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Papua New Guinea

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Foreword

Despite significant economic growth, many of Papua New Guinea's social development indicators have deteriorated in recent decades, and limited progress has been made in fostering social cohesion or establishing a robust social contract. Meanwhile climate change, natural disasters, pandemics, urbanization and demographic change all threaten to amplify socio-economic vulnerability and exacerbate societal fragmentation and conflict. With growing public discontent over unmet expectations, Vision 2050 clearly acknowledges that business as usual, including the near sole reliance on family- and community-based social support systems for the management of social risk, is no longer a viable option, it states: "...if the status quo prevails for a few more years, then major social upheavals can be expected, as existing social safety nets which are based mainly on the wantok system, are overstretched..."[1] Vision 2050 proposes that "Systems to address the current, persistent, socioeconomic inequalities must be funded and established to eradicate poverty and to reduce disparities in income, provincial and district, employment and assets and wealth." However, over the preceding 15 years, limited progress has been made and Papua New Guinea continues to lag most of its regional peers in all indicators of social protection system strength. The adoption of a new National Social Protection Policy 2022-30 signaled a renewed interest in strengthening PNG's formal social protection system. The new policy complements the National Employment Policy 2021-31 which had previously included commitments to enhancing access to higher quality employment-based social protection.

While regular skepticism is frequently encountered regarding the feasibility of implementing quality social protection programmes in Papua New Guinea, there is also significant grounds for hope, as described in this report. The ILO is committed to support Papua New Guinea in turning hopes into reality and trusts that this report is an important step in this regard. We hope that the analysis contained within this report, and the dialogue conducted as part of its preparation, makes a meaningful contribution to the strengthening of Papua New Guinea's national social protection system.

Martin Wandera
Director of the ILO Office for Pacific Island Countries

[1] Independent State of Papua New Guinea, 2009, 24.

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Abbreviations

ADB	Asian Development Bank
AROB	Autonomous Region of Bougainville
BLST	basic life skills training
CBR	community-based rehabilitation
CEDAW	Convention on the Elimination of all Forms for Discrimination Against Women
CMCA	community mine continuation agreement
CNG	child nutrition grant
COVID-19	Coronavirus disease 2019
CRC	Convention on the Rights of Children
CRPD	Convention on the Rights of Persons with Disabilities
CSO	civil society organization
CSR	corporate social responsibility
CVA	cash and voucher assistance
DFAT	Department of Foreign Affairs and Trade (Australia)
DFCDR	Department for Community Development and Religion
DFRBF	Defence Forces Retirement Benefits Fund
DJAG	Department of Justice and Attorney General
DLIR	Department of Labour and Industrial Relations
DoH	Department of Health
DPLGA	Department of Provincial and Local Government Affairs
DSIP	District Service Improvement Programme
EITI	Extractive Industries Transparency Initiative
FAO	Food and Agriculture Organization
GBV	gender-based violence
GDP	gross domestic product
GoPNG	Government of Papua New Guinea
HIES	Household Income and Expenditure Survey
IDPs	internally displaced persons
IFIs	International Financial Institutions
ILO	International Labour Organization
IOM	International Organization for Migration
IMF	International Monetary Fund
IYCF	infant and young child feeding
LFPR	Labour Force Participation Rate
LLGs	lower local governments

LNG	liquid natural gas
MTDP	Medium-term Development Plan
NCD	National Capital District
NCDs	non-communicable diseases
NEC	National Executive Committee
NEET	not in employment, education or training
NSO	National Statistical Office
NSPP	National Social Protection Policy
NTCC	National Tripartite Consultative Council
NYDA	National Youth Development Agency
NGO	non-governmental organization
ODA	Official Development Assistance
OTML	Ok Tedi Mining Limited
PICTs	Pacific Islands and Territories
PLS	Pacific Labour Scheme
PNG	Papua New Guinea
PSIP	Provincial Services Improvement Programme
RSES	Regional Seasonal Employers Scheme
SARV	sorcery accusation related violence
SDG	Sustainable Development Goals
SP	social protection
SPDA	social protection diagnostic assessment
SPI	social protection index
SPIACB	Social Protection Inter-Agency Coordination Board
STREIT	support to rural entrepreneurship, investment and trade
SWP	Seasonal Worker Programme
TB	Tuberculosis
TVET	technical vocational education and training
UDHR	Universal Declaration of Human Rights
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNDESA	United Nations Department for Economic and Social Affairs
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UYEP	Urban Youth Employment Project
VAT	value-added tax
YES	Youth Employment Scheme
WHO	World Health Organization

Executive summary

The purpose of this social protection diagnostic assessment (SPDA) for Papua New Guinea (PNG) is to provide analysis that can guide on-going reviews of the national employment laws and to support the development of an implementation plan for the new National Social Protection Policy (NSPP) 2022-30. The SPDA was conducted between June and November 2024 in collaboration with the Department of Labour and Industrial Relations (DLIR) and the Department of Community Development and Religion (DFCDR). It is based on a desk review of legislation, policy documents, statistical and programme performance reports, supplemented by face-to-face and virtual consultations with officials from the central and provincial governments, trade unions, employers' representatives, superannuation funds, civil society organizations and United Nations agencies.

Foundational frameworks and concepts

The SPDA is firmly anchored in international labour standards including the Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Social Protection Floors Recommendation, 2012 (No. 202). The opening chapter of the report therefore sets out the conceptual and analytical foundations for the SPDA by clarifying the key principles and concepts advanced by these normative frameworks. The chapter goes on to describe: the respective roles of social insurance and non-contributory social protection instruments; the relationship between social protection and employment policy; the multiple and diverse ways in which social protection systems support national development processes; and the mutually reinforcing relationship between social protection and (family-, community- and customary) social support mechanisms.

National development context

The report provides an overview of the national development context, including matters relating to geography, governance, demography, economy and employment, poverty, gender, vulnerable groups and PNG's family- and community-based social support mechanisms. Key issues emerging from the analysis that require consideration when developing PNG's social protection interventions include: intense vulnerability to natural disasters and subsequent population displacement; a high incidence of youth not in employment, education or training (NEET) and broader youth vulnerability; rapid population ageing; the high prevalence of disability, including among the working-age population; continuing informalisation of the economy and low job creation; high rates of poverty, vulnerability and food insecurity; intense structural disadvantages and the catastrophically high rates of violence faced by women and girls.

Although attachment to PNG's family- and community-based social support mechanisms remains strong in rural areas, these mechanisms are widely understood to be incapable, on their own, of mitigating the social risks present in Papua New Guinean society. While intense social cohesion and social contract challenges point to the urgency of developing social protection systems, the country's persistently fragmented political, institutional and fiscal framework suggests that progress will depend on considerable collective commitment and creativity in the search for policy options that can garner political support.

Current social protection systems in Papua New Guinea

Contributory and employment-based social protection

Social protection provision for those in formal employment (and self-employed and informal workers with the ability to contribute) are limited to superannuation funds (cash accumulation schemes) and the workers' injury compensation scheme (employer-liability insurance with third party carriers).

No social insurance cash maternity or cash sickness benefits are available, while existing employer-liability benefits are meagre, even compared to those found in peer economies in the region. Key weaknesses of existing provisions include:

(a) Limited coverage of PNG's superannuation system. Active contributors represent only around 13 per cent of the adult population; five to six per cent of the labour force and 10-11 per cent of wage-earners.[2]

(b) Limited relevance of existing contributory social security schemes to the needs of the self-employed and informal workers, as evidenced by high rates of account inactivity among members of the superannuation funds' voluntary schemes.

(c) Low savings preservation over time. Average savings among active members — aged 50-59 — of PNG's private sector-focused superannuation scheme are equivalent to less than three times the annual zero income tax earnings threshold. If inactive members are considered, average lifetime savings fall to less than the annual zero income tax earnings threshold.

(d) Low returns on savings caused by constraints imposed on the superannuation funds' investment strategies by high liquidity requirements and regulatory limits on offshore investment.

(e) Absence of income protection covering the first three months of unemployment.

(f) Practical absence of public employment services to support recently unemployed formal sector workers.

(g) Absence of employer-liability maternity benefits for women working in the private sector and weak protections against dismissal.

(h) Inadequate benefits within the workers' injury compensation scheme, compounded by administrative inefficiencies and limited transparency in claims processing.

Non-contributory social protection

PNG's non-contributory social protection was found to be generally weak with provision limited to the following:

(a) Child/family benefits: A pilot child nutrition grant (CNG) is currently being implemented in Western, Simbu, East New Britain and Madek provinces and is eventually expected to reach around 175,000 pregnant women with children aged 0-2 years. Mothers/primary caregivers receive K30 per month (equivalent to around 3.3 per cent of GDP per capita). The CNG is expected to be complemented by interventions on infant and young child feeding (IYCF) practices, positive parenting, financial literacy and gender-based violence (GBV) prevention and response. However, implementation of the pilot has faced significant headwinds and there is still much to do to secure scale-up and long-term sustainability.

[2] NSO, Undated(c), reports a Labour Force Participation Rate (LFPR) of 51.8 per cent of the population aged 15 years and above, with 54.5 per cent of these workers being in paid or wage-earning jobs. Authors' calculations.

(b) Unemployment support: Non-contributory income support for the unemployed is essentially non-existent in PNG. While at least two substantial labour-intensive public works schemes exist in the country (the Youth Jobs Corp component of the Urban Youth Employment project (UYEP) and the transport infrastructure component of the Support to Rural Entrepreneurship, Investment and Trade (STREIT) programme in East Sepik and Sanduan provinces), neither programme are designed to achieve a minimum level of income security for participants. Furthermore, the evaluation of phase I of the project noted that the UYEP struggled to include and retain entrants from the poorest households.[3] The fact that private sector employees regularly resign from their jobs specifically to access their superannuation savings to address emergency financial needs is an extreme illustration of the lack of adequate tax-financed social protection.[4]

(c) Old age and disability benefits: No nationwide old age or disability benefits are available in Papua New Guinea. Although the New Ireland province established a provincial level disability and old age benefit scheme in 2009, the programme was suspended in 2021 due to funding shortages associated with the increasing fragmentation of PNG's natural resource revenues.

(d) General social assistance: Social assistance is limited to: (i) relief provided under the National Disaster Management Act of 1984 (amended 1987); (ii) support provided to a limited number of internally displaced persons (such as those affected by the eruption of the Manam and Kadovar volcanoes; (iii) support provided to inhabitants of chronically vulnerable locations (such as remote atolls in the Autonomous Region of Bougainville), and; (iv) ad hoc, temporary and/or localised interventions that respond to specific crises (such as the food bank established by the National Capital District during the COVID-19 pandemic). However, such assistance is typically in-kind, inadequate, infrequent and unreliable.

Although not commonly understood as social protection per se, it is important to note that entities operating in PNG's natural resource sector are commonly required by law to pay royalties as well as compensation for damage to livelihoods to landowners and residents of areas affected by their operations. In 2021, a total of K56.4 million in mandatory compensation payments were reported to the Extractive Industries Transparency Initiative (EITI).[5] For example, under the Community Mine Continuation Agreement (CMCA), Ok Tedi Mine Limited (OTML) makes annual electronic payments to 20,000 families, plus additional payments to clan and village accounts.[6] During the most recent negotiation of the mine's lease renewal in 2012, 18.25 per cent of compensation payments were specifically allocated for women and children.[7] Similar arrangements exist in the logging, oil and liquid natural gas (LNG) industries, although inequity and governance challenges within these schemes are frequently identified.

[3] World Bank, 2024b.
[4] Key informant interviews.
[5] Ernst & Young, 2023.
[6] In 2014, a total of K20 million was reported to be paid to 18,000 families – around K1,100 per family per year. OTML financial reports suggest that expenditure may have reduced somewhat in recent years.
[7] OTML, Undated.
[8] ADB, 2012.

Health care

The limited resources available for the public health system have had profound effects on the accessibility and quality of health care available to Papua New Guineans. Analysis of the 2009/10 Household Income and Expenditure Survey (HIES) revealed that only 54 per cent of adults and 68 per cent of children reported using medical services in the case of sickness, which is far lower than rates found in comparator countries (typically 70–90 per cent).[8] More recently the 2016/18 Demographic and Health Survey (DHS) noted that only around one-third of women (36 per cent) and men (34 per cent) had visited a health facility in the 12 months prior to the DHS 2016/18 survey. 63 per cent of respondents to the survey reported the lack of access to money to pay user fees as being a barrier, while 56 per cent cited distance to a health facility. Rates of reported financial barriers were significantly higher in rural areas (66.9 per cent) than urban areas (40.4 per cent) and among lower income households (80.5 per cent among the poorest two quintiles compared with 47.3 per cent among the richest two quintiles). Respondents in the Highlands and Momase provinces were also more likely to report financial barriers than respondents in Southern and Islands provinces.

Financing social protection

Expenditure on social benefits

With one notable exception, the Government of Papua New Guinea (GoPNG) has not reported any expenditure on social benefits since 2018.[9] Although minor expenditures on the Urban Youth Employment Project were reported in 2018 and 2019, these expenditures were not classified as social protection, perhaps reflecting the fact that the public works scheme component of this scheme is not designed to deliver significant income protection. However, the 2024 budget forecasts expenditures on social benefits of K100.4 in 2024, K96.3 million in 2025, K92.5 million in 2026, K69.1 million in 2027 and K68.5 million in 2028. Around two-thirds of these annual allocations are forecast to be spent by the Autonomous Bougainville Government, while the remaining third is to be spent by the national government. Meanwhile the International Monetary Fund (IMF) 2022 Article IV report projects a broadly comparable level of spending on social benefits of 0.1 per cent of GDP per year over the 2024-28 period.[10]

However, several multi-faceted programmes also exist which may provide cash or in-kind support to vulnerable groups but are not reported formal social protection spending. These include disaster response and recovery programming, resettlement support programmes for victims of natural disasters, and support for specific vulnerable groups such as persons with disabilities, survivors of gender-based violence and people living with HIV/AIDS. However, with total expenditure for these programmes standing at only K22.6 million in 2023, these programmes have limited implications for any assessment of overall social protection spending in PNG.

Expenditure on health care

The GoPNG typically funds between two-thirds and three quarters of annual health care expenditures in PNG, with the remaining portion funded by a combination of private sector businesses, international donors and out-of-pocket spending.[11] Health care is supposed to

[8] ADB, 2012.
[9] In 2019, the GoPNG, as (confirmed in the September 2022 IMF Article IV report), reported expenditure of K217.7 million on social benefits for civil servants.
[10] IMF, 2022.
[11] WHO, 2014.

be free for children under five, pregnant women, people living with HIV, tuberculosis, malaria and older people, although consultations suggest that this is only weakly implemented due to the inadequacy of funding for health services and medications.[12] Indeed health sector funding declined rapidly in the 2011-15 period before stabilising at a level that is far below that found among regional peers. Prior to 2011, around 15 per cent of total spending had been allocated to the health sector. This declined rapidly over the 2011-15 period and has hovered at around ten per cent of total government spending in recent years.[13] As a proportion of GDP, health spending fell from 3.3 per cent of GDP in 2014 to only 1.8 per cent in 2015 before recovering moderately and settling at around 2.3 per cent from 2016-21. In 2023, it fell again to only two per cent.[14] Real per capita health expenditure approximately halved between 2010 and 2021.

Given the above discussion, it is unsurprising that PNG spends less on social protection than any other country in the Pacific region. Only Vanuatu spends less on health care and no other country in the Pacific spends less than PNG on social benefits. Leaving key outliers aside (Australia, New Zealand and Kiribati), average public expenditure on social security (excluding health) and health among Pacific Island Countries stands at around 3.1 per cent and 4.9 per cent respectively, compared to 0.1 per cent and two per cent for PNG.

Fiscal space for social protection

PNG's ability to implement tax-financed social protection is constrained by several factors, including:

(i) **Low revenue generation.** In an increasingly informal and natural resource dependent economy, domestic revenues fell to a low of 12.8 per cent of GDP during the COVID-19 pandemic before rebounding to 15.7 per cent by 2023.
(ii) **A rapid build-up of public debt.** Public debt rose from 26.9 per cent to 48.3 per cent of GDP between 2014 and 2022 and debt servicing rose from 2.5 per cent of public expenditures in 2017 to 12.8 per cent in 2023. With Eurobond, bilateral and multilateral debt service payments scheduled to increase further between 2026 and 2029, the IMF has classified PNG as being at high risk of debt distress.
(iii) **Revenue fragmentation.** Under the Mining Act of 1992 and the Oil and Gas Act of 1998, customary landowners and provincial and local governments are entitled to a proportion of various natural resource revenue streams.
(iv) **Acute funding needs in various sectors.** Spending on education and health had fallen to four per cent and 10.3 per cent of total government expenditures respectively by 2023 and per capita spending is exceptionally low.
(v) **Significant pressure to consolidate its expenditures.** The GoPNG has stated its intention to achieve a balanced budget by 2027, which will require a challenging rationalisation of public spending, particularly considering falling overseas development assistance (ODA).

Despite the present state of PNG's public finances, stronger natural resource revenue streams and tax administration reforms are expected to improve longer-term fiscal prospects. The reopening of PNG's second largest mine in December 2023 and the conclusion of negotiations on various new natural resource revenue sharing agreements are expected to significantly

[12] The fact that the NCD is recognized as having put in place a formal fee waiver system for people with disabilities suggests that this practice is not widespread.
[13] Government of Papua New Guinea, 2021.
[14] Author's calculations.

boost revenues. A range of tax administration reforms are also under way. As a result, the IMF expects public debt to enter a downward trend over the medium term. Meanwhile reforms to PNG's value-added-tax (VAT) regime have the potential to raise significant additional revenues. Finally, there are a wide range of opportunities for consolidating existing programmes and reallocating existing public resources in favour of social protection. **In this context, it is estimated that modest expenditure on tax-financed social protection – perhaps in the region of 0.5 per cent of GDP by 2035 – may be possible.**

Directions for reform

It is widely recognized that despite significant economic growth, the standard of living for many Papua New Guineans has changed little in recent decades. There also appears to be widespread consensus that the development of social protection mechanisms is critical to avoiding what the Vision 2050 refers to as major social upheavals. However, consensus on the scale of the challenge facing PNG is yet to translate into tangible action. Overcoming the paralysis that has hampered PNG's nascent social protection system over the past decade requires concerted and coordinated efforts from the GoPNG and its development partners. Given the contextual diversity and unique challenges present, progress will also require a commitment to an exploratory approach and high-quality stakeholder engagement, as well as a reasonable appetite for risk. Although this assessment provides an indication of potential entry points for social protection programming in PNG, further in-depth feasibility assessment will be needed, working with sub-national authorities particularly. Specific recommendations are therefore limited, at this stage, to putting in place appropriate institutional arrangements for conducting the necessary dialogue and capacity building that is the precursor to the design and implementation of sustainable policies and programmes.

Allocate funding to implement the National Social Protection Policy

The GoPNG should commit to meaningful funding of the new National Social Protection Policy by setting a target for expenditure on non-contributory social protection by 2030. Given extreme funding shortfalls in other social sectors, a figure of 0.5 per cent of GDP or around three per cent of domestic revenues could be reasonable, with funding increasing by 0.1 per cent of GDP each year from 2026 to 2030. It would be advisable to use 2025 to undertake the in-depth studies discussed to identify the specific interventions to be funded from 2026 onwards. Even this relatively modest commitment has the potential to crowd-in development partner co-funding (including potentially shock-responsive top-ups in times of disaster) and lay the ground for further development of the social protection system by 2040.

Strengthen institutional arrangements for coordination and policy dialogue

In the first instance, stakeholder coordination mechanisms to oversee the implementation of the National Social Protection Policy and the National Employment Policy 2021-31 should be established. Given the potential for significant overlaps between these policies – particularly measures to address youth unemployment – the DFCDR and DLIR may wish to consider establishing a "National Observatory on Social Protection and Economic Inclusion." The observatory could enable the participation of a wide range of government departments, non-governmental organizations and development partners and would act as a feeder structure for the high-level committee structures that are due to be established to coordinate implementation of PNG's medium-term development plan.

The DFCDR and the DLIR should also consider establishing similar structures in a number of high potential "pathfinder" provinces. These structures would promote greater

information sharing (including vulnerability assessments and other analysis of social protection needs), coordination of government and non-governmental interventions, innovation and partnerships, accountability for performance, and identification and sharing of lessons learnt during the implementation of social protection and economic inclusion programmes. Although only limited consultations were possible within the scope of this assessment, preliminary findings suggest that East Sepik and the Autonomous Region of Bougainville (AROB) have the potential to be early adopters of such an approach. Both the national and provincial observatories will certainly benefit from significant technical support from the UN and other development partners.

The GoPNG should ensure the continued functioning of the National Tripartite Consultative Council (NTCC). The National Tripartite Consultative Council (NTCC) was established under the Industrial Relations Act 1962 and is required to meet twice each year. However, the NTCC has suffered from long periods of inactivity and remains marginal to industrial relations and policymaking. Following the welcome intervention of the Minister of Labour and Industrial Relations on this matter, the NTCC held its first meeting since 2018 in March 2024.[15] The GoPNG should ensure that meetings continue to be held regularly, and discussion of the proposed maternity benefit reforms should be referred to the NTCC as a matter of priority.

Invest in high-quality evidence generation, including pilots, to build momentum and stimulate policy dialogue.

The GoPNG, with support from its development partners, should undertake feasibility studies for the key interventions discussed in this report. Research into the state of family- and community-based social support mechanisms should also be encouraged. Other relevant evidence generation activities could include tracer studies to explore the situation of young people who make unemployment-related withdrawals from their superannuation accounts (as a basis for the design of support for re-employment, potentially working in partnership with a strengthened National Employment Service) as well as to understand the post-graduation employment trajectories of participants of high quality employment support programmes such as provided by Ginigoada and the Urban Youth Employment Programme.

Strengthen PNG's national social protection management information system to enable evidence-informed dialogue and decision-making.

The GoPNG and its development partners should urgently prioritise reversing PNG's prevailing state of extreme data deprivation. This would include ensuring regular and high-quality implementation of critical national surveys such as the HIES, Labour Force Survey (LFS) and DHS Systems for monitoring exposure to climate-related shocks and other natural disasters, population displacement and food security also all need to be significantly strengthened. Mechanisms should also be put in place to compile data on social protection and employment interventions and public expenditures around the country.

Options for improving social protection for formal employees

[15] Key informant interviews.

Improve compliance with existing labour legislation.

Current levels of compliance with provisions in the Employment Act relating to paid sick leave and work injury compensation are adversely affected by the low levels of awareness and understanding of employment rights among employers and workers alike. Similar challenges exist in relation to superannuation. These long-standing challenges will not be overcome with a business-as-usual approach. A multi-pronged strategy including an on-going and high-quality public information campaign, targeted outreach and the strengthening of DLIR's labour inspection function will also be critical. The penalty regime for non-compliance, which has not changed fundamentally since independence, should also be reviewed. Finally, PNG should explore the feasibility of linking compliance validation and superannuation contributions to tax administration and business licensing. Cooperating with the government's on-going revenue enhancement strategy could be particularly effective.

Strengthen income and employment protection for pregnant women and new mothers

Maternity benefits and employment protection for women in PNG are woefully inadequate. Based on the consensus on the introduction of paid maternity leave in the private sector as well as additional constraints on termination of employment are therefore welcome, the GoPNG is strongly urged to bring forward legislative amendments on this issue at the earliest possible opportunity. Pending the development of social insurance maternity benefits, paid maternity leave should be extended for all formal employees for at least 12 weeks at a minimum of two-thirds of normal wages. Prohibitions on termination of employment for women should also be significantly strengthened.

Explore the feasibility of establishing social insurance scheme(s) that cover formal employees as well as self-employed workers with the capacity to contribute

The absence of social insurance mechanisms and reliance on employer-liability and cash accumulation contributory schemes is fundamentally at odds with international labour standards and has been shown to have significant adverse implications for women's employment outcomes, among other issues. The GoPNG should therefore explore the feasibility of establishing social insurance schemes covering maternity and/or unemployment for those in formal employment. Given likely limitations on workers' and employers' tolerance for raising social security contribution rates in the short-term, it is possible that such an unemployment insurance scheme might need to start off with the cover for the first three months of unemployment only. Any unemployment insurance benefits will need to be complemented by strengthened public employment services. Meanwhile, the establishment of new medical insurance schemes for public sector workers potentially offers an opportunity to explore strategies for opening access to employees in the private sector as well as, in the longer-term, self-employed and informal workers with the capacity to contribute.

The high rates of inactivity among members of the voluntary contributory scheme run by Nasfund reflects challenges experienced in other countries when attempting to extend voluntary social security mechanisms to the self-employed. More success has often been achieved when countries have developed strategies for gradually expanding access to contributory social security mechanisms through careful consideration of both the short- and long-term social security needs and contributory capacities of different types of workers. Strategies for increasing access to such schemes in the informal sector include: (i) contribution

matching subsidies; (ii) differentiated schedules of contributions for different types of workers, linked to differentiated benefits (while also retaining a degree of internal redistribution based on the principle of solidarity); (iii) dedicated schemes that meet the specific social security priorities of self-employed and informal workers; (iv) flexible contribution arrangements, and; (v) simplified and accessible administrative arrangements, amongst others.[16] It is therefore recommended that a specific study be conducted to analyse the social security needs and contributory capacities of the different types of informal worker in PNG to serve as a basis for making informed decisions on product development by superannuation funds and/or new forms of social security institution.

[16] ILO, 2021s

Options for tax-financed social protection

To stimulate dialogue among stakeholders and decision-makers in PNG on medium-term options for strengthening social protection in the country, illustrative costings have been provided for a range of programmes and combinations of programmes. The table below summarizes the findings from this analysis.

Programme	Modelling assumption	Transfer level (2024 prices)	Cost in 2025	Cost in 2035
Early Childhood Development for children aged 0-2	Full coverage of children aged 0-2 from year 2 onwards	K30 per month	0.07% of GDP 0.37% - 0.49% of domestic revenue	0.11% of GDP 0.56% - 0.75% of domestic revenue
Early Childhood Development Grant for children aged 0-4	Full coverage of infants aged 0-4 from year 5 onwards	K30 per month	0.07% of GDP 0.37% - 0.49% of domestic revenue	0.28% of GDP 1.40% - 1.87% of domestic revenue
Disability Support Allowance for adults (aged 15+) with high support needs and above	8.63% of all individuals aged 15 years and above	K50 per month for those with high support needs; K100 per month for those with very high support needs	0.43% of GDP 2.1% - 2.9% of domestic revenue	0.39% of GDP 1.9% - 2.6% of domestic revenue
Disability Support Grant for adults (15+) with very high support needs	3.4% of all individuals aged 15 years and above	K100 per month	0.24% of GDP 1.2% - 1.6% of domestic revenue	0.22% of GDP 1.1% - 1.5% of domestic revenue
Disability Support Grant for working-age (15-64) adults with very high support needs	2.4% of all individuals aged 15-64 years	K100 per month	0.16% of GDP 0.8% - 1.1% of domestic revenue	0.14% of GDP 0.7% - 1.0% of domestic revenue
Old Age Allowance	Phased roll-out to all individuals aged 65 years and above by 2033	K100 per month	0.09% of GDP 0.5% - 0.6% of domestic revenue	0.46% of GDP 2.3% - 3.1% of domestic revenue

In addition to the above, the following options are proposed for further exploration:

Strengthened youth-centred social protection

PNG's youth face an incredibly complex set of risks and challenges. Transition to employment has been the primary metric for most large-scale programmes supporting youth. However, such a framing is inevitably problematic in a country where job creation is so limited and where the barriers to successful micro-enterprise development are so high. Truly youth-centred social protection in PNG would ideally take a broader perspective to consider the full range of risks facing PNG's young people including alienation, social isolation, mental ill-health, exploitation and risk of adoption of risky behaviours. The GoPNG and its partners should therefore consider exploring the development of a new and innovative youth-centred social protection programme that draws on the insights gained from a wider range of youth-focused and peace-building programmes implemented in the country. Such a programme could serve as a stepping stone towards more directly employment-focused programmes.

Social protection for internally displaced persons (IDPs)

As a result of data deficiencies, it is impossible to estimate with any degree of certainty what the scale of need for social protection responses to displacement are in PNG. However, there was a considerable degree of consensus among stakeholders consulted for this study that social protection support for IDPs should be prioritised to ensure that basic needs are met but also as part of interventions intended to support return of IDPs to their place of origin or resettlement in new locations. Significant care will need to be taken during the design of such interventions to ensure that a conflict- and gender-responsive approach is taken. Furthermore, strong complementary services will also be required to support beneficiary households to develop sustainable livelihoods. As such a gradual approach is recommended leveraging small-scale interventions in areas where local political will is strongest.

Strengthened support for people living on small islands and atolls

People living on small islands and atolls with limited livelihood prospects were also identified during consultations as a potential priority for formal social protection interventions. Examples of particularly vulnerable populations are present, for example, in Morobe, Manus, East New Britain, Milne Bay and Bougainville. Some of these communities experience seasonal food insecurity and work is underway strengthen resilience and support adaptation to climate change. Further analysis on this issue is recommended.

Concluding remarks

Over the course of this assignment, the research team encountered regular skepticism regarding the feasibility of implementing quality social protection programmes in PNG. Certainly, the country faces a rare and daunting combination of challenges: high public debt; political and fiscal fragmentation; acute financing needs in other sectors; low administrative capacity; weak foundational systems; and continued absorption of scarce public resources by low-impact, low transparency programmes. The challenges faced by the DLIR and social partners in securing political support to update PNG's legacy employment laws over the past decade are another valid justification for caution.

However, the assessment also uncovered significant grounds for hope. In the first instance, PNG has a significant track record on which to build: PNG was in fact the very first country in the Pacific to establish a provident fund, in 1962. Today it has some of the most sophisticated cash accumulation funds in the Pacific. Second, and despite its recent (and hopefully temporary) suspension, New Ireland's old age and disability benefit scheme demonstrated the potential for social protection programmes to take root in PNG's patchwork socio-political landscape. The precedent set by New Ireland will almost certainly live on in the political imagination. Third, PNG has also developed a range of other social protection-type support for certain vulnerable groups in the country (IDPs, inhabitants of marginal atolls, and so on) and there is recognition that more needs to be done. Fourth, the UYEP and CNG demonstrate that provincial and local governments can implement quite sophisticated social protection programmes. Finally, concrete steps are now being taken towards extending maternity leave to workers in the private sector and the National Tripartite Consultative Council has, after many years of inactivity, been reconvened. With a new National Social Protection Policy in place, there is surely reasonable grounds for optimism that PNG will finally be able to make progress towards development of the formal social protection systems first envisaged during the formulation of Vision 2050.

