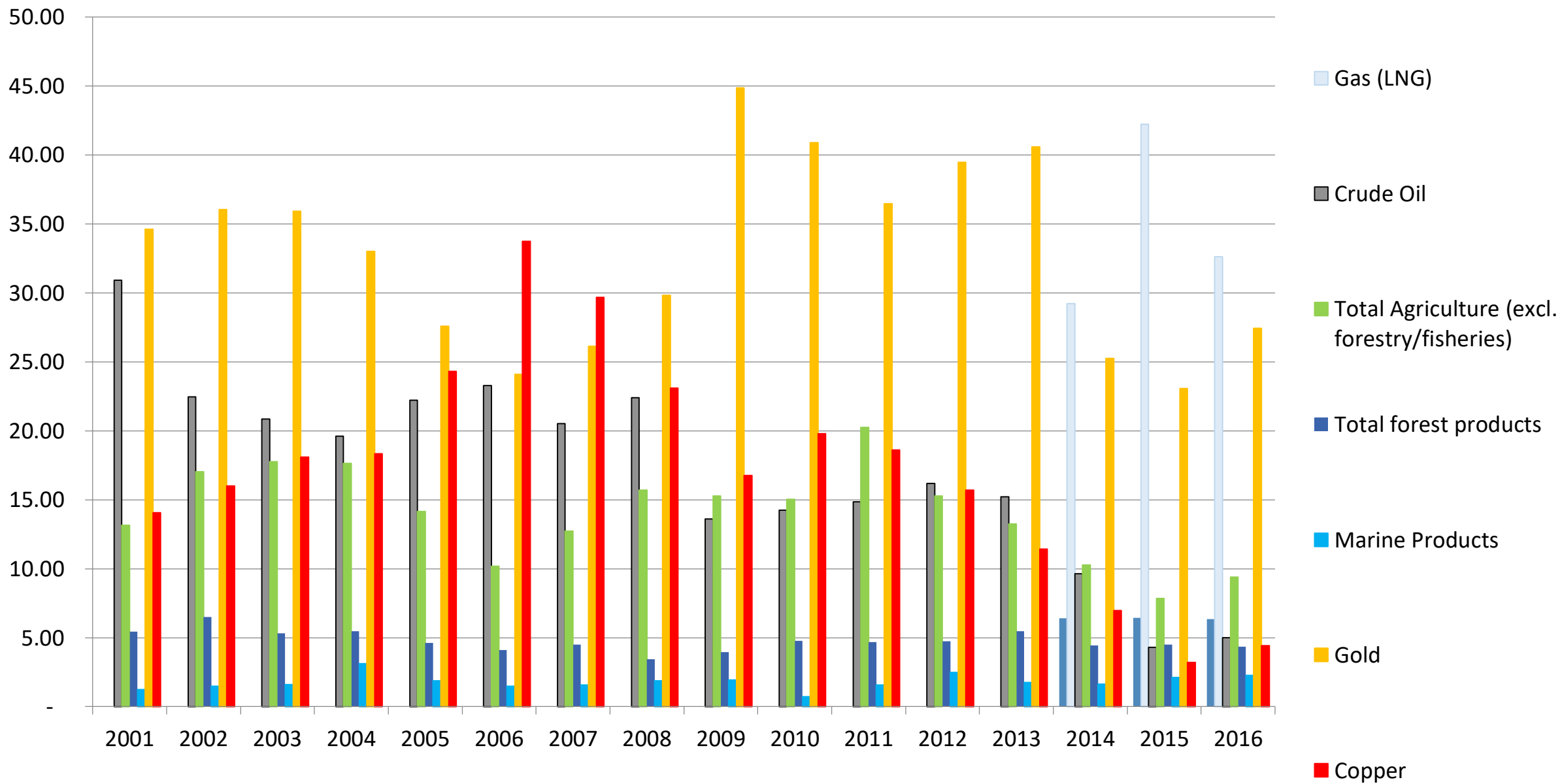
## 1999-2015



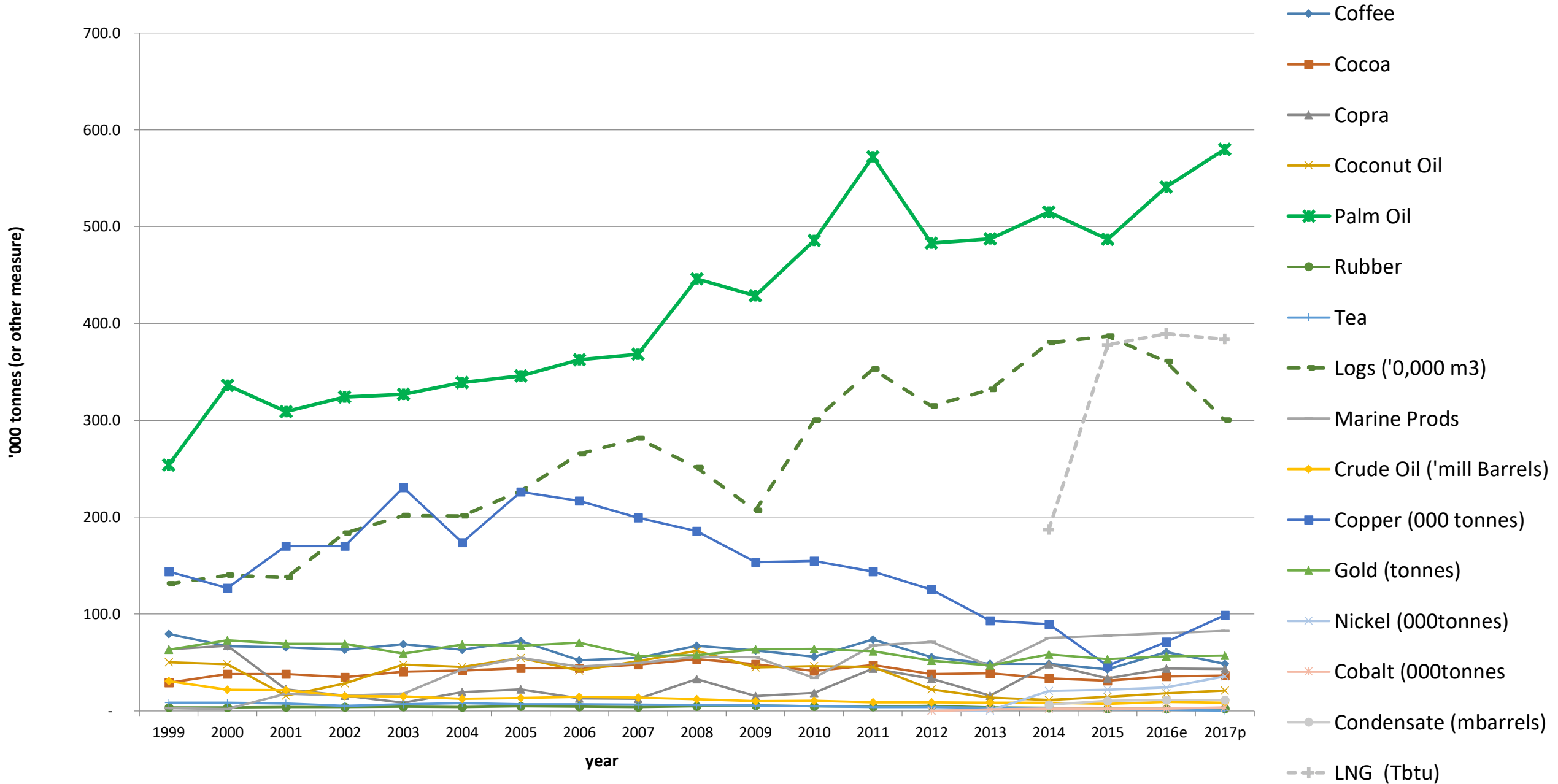


**% of Total PNG Exports - by Value 2001-2016 (BPNG) -**

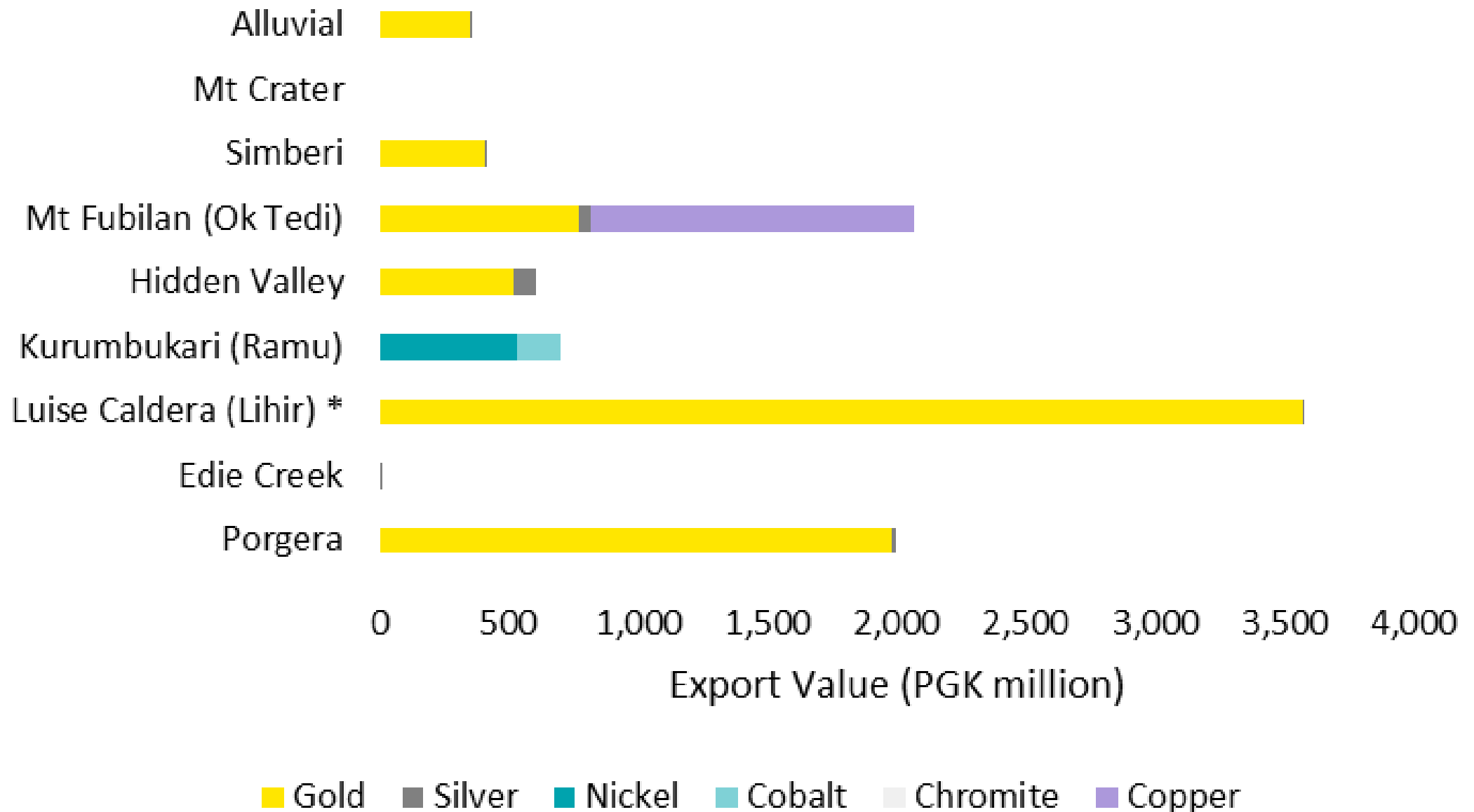
Percentage



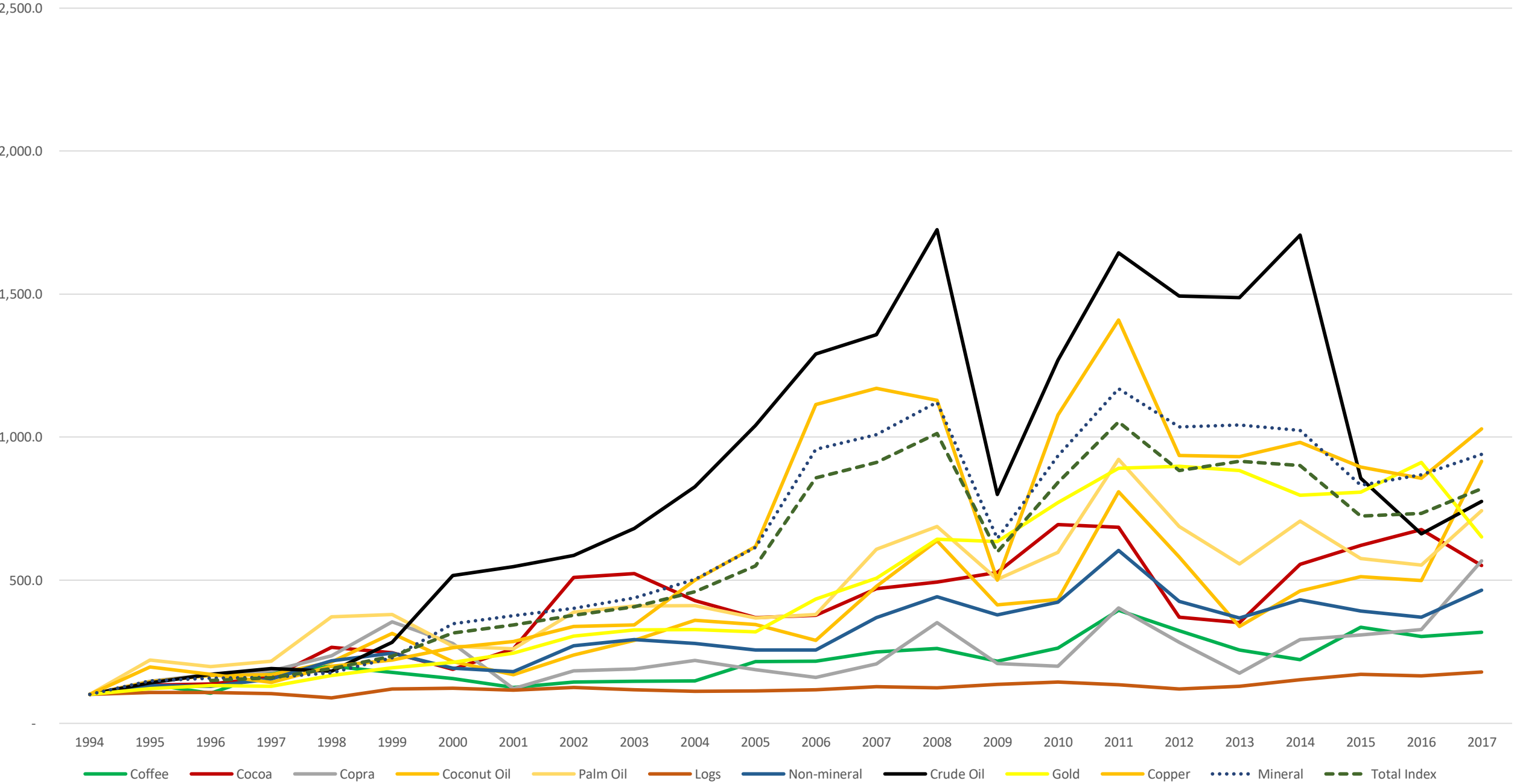
**Commodity Exports - Quantity 1999-2017p ('000 tonnes or specified) (BPNG, Treasury and Commodity Boards)**



