



RESET@50

PNG 50 YEAR REVIEW AND 20 YEAR ROADMAP

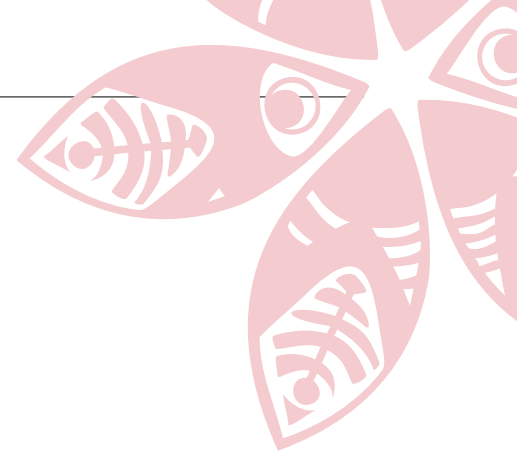
Honoring our legacy, evaluating the present
and shaping the future.



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Background

On 9 February 2025, the Prime Minister, Hon. James Marape MP, announced a national initiative to mark Papua New Guinea's 50th year of independence. In response, the National Executive Council (NEC), through Decision No. 90/2025 of 30 April 2025, endorsed the establishment of a review and planning process underpinned by three Terms of Reference:

1. Undertake a 50-year review of national development, with reference to the Constitution and relevant development plans;
2. Assess the progress, achievements, and challenges of the Government over the past six years;
3. Formulate a 20-year development Roadmap, incorporating short-term (2-year), medium-term (5-year), and long-term (20-year) strategic interventions, supported by appropriate reform measures to strengthen planning, coordination, and monitoring capabilities across Government.

To guide and oversee this work, the NEC established a Steering Committee (SC), chaired by Charles Abel, with Arthur Somare as Deputy Chair. The Committee was supported by a Technical Committee (TC), with advisory input from the United Nations Development Programme (UNDP). The TC was composed of representatives from the National Research Institute (NRI), the Consultative Implementation and Monitoring Council (CIMC), the UNDP, and the Australian Government. A full listing of SC and TC members is provided in Annex A.

The NEC directed that the final report be submitted by July/August 2025, in order to enable review, endorsement, and publication in advance of the 50th Independence anniversary on 16 September 2025. The Steering Committee set a draft submission deadline of 31 July to allow sufficient time in August for consideration by the National Planning Committee (NPC) and NEC, and for final production and possible tabling in Parliament.

Preparatory activities were undertaken in May 2025, including the formal engagement of TC members, the establishment of a working methodology, and the allocation of office space. The Department of the Prime Minister and National Executive Council, through the Chief Secretary, Mr Ivan Pomaleu, provided facilities at Melanesian Haus, as well as secretarial and logistical support. Mr Mathias Lasia was appointed Chair of the Technical Committee. The TC formally commenced its work in June 2025.

Due to the highly compressed timeframe, the SC directed the Technical Committee to utilise existing analytical work to underpin the 50-year review. This included the NRI's *Monograph 41: Papua New Guinea's Development Performance 1975–2008*, CIMC's consultation records, and the ANU-UPNG publication *Struggle, Reform, Boom and Bust: An Economic History of Papua New Guinea Since Independence*. Targeted stakeholder consultations were conducted throughout June, both within and outside formal committee settings, to inform the review and Roadmap components. A full list of consulted stakeholders is included in Annex B. The review of the development history since independence included a specific look at the challenges and achievements of the past 6 years of Government. These were addressed in pages 37 to 45 of the NRI report provided in Annex C.

The UNDP supported the process through its *Building Opportunities for Leadership in Development* (BOLD) framework, and deployed a high-level advisory mission led by Dr Philip Schellekens, Chief Economist for Asia and the Pacific. This mission undertook a series of field visits to Kaugere Suburb, Hanuabada Village, Tuhava Housing Estate, and Edai Township. The UNDP subsequently prepared an analytical report to inform the Roadmap process provided in Annex E. These four key inputs—from NRI, CIMC, ANU and UNDP—are published as standalone reference documents and should be read in conjunction with this Roadmap.

The Roadmap has been developed under significant time constraints. It represents the best efforts of the Steering and Technical Committees to fulfil the NEC's Terms of Reference and to honour the significance of the nation's 50th anniversary. Drawing on the historical review, the Roadmap identifies core structural and institutional constraints to development, and proposes a high-level strategic response articulated through five core principles and ten priority interventions referred to as 'Big Bets'.

This document is not a replacement for existing sectoral or medium-term plans. It is a cross-cutting, strategic document, aligned with Papua New Guinea's overarching strategic frameworks, including the Constitution, Vision 2050, and the Strategy for Responsible Sustainable Development (StaRS). The Roadmap seeks to complement these frameworks by identifying critical gaps in implementation and proposing strategic and structural changes to accelerate progress

"We are marking 50 years of independence, and it is time for bold and productive leadership. My generation must step up-with energy, commitment, and urgency-to fix today's challenges and build a stronger PNG for the future."

Prime Minister James Marape, February 2025

This Roadmap is intended to guide and mobilise a broad coalition of actors essential to national development. It calls on political leaders to endorse its strategic direction and provide the mandate for implementation. It provides a framework for Ministers, civil servants, delivery agencies, and development partners to translate high-level priorities into coordinated action. It offers civil society organisations and citizens a basis for monitoring progress and holding institutions accountable. It also invites research institutions and international partners to contribute evidence, analysis, and technical expertise to strengthen implementation and inform future reforms.

Foreword

Grand Chief Hon. Dr John Lawrence Momis, 16th July 2025

Fifty years ago we were all so excited about the birth of our nation. The Chief Minister at the time, Grand Chief Sir Michael Somare, was the Chairman of the Constitutional Planning Committee (CPC) and I was his Deputy Chair. Due to his commitments he nominated me as his ex officio Chairman. Sir John Kaputin and Tony Ila are the only other surviving members of the CPC today. We conducted the most comprehensive and extensive consultation right around the country starting in 1972.

Our Constitution was all about the human being, not about resources. It was about liberty, dignity and empowerment of Papua New Guineans. Our primary objective was to enable Papua New Guineans to become active agents of change and development and not mere passive recipients of goods and services, vulnerable to manipulation and exploitation and ultimately dehumanization.

Man who is endowed with the faculties of intellect and will is both the Subject and the Object of development. He is not only the masterpiece of God's creation, he is also the co-creator who is capable of recreating and transforming this world.

Unfortunately, when we presented the report, the House of Assembly made some modifications including removing the section on decentralization. Since then there have been many changes to the Constitution. This is the "Mama Law" and should not be changed frivolously. It contains all the necessary elements for good governance and development based on the five National Goals and Directive Principles of the Papua New Guinea Constitution.

We have strayed over time from important principles in the Constitution like the sharing of power. The Bougainville situation is an example of this. Leaders have forgotten the people and become more concerned with making money and holding on to power. We are now at the mercy of a highly centralized and bureaucratized Government.

Our Constitution already recognizes that we are a Christian nation, as well as acknowledging our PNG ways. We don't need to change the Constitution again for this. We just need the moral conviction to do what is right for our people.

I thank the Steering Committee Chairman, Charles Abel, and the committee members for extending me the honour of writing this foreword. Charles's grand-uncle, Sir Cecil Abel, played a significant part in advising our CPC. The Deputy Chairman, Arthur, is of course the son of GC Sir Michael Somare, the father of Papua New Guinea and its master trailblazer.

I acknowledge Prime Minister, Hon. James Marape MP and the Government's efforts in undertaking this important work to review the fifty years since independence and chart a path forward for our beloved country.

Congratulations. Happy 50th Independence, Papua New Guinea!



John Lawrence Momis, GCL

Preface – Call for a Reset

By Charles K. Abel, Steering Committee Chairman 10th June 2025

At the age of 50 years it is appropriate we review our journey so far and be honest about the successes and failures. Are our citizens better off today than they were at the time of our independence? How do we measure up against our neighbors in the region and across the globe? Have we evolved into the nation envisioned in 1975—the nation we still aspire to be?

As Papua New Guineans, our love for our nation runs deep. We cherish our rich history, our beautiful land, and the bonds we share with our families and communities. Today, as we commemorate our 50th anniversary of independence, we do so with immense pride. We have had our struggles and challenges like any young nation. It has not been easy to hold together such a diverse nation of 800 tribes scattered across mountains and islands. Integrating our traditional ways and adapting to a Western modern culture has not always been easy. We chose a rather accelerated path to independence from our colonial parent, who did not resist, and perhaps should have done more to assist, but has been a constant partner ever since.

We must not forget, in our celebrations, the contributions from countless individuals of diverse backgrounds well before independence. My great-grandfather, Reverend Charles William Abel of the London Missionary Society, arrived in 1890, dedicating his life to the protection and education of Papua New Guineans. He was one of many—missionaries, bureaucrats, traders—who, in their own way, played a role in shaping our journey. Our founding fathers, led by Grand Chief Sir Michael Somare, along with his contemporaries, led us to independence in 1975, and beyond. Prime Ministers - Chan, Wingti, Namaliu, Skate, Morauta, O'Neill, and today Marape, and fellow leaders, have carried this nation forward, with the support of our development partners.

We are fortunate enough to have the Foreword of this document penned by Grand Chief, John Momis, Chairman of the 1972 Constitutional Planning Committee. It has been an honour for our committee to listen to a founding father remind us of some of the key values that motivated the birth of PNG. He and other senior leaders have prompted us to examine whether we are truly prioritizing human development, equality, participation, and the responsible management of our natural resources, as articulated in the Preamble of our Constitution. This foundation document declares us as a Christian nation and we continually profess this, but have we really practiced this?

We are a constitutional Westminster parliamentary democracy and must not be tempted to depart from this but rather repair it to proper order. The top ten countries in terms of human development all have functioning parliamentary democracies. The Vision 2050 and StaRS plans established long-term targets and frameworks in the modern context but still based on our constitutional principles.

On behalf of the Steering Committee, I extend our gratitude to Prime Minister, Hon. James Marape, the National Planning Committee, and the National Executive Council, for initiating this important work. A special thanks goes to Deputy Chairman Arthur Somare, the Steering Committee members, Technical Committee Chairman Mathias Lasia and his team, the staff of the Department of Prime Minister and NEC, our partners at UNDP and the Australian Department of Foreign Affairs and Trade, and all participants in the consultations. This document was crafted in less than three months, and we trust it aptly fulfills its mission: *"Honouring our legacy, evaluating the present, and shaping the future."*

The hard truth is that despite gains in certain areas since independence, at 50 years old, Papua New Guinea is facing a human development crisis and a demographic time bomb.

This simple and concise document has tried to dive straight to the heart of the issues as identified in a 50-year historical review by the NRI, insights from the CIMC/INA public consultation process, a special independence economic publication from the Australian National University, and an intense series of in and out of committee interviews. All these documents are provided as Annexes to the Roadmap. Its format is guided by the BOLD (Building Opportunities for Leadership in Development) UNDP initiative. Please understand that it is not a traditional prescriptive plan to directly address all the 'symptomatic' issues like law and order, infrastructure weaknesses and corruption. We have MTDPs and annual budgets for that purpose. It is a reform-minded document to highlight, and redress, the underlying governance issues that are preventing us from fixing those problems after 50 years of self-government.

Five key remedial principles are identified and 10 Big Bet interventions proposed under these principles. These principles are highly interrelated and interdependent. The interventions are not absolute solutions, and don't pretend to be, but are on target. Smaller bet interventions are proposed to complement the big bets. It will take a concerted effort, particularly over the next two years, and then five years to implement.

There is an urgency required to protect and restore the integrity of our Constitution, which has been severely eroded. **This will require a special commitment from our leaders.** It will need forward thinking and a change mindset. **As citizens we need to understand that we have a responsibility to do our part as well.** We must make a more personal commitment to be a part of the solution, not the problem. Ultimately it is still a team effort and “working together”, “bung wantaim” and “raka hebou” are still relevant today as they were 50 years ago.

On the 50th anniversary of the independence of Papua New Guinea, this document is a call for an urgent reset.



Charles K Abel



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Acronyms and Abbreviations

ABTC	APEC Business Travel Card
ADB	Asian Development Bank
ANU	Australian National University
APEC	Asia-Pacific Economic Cooperation
BPNG	Bank of Papua New Guinea
BSP	Bank South Pacific
CACC	Central Agencies Coordinating Committee
CEO	Chief Executive Officer
CIMC	Consultative Implementation and Monitoring Council
CIRS	Community Information and Referral System
CPC	Constitutional Planning Committee
CRF	Consolidated Revenue Fund
DAL	Department of Agriculture and Livestock
DDA	District Development Authority
DFAT	Department of Foreign Affairs and Trade
DLPP	Department of Lands and Physical Planning
DPLGA	Department of Provincial and Local Government Affairs
DSP	Development Strategic Plan
ESG	Environmental, Social and Governance
FID	Final Investment Decision
FPIC	Free, Prior and Informed Consent
GC	Grand Chief
GDP	Gross Domestic Product
GM	General Manager
GNI	Gross National Income
HDI	Human Development Index
HRIIP	Hela Region Infrastructure Investment Program
ID	Identity Document
ILG	Incorporated Land Group
INA	Institute of National Affairs
IRC	Internal Revenue Commission
JNP	Joint National Program
JV	Joint Venture
KCHL	Kumul Consolidated Holdings Limited
LED	Local Economic Development
LEO	Low Earth Orbit
LLG	Local-Level Government
LNG	Liquefied Natural Gas
MEO	Medium Earth Orbit
MFF	Multi-Financing Facility
MP	Member of Parliament
MRSF	Mineral Resources Stabilisation Fund
MTDP	Medium Term Development Plan
MTFF	Medium Term Fiscal Framework

NAQIA	National Agriculture Quarantine and Inspection Authority
NEC	National Executive Council
NGO	Non-Government Organisation
NICTA	National Information and Communications Technology Authority
NID	National Identity Document
NMCA	National Monitoring and Coordination Authority
NPC	National Planning Committee
NRI	National Research Institute
NSO	National Statistical Office
OLIPPAC	Organic Law on the Integrity of Political Parties and Candidates
OPEC	Organization of the Petroleum Exporting Countries
PAPI	Provincial Governance and Public Administration Performance Index
PBO	Parliamentary Budget Office
PBTC	Pacific Business Travel Card
PEV	Pacific Engagement Visa
PNG	Papua New Guinea
PNGBC	Papua New Guinea Banking Corporation
SC	Steering Committee
SDG	Sustainable Development Goals
SIM	Subscriber Identity Module
SME	Small and Medium Enterprise
SNT	State Negotiating Team
SOE	State Owned Enterprise
StaRS	Strategy for Responsible Sustainable Development
SWF	Sovereign Wealth Fund
TC	Technical Committee
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
US	United States
VONC	Vote of No Confidence

Executive Summary

Marking its 50th year of independence, Papua New Guinea (PNG) stands at a historic crossroads. Despite important gains in health, education, infrastructure, and economic development, PNG's progress has been uneven, with systemic governance weaknesses, persistent poverty, and a fragile institutional landscape holding back national transformation. Recognising the need for urgent and foundational reform, the National Executive Council commissioned a 50-year Review, and the formulation of a 20-year Roadmap grounded in constitutional principles and designed to accelerate inclusive, sustainable progress.

This Roadmap is structured around ten big bets, each anchored to one of five guiding principles of the Roadmap — with two big bets advancing each principle. Together, these interventions reflect a balanced and coherent agenda: addressing our most pressing challenges while unlocking the vast potential of our people, resources, and institutions.

The big bets outlined here are not a comprehensive list of all that must be done, but a focused portfolio of transformative actions — chosen for their ability to create lasting change, inspire confidence, and chart a clear course toward a more prosperous, inclusive, and resilient nation. In presenting them, we reaffirm the noble ambition of the Constitution and Vision 2050: to build a State that serves its people with integrity and empowers them with opportunity.

Following the presentation of each Big Bet, the Roadmap identifies a set of “quick win” actions within the same thematic area — targeted, achievable measures that can be delivered within the current term of Government to demonstrate early progress, build public confidence, and lay the groundwork for deeper reforms.

This Roadmap is not a replacement for sectoral development plans, but a strategic blueprint to correct institutional weaknesses that have hindered progress since independence. If implemented decisively, the ten Big Bets outlined here can help PNG fulfil the promise of its Constitution—delivering a State that empowers its citizens, upholds democratic integrity, and builds a more equitable and prosperous nation.

Guiding Principles and Big Bets

Principle 1. Protecting the Sanctity and Integrity of the Constitution

Big Bet 1: Restore Constitutional Balance and Strengthen Parliamentary Governance

- › Introduce a bicameral Parliamentary system, including a Senate comprised of Provincial Governors and reserved seats for women.
- › Restore integrity to the electoral process.
- › Limit Prime Ministerial tenure to two terms.
- › Extend vote of no confidence grace period to 30 months to ensure Government stability.
- › Reform the Speaker and Opposition Leaders' Offices and Parliamentary Oversight Mechanisms to ensure neutrality and transparency.

Big Bet 2: Restore Budget Integrity and Constitutional Finance Rules

- › Require public funds to flow through the Consolidated Revenue Fund, closing loopholes that bypass Parliament.
- › Subject statutory authorities to tighter audit and transparency standards.
- › Operationalise the Sovereign Wealth Fund (SWF), drawing on appropriate rules from the successful Mineral Resources Stabilisation Fund (MRSF) notably on deposit input requirements, to preserve resource wealth for future generations.
- › Reassign resource-holding company shareholding from individuals to the State to avoid conflict of interest.

Principle 2. Advancing Human Development and the Family

Big Bet 3: Enable Universal Access to Voluntary Family Planning

- › Deliver a fully funded voluntary National Family Planning Program, ensuring free and consistent access to contraception across all health facilities.
- › Partner with churches and civil society organisations for outreach, education, and service delivery.
- › Train and certify more midwives and health workers to increase coverage, especially in rural and underserved areas.

Big Bet 4: Bring Power & Internet Accessibility to All

- › Reform PNG Power, improve governance, introduce cost-reflective tariffs, stabilization of POM and Ramu Grid and increase service reliability.
- › Liberalise the telecommunications market and fast-track Low Earth Orbit (LEO) and Medium Earth Orbit (MEO) satellite deployment to connect remote areas.
- › Implement an integrated electrification strategy, including a national grid linked to key economic corridors.
- › Support rural off-grid solar and micro-hydro systems.

