LOWY INSTITUTE
FOR INTERNATIONAL POLICY

PERSPECTIVES

Tackling Extreme Poverty in Papua New Guinea

Outcomes Report

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Stephanie Copus-Campbell

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Executive summary

The Lowy Institute for International Policy, in conjunction with CARE Australia and the Australian National University, held a conference in Sydney on 14 May 2009 on tackling extreme poverty in Papua New Guinea.

The extent of extreme poverty in Papua New Guinea, Australia's nearest neighbour, 19th largest trading partner and second biggest recipient of Australian aid, is not widely known in Australia or even in Papua New Guinea itself. About one million people (18 per cent of the rural population) constitute the most disadvantaged people in Papua New Guinea. These communities are found in distinct geographic locations, forming a horseshoe around the fringes of the highlands and extending into inland, lowland areas. They often sit within district boundaries that encompass larger, more advantaged populations, obscuring through an averaging of statistics the extent of the problem.

The conference brought together academics, government officials, the private sector and non-government experts from Papua New Guinea, Australia and internationally to discuss the situation of extreme poverty in Papua New Guinea and, drawing on experience in Papua New Guinea and elsewhere, to examine ways to tackle it.

The conference agreed that extreme poverty, defined as a combination of low incomes, poor access to education, health and other services, posed a very complex challenge to the Papua New Guinea government, the non-government and private sector organisations working in Papua New Guinea. Identifying the extent and nature of extreme poverty was relatively easy; finding solutions was much more difficult.

Finding sustainable solutions to extreme poverty in Papua New Guinea was dependent on better governance at all three levels of government in Papua New Guinea – national,

provincial and district. The capacity of all levels of government to implement policies and improve service delivery had to be improved. Empowering women through government and societal structures to take a more integral and prominent role in improving education and developing independent income sources was important.

The role of government, the limits of government and the value of strengthening government, however, should be considered carefully across each sector. The Papua New Guinea government was expected to perform a monopoly role in the delivery of essential services that few other low-income governments or even wealthy governments were capable of fulfilling. There was an important role for government as steward, payments generator and protector but it did not need to be the sole provider of services. The role of other actors – churches, non-government organisations, and the private sector – in delivering services was valuable.

Papua New Guinea policy-makers had access to a surfeit of development planning documents and experiences from a variety of initiatives from donors but had limited resources and capacity to translate the lessons from previous planning and experience into policy implementation, observe trends in community development and adapt accordingly or learn from experience elsewhere. The debate on tackling extreme poverty in Papua New Guinea in some ways was about ten years behind similar debates in Africa because of this problem. Local ownership of solutions to tackling poverty was considered critical because past experience with imported solutions in poor communities had not been very successful.

Building and maintaining better infrastructure and in particular transport infrastructure – roads, airstrips, and ports – was critical to reducing poverty in remote areas. Importantly, the Papua New Guinea government and donors were putting more emphasis on infrastructure. Telecommunications and electricity were also vital. Mobile phone technology had proved transformational in many developing countries. The rapid take-up and spread of mobile phones in Papua New Guinea offered opportunities to maximise benefits from this technology.

Over sixty participants held vibrant discussions that demonstrated commitment to work collaboratively to address extreme poverty in Papua New Guinea. Participants were challenged to think out of the box to look at new and innovative solutions to old problems. More generally there was a call to continue to debate and to follow up with dialogue on the issues arising out of the conference.

Background to poverty in Papua New Guinea

Papua New Guinea is home to more than 6.3 million people, of which an estimated 18 per cent (about 1 million people in 2009) live in poor, remote and marginalised areas, with limited to no access to cash income, health and education services, markets, transport and food security.[1] Speakers and participants at the conference suggested the poverty situation had actually worsened in the last five years and that Papua New Guinea was lagging far behind achieving many of the Millennium Development Goals.