## Export values reported for each mine – 2016 (EITI Report 2016 – E & Y)

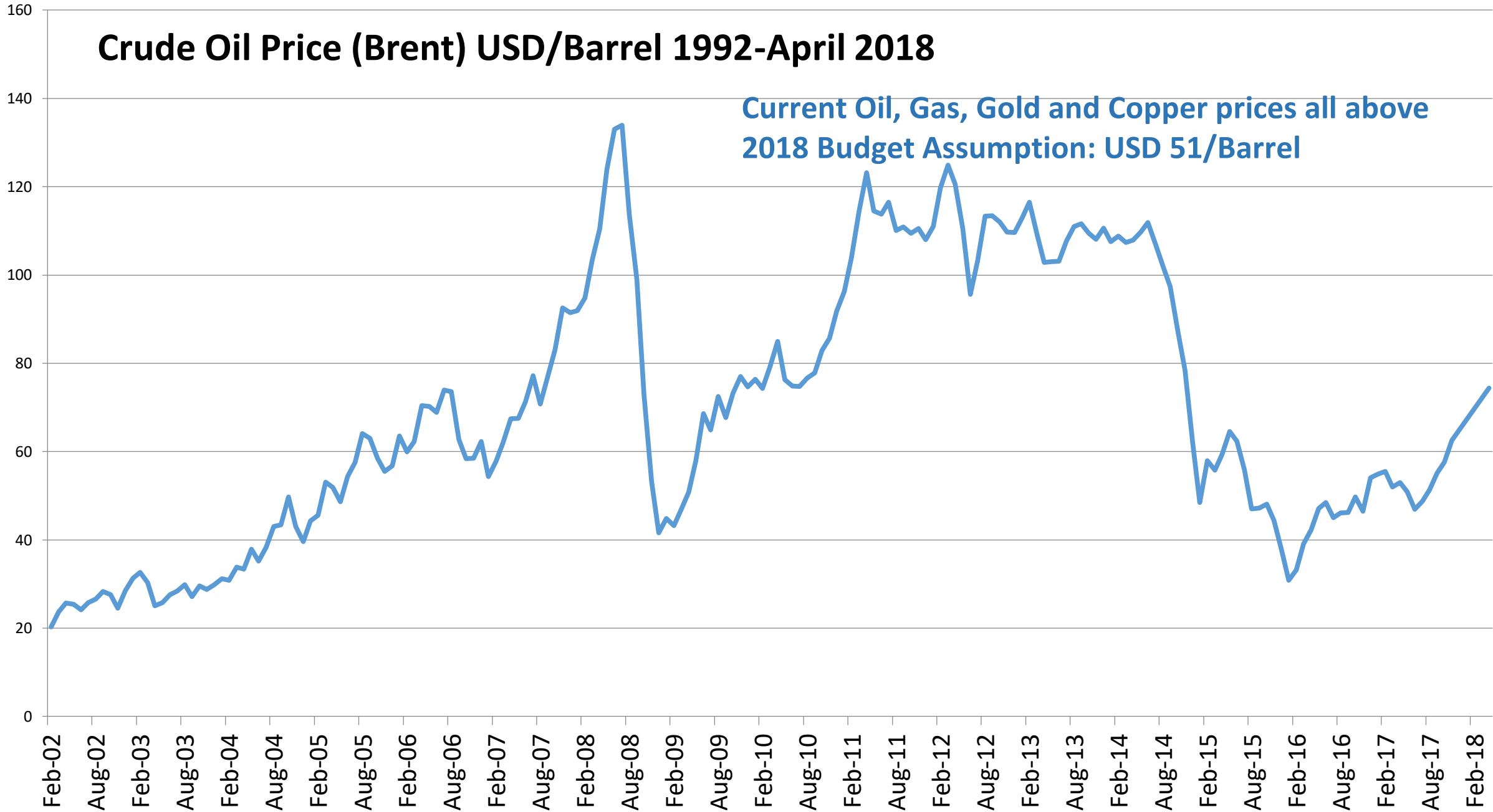


Commodity Price Index 1994-3rd Qtr 2017 (1994 base year- BPNG)



# Crude Oil Price (Brent) USD/Barrel 1992-April 2018

Current Oil, Gas, Gold and Copper prices all above  
2018 Budget Assumption: USD 51/Barrel