Principle 3. Leveraging Data and Evidence for Decision-Making

Big Bet 5: Institutionalise Evidence-Based Governance

- › Mandate that all major Government decisions are underpinned by clear evidence, cost–benefit analysis, and alignment with national priorities.
- › Establish a Parliamentary Budget Office and independent advisory councils on extractives, infrastructure, and public finance.

Big Bet 6: Build a Universal and Trusted National Identity System

- › Scale up the National Identity (NID) system.
- › Link identity services with health, education, financial and social protection platforms.
- › Strengthen data protection laws and align the system with the Digital Government Act 2022 for cross-agency integration.
- › Bolster the National Statistical Office to improve data integrity, census reliability, and policy alignment.

Principle 4. Enabling Smart, Sustainable and Inclusive Growth

Big Bet 7: Enshrine Private Sector–Led, Government-Facilitated Growth

- › Adopt a national policy statement confirming the private sector as the engine of economic growth.
- › Conduct regulatory red-tape review to facilitate ease of business and adopt regulatory environment conducive to investments across all sectors.
- › Reform State-owned enterprises, improve investor confidence, currency convertibility, and job creation.
- › Accelerate resource projects while maintaining strong environmental safeguards.
- › Unleash the full potential of PNG's agriculture sector through market-driven, modernisation reforms.
- › Advocate for expanded regional visa opportunities (e.g., Visa Waiver, PNG Engagement Visa).

Big Bet 8: Free Up Land for Development Using Voluntary Best-Practice Models

- › Expand customary land registration schemes while respecting voluntary participation.
- › Modernise land records, strengthen land mediation, and support local landowner groups.
- › Unlock land for housing and agricultural investment, particularly around economic growth corridors.

Principle 5. Ensuring Accountability, Transparency and Delivery

Big Bet 9: Reform the Government Bureaucracy

- › Conduct a whole-of-Government functional audit to clarify roles, remove duplication, and identify areas for consolidation.
- › Improve public service integrity by auditing the payroll, removing ghost employees, and linking pay to performance.
- › Conduct satisfaction surveys to measure impact and strengthen accountability.

Big Bet 10: Strengthen Reform Implementation Capacity

- › Establish a central Delivery Unit to coordinate major reforms and track delivery milestones.
- › Operationalise the National Monitoring and Coordination Authority (NMCA) to oversee whole-of-Government progress and hold agencies accountable for outcomes.

Introduction

I.1 Overview of 50 Years of Independence

Papua New Guinea's peaceful passage to nationhood in 1975 is an historic achievement; few post-colonial states secured sovereignty without violence. Five decades later, however, the promise of independence remains only partly fulfilled.

Since Independence, life expectancy has lengthened by nearly a decade, the Human Development Index has climbed from 0.394 to 0.576 and real incomes have risen. PNG headquartered firms now compete across the Pacific, landmark resource projects demonstrate that the country can deliver world scale investments, and smallholder successes—notably palm oil—show how rural enterprise can thrive.

Yet these gains have unfolded in waves rather than in a steady tide. Economic growth has tended to arrive in resource fueled surges—followed by inflation, budget tightening, cash flow challenges, reduced service quality and growing public frustration, once commodity prices retreat. These alternating cycles of boom and bust have left a patchwork landscape. Young people continue to search for formal work, and surveys show trust in public institutions falling. Half a century on, nation building has brought real pockets of prosperity and unmistakable moments of promise, but it has not yet delivered the broad based, durable progress envisioned in 1975.

The Roadmap is derived from the totality of the 50-year development performance trend since independence. This included the past 6 years of Government, which faced its own set of challenges, including the COVID pandemic. Progress has been made in areas of fiscal consolidation, specific areas of health and education, infrastructure funding, and a focus on resource project benefits. The challenges highlighted, though, reveal the same underlying issues of weaknesses in data, implementation, accountability, and governance.

I.2 Progress against the national plans

PNG has launched a series of national plans in its modern history. From our first PNG Development Plan 1976 onwards, every plan has sought to lift living standards, diversify the economy and embed PNG's unique cultural values in the development process. The table below distils some of these key documents and their core aspirations:

Plan	Core Aspiration
Vision 2050 (2009)	<i>Smart, Wise, Fair, Healthy & Happy Society</i> ; target: global top 50 HDI
Development Strategic Plan 2010-2030 (DSP) (2010)	Transition to an upper middle income nation by 2030
StaRS (2014)	Pursue responsible, inclusive & green growth

Yet the metrics confirm that PNG is drifting away from its headline targets. Our Human Development Index has risen—from 0.394 (1990) to 0.568 (2025)—but regional peers have moved faster, so the gap with the Asia Pacific average has widened, and PNG now sits 160th of 193 countries. Roughly 57 percent of citizens live in multidimensional poverty, and the latest SDG dashboard shows most goals either off track or regressing, including, sadly, a worsening in child stunting since 2012 from 48 up to 51 percent.

I.3 Why Have Targets Been Missed?

There is a significant disconnect between development ambition and implementation, resulting in poor human development indicators. Independent review by the National Research Institute (NRI) converges on systemic challenges:

Erosion of the Principles of the Constitution

- ▶ *Governance deficit and political interference* – senior appointments and project selection influenced by politics, oversight bodies weak.
- ▶ *Ad-hoc development planning and budgeting driven by political priorities* – plans stretch beyond delivery capacity, while budgets veer away from plan targets as political imperatives intervene.
- ▶ *Persistent corruption and weak accountability* – corruption at multiple levels of Government diverts resources, weakens institutions and erodes public trust.

Measurement of development performance

- ▶ *Insufficient attention to data, evidence based policymaking and transparency* – censuses delayed, sector statistics incomplete, leaving little evidence for corrective action.
- ▶ *Poor monitoring and evaluation of national plans.*

Extractive Development and high cost of business

- ▶ *Boom-bust resource dependence* – volatile mineral revenues disrupt budgeting and long-term investment in health, education and infrastructure.
- ▶ *Structural bottlenecks and other hindrances to broad-based economic growth* – high logistics costs, thin financial markets and an energy/skills deficit that continue to constrain private-sector expansion and job creation.

Performance culture and accountability

- ▶ *Low public-service productivity* – skill shortages, absenteeism and weak incentives stall implementation even when funds are available.
- ▶ *Poor ownership & coordination across levels of Government* – national, provincial and district priorities are rarely aligned, causing duplication and gaps, at leadership and bureaucratic level. Bureaucrats, leaders and Ministers take on role of launching plans, but do not take responsibility for implementation
- ▶ *Plans too generic or over-ambitious* – cost not accounted for, timelines unrealistic, delivery capacity ignored; most plans become “wish-lists”.

I.4 Why a “Reset” Is Urgent

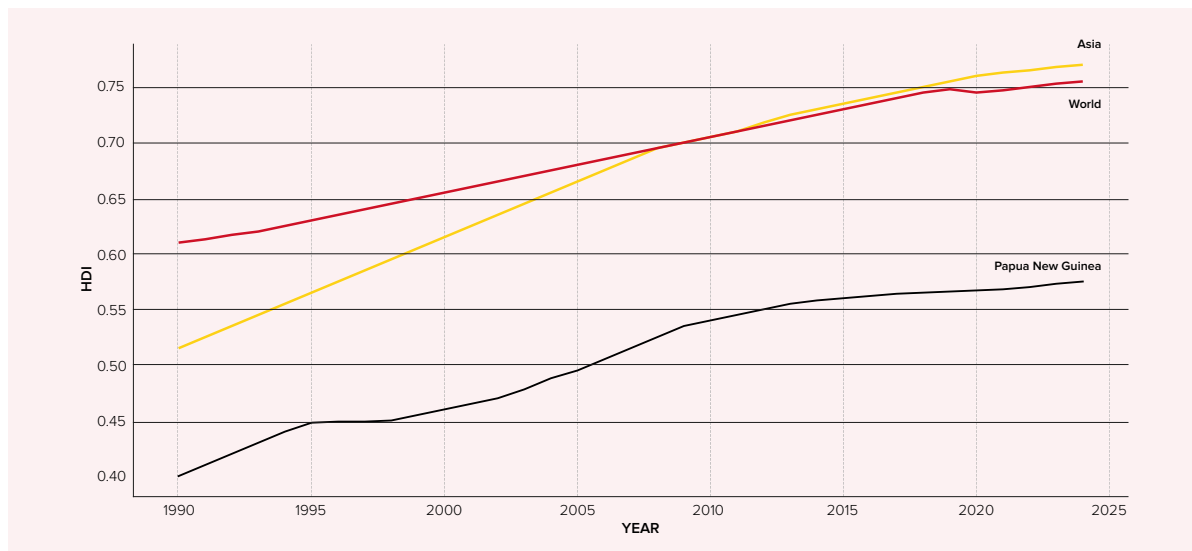
Demographics	Population exceeds 10 million with half under 25, while formal employment remains stagnant
Human Development Crisis	57% of the population endures multidimensional poverty, with high levels of chronic malnutrition
Resource “Curse”	Abundant natural resources exist alongside fiscal volatility and limited economic diversification
Climate Threats	Ongoing illegal logging, over fishing, rising sea levels, and an increase in extreme weather events
Corruption & weak governance	Misuse of public resources and poor accountability.
Business environment	Over-regulation, unreliable utilities, non-conducive to investment.

Without decisive course-correction, these pressures will overwhelm fiscal space, governance capacity and social cohesion.

I.5 Human Development

While PNG has seen growth in human development outcomes since Independence, our constitutional commitment to empower every individual to their fullest potential remains unfulfilled. Social indicators lag behind regional peers, with a Human Development Index of 0.576 ranking us 160th globally — far below the ambition of Vision 2050.

Figure 1: Human Development Index (1990-2024)



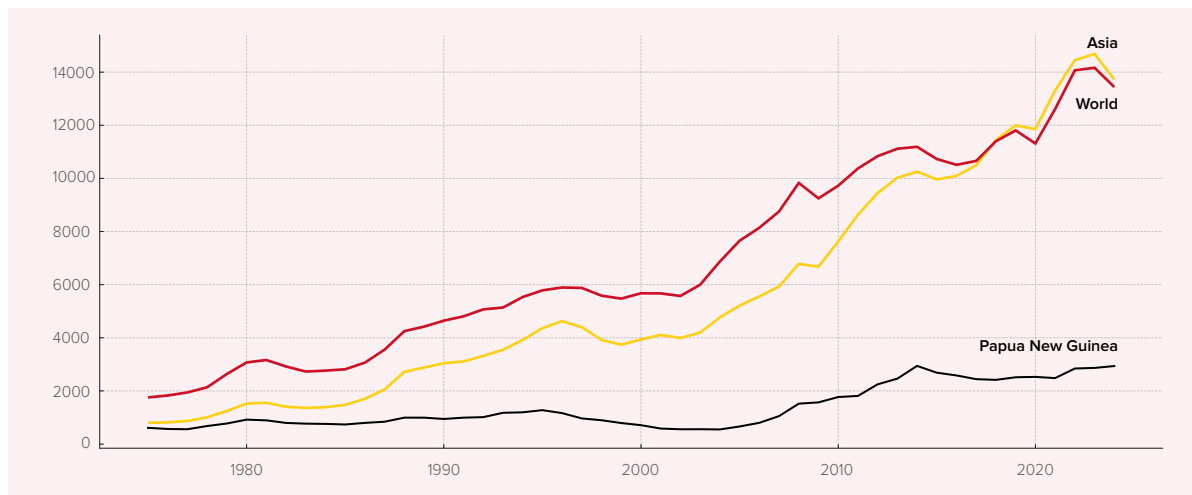
Source: UN HDI database

Sadly, many development outcomes are not just stalling but worsening. Health indicators are going backwards: more PNG children were moderately or severely stunted in 2022 than in 2012, and immunisation coverage has declined, leaving many children unprotected from preventable disease, including the return of previously eradicated diseases like polio and leprosy. Accelerating human development must be central to national policy — not only as a moral imperative, but as a foundation for inclusive growth, stability, and long-term prosperity.

I.6 Growing the Economy

While the economy has grown, PNG's income growth has lagged. From independence through the early 2000s, GNI per capita hovered below US \$1000, then climbed on the back of the LNG boom to about US \$2,500 in the mid-2010s and has inched only slightly higher since. By contrast, average income across East Asia & the Pacific leapt from roughly US \$400 in the late-1970s to well over US \$12,000 today, and the global average now sits around US \$13,500. In short, PNG's citizens remain an order of magnitude poorer than the regional and world averages despite 50 years of nominal economic expansion.

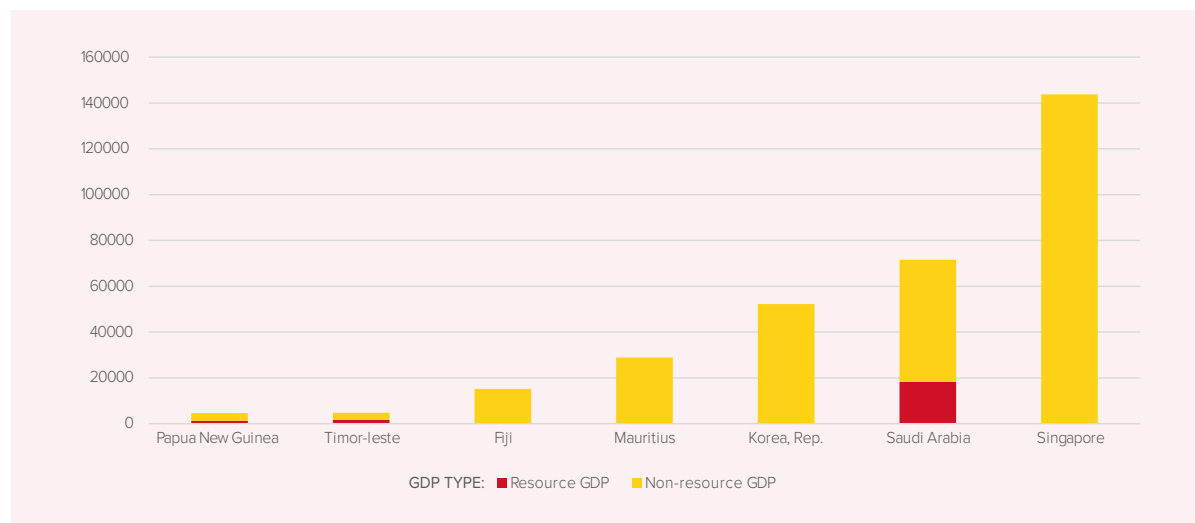
Figure 2: Real GNI per capita, 1975-2024



Source: WDI database, GNI per capita adjusted by CPI

PNG's prosperity gap is driven not by the size of its resource enclave but by the weakness of the rest of the economy: non-resource GDP per capita is only about K 9,000—barely one-third of Fiji's, a fifth of Mauritius's and a tiny fraction of Israel's or Singapore's. As important as the resource sector is, resource-sector output is itself roughly K 3,500 per person, so lifting living standards will hinge on boosting productivity and job creation in agriculture, services and small industry rather than relying on minerals alone.

Figure 3: Resource vs Non-resource GDP per capita by Country



Source: WDI database, GDP and resource rents as a % of GDP

I.7 Our Commitment

This Roadmap blends constitutional mandates, empirical insights, and executive directives into a broad-based framework. By committing to these reforms, PNG aspires to transform human well being, reinforce institutional integrity, and champion environmental stewardship, positioning the nation as a **model of sustained, inclusive, and responsible development**.

By committing to these reforms, PNG can shift from aspiration to action—turning vision into progress. The reforms mark a decisive shift to accountable governance and tangible improvements in everyday life.

I.8 Foundational Principles and “Big Bets”

Guided by the SC, lessons from the NRI 50 Year Review and a series of high-level consultations, the drafting team distilled five foundational principles to anchor every proposal in this Roadmap. These principles serve a dual purpose: they translate hard won historical lessons into clear design tests, and they provide a common vocabulary that ministries, provinces and development partners can rally around as implementation unfolds.

Roadmap Principles

1. Protecting the Sanctity and Integrity of the Constitution
2. Advancing Human Development and the Family
3. Leveraging Data & Evidence for Decision-Making
4. Enabling Smart, Sustainable & Inclusive Growth
5. Ensuring Accountability, Transparency & Impact

Anchored by these principles, this Roadmap moves beyond diagnosing PNG's challenges to setting out a credible, values driven path to the next 20 years of nation building.

This Roadmap is anchored on ten “big bets,” aligned to the five Roadmap principles, with two transformative priorities advancing each principle. These interventions target PNG’s most pressing structural challenges while unlocking the full potential of its people, resources, and institutions. They are not intended as an exhaustive agenda, but as a focused portfolio of catalytic reforms selected for their capacity to deliver lasting change. Together, they carry forward the vision of the Constitution and Vision 2050—building a Government that serves with integrity and creates opportunity for all.

Each section also identifies a set of “quick wins” that can be implemented within the current term of Government, providing early results that build momentum and public confidence for the larger reforms.

I.9 Roadmap Implementation: Horizons of Reform

A phased approach underpins the 20 year trajectory, setting clear reform horizons:

Timeframe	Purpose
0-2 years	Recovery & restoration. Deliver quick wins to restore public confidence
0-5 years	Implement institutional and policy reforms that embed accountability, data systems, and robust service pipelines
0-20 years	Major benefits realised. Major investments in diversification, human capital, and climate resilience to secure long term prosperity

The first two years represent a critical window for recovery and rebuilding momentum, before the next national general election. During this period, implementation will be driven by the current Government, and it will serve as a litmus test for political commitment and delivery capability. Early wins—such as improving service access, addressing visible inefficiencies, and launching flagship reforms—will help rebuild trust in State institutions and signal that change is underway.

While the reforms will take two to five years to implement, their effects will be long-lasting. By restoring institutional integrity and service delivery pipelines, the Roadmap lays the foundation for achieving the long-term goals espoused in Vision 2050. It reclaims the intent of the Constitution in a modern governance context and charts a practical path forward.

Importantly, this Roadmap also reasserts alignment specifically with the Strategy for Responsible Sustainable Development (StaRS), by positioning PNG’s natural assets as strategic advantages in a global economy increasingly shaped by climate instability and sustainability imperatives. In doing so, it aligns with and extends the vision of prior development frameworks while responding to contemporary challenges. It is a fundamental shift in the way we view resource management — one that includes the proper establishment and use of a Sovereign Wealth Fund. When viewed in totality, all these elements represent seismic structural and ideological shifts that significantly correct the trajectory of the next 20 years. This reform process is ongoing. It must continue across multiple parliamentary terms and remain anchored in long-term commitment to the five core Roadmap principles — through to 2045 and beyond.