1. Introduction

1.1 Background

The significant economic growth that has occurred since PNG's independence is yet to translate into sustained improvements in wellbeing and standards of living for its people. Indeed, many of PNG's social development indicators have deteriorated in recent decades, and limited progress has been made in fostering social cohesion or establishing a robust social contract. Meanwhile climate change, natural disasters, pandemics, urbanization and demographic change all threaten to amplify socio-economic vulnerability and exacerbate societal fragmentation and conflict. With growing public discontent over unmet expectations, Vision 2050 clearly acknowledges that business as usual, including near sole reliance on family- and community-based social support systems for the management of social risk, is no longer a viable option:

"...if the status quo prevails for a few more years, then major social upheavals can be expected, as existing social safety nets which are based mainly on the wantok system, are overstretched..." [17]

The GoPNG acknowledged that social protection systems are needed as a counterpart to family- and community-based mechanisms as early as 2009. At that time the GoPNG established a task force for the Vision 2050's proposal for:

"Systems to address the current, persistent, socioeconomic inequalities must be funded and established to eradicate poverty and reduce disparities in income, provincial and district, employment and asset and wealth."[18]

However, over the preceding 15 years, only limited progress has been made, while PNG continues to lag behind most of its regional peers in all indicators of social protection system strength. The Asian Development Bank's 2016 social protection index (SPI) report for the Pacific recorded a SPI score for PNG of only 0.1 per cent compared to an average of 1.9 per cent among ten Pacific Island Countries (PICs) and 3.7 per cent across the whole Asia-Pacific region.[19]

[17] Independent State of Papua New Guinea, 2009, 24
[18] Independent State of Papua New Guinea, 2009, 35
[19] ADB, 2016.

Mindful of the limited progress made since 2009, the GoPNG adopted a new Social Protection Policy 2022-30 (NSPP 2022-30) in November 2023. The new policy aims to guide the establishment of a:

"...comprehensive and integrated system of policies and programmes tackling poverty, deprivation, vulnerability and social exclusion, incorporating the benefits and vital services that build resilience and strengthen inclusive social development and equitable economic growth."[20]

The policy advocates for a strategic focus on "protecting the vulnerable and disadvantaged" and identifies several target groups: children; youth; persons with disabilities; older people; victims of gender-based violence (GBV); and marginalized groups and communities (namely refugees, internally displaced persons (IDPs), victims of climate change, natural and human-induced disasters). The NSPP 2022-30 complements several existing policies such as the National Employment Policy 2021-31 which had also included commitments to labour law reform with a view to enhancing access to higher quality of employment-based social protection.[21]

Against this background, the GoPNG requested technical support from the International Labour Organization (ILO) to conduct a SPDA. The purpose of this SPDA is to provide analysis for consideration during the review of PNG's existing labour laws as well as the development of a strong medium-term implementation plan for the new NSPP 2022-30.

To achieve this purpose, the SPDA was expected to provide:

- A review of the core functions of a social protection system and to clarify legal and policy issues related to social protection.
- An overview of the national development context with a view to identifying potential priorities, opportunities and constraints for social protection system development.
- A comprehensive mapping of existing social protection programmes and social support mechanisms.
- An assessment of the adequacy of the legislative and policy framework, including compliance with relevant international labour standards on social security, particularly the Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Social Protection Floors Recommendation, 2012 (No.202).
- An assessment of social protection system coverage, adequacy, efficiency and sustainability.
- Options for extending coverage to the most vulnerable, including costings analysis for these options. This is to include options for addressing coverage gaps using the Convention No. 102 and Recommendation No. 202 as a guiding framework.
- Opportunities for strengthening linkages between social protection measures and employment policy.

[20] Independent State of Papua New Guinea, 2022, 3.

[21] Independent State of Papua New Guinea. 2021.

1.2 Methodology and limitations

The SPDA was conducted between June and November of 2024 in close collaboration with the DLIR[22] and the DFCDR.[23] It is based on a desk review of legislation, policy documents, statistical and programme performance reports supplemented by face-to-face and virtual consultations with officials from central and provincial governments, trade unions, employers' representatives, superannuation funds, civil society organization and United Nations agencies. It is important to highlight that the process of preparing this SPDA faced considerable challenges throughout, including extensive delays and time pressures caused by a natural disaster in Enga province and nationwide civil disorder that occurred in the early stages of the assessment. Data gathering was also affected by the limited availability of government officials in various central and provincial government institutions to participate in consultations.

The assessment was also constrained by the limited availability of contemporary and/or high-quality statistical data. PNG last conducted a national census in 2011, a household income and expenditure survey in 2009/10 and a demographic and health survey from 2016 to 2018. No labour force survey has been conducted for PNG in recent times. Although a socio-demographic and economic survey was conducted in 2022, only a relatively brief report on key indicators was available, with limited disaggregation of data. High quality data on key issues such as poverty, exposure to shocks and disasters, disability, gender and internal displacement are, therefore, all critically lacking in PNG, reflecting a state of "extreme data deprivation."[24] Finally, very few performance reports of any kind are published by the central government departments or provincial governments responsible for implementing PNG's social and economic policies. Although every effort has been made to navigate these challenges within the limited resources available to the project, there are clear implications for the depth of analysis that is possible in PNG compared to other country contexts.

1.3 Structure of the report

Chapter 2 reviews the core functions of national social protection systems and clarifies a range of legal, policy and strategic matters for the benefit of policy stakeholders in PNG. **Chapter 3** provides an overview of the national development context including matters relating to geography, governance, demography, economy and employment, poverty, gender, vulnerable groups and PNG's family- and community-based social support mechanisms. **Chapter 4** provides an analysis of PNG's contributory and employer-liability social protection mechanisms. **Chapter 5** provides an analysis of PNG's limited tax-financed social protection programmes as well as several other programmes which, though not formally classified as social protection, may include income/consumption transfer components. **Chapter 6** proposes a set of recommendations for strengthening capacity for the development of relevant, effective, appropriate and sustainable social protection programmes in PNG's challenging socio-political and institutional context.

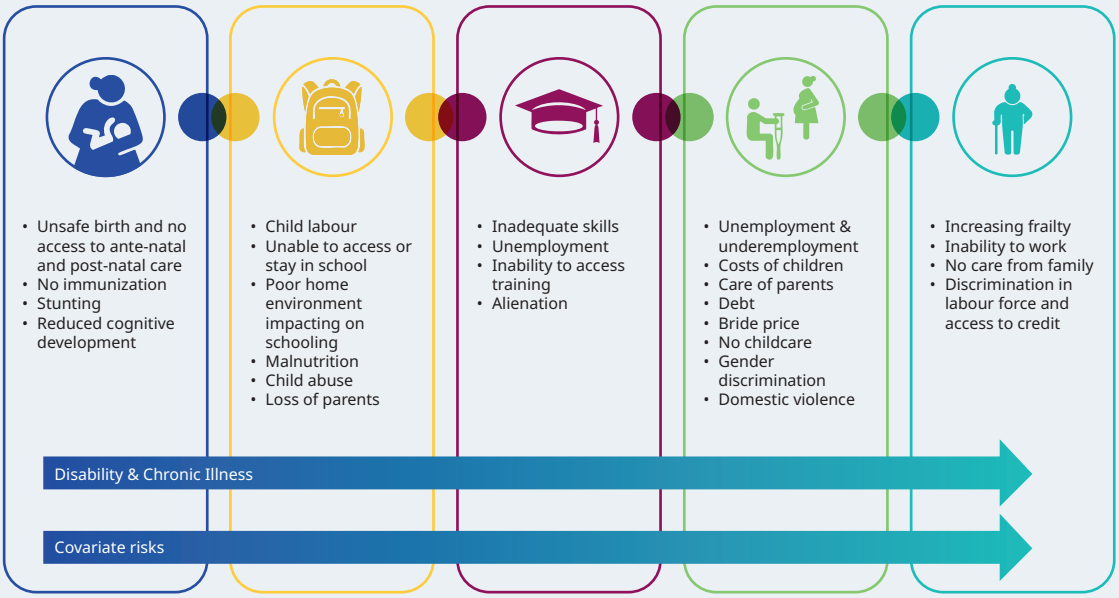
[22] Custodian of the Employment Act (1987) and National Employment Policy 2021-31.
[23] Custodian of the National Social Protection Policy 2022-30 and non-employment-linked social protection and social welfare services.
[24] World Bank, 2024a.

2. Key social protection concepts and frameworks

2.1 Social protection rights, frameworks and minimum standards

The Universal Declaration of Human Rights (UDHR) of 1948 establishes access to social protection as a fundamental human right: "Everyone, as a member of society, has the right to social security" (Article 22). Article 25 of the UDHR goes on to assert that: "(1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the **right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control. (2) Motherhood and childhood are entitled to special care and assistance.** All children, whether born in or out of wedlock, shall enjoy the same **social protection."**

▶ **Figure 1: Risks across the lifecycle**



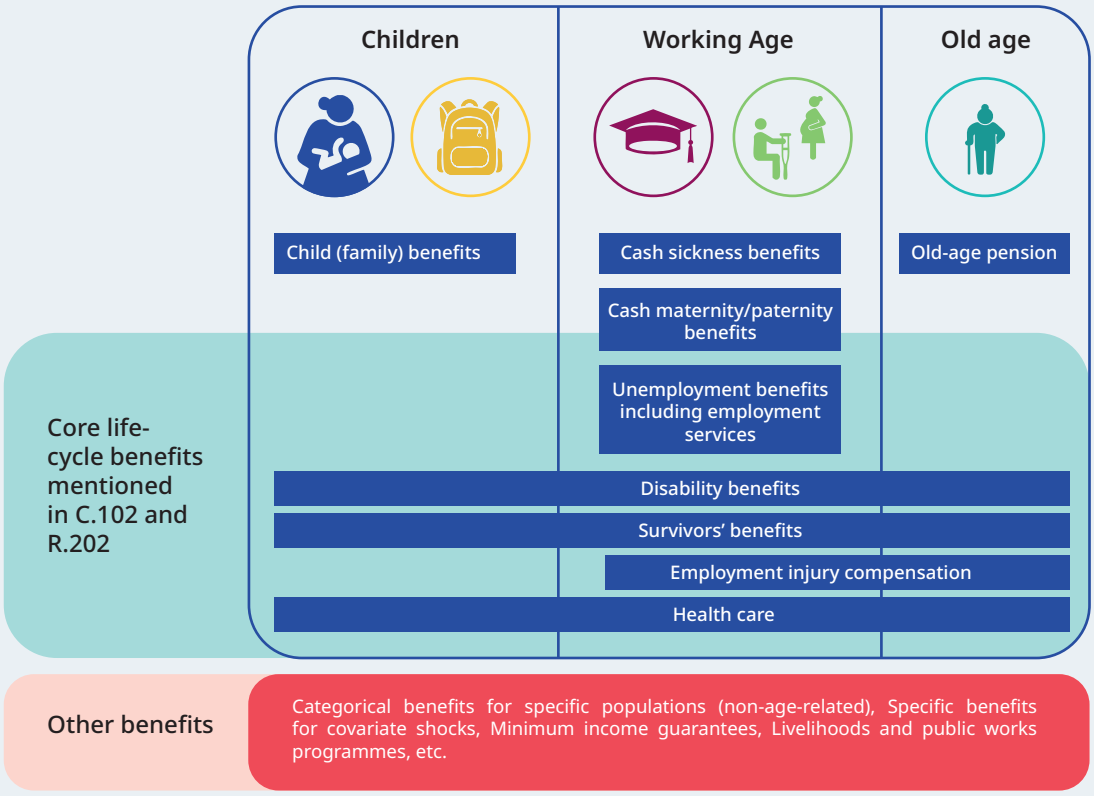
Source: Development Pathways.

Detailed *minimum* standards for the design of nine critical social protection benefits have since been elaborated in the Social Security (Minimum Standards) Convention, 1952 (No. 102), hereafter referred to as Convention No. 102. With regards to the financing of these benefits, Article 71 of Convention No. 102 states that "the cost of the administration of such benefits shall be borne collectively by way of insurance contributions or taxation or both in a manner which avoids hardship to persons of small means and takes into account the economic situation of the Member and of the classes of persons protected." Importantly, employer-liability benefits fall outside of the framework.

These nine social protection benefits are also reflected in the definition of social protection presented by the ILO in the World Social Protection Report (2024-26):

"Social protection, or social security, is a fundamental human right, not a charity, and an essential instrument to reduce vulnerability and promote people's rights and dignity. Social protection guarantees access to healthcare and income security over a person's life course through the provision of benefits in cash or in kind – particularly in relation to sickness, maternity, disability, unemployment, old age or loss of an income earner – and support for families with children, among other needs. Human rights instruments and international social security standards guide social protection policies and their implementation."[25]

Figure 2: Social protection benefits across the lifecycle



Source: Development Pathways.

[25] ILO, 2024.

Subsequently, at the 101st session of the International Labour Conference on 30 May 2012, the members of the ILO adopted the Social Protection Floors Recommendation, 2012 (No. 202), hereafter referred to as Recommendation No. 202, which calls on members to:

"...establish as quickly as possible and maintain their social protection floors comprising basic social security guarantees. The guarantees should ensure at a minimum that, over the life cycle, all in need have access to essential health care and to basic income security which together secure effective access to goods and services defined as necessary at the national level."

Recommendation No. 202 went on to identify the following basic social security guarantees:
(a) Access to a nationally defined set of goods and services, constituting essential health care, including maternity care, that meets the criteria of availability, accessibility, acceptability and quality.
(b) Basic income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care and any other necessary goods and services.
(c) Basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, in case of sickness, unemployment, maternity and disability.
(d) Basic income security, at least at a nationally defined minimum level, for older persons.

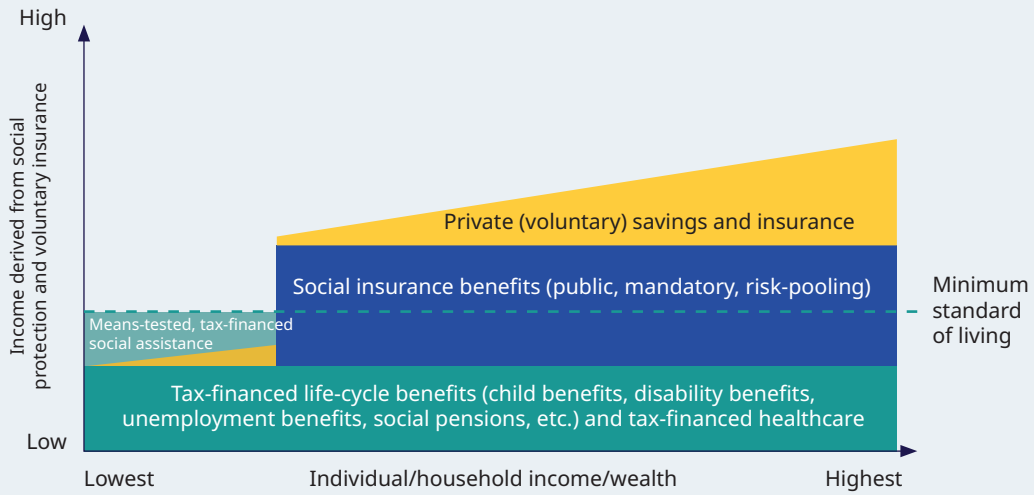
Recommendation No. 202 called on these basic guarantees to be implemented within broader strategies for the extension of social security that progressively ensure higher levels of social security to as many people as possible (guided by ILO social security standards) while also emphasising the need to consider the contributory capacities of different population groups.

2.2 The role of social protection (social security)

The objective of social security systems is to provide adequate, regular and predictable income security throughout the lifecycle. This can be achieved through two mechanisms: (1) provision of a minimum guaranteed income that ensures that individuals do not fall below a given nationally defined minimum standard of living – a social protection floor; and (2) mechanisms that"smooth" incomes over individuals' lifetimes if they experience defined contingencies, thereby ensuring that they can maintain a comparable standard of living throughout their lifetime. The first core function (a minimum guarantee) is generally achieved through schemes financed from general tax revenues. These typically include a combination of universal life-cycle benefits (child benefits, disability benefit, social pensions, and so on) supplemented, where necessary, by means-tested social assistance to ensure that a minimum standard of living is achieved for all. The second core function is typically achieved through mandatory, insurance-based arrangements (known as social insurance) which allow groups of workers with different income levels and risk profiles to pool their resources on the basis of solidarity and then smooth income over their lifetime through a contributions and benefit mechanism.[26] Social insurance programmes tend to provide a higher level of income protection than non-contributory (tax-financed) benefits. Some countries also encourage individuals to take out private insurance to provide an even higher level of income protection, although these schemes are not governed by Convention No. 102. This results in a so-called 'multi-tiered' social protection system as depicted in figure 3.

[26] A small number of countries rely on tax-financed benefits only.

▶ Figure 3: Depiction of multi-tiered social protection system



Source: Author's depiction.

2.3 The relationship between social protection and employment policy

National employment policies aim to promote full, decent and productive employment through measures that support: i) the creation of decent jobs; ii) improvements in job quality; and iii) transitions in the labour market to connect people to jobs. Social protection supports the achievement of these objectives at multiple levels including: (a) smoothing macro-economic demand across economic cycles and in times of crisis, thereby sustaining employment; (b) supporting human capital accumulation and increasing the productivity of labour; (c) overcoming social and financial barriers to accessing employment such as those associated with the costs of job search:[27] (d) enabling and encouraging participation of low-income workers in skills training programmes, and (e) derisking and directly financing investment in household production, micro-enterprise development and self-employment. Public employment programmes – a specific type of social protection – can even directly create employment and, sometimes, provide skills development opportunities that can enhance opportunities for accessing employment in the wider labour market.

Social protection and active labour market interventions are therefore often implemented as part of an integrated strategy for supporting people to access decent employment or to develop sustainable livelihood strategies. Key examples include: unemployment benefits linked to engagement with public employment services that provide assistance with job searching, job placements and/or soft-skills training; subsistence allowances paid to participants of technical and vocational training programmes; skills training provided to participants of public works programmes; extension of social insurance to self-employed workers exposed to particular economic or environmental risks; and provision of temporary social assistance to vulnerable individuals or households participating in enhanced livelihood development programmes (sometimes referred to as "graduation" programmes).

[27] Disability benefits are particularly important for addressing the direct and indirect costs associated with accessing employment that are faced by people with disability.

2.4 The role of social protection in national socio-economic development

Although social protection is in large part intended to support a realization of the human right to an adequate standard of living, in practice social protection also makes a range of other critical contributions to national social and economic development processes.
These include:

- Enabling access to essential social services.
- Enabling productive economic risk-taking at the household level.
- Facilitating adjustments of labour markets, for example in response to new technologies or the effects of climate change.
- Acting as an automatic social and economic stabilizer, sustaining demand in times of crisis.
- Supporting the transition from informal to formal employment.
- Creating incentives for registration with tax and civil registration authorities.
- Reducing inequality (which not only undermines social cohesion but can directly reduce economic growth) through redistribution.
- Promoting women's empowerment and autonomy.
- Minimizing the need to resort to anti-social or unsustainable livelihood strategies.
- Enabling implementation of public health-related restrictions on economic activity.

The critical role of social protection in supporting the development of inclusive and cohesive societies and the effective functioning of market economies is reflected in the inclusion of a number of targets relating to social protection system development in global and regional planning frameworks, including the 2030 Agenda for Sustainable Development and subsequently within the Regional Road Map for Implementing the 2030 Agenda for Sustainable Development in Asia[28] and the Action Plan to Strengthen Regional Cooperation on Social Protection in Asia and the Pacific.[29]

2.5 Relationship between social protection and traditional social support

Social protection systems are sometimes perceived to undermine, or "crowd-out," traditional, community-based social support mechanisms and/or family-based care and support, thereby leaving vulnerable members of society exposed if social protection provision is withdrawn in the future. Concerns for the maintenance of traditional values and forms of social support often also appear to reflect perceptions of rising individualism, profligacy, anti-social behaviour, social disorder and declining psychosocial wellbeing, particularly among the youth.

[28] UNESCAP, 2017.
[29] UNESCAP, 2020.

The impact of social protection on traditional and family-based care and social support systems has been the subject of extensive academic research over the past two decades. Although detailed discussion of the evidence-base is beyond the scope of this report, the following general points should be emphasized:[30]

- Informal, community-based social support is essential to the functioning of all societies. However traditional social support also frequently excludes certain groups of people or includes them on unequal terms, while those with the fewest resources often have least recourse to traditional social support in times of need. Finally, traditional social support tends to be incapable of achieving adequate levels of resilience to frequent covariate shocks.[31]
- The specific impact of social protection on traditional social support depends very much on the design of social protection interventions. Where the design of social protection mechanisms is well-aligned with pre-existing societal norms and values (such as is often the case with inclusive life-cycle programmes that address widely accepted sources of vulnerability), social protection has been shown to strengthen family-based care and support. Indeed, certain social protection schemes such as carers' benefits and foster carers' allowances, are specifically designed to crowd-in family-based care. Social protection has also been shown to allow marginalised members of society to gain access to traditional social support networks, either through enhancement of social status or by enabling participation in systems of reciprocity. Finally, even where social protection has had an adverse impact on traditional social support, this is less of a concern where this has served to loosen the dependence of vulnerable members of society on systems of patronage and other systems of exploitation that perpetuate poverty and extreme inequality.
- On the other hand, where social protection programmes have been designed without due regard for the maintenance of social relations and social cohesion – as is sometimes the case with poverty-targeted social assistance programmes – or have been heavily affected by corruption, there is a risk that solidarity, trust and mutual support are undermined.
- Even in high-income societies with extensive welfare states, the available evidence does not support the hypothesis that government-funded social welfare and social services crowd-out family-based care. For example, a major multi-country research project (the Old Age and Autonomy: The Role of Service Systems and Inter-generational Family Solidarity - or OASIS - project) conducted in Norway, the United Kingdom of Great Britain and Northern Ireland, Germany, Spain and Israel found "no evidence of a substantial 'crowding out' of family help" while family opportunity structures, norms and preferences were shown to have a greater impact. In some cases, higher social services provision for the elderly was shown to "crowd-in" family support.[32]
- Finally, governments in various developing countries have sometimes deliberately leveraged traditional social support initiatives as part of formal poverty reduction and economic empowerment programmes. Incorporation of traditional, alongside social protection interventions, is often thought to increase community ownership and understanding of social protection interventions, with potential benefits in terms of enhanced accountability and sustainability.

[30] M. Stavropoulou et al., 2017.
[31] R. Calder and T. Tanhchareun,
[32] A. Motel-Klingebiel et al., 2005.

▶ **Figure 4: Depiction of social protection and traditional social support relationship**

Source: Author's depiction.

3. National development context

3.1 Geography

PNG comprises the eastern half of the island of Guinea (the other half being the Indonesian province of West Papua), the Islands of New Britain, New Ireland and Bougainville plus a host of smaller islands, many of which are active volcanos. A chain of mountain ranges – the New Guinea Highlands — extend from east to west across the centre of the island. These mountainous regions generate extensive rainfall that feeds thousands of rivers that then make their way to PNG's northern and southern coasts through vast coastal swamp areas, breaking the lowland landscape into a patchwork of isolated plains and valleys as they go.

PNG is highly prone to natural disasters including earthquakes, tsunamis, cyclones, volcanic eruptions, riverine and coastal flooding, landslides and droughts. Although earthquakes, volcanic activity and tsunamis are the most significant (70 per cent) causes of disaster-related deaths, flooding and storm surges account for around three quarters of all human displacement. Over half a million people live in coastal villages exposed to rising sea levels, coastal degradation, and storm surges.[33] Finally, PNG has experienced 13 episodes of severe drought over the past 120 years with the last occurrence of 2015-16 severely affecting the livelihoods and wellbeing of two million households.[34] Several of the oceanic islands – such as the Milne Bay Atolls – face recurrent food insecurity during annual dry seasons. With 80 per cent of the country's population dependent on natural resources and relatively unproductive subsistence agriculture, climate change is expected to intensify existing natural hazards, with damages to population and economy projected to double by 2030.[35,36]

PNG's vulnerability to natural hazards is reflected in its high ranking of 8 out of 181 countries on the Global Risk Index. Notably, its risk level is rated as very high across all the risk index domains: exposure; vulnerability; susceptibility; lack of coping strategies; and lack of adaptive capacities.[37] The underdevelopment of infrastructure and health services means that natural disasters tend to have long-lasting impacts on communities, generating or exacerbating developmental inequalities and fuelling grievances and social unrest.

[33] UNDRR, 2019.
[34] UNCT, 2022.
[35] UNCT, 2023.
[36] FAO, EU and CIRAD, 2023.
[37] B. Behlert, C., et al., 2020.

3.2 Governance

Since its independence on 16 September 1975, PNG has made considerable progress in the development of its formal institutional architecture. A Westminster-style Parliament and electoral system is in place, a comprehensive legal and judicial framework has been developed, and a modern bureaucracy has been established (including 22 provincial governments,[38] 331 local-level governments (LLGs) and 6,375 wards).[39] PNG has also committed to adherence to a range of international conventions and standards, including several directly related to social protection (see table 1).

▸ **Table 1: Selected social protection and employment conventions adopted by PNG**

Convention type and title	Date
Fundamental conventions	
International Covenant on Economic, Social and Cultural Rights	21 July 2008
Convention on the Elimination of All Forms of Discrimination Against Women	12 January 1995
Convention on the Rights of the Child	2 March 1993
Convention on the Rights of Persons with Disabilities	26 Sept 2013
Governance conventions	
Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144)	27 Sept 2023
Employment Policy Convention, 1964 (No. 122)	1 May 1976
Labour Inspection Convention, 1947 (No. 81)	27 Sept 2023
Technical conventions	
Unemployment Convention, 1919 (No. 2)	1 May 1976
Workmen's Compensation (Agriculture) Convention, 1921 (No. 12)	1 May 1976
Workmen's Compensation (Occupational Diseases) Convention, 1925 (No. 18)	1 May 1976
Equality of Treatment (Accident Compensation) Convention, 1925 (No. 19)	1 May 1976
Maternity Protection Convention (Revised), 1952 (No. 103)	2 June 2000

Source: ILO, 2024.

[38] G. Teskey et al., 2021.
[39] One of the provinces - the Autonomous Region of Bougainville - was granted significant autonomy in the year 2000.

However, despite the presence of a governance framework, in practice PNG's political and administrative systems operate under an idiosyncratic logic that reflects PNG's longstanding societal fragmentation. In a country that has existed as a unified political entity for less than 50 years and which comprises more than 850 weakly integrated linguistic groups and innumerable clans and sub-clans, there is very little sense of nationhood or, indeed, much interest in *national* development. Instead, political competition is fought on almost entirely localised agendas, with the electorates largely focused on the extent to which political leaders can direct state resources to their locality and kinship network.[40] With little societal acceptance of national legislation and the principle of collective development, governance in PNG is predominantly driven by socio-economic networks, diverse cultural norms, and uninhibited personal power. Accountability for the appropriate use of State resources and the delivery of effective public services is further undermined by the fact that so much of State expenditures remain financed through natural resource rents and overseas aid, rather than taxation.[41] PNG was ranked 133rd out of 180 countries on the 2023 Transparency International Corruption Index.[42]

With a political system that disincentivises nationwide policy initiative and channels scarce resources into patronage networks through (often poorly conceived) development projects, PNG's public services and public infrastructure have remained acutely under-developed. Provincial and district local governments as well as health and education services are generally chronically under-resourced (see Chapter 4.3 for discussion of PNG's health sector) and rural communities typically have little contact with the institutions of the state. This formal state's limited penetration of PNG society is captured in the well-known *Tok Pisin* phrase *'Han blo gaman I sot,* meaning literally that "the hand of government is short." Given the dearth of responsive state institutions at the local level, faith-based organizations continue to play a major role in local governance and service delivery. 50 per cent of health services in rural areas are delivered by Church-managed health facilities.[43] Meanwhile the District Services Improvement Programme (DISP),[44] a programme of discretionary expenditure managed by members of parliament (sometimes referred to as a "Constituency Development Fund" in other countries) which consumed 8.7 per cent of the 2023 national budget, is the most visible government programme at the sub-national level. Many other central government programmes tend to be duplicative, fragmented and/or suffer from political interference and poor-quality implementation.[45]

The weakness of the PNG state is acutely demonstrated by rising tribal, political and criminal violence and recurrent civil unrest. While it may be true that violence has been a culturally ingrained form of dispute resolution in PNG since pre-colonial times, the scale and human impact of violence now present in the country far exceeds the "sporadic and geographically limited" violence noted in the Clifford Report of 1984.[46] The causes and nature of the violence have also changed profoundly.[47] Although competition for territory and natural resources between tribes in rural areas continues to be a driver of conflict in some areas, rapid institutional change, economic development and the emergence of transnational criminal activities in PNG have raised the stakes involved. PNG's capital-intensive extractive industries have contributed significantly to PNG's high levels of inequality [48,49] and a lack of transparency and accountability in the use of state resources — and natural resource revenues in particular

[40] Teskey at al., 2021.
[41] Teskey at al., 2021.
[42] Transparency International, website.
[43] J. Grundy et al., 2019.
[44] A form of constituency development fund found elsewhere in the region, and beyond.
[45] S. Chand, 2022.
[46] W. Clifford et al.,and Stuart, B., 1984.
[47] S. Dinnen and M. Forsyth, 2024.
[48] PNG's Gini index is estimated at 41.9 – among the highest in the world.
[49] B. Beer and T. Schwoerer (eds.), 2022.

– has created fertile ground for mistrust and conflict.[50] The National General Election in 2022 triggered unprecedented violence across many parts of the country, especially in the Highlands region. While in most areas, the violence was directly related to the election, the general sense of instability at the time also allowed conflicts over longer-standing issues to resurface. In total, the election-related violence and associated tribal conflicts triggered the displacement of more than 90,000 people.[51] People displaced by tribal conflicts are often forced to try to forge new livelihoods in the urban informal economy where they join thousands of jobless young people living a hand-to-mouth existence, often resorting to opportunistic crime to survive.