There was consensus at the conference that extreme poverty exists in Papua New Guinea and went beyond being defined solely by hunger. It was agreed that poverty was reflected in:

- Very low cash income (under 100 Kina per person per year)
- Limited access to education services
- Limited access to health services
- Few or no roads and other transport infrastructure
- Very poor demographic outcomes – low life expectancy and high child and maternal mortality.[2]

The lack of real hunger in Papua New Guinea was not a valid indicator of poverty. While people may have enough to eat it was mostly in the form of high carbohydrates with low protein and nutrition, and is lacking in oil and fats; thus setting people up for a lifetime of poor health and low life expectancy. Remote communities were also highly vulnerable at times of low food security.

While Papua New Guinea's United Nations **Human Development Index** rating has improved since the mid-1970s, it has been at a slow pace. Rankings are based on life expectancy at birth, adult literacy rates, education enrolment ratio, and Gross Domestic Product per capita. The national figure of 0.530 is one of the lowest in any country outside of sub-Saharan Africa,

[1] L. W. Hanson, B. J. Allen, R. M. Bourke, and T. J. McCarthy, *Papua New Guinea rural development handbook*. Canberra, Land Management Group, Department of Human Geography, Research School of Pacific and Asian Studies, The Australian National University, 2001.

[2] This definition of poverty is also reflected in the draft Papua New Guinea National Poverty Reduction Strategy.

with Papua New Guinea ranked 145th out of 177 countries in 2007.[3] This is in the bottom 20 per cent of all countries.

A key theme at the conference was the lack of data, and the need to improve poverty related statistics and to use accurate statistics to inform poverty interventions. Most speakers drew on data from the World Bank and the Papua New Guinea 2000 census. According to the World Bank the proportion of Papua New Guineans living under the US 1$ per day poverty line was estimated to have risen from about 25% in 1996 to just under 40% in 2003.[4] The Bank found that poverty was substantially higher in rural areas, where 87 per cent of the population lives. In 1996, 41 per cent of the rural population was poor compared with 16 per cent of the urban population.[5] Other disparities within Papua New Guinea were also highlighted as extreme. For example, according to the 2000 census, life expectancy in urban areas is almost seven years longer than in rural areas.[6] However one speaker noted that few people in areas of extreme poverty lived long enough to 'turn grey' suggesting that in these areas life expectancy was even lower than the data suggest.

The **Papua New Guinea economy** was performing well through the global economic crisis. High levels of liquidity had been maintained. The Papua New Guinea government had predicted GDP growth of about 4 per cent in 2009. However, lower commodity prices and a lower demand for exports since the onset of the crisis would lead to lower revenue, which, combined with the government's policy of consistently reducing national debt, might result in some cut-backs to social services and planned infrastructure spending.

Service delivery is not equitable across Papua New Guinea. The work of the National Economic and Fiscal Commission has highlighted the inequity due to disproportionate per head funding ratios and failure to take into account the true cost of service delivery to the more remote areas. The aim of the Commission's work is to ensure all districts have the funds and capacity to deliver a similar set of basic services to all their people.

Many **health indicators** have deteriorated in recent years, including the availability and performance of health facilities. People in the most disadvantaged areas have particularly high rates of child malnutrition, maternal mortality, child mortality and low life expectancy.

[3] United Nations Development Program, *Human development report 2007/2008: fighting climate change: human solidarity in a divided world.* United Nations, 2008.
[4] World Bank, *Papua New Guinea: poverty assessment.* 30 June 2004.
[5] Ibid.
[6] Ibid.

According to one speaker, infant mortality, for example, is as high as 40 per cent in some locations.

There is limited knowledge of **HIV/AIDS** in remote communities, putting small, but concentrated, populations at high risk of the disease. The increase in reported HIV/AIDS cases is alarming. Papua New Guinea is the only Pacific island country currently considered to have a generalised epidemic of HIV.

The public health system in Papua New Guinea was under severe stress if not broken down. The private and not-for-profit sectors (including churches) were increasingly involved in health care as the performance of the public system deteriorated. It was worth noting that very few low-income countries managed to deliver health services to all of their populations. Even wealthy countries had adopted pluralistic approaches to the delivery of healthcare. The important role played by the non-government sector in healthcare was not fully recognised in Papua New Guinea.