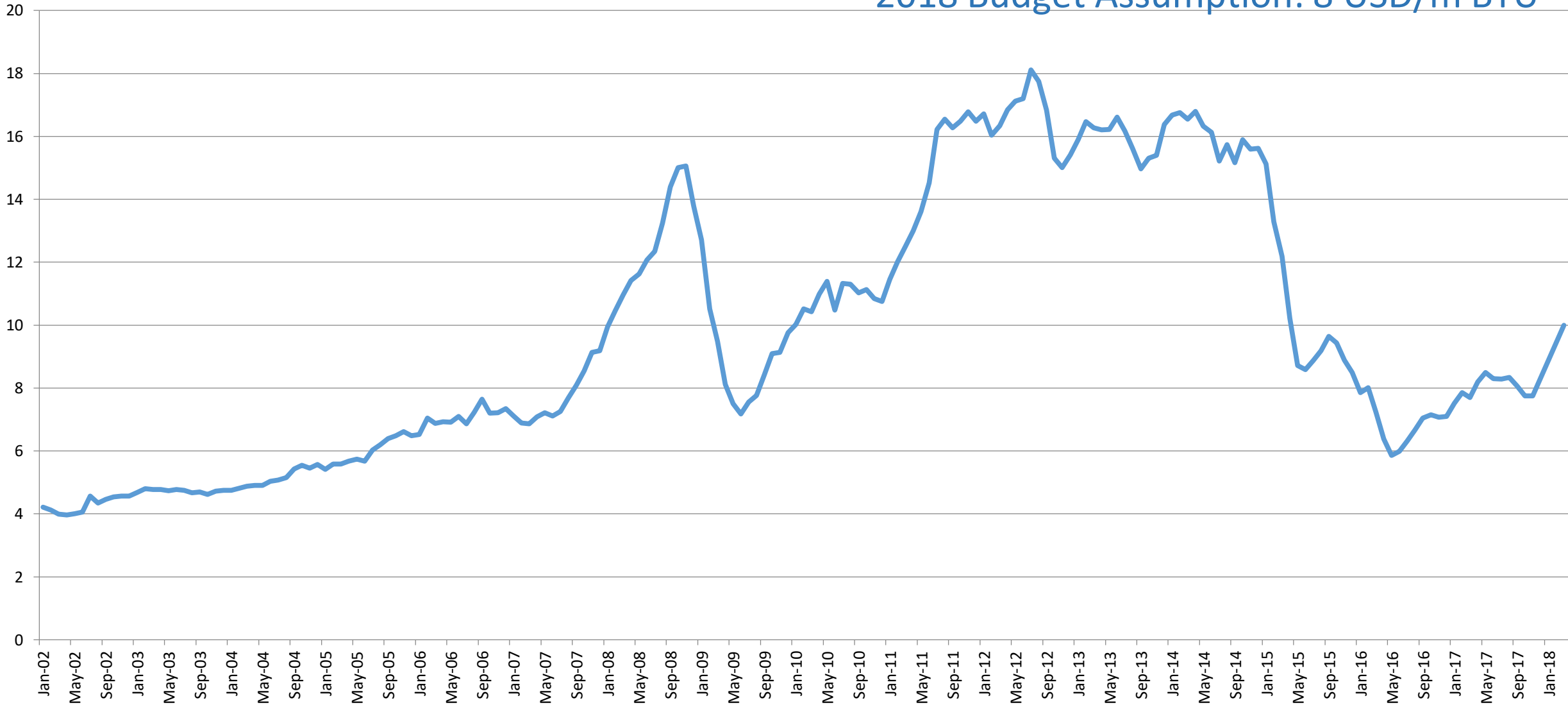




# LNG (Indon) Prices USD/mill metric British thermal unit

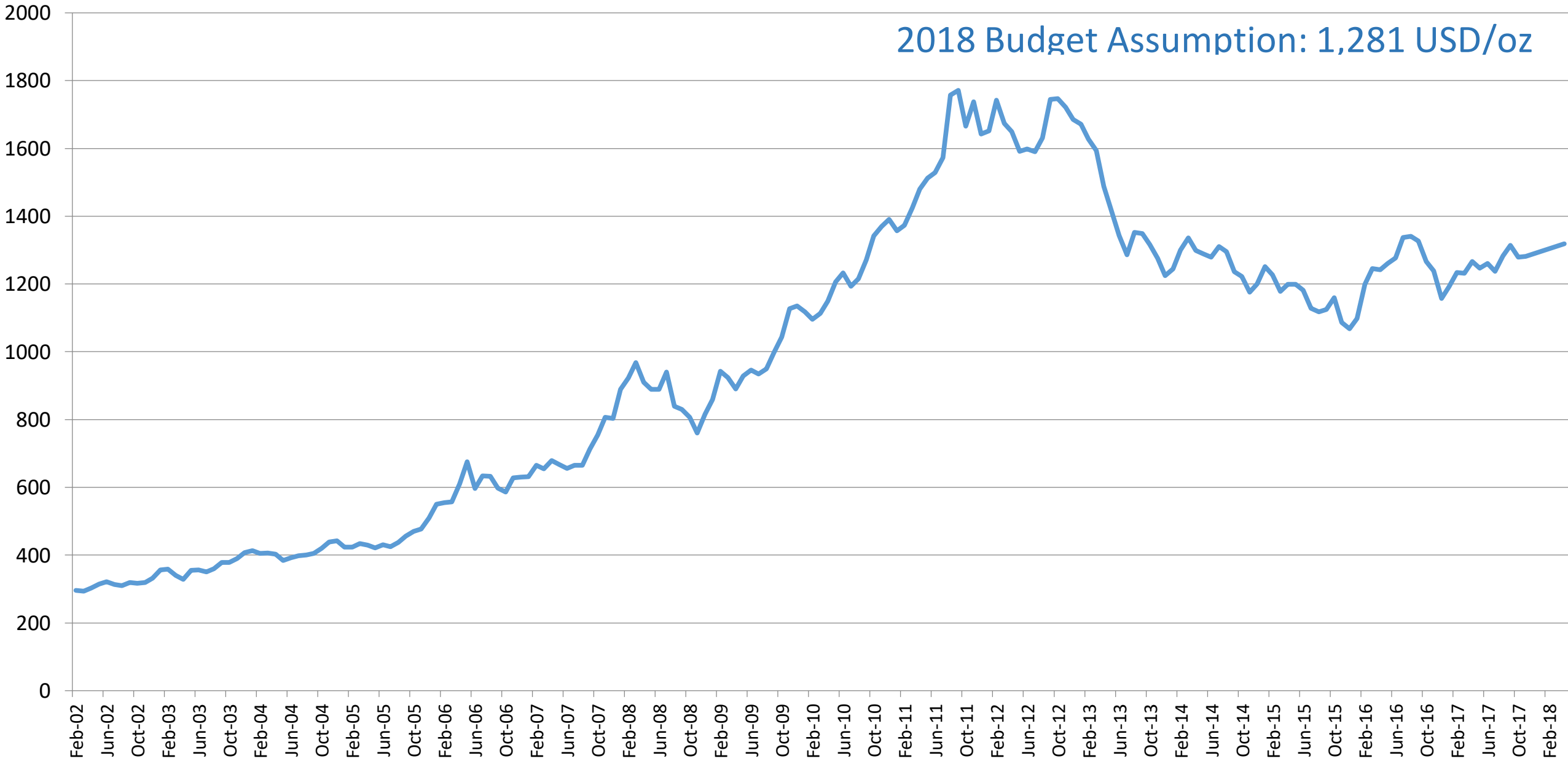
## 2002-Mar 2018

2018 Budget Assumption: 8 USD/m BTU



# Gold Price USD/troy ounce

## 2002-Mar 2018

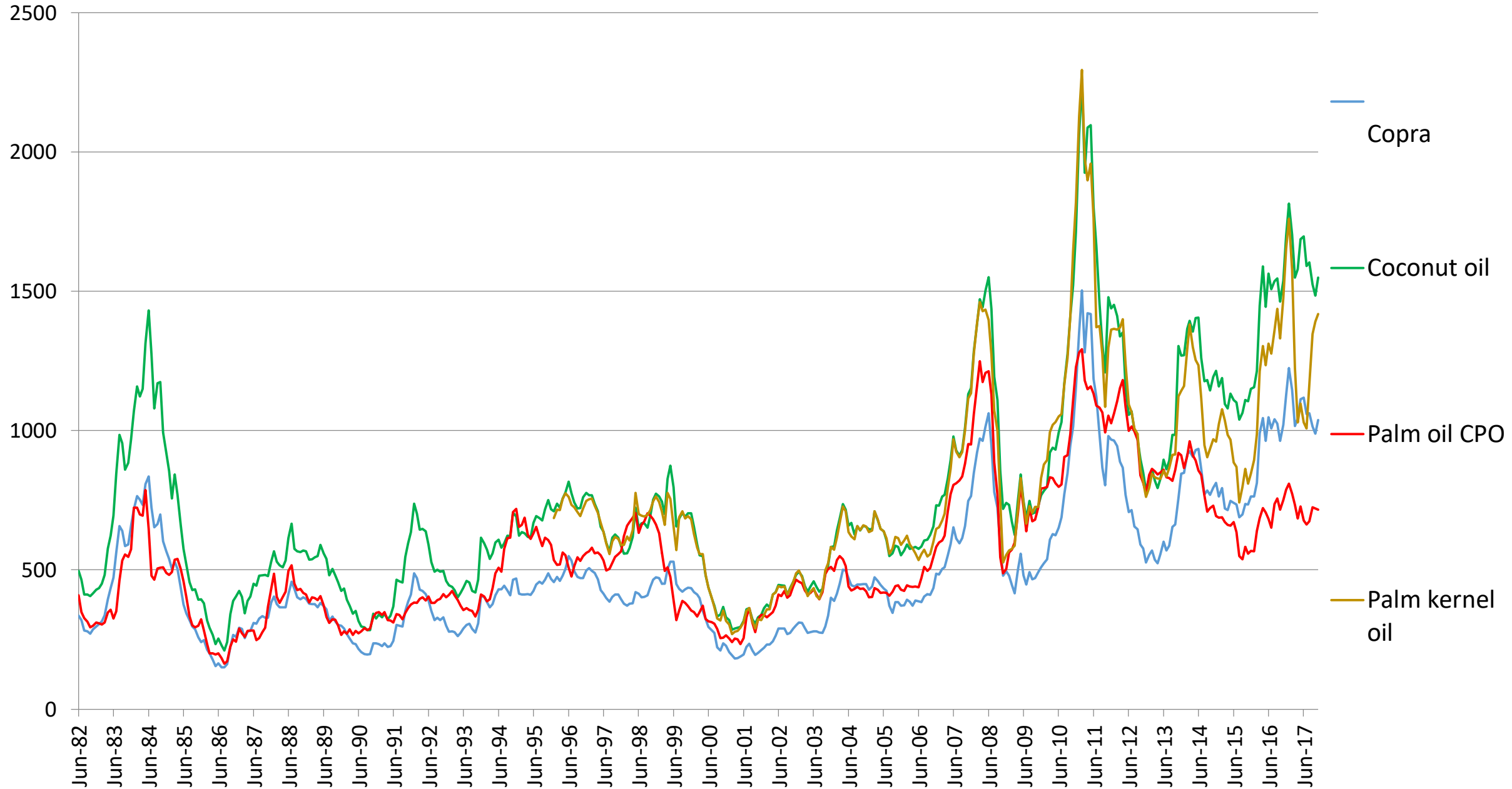


# International Cocoa Price (ICCO) USD/tonne

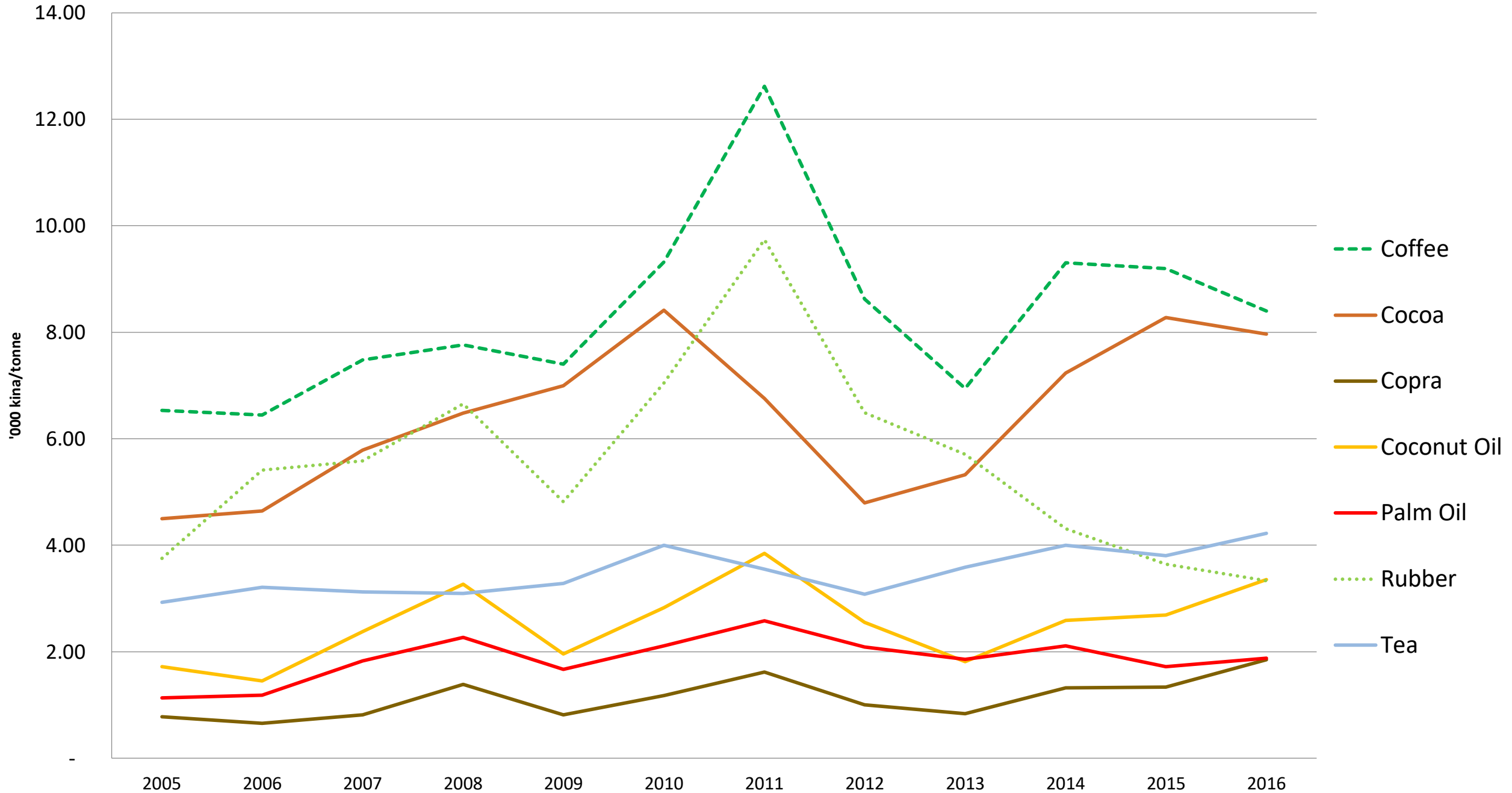
## Jan 2002 - 28 Dec 2017



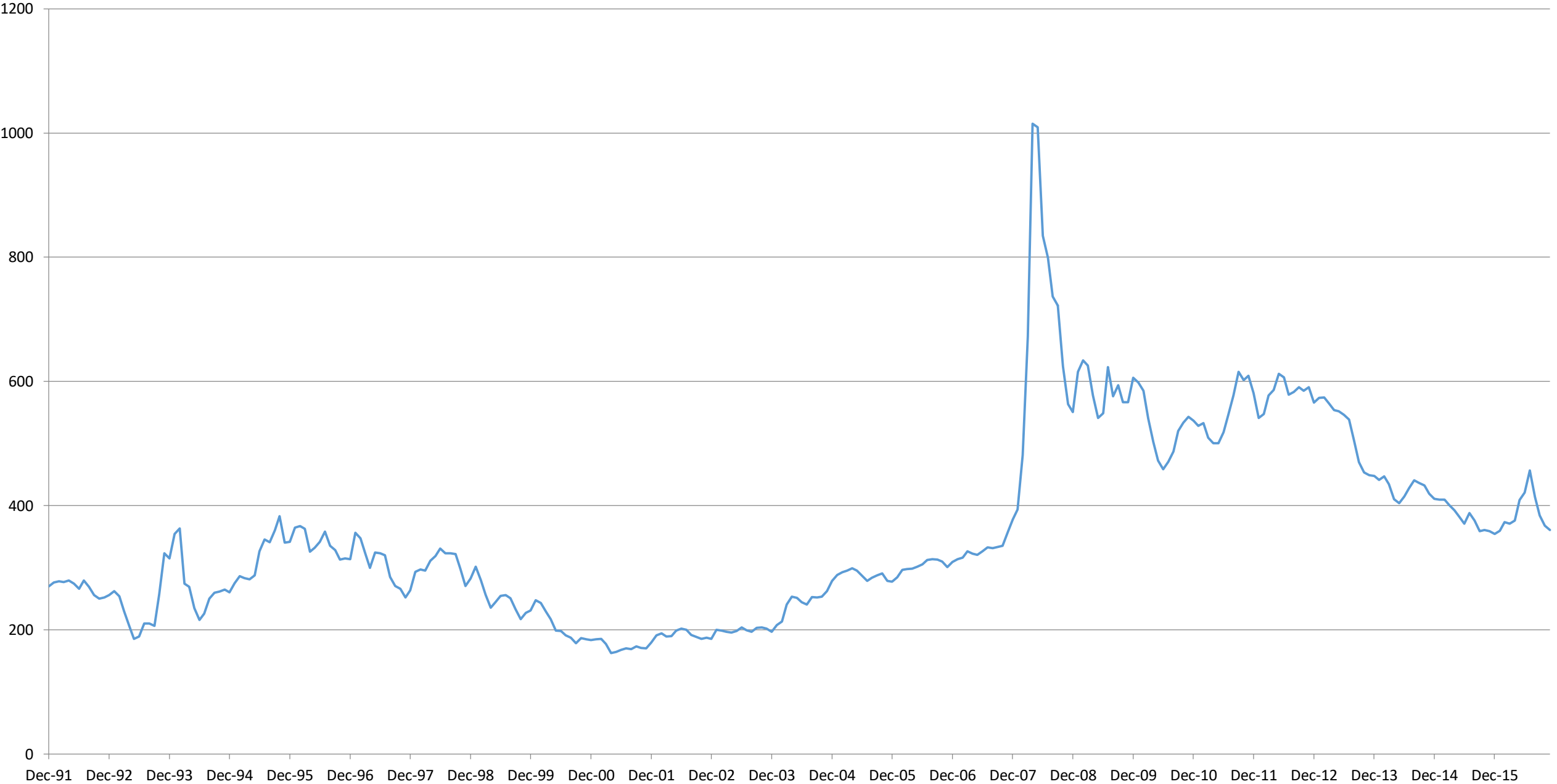
**palm oil and coconut oil prices (fob), Jun 1982-Nov 2017 USD/tonne**



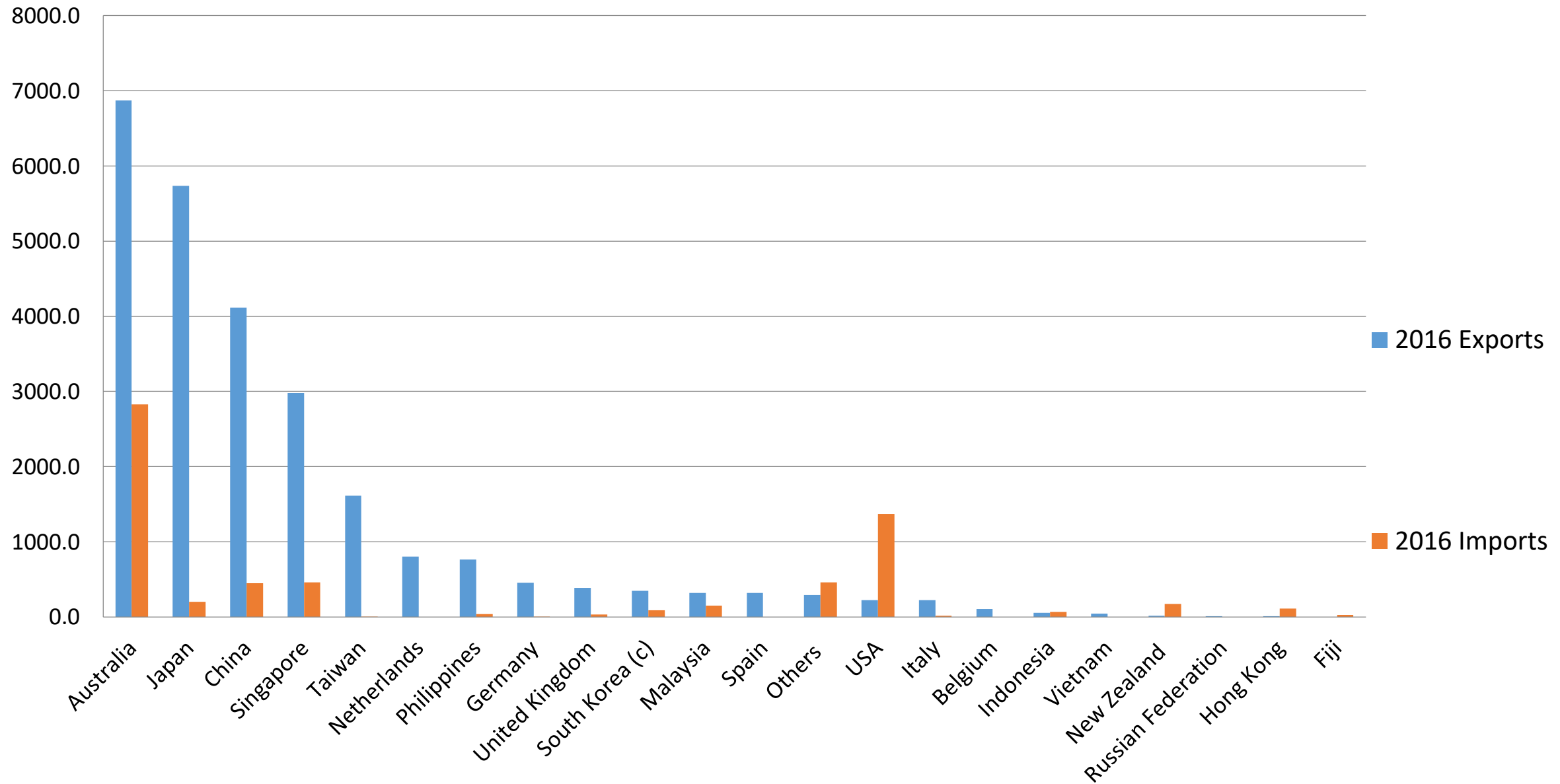
**Agricultural Export Prices 2005-2016 ('000' kina/tonne fob - ave)**