3.3 Demography

PNG's population has tripled since independence and was estimated to have reached 11.8 million people by 2021.[52] The annual population growth rate has declined from 2.2 per cent(2010) to 1.9 per cent(2022) because of low life expectancy and high out-migration.[53] Nonetheless UN projections suggest that the population could reach almost 15 million by 2050.[54] The population is thought to be distributed across the four regions as follows: Highlands region (39 per cent); Momase region (26 per cent); Southern region (20 per cent) and New Guinea Islands region (15 per cent).[55]

Urbanization is progressing slowly, and PNG remains one of the most rural countries in the world. Around 85 per cent of the population are rural and only one in six live in urban centres such as Port Moresby and Lae, provincial capitals, and other cities such as Madang, Wewak, Goroka, Mt Hagen, and Rabaul. Nonetheless, many urban centres are overcrowded, and conditions are poor. Many young migrants are unable to find reliable employment and depend on relatives or tribe members for support. While most migrants end up in the informal sector, some are forced to engage in criminal activity to survive.

PNG's population exhibits a notable youth bulge that is expected to persist over the long-term. 43 per cent of the population are aged under 18 years and fertility remains high at 3.52 births per woman aged 15-49.[56] In 2024, young people aged 15-24 years are expected to account for nearly one-third (32.5 per cent) of the working age population (15-64 years).[57] On the other hand, the Socio-Demographic and Economic Survey found that the average number of children a woman had given birth to was 1.9 in 2022 compared with 2.3 in 2015-18.[58] The average household size in PNG has also declined from 5.5 persons per household in 2011 (7.4 persons in urban areas and 5.3 persons in rural areas) to 5.1 persons per household in 2022 (5.8 persons per urban household and five persons in rural households).[59]

[50] World Bank, 2024a
[51] R. Kuku, 2022.
[52] National Statistical Office, Undated(a).
[53] UNCT Papua New Guinea, 2023.
[54] United Nations Population Division, Department of Economic and Social Affairs, 2022.
[55] National Statistical Office, Undated(a) Authors' calculations based on data reported.
[56] National Statistical Office and ICF, 2019.
[57] United Nations Population Division, Department of Economic and Social Affairs, 2022. Authors' calculations using available data.
[58] National Statistical Office, Undated(c).
[59] National Statistical Office, Undated(c).

3.4 Economy and employment

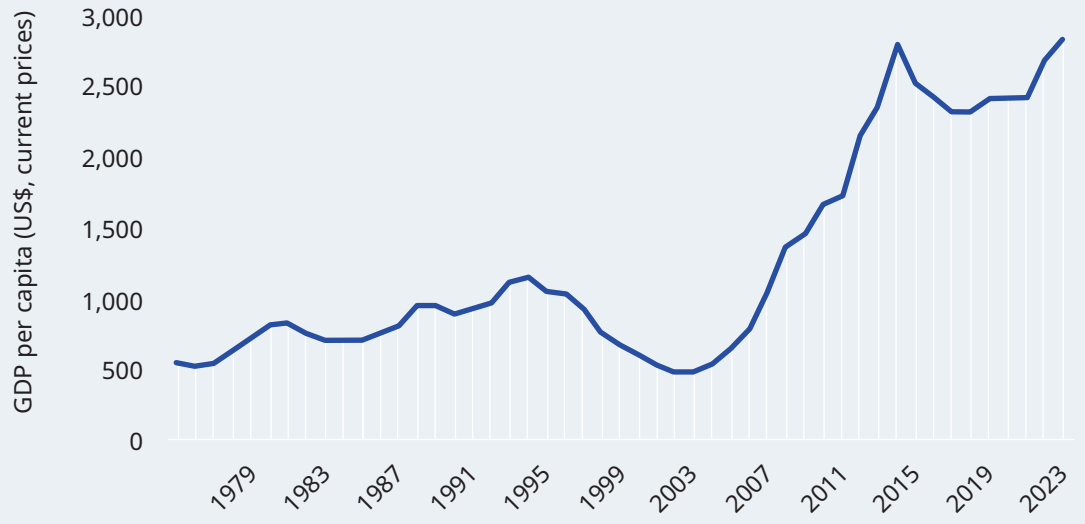
With a GDP per capita of US$2,994.50 in 2023, PNG is now classified as a lower-middle income country but retains many characteristics of a low-income economy.[60] The labour force participation rate is 52 per cent (53.1 per cent for males and 50.6 per cent for females) and the most common occupations remain agriculture, fishing, and forestry (37.3 per cent), while service and sales workers make up 23.3 per cent.[61] 80 per cent of PNG's population remain dependent on rain-fed subsistence farming for a significant component of their livelihoods.[62] Over half (53.7 per cent) of the those working in formal employment are in the services sector, followed with 38.6 per cent in agriculture and 7.6 per cent in industry.[63] Unemployment stood at 2.7 per cent from in 2022, although more than one in four young people (27.7 per cent) are not in education, employment, or training.[64] Male unemployment in the ten years to 2023, which averages 3.52 per cent, is higher than female unemployment, which averages 1.41 per cent.[65]

PNG's post-independence economic history is dominated by increasing dependence on natural resource-based activities and relative decline of agriculture and manufacturing. The resource sector's annual contribution to GDP rose steadily from an average of 10.4 per cent of GDP in the 1980s, to 16.8 per cent in the 1990s, 21.1 per cent in the 2000s, and 21.9 per cent in the 2010s, before reaching an all-time high of 31.9 per cent in 2022.[66] The expansion of the resource sector's share of GDP is the result of a combination of increased production (e.g. the commencement of oil production, the opening of new mines and liquid natural gas production) but also major increases in certain global commodity prices. In contrast, the volume of exports of PNG's traditional agricultural commodities have barely changed since independence and, by 2019, constituted only around ten per cent of the total value of PNG's exports.[67]

Although rising extractive industry output has led to a fivefold increase in PNG's GDP per capita over the 2003-23 period (see figure 5), limited employment generation means that GDP per capita is a weak proxy for standards of living in the country. Even as the resource sector contributed 26.2 per cent of GDP in 2023 (see figure 6), direct employment in the natural resource sector amounted to just over 28,000 people – only around ten per cent of formal employment and less than one per cent of the total labour force.[68] In fact, the employment-to-population ratio has actually fallen from six per cent just after independence to around 4.5 per cent today.[69] For this reason, it has been argued that non-resource GDP per capita – which grew at only 1.4 per cent per year over the 2003-18 period[70] - is a more relevant indicator of changes in living standards in the country.[71]

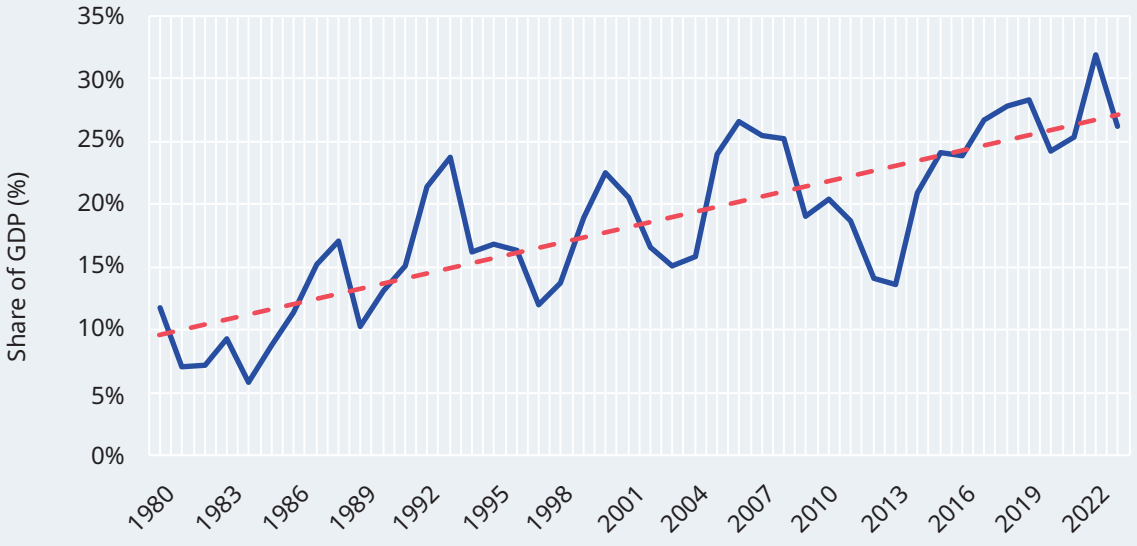
60 OECD, Undated.
61 National Statistical Office, Undated(c).
62 FAO, EU and CIRAD, 2023.
63 ILO, 2024.
64 ILO, 2024.
65 UNCT Papua New Guinea, 2023.
66 ANU-UPNG Partnership, 2021. Author's calculations using data provided.
67 S. Howes et al.., 2022.
68 ANU-UPNG Partnership, 2021.
69 S. Howes et al., 2022.
70 Non-resource GDP per capita growth was negative from 2014 onwards due to a major drought (2015-16) and earthquake, 2018.
71 S. Howes et al., 2019.

▶ **Figure 5: GDP per capita, 1975-2023, (US$, current prices)**



Source: World Bank, World Development Indicators database.

▶ **Figure 6: Natural resource sector, 1980-2023, as share of GDP**



Source: ANU-UPNG Partnership, 2021.

Given constraints on domestic job creation, PNG has secured access to three main labour mobility schemes in the region. These include Australia's Seasonal Worker Programme (SWP) and Pacific Labour Scheme (PLS) now known as the Pacific Australia Labour Mobility Scheme and New Zealand's Recognised Seasonal Employer Scheme (RSES). Nonetheless, PNG is less reliant on personal remittances than many other Pacific Island countries, comprising only 0.008 per cent of GDP.[72] Personal remittance outflows also outpace inflows. The inflow of migrant remittances averaged 0.05 per cent of GDP from 2010 to 2022 while, in 2022, remittance inflows were only 0.01 per cent of GDP.[73] The GoPNG aims to increase the uptake of opportunities provided by regional labour mobility schemes and the draft National Labour Mobility Policy 2021 outlines a vision of "providing opportunities for decent, temporary work overseas for at least 8,000 youth and citizens, both women and men, per year by 2025 to grow PNG's economy both through remittances and through skills and knowledge transfer to build sustainable industry at home."

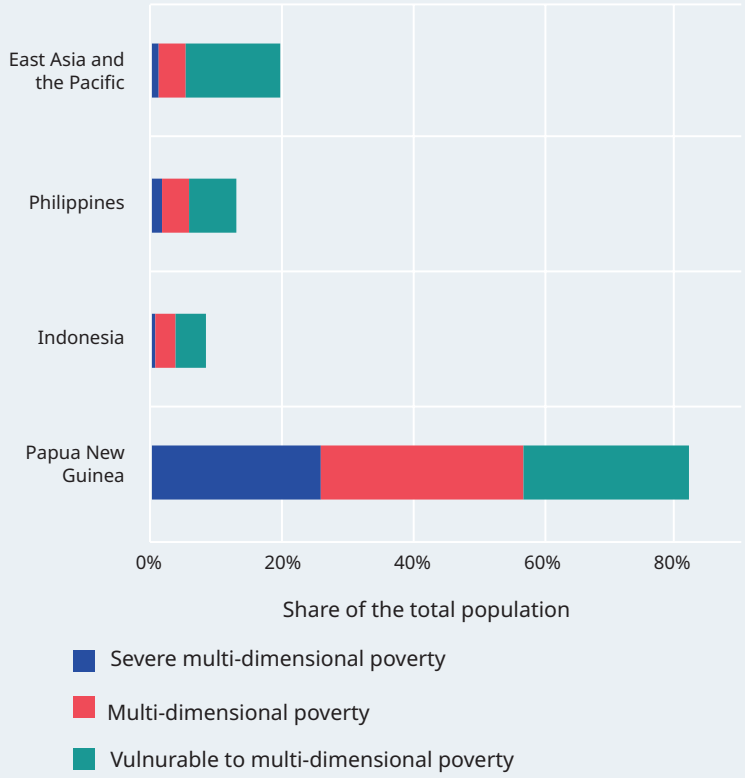
3.5 Poverty and vulnerability

Data on monetary and non-monetary deprivation and vulnerability in PNG is scarce due to the absence of high-quality national household surveys. The last full Household Income and Expenditure Survey (HIES) was conducted in 2009/10 and the World Bank now classifies the country as having fallen into "extreme data deprivation".[74] This is a major impediment to the development of effective public policy generally, and social protection policy in particular.

The most recent and publicly available survey data shows that 56.6 per cent of the population are multidimensionally poor, while one in four experience severe multidimensional poverty.[75] A further 25.3 per cent are classified as vulnerable to multidimensional poverty (see figure 7). Regarding the intensity of deprivation, the average deprivation score experienced by people in multidimensional poverty is 46.5 per cent. 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). Around 80 per cent of rural households lack access to electricity and improved sanitation, while 60 per cent do not have access to safe drinking water. Only 35 per cent of children complete primary education due to low enrollment levels, poor teaching quality and unavailability of inclusive education. Over 56 per cent of households worry about not having enough to eat.[76]

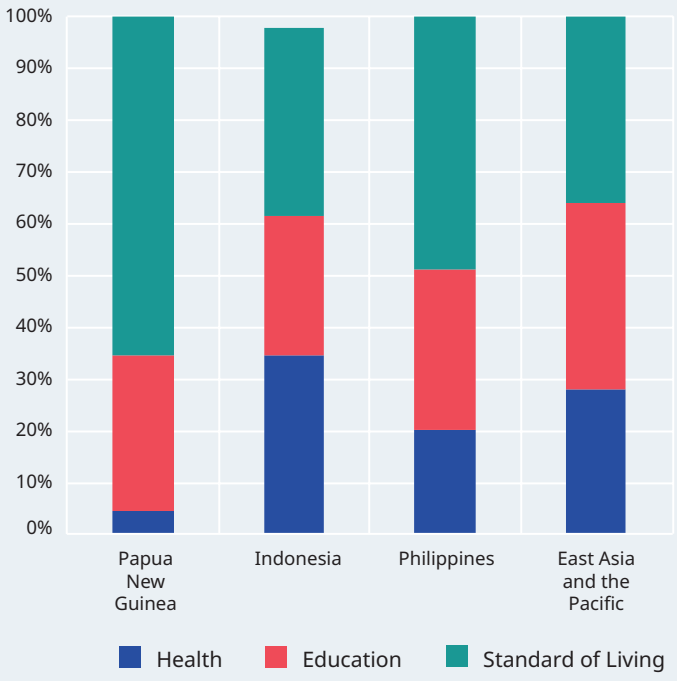
[72] World Bank, World Development Indicators database.
[73] UNCT Papua New Guinea, 2023.
[74] World Bank, 2024a.
[75] UNDP, 2023.
[76] FAO, EU and CIRAD, 2023.

Figure 7: Multi-dimensional poverty in PNG in the regional context, as share of total population



Source: UNDP, 2023.

Figure 8: Drivers of multi-dimensional poverty in PNG in regional comparative context



Source: UNDP, 2023.

Although no contemporary monetary poverty data is available, 39.9 per cent of PNG's population were found to live below the national poverty line in 2010 and the World Bank expects deprivation levels to have increased since.[77] Monetary poverty is more prevalent in rural areas, but urban poverty is growing. The IMF found that 70 per cent of people borrow money, mainly from wantoks (41 per cent), followed by money lenders (24 per cent) and formal institutions (five per cent). Informal money lenders are generally risky and expensive and charge high-interest rates of approximately 40-50 per cent per fortnight.[78] Structural poverty and unemployment are a key contributor to high levels of criminality, disorder and violence and are recognized in the National Social Protection Policy as a "threat to the peace in society."[79]

Low agricultural productivity combined with intense exposure to natural hazards and risks associated with climate change is a key driver of persistent poverty and food insecurity. Over half (57 per cent) of the population have experienced moderate to severe food insecurity.[80] The Highlands region is particularly susceptible to extreme weather — particularly heavy rainfall, which causes flooding, landslides and soil erosion. With approximately 70 per cent of the total value of food consumed being self-produced, nutritional outcomes are highly vulnerable to weather-related environmental shocks.[81] Even households that are less dependent on own-produced food tend to still be heavily dependent on cash cropping and therefore equally at risk of food insecurity induced by natural disasters and/or climate change. The coastal regions, the islands and the low-lying atoll areas (such as Milne Bay) are particularly vulnerable to extreme weather events, storm surges and coastal inundation, with many areas recognized as suffering from chronic or seasonal food insecurity.

3.6 Public health

The burden of disease in PNG is largely dominated by communicable diseases such as pneumonia, tuberculosis (TB), malaria and diarrhoeal diseases, but the prevalence of noncommunicable diseases is rapidly increasing. According to the World Health Organization (WHO), malaria continues to be endemic, with approximately 1.5 million cases reported annually in PNG, placing immense strain on the healthcare system.[82] Tuberculosis also presents a major public health challenge, with PNG having one of the highest TB incidence rates in the Pacific region, at 432 cases per 100,000 people.[83] Diarrheal diseases, often exacerbated by inadequate access to clean water and sanitation, contribute to high mortality, especially among children under five. Meanwhile the available data suggests that PNG also has some of the highest rates of sexually transmitted infections in the world.[84] However, the landscape is shifting as noncommunicable diseases (NCDs) such as cardiovascular diseases, diabetes, and cancers rise due to changes in lifestyle, urbanisation, and an aging population. WHO estimates that NCDs now account for nearly 38 per cent of deaths in PNG, a sharp increase from previous decades.[85] This dual burden of communicable and noncommunicable diseases is putting increasing pressure on the country's limited healthcare infrastructure.

Rural populations face additional challenges such as insufficient protein intake and only 19.3

[77] World Bank, 2020a.
[78] UNCT Papua New Guinea, 2023.
[79] Independent State of Papua New Guinea, 2022.
[80] FAO, EU and CIRAD, 2023.
[81] E. Schmidt et al., 2019.
[82] O. Seidahmed et al., 2021.
[83] WHO, 2020.
[84] A. Vallely et al., 2010.
[85] B.N. Pham et al., 2023.

per cent of the population have access to safe drinking water.[86] This lack of access contributes to higher rates of gastrointestinal diseases that exacerbate malnutrition among children. Meanwhile the prevalence of overweight and obesity among adults is now rising (28.9 per cent of adult women and 19.3 per cent of adult men are living with obesity), leading to increased incidences of non-communicable diseases.[87]

3.7 Gender issues

Women in PNG face significant rights deprivations that not only negatively impact on their wellbeing but also their ability to contribute to PNG's development process. The scale of the deprivations facing women in PNG society are perhaps best demonstrated by PNG's ranking of 151 out of 166 countries in 2022 UNDP's Gender Inequality Index.[88] Women's outcomes across a wide range of development domains are negatively affected by a complex interplay of socio-economic factors, dominant cultural norms (which restrict women's primary role to the household and limit prioritisation of women and girls' development and mobility) and institutional barriers.

Gender-based violence (GBV) remains catastrophically high and directly impacts women's ability to participate fully in the workforce. Around 56 per cent of women report experiencing physical violence since age 15, 28.2 per cent report experiencing sexual violence and 25 per cent report experiencing both physical and sexual violence. Meanwhile 37 per cent of women report that their husband displays three or more controlling behaviours.[89] Violence against women is somewhat normalised in PNG society, making it difficult for women to seek help or escape abusive situations, while the bride price system can further entrap women in harmful relationships. Meanwhile GBV and child protection services are extremely weak.[90]

Improvements in access to education for girls in PNG are not yet translating into significant improvements in employment outcomes for women. Although attendance rates for females are higher at all levels of schooling than for men, women are only half as likely as men to gain employment in the formal sector.[91] Female-headed households also have lower diversity of income sources than men, with only 25 per cent of female-headed households engaged in non-farm enterprises compared with 40 per cent of male-headed households. Key barriers to entering the non-farm sector include time-consuming household work,[92,93] expensive or insecure public transportation[94] and lack of access to education, training, and literacy[95] and low levels of access to identification documents necessary to access financial and other business development services. Consultations carried out for this study also strongly indicated that women tend to be excluded from government funded livelihood development programmes, while heavy reliance on family and community-based social support mechanisms imposes significant burdens on women and can hinder their participation in formal employment.[96]

86 National Statistical Office, Undated(c).
87 The Global Nutrition Report, Undated.
88 UNDP, Undated.
89 National Statistical Office and ICF, 2019.
90 D. Echevin al., 2018.
91 World Bank, 2024a.
92 World Bank, 2018.
93 JL.T. Jones and P.A. McGavin, 2015.
94 E. Darko et al., 2015.
95 C.M. Blackden and M.M. Dominic, 2014.
96 D. Echevin et al.,2018.

3.8 Key vulnerable groups and associated deprivations

3.8.1 Pregnant women, infants and young children

Maternal health and child development outcomes are among the most concerning in the world today. The maternal mortality rate is reported at 215 deaths per 100,000 live births, making it the highest in the Pacific region and the second highest in Asia-Pacific.[97] Neonatal mortality is similarly concerning, with a rate of 20 deaths per 1,000 live births.[98] Immunisation coverage has plummeted in recent years and the country has yet to eradicate maternal and neonatal tetanus.[99] A significant number of parents choose not to vaccinate their children due to misinformation or distrust or public health authorities. The prevalence of anaemia among women aged 15-49 years was estimated at 36.6 per cent,[100] while among pregnant women it was even higher at approximately 44.8 per cent.[101] Approximately one-quarter of women did not receive antenatal care from a skilled provider between 2016 and 2018 while less than half completed at least four ANC visits during their last pregnancy. About 45 per cent of births occur outside healthcare facilities without skilled assistance. Postnatal care services are also lacking; only about half (46 per cent) received a postnatal check within the first two days after birth.[102]

The nation faces a triple burden of malnutrition characterised by undernutrition, overweight and obesity, and micronutrient deficiencies. The national prevalence of chronic malnutrition for children under five has consistently exceeded the threshold of 30 per cent, which is deemed very high from a public health perspective and malnutrition continues not only to be a leading cause of half of all under-five deaths in PNG but is also linked to lower cognitive abilities, fewer years of schooling, reduced earnings in adulthood and supressed lifelong health outcomes. In 2010 stunting was reported to affect about 49.5 per cent of children under five years old, while wasting was reported at 14.1 per cent.[103] Alarmingly, 48 per cent of children are anaemic.[104] These rates of chronic malnutrition have not improved since the 1980s and, in fact, appear to be deteriorating further.[105] Disaggregating data by income status reveals stark disparities: children from households in the poorest quintile are significantly more likely to be stunted than those from wealthier quintile (55 per cent prevalence in the former compared to 36 per cent among the latter).[106]

3.8.2 Unemployed youth

In 2024, young people aged 15-24 years were expected to account for nearly one-third of the working age population,[107] yet more than one in four young people are not in education, employment or training.[108] Mental health among young people is a growing concern, compounded by various socio-economic and cultural factors. Modelled estimates

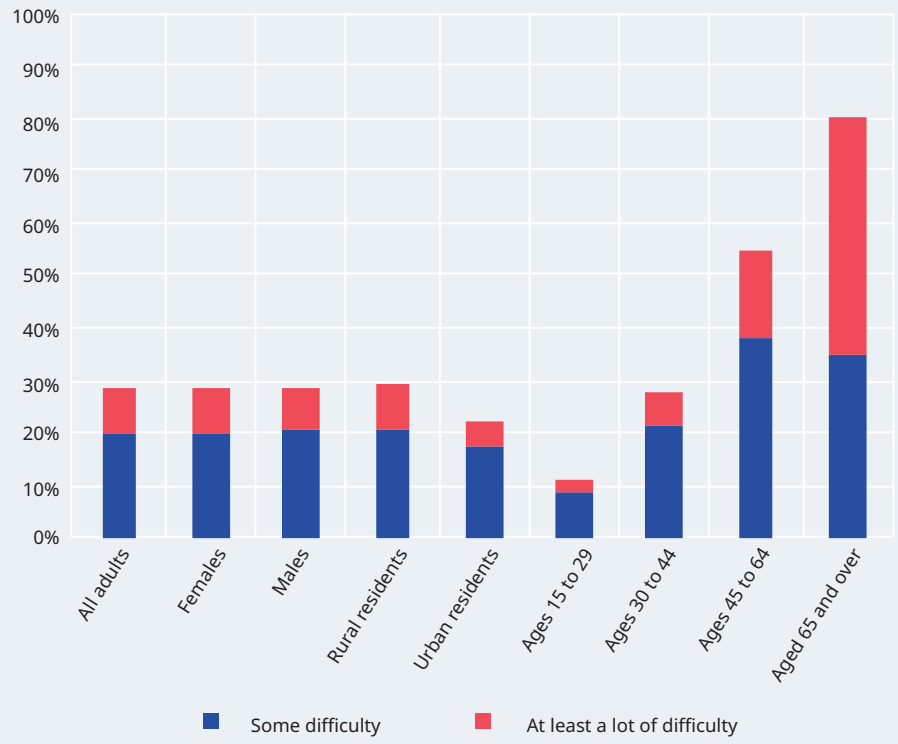
97 National Statistical Office and ICF, 2019.
98 National Statistical Office and ICF, 2019.
99 S. Howes and K. Mambon, 2021.
100 WHO, 2020.
101 WHO, 2021.
102 National Statistical Office and ICF, 2019.
103 UNICEF, WHO and World Bank, 2022.
104 WHO, 2021.
105 The Global Nutrition Report, Undated.
106 X. Hou, 2016.
107 United Nations Population Division, Department of Economic and Social Affairs, 2022. Authors' calculations.
108 ILO, ILOSTAT database..

from the 2019 Global Burden of Disease Study suggest that mental disorders and self-harm account for ten per cent of the total burden of disease among 10–19-year-olds. Among younger adolescents and children aged 5–14 years, mental disorders are the fifth-leading cause of poor health.[109] The stigma surrounding mental health often prevents youth from seeking help, leading to untreated conditions such as depression and anxiety. A lack of mental health services exacerbates this situation, leaving many without the necessary support. Substance abuse is another critical issue, with many young people engaging in alcohol and drug use, which can lead to risky behaviours, criminal and anti-social behaviour and further mental health challenges.

3.8.3 Persons with disabilities

The 2009-10 HIES found that 28.5 per cent of adults aged 15 years and above had some form of functional difficulty with the reported prevalence of "some difficulty" and "at least a lot of difficulty" at 19.9 per cent and 8.6 per cent respectively (see figure 9).110 High individual level prevalence is also reflected at the household level, with 55.4 per cent of households containing at least one member with any functional difficulty and 21.2 per cent of households containing at least one member experiencing "a lot of difficulty" in at least one functional domain. The rates of reported functional difficulties in PNG are among the very highest in the world (see figure 10). Prevalence of functional difficulties among the working-age population is also particularly high. Although the Socio-Demographic and Economic Survey 2022 Key Indicators Report reported a somewhat lower level (20.1 per cent of women and 19.2 per cent of men reported having some functional difficulty), even this lower rate would make PNG the 6th most disability-affected country in the 35 countries in the Disability Data Initiative's database.[111]

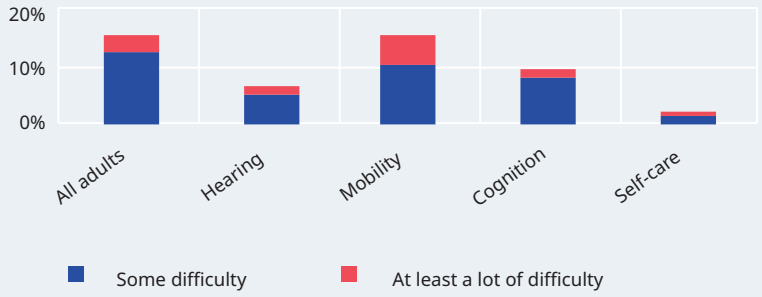
Figure 9: Prevalence of functional difficulties in PNG(%)



Source: Disability Data Initiative

[109] UNICEF and Burnet Institute, 2022.
[110] Mitra. S, Undated.
[111] Mitra. S, Undated.

▶ **Figure 10: Prevalence of functional disability by domain and severity(%)**

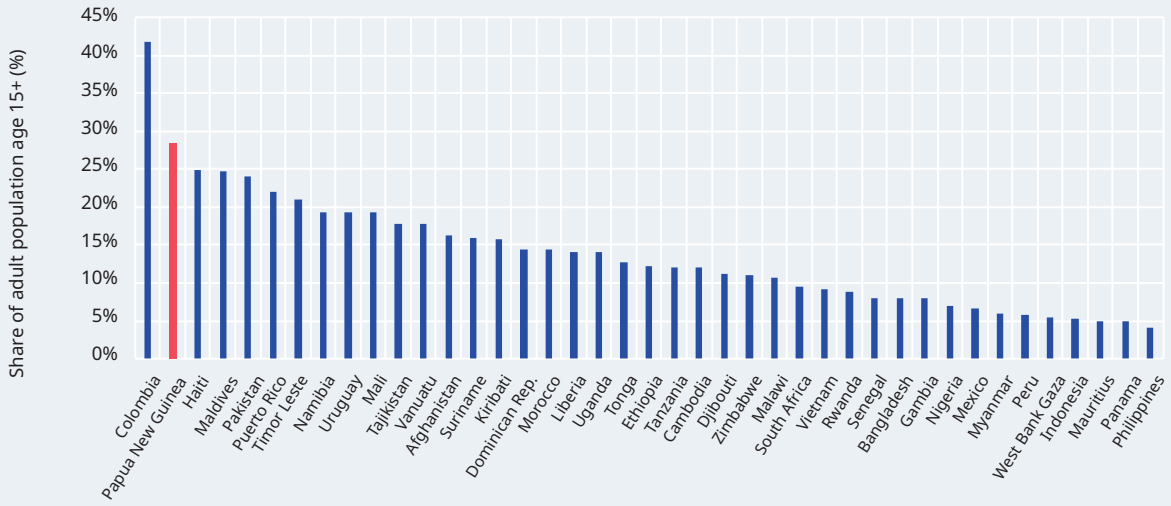


Source: Disability Data Initiative.