PRINCIPLE 1:

Protecting the Sanctity and Integrity of the Constitution

BIG BET #1:

Restore Constitutional Balance and Strengthen Parliamentary Governance

1.1 The Challenge: Restraining Executive Overreach and Strengthening Independent Institutions

Papua New Guinea's Constitution remains a remarkable and integral document, holding as much relevance and promise today as in 1975. It is a home grown blueprint that enshrined cultural values, balanced powers, and gave every citizen a stake in the new State. Yet five decades on, that promise has been strained. Incremental shifts—some pragmatic, others opportunistic—have tipped the scales toward an increasingly dominant Executive. Cabinet size has swelled, omnibus budgets and off-budget discretionary funds undermine fiscal accountability, elections are often delayed or marred by irregularities and political reach extends deep into institutions originally designed to be independent. Recognising this drift is vital. Certainly, the people of PNG are fully aware of the shortcomings of the existing system. But it is equally important to remember that the Constitution still provides firm ground on which to rebuild.

The interventions that follow are designed to correct three problems: an Executive that has out grown its mandate; oversight institutions that have been bent by political interference; and revenue channels that now sidestep budget rules that meant to protect public money. By re-centering Parliament, making it more representative, protecting truly independent offices, and restoring transparency over resource revenue, the Roadmap aims to restore the balance of powers envisaged in 1975 and give citizens fresh confidence that their Government is their servant, not their master.

These reforms should be brought in sometime after the next general election, to allow for a period of design and of transition in public education.

1.2 The Solution: Introduce a Bicameral Parliamentary System to Strengthen Oversight

SEPARATION OF POWERS

To reinforce the Constitution's commitment to a genuine separation of powers, it is proposed that PNG establish a Westminster-style "house of review." This upper chamber would comprise the 22 Provincial Governors (plus Bougainville's President), as recommended by the Constitutional and Law Reform Commission, and include reserved seats for women — ensuring that both regional and gender perspectives have a direct, constitutionally anchored voice in national lawmaking, while freeing lower house MPs to focus on national legislation and budget oversight.

This reform is primarily about strengthening the Legislature — restoring its independence, credibility, and capacity to scrutinise the Executive, as envisioned in the Constitution's foundational division between Parliament, the Executive, and the Judiciary. By embedding this chamber within Parliament, PNG would realign its governance architecture with core Westminster doctrine: a bicameral system that subjects legislation to review and curbs executive dominance. The design is efficient: no new elections would be required — yet it would help restore the balance needed to underpin accountable Government.

This new chamber could be called the Senate and would be co-located in the current Parliament building. The existing chamber would need a new name, such as the House of Representatives, to underline its role as the “people’s house.” If a draft bill is blocked twice by either chamber and differences cannot be resolved through negotiation, a joint sitting of Parliament may be convened by writ from the Governor General, thereby embedding the primacy of the lower house, and limiting the scope for destabilizing gridlock.

INDEPENDENT COMMITTEE OVERSIGHT AND APPOINTMENTS

The Senate’s primary role would be to act as a house of review and oversight. It could take on much of Parliament’s committee work and could also oversee key executive appointments. This may include public hearings, as practiced in the United States, and regular scrutiny of public service performance, as seen in Australia. By introducing this second chamber, PNG would reinforce the separation of powers and reassert the Legislature’s role as a check on executive overreach. The dominance of the Executive in recent years has weakened parliamentary oversight, blurred accountability, and limited debate. A strengthened bicameral Parliament would restore institutional balance and elevate the Legislature’s authority. By subjecting legislation, budgets, and appointments to an upper chamber, PNG can revive genuine scrutiny and impartial confirmation of constitutional appointments — where lower-house committees have often failed.

While the creation of a bicameral structure is not a cure-all, it would address some of the most serious deficiencies in PNG’s political process. It would serve as a check on executive power while also giving the Prime Minister more room to deflect political pressure to adopt poor policies. It would allow for more careful, deliberate lawmaking, safeguard the independence of appointments, and improve oversight of service delivery.

Papua New Guinea is a constitutional Westminster parliamentary democracy and must not be tempted to depart from this but rather repair it to proper order. The top ten countries in terms of human development all have functioning parliamentary democracies.

CASE STUDY 1: Top-10 HDI Countries Worldwide and Government Type

The top ten countries in human development demonstrate the success of the Parliamentary democracy when allowed to function effectively.

Rank	Country	Government Type	Head of Government
1	Iceland	Parliamentary representative democratic republic (unicameral)	Prime Minister
2	Norway	Constitutional parliamentary democracy (unicameral)	Prime Minister
3	Switzerland	Federalism, direct democracy, collegiate executive (bicameral)	Federal Council (rotating leader)
4	Denmark	Constitutional monarchy and parliamentary democracy (unicameral)	Prime Minister
5	Germany	Democratic and federal parliamentary republic (bicameral)	Chancellor (equivalent to PM)
6	Sweden	Constitutional monarchy and parliamentary democracy (unicameral)	Prime Minister
7	Australia	Constitutional monarchy and representative democracy (bicameral)	Prime Minister
8	Hong Kong	Westminster unicameral system maintained post- China takeover (unicameral)	Chief Executive (equivalent to PM)
9	Netherlands	Constitutional monarchy and parliamentary democracy (bicameral)	Prime Minister
10	Belgium	Federal parliamentary democracy (bicameral)	Prime Minister

Source: UN HDI Ranking 2024

DECENTRALIZATION

If the Senate is composed of Provincial Governors, it would restore Provincial voices to the national stage — voices that have been gradually eroded since the rollback of decentralisation through the 1995 provincial reforms and the 2014 District Development Authority (DDA) model. This reform would reinstate provinces as a genuine partner in national governance. In turn, this would help rebalance development planning and budget priorities in favour of more local and responsive delivery, grounded in regional realities.

WOMEN'S REPRESENTATION

At Independence 50 years ago, PNG committed to a nation where men and women could participate equally in shaping its future — a commitment enshrined in the Constitution. Yet the political landscape has grown increasingly hyper-partisan and exclusionary. PNG has one of the lowest levels of female political representation in the world.

In 2011, PNG came close to enacting affirmative action when it passed the Equality and Participation Bill, but the enabling provision to establish women's seats was never implemented. The creation of a second chamber provides a renewed opportunity to correct this imbalance. Reserved seats for women in the Senate would not only address historical exclusion but also lift PNG from the bottom of global rankings on women's political representation.

How these seats are filled is open to design. One option is direct election. Another is selection by Parliament. A third approach is appointment by the Head of State on the advice of Government, as occurs in Malaysia. While this last model is less democratic, it may also be less politicised, enabling selection based on merit and service to society — in public health, education, business, or community leadership — rather than party affiliation.

1.3 The Solution: Restore the Integrity to the Electoral Process

Electoral integrity is a cornerstone of democratic governance, but in recent years, the electoral process in PNG has faced mounting challenges. National and local-level elections have been affected by logistical delays, administrative shortcomings, and increasing incidents of violence, which have weakened public confidence in the electoral system. Local-level Government polls are frequently deferred beyond their scheduled timelines, and the Provincial Government system has seen a steady decline in both authority and resourcing since the 1995 decentralisation and 2014 DDA reforms.

To begin addressing these problems, PNG should take up the recommendations of two major recent reviews; the 2020 Constitutional and Law Reform Commission (CLRC) Report on the Review of the Organic Law on National and Local Level Government Elections, and the Report by the Special Parliamentary Committee on Electoral Reform. These reports provide a comprehensive map for strengthening electoral processes, improving transparency, and restoring public confidence in democratic institutions.

The current uncertainty surrounding electoral boundaries has further complicated these issues. To restore clarity and public trust, an immediate moratorium should be placed on new Local Level Government (LLG) and ward proclamations until relevant legal and administrative frameworks are fully aligned. A Boundary Audit Task Force—led by the Department of Provincial and Local Government Affairs (DPLGA), the Electoral Commission, and other relevant agencies—should be tasked with reviewing and correcting all boundary changes made since 2019. Future proclamations should follow a consistent and transparent vetting process. Where legal uncertainty remains, the Supreme Court should be requested to clarify the validity of ward boundary changes. Electoral activities in affected areas should only proceed once voter rolls are properly realigned and legal clarity is achieved.

1.4 The Solution: Limit the Prime Minister's Tenure to Two Terms

To ensure leadership renewal and prevent excessive concentration of executive power, this reform proposes capping any individual's tenure as Prime Minister to two full parliamentary terms. To respect existing mandates the limit would be prospective—only terms served after the constitutional amendment would count toward the cap. Establishing such a clear horizon sends a strong signal to international partners and investors that PNG values accountable, time bound leadership, and it prompts each Prime Minister to focus on legacy building reforms rather than on entrenching power. Although only one Prime Minister in PNG's history has actually served more than two full terms, the incentives and manoeuvres required to entrench power have increasingly skewed policy choices toward short term political survival. A clear limit would encourage leaders to prioritise long term national gains.

While Westminster systems do not typically place formal cap on prime ministerial tenure, PNG's circumstances warrant such a move. A combination of discretionary constituency funds and, since 2002, OLIPPAC Section 63, which automatically grants the largest post election party the right to form Government, together mean that incumbents are seldom displaced at the polls. Consequently, votes of no confidence have become the only reliable route to change leaders, making them frequent and intensely contested. A two-term limit would lessen the incentive to manipulate these instruments by providing a predictable timetable for leadership transition.

Embedding a two-term cap in the Constitution would incentivise orderly succession while reducing the incentive to prolong tenure through patronage or manipulation of votes of no confidence. A term limit is therefore a pragmatic safeguard against executive overreach, restoring balance without sacrificing political stability.

1.5 The Solution: Increase the Grace Period for VONC to 30 months

To offset any instability resulting from the introduction of the second chamber, a concurrent intervention is suggested to extend **vote of no confidence grace period to 2.5 years (30 months)** to bolster governance stability.

- ▶ **Rationale:** Provides adequate implementation time for the executive while reducing constant leadership churn.
- ▶ **Safeguard:** Make a mandatory vote of no confidence debate and vote happen as soon as the grace period expires, curbing manipulation through committees or pressure on signatories, as long as the Opposition meets the minimum requirements.

1.6 The Solution: Reform the Speaker and Opposition Leaders' Offices and Parliamentary Oversight Mechanisms

Reforming the Office of the Speaker and abolishing the Parliamentary Private Business Committee are essential steps to strengthen the neutrality and integrity of PNG's parliamentary system, which depends on a neutral "referee" to manage an unruly political process.

The Speaker, who currently chairs the Private Business Committee and controls motions of no confidence, should cease to be a partisan player and should instead be empowered to act impartially. Parliament should therefore mandate that the Speaker renounce party affiliation upon election, abstain from debates and voting (except to break ties), and conduct business with fairness and transparency. The Speaker should be elected through a secret ballot with cross-party nominations to encourage consensus and removed only through secret ballot or failure to win re-election. Parliament should proactively seek a Supreme Court advisory opinion to confirm the constitutionality of these reforms and then enshrine them through constitutional amendment.

The rules around the Opposition Leader are unclear, causing confusion and issues in Parliament. The Opposition Leader, and fair rules around election and replacement need to be established in law, and the office provided with separate and dedicated funding.

At the same time, Parliament should abolish the current Parliamentary Private Business Committee and establish a neutral technical vetting panel, staffed by parliamentary service lawyers, to ensure that all motions of no confidence meet constitutional requirements before being tabled. Together, these reforms would assert the Speaker's independence, eliminate partisan manipulation of parliamentary procedures, and restore public confidence in the integrity and fairness of PNG's legislature.

If the recommendation to establish a new chamber of Parliament is taken up, then the presiding officer of that chamber might be referred to as the President of The Upper House. Similar rules should be put in place, as recommended above for the Speaker, to ensure that new upper House enjoys the services of an effective and impartial chair.

BIG BET #2:

Restore Budget Integrity and Constitutional Finance Rules

2.1 The Challenge: Closing Loopholes and Protecting Public Wealth

“No moneys of or under the control of the National Government for public expenditure or the Parliament and the Judiciary for their respective services, shall be expended except as provided by this Constitution or by or under an Act of the Parliament.”

PNG Constitution, Section 211 Subsection 2

In recent years, a proliferation of quasi-government entities and the conversion of line departments into statutory authorities have undermined constitutional safeguards meant to guarantee parliamentary scrutiny of public finances. These entities operate outside the national budget, with weaker expenditure rules and poor transparency, diluting accountability and enabling misuse of funds. Significant resource revenues — which could have supported fiscal stability and benefited future generations — have been wasted. Papua New Guineans are aware of this, with the inevitable corrosion of public confidence. Without decisive action to reassert constitutional control over public funds and to manage resource revenues responsibly, PNG risks squandering its national wealth.

There is also a substantial and growing risk to PNG’s international reputation. In the short term, weak financial controls and corruption, impact negatively on investor sentiment. Foreign companies are very sensitive to governance risks. Even large extractive corporations consider financial governance when making major investment decisions. We will never know what investment opportunities were lost. Conversely, there are some investors that prefer weakly regulated economies where corruption is tolerated. These are not the investors that PNG should be happy to attract.

A negative perception of PNG’s financial governance will also affect the ability to borrow funds offshore. Concessional lenders have long expressed concerns about the lack of fiscal transparency and weak institutions. International credit ratings agencies whose ratings determine commercial lending rates have cited similar considerations. The Financial Action Task Force (FATF) has raised serious concerns about PNG’s financial controls and frameworks. PNG is currently under a 12-month observation period. Should this lead to a FATF “grey listing” the consequences would be serious.

PNG aims to join the ranks of upper middle-income countries. Our current exclusion from major global indexes (MSCI, FTSE Russell, etc.) limits PNG’s visibility to institutional investors, creates higher capital costs and limits foreign investment inflows. Inclusion would require reforms, beginning with those recommended here.

2.2 The Solution: Close Loopholes and Enforce Budget Discipline

To restore fiscal integrity, Parliament should mandate that public funds, levies, and trust receipts be redirected to the Consolidated Revenue Fund (CRF) with minimal exceptions. This would reinstate constitutional oversight over revenues, close loopholes that reward opacity, and give Treasury a full picture of the fiscal position. Quasi-government entities and statutory authorities should be subject to stricter transparency and accountability standards, with clear performance expectations and regular audits. By shutting the door on off-budget spending, the Government can strengthen macroeconomic discipline, improve service delivery, and rebuild public confidence in the stewardship of national resources.

Resource revenues in particular should, like all other State revenues, be brought on-budget and managed in compliance with PNG’s budget rules and financial regulations, which should in turn be brought up to international best practice in terms of governance, oversight and audit arrangements. The Office of the Auditor-General and the Public Accounts Committee should be allowed to operate as envisaged in the PNG Constitution (Sections 213-214 and 215-216 respectively).

State-owned holding companies (the need for which should be reviewed) should, when they need funds, bid for these funds and have their proposals weighed alongside competing bids for other national priorities such as education, health, and infrastructure development. Foreign exchange reserves should be held onshore by the Bank of PNG. Funds can be sent offshore, for specified purposes, after a business case has been made and accepted for such a transfer.

The designation of the Prime Minister as the trustee shareholder of PNG's resource holding companies has created unique governance challenges, including perceived conflicts of interest. The Government of PNG should be identified as the "sole shareholder" of these entities, rather than the person of the Prime Minister. This will enable better oversight and participation by relevant Government agencies and will also serve to protect the Prime Minister.

2.3 The Solution: Preserve Resource Wealth for Future Generations

PNG's resource revenues — if well-managed — offer a historic opportunity to build national wealth and protect future generations. To achieve this, the Government should revive disciplined, rule-based fiscal management as was demonstrated during GC Sir Michael Somare's final term as Prime Minister, when debt was cut from 70% to under 30% of GDP in six years. To smooth commodity price volatility and build fiscal buffers, operationalising the Sovereign Wealth Fund (SWF) remains the preferred mechanism for saving and investing resource revenues transparently.

If consensus on the SWF structure proves elusive, the Government should re-establish the SWF based on the PNG-designed rules of the highly successful Mineral Resource Stabilisation Fund (MRSF), particularly the formula for fund deposits. This was a locally designed model that was successful up to its demise in the late 1990's when it was drained of funds by the Government at the time. However, the model itself remains credible, and should be revisited. Paired with strong governance and clear rules, such a fund would help preserve resource wealth, support macroeconomic stability, restore confidence, and ensure that revenues benefit both present and future generations.

Provisional "Quick Wins" 1: Constitution

1. Draft and finalise Senate design legislation
2. Draft necessary legislative changes to introduce PM term-limit
3. Draft amendments to parliamentary standing orders to require the Speaker's neutrality and establish clear, legislated rules for the election, replacement, and resourcing of the Opposition Leader's office
4. Legislate that all public revenues, including those from statutory authorities and resource companies, flow through the Consolidated Revenue Fund
5. Operationalise the Sovereign Wealth Fund with agreed governance rules and start depositing a fixed share of resource revenues



PRINCIPLE 2:

Advancing Human Development and the Family

BIG BET #3:

Enable Universal Access to Voluntary Family Planning Services

3.1 The Challenge: Empowering Choice and Managing Population Strain

“Rapid population growth is a national emergency.”

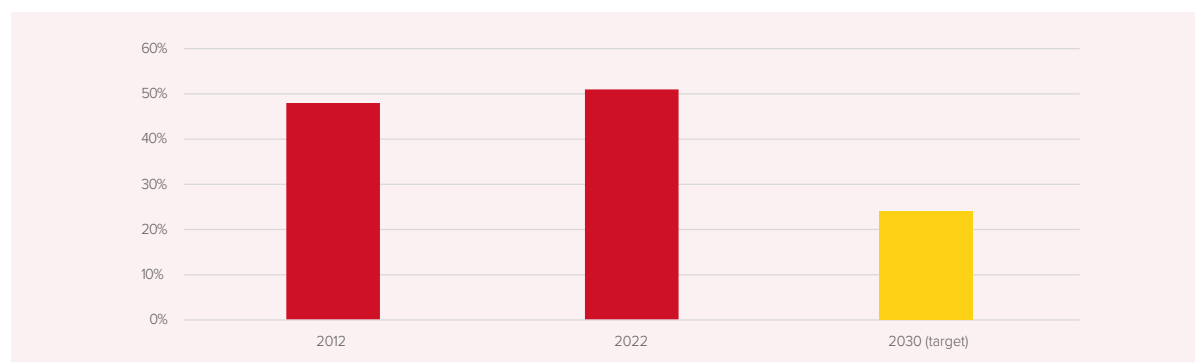
Professor Glenn Mola, MD, Post Courier, July 11, 2024

PNG’s persistently high population growth is not merely a cause but also a consequence of limited human development. For 50 years, inadequate access to education, healthcare, and voluntary family planning has contributed to high fertility rates, which in turn have made it more difficult to improve living standards, expand employment, and deliver basic services. This cyclical relationship has created a demographic trap—where rapid population growth and low per capita income reinforce one another, straining public systems and undermining long-term development. Unless PNG invests in empowering families—particularly women and girls—to make informed reproductive choices, other reforms, no matter how well-intentioned, are unlikely to yield sustainable improvements in national wellbeing.