**Rice (Milled White) USD per tonne**  
**Dec 1991- Nov 2016 (Thailand -quote)**

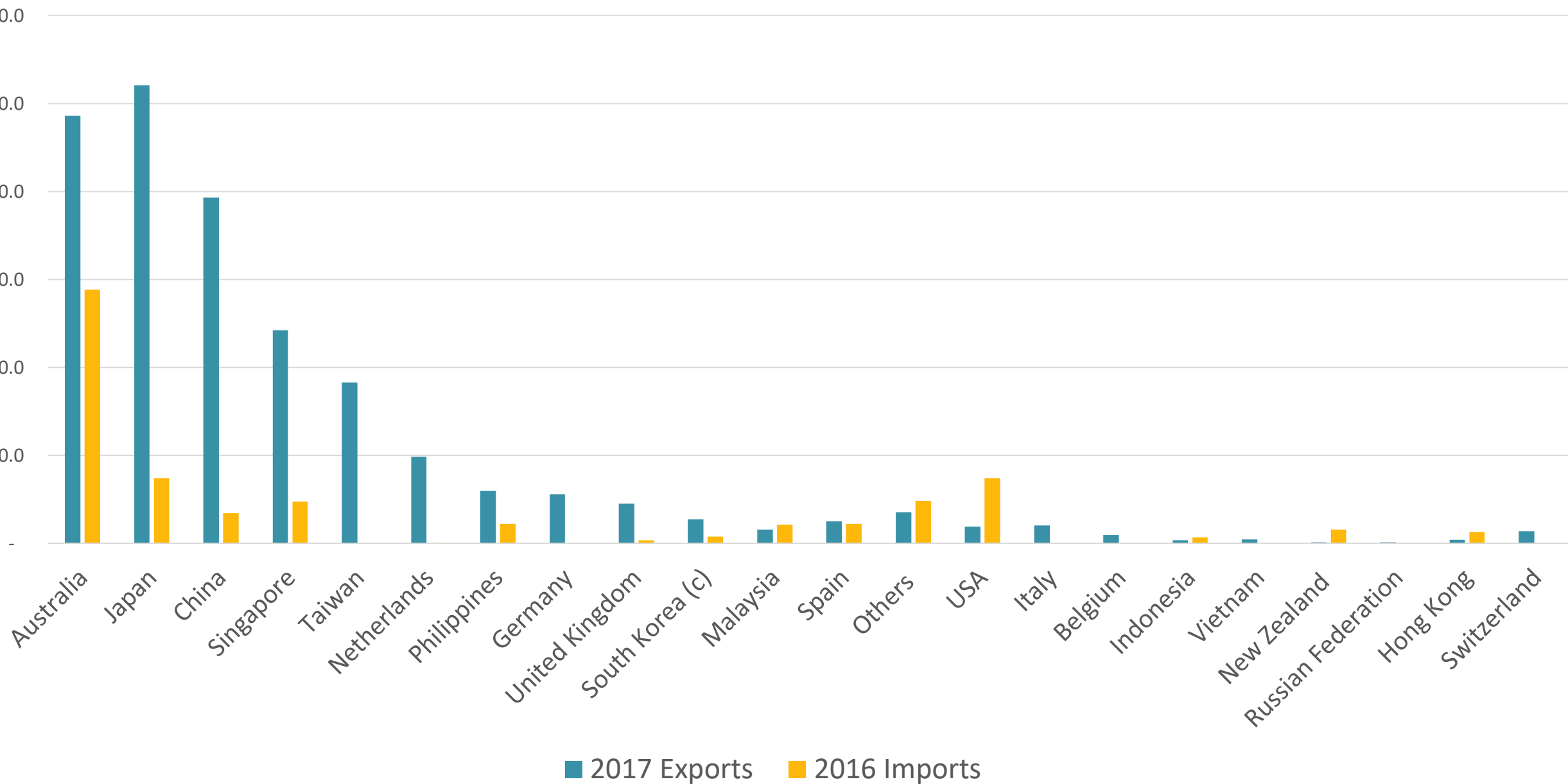


# Balance of Trade to Main Destinations and Sources - 2016 (Kina mill, BPNG)



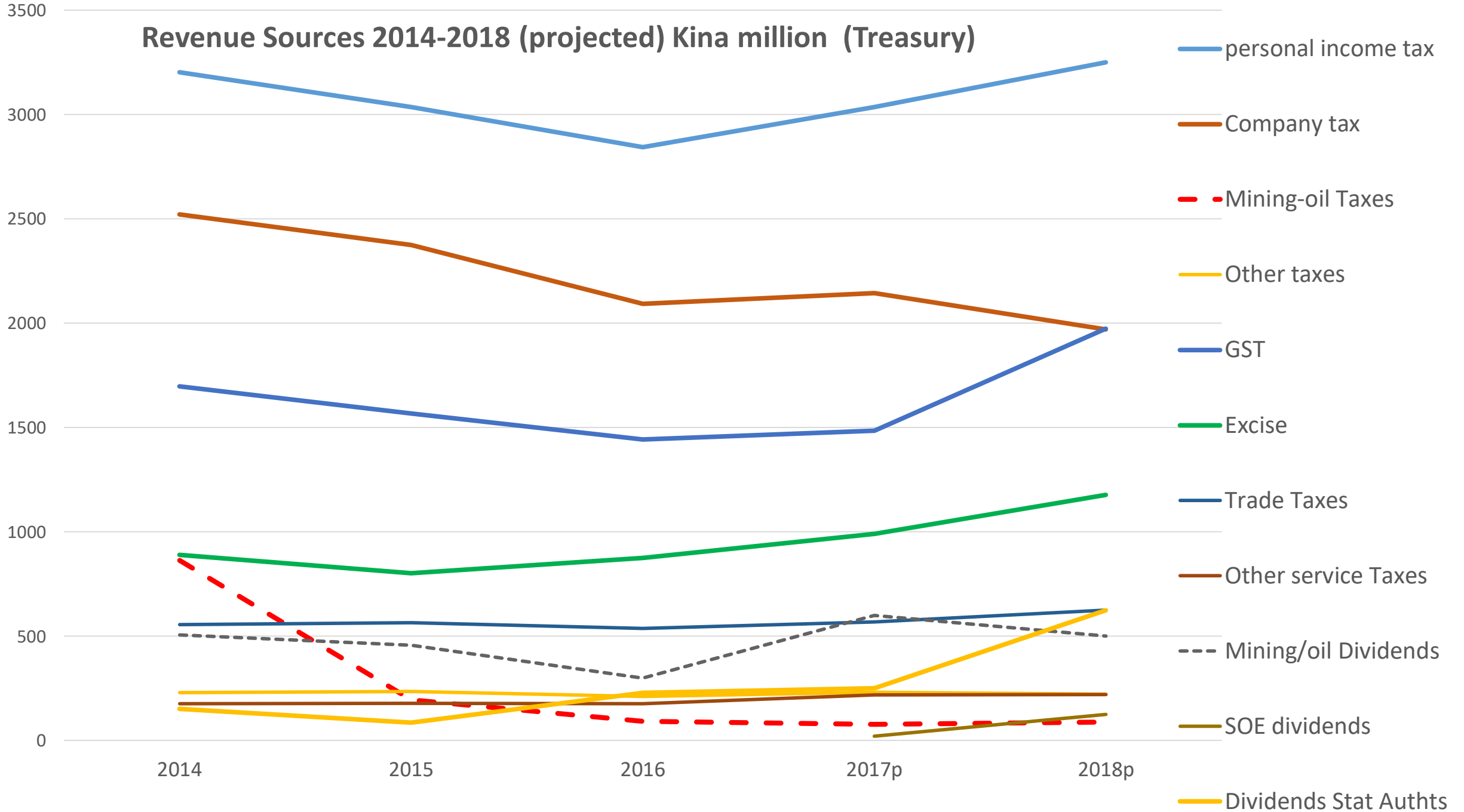
# Balance of Trade to Main Destinations and Sources 2017 (3 Qtrs) - Kina mill

(source BPNG)