Although data is limited in PNG, analysis of the 2009-10 HIES suggests that persons with disability have statistically significantly lower outcomes across a range of standard of living indicators than people without functional difficulties. These include: higher rates of multi-dimensional poverty, lower educational attainment, lower access to employment, lower access to safely managed drinking water, lower access to clean fuel and electricity and lower levels of asset ownership. Outcome measures across these indicators are usually lower for people with "a lot of difficulty" than those with "some difficulty" in at least one functional domain. For example, the proportion of people owning assets is 13 per cent among those with no functional difficulties, 11 per cent among those with some difficulty and nine per cent among those with a lot of difficulty.[112]

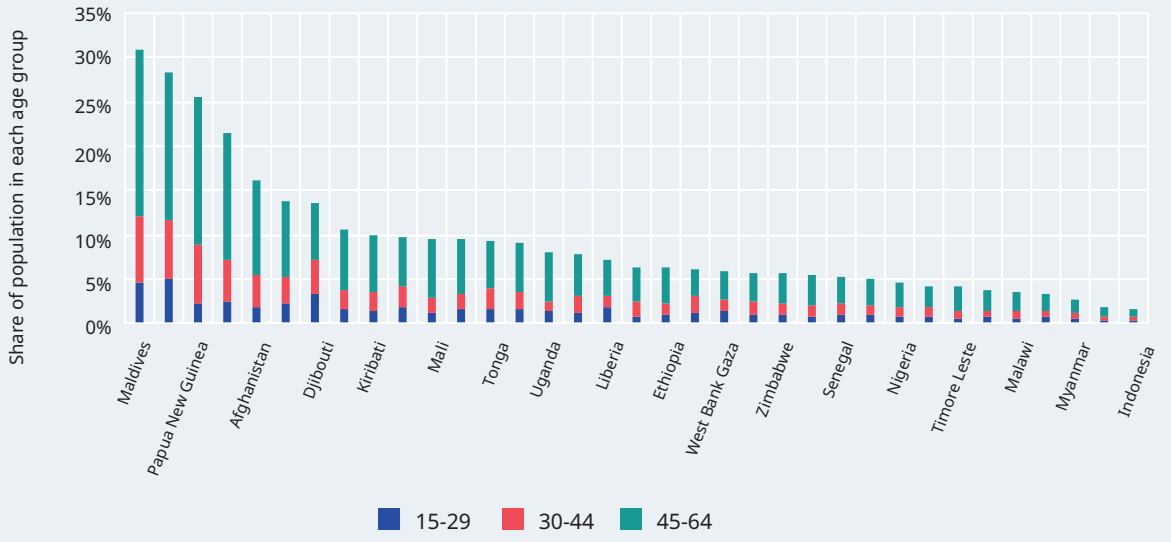
[112] Mitra. S, Undated.

▶ Figure 11: PNG disability prevalence in global context, among adults age 15+ (%)



Mitra, S. and Yap, J. (2021).

▶ Figure 12: Disability prevalence of working-age Papua New Guineans in the global context (%)



Source: Mitra, S. and Yap, J. (2021).

3.8.4 Older persons

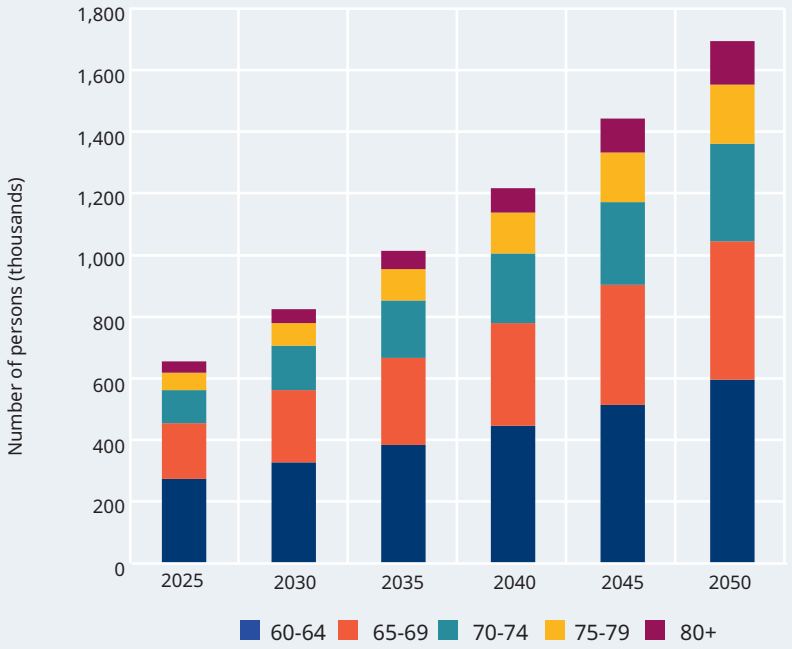
The share of older persons in PNG's population is rising rapidly. In 1980 only 1.6 per cent of PNG's population were aged 65 years or above. By the 2011 census this had risen to 2.6 per cent and by the 2022 Socio-Demographic and Economic Survey it had risen further to 3.4 per cent. By 2050, it is estimated that around 7.3 per cent of the population will be 65 years and above, and a full 11.3 per cent will be aged 60 years and above.[113] Figure 13 illustrates the projected growth in the number of older persons by 5-year age group over the next twenty-five years while figure 14 illustrates the projected changes in the proportion of the population aged over 65 years over the same period.

Although data on older persons is scarce in PNG, the little data available suggests that older persons in PNG, and older women in particular, exhibit low levels of welfare and wellbeing across several domains. In the first instance older persons report higher levels of functional difficulty, with over 45 per cent of people aged 65 years and above reporting at least "a lot" of difficulty in one or more domain and a further 35 per cent reporting at least "some difficulty" in one or more domain. Such high levels of disability among older persons typically drives rapid reductions in labour force participation and incomes. Meanwhile the rising rates of NCDs among the working-age population today suggests that older persons in the near future are likely to face even higher rates of disability than previous generations. Older persons also exhibit far lower levels of education: only 43.9 per cent of people aged 50 years and above able to read and write in 2009-10 HIES compared with 65.7 per cent of people aged 26-49 years and 78.8 per cent of people aged 14-25 years.[114] Strikingly, only 26.6 per cent of rural women aged 50 years and above can read and write compared with 80 per cent of urban older men.[115]

Although older persons are commonly perceived to be well cared for by extended families and through the Wantok system, PNG researchers have started to challenge these widely held perceptions.[116] Consultations also suggest that, with rising longevity, societal recognition of the challenges faced by older persons is increasing – as a result of the hardship experienced by many retired civil servants whose superannuation savings have been exhausted. Moreover, with rapid growth in the older population forecast, the burden of care for older persons in PNG will increasingly fall on a declining number of working-age people. This situation is likely to be further exacerbated by outward migration of the working age population and the cost-of-living challenges faced by workers living in urban areas.

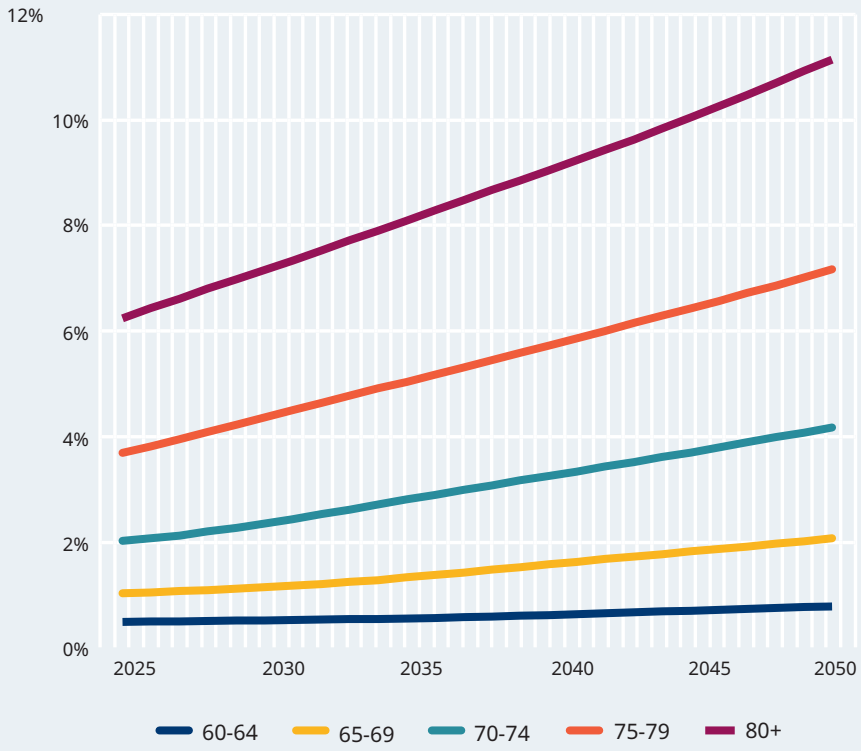
[113] United Nations Population Division, Department of Economic and Social Affairs, 2022. Authors' calculations.
[114] NSO, Undated (b).
[115] NSO, Undated (b).
[116] I. Sembajwe, 2013.

Figure 13: Projected change in older population 2025-50, number of individuals by five-year cohort



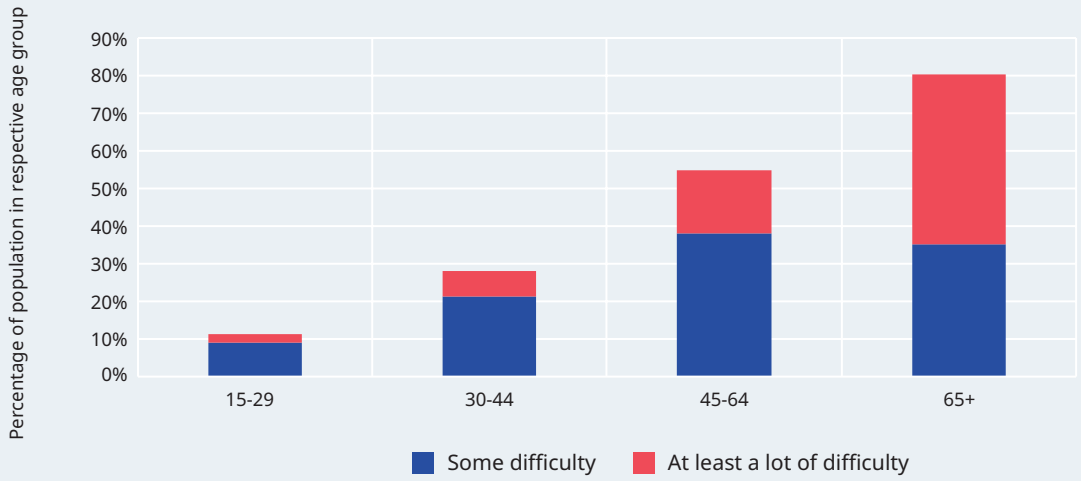
Source: United Nations Population Division, Department of Economic and Social Affairs, 2022

Figure 14: Projected change in older population 2025-50, as % of total population by five-year cohort



Source: United Nations Population Division, Department of Economic and Social Affairs, 2022.

▶ **Figure 15: Functional difficulties by age group and severity(%)**



Source: National Statistical Office, Undated(b).

3.8.5 Survivors of gender-based violence

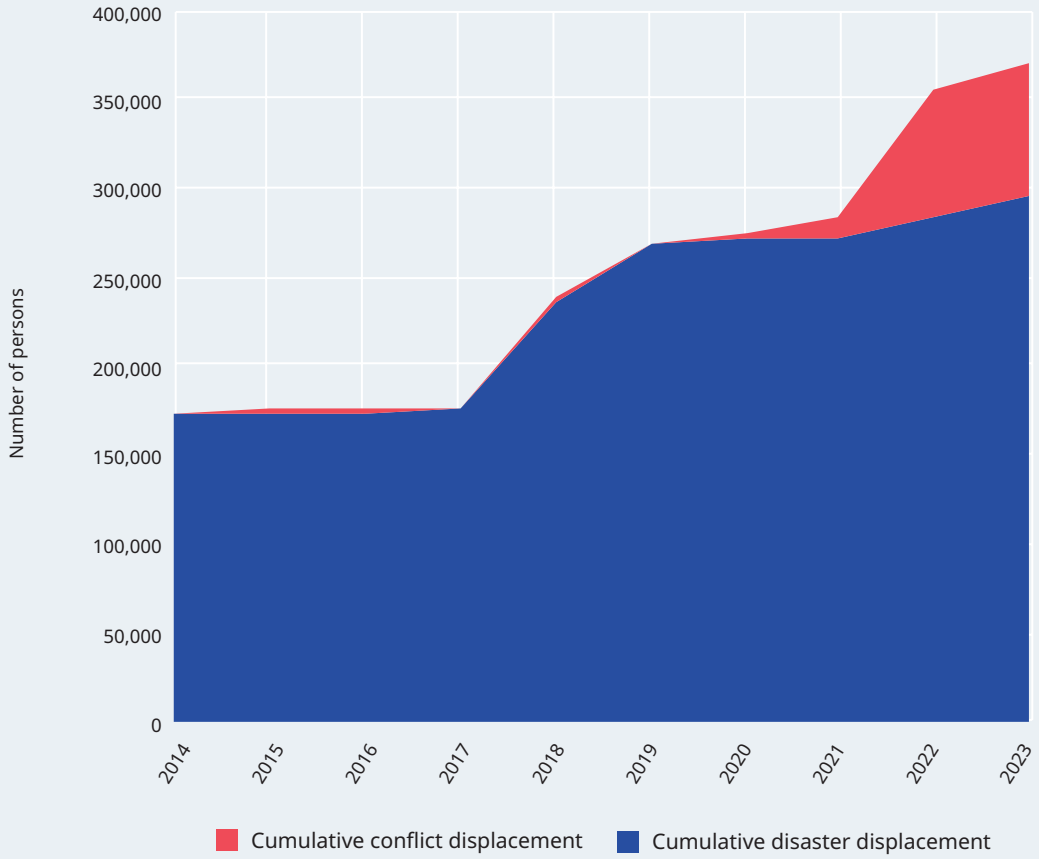
GBV remains catastrophically high in PNG, where 56 per cent of women report experiencing physical violence since age 15, 28.2 per cent report experiencing sexual violence and 25 per cent report experiencing both physical and sexual violence. While much of this violence takes place within the context of intimate partner relationships, women and girls in PNG also regularly experience sorcery accusation related violence (SARV). The Special Parliamentary Committee on gender-based violence estimated that approximately 388 people are accused of sorcery each year in the Highlands region, with around one-third of allegations leading to physical violence or property damage, with many victims suffering death or permanent injury. Between 2000 and 2021, violent incidents related to sorcery accusation related violence nationwide totalled over 6,000, resulting in an estimated 3,000 deaths and an unknown number of life-long injuries.[117] Victims of gender-based violence and their children are frequently forced to flee their families, communities and sources of livelihood, sometimes seeking refuge in a network of at least 26 shelters across the country (nine of which are located the National Capital District). Demand for these services far outstrips supply.

3.8.6 Internally displaced persons

According to the Internal Displacement Monitoring Centre (IDMC), over 370,000 Papua New Guineans were displaced over the period 2014 to 2023, with natural disasters accounting for around 80 per cent of cases and conflict and violence accounting for the remaining 20 per cent (see figure 16).[118] Meanwhile the amount of IDPs at the end of each calendar year has grown from around 25,000 in 2019 to over 94,000 in 2023 (see figure 17), with conflict and violence accounting for around 92 per cent of cases in the latest year for which data is available. However, as concerning as this data is, most stakeholders consulted for this study considered the IDMC data to underestimate the full extent of internal displacement in the country, particularly because of under-reporting of displacement caused by conflict and violence. At the same time, little information is currently available on the duration of, whether these are new, repeated, or cyclical displacements, or what the needs are, if any, of those displaced by violence.

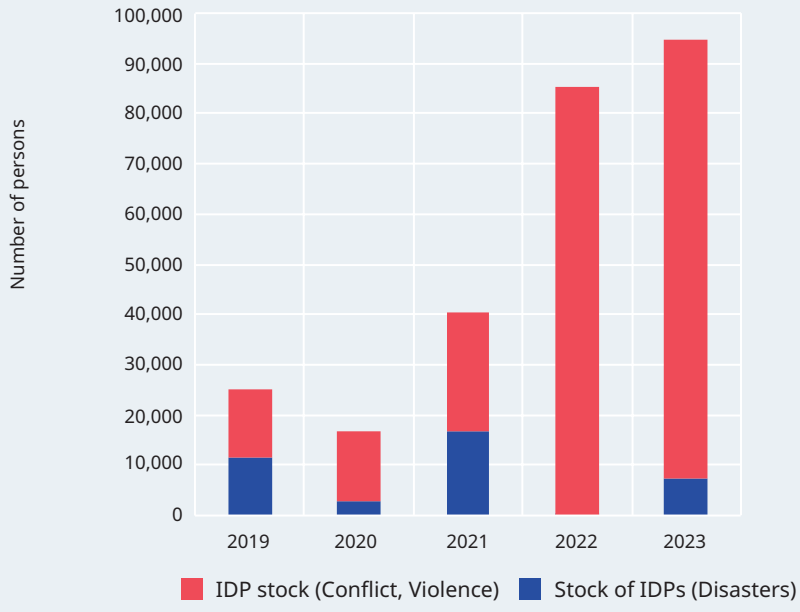
[117] ILO, 2024.
[118] Internal Displacement Monitoring Centre, Undated.

▶ Figure 16: Cumulative internal displacement, 2014-23



Source: Internal Displacement Monitoring Centre, Undated.

▶ Figure 17: IDP stock at end of each year, 2019-23



Source: Internal Displacement Monitoring Centre, Undated.

3.8.7 Inhabitants of marginal islands and atolls

People living on small islands and atolls with limited livelihood prospects were also identified during consultations as a potential priority for social protection interventions. Examples of particularly vulnerable populations are present, for example, in Morobe, Manus, East New Britain, Milne Bay and Bougainville. Some of these communities experience seasonal food insecurity and work is underway to strengthen resilience and support adaptation to climate change, including through community-driven development initiatives, food security programming, the establishment of locally managed marine areas, and preparation of gender- responsive disaster management strategies for each island.

3.9 Family and community-based social support mechanisms

Family and community-based social support mechanisms are the only form of protection available to the majority of the population. Family-based care for the elderly, persons with disabilities, and orphans in Papua New Guinea is a critical aspect of the social fabric. In some cases, novel forms of care and support have emerged such as the community-supported, communal supported living initiatives for older persons in certain villages in Chimbu province.[119] Mobilisation of youth (perhaps through a degree of social coercion) to care for widows, the elderly and persons with disabilities also occurs in many communities, with youth partly compensated for their time in cash or in-kind. Individuals and households can also often draw on support (food, money, and labour) in times of hardship from beyond their immediate family through their "wantok" network.[120] According to the 2010 HIES, approximately 30 per cent of households reported receiving transfers from relatives or friends, rising to about 40 per cent of households in the bottom income quintile. Households in the lowest income quintile receive an average of 30 per cent more in transfers compared to those in higher income brackets.

Despite its present continued importance, particularly in rural areas, family and community-based care and support mechanisms are becoming increasingly inadequate over time. Urbanization disrupts traditional social support networks and reduces access to support, both among those who move to urban areas in search of work as well as those who remain in rural areas (often older persons, persons with disabilities, women and children) and expected to be able to draw down on support from breadwinners. As workers in urban areas age and retire, they then often find that support from the younger age groups – who themselves are often struggling to access employment and manage the costs of living and raising families – is not as reliable as they had expected. Indeed, neglect and abuse of older persons and persons with disability is widespread and stakeholders consulted for this study highlighted that support provided through wantok networks to the carers of older persons and persons with disabilities is often not used for the purpose it was intended. In the absence of social protection for certain vulnerable groups or their carers, a sense of overburden and some resentment is reportedly widespread.

[119] Key informant interviews.
[120] The term "wantok" means "one talk," and signifies a sense of belonging and mutual responsibility among community members.

At the same time, there is also growing recognition that the traditional cultural practice whereby one member of a family - often the youngest daughter – is asked to care for elderly family members and forego all educational and employment opportunities on the assumption of that support is provided by other working family members is not only desperately unfair but also exposes these female carers to significant lifetime risks and harm. Finally, new social relations, often generate through employment or higher education, are also starting to cut across wantok boundaries, creating new sources of support, obligations and opportunities which compete with, and reduce the importance of, the wantok system.

There is also growing recognition that reliance on wantok is problematic in several respects. In the first instance the wantok mechanism poses a significant challenge to the effectiveness of PNG's provident funds as a mechanism for achieving income security in old age as retirees are typically obliged to share their lump sum benefits with members of their family or wider wantok, leading to rapid exhaustion of accumulated savings. In this context, there is little incentive for individuals to save for their retirement. Second, a mechanism that was in intended to facilitate community protection of the vulnerable is also increasingly associated with corruption, patronage and diversion of public resources. Relatedly, where certain individuals receive preferential treatment based on their status or connections within the community, wantok can exacerbate unequal distributions of resources. Meanwhile, certain demographic and vulnerable groups are systematically excluded from support. Women generally face significant barriers to accessing resources through these networks due to entrenched gender norms that prioritise male authority in household economic decision-making, while specific groups of women including widows[121], abandoned wives and wives of deported asylum seekers are often particularly under-served.[122] Stigmatisation of persons with disability tends also to limit their access to support through wantok networks. Finally, a culture of reliance on extended family or community members is also increasingly understood to be discouraging young people from seeking formal employment or pursuing educational opportunities.

[121] In certain tribes and clans, abandoned wives cannot by custom, remarry while the husband is still alive.
[122] Key informant interviews.

4. Current social protection systems in Papua New Guinea

4.1 Contributory social protection schemes

Social protection for workers in formal employment (and willing self-employed workers) is provided through a combination of superannuation (cash accumulation) schemes and employer-liability benefits, the latter being generally non-compliant with international labour standards. No social insurance mechanisms that comply with international labour standards currently exist. Discussion in this section is therefore focused on the limited provision that is in place.

4.1.1 Superannuation

PNG's superannuation scheme operates on a defined contribution cash accumulation basis and was first established in the 1980s. Following significant failures of governance and financial mismanagement, a range of reforms were adopted at the start of the millennium. Under the Superannuation (General Provision) Act 2000,[123] contributions are mandatory for formal employees at firms with at least 15 workers, and voluntary for noncitizens, self-employed persons, and employed persons in firms with less than 15 employees.[124] However compliance among employers with superannuation contribution requirements is patchy, particularly in the retail and wholesale sector. Casual workers with employment contracts of less than three months, and domestic workers, are excluded. Employer and employee contributions are at least 8.4 per cent and six per cent respectively, with additional voluntary contributions capped at 30 per cent of wages (up to 15 per cent for employers and employees respectively). Few employers contribute above the minimum level. Contributions by self-employed workers to the superannuation funds' voluntary savings schemes are at least K20 per month.

[123] Independent State of Papua New Guinea, 2000.
[124] If the employer agrees to join the fund.

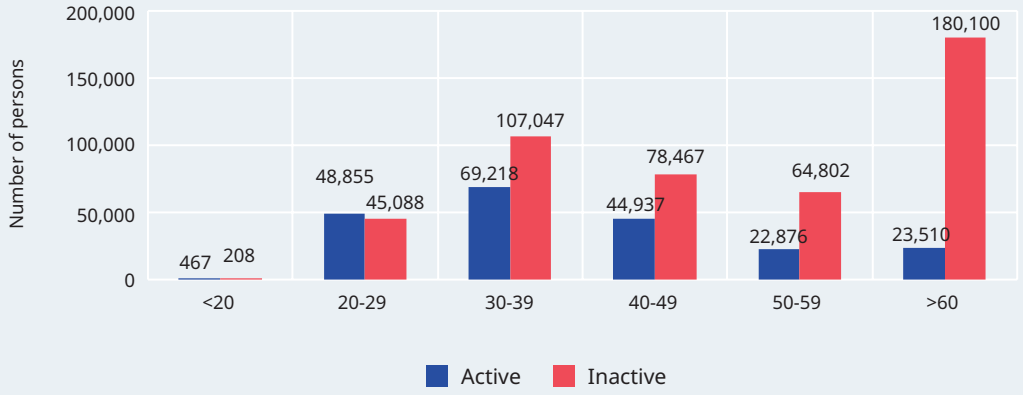
Superannuation benefits are generally paid in the form of lump sum payments and no annuities are currently available. Members may access their savings under the following circumstances: (a) attainment of 55 years of age; (b) redundancy/unemployment; (c) emigration; and (d) permanent disability. In case of death, the accumulated balance is paid to the named survivor. Employer's contributions and interest are taxed at the point of benefit disbursement.[125] All three superannuation funds lend money for house deposits against the security of accumulated member account balances. Once a loan has been made, members must increase their contribution rate by two per cent to cover debt service and repayment. In the defence fund the loan value is 100 per cent of personal contributions minus interest.

Four superannuation funds are currently licensed to operate by the Bank of Papua New Guinea. These include: (i) the National Superannuation Fund (Nasfund); (ii) Nambawan; and (iii) the Accumulation Scheme managed by the Comrade Trustee Services Limited (CTSL), and (iv) Aon Superannuation Limited (a significantly smaller player than the other three funds at this stage). Over 912,000 Papua New Guineans, around 7.6 per cent of the population (13.3 per cent of the adult population), were members of the three larger funds in 2022, with Nasfund, Nambawan Super and the DFRBF covering approximately 75 per cent, 24.5 per cent and 0.5 per cent respectively.[126]

- **Nasfund was established in 2002 and mainly caters for private sector employees. By 2023 it had 688,169 members, of which 209,863 (32.3 per cent) were active contributors in that year (see Figure 18).** 75 per cent of total account balances are held by active members.[127] The number of active contributors in each year has grown rapidly, increasing by an average of 8.3 per cent per year over the past five years. The number of registered employers also grew at an average annual rate of 8.3 per cent over the past five years, reaching 3,028 employers by 2023. However, consultations suggest that around 80 per cent of contributions still come from only 20 per cent of registered employers. Contributions to Nasfund's voluntary Eda scheme have been rising by an average of 12.4 per cent per year. However, around three quarters of Eda fund accounts are currently inactive. Total assets and contributions grew by an average of 8.3 per cent and 6.6 per cent per year respectively over the past five years (2019-23).

[125] Annual reports of Comrade Trustee Services Limited.
[126] Nasfund, Undated(b); Nambawan Super, Undated; Comrade Trustee Services Limited, 2022. Authors' calculations.
[127] Nasfund, Undated(a). Authors' calculations.

▶ **Figure 18: Nasfund membership by activity status and age-group, 2023**



Source: Nasfund, Undated(a).

Nambawan Super (previously known as the Public Officers Superannuation Fund) caters mainly for public sector employees and had 220,410 members in 2022. The number of members has increased by an average of 2.6 per cent per year over the 2019-22 period. Nambawan Super has also established a voluntary scheme known as Choice which typically covers plantation workers and cooperative members but also many public sector contract staff and lower local government officials (such as village court officials). Total assets and contributions grew by an average of 8.3 per cent and 6.6 per cent per year respectively over the past five years (2019-23), with Choice scheme members' contributions rising by an average of 8.6 per cent per year over the 2020-22 period. Approximately two billion Kina is owed by the State in late contributions to around 70,000 member accounts held by Nambawan. The government typically makes its contributions at the point of retirement, which can result in significant delays the disbursement of retirement benefits.[128]

- **The CTSL accumulation scheme caters solely for defense personnel and had 4,257 members in 2022.** The number of members increased by an average of 0.5 per cent per year over the 2019-22 period. Total assets and contributions grew by an average of 1.2 per cent and 12.0 per cent per year respectively over the same period.

Faced with their investment strategies constrained by various factors, PNG's superannuation funds struggle to deliver returns to their members that surpass inflation. Although performance in recent years (see table 2) may have been affected by external factors and may not be typical of the funds' longer-term performance, modest medium-term economic growth projections (three per cent) suggest the potential for persistent challenges in this area. The superannuation funds' ability to generate positive net returns to savers is notably constrained by policy limitations on access to foreign exchange and restrictions on offshore investment: only 12.5 per cent of Nasfund's assets are held overseas. The high demand from members for early access to their savings in times of unemployment also forces Nasfund to retain a higher degree of liquidity, thereby constraining the funds' investment horizons.

[128] Key informant interviews.

Table 2: Key data for PNG's superannuation funds

	Nambawan	Nasfund	DFRBF
Net assets (K)	8 788 205 942 (2022)	7 067 845 000 (2023)	525 004 316 (2022)
Average annual net asset growth rate[129]	3.2 per cent (2020-22)	8.3 per cent (2019-23)	1.2 per cent (2019-22)
Membership	220 410 (2022)	688 169 (2023)	4 257 (2022)
Average annual membership growth rate	2.6 per cent (2019-22)	11.1 per cent (2019-23)	0.5 per cent (2019-22)
Number of registered employers	Data unavailable	3,028	N/A
Year-on-year average growth rate in employer registration	Data unavailable	8.3 per cent	N/A
Number and per cent of active members	Data unavailable	209 863 (32.3 per cent)[130]	3 878 (91.1 per cent)
Average annual active membership growth rate	2.6 per cent	8.4 per cent (2019-23)	1.3 per cent
Number of voluntary members	20 211 (2022)[131]	~38 869, but ~30 000 are reportedly inactive[132]	N/A
Average annual contributions growth rate	1.8 per cent (2020-22)	6.6 per cent (2019-23)	12.0 per cent
Average annual interest credited to member accounts	4.0 per cent (2020-22)	6.1 per cent (2019-23)	Data unavailable
Average annual real return to members	-1.3 per cent (2020-22)	0.1 per cent (2019-22)	Data unavailable

Source: Annual reports of Nasfund, Nambawan Super and Comrade Trustee Services Limited.

[129] Calculated for slightly differing periods for each fund depending on data availability.
[130] There is a discrepancy in the Nasfund 2023 annual report in regards to the number of active members reported.
[131] Reported during consultations to have risen to ~30,000 in 2024.
[132] Key informant interviews.

