



Papua New Guinea

Business and development
exchange summary

Papua New Guinea (PNG) is the largest developing economy in the Pacific region. After several years of contraction, the PNG economy has been growing since 2003; however, growth has slowed since the beginning of the decade. According to the Asian Development Bank (ADB), PNG's GDP growth was 9.2 % in 2012, ranking it as one of the fastest-growing economies in Asia and the Pacific.

PNG is one of the most culturally diverse nations in the world. There are over 800 different languages in use, and a plethora of different historical, cultural and legal traditions. After years of turmoil, political stability has improved in the last couple of years, but the business environment still poses significant challenges to investors. Despite recent growth, Papua New Guinea has one of the highest levels of income inequality in Asia and the Pacific, with over 80% of the rural population employed in subsistence, or semi-subsistence agriculture for their daily needs. Data is scarce, but the most recent estimates indicate that the poverty headcount of people living on less than \$1.25 per day sits at around 30%: that is, around 2,000,000 people live below the breadline. Health is also an issue, with a rising HIV/AIDS epidemic: 1.28% of the population were living with HIV/AIDS in 2006.



PNG has substantial mineral resources deposits, including oil, gold and copper, and, looking forward, PNG's export value is expected to be even further dominated by the mining and hydrocarbons sectors; already, more than 15% of total GDP and 50% of export value in the country derive from the mining sector.

Although over 95% of the land falls under customary title, correctly identifying the claimants of customary land titles is often difficult, and social dislocation and land alienation during the colonial era have left a legacy of significant land tenure issues; disputes over property issues are common, often leading to violence. Women have a low economic and social status in the country, and sexual, domestic and fatal violence is commonplace. This has serious effects on victims, as well as presenting a significant impact for the community and the country as a whole, measurable economic costs through a loss of worker productivity and income, lower rates of accumulation of social capital, and high costs to the healthcare system.

There are several models of business and donor engagement that have the opportunity to affect gender and family violence outcomes in Papua New Guinea and, given the PNG Government's reliance on resource revenues to fund its future development expenditure, it is imperative to find the best ways for donors, business and government to work together.

Our work in Papua New Guinea will therefore focus on business and donor initiatives that can address gender and family violence, and promote understanding and action on the underlying social and economic issues acting as barriers to an equitable society.ⁱ

ⁱCover image: Young girl, Papua New Guinea. Stephan Bachenheimer/World Bank, Flickr.