Gender inequality is significant in Papua New Guinea. Women suffer disproportionately from poverty and experience major barriers to participation in their communities due to lower literacy levels and education, lack of skills in English and *Tok Pisin*, high incidences of domestic and other violence, and poorer access to health care services. Women therefore have limited access to education, employment and credit opportunities and markets. While school participation rates are relatively equal at the primary level, disparities rise sharply in high school and at the tertiary level. Gender inequality is structural, with one commentator noting that *kastom* (social tradition) is used as an excuse to maintain a gendered social division. Gender equality is not adequately reflected or resourced at the national policy level.

Papua New Guinea's *wantok* system, which worked as an informal social safety net through which cash income earners supported the needs of an extended family network, was beginning to break down in parts of the country. This had the potential to create even more stress on the delivery of social services.

High rates of illiteracy in the poorest areas of Papua New Guinea made it difficult for the poor to access the information and education they needed to improve their lives. The United Nations Human Development Report 2007-08 records a literacy rate of 57 per cent for Papua

New Guinea.[7] One commentator at the conference noted that illiteracy in poor districts of Papua New Guinea was as high as 80 per cent.

The conference focused on the following key issues as means of tackling extreme poverty:

Think locally: It was essential, in addressing poverty, to understand culture and tradition and to ensure that development does not undermine traditional systems. Several commentators felt this was a real problem with current approaches which still attempted to impose external solutions, technology and exotic cash crops to the detriment of traditional knowledge and sustainable outcomes. It was important to ensure resources were better directed to fostering local ideas, using local supplies and growing local leadership. More long-term and sustained strategies are needed to bring responsibilities down to the district and local level by strengthening existing structures and creating opportunities for active local citizenship.

The role of women, who had a strong voice at the conference, was a central theme. Poverty cannot be tackled without taking full account of one half of Papua New Guinea's population. Not only do they make up the poorest of the poor in Papua New Guinea as outlined above, but they are instrumental to the solution. Development experience has shown that investing in women is one of the most effective means of poverty alleviation, because women are more likely to in turn invest in their families and communities. One commentator suggested that rural micro-finance options that focused on women and household incomes would be valuable.

Not only do poverty alleviation programs need to ensure real results for women, immediate support was required to help mobilise women and empower them to drive change. The role of men in supporting and helping to drive this change was seen as critical. Experiences have shown men may be more responsive to the needs of their daughters than their wives – thus creating an entry point for changing male attitudes.

Integrated responses: The nature of extreme poverty was multi-faceted and the solutions needed to be multi-sectoral. Efforts to reduce extreme poverty should draw on a real

[7] United Nations Development Program, *Human development report 2007/2008: fighting climate change: human solidarity in a divided world.*

understanding of the underlying causes of poverty, the priorities of communities in addressing these causes, and implementing a range of interventions that complement each other. While this principle was recognised in policy documents, including from donors and government, practical implementation was viewed by many as a real problem. The conference heard of a number of instances where single sector approaches, for example building a hospital without tackling the governance arrangements to ensure the hospital was supplied with drugs or trained medical staff, led to poor outcomes.

In any sectoral approach the important role of infrastructure could not be overlooked. Transport infrastructure – roads, airstrips and ports – was critical in enabling remote communities to access markets and services. It was similarly important to ensure remote communities had access to telecommunications and electricity.

Governance matters: There was strong agreement that finding lasting solutions to extreme poverty in Papua New Guinea would not happen without transparency of government, capacity of leaders and officials to translate policy into implementation and effective decision-making. Important work was underway by the government to improve inter-governmental financing which was necessary to improve service delivery. The need to ensure that public servants, at all levels, had the capacity to effectively use such funding to address poverty was a critical point raised by many participants, with calls to more effectively invest in training public servants. Many noted the need to revamp the old public sector training college, while others suggested the priority was to strengthen existing public sector institutions.