This demographic reality is a key driver of the nation’s ongoing crises in health, education, and law and order. A large, unemployed, and disengaged youth population is a significant factor in rising crime rates and social unrest. Therefore, ensuring universal access to family planning is not merely a health or social policy, it is the most critical economic reform this nation can undertake. Empowering women and families to choose the number and spacing of their children is fundamental to increasing household savings, boosting female participation in the economy, and enabling the State to increase its per-capita investment in these critical services.

PNG’s population data reveals a nation under severe demographic strain, with a high total fertility rate of 3.6 children per woman, a high adolescent birth rate of 64.9 births per 1,000 girls aged 15–19, low contraceptive prevalence at only 25.4% of women of reproductive age using modern contraceptive methods, and a high maternal mortality ratio of 192 deaths per 100,000 live births. These pressures contribute directly to poor health and nutrition outcomes — including one of the world’s highest child stunting rates, a clear indicator of persistent undernourishment and developmental neglect. Many young parents struggle to provide adequately for their children, further straining already overburdened Government services.

Figure 4: Stunting (moderate & severe) in Children under 5, PNG



Source: UN

3.2 The Solution: Fund and Deliver a National Voluntary Family Planning Program

The Government should establish and fund a National Family Planning Program to guarantee free, consistent access to contraceptives and related services at all public health facilities — from provincial hospitals to rural aid posts. This program will ensure that women and families have reliable options to plan the timing and size of their families without cost barriers. Partnerships with credible civil society and faith-based organisations will be formalised, supported by grants, to extend services and education into remote communities. This will harness trusted community networks to overcome stigma and reach underserved populations with culturally appropriate information and services.

A stronger health workforce and better systems are essential to deliver high-quality family planning services. Community health workers and midwives should receive expanded training and certification in counselling and service delivery to improve reach, quality, and trust. Family planning will also be integrated into broader programs — such as maternal nutrition, women's economic empowerment, and social protection — to provide holistic support to families. This solution is concurrently about implementing the commitments already made in the previous National Population Policy (2015-2024).

MOBILIZE CHURCHES, NON-PROFIT PRIVATE SECTOR ASSOCIATIONS (NPO'S) AND CSO'S FOR EDUCATION, AWARENESS, AND ACCOUNTABILITY

To shift attitudes and strengthen demand for family planning, the Government should partner with churches, non-profit private sector associations (NPOs) and civil society organizations (CSOs) to lead national education campaigns through schools, congregations, and the media. These campaigns will reduce stigma, and empower women, men, and young people to make informed choices about their reproductive health.

These trusted actors will continue to provide services in underserved areas, ensuring long-term access beyond initial campaigns. At the same time, traditional and community leaders — including chiefs, pastors, women's groups, and youth networks — should be engaged as advocates to build grassroots support for family planning, shift social norms, and create an environment where informed choice is respected and supported.

CASE STUDY 2: UNFPA–Backed Pathways to Family Planning (2019)

Description: In 2019, UNFPA and partners conducted the *Pathways to Family Planning Consumer Study* in Milne Bay and Eastern Highlands, followed by situation analyses and Costed Implementation Plans (2021–2025) to guide provincial interventions.

Key Outcomes & Impact: Research identified cultural and logistical barriers to contraceptive use. Provincial CIPs outlined measures such as Community Healthcare Worker (CHW) training in long-acting methods, reducing stock-outs, integrating post-partum FP, and mobile outreach. Nationally, family planning averts ~250,000 unintended pregnancies and ~950 maternal deaths annually (2024), with 51.5% of demand satisfied—demonstrating the life-saving and economic returns of scaling access.

This case demonstrates that targeted, evidence-based investments—research, planning, and system strengthening—can unlock stronger provincial FP systems, confirming that building knowledge and capacity at the sub-national level is as critical as infrastructure for expanding women's health and development outcomes.

CASE STUDY 3: WHO–Supported Safe Motherhood Initiative, Enga (2020)

Description: In 2020, the World Health Organization and Enga Provincial Health Authority equipped rural health facilities with delivery beds, sterilizers, solar lighting, newborn resuscitators, and training models to strengthen emergency obstetric and newborn care.

Key Outcomes & Impact: In Enga's difficult geography, this addressed critical gaps in safe delivery spaces and neonatal resuscitation. Nationally, only ~58.7% of births are attended by skilled health personnel, maternal mortality remains high (~189 per 100,000 live births, 2023) and neonatal deaths ~22 per 1,000 (2022). By improving facility readiness, the initiative supports PNG's goal of expanding skilled birth attendance and reducing preventable maternal and newborn deaths.

These examples demonstrate that targeted, community-based, and provincially-supported initiatives can drive measurable improvements in health outcomes. They provide a proven blueprint for scaling our national efforts.

BIG BET #4

Bring Power & Internet Accessibility to All

4.1 The Challenge: Bringing Power and the Internet Within Everyone's Reach

"Connectivity is no longer a luxury, it is a lifeline."

International Telecommunication Union (ITU)

In the 21st century, electricity and internet access are a bundled development enabler duo. They are no longer luxuries — they are lifelines, essential for education, jobs, entrepreneurship, and full participation in modern society. For PNG, universal access to both power and connectivity offers a transformative opportunity to stimulate the stagnant non-resource economy, enabling small businesses, digital services, remote work, and digital education. Yet despite broadband coverage peaking at 84% in 2023 and now reducing to 76% in 2024 due to reduction in 2G coverage, only 53% are active subscribers ¹ (NICTA) — lacking behind regional peers like the Philippines and Indonesia, where usage exceeds 70%. Similarly, many households, schools, and health facilities remain without reliable electricity, particularly outside urban centers, cutting them off from the tools they need to thrive. High costs, low competition, poor digital literacy, and a lack of local content and infrastructure continue to exclude millions from the economic and educational opportunities of the digital age. Without decisive action to deliver affordable power and bridge the digital divide, PNG risks leaving its people disconnected from the benefits of modern development.

4.2 The Solution: Leverage Satellite Technology and Liberalize the Telecommunications Market

To connect rural and remote communities, the Government should enable and expedite the entry of Medium Earth Orbit (MEO) and Low-Earth Orbit (LEO) satellite providers in partnership with national licenced telecommunications providers, offering high-speed, affordable internet. These technology platforms can be prioritized for use in schools, health centres, and community hubs, ensuring that even the most isolated Papua New Guineans have access to the opportunities of the digital economy. Licensing, spectrum allocation, and regulatory frameworks should be streamlined to attract LEO operators quickly and competitively.

To make internet access affordable for all, PNG must create a more dynamic, competitive telecommunications market. The Government should enforce pro-competition policies, including tower sharing, fair and transparent wholesale pricing for any fibre network infrastructure connecting PNG to the world and streamlined licensing for new entrants. These steps will lower prices, improve service quality, foster and enable SME business startup models that would help drive the rural outreach agenda effectively.

A National Digital Literacy Program should be launched in partnership with schools, churches, and CSOs to equip citizens with the skills to use the internet productively and safely

CASE STUDY 4: Digicel's Entry into the PNG Mobile Market (2007)

Description: The liberalization of PNG's mobile telecommunications market in 2007, which ended the State monopoly of Telikom and allowed the entry of Digicel, provides a powerful domestic precedent.

Key Outcomes & Impact: Prior to 2007, mobile phone access was limited and costly. The introduction of competition led to a dramatic and rapid expansion of network coverage, a sharp decrease in the cost of calls and handsets, and an explosion in mobile phone ownership. This market-based intervention single-handedly connected millions of Papua New Guineans.

This case study demonstrates that deregulatory reform to foster genuine competition is the most effective tool the government has to drive down costs and expand access for citizens.

¹ 8.1 million people covered in 74% coverage areas only 4.3 million are active subscribers (NICTA)

CASE STUDY 5: LEO Satellite Connectivity in the Philippines

Description: The Philippines, an archipelago nation with geographic challenges similar to PNG, has begun leveraging LEO satellite providers (e.g., Starlink) to connect remote, "last-mile" islands and mountain communities where fibre and mobile towers are unviable.

Key Outcomes & Impact: By providing direct-to-community satellite terminals, the government and private sector have been able to establish "Wi-Fi hotspots" in schools, health clinics, and community centers in a fraction of the time and cost of traditional infrastructure.

This model provides a proven blueprint for PNG to leapfrog its own infrastructure challenges, particularly in provinces like Western, Gulf, and the New Guinea Islands, rapidly connecting essential services and stimulating local economies.

4.3 The Solution: Enable Universal Access to Power

REFORM PNG POWER TO IMPROVE AFFORDABILITY AND RELIABILITY

PNG Power has struggled for years to deliver reliable electricity. Turning this around will take stronger leadership, fairer pricing, and smarter spending. Noting the recommendations of Davies (2025), governance should be improved through performance-based contracts for executives, secure and merit-based board appointments, and a clear focus on delivering commercial results. Tariff reform should introduce fair, cost-reflective pricing — informed by an independent cost-of-service study — while protecting low-income households through targeted subsidies and ensuring an independent regulator oversees decisions free from political pressure. Fiscal discipline must be restored by ending unconditional bailouts, granting PNG Power more financial autonomy, and establishing clear restructuring and early-intervention plans.

Grid instability in PNG causes significant damage to business equipment, industrial machinery, and household appliances, leading to high repair and replacement costs. Stabilising the electricity grids in Port Moresby and the Ramu network would reduce these losses, improve reliability, and restore confidence in the power supply. For high-energy users who can afford to pay for consistent power, a stable grid would also reduce dependence on costly backup generators, freeing resources for investment in other areas of productivity and growth.

Opportunities for partial or full-privatisation should be assessed. A full privatization of PNG Power in the medium-term may be unsuitable, as it could potentially compromise the Government's ability to drive essential electrification initiatives in underserved areas. Therefore, retaining a substantial ownership stake allows the Government to balance the benefits of private investment and market discipline with its social responsibility to ensure equitable access to power for all citizens, particularly in remote and rural communities.

Carefully managed private sector participation could complement these reforms by bringing in expertise and accountability, but only if supported by improved governance and realistic tariffs. Successful examples from other countries show that addressing all three areas together is the only way to move PNG Power toward reliable, financially sustainable service delivery.

DELIVER ELECTRICITY THROUGH AN INTEGRATED NATIONAL GRID

Access to reliable and affordable electricity is a cornerstone of modern development—improving education, powering businesses, enabling healthcare, and connecting citizens to the digital economy. Yet today, electricity access remains limited and uneven across PNG. To change this, the Government should pursue an ambitious electrification strategy anchored on a national grid aligned to the road network from Vanimo to Alotau, including the Trans-Island Highway (Lae to Port Moresby) and Highlands Highway. This grid should transition progressively from oil to cleaner gas, then to solar as technology and costs allow.

ENHANCE RURAL AND OFF-GRID SOLUTIONS - LIBERALISE ENERGY MARKET ACCESS

For rural areas beyond the economic reach of the grid, off-grid solutions combining wind, micro-hydro and solar, can deliver energy access to even the most remote communities. These investments would not only improve livelihoods but also enhance resilience, productivity, and inclusivity across the country. Implementation should align with the National Energy Roll-out Plan (NEROP) to ensure coordinated and efficient efforts. By prioritizing rural electrification, the program will aim to foster inclusive economic growth, improve social services, and enhance the quality of life for rural citizens, acting as a catalyst for sustainable development and powering internet accessibility for all.

At present, regulations restrict households and businesses in grid connected areas from installing or supplying solar power. These rules should be reviewed to allow individuals to generate their own solar energy and, particularly in peri urban areas where PNG Power operates at a loss, to open the market for private renewable energy providers.

Provisional "Quick Wins" 2: Human Development

LAW & ORDER

Support to boost police training/manpower and housing, and the digitization of police administration.

The issues related to law and order continue to persist as the one of the top, if not the top development issue at a symptomatic level. In order to address these significant investments have to be made into increasing police manpower and accommodation. The Infrastructure Tax Credit Scheme should be expanded in scope and quantum to achieve this. A second training college should be developed immediately to complement Bomana Police College.

The digitization of police procedures, beginning with the Occurrence Book at station level, should be accelerated.

- ▶ Establish a second police academy in Ramu
- ▶ Expand ITC to include police manpower and accommodation
- ▶ Accelerate police procedure digitisation

POWER

- ▶ Remove regulation stopping households and businesses with grid access from installing solar systems and providing energy, particularly in peri-urban areas
- ▶ Remove duties and GST from solar panels and kits

INTERNET

- ▶ Allow Starlink (and other private businesses) to operate in PNG
- ▶ Cap Dataco's pass-through costs or allow ISPs to bypass them
- ▶ Enforce mobile phone number portability and co-location/tower sharing with fair fees to tower owners
- ▶ Introduce an Affordable Household Smartphone & Solar Lighting Bundle

INCOME

- ▶ Raise the minimum wage
- ▶ Reduce Salary & Wages Tax rates from 30, 35, 40, and 42% to 25, 30, 37, and 40%
- ▶ Investigate the benefits of the World Bank's rural income subsidy pilot

SANITATION & HEALTH

- ▶ Fix and maintain public toilets in urban areas
- ▶ Provide PGK 2 million per year for two years to Businesses4Health to support TB mitigation

EDUCATION

- ▶ Insist on a significant portion of the education DFAT aid program be allocated to supporting PNG secondary scholarships into rural Australian boarding schools.



PRINCIPLE 3:

Leveraging Data & Evidence for Decision-Making

BIG BET #5

Institutionalize Evidence-Based Decision-Making

5.1 The Challenge: From Opinion to Evidence

PNG faces a persistent disconnect between policy ambitions and development outcomes, driven in part by decisions made without robust evidence, rigorous analysis, or independent review. Critical Government initiatives — from education, health, infrastructure, extractives, to special economic zones — are too often designed and funded without robust justification, cost–benefit analysis, or credible oversight. This also reflects the fact that data collection and secure data storage has never been a real priority in Government. As a result, public funds are spread across under-prepared, fragmented projects with unclear impact, and implementation rates remain low. Foundational weaknesses in the education and health sectors persist despite significant investment, while natural resource revenues remain poorly leveraged, and opaque deals undermine public trust. In the absence of institutional mechanisms to challenge assumptions, screen investments, and scrutinize contracts, opportunities are lost, and public confidence in governance is eroded. To correct this, PNG must embed independent, evidence-based advice into all major Government decisions — making data and analysis the foundation of credible, results-oriented governance.

5.2 The Solution: Embed Evidence Requirements in Government Decisions

New policy guidelines should be adopted that mandate that major spending decisions, projects, and reforms include clear evidence of their expected benefits and costs, and alignment with national priorities before they are approved. All ministries and public agencies should be required to demonstrate the data, analysis, and consultation from credible and independent expert bodies underpinning proposed initiatives. The Office of the Auditor-General should be tasked to monitor compliance. This will create a baseline of discipline and transparency across Government and begin to develop a culture of collecting and storing sector specific data.

Since independence most of the Acts of Government agencies do not allow data sharing. For data to be shared, all agencies that collect data should review their respective Acts of Parliament to ensure that data can be shared and what the attributes are of that dataset. The National Data Governance and *Data Protection Policy 2024* of DICT and the *Civil and Identity Registration Act 2024* of PNGCIR allow the two agencies to share data. For PNGCIR, this is paramount for it to be referenced as the primary verifier and trusted source.

A Parliamentary Budget Office (PBO) should be created to supply non-partisan fiscal and economic analysis directly to Parliament, enabling robust scrutiny of budget assumptions, project costings, and policy commitments. Parliamentary oversight should be bolstered by equipping committees such as the Public Accounts Committee with expert support, the ability to hold public hearings, and the authority to compel Government responses to key audit findings.

5.3 The Solution: Enhance Public Access to Data

The Government should launch a national data portal — consolidating key indicators and datasets across sectors — to ensure transparent access to high-quality data for planners, researchers, and citizens. The portal should adhere to common standards and serve as a trusted source of evidence for policymaking and public accountability.

Institutions must review and amend their respective Acts to ensure that data is shared amongst agencies. This process commenced with the passing of the *Civil and Identity Registration Act* in October 2024 but should now be expanded.

By institutionalizing evidence-based decision-making through these reforms, PNG can shift from opinion-driven governance to a culture rooted in analysis, long-term planning, and the national interest. These measures will improve accountability, enhance development outcomes, and restore trust in public institutions — ensuring that every kina spent delivers real, measurable benefits for citizens.

BIG BET #6

Build a Universal and Trusted National Identity System

6.1 The Challenge: Closing the Identity Gap to Unlock Inclusion and Growth

PNG remains a country where millions of citizens are invisible to the State —unregistered, uncounted, and unable to fully access their rights, services, and opportunities. Weak civil registration systems, annual funding limitations, outdated technology, and fragmented data across agencies have left PNG unable to plan effectively, deliver services equitably, or uphold democratic principles such as “one person, one vote.” The consequences are visible, poor targeting of public spending, inequitable resource allocation, and exclusion from social, financial, and electoral systems. With just 3.7 million registered citizens — and fewer than 22% enrolled in the National Identification (NID) system — PNG is far from achieving its goal of 95% registration before the 2027 elections. In the digital era, identity is not just a verifiable formality — it is a foundation for inclusion, trust, and prosperity. Without bold reform, PNG risks compounding inequality, weakening governance, and missing out on the transformative potential of the digital economy.

This bet is not just about ID cards — it is about building a national population database that serves as core infrastructure for governance and service delivery, supporting everything from basic statistics, electoral rolls, and Government payrolls to law and order, vagrancy management, and digital passports. Without it, PNG cannot build a modern, responsive State.

6.2 The Solution: Revitalise and Scale Up the National Identity System

The Government must prioritise universal and inclusive enrolment in a revitalized National Identity Document (NID) system, fully integrated with civil registration and core Government functions. This will require upgrading the Civil and Identity Registration System (CIRS) in both hardware and software, expanding mobile registration kits and trained personnel to register an additional seven million people within 18 months, and formalising partnerships with provinces and districts to co-fund card and certificate printing. A secure, inclusive NID system must be positioned as the primary verifier for all digital identity for Government and industry through the digital infrastructure — linking to health, education, taxation, financial services, and social protection — while maintaining robust legal safeguards for privacy and consent. Drawing lessons from India’s Aadhaar and Estonia’s e-Government platforms, PNG should ensure accessibility in rural areas, offline functionality, and strong data protection to build public trust and legitimacy.