▸ **Table 3: Nasfund withdrawals by benefit type, 2023**

Benefit type	Total value of benefits paid (million k)	% benefits paid (by value)
Normal retirement and 12 months unemployment	372.08	72.0
Medical retirement	7.26	1.4
Death	29.94	5.8
Unemployment	59.72	11.6
Housing advance payments	38.60	7.5
Transfer out	8.64	1.7
RSA payments	0.73	0.1 %
Total	**533.84**	

Source: Nasfund, Undated(a).

▸ **Table 4: Nambawan Super withdrawals by benefit type, 2022**

Benefit type	Total value of benefits paid (million K)	% benefits paid (by value)	Number of transactions	Avg. benefit value (K)
Resignation, retirement, medical	602.02	68.6	7 440	80 917
Death (including RSA)	104.68	11.9	1 132	92 473
Transfer out (to other SAF)	3.25	0.4	82	39 634
Unemployment benefits	8.07	0.9	4 218	1 913
RSA withdrawals	58.39	6.7	11 861	4 923
Housing advances	101.29	11.5	5 375	18 845
Total	**877.70**			

Source: Nambawan Super, Undated.

4.1.2 Maternity benefits

Maternity benefits are critical to the welfare of women and infants but are woefully inadequate in PNG. They fall far below international minimum standards and are also out of step with protections in place elsewhere in the Pacific.[133] Although PNG ratified the Maternity Protection Convention (Revised),1952 (No. 103) in 2000 – which provides for 12 weeks of maternity leave, as well as social insurance or tax-financed maternity benefits equivalent to no less than two-thirds of a female workers' previous wages, PNG's prevailing regime of maternity protections bears little resemblance to the requirements of the convention. Under the Employment Act of 1978, women working in the private sector are only entitled to unpaid leave for the duration of hospitalisation and confinement (up to four weeks). A further four weeks of unpaid leave is provided in cases where the new mother is not yet medically fit for work. Even these provisions are only applicable to women who have worked for at least 108 days in the past 12 months or 90 days in the previous six months. Furthermore, there appears to be no prohibition on the termination of employment for women who become pregnant prior to fulfilling these minimum work duration requirements and, indeed, termination of employment for pregnant women is reported to be widespread.

Maternity benefits are better for public sector workers, although still inadequate. Qualifying permanent public servants receive up to 12 weeks of paid maternity leave, although six weeks of these must be taken from accumulated sick leave entitlements or else are unpaid.

Following rising public concern over the inadequacy of employment protection and maternity benefits for pregnant women and new mothers, the Attorney General recently initiated a six-month stakeholder consultation on the issue.[134] Consensus has reportedly been reached through this process on the introduction of paid maternity leave in the private sector as well as further constraints on the termination of employment for pregnant women and new mothers. Implementation of these measures will not only be important for women and children but will also ensure a level playing field in the business sector in a context where many employers voluntarily offer more reasonable terms and conditions - often as the result of negotiation of enterprise- or sector-level collective bargaining agreements negotiated by the Trade Unions Congress. However, at the time of writing no final policy decision had been announced. Furthermore, it is important to emphasize that paid maternity leave is not compliant with international labour standards and that the ILO recommends the establishment of pooled funding mechanisms, complemented by tax-financed maternity benefits for women not in formal employment.

4.1.3 Unemployment benefits

No social insurance unemployment benefits that comply with international labour standards (Convention No. 102, Recommendation No. 202 as well as the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168)), are available in PNG. In the absence of such provision, members of the superannuation funds who become unemployed may, after a period of three months of unemployment, withdraw up to 50 per cent of their previous monthly salary per month as a monthly benefit (if they have sufficient accumulated balance to do so).[135] In the event that the unemployment lasts

[133] ILO Convention No. 183 (14 weeks paid at a minimum of two-thirds of normal wages), and ILO Recommendation No. 191 which advocates for at least eighteen weeks paid at 100 per cent of normal wages.
[134] Key informant interviews.
[135] One fortnight's salary per month based on final salary at discharge.

longer than 12 months, members may withdraw their entire account balance. Although the full value of unemployment-related withdrawals is not visible in the funds' annual reports key informants suggested that unemployment-related withdrawals account for around half of all Nasfund benefit transactions.[136] Meanwhile the value of partial withdrawals on account of unemployment lasting between three and 12 months stand at around 13 per cent of the value of all withdrawals by Nasfund members and one per cent for Nambawan, the lower proportion in Nambawan Super reflecting the increased job security of Nambawan's primarily public sector workers.[137]

The above data reflects the trade-off that needs to be navigated between encouraging people to save for their retirement while also recognizing their immediate need for cash income. This trade-off is more acute in the context where tax-financed social protection is limited, socio-economic shocks are common, and life expectancy remains relatively short. Indeed, there is regular discussion as to whether recently unemployed workers should be able to access their full account balances earlier than is presently the case (after three months).

None of the superannuation funds provide employment services to recently retrenched members, nor are formal partnerships established with external providers.

4.1.4 Employment injury benefits

Compensation for injuries sustained in the course of employment is one the oldest and most widespread branches of social security. Early formulations referred to "workmen's compensation" and tended to provide for employer-liability compensation for manual workers in high-risk industries and agriculture. Over time, however, most countries have chosen to expand the scope of employment injury protection to (a) include men and women engaged in a wider range of occupations; (b) enhance the benefits available; and (c) move away from employer-liability, no-fault-based insurance towards a broader and more efficient social insurance approach. This more ambitious and inclusive approach to employment injury protection was articulated in the Social Security (Minimum Standards) Convention, 1952 (No.102) and the Employment Injury Benefits Convention, 1964 (No.121) and its accompanying Recommendation, 1964 (No. 121). Where employment injury has been integrated into the mandate of comprehensive social insurance funds, many countries have also dispensed with privileging of death and disability caused by employment-related causes, opting instead to provide protection against these contingencies irrespective of the cause.

Key principles introduced by Convention No. 102 and No. 121 include:

i. **Benefits for long-term contingencies,** such as permanent disability and survivorship, should be in the form of periodical payments payable for as long as the worker experiences total or partial disablement, rather than as lump sums.
ii. **Quality medical care to be provided,** for as long as is necessary, for the purpose of maintaining, restoring or improving the health of the injured worker and his/her ability to work and attend to personal needs.
iii. **Minimum benefits were stipulated as a proportion of lost wages** and according to household circumstances.
iv. Where necessary, **injured workers to be supported** to find alternative employment if injury prohibits a return to their original occupation.

[136] This is because early withdrawals for unemployment lasting more than 12 months are indistinguishable from withdrawals at age 55 in superannuation funds' reporting.
[137] Nasfund, Undated(a); Namwaban Super, Undated. Author's calculations.

PNG's Employment Act of 1978 obliges enterprises to take out workers' compensation insurance with one of several approved insurance companies. Policies provided cover medical treatment, and a scale of compensation payments linked to the extent of injury. In the case of death, a flat rate amount of K25,000 is payable, plus periodic payments to dependents.

Key challenges with the existing scheme include:

(a) Companies with fewer than ten employees are exempt from the requirement to take out insurance.
(b) Extremely low benefit levels that have not been updated since the 1990s.
(c) Non-coverage of rehabilitation costs.
(d) Low levels of compliance with the Act among small and medium-sized enterprises.
(e) Slow processing of claims by the DLIR. Employers and workers' representatives remain dissatisfied with the level of accountability and transparency in the processing of workers' compensation claims at DLIR.
(f) Inappropriate charges levied by doctors to prepare reports in support of applications are commonly reported.[138]

Members of the superannuation funds who have been declared medically unfit for work may also withdraw their accumulated account balances. Such withdrawals accounted for 1.4 per cent of benefits paid to Nasfund members in 2023.

4.1.5 Sickness benefits

Sickness benefits aim to ensure income security during sickness, quarantine or sickness of a dependent relative. Sickness benefits allow individuals to stay at home until recovery, thereby protecting their own health and, in the case of communicable diseases, the health of others. International labour standards specify that the cost of sickness benefits and their administration should be borne collectively by way of social insurance, taxation, or both in a manner which avoids hardship to persons of small means, ensuring that they can maintain their families in health and decency (Convention No. 102, Arts. 67 and 71, and Recommendation No. 202, Para. 3.h).

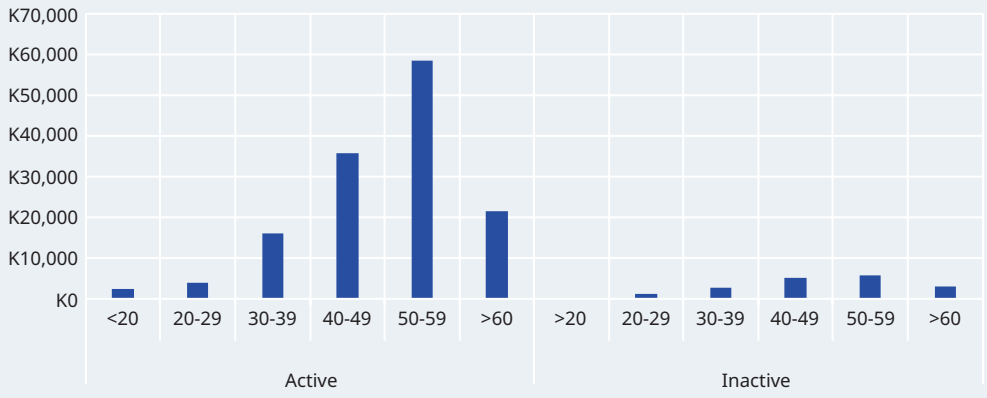
However, no sickness cash benefits are currently available in PNG. Instead, the Employment Act of 1978 provides for paid sick leave for those in formal employment for up to six days, with the provision to accumulate unused credits for three years. This is not only not compliant with international labour standards, but PNG is also one of only a handful of countries in the world to provide less than seven days paid sick leave. A rapid review of legislation in other Pacific Island Countries conducted for this study suggests that PNG is also out of step with the wider Pacific in this regard, with all countries reviewed providing at least ten days paid sick leave. While some employers in PNG provide more than the mandatory level of paid sick leave, compliance among small employers is reportedly a significant challenge. Only members of CTSL's defined benefit scheme, which stopped accepting members in January 2016, are entitled to a medical pension.

[138] Key informant interviews.

4.1.6 Retirement benefits

No social insurance old age pensions are available in PNG and none of the licensed superannuation funds offer lifetime annuities. Instead, PNG's superannuation funds allow members to access their account balances in full from age 55. However, retirement savings among private sector workers are adversely affected by partial or full withdrawal prior to this point due to periods of unemployment. The average account balance among the Nasfund members aged between 50 and 59 years of age is only around K15,400, which is 25 per cent less than one year of income at the zero income tax threshold.[139] Even among the 22,876 of members who are aged 50-59 and still active contributors (only 26 per cent of members aged 50-59 are still active), average accumulated savings amount to only K58,000 (equivalent to around US$15,600 – see figure 19). This is equivalent to less than three years of income at the zero-income tax threshold. Savings levels are only slightly higher for Nambawan's largely public sector workers, with average benefits in the "retirement, resignation and medical" category standing at just under K81,000 – equivalent to just over four years of income at the zero-income tax threshold.[140]

Figure 19: Average Nasfund member account balances by activity status and age group, 2023



Source: Nasfund, Undated(a).

These modest savings tend to be exhausted relatively soon after retirement, typically either because of ill-conceived business activities or demands for support from wantok members. This challenge is increasingly recognised as a matter of policy concern in PNG, particularly as longevity is increasing, and the DFCDR has been working in partnership with the public service commission to deliver a programme of financial literacy training to help prepare civil servants for retirement.

[139] In this section the threshold for eligibility to pay income tax is used as a proxy for a minimum standard of living in the formal sector instead of the minimum wage due to the widely recognised non-alignment of PNG's current minimum wage with the cost of living (see S. Howes et al., and Samof, K., 2022).

[140] Nambawan Super, Undated. Author's calculations.

4.2 Non-contributory (tax-financed) social protection

4.2.1 Families with children

Social protection is essential to ensuring that the rights of children to social security[141] and a standard of living adequate for their physical, mental, spiritual, moral and social development are realised.[142] According to the United Nations Convention on the Rights of the Child (UNCRC), States are required to "take appropriate measures to assist parents and others responsible for the child to implement this right [to an adequate standard of living] and shall in case of need provide material assistance and support programmes, particularly in regards to nutrition, clothing and housing."[143] Although no formal minimum standards for child benefits are provided in Convention No. 102, the ILO and the United Nations Children's Fund (UNICEF) have jointly asserted that countries should aim to provide at least ten years' coverage under their universal child benefit schemes.[144]

At present there is no nationwide child or family benefit in PNG and support for families with children remains extremely limited. Primary and secondary education are free but there is no school feeding programme in primary schools (although secondary boarding schools provide meals). Some MPs and provincial governments (e.g. Enga province) reportedly provide support to needy families to cover tuition fees and provide education grants.

However, a pilot "child nutrition grant" (CNG) is currently being implemented in a limited number of locations in Western, Simbu, East New Britain and Madek provinces. The pilot is implemented by the DFCDR in collaboration with the Department of Health (DoH), the Department of Justice and Attorney General (DJAG) and a network of community churches, funded through US$66 million IDA financing and an AUD10 million Australian Aid grant. The child nutrition grant is eventually expected to deliver cash transfers to 175,000 households with pregnant women and/or children aged 0-2 years. The scheme is expected to employ an affluence-testing approach, although no clear information on this was available to the consultancy team. Mothers/primary caregivers are expected to be the primary recipient and will receive K30 per month (equivalent to around 3.3 per cent of GDP per capita).[145] The CNG is expected to be complemented by interventions on infant and young child feeding (IYCF) practices, positive parenting and financial literacy. However, it also makes provisions for future top-up payments through compliance with co-responsibility conditions.

Unfortunately progress in implementation of the CNG has been very slow. The most recent World Bank progress report noted that, although project effectiveness was achieved in November 2022, the inaugural project steering committee meeting was not held until April 2024 and only small-scale registration had been undertaken in Gazelle, East New Britain and Madang, Madang Province to-date.[146] Meanwhile consultations confirmed that only one round of payments has been made to a small number of beneficiaries thus far. The World Bank progress report also rates the project as 'high risk,' with institutional capacity for implementation and sustainability, fiduciary risk and macroeconomic risks all also rated as 'high.' Stakeholders interviewed as part of this diagnostic assessment were particularly concerned about the fiscal sustainability of the programme given PNG's highly fragmented fiscal context. Interviewees also reported that early experiences in the programme confirmed the need to enhance the management of GBV risks during programme implementation.

[141] United Nations Convention on the Rights of the Child, Article 26.
[142] United Nations Convention on the Rights of the Child, Article 27.
[143] United Nations Convention on the Rights of the Child, Article 27(2).
[144] ILO and UNICEF, 2019.
[145] Authors' calculations.
[146] N. Fu, 2024.

4.2.2 Unemployment protection

Non-contributory income support for the unemployed is essentially non-existent in PNG. Although many countries provide income support to the working-age unemployed and low-income individuals through labour-intensive public works (LIPW) programmes (with varying levels of success), LIPW programming is limited in PNG and the available programmes are not really designed to achieve minimum income security. The Youth Jobs Corp component of the Urban Youth Employment Project (UYEP) (See box 1) – the most significant government-led public employment scheme (funded by a World Bank loan and implemented presently by the National Capital District Authority and Lae City Authority) aims to provide 30 days' employment to 5,700 youth (aged 18 to 35 years) and pays an hourly wage of K3.50. However, the short duration of employment provided reflects the fact that, rather than providing a minimum income guarantee to the poor, the UYEP is primarily intended to reduce criminality through promoting transition to employment through skills acquisition. Indeed the evaluation of phase I of the project noted that the UYEP struggled to include and retain entrants from the poorest house¬holds, reflecting the fact that the programme does not really aim to address immediate income security needs.[147] The only other tax-financed income support for workers identified by the research team is the K500 million in wage subsidies provided to businesses affected by civil disorder in January 2024, although little information is available on the indirect beneficiaries of this support.[148]

Development partner-led LIPW schemes include the infrastructure component of the Support to Rural Entrepreneurship, Investment and Trade (STREIT). STREIT is funded by the European Union and implemented by the Food and Agriculture Organization of the United Nations working in partnership with the International Labour Organization, International Telecommunication Union (ITU), United Nations Capital Development Fund (UNCDF) and United Nations Development Programme (UNDP). The ILO is responsible for the transport infrastructure component of the programme which aims to improve market access for farmers and provide up to 500,000 days of employment to rural poor in East Sepik and Sanduan provinces (between January 2020 and May 2025).[149] The project aims for women and youth to make up 51 per cent and 33 per cent of participants respectively. However, like the UYEP, STREIT is not designed to provide a minimum income guarantee to participants (it is focused on delivery of rural transport infrastructure) and therefore does not set a minimum number of days employment that it aims to provide.

The fact that private sector employees regularly resign from their jobs specifically to access their superannuation savings to address emergency financial needs is an extreme illustration of the lack of adequate tax-financed social protection.[150]

[147] World Bank, 2024b.
[148] Department of Prime Minister and National Executive Council, 2024a.
[149] ILO, 2024.
[150] Key informant interviews.

▶ Box 1: Main employment support programmes in PNG

Although underpinned by the Employment Placement Services Act of 1966, the National Employment Service (managed by the DLIR), is largely unfunded and reportedly "virtually defunct."[151] However, a range of other employment support initiatives are implemented by the central government, provincial governments and non-governmental organizations.

Key examples include:

- **The Urban Youth Employment Project (UYEP).** Currently implemented by the NCD Authority and Lae City Authority with discussions ongoing on the potential for extension to up to eight additional urban centers.
- **The Start and Improve Your Business (SIYB)** entrepreneurship support programme implemented by the Small and Medium-sized Enterprise Corporation (SMEC).
- **The Youth Enterprise Scheme (YES)**, implemented by the National Development Bank.
- Training programmes for youth groups provided by the National Youth Development Authority (NYDA).
- The Trades Union Congress is developing **training for informal sector workers in agribusiness and trades.** Implementation is already underway in communities located in the periphery of Port Moresby. The TUC aims to assist participants to form a cooperative and association and eventually to join the TUC.
- The Ginigoada Foundation is a **skills training programme** which prepares youth for work or future training. The programme typically provides two-to-four weeks of community-level training to around 10,000 young people per year, with possible registration for external training and on-the-job training upon completion of the initial two-week course.
- City Mission provides **training on a combination of technical, attitudinal and behavioural skills** to up to 300 young men per year through an immersive, 14-month residential programme, currently available in Port Moresby, Lae and Madang.
- Entities operating in the extractive and natural resource sectors regularly fund **micro-enterprise and employment support initiatives** as part of their corporate social responsibility (CSR) programmes. In 2021, around half of the K434 million in social contributions made by the extractive industry was classified as supporting economic development.[152]

Little detailed information is publicly available about the scale and impacts of these initiatives, although a 2019 study concluded that there was considerable unmet demand for skills training among Papua New Guinea's youth. The same study concluded that Ginigoada, City Mission and the Urban Youth Employment Project (UYEP) all *"offered a chance to enter a meaningful economic and social pathway..."* and *"...achieved some progress in placing participants in employment,"* although impacts are constrained by the limited availability of formal employment opportunities in PNG.[153]

Youth that received the UYEP's comprehensive employment support services were around twice as likely to be employed in the formal sector nine to 12 months after exiting the programme, compared to similar youth that only completed the UYEP's public works component. However, this effect was entirely driven by the 20 per cent of youth who were hired by their placement provider at the end of the programme. Essentially, this means that if an UYEP participant does not get a job with their internship provider, then they are no more likely to be employed than a young person who only participated in the public works component.[154,155]

Evidence that UYEP is reducing criminality among urban youth has also been described as weak. A recent review found no evidence that the programme effectively recruited and retained youth most likely to engage in criminal activity, while the recent evaluation of the World Bank's country programme for 2008-23 concluded that *"[T]he intractable and rising challenge of urban violence will require redress through multiple security, justice, and social reforms that exceed the youth employment programmes' labour market incentives."* [156]

There is less evidence available on the other interventions noted above, although consultations carried out for this assessment suggest that participants typically face significant challenges in securing employment or establishing and sustaining viable businesses. Key determinants of success were commonly reported to include: (i) access to start-up capital; (ii) availability of family support; (iii) exposure to shocks or obligations to support others in crisis; (iv) local geographic and economic context; (iv) and various socio-cultural factors. Gender relations were reported to be particularly important, with many female micro-entrepreneurs facing significant challenges created by traditional social norms and expectations. With the absence of basic income security acting as a key barrier to the success of these interventions, expanding access to social protection clearly has the potential to enhance the sustainability of employment programme impacts.

[151] Independent State of Papua New Guinea, 2021.
[152] Ernst & Young, 2023.
[153] Quality and Technical Assurance Group, 2019.
[154] C. Hoy and D. Naidoo, D., 2019.
[155] S. Woo and D. Naidoo, Undated.
[156] World Bank, 2024b.

4.2.3 Old age and disability benefits

No nationwide old age or disability benefit are provided in Papua New Guinea. Although New Ireland Province established a provincial level disability and old age benefit scheme in 2009, the programme was suspended in 2021 (See box 2 for a discussion of the scheme).

▶ Box 2: New Ireland's Old Age and Disability Benefit

The New Ireland provincial government established PNG's first non-contributory old age and disability pensions in 2009 and the scheme operated until 2021 when changes to the allocation of mining revenues and associated provincial budget shortfalls resulted in suspension.[157] Until that point the scheme had formed part of a wider subsidies framework that includes an education subsidy, the 'roof-over-heads' policy, a bicycle subsidy, Lighting New Ireland policy and a wheel barrow subsidy. In principle all older people aged 65 years and above and people with disabilities were eligible.[158] Eligibility was determined by the Ward Councillor and the Chairman of the Village Planning Committee using guidelines issued by the provincial government. Eligibility for the old age pension was typically determined with reference to well-known historical events, as most older persons in New Ireland do not have access to formal identification.

Meanwhile, the programme's guidelines defined disability as "an illness, injury or condition that makes it difficult for a person to do things that other people do."[159] In both cases, individuals must have been resident in New Ireland for at least ten years to be eligible. However, eligibility for the pension does also appear to be affected by political factors[160] and, in 2018, the provincial government also announced that benefits may be temporarily suspended in the event of criminal behaviour.[161]

The total number of enrolled individuals increased significantly from 8,632 in 2013 to 11,300 in 2020. Although no official data is available on the proportion of beneficiaries that enrolled as a result of disability rather than old age, media reports from 2020 suggested that, in Kavieng district (an area accounting for around 47 per cent of all programme beneficiaries in the province) around ten per cent of all beneficiaries qualified as a result of disability.[162] Assuming these figures hold for the province as a whole, it might be expected that the scheme covers around 10,200 older people and 1,100 people with disabilities. If roughly correct, and given the official population projections for New Ireland the number of older persons enrolled in the programme would be rather higher than might be expected, while coverage of persons with even severe disability/high support needs would seem to be somewhat lower than might be expected.[163]

A review of the programme conducted by the World Bank in 2014 drew similar conclusions.[164] The beneficiary data referenced in the same media reports also suggest that the potential gender bias (in favour of men) noted in the 2014 World Bank review may still be present.[165] The scheme originally paid eligible individuals the equivalent of K30 per month in one annual lump sum of K360. However, the value was increased to K500 per year in 2020 (equivalent to 5.9 per cent of GDP per capita in 2020). The scheme accounted for around 7.3 per cent of the province's operating expenditures and 4.9 per cent of total expenditures in 2020.[166] In 2020, the province began to make some payments electronically in partnership with the Bank of South Pacific (BSP), partly to reduce administrative costs and promote a culture of savings.

[157] PNG Haus Bung, 2021.
[158] A 2014 World Bank review of the programme in 2014 stated that the minimum age of eligibility was 60 years. It is unclear whether the earlier report was incorrect or whether the age of eligibility has been revised in recent years.
[159] New Ireland Provincial Government, 2010.
[160] The National, 2018.
[161] Post Courier, 2023.
[162] The National, 2018.
[163] New Ireland Provincial Government, 2024.
[164] World Bank, 2014.
[165] In 2020, only 45 per cent of the beneficiaries of the old age benefit in Kavieng were women.
[166] Independent State of Papua New Guinea, Undated(b). Author's calculations.

4.2.4 General social assistance (including disaster relief)

The National Disaster Management Act of 1984 (amended 1987) mandates central and provincial government authorities to provide emergency relief in times of disaster. However, annual budgetary allocations for disaster response and recovery are typically modest. For example, the 2023 budget allocated only K1.5 million to the PNG disaster risk management programme, of which only K0.7 million was spent. The inadequacy of normal budget allocations for disaster response and recovery therefore typically necessitates the reallocation of existing budgets to *ad hoc* funding packages after disasters strike, such as the K500 million announced by the GoPNG in March 2024. The process of budget reallocation inevitably results in frequent delays to the delivery of assistance to affected communities. PNG's limited capacity to mobilise support in times of crisis was also underlined by the fact that only one-in-ten people reported receiving any form of emergency support during the COVID-19 pandemic, often from non-governmental sources.[167] In line with certain provisions in the National Disaster Management Act of 1984, provincial and local governments therefore tend to play a larger role in crisis relief and recovery, often with funds reallocated from other programmes such as the District Services Improvement (DSIP) and/or Provincial Services Improvement Programme (PSIP) or mobilised from the local private sector or state-owned enterprises.[168]

Social assistance (usually in-kind rather than cash) continues to be provided to a limited number of internally displaced persons and inhabitants of chronically vulnerable locations. Prominent examples include support provided to people displaced by the 2004 Manam Volcano in Madang province and by the Kadovar Volcano in 2018 in East Sepik. In both cases special support programmes were established for this purpose, with IDPs in East Sepik being housed in purpose-built care centres since their displacement. In another related example, households displaced by the eruption of the Rabaul volcano in East New Britain were reportedly provided with cash grants (and land titles) to facilitate their resettlement. Finally, the Autonomous Bougainville Government provides support to the inhabitants of several atolls affected by rising sea levels, regular inundation and soil salinisation.[169] However, in virtually all cases assistance is typically in-kind, inadequate, infrequent and unreliable.

During the COVID-19 pandemic, certain provincial and local governments provided temporary ad hoc social assistance. For example:

- The National Capital District (NCD) food bank provided food to around 6,000 people and 10,000 kg of rice (donated by Trukai Industries) were distributed to vulnerable families in the Kaugere and Sabama settlements.[170]
- In the Treaty villages of Western Province, food was distributed to 8,801 beneficiaries.
- In Morobe Province, the Lae City Authority piloted a cash-for-work programme (called the Lae City Hand Up Programme) for several hundred beneficiaries.

Although not commonly understood as social protection per se, it is important to note that entities operating in PNG's natural resource sector are commonly required by law to pay royalties as well as compensation for damage to livelihoods to landowners and residents of areas affected by their operations. In 2021, a total of K56.4 million in mandatory compensation payments were reported to the Extractive Industries Transparency Initiative (EITI).[171] For example, under the Community Mine Continuation Agreement (CMCA), Ok Tedi Mine Limited (OTML) provides cash compensation, investment and development payments to 158 communities affected by the mining operations in return for the license to continue operating the mine until 2025. As part of the agreement, OKTL makes (relatively small) annual

[167] Independent State of Papua New Guinea, 2022.
[168] Department of Prime Minister and National Executive Council, 2024b.
[169] Autonomous Bougainville Government, 2021.
[170] FAO, 2020.
[171] Ernst & Young, 2023.

electronic payments to each of 20,000 families, plus additional payments to clan and village accounts.[172] During the most recent negotiation of the mine's lease renewal in 2012, 18.25 per cent of compensation payments were specifically allocated for women and children.[173] Similar arrangements exist in the logging, oil and liquid natural gas (LNG) industries. Inequity and governance challenges within these schemes are frequently identified. For example, between 2007 and 2017, PNG's forest resource owners were found to have received an annual average of only 6.1 per cent of the market value of the logs harvested in the country and that the real value of royalties for different timber species declined by between 32 per cent and 66 per cent since 1991.[174]

▶ Box 3: Humanitarian cash and voucher-based assistance in PNG

Given the limitations of the GoPNG's resources, a wide range of UN agencies, INGOs, CSOs and private sector actors continue to play significant roles in the financing and implementation of disaster relief and recovery operations. Cash and voucher-based assistance (CVA) has been a feature of humanitarian relief and recovering programmes for several years, with a cash feasibility risk assessment confirming the feasibility and appropriateness of CVA in 2020, localised market access limitations notwithstanding.[175] Since then several international humanitarian organizations including Save the Children[176], Oxfam[177] and Care have implemented small-scale cash and voucher assistance (CVA) interventions. Cash assistance appears to remain a relatively small portion of overall humanitarian assistance in the country.[178] Meanwhile no national policy guidance on CVA in disasters exists and government participation in these interventions remains limited to provision of strategic and operational oversight.

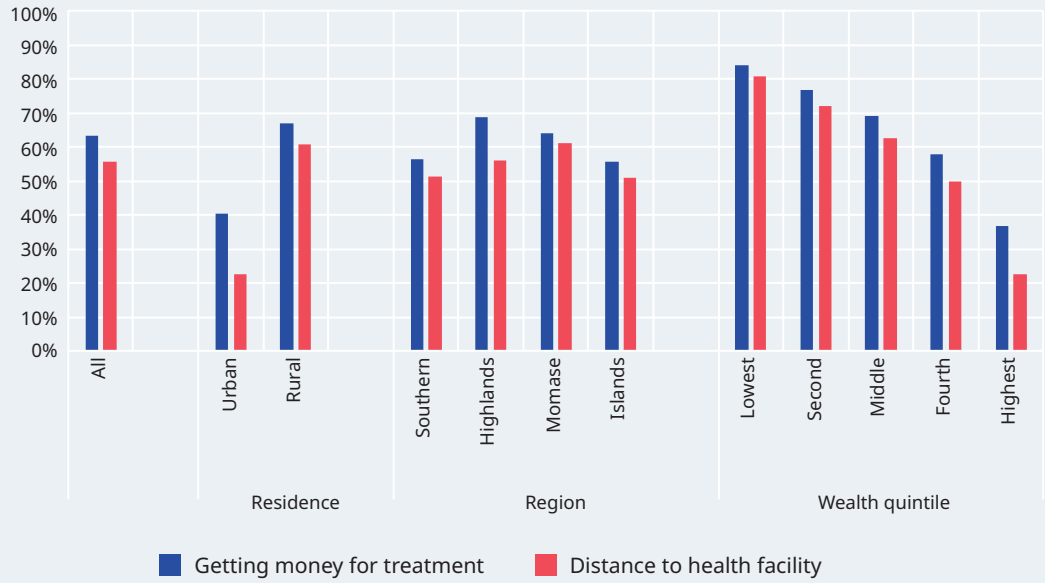
Efforts to achieve greater strategic clarity on the role of cash- and voucher-based assistance in disaster response and recovery are further complicated by challenges associated with managing protracted displacement in the context of PNG's customary land tenure regime. At present PNG lacks a clear legal or policy framework to help navigate these complexities and, as a result, disaster recovery and rehabilitation interventions vary significantly depending on local circumstances and political factors. While planned relocation of disaster affected communities has sometimes been successful, such as in East New Britain where the provincial government purchased land for the relocation of disaster affected communities, in other cases supporting communities to return to their places of origin may be more realistic. However, households returning to disaster affected areas tend to need protracted support, often over several years. Social protection has clear potential to support such processes and there is considerable interest among provincial authorities and UN agencies to explore this. As with other interventions, careful consideration will be needed to ensure an equitable and conflict-sensitive approach is taken that considers the needs of both internally displaced populations and host communities.