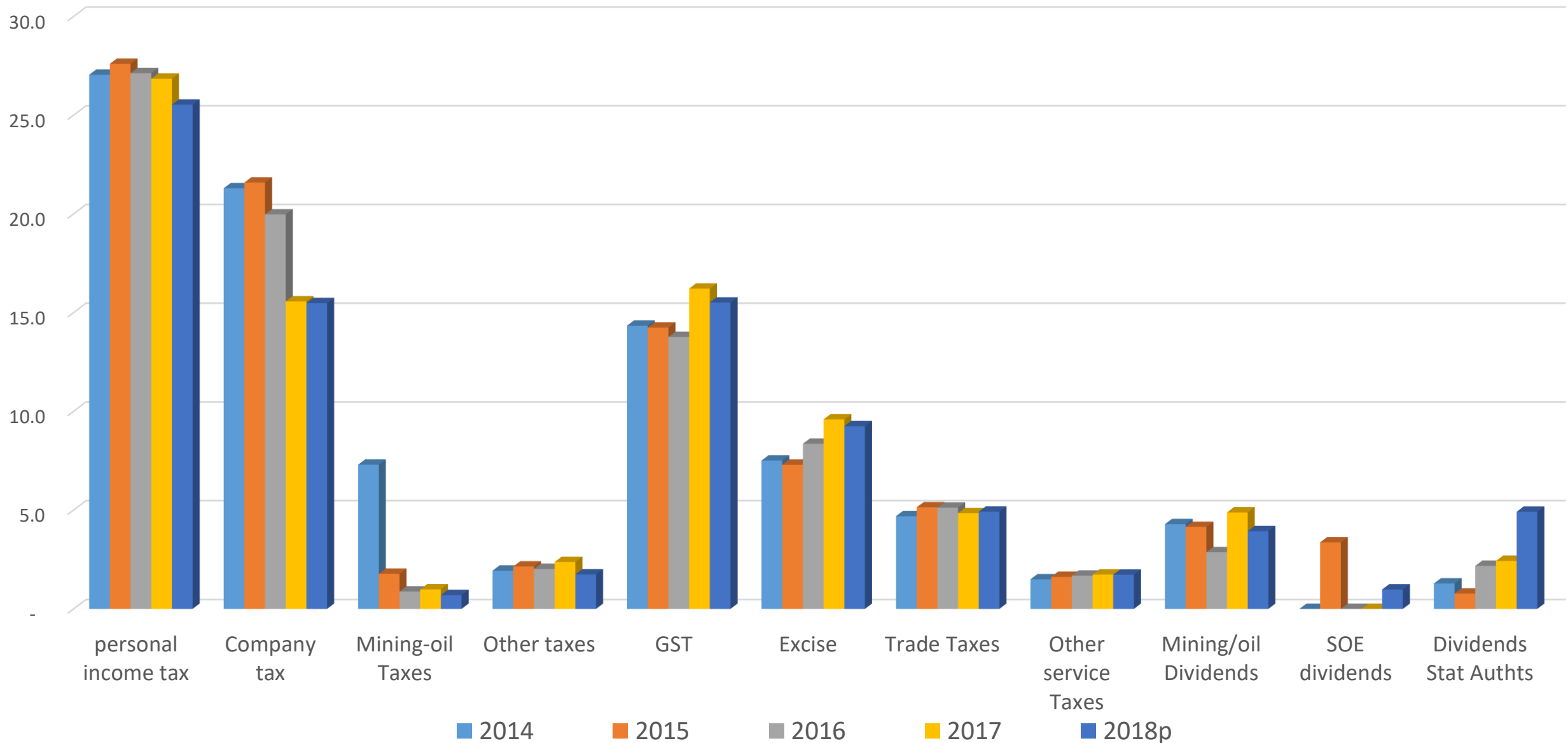




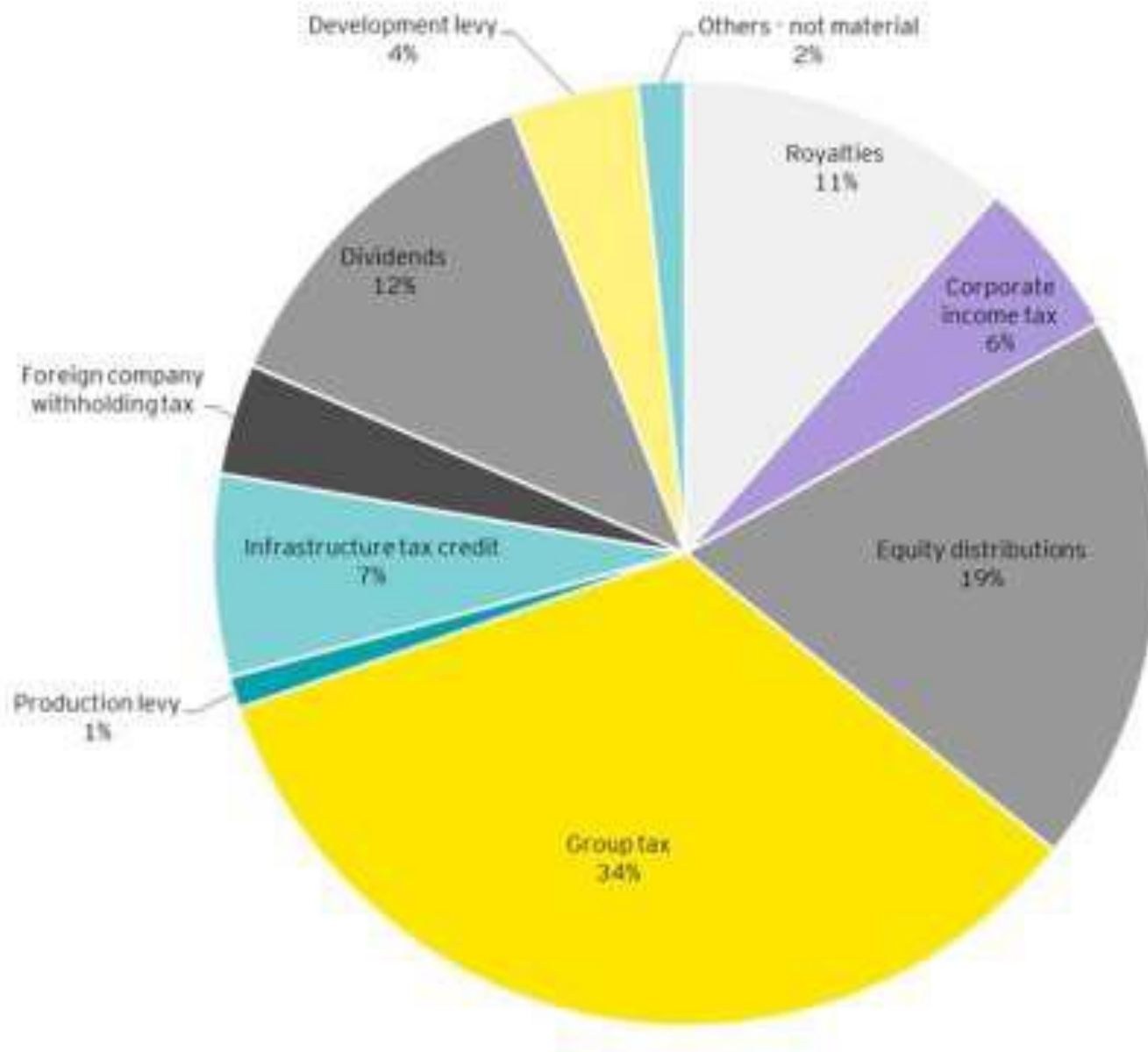
# Revenue Sources 2014-2018 (projected) Kina million (Treasury)



# Portion of Total Revenue from Different Sources (percent - 2014-2018 Budget Projection)



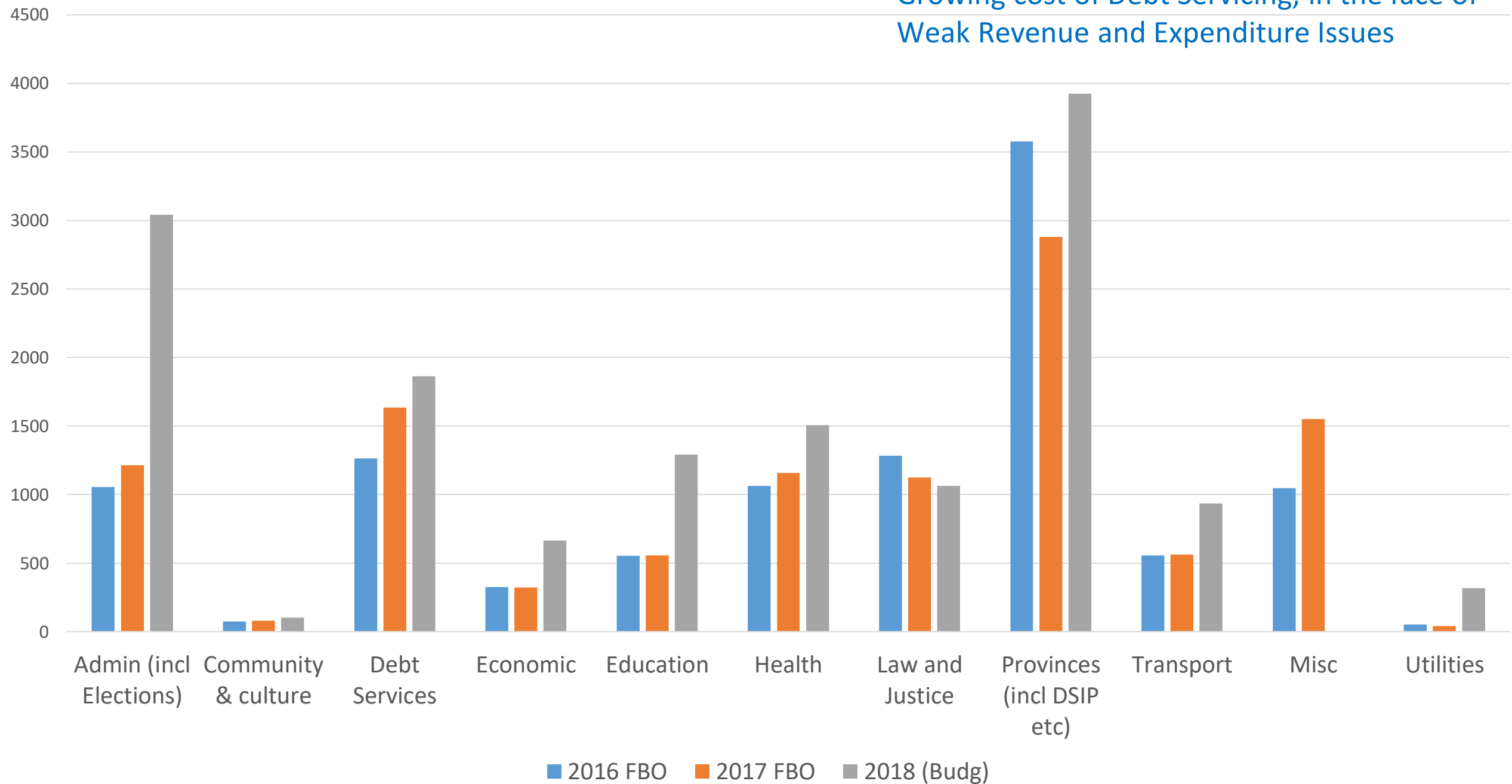
## Relative contribution of revenue streams from the extractive industries 2016 (EITI Report 2016, E & Y)



So: the largest sector revenue in 2016 was from Group Tax, Dividends, Tax Credit and other sources, rather than corporate tax  
Source: PNG EITI Report for 2016

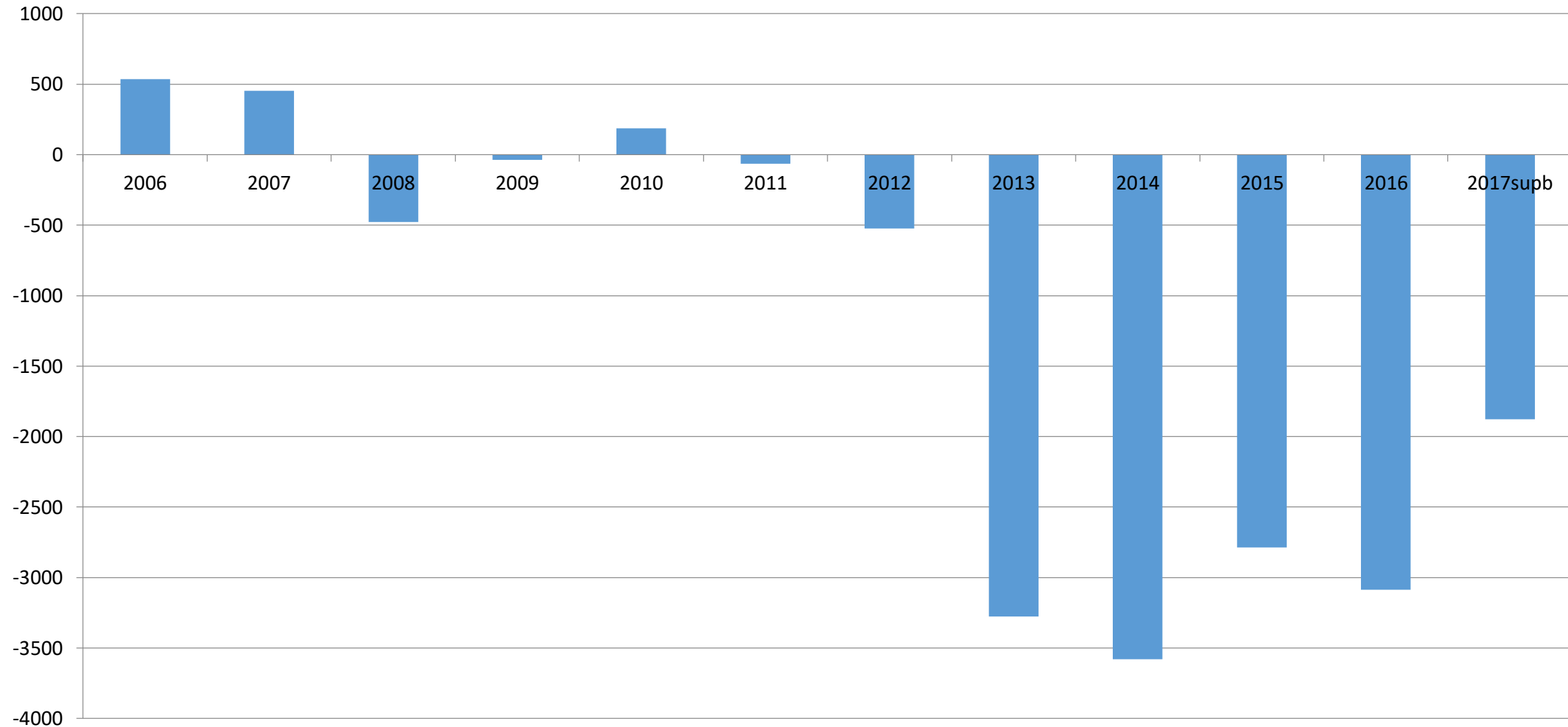
Expenditure by Sector 2016-2018 Budgets (kina mill)

Growing cost of Debt Servicing, in the face of Weak Revenue and Expenditure Issues