One of the secure key enablers of this scale up is to ensure third party service providers are stock exchange listed entities and have international standing. This will prevent what has happened in the past where, bespoke solutions have resulted in ‘lock-ins’.

CASE STUDY 6: Malawi Biometric National ID System established at breakneck speed

Description: Prior to 2017, Malawi a country of just over 18 million people had no functioning national registry and identity system. It recorded 2-3% of births with only 55,000 had a national identity out of 9 million people. In 2017, Malawi undertook an ambitious project of registering 9 million persons with biometrics who are 16² years of ages and above on the NID Project. A coalition of partners including the Malawi Government funded the project with \$US96 million. UNDP hired 4,200 young college graduates to be registration officers, purchased and used 2,000 solar powered mobile registration kits and 15 NID card printers to print NID cards. Registration commenced in May and finished November 2017 within a record time of 180 days. A total of 9.1 million citizens were registered with their biometrics and Malawi had its first ever multi-modal biometric citizen database. The cost of one registration is \$US4.97 per person and the first card is free. The mobile registration kits were left with the Government with departments such as health requesting to use this to register births and deaths.

Key Outcomes & Impact: Resourcing in terms of funding is important. The more the number of kits to collect data, more the number of registration staff and the more the number of printers, the faster is the turnaround time.

PNGCIR has less than 200 mobile registration kits and only 500 staff. The ratios staff to kits is 2 to 1. Intervention single-handedly connected millions of Papua New Guineans. If the number of kits is increased to 1,000 a total of 500,000 registrations per month are expected to be collected. Once completed, the mobile registration kits can be used at LLG level as a data collection device for whatever data is needed from ward or LLG levels. For PNG the national average cost of registration, processing, storage and printing of birth certificate and a NID card for an adult is K50.00 and birth certificate for a child is K20 for a birth certificate for a child under 18 years.

INTEGRATE IDENTITY WITH SERVICE DELIVERY AND DIGITAL TRANSFORMATION

Beyond enrolment, the civil and identity registration data collected by the NID Project and stored on the National Register must become the backbone of Digital Public Infrastructure. Through the framework provided by the Digital Government Act 2022 and the Digital Identity Policy 2025 currently being developed, the Government should position National Register as the primary verifier for the SevisPass and other digital platforms to enable secure digital identities for citizens and businesses. This would allow seamless, verifiable, interoperable access to services such as health care, education, social benefits, mobile banking, and SIM registration — empowering citizens and enabling private sector innovation.

A parallel effort is needed to define which personal data can be publicly shared, amend laws to enable secure data sharing between agencies, and develop a mechanism to extract non-sensitive data from the National Register for use in the digital identity platform.

6.3 Strengthen Statistical Systems to Support Evidence-Based Governance

A robust and publicly available data system must be enabled by a capable National Statistical Office (NSO) and broader statistical ecosystem. PNG must restore the integrity of national censuses and surveys, expand core data collection to include education, employment, housing, and migration, and invest in geospatial and administrative data systems. This requires increasing resources for the NSO, aligning with international statistical standards, enhancing cross-sector coordination, and establishing dedicated ministerial leadership. Without reliable, timely, and disaggregated data, even the best identity systems cannot deliver equitable and evidence-based policies.

An integrated national data bureau should be established, house together with the National Statistical Office and together Civil and Identity Registry, under the leadership of a dedicated Minister, to provide timely, reliable, and interoperable data systems that inform policy, enable service delivery, and strengthen accountability.

² In Malawi the legal age is 16 years.

These reforms go beyond technology — they are about transforming the relationship between citizens and the State. A universal, trusted national identity and statistical system can enable PNG to plan effectively, deliver services fairly, uphold democracy, and unlock inclusive growth. Together, these measures will ensure that every citizen counts, and no one remains invisible in the journey toward a stronger, more united nation.

Provisional "Quick Wins" 3: Data

EVIDENCE REQUIREMENTS

- ▶ Adopt and enforce NEC approved guidelines requiring all major project and spending proposals to include a cost–benefit analysis and evidence brief before submission for approval.

NID

- ▶ Introduce a one-day-per-week provincial help desks for IDs, NID, birth certificates, and roll check
- ▶ Upgrade printing capacity so that national ID birth certificates and ID cards can be printed within two weeks.



PRINCIPLE 4:

Enabling Smart, Sustainable & Inclusive Growth

BIG BET #7:

Enshrine private-sector-led, Government-facilitated growth as official Government policy

7.1 The Challenge: Growing the Economy, Creating Jobs and Expanding Opportunities

PNG's economy is growing too slowly to meet the needs and aspirations of its people. Economic growth has not been treated as a central policy priority, and the gains of the 2000s — driven by earlier Washington Consensus-style reforms — have been eroded by backsliding into over-regulation, inefficiency, and State dominance. PNG remains one of the most difficult places in the world to do business, with complex and costly regulatory barriers, unreliable foreign exchange, and weak investor confidence. Resource nationalism has stalled major projects without delivering promised benefits, while State-owned enterprises (SOEs) continue to drain resources and deliver poor services. Meanwhile, agriculture — the backbone of rural livelihoods — has declined in per capita terms since the 1980s, despite its vast potential.

At the same time, the economic potential of PNG's people remains constrained by limited access to regional labour mobility and business travel. Migration has proven globally to be a powerful force for reducing poverty, transferring skills, and generating remittances — yet PNG has one of the smallest diasporas in Australia, despite its geographic proximity. Restrictive visa processes have also inhibited trade and professional engagement, especially with Australia and New Zealand. To unlock the full potential of its people and economy, PNG must not only create a more competitive business environment at home, but also actively pursue regional mobility pathways that build skills, expand markets, and connect PNG more deeply with its most important partners.

7.2 The Solution: Formulate and Adopt Official Policy on Government-Facilitated, Private-Sector-Led Growth

To embed a policy of Government-facilitated, private-sector-led growth, the Government of PNG should formally articulate this vision in its national development strategies — positioning the private sector as the main driver of jobs, investment, and innovation, with the State focused on enabling conditions. This can begin with a Policy Statement on Private Sector–Led Growth, endorsed by the National Executive Council (NEC) and integrated into the Medium-Term Development Plan (MTDP) and annual budgets. The policy should be developed through consultation with the private sector, landowner groups, and development partners, ensuring buy-in and practicality. To underline its importance, a motion in Parliament and ministerial statements could formally affirm the policy and its centrality to PNG's economic future. The statement should set clear principles — such as competitive markets, transparent regulation, and public–private partnerships — and outline reforms to remove constraints on business, improve infrastructure and services, and attract investment. Such formalisation will send a strong signal that PNG is committed to an open, dynamic, and competitive economy supported by effective governance.

Since the 1990s, almost every major investment in PNG has been underpinned by bespoke agreements that exempt or minimise the investor's obligations under national laws. This “one by one” approach has created an uneven playing field and weakened the broader regulatory environment. Rather than relying on special deals, PNG should establish a clear, consistent regulatory framework and fiscal regime that is competitive, transparent, and attractive to all investors.

CASE STUDY 7: Superannuation Reforms

WHY REFORM?

Prior to 1999, PNG's superannuation system was crippled by mismanagement and corruption. Prime Minister Morauta prioritized rebuilding State institutions, including superannuation, to restore confidence and shield them from political interference.

WHAT CHANGED?

The Superannuation Act 2000 introduced major reforms:

- ▶ Regulatory oversight shifted to the independent Bank of PNG.
- ▶ Only licensed, qualified funds and trustees allowed to operate.
- ▶ Trustees legally bound to act in members' best interests, with strict governance, transparency, and accountability.
- ▶ Bank of PNG empowered to enforce compliance.
- ▶ Smaller funds consolidated into Nasfund

WHAT WERE THE RESULTS?

These reforms transformed PNG's superannuation system into a robust and credible sector, free from political interference.

- ▶ Nasfund grew from K224m in 2000 to K8.1b in 2024, with 235,888 members.
- ▶ Nambawan Super rose from K500m to K11.2b over the same period, serving 712,888 members.
- ▶ Over 800,000 workers now enjoy stronger retirement savings and better service

LESSONS LEARNED

- ▶ Good governance, accountability, and transparency are essential.
- ▶ Leadership must put people's interests first, with merit-based appointments and clear rules.
- ▶ Government should create the policy framework, then step back to let independent, professional managers lead.

ONGOING ROLE OF SUPERFUNDS

Today, PNG's superfunds not only safeguard workers' savings but also invest in nation-building projects that generate returns, create jobs, and support economic growth. PNG hasn't amended contribution rate since introduction.

7.3 The Solution: Accelerate Resource Projects while Maintaining Rigorous Environmental Standards

Resource development remains a cornerstone of PNG's economy, yet persistent regulatory and policy uncertainty has delayed or derailed major investments in mining, petroleum, and other extractive industries — at a heavy cost to the nation.

"The Government needs to balance the objective of securing maximum revenues from minerals project, with a need to maintain incentives for business to invest in the industry." – (PNG Development Strategic Plan, March 2010). Failure to heed this important principle led to the protracted closure and renegotiation of the Porgera gold mine, which has cost the economy billions in lost output, jobs, and Government revenue. To avoid repeating such losses, the Government must prioritise accelerating resource projects by removing administrative bottlenecks, providing regulatory clarity, and demonstrating consistent policy settings.

No new mine has been built in PNG in more than a decade. The global average time from discovery to Final Investment Decision is 14 years. The average time in PNG, historically, has been 27 years. While PNG's geology is world class, it is a jurisdiction characterised by high costs, high risks, and regulatory uncertainty.

DSP 2010-2030 also notes that *“the degree of exploration activity will determine future production”*. Exploration is an early indicator (the canary in the coal mine) of future wealth. On average, only 1 in every 1,000 exploration prospects results in a producing mine. But in PNG, exploration activity is at an all-time low.

The current draft Mining Bill and Manufacturing Policy — containing provisions that undermine investor confidence and competitiveness — should be suspended and comprehensively reviewed. A modern legal framework is required that safeguards PNG’s interests while aligning with international best practices to offer a predictable, transparent investment climate. At the same time, the Government should undertake a clear, evidence-based analysis of its own participation in resource projects — assessing under what conditions equity stakes, royalties, or purely fiscal approaches deliver the best long-term economic gain — and adopt a strategy that maximizes returns without deterring investment.

Strong environmental approvals, ensuring compliance with international best practices, and enforcing free, prior, and informed consent (FPIC) not only protect communities and ecosystems but also enhance investor confidence by reducing project risks. PNG has learnt some difficult lessons through bitter experience. Unfortunately, trust in Government’s ability to fairly and effectively manage large resource development projects remains low. This trust can be won back.

PNG can accelerate projects while maintaining rigorous standards for sustainability. Environmental, Social and Governance (ESG) considerations should be a clear priority in the selection of development partners. Companies with a poor track record on ESG, or who come from jurisdictions with poor ESG performance, should not be given the benefit of the doubt and should be subject to heightened scrutiny. High ESG standards should be built into all project plans, from pre-feasibility all the way through to decommissioning and remediation, to ensure that the “social licence” for major resource development in this country is not squandered.

CASE STUDY 8: PNG LNG Project

SNAPSHOT

- ▶ US \$19 billion integrated gas & LNG development agreed May 2008 between GoPNG, ExxonMobil (operator) & JV partners.
- ▶ 18 months from gas agreement to FID—an unusually rapid timetable for a megaproject of this scale.

KEY FAST-TRACK MILESTONES

- ▶ Financing secured
 - A\$1.68 b State equity loan (Nov 2008).
 - US \$5.7 b partner equity & syndicated debt (Dec 2009).
- ▶ Stakeholder agreements
 - Umbrella & licence-based benefit-sharing deals (May & Dec 2009) with landowners/provinces.
- ▶ Project readiness
 - FEED entry & early works (May 2009) → site, camps, access roads.
 - Environmental approvals & long-term LNG offtake contracts (late 2009).
- ▶ Investment decision & delivery
 - Final Investment Decision (Dec 2009); financial close (Apr 2010).
 - Construction 2010-14; first export May 2014—months ahead of schedule & under budget.

CRITICAL SUCCESS FACTORS

- ▶ Credible, stable legal & fiscal framework with explicit project-life stability.
- ▶ High-level political alignment across national, provincial & bureaucratic leadership.
- ▶ Policy certainty in resource sector regulation & taxation.
- ▶ Strong social licence: early, well-financed landowner engagement & FPIC process.
- ▶ Clear, bankable project documentation plus proximity to Asian LNG markets.

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DEVELOPMENT IMPACT (2014-2024)

- ▶ Largest private investment in Pacific history; 21 000 construction jobs (9 000 PNG nationals).
- ▶ GDP lifted ~20-25 % during construction peak; broad spin-off business activity.
- ▶ K 30 billion paid to State & beneficiaries so far (taxes, dividends, royalties, levies).
- ▶ 30-year production horizon to 2048.

CASE STUDY 9: The Papua LNG Project Agreement Negotiation

The Papua LNG project is a Total (French oil major) led project founded on the 6.5 trillion cubic feet of certified gas reserves at the Elk/Antelope gas fields, 90 kilometers inland from the Gulf of Papua.

In 2018, then Treasurer, Chairman of the Ministerial Economic Committee and Deputy Prime Minister, Charles Abel was given responsibility for progressing the project. At that point in time the negotiations under the State Negotiating Team had been going for ten years. Within 18 months, in April 2019, the State had signed a Project Agreement which retained full corporate tax, provided carried financing for Government 22.5% equity (no repayments until first gas), a 5% domestic market obligation at a fixed price, a doubling of the legislated royalty rate, a minimum onshore forex holding, a compulsory national content plan, and third party access to pipeline facilities. These were significant improvements on the Exxon PNG LNG project.

This project has since stalled, with FID expect later this year or in 2026.

WHAT ARE LESSONS FROM THE PAPUA LNG NEGOTIATIONS TO PROJECT AGREEMENT STATUS?

- ▶ There was a sense of urgency to realize some economic stimulus and growth;
- ▶ There was clear leadership and a structured negotiation format and schedule that was adhered to;
- ▶ The PNG government availed itself of 2 independent expert teams, from the World Bank, and Australian DFAT (at no cost), as well as a multi-agency country SNT, using an open book economic model with the developer;
- ▶ Based on this modelling, the State was able to justify and put a desired position to the developer with full transparency.
- ▶ The State was consistent at all times with its position, based on the fiscal regime at law, and additional terms based on the economic modelling.
- ▶ The State did not have to provide upfront financing.

7.4 The Solution: Reform State-Owned Enterprises

State-owned enterprises (SOEs) have long been a drag on PNG's economy—absorbing public funds while delivering unreliable and often substandard services. In critical sectors like energy, transport, and telecommunications—where private investment and competition can yield better outcomes—SOEs should be corporatized, restructured, or privatized, consistent with the successful PNG Banking Corporation (PNGBC) reform. Reform must start with strengthening corporate governance: clarifying the roles of boards and management and insulating operations from political interference. Transparent operations—through published corporate plans, independent audits, and merit-based appointments—are essential to rebuild trust. Oversight from KCHL must be improved to drive financial performance, while PPPs under the *Public-Private Partnership Act 2022* offer a path to more efficient service delivery. Where private capital can improve outcomes, the Government should create space for it—not by holding onto commercial monopolies, but by creating an enabling environment for competition, investment, and accountability.

CASE STUDY 10: PNGBC Reform

By the end of the 1990s PNG Banking Corporation (PNGBC) was in serious financial and operational decline and its performance deteriorated significantly both as a commercial bank and state-owned enterprise, including:

- ▶ Negative net worth, therefore technically insolvent;
- ▶ Growing non-performing loans, many politically influenced;
- ▶ Heavy reliance on government support to stay afloat, adding pressure on the national budget;
- ▶ Politically sponsored appointments to management positions;
- ▶ Overstaffing adding to high operational cost;
- ▶ Use of outdated operational systems and technology;
- ▶ Lack of clarity in governance or transparency in financial reporting;
- ▶ Weak compliance with regulatory oversight by Bank of PNG (BPNG);

In 1999, the following reform measures among others were instituted to rescue PNGBC from complete collapse:

- ▶ Independent board and management;
- ▶ Independent audit and operational diagnostic;
- ▶ Operational restructure;
- ▶ Partial privatization through merger with Bank South Pacific; and
- ▶ Stronger regulatory oversight and supervision by BPNG.

The decisions enabled BSP to grow from a loss-making entity to a dominant regional bank, thriving under an independent merit-based board, and management, far removed from political interference. As a result, BSP's growth and performance has been a remarkable story, clearly demonstrated by:

- ▶ Expanding from 37 branches in 2002 in PNG to 80 in PNG and across seven countries the Pacific, becoming a dominant bank in the region, with at least 3,000 fulltime employees.
- ▶ Becoming a profitable business reflected the payment of over 70% of its net profit to shareholders in the form of cash dividends.
- ▶ Paying a cumulative total of K5 billion in dividends from 2012 to 2021.
- ▶ Growing tax contributions to a total of K3.7 billion since 2015.

7.5 The Solution: Leverage Strategic Assets for a Green Economic Future

Papua New Guinea's vast forests, rich biodiversity, fertile land, and abundant water resources are globally significant strategic assets that position the country at the forefront of the emerging green economy. Home to the world's **third-largest rainforest, 15% of global tuna stocks, and 8% of the planet's biodiversity**, PNG holds a unique responsibility and opportunity to lead in sustainable development. StaRS highlights these natural endowments as the foundation of a sustainable and inclusive growth model. By preserving these assets and monetising their environmental services through mechanisms such as carbon markets, sustainable fisheries, eco-tourism, and payments for ecosystem services, PNG can generate income while contributing to global climate goals. Investing in SME's in green industries like renewable energy, agroforestry, and biodiversity-based products will create jobs, strengthen resilience, and diversify the economy beyond extractives. A strategic focus on these assets aligns PNG's development with international sustainability commitments and ensures that future generations inherit a thriving, self-sustaining economy rooted in the responsible stewardship of the nation's unique natural wealth.