172 In 2014, a total of K20 million was reported to be paid to 18,000 families – around K1,100 per family per year. OTML financial reports suggest that expenditure maybe have reduced somewhat in recent years.
173 OTML, Undated
174 M.G. Scudder et al., 2019.
175 Oxfam International, Undated.
176 E. Michael, 2024.
177 Oxfam International, Undated.
178 IOM, 2024. For example, IOM's 2024 crisis response plan allocates a maximum of seven per cent of its budget to basic needs, food and multi-purpose cash assistance..

4.3 Health care

Access to quality health care is extremely limited in PNG. This is immediately visible in statistics on the health professionals. PNG has only 0.532 nurses and midwives per 1,000 population and only 0.055 physicians per 1,000 people (significantly lower than in neighbouring Solomon Islands and Vanuatu which this statistic stands at 0.191 and 0.186 respectively) and well below the WHO-recommended skilled health worker (physicians and nurses/midwives) density of 2.3 per 1,000 population needed to achieve 80 per cent coverage of essential health services.[179,180] The 2021 National Health Plan noted that 27 per cent of GoPNG staff positions in the health sector were vacant and unfunded while consultations carried out for this study suggest that there are around 13,000 vacant positions in health system which are unable to be filled due to an informal freeze on recruitment.[181] Meanwhile thirty to sixty per cent of level three and level four facilities need major repairs, while the National Health Plan 2021-30 noted that 54 per cent of all aid posts were now closed.

Figure 20: Proportion of women reporting difficulties affording or physically accessing health care



Source: Government of Papua New Guinea, 2021.

[179] F. Nojj et al., 2023. Cited by the UNCT Papua New Guinea, 2023.

[180] Recent estimates of health worker densities reflect 0.5 physicians per 10,000 population and 5.3 nurses per 10,000 population. These problems are prominent in the provinces and remote areas because of rugged terrain and risky conditions. The health workforce also lacks midwives and community health workers.

[181] Government of Papua New Guinea, 2021.

The relative unavailability of health services is also reflected in service uptake data, with direct and indirect financial barriers to access playing a major role. Analysis of the 2009/10 HIES revealed that only 54 per cent of adults and 68 per cent of children reported using medical services in the case of sickness, which is far lower than rates found in comparator countries (typically 70 per cent to 90 per cent).[182] More recently the 2016-18 DHS noted that only around one-third of women (36 per cent) and men (34 per cent) had visited a health facility in the 12 months prior to the DHS 2016-18 survey. 63 per cent of respondents to the survey reported lack of access to money to pay user fees as being a barrier while 56 per cent cited distance to a health facility. Rates of reported financial barriers were significantly higher in rural areas (66.9 per cent) than urban areas (40.4 per cent) and among lower income households (80.5 per cent among the poorest two quintiles compared with 47.3 per cent among the richest two quintiles). Respondents in the Highlands and Momase provinces were also more likely to report financial barriers than respondents in the Southern and Island provinces. A very similar pattern is visible in the data on reported difficulties accessing health facilities due to travel distances.

Although no contemporary data on catastrophic health expenditures is currently available, a 2012 report noted that while out-of-pocket expenditures on health in PNG are suppressed by low incomes and limited availability of private providers, the frequency of catastrophic health expenditures (defined as households spending more than ten per cent of total expenditures on medical treatment) rose from 0.7 per cent in 1996 to 1.7 per cent in 2009/10.[183] It would be reasonable to expect that incidence of catastrophic health expenditures has continued to rise over the past decade. World Bank analysis conducted in 2015 concluded that social health insurance was not yet feasible in PNG and that revenue enhancement and appropriate prioritisation of the health sector presented the most viable approach to financing PNG's health care needs. Although the conditions underpinning that conclusion do not appear to have changed over the past decade, the planned establishment of a health insurance scheme for public servants surely provides an opportunity to consider options for opening up access to health insurance for formal employees in the private sector as well as informal and self-employed workers with capacity to contribute.

[182] ADB, 2012.
[183] ADB, 2012.
[184] World Bank Group, Undated(b).

5. Financing social protection

5.1 Public expenditure on social security (excluding health)

With one notable exception, the GoPNG has not reported any expenditure on social benefits since 2018, reflecting the absence of domestically financed, social protection schemes.[185] Although minor expenditures on the Urban Youth Employment Project were reported in 2018 and 2019, these expenditures were not classified as social protection. However, the 2024 budget forecasts expenditures on social benefits of K100.4 in 2024, K96.3 million in 2025, K92.5 million in 2026, K69.1 million in 2027 and K68.5 million in 2028. Around two-thirds of these annual allocations are forecast to be spent by the Autonomous Bougainville Government, while the remaining third is to be spent by national government. Meanwhile the IMF 2022 Article IV report projects a broadly comparable level of spending on social benefits of 0.1 per cent of GDP per year over the 2024-28 period.[186]

However, a number of multi-faceted programmes also exist which may provide cash or in-kind support to vulnerable groups but are not reported social protection spending. These include disaster response and recovery programming, resettlement support programmes for victims of natural disasters, and support for specific vulnerable groups such as people with disabilities, survivors of GBV and people living with HIV/AIDS. However, with total expenditure for these programmes stood at only K22.6 million in 2023 (see table 5), these programmes have limited implications for any assessment of overall social protection spending in PNG.

[185] In 2019 the government reported (confirmed in the September 2022 IMF Article IV report), expenditure of K2017.7 million on social benefits for civil servants.
[186] IMF, 2022.

▸ **Table 5: Social protection-related programmes and expenditures, 2023**

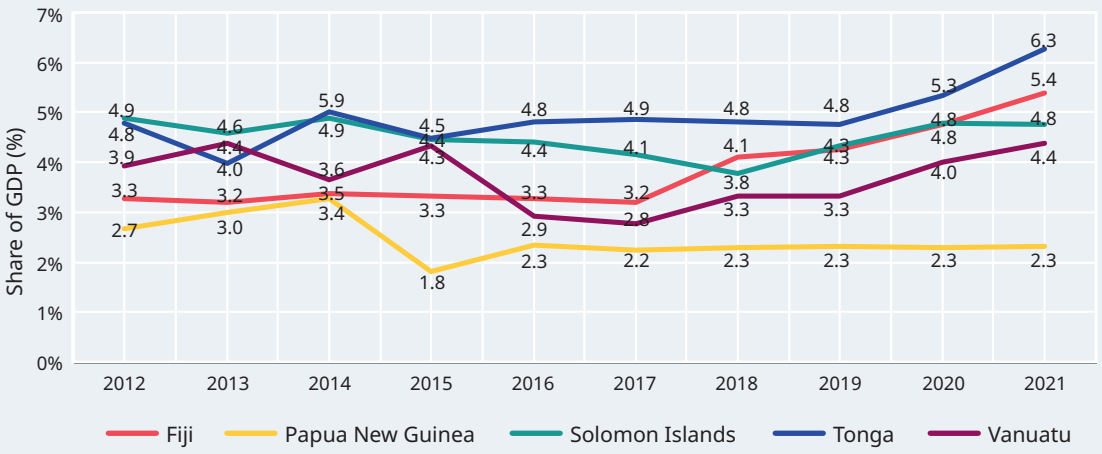
Programme	Entity	2023 Expenditures (Kina, millions)
Humanitarian and economic support ABG	Autonomous Bougainville Government (ABG)	3.0
Manam Islanders resettlement programme	Manam Resettlement Authority	3.0
ABG Atolls resettlement programme	Autonomous Bougainville Government (ABG)	7.0
Kadovar resettlement programme	Department for Provincial and Local Government Affairs (DPLGA)	1.4
PNG Disaster Risk Management programme	Department for Provincial and Local Government Affairs (DPLGA)	1.0
Empowerment programme for vulnerable and disadvantaged	Department for Community Development and Religious Affairs (DFCDR)	1.0
Gender Equality/Gender-based Violence programme	Department for Community Development and Religious Affairs (DFCDR)	1.0
Out of Home Care programme	National Office for Child & Family Services	2.2
HIV/AIDS support programme	National Aids Council Secretariat	3.0
Total		**22.6**

5.2 Public expenditure on social security (excluding health)

The GoPNG typically funds between two-thirds and three quarters of annual health care expenditures in PNG, with the remaining portion funded by a combination of private sector businesses, international donors and out-of-pocket spending.[187] Health care is supposed to be free for children under five, pregnant women, people living with HIV, tuberculosis, malaria and older persons, although consultations suggest that this is only weakly implemented or simply irrelevant due to the limited availability of health services or medication.[188] For other social groups and medical conditions, a regime of service user fees is in place, though these only cover a small portion of the actual cost of health services. Out-of-pocket expenditures, estimated at around 10.4 per cent of total financing in 2021, are lower in PNG than other comparable countries due to an absence of private providers in rural areas in particular.[189] Some employers are also known to offer private medical insurance to their employees, but no reliable data is available. Some larger companies and state-owned enterprises operating in the natural resource sector also fund the provision of health services for the employees and the wider community, in what might be considered 'quasi-fiscal' operations.[190] The government has recently established the Public Services Niucare Association to replace the public health assurance scheme to provide life and medical insurance coverage to public servants. Full details of the new scheme are not yet available, but reports suggest that it will cover around 70,000 public servants.[191]

[187] WHO, 2014.
[188] The fact that NCD is recognized as having put in place a formal fee waiver system for people with disabilities suggests that this practice is not widespread.
[189] WHO, 2014.
[190] Ernst & Young, 2023. Reported that the extractive industry spent around K34 million on health care programmes in 2021.
[191] National Broadcasting Corporation Papua New Guinea, 2024.

Figure 21: Health expenditure in select Pacific Island Countries, 2012-21 (as % of GDP)



Source: World Health Organization, 2014. Global Health Expenditure Database.

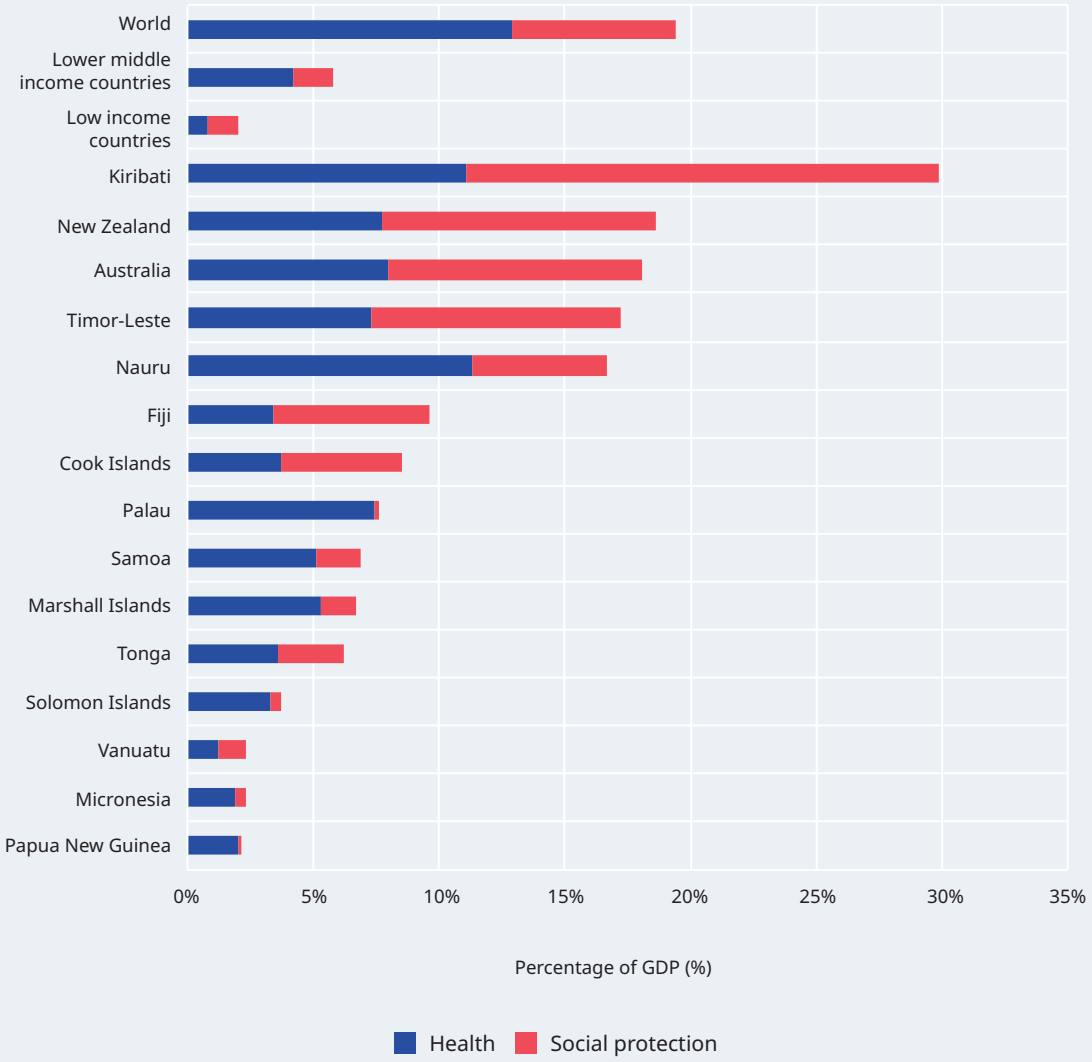
Health sector funding declined rapidly in the 2011-15 period before stabilising at a level that is far below that found among regional peers. Prior to 2011 around 15 per cent of total spending had been allocated to the health sector. This declined rapidly over the 2011-15 period and has failed to recover since, with health expenditure remaining consistently at around ten per cent of total government spending until 2023.[192] As a proportion of GDP, health spending fell from 3.3 per cent of GDP in 2014 to only 1.8 per cent in 2015 before recovering moderately and settling at around 2.3 per cent from 2016-21 (see Figure 19). In 2023, it fell again to only two per cent.[193] Real per capita health expenditure approximately halved between 2010 and 2020 and by 2021 stood at only around US$61 compared with US$106 in Solomon Islands, US$133 in Vanuatu, US$262 in Kiribati and US$279 in Tonga.[194]

5.3 PNG's social protection spending in comparative context

Given the above discussion, it is unsurprising that PNG spends less on social protection than any other country in the Pacific region. Only Vanuatu spends less on health care in the region and no other country spends less than PNG on social benefits. Leaving Australia, New Zealand and Kiribati aside, average public expenditure on social security (excluding health) and health among Pacific Island Countries stands at around 3.1 per cent and 4.9 per cent respectively, compared to 0.1 per cent and two per cent for PNG. Meanwhile the average expenditure on social security (excluding health) and health among lower middle-income countries globally stood at 1.6 per cent and 4.2 per cent of GDP.

[192] Government of Papua New Guinea, 2021.
[193] Author's calculations.
[194] World Health Organization, 2014.

▶ Figure 22: PNG's spending on social protection and health in comparative context (% of GDP)

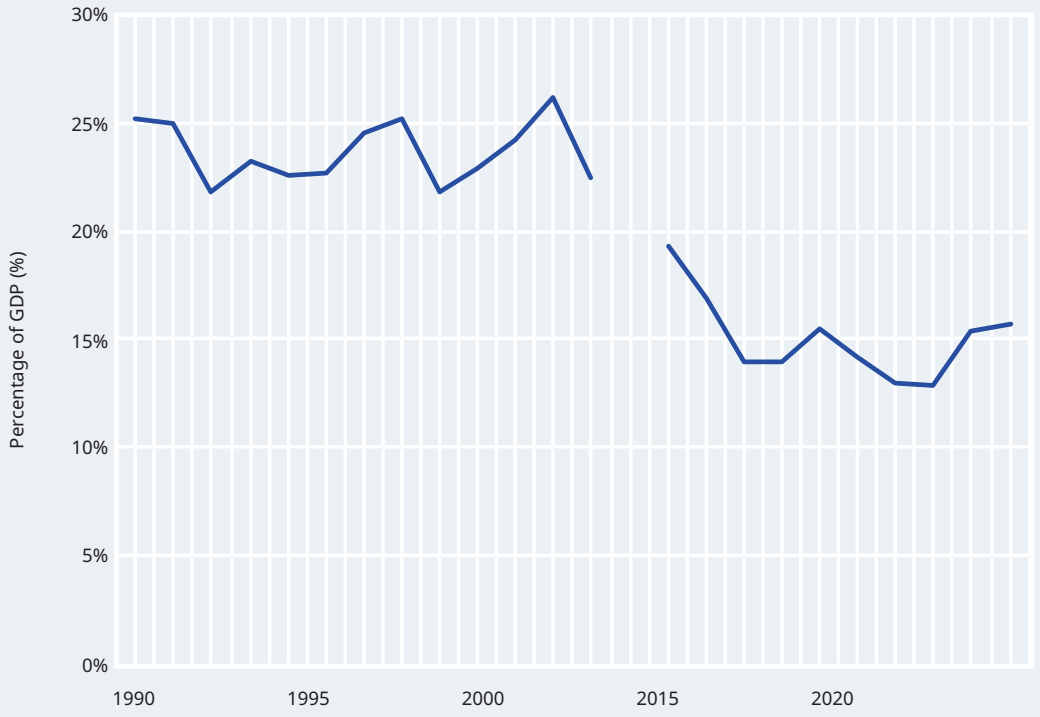


Source: ILO, 2024 and Independent State of Papua New Guinea, Undated(a).

5.4 Fiscal space for social protection

PNG's ability to generate tax revenue from its growing, but persistently informal and natural resource dependent, economy has deteriorated over time across almost all revenue streams (see figure 23). Throughout the 1990s, revenue excluding grants averaged 23.5 per cent of GDP per year. However, as the natural resource sector grew, domestic revenues collapsed to 13.9 per cent of GDP by 2018. Domestic revenues fell even further (to a low of 12.8 per cent of GDP) during the COVID-19 pandemic before rebounding to 15.7 per cent by 2023. Even as the natural resource sector doubled as a percentage of GDP between 2012 and 2021 (to almost a third of GDP), resource sector revenues fell from around 2.5 per cent of GDP to less than one per cent of GDP.[195] In a sign of continuing informalization of the economy, personal income tax and company tax revenues as a percentage of GDP have fallen rapidly since 2012. Finally, with a low VAT rate at ten per cent and even lower levels of compliance, Papua New Guinea also generates comparatively little from indirect taxes - only 38 per cent of total revenues (less than two per cent of GDP) compared to an average of 68 per cent (6-10 per cent of GDP) across all Pacific Island Countries (PICs).[196]

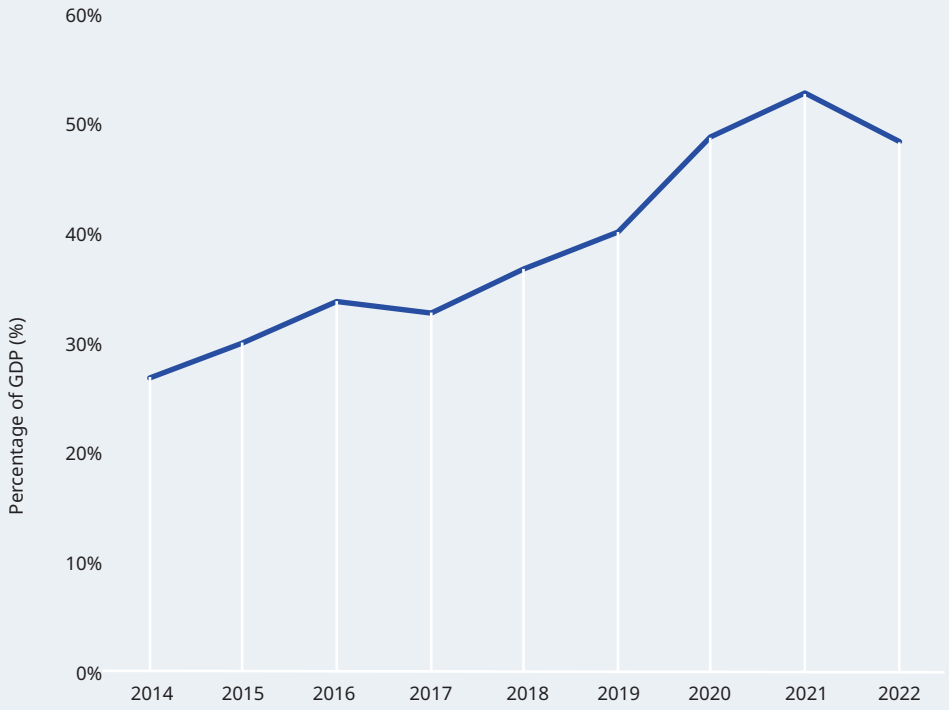
▶ **Figure 23: Tax revenues, 1990-2023 (% of GDP)**



Source: World Bank, World Development Indicators database.

[195] S. Howes et al., 2022.
[196] M. Sy et al., 2022

▶ **Figure 24: Public debt 2014-22 (% of GDP)**



Source: IMF, 2022.

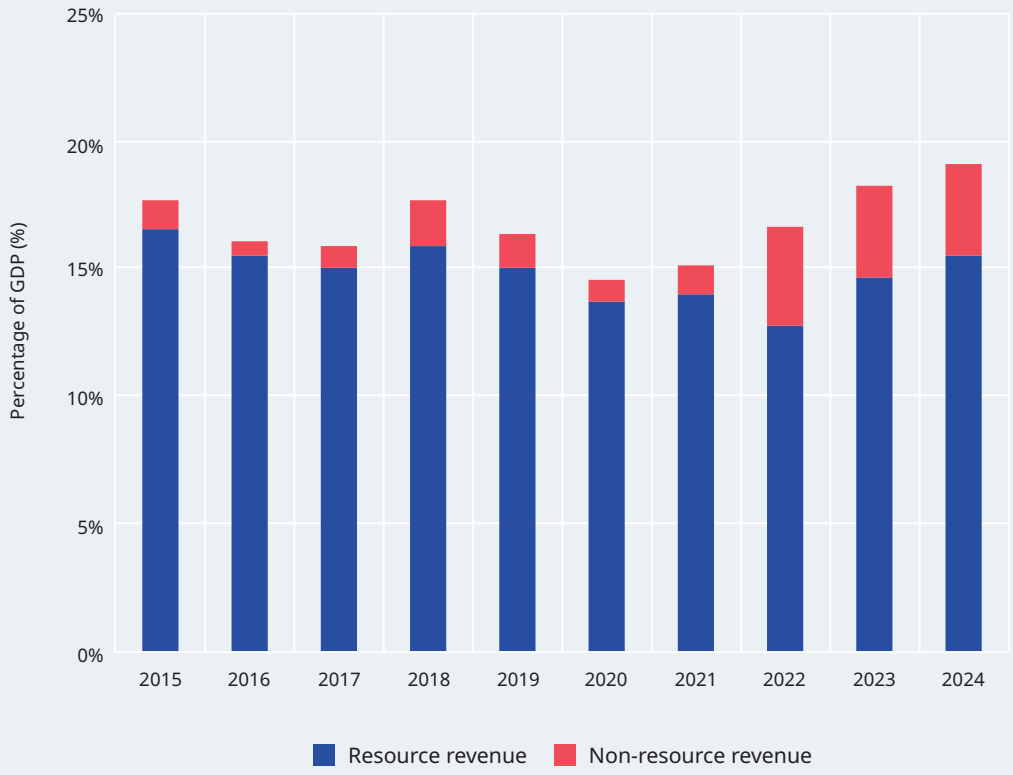
Over the 2014-21 period, a combination of low commodity prices, natural disasters and the COVID-19 pandemic led to a rapid build-up of public debt. Public debt rose from 26.9 per cent to 48.3 per cent of GDP between 2014 and 2022 and debt servicing rose from 2.5 per cent of public expenditures in 2017 to 12.8 per cent in 2023 (see figure 24). In comparison, PNG's combined health and education expenditures amounted to only 14.3 per cent of total expenditure in 2023.[197] With Eurobond, bilateral and multilateral debt service payments scheduled to increase further between 2026 and 2029, the IMF has classified PNG as being at high risk. PNG's debt position is exacerbated by the existence of contingent liabilities equivalent to around seven per cent of GDP associated with various state-owned enterprises which are not reflected in the official public debt stock.[198] If they were to be included, PNG's public debt-to-GDP ratio would exceed the ceiling set out in the Fiscal Responsibility Act. PNG's ability to manage its debt is dependent on commodity prices and exchange rates. High commodity prices helped reduce PNG's fiscal deficit to 5.4 per cent of GDP, compared to 6.8 per cent in 2021.

Central government revenue generation is further constrained by the legal framework governing the development of land. Under the Mining Act of 1992 and the Oil and Gas Act of 1998, customary landowners and provincial governments are entitled to a proportion of benefits arising from major development projects. Benefits are provided as: (i) royalties, and (ii) special support grants (SSGs) revenue – both of which are allocated to the provincial government hosting the project; and (iii) state equity, a share of which is also allocated to the provincial government hosting the project.

[197] Independent State of Papua New Guinea, Undated(a). Author's calculations.
[198] IMF, 2022.

Despite the present state of PNG's public finances, stronger natural resource revenue streams and medium-term administrative reforms are expected to improve longer-term fiscal prospects. Having suspended operations in April 2020, PNG's second largest mine (the Porgera gold mine), reopened in December 2023. Under the terms of the Porgera Project Commencement Agreement the state will receive a 30 per cent tax on gold production and a two per cent fiscal stability tax, while the Enga provincial government will also receive a five per cent tax.[199] Meanwhile the P'nyang LNG agreement provides a production levy of three per cent and a more generous calculation of royalty and development levies for landowners and regional governments.[200] In this context, the 2024 budget projects achievement of a balanced budget by 2027.

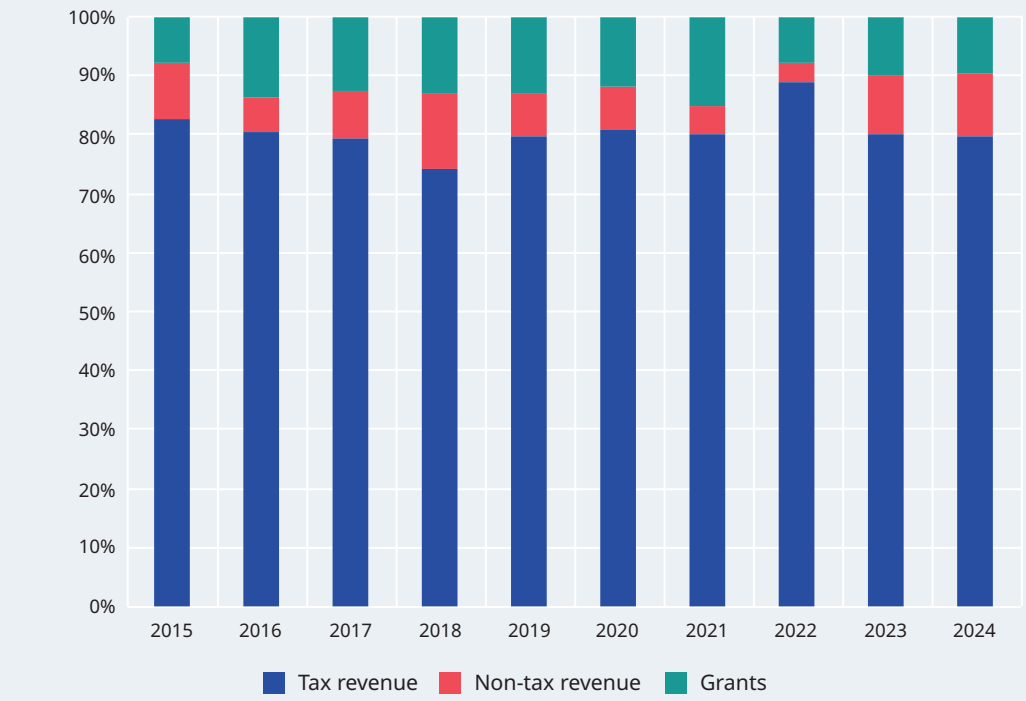
▶ **Figure 25: Resource and non-resource revenues, 2015-24 (% of GDP)**



Source: UNCT Papua New Guinea, 2023.