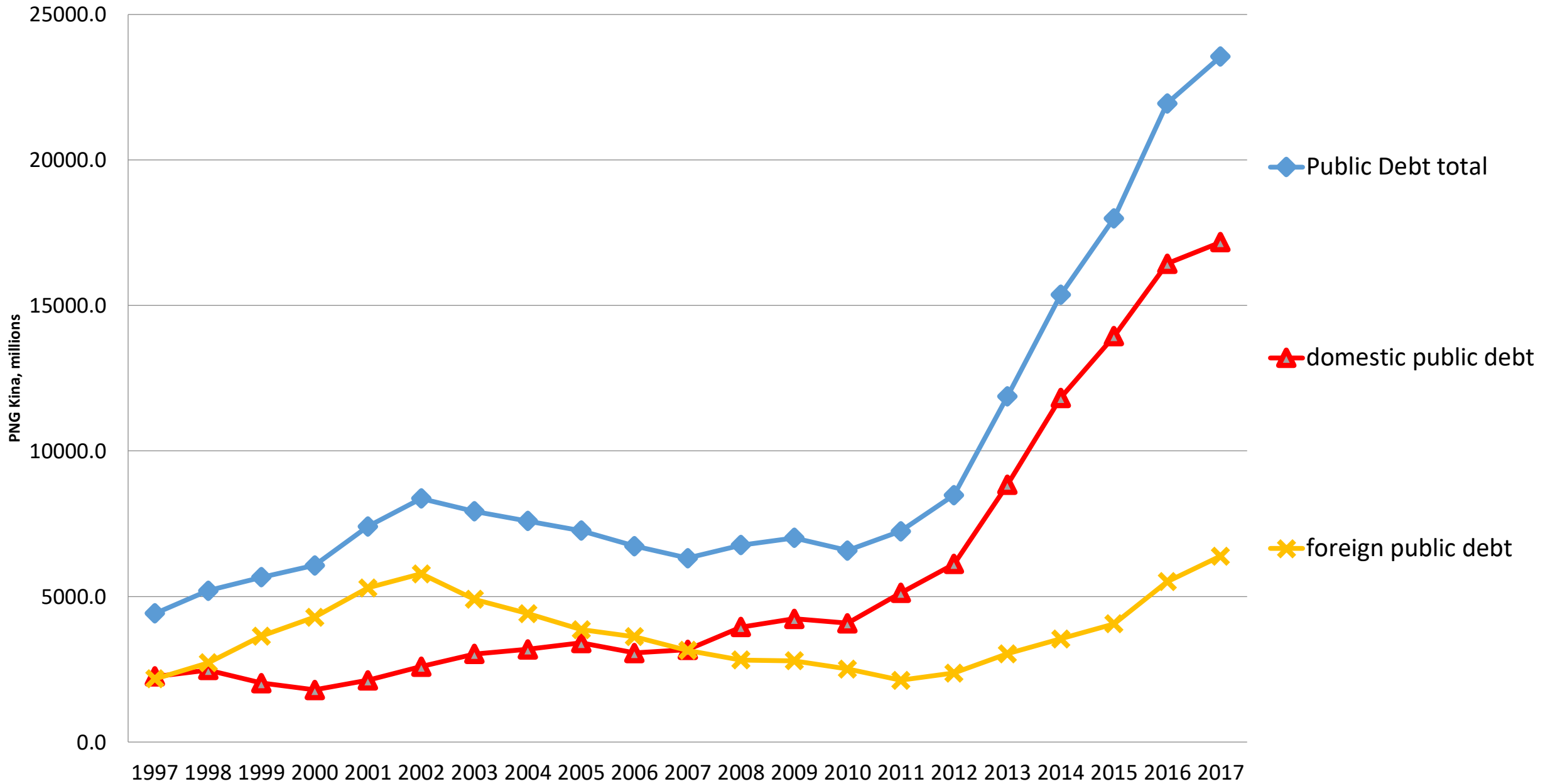


# Central Government Financing surplus-deficit 2006-2017

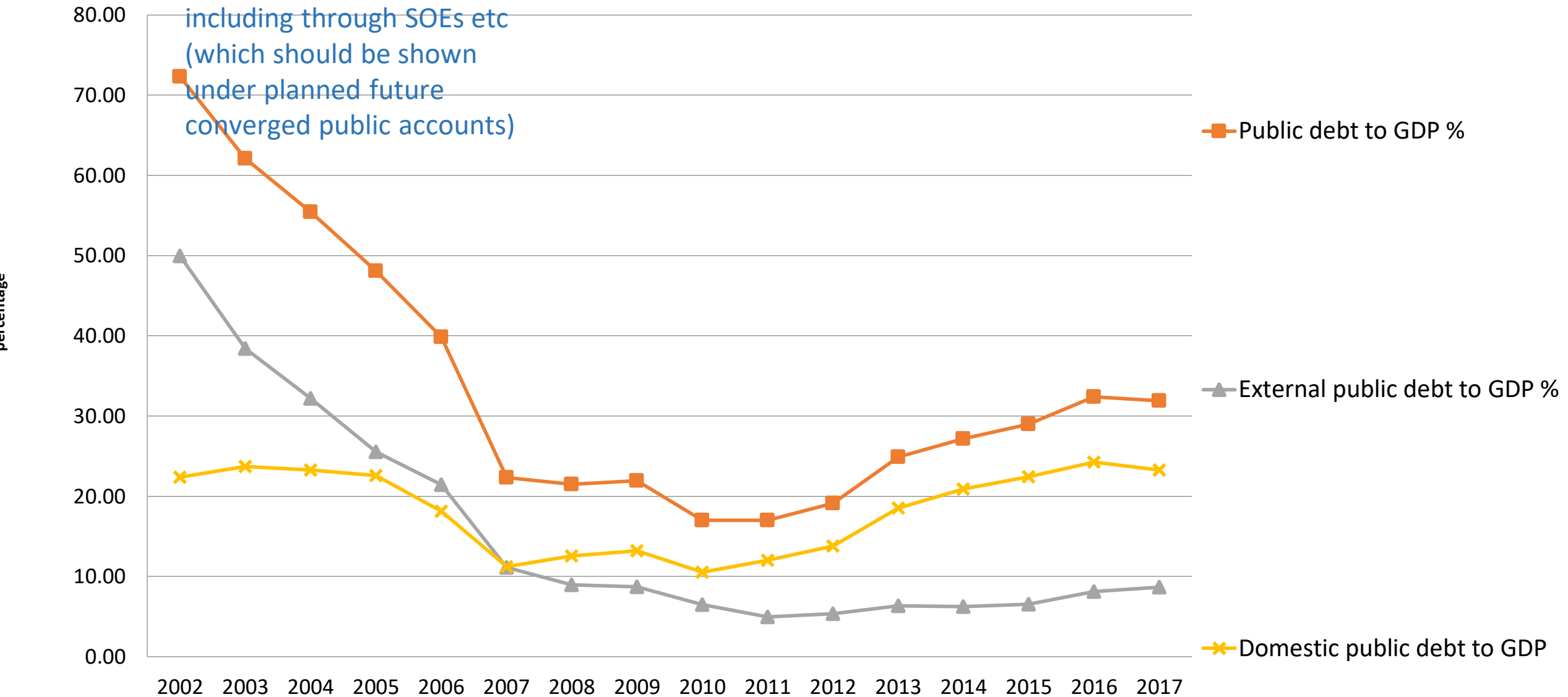
(2017 suppl budget but outcome expected higher)(Treasury -Kina mill)



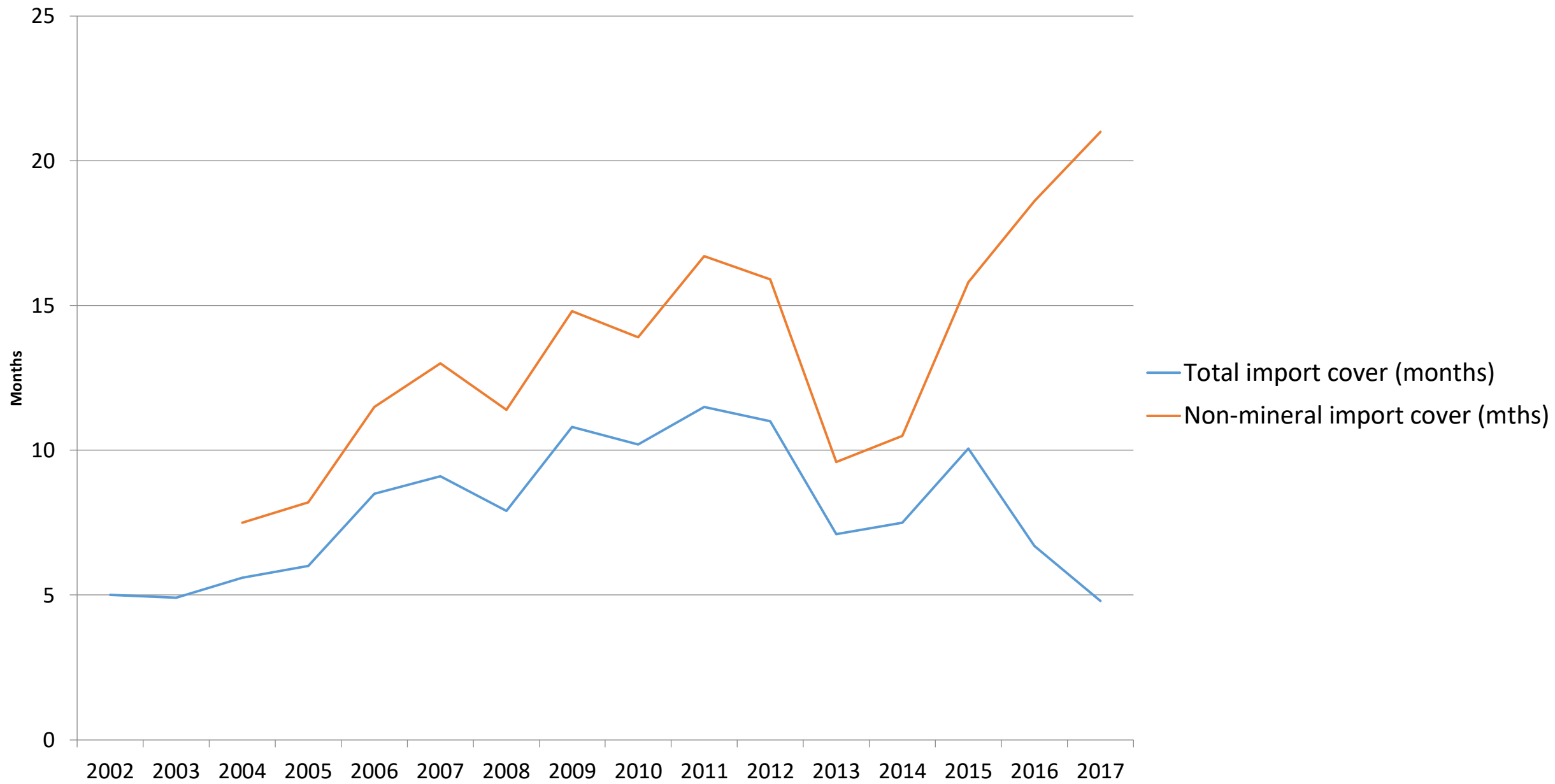
**Total, Domestic and Foreign Public Debt 1997-2017 (kina, mill) (Treasury)**



## Debt to GDP % (Treasury and BPNG 2002 - 2017proj)



## Months of Import Cover (Treasury & BPNG) -actuals and 2016-17 projs





The MTDP3 is focused on Inclusive and Sustainable Economic Growth

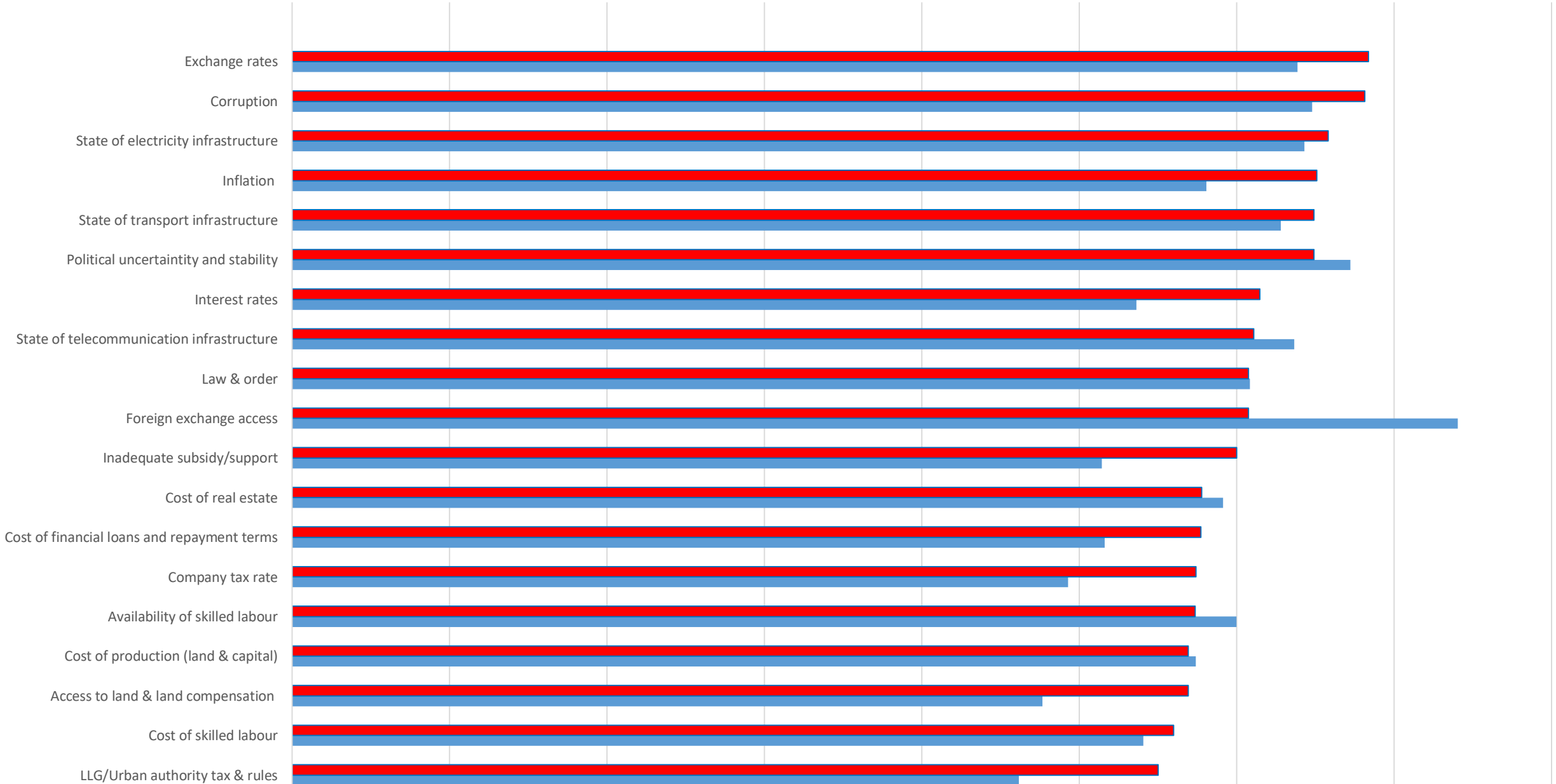
What are the real inhibitors of meaningful economic and social development in PNG? Is it lack of large international airports in all provinces...that fails to bring PNG it's share of tourists?

The INA's PNG at 40 Symposium in Alotau in early 2016 considered all issues, but focussed upon good governance and the need for widespread acceptance of, commitment to, and application of the rule of law and good governance, as the fundamental basis for social and economic progress, through predictability, safety, security and reliability, as needed for investment and business activity, developing and applying regulations consistently, planning and negotiating in a transparent and consistent manner, securing needed revenue and the provision of consistent, priority and affordable public goods and services etc.