7.6 The Solution: Restore Currency Convertibility for Good

A freely convertible national currency is a hallmark of an open and attractive economy. Until 2000, foreign exchange rationing was illegal in PNG, reflecting a commitment to market-based allocation of foreign currency. Since then, administrative rationing of foreign exchange has returned, harming business confidence, deterring investment, and incentivizing informal transactions. Since 2014, access to foreign currency has been the most consistent number

one constraint to business according to the Westpac CEO survey. While the severity of the problem has lessened considerably in recent months, the issue could easily reoccur and again damage PNG's economic growth prospects. Reinstating the ban on rationing will send a strong signal to investors and trading partners that PNG is serious about integrating with the global economy and supporting private-sector-led growth.

7.7 The Solution: Modernise Agriculture for a Competitive, Private-Sector-Led Economy

Agriculture remains the backbone of rural livelihoods in PNG but, with the exception of oil palm, it is constrained by outdated, heavy-handed State controls and fragmented governance. To unlock its potential and position PNG as a competitive player in international markets, the Government must liberalize and modernize the sector. Regulatory burdens should be reduced to incentivize private investment and enable the development of efficient, value-added, private-sector-led supply chains. Local entrepreneurs should be encouraged and supported, while foreign investors should also be welcomed to bring capital, expertise, and access to markets.

Specifically, the Government should remove regulatory powers from agriculture commodity boards, which should continue only as private-sector-led offices focused on promoting smallholder farmer extension, training, financing, and the nucleus estate farming model. The National Agriculture Quarantine and Inspection Authority (NAQIA) should be refocused on its core mandate of pest and disease mitigation and biosecurity, avoiding overreach into commercial regulation. Finally, the Department of Agriculture and Livestock (DAL) should be restructured and professionalized, with reduced staffing and a clearer mission as a "one-stop shop" for agricultural business development, investment facilitation, and technical support. These reforms will create an enabling environment for a smart, market-driven agricultural economy that delivers jobs, income, and food security.

CASE STUDY 11: Oil Palm Industry

Oil palm was first introduced to PNG in the late 19th and early 20th century by German and British colonial administrators as a minor crop. Today, the oil palm industry is PNG's dominant agricultural export commodity and generates around K1.23 billion annually.

The industry employs at least 200,000 individuals and families working off small (standard 2 hectare) and large (4 hectare) blocks with direct link to company-operated nucleus estates. On average, the gross annual income for small-holder blocks is K5,000-K6,000 compared to K20,000-K22,000 for large estates. Of these, around K6,000 is disbursed directly to women every year.

Around K500 million is paid as corporate tax from the oil palm industry to the Internal Revenue Commission annually.

The success factors aimed at ensuring continued viability and growth of the industry well into the future include the following:

- ▶ Political and regulatory stability;
- ▶ Supportive institutions including Oil Palm Industry Corporation, Conservation and Environment Protection Authority, National Agriculture Quarantine Inspection Authority, Department of Agriculture and Livestock;
- ▶ Private sector leadership and partnerships;
- ▶ Proper access to customary land including respect for customary rights;
- ▶ Consistent out grower engagement;
- ▶ Reliable extension services;
- ▶ Fair pricing mechanisms;
- ▶ Effective logistics planning from farm gate to export point including well-maintained feeder roads;
- ▶ Compliance with international sustainability standards including traceability of palm oil sources;
- ▶ Climate change resilience and environmental safeguards;
- ▶ Commitment to research and development for disease resistance and yield; and
- ▶ Adaptation to advancement in technology.

The Government of PNG provides the enabling supportive policy and regulatory environment to enable the uninterrupted operation of this private-sector-led industry.

7.8 The Solution: Advocate for New Visa Options for Regional Mobility for PNG Citizens

VISA WAIVER TO AUSTRALIA

For PNG, a three-month visa waiver to Australia would represent not just a gesture of goodwill from our closest neighbour, but a practical step toward deepening the economic, cultural, and strategic ties that underpin our shared history. PNG citizens often face high costs, uncertainty, and long processing times when applying for Australian visas — barriers that discourage business, academic, family, and sporting exchanges. A three-month waiver would give our businesspeople, students, artists, and families the confidence to engage more fully with Australian counterparts, supporting trade, investment, tourism, and people-to-people links. With strong existing cooperation on security and development, PNG views such a waiver as a natural progression of our bilateral partnership and consistent with the spirit of regional integration we both champion. PNG should seek reciprocity with Australia.

DEDICATED PNG ENGAGEMENT VISA

The response of over 8,000 Papua New Guineans to Australia's Pacific Engagement Visa (PEV) ballot — six times PNG's allocated quota — reveals the strong and growing aspiration among our people to connect internationally, learn skills and send remittances back home. Despite being Australia's closest neighbour and sharing deep historical, cultural, and economic ties, PNG has one of the smallest diasporas in Australia and limited participation in regional labour schemes. Such a visa would create meaningful opportunities for Papua New Guineans to live and work in Australia, send remittances home, and build the people-to-people links that are critical to both countries' futures.

VISA ON ARRIVAL TO PNG

Introducing visa on arrival, for both business and tourism purposes, would position PNG as a more accessible and attractive destination. Simplified entry procedures can stimulate tourism, facilitate business travel, and enhance PNG's connectivity with global markets. While implementation would require careful coordination with border security and immigration systems, the policy has the potential to boost visitor numbers, generate foreign exchange earnings, and strengthen international partnerships.

7.9 The Solution: Overseas High School Scholarships

To address these constraints and harness the benefits of greater regional integration, PNG should negotiate a comprehensive mobility package with Australia and New Zealand, built on mutual benefit and respect. A central element could be the reintroduction of high school scholarships for PNG students to study in rural Australia each year, building a new generation of skilled, globally connected Papua New Guineans and strengthening people-to-people ties.

BIG BET #8:

Free up land for development using voluntary best-practice models

8.1 The Challenge: Improving Access to Land for Housing and Agriculture

Access to land in PNG remains one of the most pressing constraints on development. Land is abundant, yet much of it remains idle, disputed, or effectively inaccessible due to the complexities of customary ownership, and governance issues surrounding the administration and management of State lease land. In urban areas, informal settlers illegally occupy land without secure tenure, leading to disorderly residential developments with no proper essential services like electricity, water, and sanitation. In rural areas, vast areas remain under customary land which are un-surveyed and underutilised, constraining the growth of the agriculture sector, with only few commercial plantations beyond oil palm since Independence. Weak, incomplete land records; under-resourced village courts and mediators; and persistent corruption and mismanagement in the Department of Lands and Physical Planning (DLPP) have compounded these issues, fueling disputes and distrust. Addressing this challenge will require coordinated action across multiple

institutions in the national and sub-national levels — particularly the DLPP, key agencies that are involved in the land reforms through the National Land Development Program (NLDP), Provincial Lands Offices, local Governments, and landowner groups themselves — supported by the judiciary and development partners.

8.2 The Solution: Improve Voluntary Systems for Land Mobilisation and Investment

STRENGTHEN VOLUNTARY CUSTOMARY LAND REGISTRATION

At the heart of the solution is a voluntary, transparent pathway for customary landowners to collectively register and manage their land. Mechanisms like the Incorporated Land Groups (ILGs) offer a way to formalise communal ownership while preserving customary rights and enabling development. The DLPP, in collaboration with State agencies responsible for the reforms undertaken through the NLDP and Provincial Lands Offices, should scale up programs that help landowners navigate registration, including mediation of internal clan disputes and development of fair benefit-sharing agreements. Legal aid services and NGO partners can assist by educating communities about their rights and obligations, while the Government should establish an Infrastructure Support Fund to help service registered land with basic amenities, making it viable for housing, business, and agriculture. Local landowner groups will play a crucial role in mobilising participation and ensuring internal transparency and consent.

MODERNISE AND SECURE LAND RECORDS

Weak, opaque, and outdated land records remain a major source of conflict and inefficiency. DLPP, with support from the Department of Information and Communications Technology (DICT) and international partners, should lead a national program to digitize all land records — customary and State — and make them accessible through a public online portal. Mapping efforts should prioritise high-pressure areas like Port Moresby, Lae, and other growing towns, as well as key agricultural zones. Transparency in lease allocation and consistent application of procedures are essential to rebuild trust. At the same time, institutions such as the Ombudsman Commission, Independent Commission Against Corruption (ICAC), working together with the Auditor-General's Office, should increase scrutiny and prosecute illegal land grabs, particularly of State land. Routine audits and a whistle-blower protection mechanism can strengthen accountability at all levels.

EXPAND LAND MEDIATION AND COMMUNITY SUPPORT

Disputes over land — between clans, or between landowners and settlers — are inevitable, but they can and should be managed constructively. Strengthening the capacity and reach of village courts, local land mediators, and land dispute settlement bodies is critical to maintaining social cohesion. The Department of Justice and Attorney General, together with Provincial and Local-level Governments, should recruit and train more mediators in both customary and formal law, and provide them with resources to document and resolve disputes effectively. Civic education programs, coordinated by the Department of Education and NGOs, can help build public understanding of registration processes, leases, and risks of uninformed dealings, while promoting a culture of stewardship and transparency over land. Schools and community workshops can be platforms to instill this knowledge early and widely.

CATALYZE HOUSING AND AGRICULTURAL INVESTMENT

Unlocking land is not enough unless it is made productive and livable through investment in infrastructure and services. The Department of National Planning and Monitoring (DNPM), DLPP, and Provincial and Local Level Governments should jointly plan and service urban expansion areas, working with customary landowners to develop affordable housing projects supported by secure, long-term leases or strata titles for housing developments. Urban Development Authorities and Municipal Governments can establish land banks, acquiring and holding land to release through planned developments. In rural areas, the Department of Works and Highways, in partnership with Provincial Governments, should extend roads, power, and water to make remote land more usable for farming and reduce migration pressure on towns. DAL, working with landowners and private firms, can promote outgrower schemes, cooperative farming models, and partnerships that bring capital, expertise, and markets to customary land while preserving ownership and sharing profits locally.

Global success stories show the way. South Korea's Saemaul Undong raised rural income above urban levels within a decade. Vietnam became a top agricultural exporter by embracing contract farming. Indonesia's village funding law triggered a rural infrastructure boom. There are other examples. By investing heavily in local governance and

agriculture, and scaling up existing pilots like those in Bonanamo and Goroka, PNG can launch its own rural revolution through village-led prosperity.

To kick-start decentralisation in a way that truly benefits rural communities, PNG could take these immediate actions:

- ▶ Pass legislation to mandate direct funding to wards and villages — similar to Indonesia's Village Law. This would shift power away from Waigani and towards the people who actually live in and understand their communities.
- ▶ Establish Ward Development Authorities with the authority to manage budgets, implement projects, and oversee local service delivery.
- ▶ Expand proven pilot models — like Bonanamo or Unggai Bena — into other districts, documenting lessons to guide national rollout.
- ▶ Launch intensive training programs for ward councillors, youth leaders, and women's groups on governance, budgeting, and project delivery.

Novel developments like the Tuhava Township development can provide a model to replicate.

CASE STUDY 12: Land Mobilization, Tuhava Township

- ▶ Nationally, the shortage of formalised land - only about 3% - remains a major barrier to development.
- ▶ The remaining 97% is customary land, which must be mobilised in ways that respect landowners' perpetual ownership, provide benefits to them, and ensure secure tenure for commercial purposes.
- ▶ The Tuhava Township demonstrates a workable model: landowners approached the government for help to register land for a housing project.
- ▶ The Lands Department assisted with identifying landowners, registering ILGs, surveying the land, and issuing a State lease to an ILG-owned company.
- ▶ The land was then used as equity in a joint venture with a private developer.
- ▶ The land was subdivided into subleases that individual homeowners could mortgage to obtain financing.

Unlocking customary land can accelerate economic growth by enabling rural populations to engage in commercial agriculture and addressing the urban shortage of land for housing. When land is formalised, its value rises, enabling higher State revenue through land taxes, while empowering landowners to contribute to national development through rents and businesses.

The Tuhava model illustrates an alternative pathway: landowners converted customary land into State leases, giving private developers secure tenure and enabling them to bring capital, expertise, and infrastructure. This created incentives for all parties and demonstrated how such partnerships can deliver housing and broader development benefits.

At Tuhava, Rhodes PNG Ltd began constructing 4,000 homes using locally manufactured steel to address Port Moresby's housing shortage. The first phase includes 220 homes plus amenities like schools, shops, and business hubs. Already, public servants have purchased titles under homeownership schemes, and banks have accepted the State lease titles as collateral.

This model of government-landowner-private developer partnership—supported by appropriate infrastructure funding—can also be applied in agriculture and other sectors.

Provisional "Quick Wins" 4: Economy

IMPROVING THE BUSINESS ENVIRONMENT

- ▶ Reduce stamp duty from 5% to 1% for PNG and 100% citizen-owned companies
- ▶ Reduce stamp duty from 5% to 2% for non-citizen companies
- ▶ Remove tariffs on inputs to manufacturing (e.g., packaging)
- ▶ Refund outstanding GST credits, or allow businesses to offset SWT/CIT with GST credits
- ▶ Reform commodity boards – remove their ability to control production or exports
- ▶ Mining Act amendments suspended and revised
- ▶ Fast-track major resource projects with a clear timeline (Wafi, Pasca, Papua, P'nyang, Freida)
- ▶ Reinstate the ban on foreign currency rationing
- ▶ Allow visa on arrival for all countries for both business and tourism
- ▶ Automate Lands Department approvals (conditional on payment and compliance)

LABOUR MOBILITY

- ▶ Expand PNG's participation in the PALM labour mobility scheme to full capacity

GOVERNMENT-ENABLED AGRICULTURE

- ▶ Identify and mobilise land for one major agriculture project



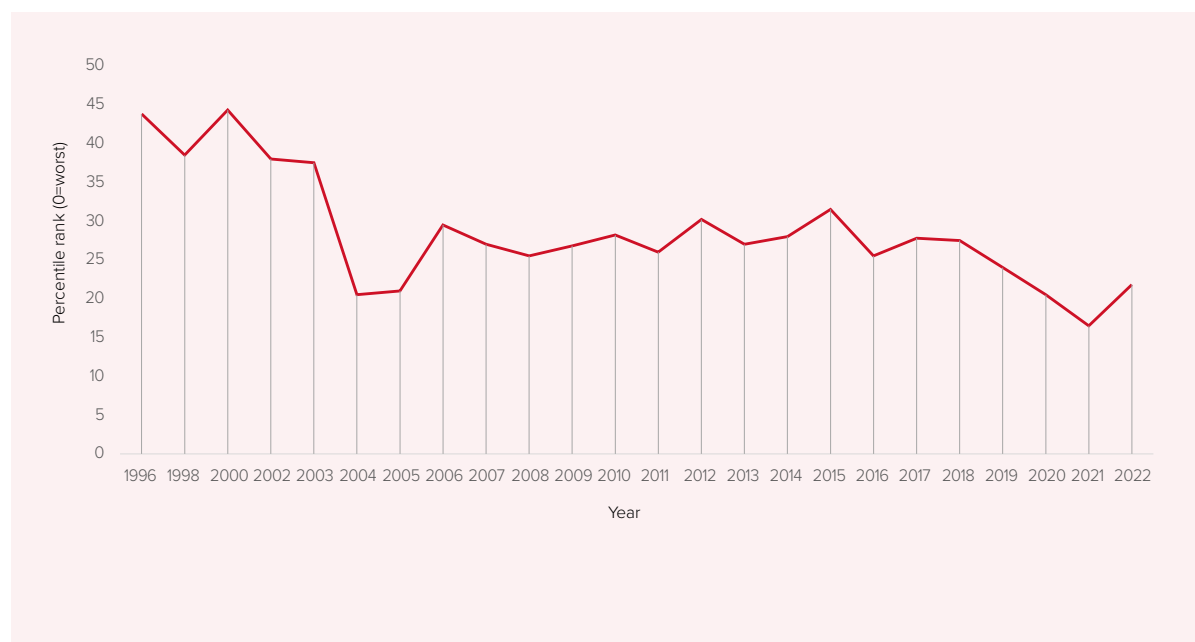
PRINCIPLE 5:

Ensuring Accountability, Transparency & Impact

BIG BET #9:

Reform the Government bureaucracy based on a whole of Government functional audit

Figure 5: PNG's ranking on the Worldwide Governance Indicators Effective Government index, 1996-2022



Source: World Bank

9.1 The Challenge: Addressing Corruption and Poor Outcomes at All Levels of Government.

PNG's development ambitions are being undermined by a deep accountability deficit across the political, administrative, and institutional spheres. Leadership and governance failures have weakened the Constitution's intended checks and balances, eroded trust in elections and oversight bodies, politicized the public service, and fostered corruption and inefficiency. The Executive has grown increasingly dominant, marginalizing the Legislature and undermining scrutiny. Core accountability mechanisms — including timely, accurate data, an independent media, transparent public accounts, and performance— have either been neglected or actively suppressed. Decades of reviews and reforms have failed to reverse these trends, and public service efficiency remains alarmingly low. To meet its constitutional obligations and deliver real results, PNG must reforge a compact between the State and citizens that is based on transparency, performance, and trust, ensuring that leaders and institutions are held answerable to the people they serve.

9.2 The Solution: Conduct an Independent Functional Audit of the Public Service

The first step in restoring accountability is to understand where the problems lie. A comprehensive, independent functional audit of all Government agencies should be undertaken, beginning with the central departments. This audit should assess each agency against international best-practice benchmarks to generate actionable recommendations. The audit should be carried out by a consortium of trusted development partners to guarantee independence and integrity, with oversight from Parliament and engagement of civil society and provincial leaders. A phased rollout — starting with 3–5 central agencies — would allow refinement of methodology before full-scale implementation. Findings should be made public, and recommendations tracked over time through a dedicated reform secretariat in the Prime Minister's Office.

RESTORE INTEGRITY TO THE PUBLIC SERVICE PAYROLL

The public service payroll has long been plagued by ghost employees and unauthorized payments, draining resources from service delivery. Building on the recent Deloitte audit commissioned by Parliament, the Government should complete a full cleanup of the payroll system, integrating it with the National Identity Database to ensure that only verified, legitimate employees are paid. Suspected payroll fraud should be referred to a corruption office for investigation and prosecution. A clean payroll system will improve fiscal discipline, restore credibility, and ensure that the workforce is properly sized and compensated.

LEVERAGING ARTIFICIAL INTELLIGENCE

AI can improve service delivery, data analysis, and fraud detection across Government if deployed responsibly. Priority applications include using AI tools to analyse satellite imagery for infrastructure monitoring, automating the detection of payroll anomalies, and streamlining administrative tasks such as records digitisation. AI should be piloted in high impact areas—like customs risk profiling or agricultural extension—before scaling. Strong governance frameworks will be essential, including data privacy safeguards, clear accountability for decisions, and training programs to build public sector AI literacy. Properly integrated, AI can help PNG leapfrog traditional capacity constraints and deliver more efficient, evidence driven governance across all levels of Government.