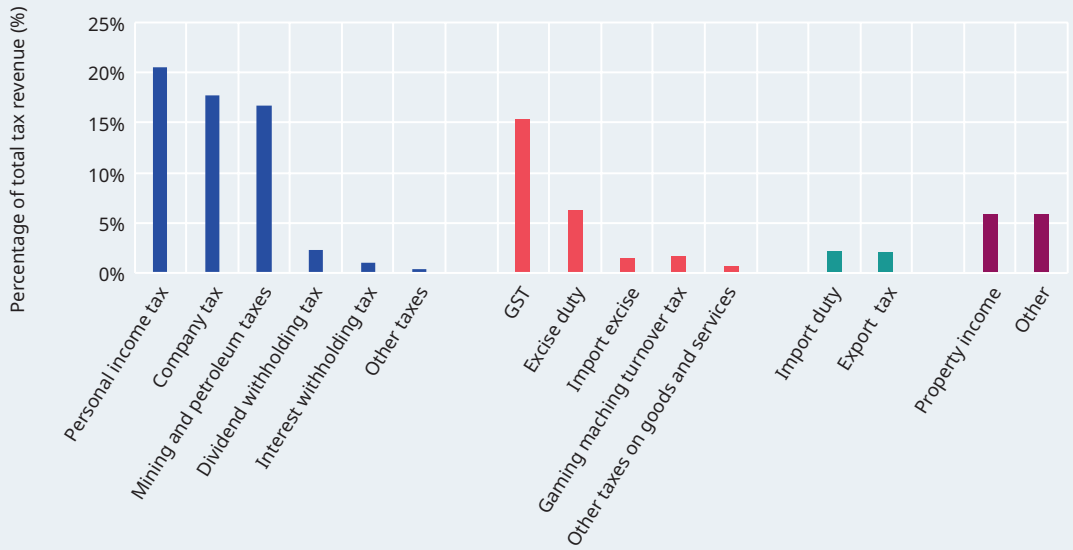
[199] UNCT Papua New Guinea, 2023
[200] D. Luma, 2022.

▶ Figure 26: Revenue composition 2014-24



Source: UNCT Papua New Guinea, 2023.

▶ Figure 27: Composition of tax revenues (% of total tax revenue)



Source: UNCT Papua New Guinea, 2023.

Over the medium term, the new Income Tax Act (ITA) is expected to improve compliance by simplifying the tax code. Finally, the Internal Revenue Commission (IRC) plans to introduce a new Integrated Tax Administration System, to allow online filing of returns and payments, better taxpayer services, and improved case management. PNG's public debt is therefore expected to enter a downward trend over the medium term.[201] More efficient VAT collection has further potential to dramatically boost revenue collection. The IMF estimates that that tax revenues equivalent to 4.5 per cent of GDP could be mobilized through increased collection efficiency and a further 1.5 per cent of GDP through raising the VAT rate to the global average of 16 per cent.[202]

[201] IMF
[202] IMF, 2022.

6. The way ahead

6.1 Fundamental challenges facing Papua New Guinea's social protection system

It is widely recognized that despite significant economic growth, the standard of living for many Papua New Guineans has changed little in recent decades. Indeed, the availability and quality of essential social services has even declined in many respects, as faltering revenue collection and an increasingly fragmented fiscal framework has constrained the development of effective public service delivery systems. There also appears to be widespread consensus that the development of social protection mechanisms is critical to avoiding what the Vision 2050 refers to as major social upheavals. In this respect, similar developments in PNG have taken place in many other Pacific Island Countries over the past 20-30 years.

However, consensus on the scale of the challenge facing PNG is yet to translate into tangible action. Although PNG has adopted a range of international conventions that acknowledge the right to social protection and has spent many years developing a national social protection policy, very little progress expanding access to social protection beyond those in formal employment. Even for those in formal employment, access to income protection and the quality of protection provided is poor, even for the most basic of benefits. For example, PNG has not yet even extended employer-liability maternity benefits to workers in the private sector, while employers and workers regularly complain that another of PNG's most basic social protection mechanisms – the workman's compensation scheme – suffers from administrative ineffectiveness and a lack of transparency.

Indeed, in some respects things appear more challenging than ever, for instance, as observed by the fragmentation of funding for, and subsequent suspension of, the New Ireland old age and disability pension – a programme that served as a signal that organic social protection initiatives had the potential to emerge from PNG's fractured social, political and fiscal landscape. PNG's emerging disaster management capacities also appear to have deteriorated recently, while the needs of people displaced by natural disasters years ago are yet to sustainably addressed. Finally, government funding for a wide range of social interventions remains inadequate and increasingly unreliable. Policy responses to the wide range of risks and hazards that affect the population's wellbeing and future development remain largely ad hoc, discretionary and generally inadequate. The only exception to this overall pattern of change is the

gradual expansion of the Urban Youth Employment Programme (UYEP) and the child nutrition grant pilot. However, both schemes are dependent on World Bank financing, and PNG's political, institutional and fiscal fragmentation clearly poses a threat to their long-term sustainability. Meanwhile many people still need to be convinced that income support for mothers of young children will not result in adverse effects that outweigh the benefits. Much still needs to be done to make the case for strengthened social protection in PNG. Similarly strong concerns persist about the capacity of the state to manage social protection programmes effectively, appropriately and accountably. Given longstanding challenges in securing accountability for large portions of the state budget, such concerns are hardly surprising. Building confidence and the avoidance of missteps will be critical in the coming years.

6.2 Directions for reform

Overcoming the paralysis that has stymied PNG's nascent social protection system over the past decade will require concerted and coordinated efforts from the GoPNG and its development partners. Given the contextual diversity and unique challenges present in PNG, progress will also require a commitment to an exploratory approach and high-quality stakeholder engagement, supported by willingness for reform. Putting in place appropriate institutional arrangements for conducting the necessary dialogue and capacity building is a prerequisite to the design and implementation of sustainable policies and programmes.

The following are therefore recommended:

Allocate funding for the National Social Protection Policy

The Government of PNG should commit to meaningful funding of the new National Social Protection Policy by setting a target for expenditure on non-contributory social protection by 2030. Given extreme funding shortfalls in other social sectors, a figure of 0.5 per cent of GDP or around three per cent of domestic revenues could be reasonable, with funding increasing by 0.1 per cent of GDP each year from 2026 to 2030. Even this relatively modest commitment has the potential to crowd-in development partner co-funding (including potentially shock-responsive top-ups in times of disaster, as has been done in Tonga) and lay the ground for further development of the social protection system by 2040. It would be advisable to use 2025 to undertake the in-depth studies discussed below to identify the specific interventions to be funded from 2026 onwards.

Strengthen the institutional framework for policy dialogue and coordination

In the first instance, stakeholder coordination mechanisms to oversee the implementation of the National Social Protection Policy and National Employment Policy should be established. Given the potential synergies between these two policies – particularly around measures to address youth unemployment – the DFCDR and DLIR may wish to consider establishing a joint "National Observatory on Social Protection and Employment." The observatory should enable the participation of a wide range of government departments, non-governmental organizations and development partners and would act as a feeder structure for the high-level committee structures that are due to be established to coordinate implementation of PNG's medium-term development plan.

The DFCDR and the DLIR should also consider establishing similar structures in several high potential "pathfinder" provinces. These structures would promote information sharing (including vulnerability assessments and other analysis of social protection needs), coordination of government and non-governmental interventions, innovation and partnerships, accountability for performance, and identification and sharing of lessons learnt during the implementation of social protection and economic inclusion programmes. Although only limited consultations were possible within the scope of this assessment, preliminary findings suggest that East Sepik and the Autonomous Region of Bougainville (AROB) have the potential to be early adopters of such an approach.

Finally, the GoPNG should address the longstanding dysfunction of the National Tripartite Consultative Council (NTCC). The NTCC was established under the Industrial Relations Act of 1962 and is required to meet twice each year. Its membership consists of four specified Ministers, employer and business representatives, and public and private sector unions. However, the NTCC has suffered from long periods of inactivity and remains marginal to industrial relations and policymaking. The first meeting since 2018 was held in March 2024. The GoPNG should ensure that meetings continue to be held regularly, and discussion of potential maternity benefit reforms should be referred to the NTCC as a matter of priority.

The proposed national and provincial observatories, as well as the NTCC, will certainly benefit from significant technical support from the UN and other development partners and a substantial dedicated programme of policy and capacity building support should be established to serve as a catalyst for change.

Strengthen PNG's national social protection information system to provide reliable evidence-base for policy analysis

The GoPNG and its development partners should urgently prioritise reversing PNG's prevailing state of extreme data deprivation. This would include ensuring regular and high-quality implementation of critical national surveys such as the Household Income and Expenditure Survey (HIES), the Labour Force Survey (LFS) and the Demographic and Health Survey (DHS). Systems for monitoring exposure to climate-related shocks and other natural disasters, population displacement and food security also all need to be significantly strengthened. Mechanisms should also be put in place to compile data on social protection and employment interventions and public expenditures around the country.

Conduct quality policy studies to support the policy dialogue and decision-making process

The GoPNG and its development partners should undertake detailed feasibility studies for the various tax-financed social protection interventions discussed in this report as well as for interventions in the superannuation sector such as the establishment of an unemployment insurance scheme. Other relevant evidence generation activities could include tracer studies to explore the situation of young people who make unemployment-related withdrawals from their superannuation accounts (potentially as a basis for design of support for re-employment, potentially working in partnership with a strengthened national employment service) as well as to understand the post-graduation employment trajectories of participants of high quality employment support programmes such as provided by Ginigoada and the Urban Youth Employment Programme (UYEP).

Development partners could make key contributions in this area, although it will be important to ensure that analytical work is conducted in a participatory manner. Adequate time must be given to dialogue with multiple levels of government, including the Cabinet, members of Parliament and provincial governors, ensuring that evidence-generation responds to concerns and interests. It may also be necessary to pilot the various options for the purpose of lesson learning and stress-testing administrative capacities at the local level in particular. Simplicity will be critical, and expectations will need to be tempered in the early stages. Robust partnerships are also likely to be needed with civil registration and identification authorities. Finally, all pilot initiatives will demand extensive consultation with communities and other stakeholders, including to ensure adequate gender- and conflict sensitivity, and should be designed with long-term fiscal sustainability in mind. Successful pilots could aim to secure co-funding arrangements between central and local governments. Development partner funding could potentially create powerful incentives in the earliest stages. Proactive engagement of media, academia and civil society will be critical throughout.

The next two sections will present possible options for improving the existing social protection systems for formal employees and proposed tax-financed social security benefits. Although these assessments provide an indication of potential entry points for social protection programming in PNG, further in-depth feasibility assessment will be needed, working with sub-national authorities particularly.

6.3 Options for strengthening social protection for formal employees

Improve compliance with existing labour legislation

Current levels of compliance with key provisions in the Employment Act relating to paid sick leave and work injury compensation, are adversely affected by low levels of awareness and understanding of employment rights among employers and workers alike. Similarly, challenges exist in relation to superannuation. These long-standing challenges will not be overcome with a business-as-usual approach. A multi-pronged strategy including an on-going and high-quality public information campaign, targeted outreach and strengthening DLIR's labour inspection function will also be critical. The penalty regime for non-compliance, which has not changed fundamentally since independence, should also be reviewed to more effectively incentivize compliance. Finally, PNG should explore the feasibility of linking compliance validation and superannuation contributions to tax administration and business licensing. Piggybacking on the government's on-going revenue enhancement strategy could be particularly effective.

Strengthen income and employment protection for pregnant women and new mothers

Maternity benefits and employment protection for women in PNG are woefully inadequate and are not only far below ILO minimum standards but are also out of step with much of the Pacific. Based on the consensus on the introduction of paid maternity leave in the private sector as well as additional constraints on termination of employment are therefore welcome, the GoPNG is strongly urged to bring forward legislative amendments on this issue at the earliest possible opportunity. Pending the development of social insurance maternity benefits, paid maternity leave should be extended for all formal employees for at least 12 weeks at a minimum of two-thirds normal wages. Prohibitions on termination of employment for women should also be significantly strengthened.

Explore the feasibility of establishing social insurance scheme(s) that cover formal employees as well as the informally employed and self-employed workers with the capacity to contribute

The absence of social insurance mechanisms and reliance on employer-liability and cash accumulation contributory schemes is a fundamentally at odds with international labour standards and contributes little to promoting formalisation of the economy. The absence of social insurance mechanisms covering maternity and unemployment have been shown to have significant adverse implications for women's employment outcomes and retirement savings preservation, among other issues. The GoPNG should therefore explore the feasibility of establishing social insurance schemes covering maternity and/or unemployment for those in formal employment. Given likely limitations on workers' and employers' tolerance for raising social security contribution rates in the short-term, it is possible that such a scheme might need to start off with the cover for the first three months of unemployment only. In the long-term, there is of course the potential to extend this duration. Any unemployment insurance benefits will need to be complemented by strengthened public employment services – either provided through the DLIR or other provider(s). Meanwhile an earlier analysis conducted by the ILO suggested that paid maternity leave at two-thirds of salary could be funded for less than one per cent of salaries and wages for men and women combined.[203] It would be useful to update this analysis as a precursor to dialogue with social partners on this issue. Similarly, the establishment of a new medical insurance scheme for public sector workers potentially offers an opportunity to explore strategies for opening access to employees in the private sector as well as, in the longer-term, self-employed and informal workers with the capacity to contribute.

Meanwhile, the high rates of inactivity among members of the voluntary 'Eda' contributory scheme run by Nasfund mirror challenges experienced in other countries when attempting to extend voluntary social security mechanisms to the informally- and self-employed. This is particularly true for schemes that are primarily geared towards addressing long-term consumption smoothing needs (i.e. retirement benefits). More success has often been achieved when countries have developed strategies for gradually expanding access to contributory social security mechanisms through careful consideration of both the short- and long-term social security needs and contributory capacities of different types of workers. Strategies for increasing access to such schemes in the informal sector include: (i) contribution matching subsidies; (ii) differentiated schedules of contributions for different types of worker linked to differentiated benefits (while also retaining a degree of internal redistribution based on the principle of solidarity); (iii) dedicated schemes that meet the specific social security priorities of self-employed and informal workers; (iv) flexible contribution arrangements, and; (v) simplified and accessible administrative arrangements, amongst others.[204] It is therefore recommended that a specific study be conducted to analyse the social security needs and contributory capacities of the different types of informal worker in PNG to serve as a basis for making informed decisions on product development by superannuation funds and/or new forms of social security institutions.

[203] ILO, 2006.
[204] ILO, 2021.

6.4 Options for tax-financed social protection systems

Fiscal space for social protection remains highly contingent on the success of ongoing revenue mobilisation efforts. On the other hand, there would also seem to be ample opportunities to mobilise resources for social protection through a streamlining of PNG's existing expenditures and moderation of allocations to low impact, low transparency expenditure items.

The following section provides indicative costings for several potential social protection interventions: an Early Childhood Development Benefit (ECDB); a Disability Support Allowance

Benefit	Modelling assumption	Transfer level
1. Early Childhood Development Grant for children aged 0-2	Full coverage of infants aged 0-2 from year two onwards	K30 per month
2. Early Childhood Development Grant for children aged 0-4	Full coverage of children aged 0-4 from year five onwards	K30 per month
3. Disability Support Allowance for adults (aged 15+) with high support needs and above	8.63% of all individuals aged 15 years and above	K30 per month
4. Disability Support Grant for all adults (15+) with very high support needs	3.4 per cent of all individuals aged 15 years and above	K100 per month
5. Disability Support Grant for working-age (15-64) adults with very high support needs	2.4 per cent of all individuals aged 15-64 years	K100 per month
6. Old Age Allowance	Phased roll-out to all individuals aged 65 years and above. Phase 1: 75 years and above Phase 2: 70 years and above Phase 3: 65 years and above.	K100 per month

Costs are first presented as a percentage of GDP. GDP forecasts are based on IMF World Economic Outlook data for 2024-29. In line with IMF projections for PNG's medium-term economic growth, we assume that GDP grows at three per cent per year over the 2029-35 period. To provide a less abstract measure of potential affordability, we also present costs as a proportion of estimated domestic revenues. Here we model three revenue generation scenarios with differing levels of optimism, reflecting the fact that natural resource revenues are expected to continue to grow over the medium term and that the GoPNG is also undertaking a range of revenue mobilisation reforms. The first scenario — 15 per cent of GDP — is a conservative, post-COVID-19, business-as-usual case (the tax-to-GDP ratio in 2022 and 2023 was 15.3 and 15.7 per cent respectively). We then include two more optimistic scenarios: 17.5 per cent and 20 per cent.

We also discuss several other policy options for which detailed costings analysis is not yet possible or appropriate. These include:

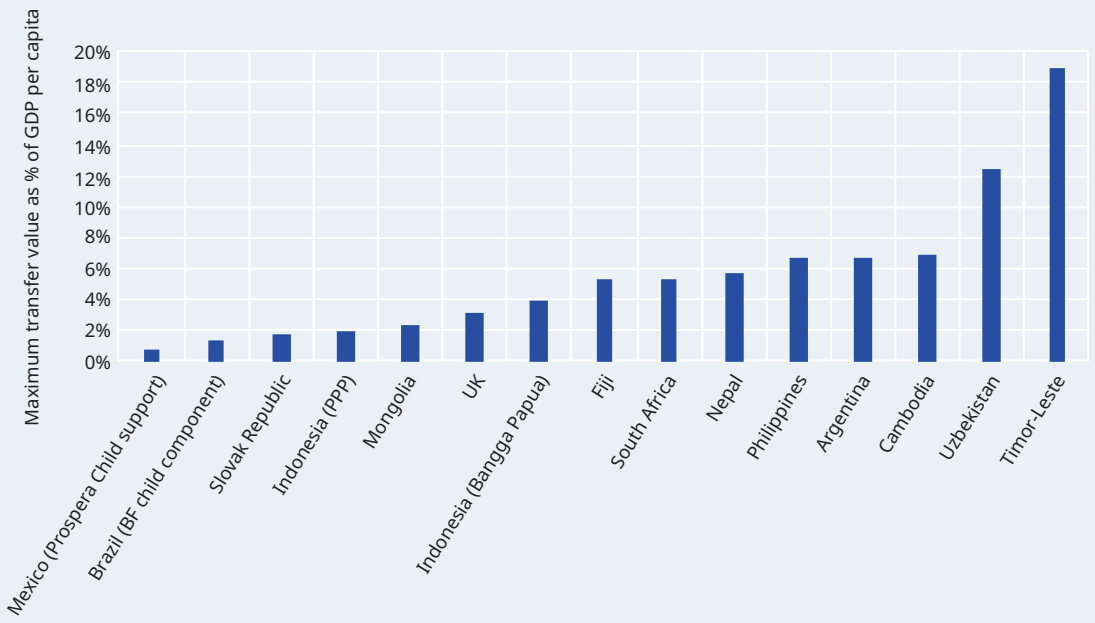
- Youth-centred social protection.
- Social protection for internally displaced persons.
- Social protection for residents of marginal islands and atolls.

6.4.1 Early childhood development grant

The aim of a child benefit is to provide assistance to families to meet the costs of raising children, thereby minimizing childhood disadvantage associated with wide disparities in household incomes. Child benefits also seek to optimize societal investment in children, recognizing that it in the public interest that children are healthy and well-educated while, in the absence of child benefits, the costs of achieving this would otherwise fall on individual families. Child benefits – which also include cash or in-kind childcare assistance – may also partially compensate families for the opportunity costs of caring for children. Child benefits can also be integrated with a range of other interventions to improve a wide range of child development outcomes including malnutrition, cognitive development, access to health and education services and exposure to violence.

Child benefit levels vary enormously, reflecting a wide variation in the level of support that governments can afford/feel is appropriate to provide to families. Furthermore, while many countries offer uniform child benefits throughout a child's life, others vary the value of the transfer depending on the age of the child. Some provide higher transfer values for the youngest children, reflecting the importance of providing adequate nutrition and care at this critical stage of child development, while others provide higher transfer values when children reach secondary school with a view to ensuring that children stay in the education system rather than exiting prematurely in search of poor-quality employment. Nonetheless, as explained above, child benefits are not intended to cover the full costs of bringing up a child since this is typically viewed as primarily the responsibility of parents. As such, there are no minimum standards that we can refer to for the setting of child benefits levels. Figure 28 presents child benefit values as a proportion of GDP per capita in a range of countries. Although there is significant variation between countries, the median value stands at just below five per cent of GDP per capita.

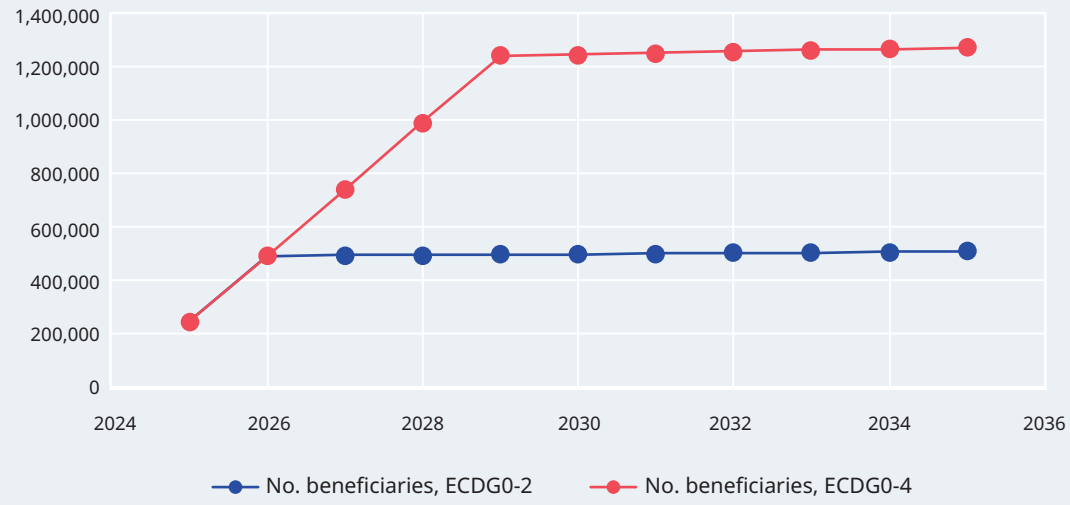
▶ **Figure 28: Child benefit levels across select countries (% of GDP per capita)**



Source: Development Pathways' Global Social Benefits Database.

Two ECDG variants are presented below — with children enrolled until either (a) their second birthday, or (b) their fifth birthday. From year two onwards, around half a million children would be enrolled in the 0-2 variant of the ECNG at any one time. Meanwhile the 0-4 variant would achieve full coverage of children aged 0-4 in year five of the programme at which point just over 1.2 million children would be enrolled. In both cases the number of enrolled beneficiaries rises only slowly from that point on, reflecting the projected slow growth in the number of infants in the population over the time period (see Figure 29).

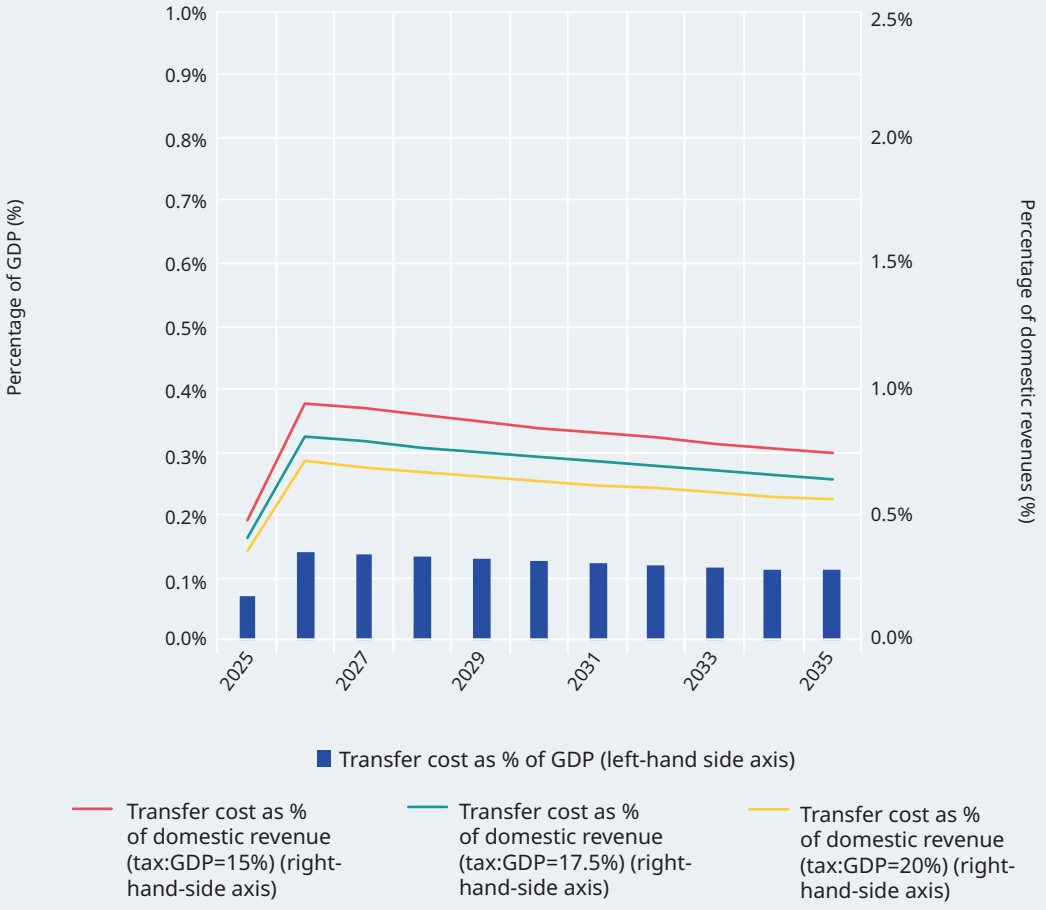
▶ **Figure 29: Number of infants enrolled in the Early Childhood Development Grant (0-2 and 0-4 variants), 2024-2036**



Source: Development Pathways' Global Social Benefits Database.

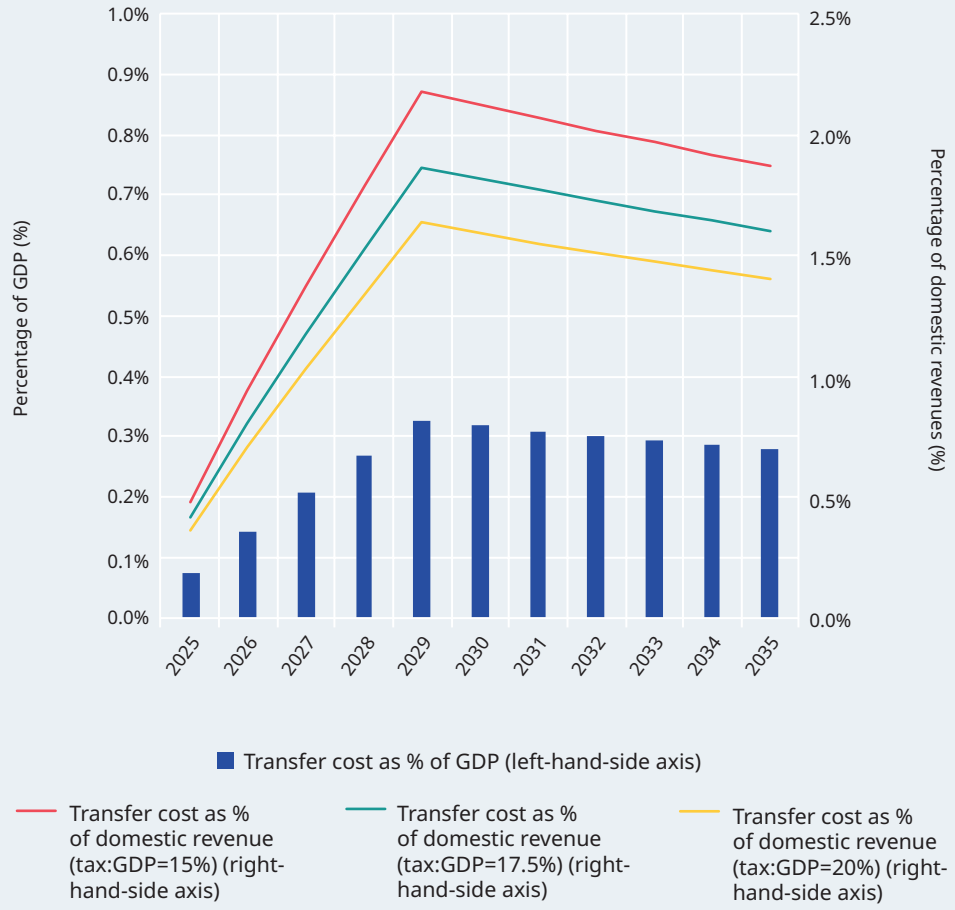
Following on from the current child nutrition grant being piloted in PNG with support from the World Bank it is assumed a monthly transfer value of K30 per month which is equivalent to around three per cent of GDP per capita. We assume that benefit levels would be adjusted for inflation each year to ensure that purchasing power is maintained over time. Figures 30 and 31 illustrate the estimated cost of the two variants as a proportion of GDP and three alternative domestic revenue scenarios. As figure 30 illustrates the ECDG for children under two years of age would cost only 0.1 per cent of GDP by 2035 and between 0.56 per cent and 0.75 per cent of domestic revenues, depending on the tax-to-GDP scenario. In contrast, and as figure 31 illustrates, the ECDG for children under five years of age would cost 0.28 per cent of GDP by 2035 and between 1.4 per cent and 1.9 per cent of domestic revenues, depending on the tax-to-GDP scenario.

▶ **Figure 30: Cost estimate for Early Child Development Grant 0-2, 2024-2035, % of GDP and % of domestic revenues**



Source: Development Pathways' Global Social Benefits Database.

▶ Figure 31: Cost estimate for Early Child Development Grant 0-4, 2025-2035, % of GDP and % of domestic revenues



Source: Development Pathways' Global Social Benefits Database.

Interim, lower cost alternatives are also imaginable. For example, a one-off payment linked to birth registration and immunisation which could then be used to establish a database of children which could in turn be used for a wide range of purposes, including shock-responsive social protection payments and school enrolment monitoring and so on. Such an intervention could also be critical to the long-term success of national identification systems.

6.4.2 Disability Support Allowance

Disability benefit schemes aim to address the additional direct and indirect costs faced by persons with different types of disability and protect them from an increased risk of poverty arising from reduced ability to generate income through the labour market.[205] The level of support provided by social protection systems therefore needs to respond to individual circumstances, with benefit levels responding to extent of support needs. Since different countries provide support to people with differing levels of disability, take different approaches to determining the level of benefit provided, and may or may not pay disability benefits on top of other benefits (such as old age pensions), international comparisons are of limited value. Nonetheless, multi-country analysis suggests disability benefits typically fall within the range of 10–27 per cent of GDP per capita, with a median figure of around 18 per cent.[206] However countries in the Pacific with disability benefit schemes, such as Fiji and Tonga, provide benefits at a somewhat lower level.

For the purposes of this exercise, we assume that no Old Age Allowance is available and that the Disability Support Allowance will cover all eligible adults aged 15 years and above.