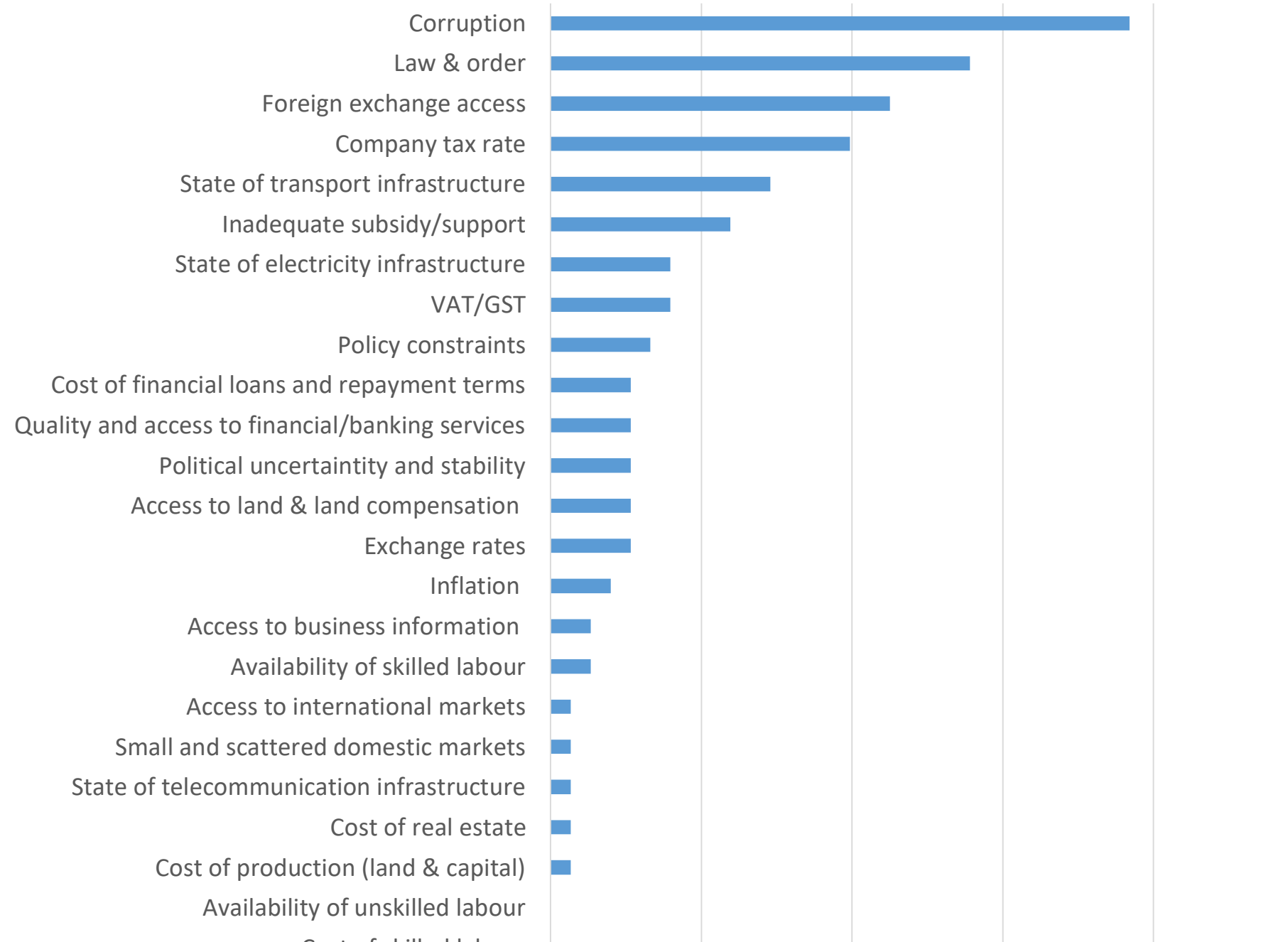
PNG: good Constitution and extensive laws: who policies many of the regulation on government itself?

- PNG weak governance, as per many indicators
- Need for Open Governance and accountability mechanisms, including strong public awareness and social auditing
  - Open data, Open Contracting (licensing, public procurement, project agreements, international financing and other deals), Open Budgeting and financing etc...
  - Freedom of Information...with powers, penalties
- Back to basics (with use of public funds, including international funding –from development partners, and corporate public funding – whether ITC, CSR or other)
- Address real constraints to SMEs, not simply transfer from FDI to local entrepreneurs, without generating net local employment etc
- Developing PNG skills and then use them!

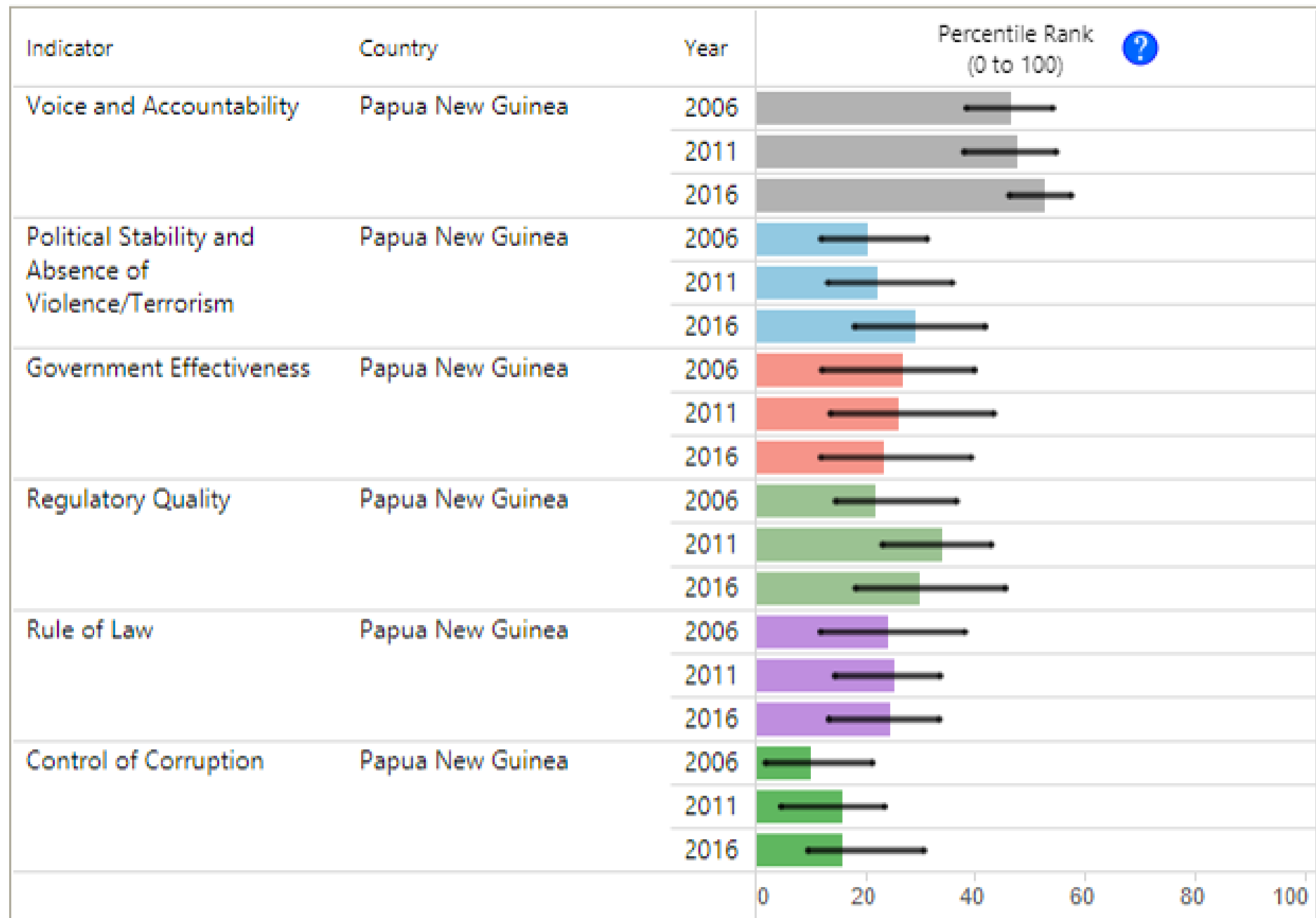
# Ranking Hindrance to Business and Investment: SME (Red) vs Large Business (blue) Perspective