STREAMLINE PROCUREMENT

Public procurement in PNG is often slow, opaque, and vulnerable to political interference, driving up costs and delaying delivery. A streamlined process should introduce pre qualified supplier panels for common goods and services, adopt e procurement platforms for competitive tenders, and set statutory time limits for bid evaluation and contract award. Strengthening procurement oversight bodies and making contract awards public would increase transparency and reduce opportunities for corruption. Aligning processes with development partner standards would also enable faster release of donor funds and improve access to concessional finance.

IMPROVE THE CONCESSIONAL LOAN DRAWDOWN PROCESS

Concessional finance from partners such as the World Bank, ADB, and JICA offers PNG low cost capital for critical infrastructure and service delivery, yet disbursement delays often erode project impact. Bottlenecks stem from slow parliamentary approval, complex departmental sign offs, and weak coordination between finance, line agencies, and lenders. Streamlining the drawdown process would require setting clear internal timelines for each approval stage, creating a central project finance unit to liaise directly with lenders, and adopting standardised documentation and reporting templates. Faster, more predictable drawdowns would allow projects to begin on schedule, improve credibility with financiers, and reduce the cost of delays.

CASE STUDY 13: ADB Multi-Tranche Program Delivery Modality

The Multi-tranche Financing Facility (MFF) is a financing modality to support medium to long term investment programs through multiple tranches, as and when needed, within an approved funding envelope. It is ideal for complex or large-scale projects such as energy transmission or road networks that cover multiple provinces. The MFF approach is to ensure predictable, phased support for up to ten (10) years.

In PNG, one of the programs being delivered using the MFF is the Sustainable Highlands Highway Investment Program (SHHIP) which is summarized below:

Tranche	Period	Focus Area	Cost	Financier	Status
1	2017 to 2022	Emergency road rehabilitation & safety works across 430 km of the Highway	K1.0 billion	▶ ADB ▶ Australia ▶ GoPNG	Completed
2	2020 to 2025	Construction of 72 climate-resilient bridges along the Highway	K1.6 billion	▶ ADB ▶ OPEC Fund ▶ GoPNG	Ongoing
3	2026 to 2028	Building of bypasses, passing lanes, weigh stations, and logistical hubs along the Highway	K1.5 billion	▶ ADB ▶ European Union ▶ GoPNG	Preparatory

The SHHIP delivers wide-ranging development benefits as follows:

GOVERNANCE AND CAPACITY BUILDING

- ▶ Department of Works and Highways strengthened through training and reforms
- ▶ Long-term maintenance through performance-based road contracts promoted
- ▶ Transparency and monitoring of infrastructure delivery encouraged

INFRASTRUCTURE UPGRADES

- ▶ Over 430 km of the Highlands Highway rehabilitated and upgraded.
- ▶ Over 70 critical bridges replaced or strengthened
- ▶ Climate-resilient roads with better drainage to reduce landslide and flood risk built.
- ▶ Safer, all-weather road access year-round delivered

SAFETY AND RESILIENCE

- ▶ Road safety with better signage, markings, and pedestrian access delivered
- ▶ Vehicle accidents reduced and emergency response improved
- ▶ Disaster preparedness through resilient infrastructure increased

ECONOMIC AND SOCIAL BENEFITS

- ▶ Integration among the eight Highlands provinces enhanced
- ▶ Transport costs and travel time between the Highlands provinces and Lae Port reduced
- ▶ Agriculture and mining boosted by improving access to markets and export hubs.
- ▶ Logistics for key commodities improved
- ▶ Investment in transport, agribusiness, and supply chains boosted
- ▶ Access to education, health services, and markets for rural communities improved

9.3 The Solution: Enhance Public Accountability and Transparency Through Public Surveys

For accountability to work, citizens must have access to information and opportunities to provide feedback. PNG should adopt a PNG-adapted version of Vietnam's successful Public Administration Performance Index (PAPI), in which citizens rate their provincial Governments on service delivery, corruption, responsiveness, and justice. Results would be published annually, creating competition among provinces and giving citizens a stronger voice. Passage of the long-delayed Freedom of Information Bill is essential to operationalize the *Right to Information Policy (2020–2030)*, ensuring that Government contracts, budgets, and performance data are open to public scrutiny. Civil society and the media should be supported as watchdogs of public integrity, and the Government must commit to respecting freedom of expression both online and offline.

BIG BET #10:

Strengthen Delivery: Establish Delivery Unit and Enable National Monitoring & Coordination Authority to Implement Reforms

10.1 The Challenge: From Plans to Results

PNG has no shortage of plans, policies, and programs, yet the persistent gap between intent and impact remains one of the greatest obstacles to development. Weak coordination, fragmented implementation, and a lack of performance accountability across ministries and agencies have produced delays, cost overruns, and under-delivery. Critical reforms and projects stall because of poor oversight, inadequate monitoring, and weak alignment between budgets and priorities. Despite strong commitments at the political level, outcomes often fail to materialize on the ground, eroding public trust in Government and undermining confidence in its capacity to deliver. Without a mechanism to cut through bureaucratic inertia and enforce accountability, the Government risks repeating the cycle of unfulfilled promises.

10.2 The Solution: Establish a Delivery Unit to Drive Reform

To ensure high-level reforms translate into tangible outcomes, a dedicated Delivery Unit should be established within the Prime Minister's Office. Approved by NEC and operating for an initial two-year period, the Delivery Unit will act as the engine of the Prime Minister's reform agenda, cutting through bureaucracy, enforcing priorities, and keeping ministries and State-owned enterprises aligned to outcomes. Staffed with experienced professionals on fixed-term contracts, the Delivery Unit will report directly to the Prime Minister and Chief Secretary, with regular public updates to Parliament and the media to maintain transparency and build trust. By institutionalizing robust performance management systems, the Delivery Unit will ensure that politically feasible, high-impact priorities are delivered on time, setting the foundation for broader reforms over the next five to twenty years.

OPERATIONALIZE THE NATIONAL MONITORING & COORDINATION AUTHORITY TO SUSTAIN ACCOUNTABILITY

To complement the Delivery Unit's short-term focus, the recently established National Monitoring & Coordination Authority (NMCA) will serve as PNG's permanent accountability backbone within the Department of Prime Minister & NEC. Its role is to improve oversight, eliminate duplication, and align implementation with national priorities. The NMCA will use transparent monitoring tools, informed by international best practices, to track progress and outcomes while documenting lessons learned and success stories to guide future policy and institutional reforms. It will strengthen the culture of accountability across the public sector. Together, the Delivery Unit and NMCA mark a decisive shift toward results-driven governance, ensuring every toea spent delivers measurable value to the people of PNG.

Provisional "Quick Wins" 5: Accountability

- ▶ Increase employer superannuation contributions from 8.4% to 10%
- ▶ Allow tax-free salary sacrifice of up to 20% for employee superannuation contributions
- ▶ Functionally align and audit DSIP/PSIP programs
- ▶ One-stop shop: registration and insurance in a single location
- ▶ Enable all government payments via any bank or mobile platform
- ▶ Install clear signage on government buildings; involve youth and artists
- ▶ Enforce a ban on round log exports
- ▶ Fully Fund the Auditor General in the 2026 Budget

CASE STUDY 14: Delivery Units: Lessons from Global Experience

Delivery Units are small teams embedded within government that help translate political priorities into real-world results. They gather data, track implementation, identify bottlenecks, and troubleshoot delivery issues. Their role is to provide political leaders with a clear picture of whether key priorities are being achieved, and intervene when they are not. Unlike traditional bureaucracies, Delivery Units cut across ministries and levels of government, using performance management tools such as accountability systems, real-time monitoring, and structured problem-solving to drive progress. First introduced in the UK under Prime Minister Tony Blair in 2001, Delivery Units have since been adopted in over 25 countries, including Malaysia, Pakistan, Canada, Kenya, and Sierra Leone.

Their impact has been significant. In Punjab, Pakistan, GPS-tracked vaccine campaigns raised attendance from 22% to 90%. In Maryland, USA, infant mortality fell from 8 to 6.5 per 1,000 live births. Malaysia saw street crime fall by 35% in a year, and the UK dramatically reduced hospital wait times through better performance tracking.

Six factors tend to determine the success of Delivery Units. Strong and visible political backing is essential. Without it, units lose traction and influence. A tightly defined remit helps avoid scope creep and ensures the focus stays on a few measurable goals. Being physically close to political leadership, ideally within or near the Prime Minister's Office, gives Delivery Units authority and access. Staffing must be carefully designed, blending internal and external hires with the right mix of analytical and policy skills. Cross-government buy-in is critical to avoid isolation and duplication; embedding staff in line ministries helps build traction. Finally, regular "stock take" meetings and built-in flexibility ensure units stay responsive and effective.

Where Delivery Units fall short, common pitfalls often include waning political sponsorship, trying to track too many priorities, high staff turnover, or poor integration with the rest of government. A Delivery Unit is not a project management office, and it must remain focused on strategic implementation.

WHAT THIS MEANS FOR PNG?

In PNG's context, where human resource constraints are real, a Delivery Unit would need to be lean, highly focused, and strategically staffed through a mix of secondments from key ministries and targeted external hires. Strong prime ministerial leadership is non-negotiable, as is clear prioritization of a few national goals. Embedding officers directly within key implementing agencies — as seen in Sierra Leone — can also help break down silos and ensure better coordination.



Implementation—From Vision to Delivery

"We leaders and people must know where we want to go before we can decide how we should get there... We Papua New Guineans are now in the driving seat. The road which we should follow ought to be marked out so that all will know the way ahead."

Constitutional Planning Committee (CPC) Report, 1974

11.1 A Shift in Delivery: Closing the Implementation Gap

Papua New Guinea has produced well-meaning plans and ambitious visions. *The Golden Jubilee Publication, Review of Papua New Guinea's Development Performance: 1975-2024* concludes, however, that a persistent implementation deficit has separated our national aspirations from the lived reality of our people. This 20-Year National Reform Roadmap is designed to close that gap.

This section is not another set of instructions to be filed away. It is the operational engine of the Roadmap, designed to execute our national goals with a new sense of discipline and velocity. It provides the machinery to deliver on the promise of *Papua New Guinea Vision 2050* and the targets of the *Medium Term Development Plan IV (2023–2027)*. The purpose is to move our nation from a culture of planning to a culture of relentless delivery. This requires a fundamental shift in mindset: from managing projects to delivering national outcomes.

11.2 The Implementation Architecture: A Whole-of-Government Approach

Successful implementation depends on strategic alignment across all key stakeholders, with roles clearly defined and understood. This Roadmap establishes a coordinated architecture to drive reform, clarifying ownership from the highest political level to the delivery frontline.

► Political Ownership & Oversight:

- › National Executive Council (NEC): The ultimate owner of the Roadmap, providing the political authority and mandate for its execution.

► The Engine Room: The Delivery Unit

As outlined in Big Bet #10, a dedicated Delivery Unit will be established by NEC decision within the Prime Minister's Office to drive the reform agenda. It is not another layer of bureaucracy, but a small, agile, and data-driven team—the Engine Room of reform—with the authority to monitor performance and accelerate progress. It reports directly to the Prime Minister and the Chief Secretary.

KEY FUNCTIONS OF THE DELIVERY UNIT:

1. Prioritization & Sequencing: Translating the Roadmap's strategies into a sequenced and costed pipeline of priorities, ensuring 100% alignment with MTDP IV and the national budget.
2. Performance Management: Establishing and managing a national performance dashboard to track a limited set of critical Key Performance Indicators (KPIs) for each "Big Bet".
3. Problem-Solving & Intervention: Actively identifying political, bureaucratic, or capacity-related bottlenecks and facilitating their rapid resolution, with the authority to escalate critical issues directly to the Prime Minister and NEC.
4. Reporting & Accountability: Providing frank, frequent, and evidence-based reports on performance directly to the Prime Minister, and the NEC.

► **Delivery Unit Organizational Structure**

The Delivery Unit will be designed to be lean, non-bureaucratic, and results-focused, staffed by experienced professionals on fixed-term, performance-based contracts. Its core structure will be centered around key functions:

- › **Director (Delivery Unit):** The head of the Delivery Unit, reporting to the Prime Minister and Chief Secretary. This individual is responsible for the overall leadership and strategic direction of the unit, high-level stakeholder engagement with the NEC, and serving as the public face of the reform agenda.
- › **Deputy Director (Operations):** Reporting to the Director, this position serves as the technical lead and manages the day-to-day operations of the Delivery Unit. He/she is responsible for translating the Director's strategic vision into actionable workstreams, overseeing the performance of the technical leads (Performance, Delivery and Communications), ensuring cross-functional integration and maintaining the operational tempo of the reform sprints. This role focuses on internal management and technical oversight, freeing the Director to focus on high-level political and stakeholder engagement with the Prime Minister, the Parliament, implementation agencies, development partners, and other major stakeholders.
- › **Lead, Performance & Monitoring:** Manages the National Reform Dashboard, oversees the tracking of all KPIs, and is responsible for preparing the quarterly data-driven briefings for the NEC and the Annual Public Report Card.
- › **Lead, Delivery & Problem-Solving:** Oversees the "Delivery Lab" process, coordinates with lead agencies to unblock implementation challenges, and deploys expert teams to provide targeted support where needed.
- › **Lead, Strategic Communications:** Manages the multi-tiered communications strategy, ensuring consistent messaging and stakeholder engagement across the political leadership, public service, and the general public.
- › **Reform Support Officers & Analysts:** A small team of analysts and coordinators who provide the data analysis, project management, and logistical support for all Delivery Unit functions.
- › **Admin Support:** A small team providing admin, financial and secretarial services to the Delivery Unit.

► **Delivery Partners:**

- › **Lead Departments & Agencies:** The designated "owners" of specific reforms, fully accountable for their execution and day-to-day implementation.
- › **Provincial & District Administrations:** Critical partners in the implementation chain as the frontline of service delivery.
- › **Non-State Partners (Churches, CSOs, Private Sector):** Formally integrated into the delivery process as critical enablers, co-implementers, and accountability actors, especially at the community level.

11.3 Core Methodology: Phased Reform Sprints

To ensure focus and velocity, the Delivery Unit will employ an agile methodology, breaking down the 20-year horizon into aggressive "Reform Sprints". This approach is designed to deliver tangible results now while building the foundations for future transformation.

Delivery Labs: For each major reform, the Delivery Unit will convene an intensive, 6-8 week "Delivery Lab". This lab will bring together all key stakeholders from lead agencies, the private sector, and civil society to produce a detailed, costed, and fully-owned 18-month Implementation Plan. This process ensures shared understanding and accountability from the outset.

Phased Time Horizons: The time horizons in this Roadmap serve as strategic planning anchors, not rigid timelines. They are indicative phases that will be recalibrated by the Delivery Unit in response to evolving realities.

- › **Phase 1 (0–2 Years): Early Wins & Foundational Work.** This phase is designed to build immediate momentum and public confidence by focusing on "low-hanging fruit" and highly visible actions. Interventions with high strategic urgency and institutional readiness will be prioritized. This includes immediate action on Big Bet #2 (Restore Budget Integrity) and Big Bet #10 (Strengthen Delivery).
- › **Phase 2 (0–5 Years): Institutionalization & Scale-Up.** This phase focuses on embedding reforms within Government systems and scaling up successful initiatives to achieve the full scope of MTDP IV targets by 2027. This includes complex reforms like Big Bet #1 (Restore Constitutional Balance) and Big Bet #8 (Free Up Land).
- › **Phase 3 (0–20 Years): Long-Term Transformation.** This phase will focus on the deep, structural reforms required to achieve the long-term ambitions of Vision 2050, such as realizing the full economic and social benefits of Big Bet #4 (Universal Power and Internet) and Big Bet #7 (Private Sector-Led Growth).

11.4 Monitoring, Evaluation, Reporting, Lessons & Adaptation (MERLA)

A robust Monitoring, Evaluation, Reporting, Lessons and Adaptation (MERLA) framework is the cornerstone of this delivery model, built on the principle: “What gets measured gets done.”

A key component of this framework is its integrated nature. The Delivery Unit will be responsible for conducting regular and progressive MERLA that assesses alignment and coherence between the Roadmap, Vision 2050, the MTDPs, annual national budgets, and the annual implementation performance of Government agencies and development partners. This ensures that all parts of the national development machinery are pulling in the same direction.

The system will be focused on tracking outcomes, not just activities, through the following tools:

- ▶ **National Reform Dashboard:** A digital dashboard, managed by the Delivery Unit and accessible to the NEC and the public, will track KPIs for each "Big Bet" in near-real-time.
- ▶ **Routine Performance Reviews:** The Delivery Unit will conduct monthly “stock-take” meetings with lead agencies to identify bottlenecks and solve problems collaboratively.
- ▶ **Quarterly NEC Briefings:** The Director of the Delivery Unit will present an unvarnished, evidence-based view of progress to the NEC every quarter, ensuring leadership remains focused and accountable.
- ▶ **Annual Public Report Card:** To ensure public accountability, an annual report will be published in plain language, providing an honest account of what was promised, what was delivered, and what challenges remain.
- ▶ **Public & Stakeholder Forums:** The MERLA process will include regular forums with civil society, the private sector, and the public to gauge citizens' perception of progress, gather feedback, and ensure the reform agenda remains responsive to the needs of the people.

11.5 Proactive Risk Management

The success of this Roadmap hinges on the ability to anticipate and proactively mitigate risks before they derail progress. The Delivery Unit will embed a dynamic risk management framework into its core operations, maintaining a National Reform Risk Register that is reviewed monthly.

- ▶ **Political & Governance Risks:** Mitigation will be led by designated Ministers and supported by the Delivery Unit's regular, data-driven briefings to the Prime Minister and NEC, which keep reforms on track through political cycles.
- ▶ **Institutional & Capacity Risks:** The Delivery Unit's Problem-Solving function is the primary mitigation tool, deploying expert teams to support agencies and troubleshoot bureaucratic inertia. The Delivery Lab methodology also mitigates risk by ensuring detailed planning and broad ownership before implementation begins.
- ▶ **Fiscal & Financing Risks:** The Delivery Unit will work with Treasury and DNPM to flag funding gaps early, escalating issues to the NEC for intervention before they can impact delivery timelines.
- ▶ **Social & External Risks:** Proactive strategic communications and the delivery of tangible "early wins" will be the core mitigators, building the public trust required to sustain long-term reform efforts.