We then model two alternative approaches to eligibility for the DSA:

(a) Adults with high support needs and above – defined by those adults that reported having at least a lot of difficulty in at least one functional domain in the 2009-10 HIES (8.63 per cent of the adult population). Such a programme would cover over 715,000 people in 2025. This is certainly a high level of coverage for such a programme. The upcoming census and labour force survey have the potential to throw greater light on this issue.

(b) Only adults with very high support needs. Since data from the HIES 2009-10 is not available on the number of individuals reporting a lot of difficulty in more than one domain or being completely unable to do certain tasks, it is not possible to construct a data-informed estimate of the number of people who might be considered as having very high support needs. Therefore, coverage of such a scheme has been estimated – for purely illustrative purposes - on the basis of 3.4 per cent of the adult population as per the estimate of the prevalence of severe disability for the Western Pacific contained within the 2011 World Disability Report.[207] Such a programme would cover over 243,000 people in 2025 (see figure 32). Such a level of coverage would be similar to that achieved by a number of other disability support allowances in the region such as Kiribati (~3.2 per cent) and Tonga (~2.3 per cent).[208]

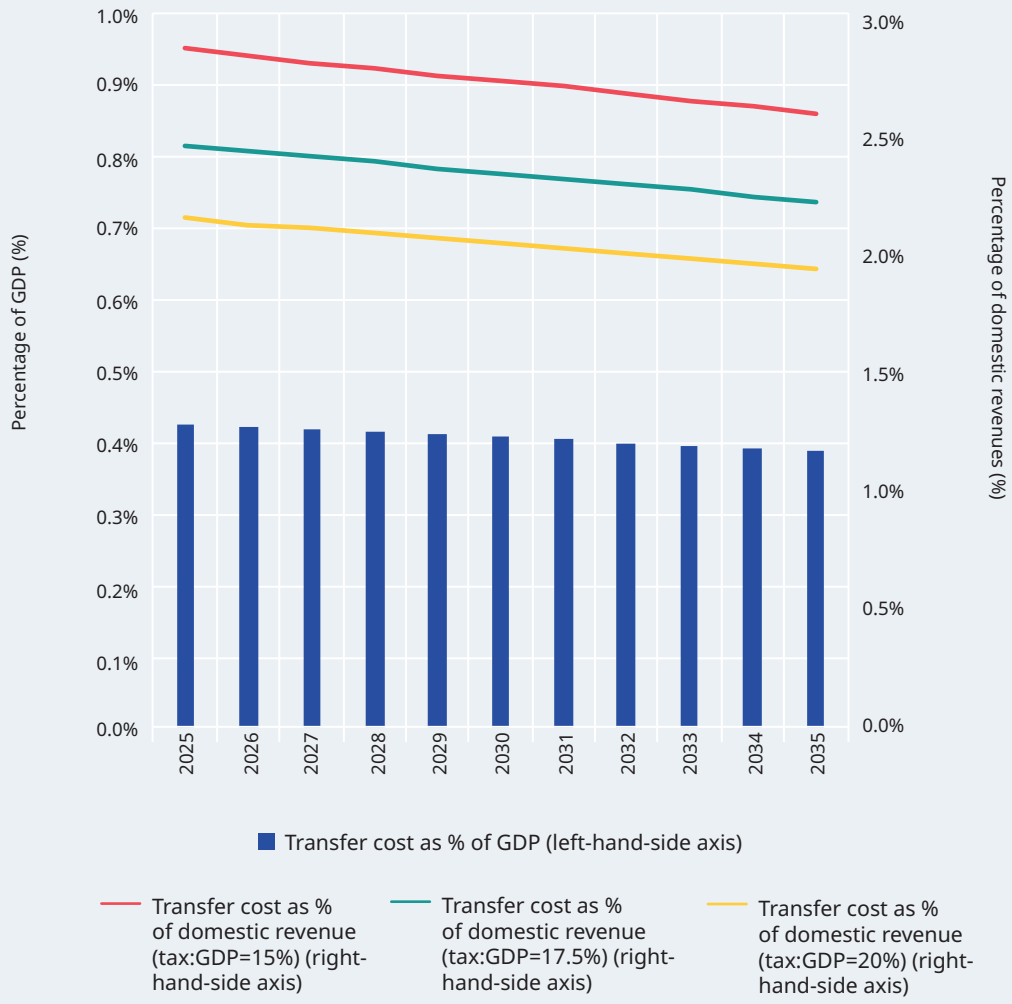
In option (a) above, a transfer of K50 per month (~five per cent of GDP per capita) is provided to all adults with high support needs (5.23 per cent of adults), while a transfer of K100 per month (~ten per cent of GDP per capita) is provided to the 3.4 per cent of adults estimated to have very high support needs. Although these transfer levels may be at the lower end of international practice, the lower of the two is slightly higher than that provided under the (now suspended) New Ireland Province disability benefit while the upper transfer level is more than double that value.

[205] D. Mont, 2023.
[206] Development Pathways' Social Security Database.
[207] WHO and World Bank, 2011.
[208] Authors' calculations based on administrative data and official population projections.

As figure 32 illustrates, a programme covering 8.6 per cent of the population would cost almost 0.43 per cent of GDP in 2025, falling to 0.39 per cent of GDP by 2035. Meanwhile, depending on the revenue assumptions chosen, the programme might be expected to cost between 2.1 per cent and 2.9 per cent of total domestic revenues in 2025, falling to between 1.9 per cent and 2.6 per cent buy 2035. Figure 33 illustrates, the cost of a programme covering only those with very high support needs (with a higher transfer level), modelled on the basis of 3.4 per cent of the adult population. Such a programme would cost almost 0.22 per cent of GDP in 2025, falling to 0.20 per cent of GDP by 2035.

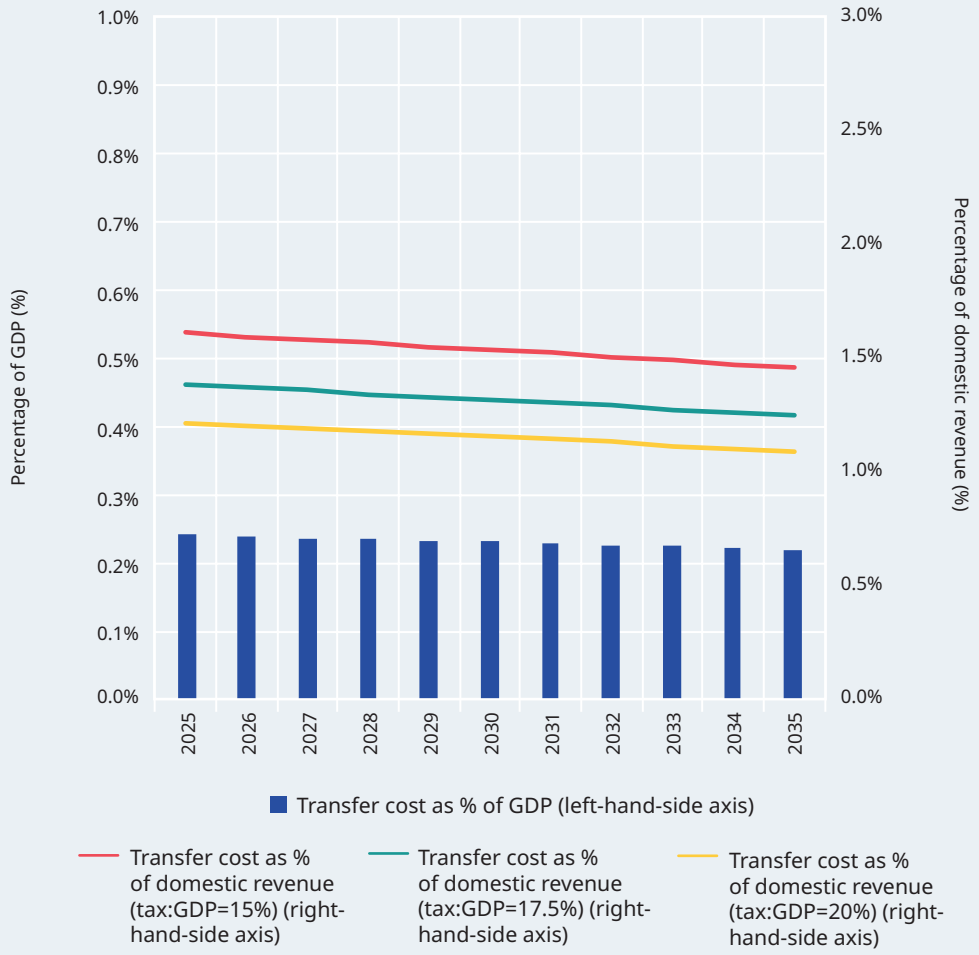
Meanwhile, depending on the revenue assumptions chosen, the programme might be expected to cost between 1.2 per cent and 1.6 per cent of total domestic revenues in 2025, falling to between 1.1 per cent and 1.5 per cent by 2035.

▶ Figure 32: Estimated cost of a disability benefit paid to all adults with high support needs, 2025-2035, % of GDP and % of domestic revenues



Source: Development Pathways' Global Social Benefits Database.

▶ **Figure 33: Estimated cost of a disability benefit paid to all adults with very high support needs, 2025-2035, % of GDP and % of domestic revenues**



Source: Development Pathways' Global Social Benefits Database.

6.4.3 Old Age Allowance

Non-contributory Old Age Allowances (sometimes referred to a social pensions) are a common first step in the development of inclusive national social protection systems. Social pensions have the advantages of being relatively simple to administer and require lower fiscal outlays than many alternatives since older people are often a relatively small proportion of the population in lower income countries. Social pensions also tend to be well-aligned with prevailing societal values related to care and support for the elderly. However, to overcome fiscal constraints, many developing countries introduce social pensions at higher age thresholds and then progressively reduce the threshold and increase benefit adequacy over time (see box 4 for an overview of the development of Tonga's social pension since introduction in 2012).

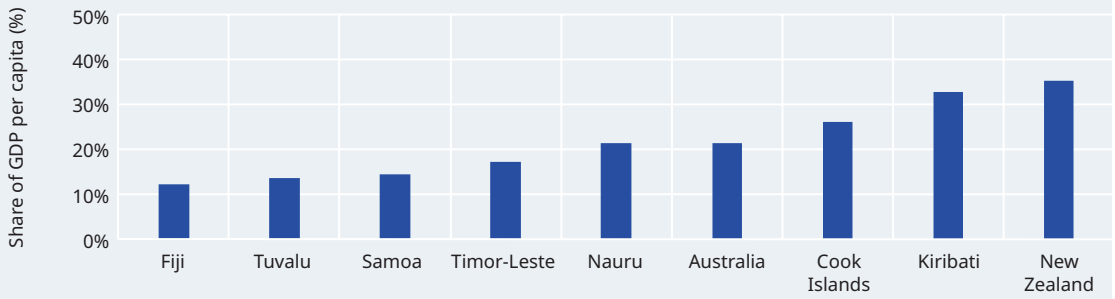
▶ Box 4: The gradual development of Tonga's social welfare scheme for the elderly

The social welfare scheme (SWS) for the elderly was established in 2012. Eligibility was originally limited to all resident Tongans over the age of 75 years who were unable to work and lacked any other form of retirement income. Monthly benefits were set at TOP65 Tongan pa'angas per month. The SWS has since undergone a number of reforms:

- In 2014 the age of eligibility was reduced to 70 and criteria relating to ability to work and access to other forms of retirement income were dropped.
- In 2017, benefits were increased to TOP80 for people aged 80 years and above.
- In 2018, Tonga implemented a temporary vertical expansion of the SWS (and the Disability Welfare Scheme) as part of its response to Tropical Cyclone (TC) Gita.
- In July 2021, benefit levels were again increased to TOP80 per month for people aged 70-79 years and TOP100 per month for people aged 80 years and above.
- In July 2024 the government committed to a phased reduction in the age of eligibility to 63 years and above by 2027. The minimum age of eligibility will be 67 in FY2024/25, 65 in FY2025/26 and 63 in FY2026/27. In 2024, benefit levels were also increased to TOP90 for people aged 67-70 years and TOP110 for those aged over 70 years.

Transfer levels among social pensions schemes vary significantly around the world, and even within the Pacific. International experience (figure 34 for example) suggests that social pension benefit levels are typically in the region of 15-25 per cent of GDP per capita – which is K134 – 225 per month in 2023 prices. Some countries also decide to provide higher social pension benefits to the oldest older people (such as to those aged 80 years and above) in the expectation that they are less able to earn an income for themselves and may have the highest care and support needs. This also allows for the social pension benefits to rise in anticipation that disability may emerge later in life and reduces the need to conduct disability benefit assessments for the elderly – something that is often particularly challenging in low resource settings.

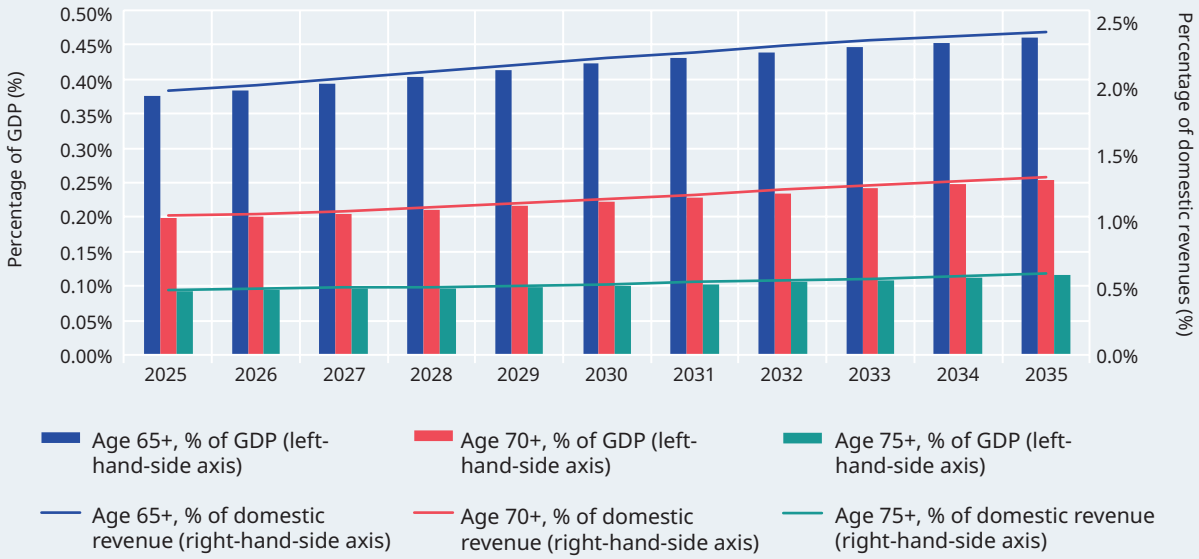
▶ Figure 34: Social pension benefit values in selected countries, % of GDP per capita



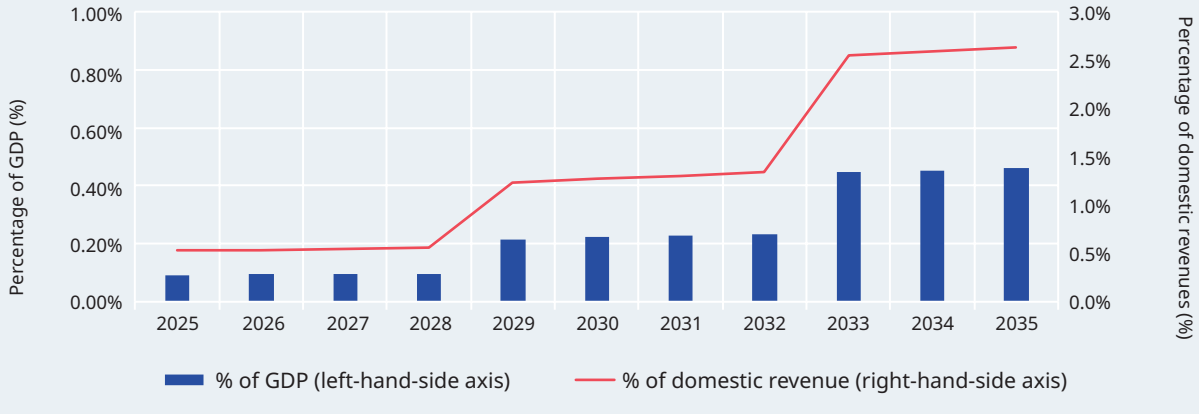
Source: ILO, 2024.

For the purposes of this exercise, we adopt a simple flat benefit of K100, equivalent to 12.8 per cent of GDP per capita. Figure 35 illustrates the estimated cost (in terms of percentage GDP per capita and as percentage of domestic revenues assuming tax-to-GDP ratio of 17 per cent) of providing a Senior Citizens' Allowance to people aged over 65, 70 and 75 years respectively from 2025 onwards. Meanwhile figure 36 illustrates the costs associated with a phased lowering of the minimum age of eligibility from 75 in 2025, to 70 in 2029 and finally 65 in 2033. Costs are again expressed as a proportion of GDP and as a proportion of domestic revenue, with only the middle tax-to-GDP ratio scenario (17 per cent) used for simplicity. Under these circumstances the scheme would cost less than 0.1 per cent of GDP in its first three years (0.5 per cent of domestic revenue), rising to 0.22 per cent of GDP in 2029 (1.34 per cent of domestic revenue) and then to 0.46 per cent of GDP in 2033 (2.6 per cent of domestic resources).

▶ Figure 35: Cost of Senior Citizen Allowance at alternative minimum ages of eligibility, 2025-2035, % of GDP and % of domestic revenues



▶ Figure 36: Cost of phased roll-out of Senior Citizens Allowance to older people aged 65 years and above, 2025-2035, % of GDP and % of domestic revenues



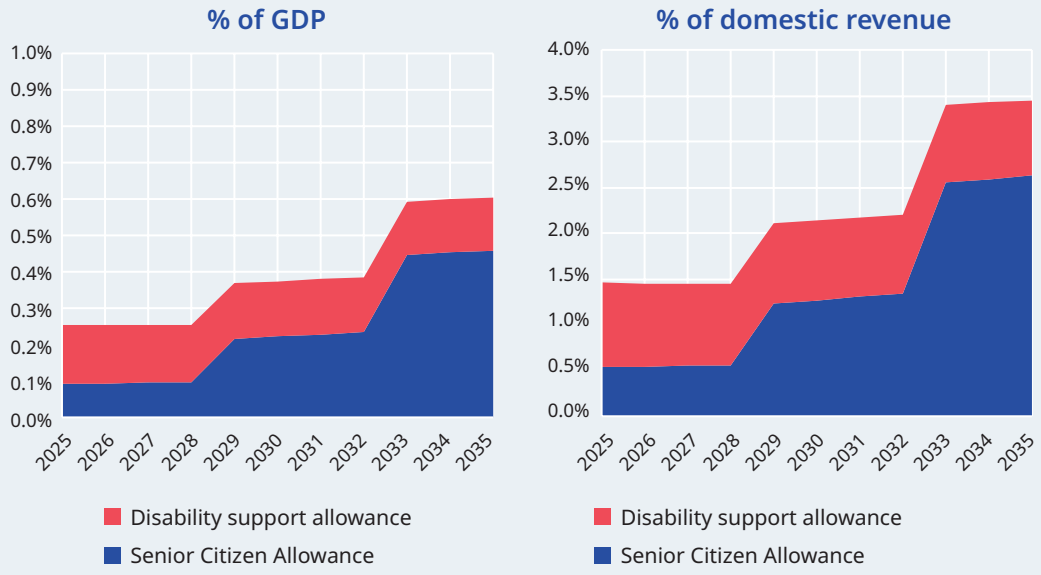
6.4.4 Combinations of policy options

There are costs associated with combining certain schemes. Options considered include:

(a) Phased implementation of the Senior Citizen Allowance (to eventually cover people aged 65 and above) plus a Disability Support Allowance for working age — adults (15-64) with very high support needs (assumed to be 2.4 per cent of the target population).
(b) An Early Childhood Development Grant (ECDG) for children aged 0-2 years plus a Disability Support Allowance for working-age adults (15-64) with very high support needs (modelled based on 2.4 per cent of the target population[209]) and a Senior Citizen Allowance, with phased extension of coverage to reach all people aged 65 and above by 2033.
(c) An Early Childhood Development Grant (EDCG) for children aged 0-4 years plus a Senior Citizen Allowance with phased extension of coverage to people aged 70 years and above.

Self-explanatory graphs for each of these options are provided below. In all cases a tax-to-GDP ratio of 17 per cent is assumed.

Figure 37: Combined cost of a Disability Allowance (15-64 years, 2.4% coverage) and Senior Citizen Allowance (phased roll-out to 65+, 2025-2035)



[209] According to the 2011 World Disability report, an estimated 2.4 per cent of the population of the Western Pacific aged 15-59 years' experience severe disability.

Figure 38: Combined cost of Early Child Development Grant (0-2 years), Disability Allowance (15-64 years, 2.4% coverage) and Senior Citizen Allowance (phased roll-out to 65+, 2025-2035)

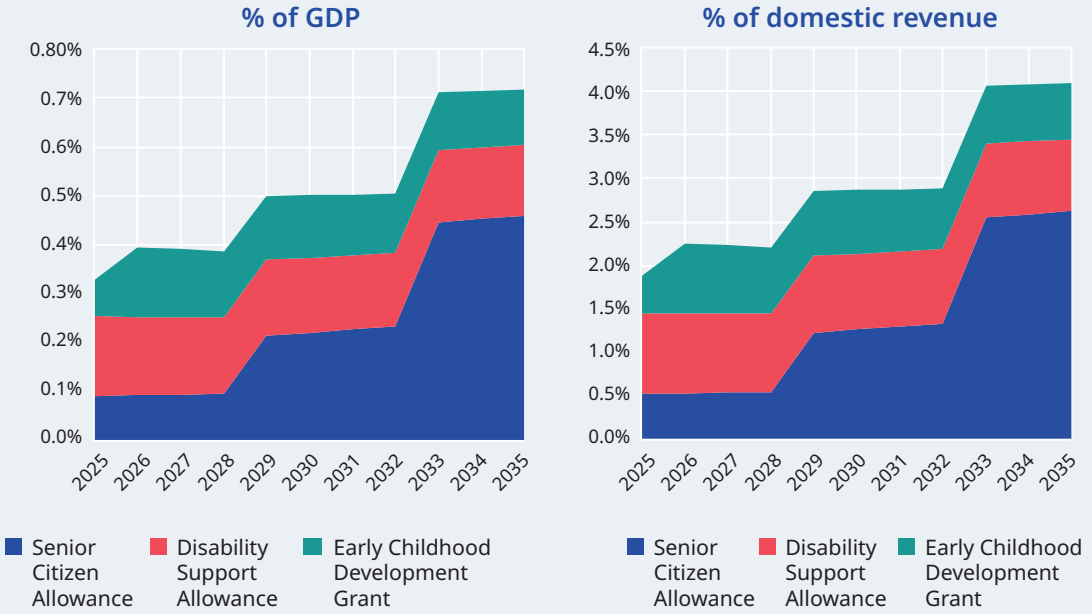
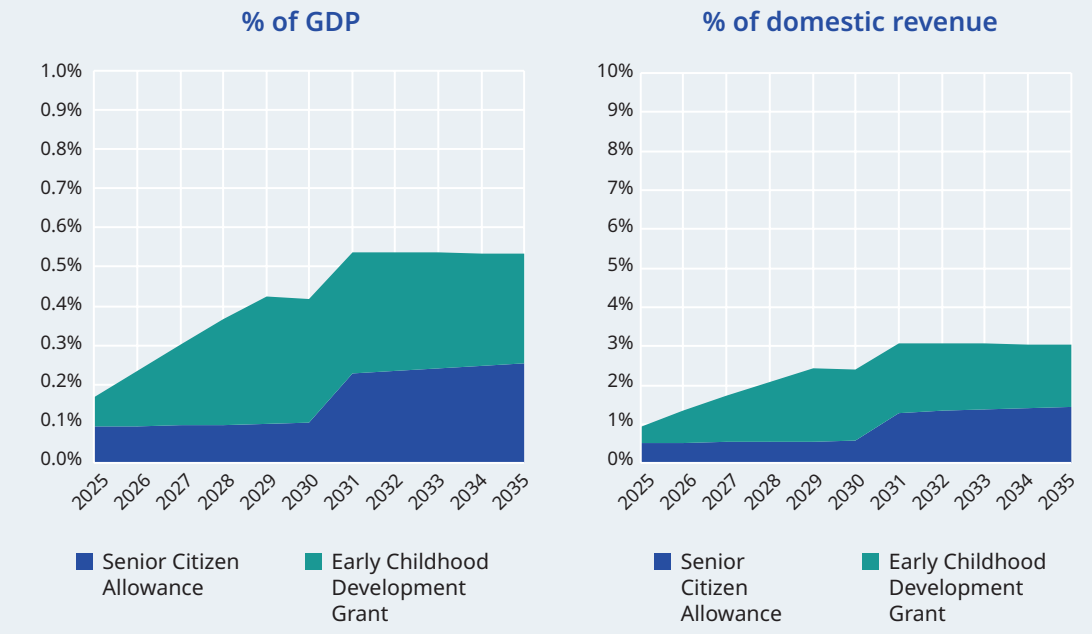


Figure 39: Combined cost of Early Child Development Grant (0-4 years) and Senior Citizen Allowance (phased extension to older people aged 70+, 2025-2035)



6.4.5 Youth-centred social protection

PNG's youth face an incredibly complex set of risks and challenges yet, transition to employment has been the primary metric for youth-focused social protection programmes. For example, although the UYEP was designed primarily as a crime prevention strategy, it is noticeable that programme evaluations placed greater emphasis on employment effects. However, such a framing is inevitably problematic in a country where job creation is so limited. Truly youth-centred social protection in PNG would ideally take a broader perspective to consider the full range of risks facing PNG's young people including alienation, social isolation, mental ill-health, exploitation and risk of adoption of risky behaviours including criminality and other forms of violence. High quality, multi-dimensional, youth-centred social protection has, so far, been limited to relatively small-scale programmes implemented by community-based organizations, faith-based organizations and international NGOs. Furthermore, there have been few opportunities to reflect on the lessons learnt in these programmes and consider how they might be applied in larger public sector interventions (such as the envisaged National Volunteer Service) and linked to more traditional employment-focused programmes such as the UYEP, other technical and occupational training programmes or initiatives such as the Greater Sepik Labour Mobility Programme. Indeed, the youth-focused policy space appears particularly fragmented. The GoPNG and its partners should therefore consider exploring the development of new and innovative youth-centred social protection programme that draws on the insights gained from the full range of youth-focused programmes implemented in the country. Insights from peace-building programmes may also be highly relevant.

6.4.6 Social protection for internally displaced persons (IDPs)

As a result of data deficiencies, it is impossible to estimate with any degree of certainty what the scale of need for social protection responses to displacement are in PNG. However, there was a considerable degree of consensus among stakeholders consulted for this study that social protection support for IDPs should be prioritised to ensure that basic needs are met but also as part of interventions intended to support return of IDPs to their place of origin or resettlement in new locations. Significant care will be needed to be taken during the design of such interventions to ensure that a conflict- and gender-responsive approach is taken. Furthermore, strong complementary services (for example agricultural extension services) will also be required to support beneficiary households to develop sustainable livelihoods in anticipation of the eventual withdrawal of direct income support. A gradual approach is recommended, leveraging small-scale interventions in areas where local political will is strongest to identify effective implementation strategies and develop the necessary capacity to implement these strategies effectively. At the same time, it is also important to note that such initiatives are likely to be more successful and inclusive if longer-term social protection support is in place for the most vulnerable including families with children, people with disabilities and older people.

6.4.7 Social protection for people living on small islands and atolls

People living on small islands and atolls with limited livelihood prospects were also identified during consultations as a potential priority for social protection interventions. Examples of particularly vulnerable populations are present, for example, in Morobe, Manus, East New Britain, Milne Bay and Bougainville. Some of these communities experience seasonal food insecurity and work is underway strengthen resilience and support adaptation to climate change, including through community-driven development initiatives, food security programming, the establishment of locally managed marine areas, and preparation of gender- responsive disaster management strategies for each island. Although many stakeholders concurred that these locations merited dedicated social protection responses, insufficient information was available to the SPDA team to assess the feasibility and likely cost of implementing social protection interventions alongside existing resilience-building interventions. Further analysis on this issue is therefore recommended.

6.5 Concluding remarks

Over the course of this assignment, the research team encountered regular skepticism regarding the feasibility of implementing quality social protection programmes in Papua New Guinea. Certainly, the country faces a rare and daunting combination of challenges: high public debt; political and fiscal fragmentation; acute financing needs in other sectors; low administrative capacity; weak foundational systems (such as birth and death registration, national identification and financial services); and continued absorption of scarce public resources by low-impact, low transparency programmes. The challenges faced by the DLIR and social partners in securing political support to update PNG's legacy employment laws over the past decade are another valid justification for caution.

However, the assessment also uncovered significant grounds for hope. In the first instance, while maybe not apparent at first sight, PNG has a significant track record on which to build. First, PNG was in fact the very first country in the Pacific to establish a provident fund in 1962. Today it has some of the most sophisticated cash accumulation funds in the Pacific. Second, and despite its recent (and hopefully temporary) suspension, New Ireland's old age and disability benefit scheme demonstrated the potential for organic and domestically funded social protection programmes to take root in PNG's patchwork socio-political landscape. The precedent set by New Ireland will almost certainly live on in the political imagination. Third, as limited as they might be, PNG has also developed a range of other social protection-type support for certain vulnerable groups in the country (IDPs, inhabitants of marginal atolls, etc.) and there is recognition that more needs to be done for these groups. Fourth, the UYEP demonstrates that provincial and local governments can acquire the capacity to implement quite sophisticated social protection programmes. The ongoing child nutrition grant pilot, and the partnership forged between the institutions involved in the scheme to address multiple risks to child and maternal wellbeing, is another cause for optimism in this regard. Meanwhile concrete steps are now being taken towards extending maternity leave to workers in the private sector and the National Tripartite Consultative Council has, after many years of inactivity, finally been reconvened. With a new National Social Protection Policy, in place, there is surely reasonable grounds for optimism that PNG will finally be able to make progress towards development of the social protection systems first envisaged during the formulation of Vision 2050.

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