## Priority 1 for Action – from the 2017 INA Private Sector Survey

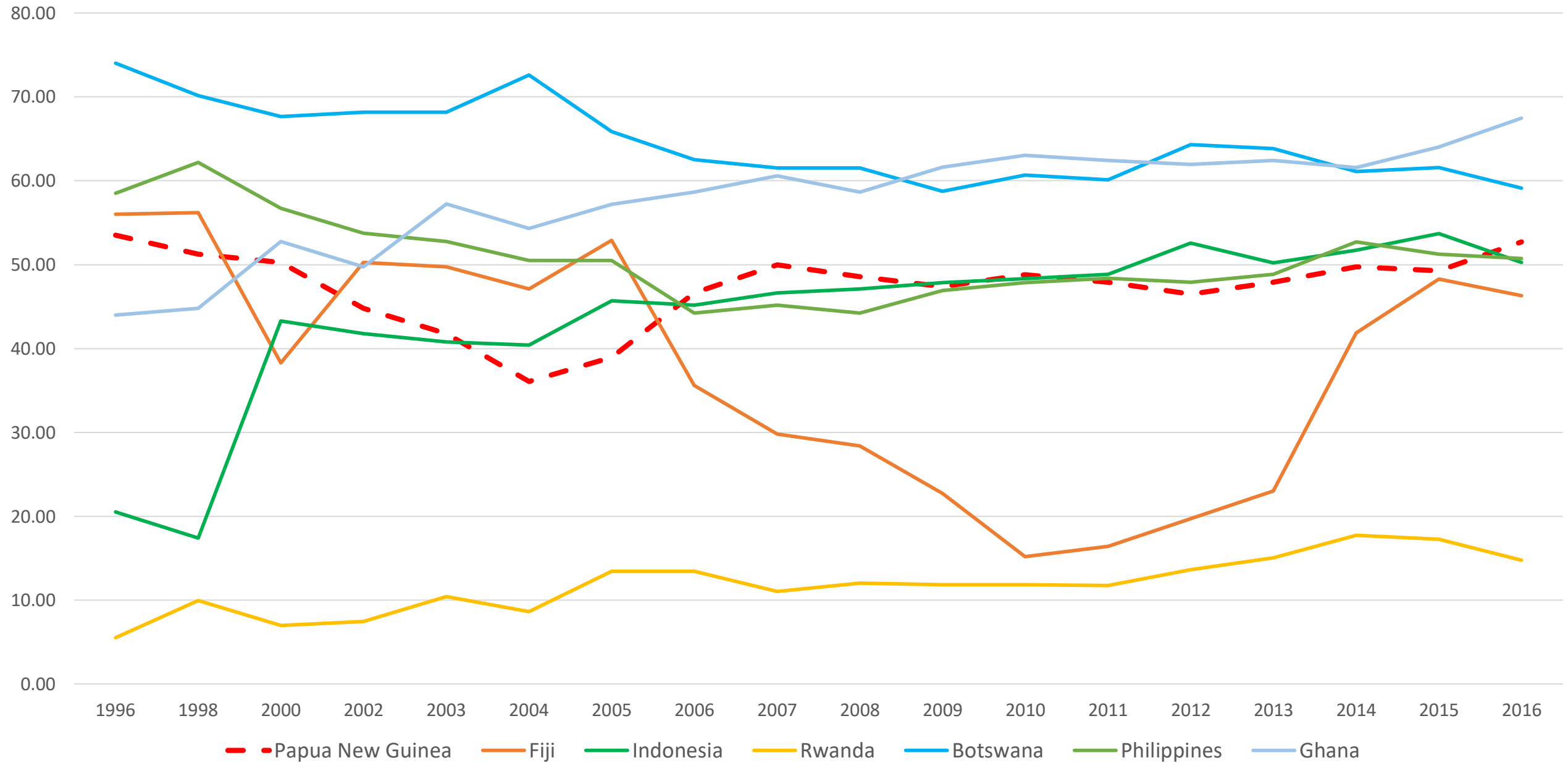


# Worldwide Governance Indicators



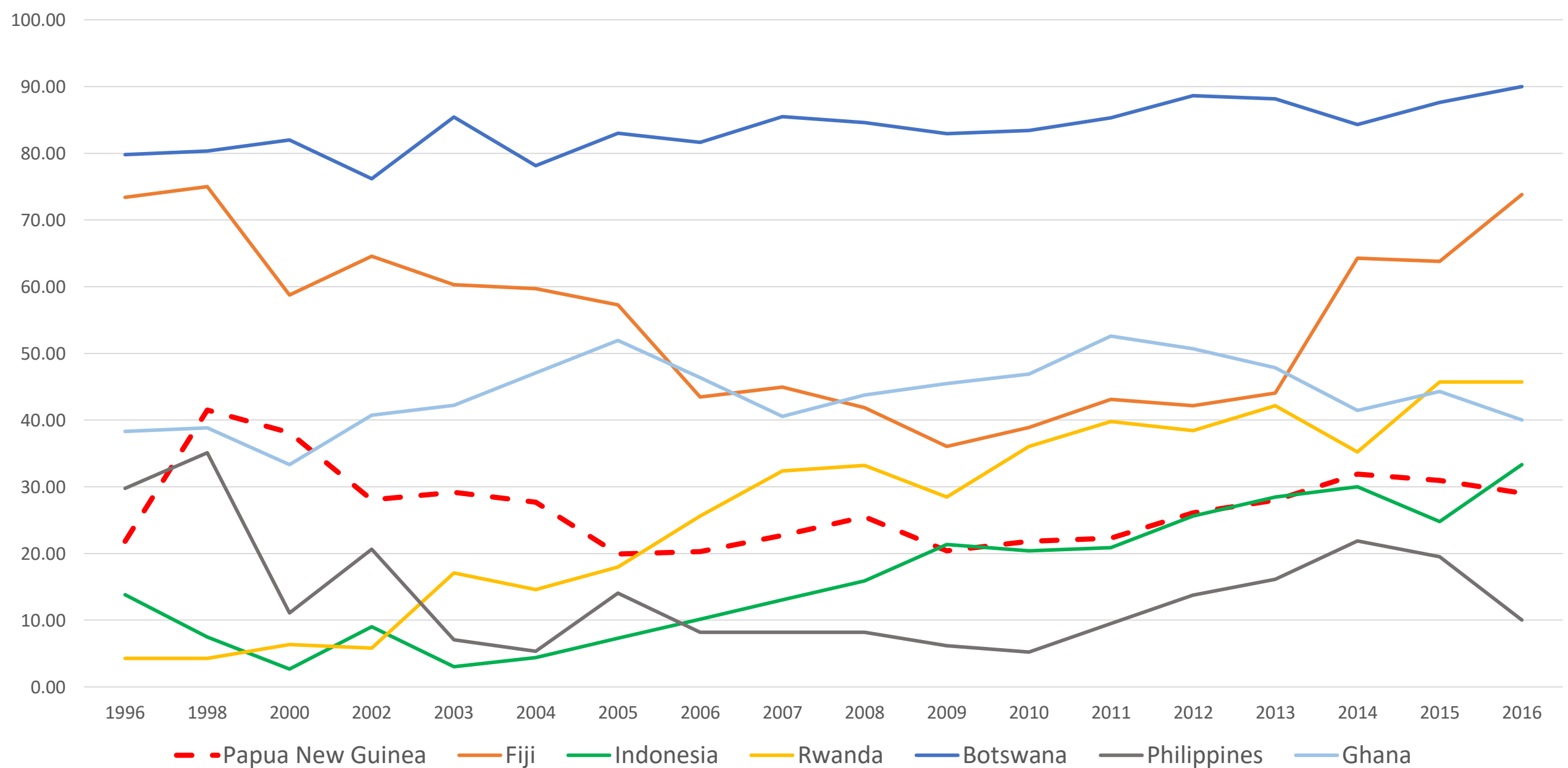
# Voice and Accountability (Percentile Ranking)

World Governance Indicators



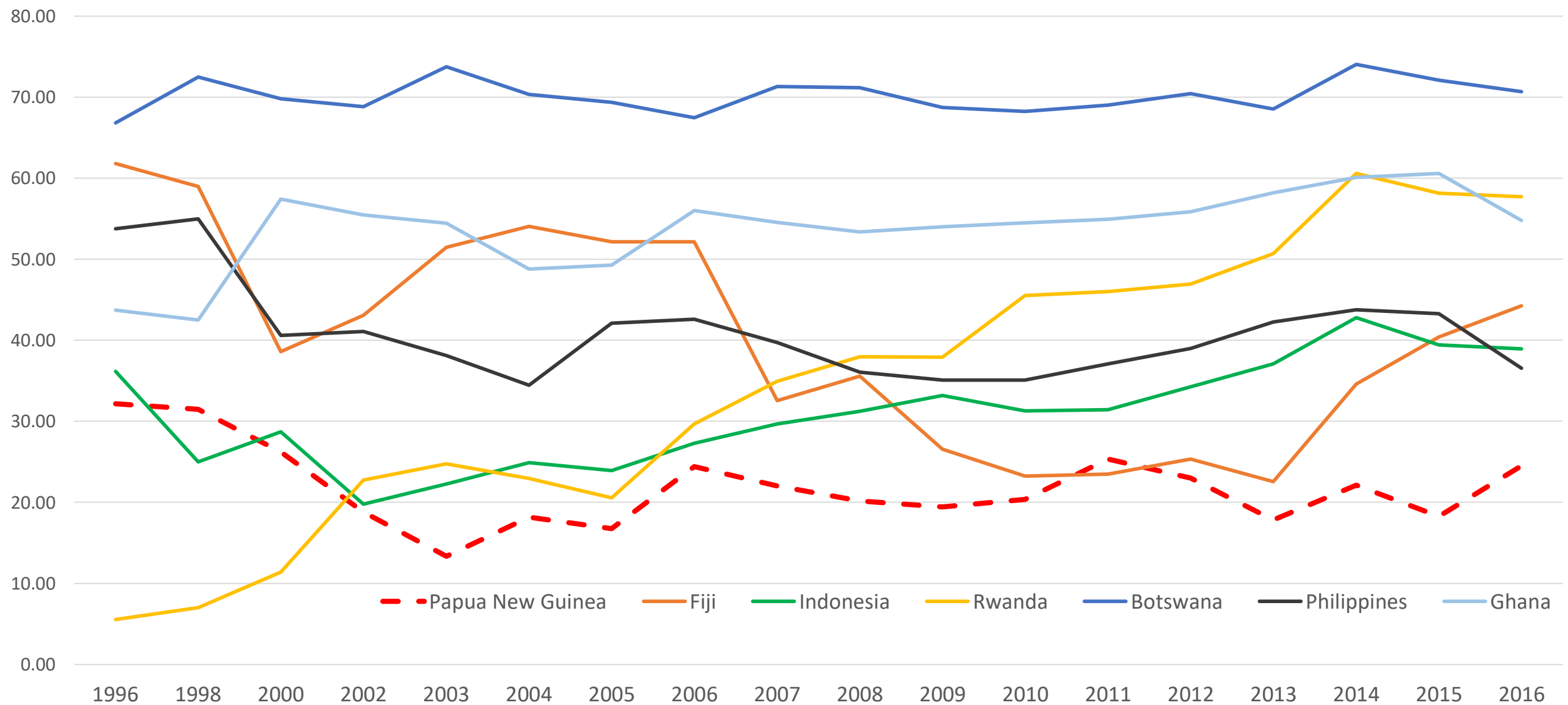
# Political Stability and Absence of Violence and Terrorism (percentile ranking)

World Governance Indicators



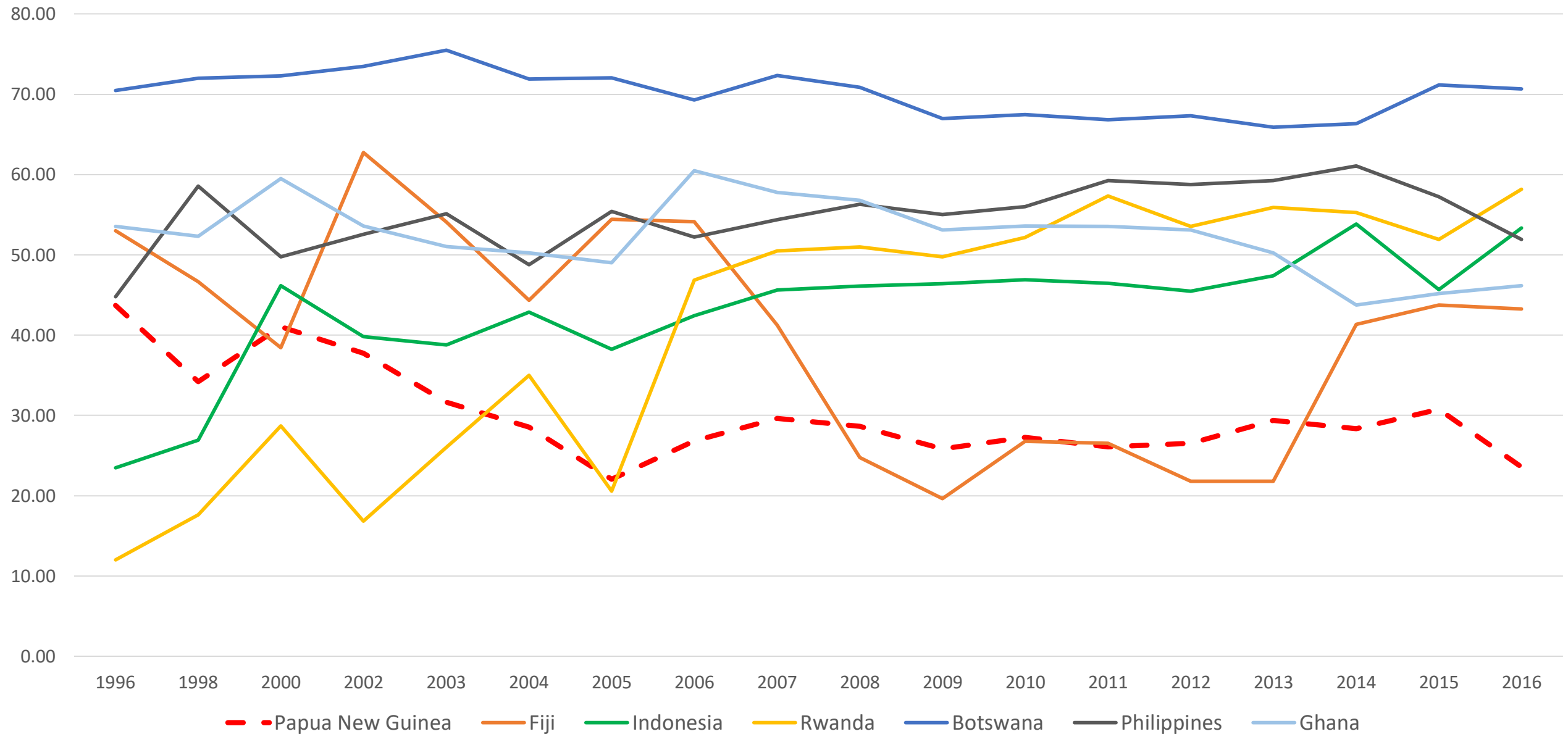
# Rule of Law – Percentile Ranking

(World Governance Indicators)



# Government Effectiveness (percentile ranking)

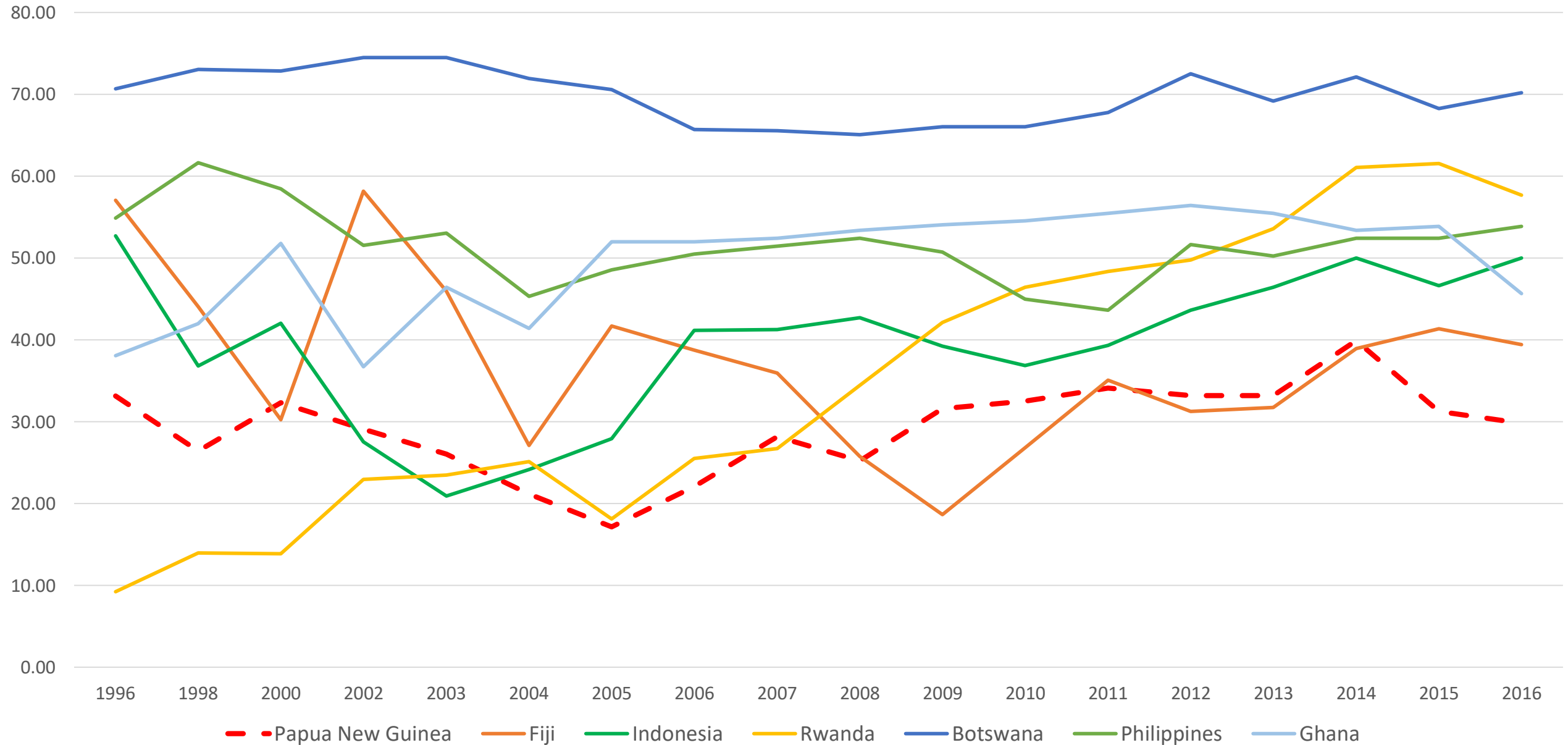
World Governance Indicators





# Regulatory Quality (Percentile Ranking)

## World Governance Indicators







Thank you