Many participants commented that Western-style democracy was not working in Papua New Guinea. It was nevertheless considered important to try to improve the democratic system of government in Papua New Guinea if extreme poverty was to be tackled effectively. This was raised as an important challenge that must continue to occupy government and donors alike. A case study from the Bulolo District highlighted how services could be delivered when the local administration was motivated to work through efficient and transparent systems. While some called for more efforts to go through the provincial and district administrations, others raised concerns that Papua New Guinea may be over-governed, with each level of government contributing to leakage of resources.

The role of government: A critical theme was the appropriate role of government in poverty alleviation and also the limits of government in effectively carrying out this role. Many were of the view that government performance was declining, despite increased government

income and support from donors. Some participants expressed real concerns about donors putting too much funding through government systems, which was not leading to improved outcomes. Others noted that sustainable, ongoing improvements were impossible without building government systems over time.

Key questions were defining the central role of government, understanding its core functions and how it should be strengthened to deliver these functions and where others outside of government might play a more appropriate role. How the government perceived the poor was raised, noting that in other countries governments see them as a burden.

The **private sector, churches and NGOs** all play an important role in delivering essential services in Papua New Guinea. Their relationship with government in efforts to improve service delivery across the country needed to be further explored. There was a continued need to strengthen the partnership and dialogue between government and civil society to better address poverty.

The role of donors: The assistance donors provide was valued. However, people in remote areas were frustrated as they saw little impact from official development assistance on their lives. Relying solely on government systems to ensure aid trickled down to communities that needed it did not work. It was suggested that donors should not seek out new fads but commit to simple and workable interventions with longer-term time-frames. Similarly, there was a call for greater harmony between donors.

There was some suggestion that donors would continue to waste money by putting funds through dysfunctional government systems, while the private sector, churches and NGOs were better able to deliver. Conversely, it was also stated that sustainable outcomes could only be achieved if donors continued to strengthen and use government systems. There was some consensus that approaches which both strengthened government systems and supported other non-state actors with the skills and capacity to deliver services were necessary for sustainable poverty outcomes.

Reaching the most disadvantaged people in remote areas was seen by many as important, but expensive and logistically challenging, with returns potentially low due to opportunities for improved livelihoods often limited by circumstance. Improved infrastructure could play a transformational role, allowing communities access to markets and services. Increased investment in developing the informal sector would help to open opportunities for

disadvantaged communities and support women (90 per cent of whom were employed in the informal sector).

At the grass-roots level, locally based organisations played an important role in informing and empowering local communities so they could better engage with government, and practise more productive agriculture, income generation, primary health care, and non-formal education. The role of non- government organisations in helping to support communities to improve the demand for better governance should be further explored, drawing on innovative models from other parts of the world. Building on new technologies, such as the rapid take-up of mobile phones, could provide transformative opportunities in Papua New Guinea.

Learn from the past and from elsewhere: Gains of the past have been squandered. Many referred to the lost decade of the 1990s where the resource boom did not result in improved livelihoods and sustained changes. Similarly, agricultural windfalls such as the success of vanilla production have led to increased social problems such as prostitution, violence and alcoholism.

Government policy-makers, private sector companies and NGOs, in developing future income opportunities for rural communities, should learn from these lessons to avoid similar pitfalls, particularly by ensuring that support is sustained over a long period and is not spasmodic. Similarly, the Papua New Guinea government and its partners need to build on past successes and seek out innovative approaches and opportunities. One option proposed was a service centre model in each district that provides a local functioning hub, with, for instance, a health clinic, high school and market, around which communities could begin to flourish.

Debate on methods to address extreme poverty in Papua New Guinea in some ways lagged behind similar debates in Africa and Asia. There were benefits in policy-makers in Papua New Guinea looking beyond the region to learn lessons from development experience elsewhere. More information sharing on what works, both in Papua New Guinea and elsewhere, would be valuable to government, NGOs, churches, private companies and communities alike.

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CARE Australia is a member of CARE International, an apolitical, secular NGO dedicated to ending poverty and social injustice around the world. Our programs provide communities with practical and sustainable solutions to poverty and in 2007-08, CARE provided assistance to around 65 million people in 70 countries.

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