11.6 Budget Alignment and Resource Mobilization

A plan without a budget is a dream. This Roadmap will be embedded into the national fiscal framework through a disciplined, three-step annual process led by the Delivery Unit.

1. **Costing Reform Priorities:** The primary output of each Delivery Lab is a granular, bottom-up, and costed Implementation Plan built by the agencies responsible for delivery.
2. **Integrating into the National Budget:** The Delivery Unit will work directly with DNPM and Treasury to ensure these costed plans are formally integrated into the annual National Budget and Public Investment Program (PIP). A dedicated "National Reform" budget vote will be established to ring-fence funds for Roadmap priorities.
3. **Tracking & Mobilizing Investment:** The Delivery Unit will manage a central system to track budget disbursements against reform priorities. It will also serve as a central coordination point for development partner support, ensuring aid is aligned with national priorities and not creating duplicative structures.

11.7 Socialisation and Strategic Communications

Successful national transformation is built on a foundation of shared understanding and collective will. The Delivery Unit will drive a multi-layered communications strategy to create a powerful, unified narrative of progress, ensuring the Roadmap is understood and owned as a collective national undertaking.

Tier 1: Leadership & Political Cohesion: The Delivery Unit will equip the Prime Minister, Ministers, and the NEC with simple, powerful, and consistent messaging based on the latest data from the National Reform Dashboard. This ensures the entire political leadership speaks with one voice on priorities, progress, and challenges.

Tier 2: Public Service Alignment & Motivation: The Delivery Unit will drive an internal communications campaign to build a culture of delivery within the public service, celebrating successes and clearly articulating how the work of individual public servants contributes to achieving the nation's goals.

Tier 3: Public & Stakeholder Accountability: Transparency is the primary tool for building public trust. The Delivery Unit will translate performance data into clear, accessible formats, led by the Annual Public Report Card, which will be widely published and translated. Regular engagement with non-State partners like churches, CSOs, and the media will ensure the reform narrative reaches every corner of the nation, managing expectations and demonstrating tangible results that matter to the lives of our citizens.

11.8 Implementation Matrix

The first priority is to formally submit the Roadmap to the National Planning Committee (NPC) in August for initial review. Following NPC endorsement, it should be presented to the National Executive Council (NEC) for full Government approval. This endorsement process is essential to authorize implementation, align ministerial responsibilities, and embed the Roadmap into national planning and budgeting frameworks.

The Roadmap will ultimately be tabled in Parliament, but the NEC's submission and decision are the critical triggers for implementation. It is the NEC decision that will establish the Delivery Unit and provide formal approval for work to begin.

To turn the Big Bets into action, the Delivery Unit will work closely with relevant Government departments and agencies to develop detailed implementation plans. This ensures that each initiative is grounded in practical realities and aligned with the capacities of local and national institutions.

The Implementation Matrix below is not a detailed implementation plan. Instead, it serves as a strategic guide to help decision-makers and stakeholders quickly grasp the relative demands and feasibility of each Big Bet.

Its main purpose is to:

- ▶ Provide a high-level snapshot of each reform's implications,
- ▶ Help prioritise where to begin,
- ▶ Sequence actions sensibly, and
- ▶ Flag interventions that will require more time, capacity, or funding.

The Matrix assesses each recommendation across three key dimensions:

BUDGET IMPACT

Indicates whether the intervention is likely to have a positive, neutral, or negative effect on the national budget. A "positive" impact might involve revenue gains or long-term cost savings, while "negative" suggests the need for new funding.

COMPLEXITY

Reflects how difficult it will be to deliver the intervention. This is rated as low, moderate, or complex, depending on the number of stakeholders involved, legal or institutional challenges, and technical requirements.

TIMESCALE

Categorises how quickly results can be achieved:

- ▶ Quick wins: Actions that can show impact within 0–2 years.
- ▶ Medium-term: Interventions that will take 2–5 years to deliver.

This matrix helps prioritise resources, sequence reforms, and manage expectations—making sure ambition is matched with focus and follow-through. It is sorted by timescale, and within timescale by principle.

Big Bet Solution Title	Principle	Budget Impact (Positive, neutral, negative)	Complexity (Low/moderate/ Complex)	Timescale
The Solution: Introduce a Bicameral Parliamentary System to Strengthen Oversight	Constitution	Negative	Moderate	Medium-term (2-5 yrs)
The Solution: Restore Integrity to the Electoral Process	Constitution	Negative	Moderate	Quick wins (0-2 years)
The Solution: Limit the Prime Minister's Tenure to Two Terms	Constitution	Neutral	Low	Medium-term (2-5 yrs)
The Solution: Increase the Grace Period for VONC to 32 months	Constitution	Neutral	Low	Medium-term (2-5 yrs)
The Solution: Reform the Speaker and the Opposition Leaders' Offices and Parliamentary Oversight Mechanisms	Constitution	Neutral	Moderate	Medium-term (2-5 yrs)
The Solution: Close Loopholes and Enforce Budget Discipline	Constitution	Positive	Moderate	Quick wins (0-2 years)
The Solution: Preserve Resource Wealth for Future Generations	Constitution	Positive	Moderate	Quick wins (0-2 years)
The Solution: Leverage Satellite Technology and Liberalize the Telecommunications Market	Human Development	Positive	Low	Quick wins (0-2 years)
The Solution: Fund and Deliver a National Voluntary Family Planning Program	Human Development	Negative	Complex	Medium-term (2-5 yrs)
The Solution: Enable Universal Access to Power	Human Development	Negative	Complex	Medium-term (2-5 yrs)
The Solution: Embed Evidence Requirements in Government Decisions	Data	Neutral	Moderate	Quick wins (0-2 years)
The Solution: Revitalize and Scale Up the National Identity System	Data	Negative	Complex	Medium-term (2-5 yrs)
The Solution: Enable Public Access to Data	Data	Negative	Moderate	Medium-term (2-5 yrs)
The Solution: Formulate and Adopt Official Policy on Government-Facilitated, Private-Sector-Led Growth	Smart Economy	Neutral	Moderate	Quick wins (0-2 years)
The Solution: Accelerate Resource Projects	Smart Economy	Positive	Moderate	Quick wins (0-2 years)
The Solution: Restore Currency Convertibility for Good	Smart Economy	Positive	Low	Quick wins (0-2 years)
The Solution: Reform State-Owned Enterprises	Smart Economy	Positive	Complex	Medium-term (2-5 yrs)
The Solution: Leverage Strategic Assets for a Green Economic Future	Smart Economy	Neutral	Complex	Medium-term (2-5 yrs)
The Solution: Modernize Agriculture for a Competitive, Private-Sector-Led Economy	Smart Economy	Neutral	Moderate	Medium-term (2-5 yrs)
The Solution: Advocate for new Visa options for regional mobility for PNG citizens	Smart Economy	Neutral	Moderate	Medium-term (2-5 yrs)
The Solution: Overseas High School Scholarships	Smart Economy	Negative	Complex	Medium-term (2-5 yrs)
The Solution: Strengthen Voluntary Customary Land Registration and Investment	Smart Economy	Negative	Complex	Medium-term (2-5 yrs)
The Solution: Conduct an Independent Functional Audit of the Public Service	Accountability	Neutral	Moderate	Quick wins (0-2 years)
The Solution: Enhance Public Accountability and Transparency Through Public Surveys	Accountability	Negative	Moderate	Medium-term (2-5 yrs)
The Solution: Establish a Delivery Unit to Drive Reforms	Accountability	Negative	Low	Quick wins (0-2 years)

PROVISIONAL QUICK WINS

The following presents choices for quick wins.

Principle	Principal	Budget Impact (Positive, neutral, negative)	Complexity (Low, moderate, complex)
Draft and finalise Senate design legislation	Constitution	Neutral	Moderate
Draft necessary legislative changes to introduce PM term-limit	Constitution	Neutral	Low
Draft amendments to parliamentary standing orders to require the Speaker's neutrality and establish clear, legislated rules for the election, replacement, and resourcing of the Opposition Leader's office	Constitution	Negative	Moderate
Legislate that all public revenues, including those from statutory authorities and resource companies, flow through the Consolidated Revenue Fund	Constitution	Positive	Moderate
Operationalise the Sovereign Wealth Fund with agreed governance rules and start depositing a fixed share of resource revenues	Constitution	Positive	Moderate
Remove regulation stopping households and businesses with grid access from installing solar systems and providing energy, particularly in peri-urban areas	Human Development	Positive	Low
Remove duties and GST from solar panels and kits	Human Development	Negative	Low
Allow Starlink (and other private businesses) to operate in PNG	Human Development	Positive	Low
Cap Dataco's pass-through costs or allow ISPs to bypass them	Human Development	Neutral	Low
Enforce mobile phone number portability and co-location/tower sharing with fair fees to tower owners	Human Development	Neutral	Low
Introduce an Affordable Household Smartphone & Solar Lighting Bundle	Human Development	Negative	Complex
Raise the minimum wage	Human Development	Neutral	Low
Reduce Salary & Wages Tax rates from 30, 35, 40, and 42% to 25, 30, 37, and 40%	Human Development	Negative	Low
Investigate the benefits of the World Bank's rural income subsidy pilot	Human Development	Neutral	Low
Establish a second police academy in Ramu	Human Development	Negative	Moderate
Expand ITC to include police manpower and accommodation	Human Development	Negative	Low
Accelerate police procedure digitisation	Human Development	Neutral	Moderate
Fix and maintain public toilets in urban areas	Human Development	Negative	Low
Provide PGK 2 million per year for two years to Businesses4Health to support TB mitigation	Human Development	Negative	Low
Insist on a significant portion of the education DFAT aid program be allocated to supporting PNG secondary scholarships into rural Australian boarding schools.	Human Development	Neutral	Moderate

(continues)

Principle	Principal	Budget Impact (Positive, neutral, negative)	Complexity (Low, moderate, complex)
Adopt and enforce NEC approved guidelines requiring all major project and spending proposals to include a cost–benefit analysis and evidence brief before submission for approval.	Data	Neutral	Moderate
Introduce a one-day-per-week provincial help desks for IDs, NID, birth certificates, and roll check	Data	Negative	Moderate
Upgrade printing capacity so that national ID birth certificates and ID cards can be printed within two weeks.	Data	Negative	Low
Reduce stamp duty from 5% to 1% for PNG and 100% citizen-owned companies	Smart Economy	Negative	Low
Reduce stamp duty from 5% to 2% for non-citizen companies	Smart Economy	Negative	Low
Remove tariffs on inputs to manufacturing (e.g., packaging)	Smart Economy	Negative	Low
Refund outstanding GST credits, or allow businesses to offset SWT/CIT with GST credits	Smart Economy	Negative	Moderate
Reform commodity boards – remove their ability to control production or exports	Smart Economy	Neutral	Low
Mining Act amendments suspended and revised	Smart Economy	Neutral	Low
Fast-track major resource projects with a clear timeline (Wafi, Pasca, Papua, P'nyang, Freida)	Smart Economy	Positive	Moderate
Reinstate the ban on foreign currency rationing	Smart Economy	Positive	Low
Allow visa on arrival for all countries for both business and tourism	Smart Economy	Unclear	Low
Automate Lands Department approvals (conditional on payment and compliance)	Smart Economy	Unclear	Moderate
Expand PNG's participation in the PALM labour mobility scheme to full capacity	Smart Economy	Neutral	Moderate
Identify and mobilise land for one major agriculture project	Smart Economy	Negative	Complex
Increase employer superannuation contributions from 8.4% to 10%	Accountability	Neutral	Low
Allow tax-free salary sacrifice of up to 20% for employee superannuation contributions	Accountability	Neutral	Low
Functionally align and audit DSIP/PSIP programs	Accountability	Neutral	Complex
One-stop shop: registration and insurance in a single location	Accountability	Negative	Moderate
Enable all government payments via any bank or mobile platform	Accountability	Neutral	Moderate
Install clear signage on government buildings; involve youth and artists	Accountability	Negative	Moderate
Enforce a ban on round log exports	Accountability	Negative	Moderate
Fully Fund the Auditor General in the 2026 Budget	Accountability	Negative	Low



Conclusion: A New Chapter for Papua New Guinea

Papua New Guinea stands at a pivotal moment. After 50 years of independence, we have much to reflect on — achievements hard-won, lessons deeply learned, and unfinished work still ahead. While steady reforms will continue to play a role, the time has come to also pursue bold, strategic interventions that address the deeper structural challenges holding our nation back.

The ten Big Bets outlined in this document are not exhaustive, nor are they the only reforms PNG needs. But they represent the most catalytic reforms that address root causes, unlock new drivers of growth, and restore confidence in our institutions. They are built around five foundational principles: rebalancing power, restoring integrity, empowering people, enabling opportunity, and rebuilding trust.

The path ahead will not be easy. But if we act with courage, discipline, and unity of purpose, we can deliver on the founding promise of our nation — to build a society that is just, inclusive, and prosperous. A society where opportunity is not inherited but created, where power is exercised with integrity, and where every citizen is seen, counted, and heard.

In memory of our founding fathers and with faith in the new generation, this Reset@50 journey from 2025 to 2045 must be a transformation led by people, anchored in our Constitution, and guided by God.

This is our moment. The Roadmap is not the end of the journey — it is the beginning of a new chapter. Let us write it together.

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Annexes

Annex A: Steering Committee, Technical Committee and Secretariat Support from the Office of the Chief Secretary

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Mr. Arthur Somare	Deputy Chairman
Mr. Augustine Ravi	Chief Secretary's delegate
Mr. Koren Maso	Chief of Staff's delegate
Secretary Treasury's delegate	
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Mr. Rohan Fox - UNDP	Member

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Ms. Esther Litau	Team Member
Mr. Saikio Pius	Team Member
Ms. Jocelyn Manuta	Team Member
Ms. Zannette Miria	Team Member
Ms. Martha Kira	Team Member

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Hon. John Rosso MP – Deputy Prime Minister	Rashida Singh and Lydia Asseres – World Bank PNG
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Hon. Douglas Tomuriesa MP – Leader of the Opposition	Anderson, Matsuda, and Sokbunthoeun – World Bank delegation
Hon. Gary Juffa MP – Governor, Oro Province	Kym Yong – Edai Town Limited
Grand Chief Peter Ipatas MP – Governor, Enga Province	Dr Sarah Dunn and Melissa Kauk – Youth With A Mission
Hon. Peter Tsiamilili MP – Minister, Police	Romy Romesh – GudSource PNG
Ivan Pomaleu – Chief Secretary	Sandeep Shaligram – CEO, Pacific International Hospital
Grace So'on – Secretary, National Executive Council	Yuambari Haihuie – Transparency International PNG
Andrew Oaeke – Secretary, Department of Treasury	Professor Nicole Hayley – Electoral Adviser to Chief Secretary, Department of Prime Minister and National Executive Council
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Jeffrey Yabom – Deputy Governor, Bank of PNG	Gary Bustin – CEO, Tribal Foundation
Sarimu Kanu – Managing Director, Kumul Minerals Holding Limited	Paul Flanagan – Adviser to Treasurer, Treasury
Chey Scovell representing Superannuation Industry, Manufacturing Council and Business Council of PNG	David Wereh – Infrastructure Adviser to PM's Office, Connect PNG
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Sam Koim – Commissioner General, Internal Revenue Commission	Douveri Henao – Business Council of PNG
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Vaughn Mills – President, PNG Australia Business Council	Dr Charles Yala – Consultant to Minister, Ministry of Lands and Physical Planning
Frank Yourn – Executive Director, PNG Australia Business Council	George Constantinou Jnr – Chairman, Constantinou Group
John Lewins and Richard Kassman – Directors, PNG Chamber of Resources & Energy	Robert Nilkare – General Manager, New Britain Palm Oil Limited
Rio Fiocco – President, Port Moresby Chamber of Commerce	Site visits - Kaugere suburb, Hanuabada Village, Tuhava Township, Edai Township
Dr Philip Schellekens and Dr Yusuf Shahid – United Nations Development Programme	
Allan Guo – Managing Director, AG Investments Ltd	
Priscilla Kevin (VP Domestic), Winifred Kula (President) and Julie Moide (West Sepik PALM Scheme Project) - PNG Digital ICT Cluster	

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- E. The UNDP Report
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The NRI Report



THE NATIONAL
RESEARCH INSTITUTE
PAPUA NEW GUINEA

PNG GOLDEN JUBILEE PUBLICATION

REVIEW OF PAPUA NEW GUINEA'S DEVELOPMENT PERFORMANCE: 1975 - 2024

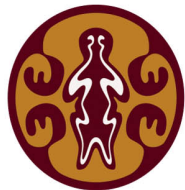
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September 2025



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September 2025

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Acronyms and Abbreviations

ADB	Asian Development Bank
ANU	Australian National University
ASG	Australian Support Grant
AUD	Australian Dollar
BPNG	Bank of Papua New Guinea
CBB	Central Bank Bill
CDF	Constituency Development Fund
CIMC	Consultative and Implementation Monitoring Council
CLRC	Constitutional and Law Reform Commission
CRR	Cash Reserve Requirement
DDA	District Development Authority
DIRD	Department of Implementation and Rural Development
DNPM	Department of National Planning and Monitoring
DOT	Department of Treasury
DSIP	District Services Improvement Program
DSP	Development Strategic Plan
EDP	Economic Development Plan
EPiP	Eight Point Improvement Plan
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FODE	Flexible Open Distance Education
FPTP	First Past The Post
GDP	Gross Domestic Product
GNI	Gross National Income
GST	Goods and Services Tax
GTFS	Government Tuition Fee Subsidy
HDI	Human Development Index
HELP	Higher Education Loan Program
ICAC	Independent Commission Against Corruption
IL	International Loans
ILF	Intra-day Liquidity Facility
IRC	Internal Revenue Commission
KFR	Kina Facility Rate
KMHL	Kumul Minerals Holdings Limited
LDC	Least Developed Country
LLG	Local-level Government
LPV	Limited Preferential Voting
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MER	Mutual Evaluation Report
MLAR	Minimum Liquid Assets Ratio
MP	Member of Parliament
MSME	Micro, Small and Medium Enterprise
MSS	Minimum Service Standards
MTDP	Medium Term Development Plan
MTDP I	Medium Term Development Plan I, 2011-2015
MTDP II	Medium Term Development Plan II, 2016-2017
MTDP III	Medium Term Development Plan III, 2018-2022
MTDP IV	Medium Term Development Plan IV, 2023-2027
MTDS	Medium Term Development Strategy
NA	National Alliance

NDP	National Development Plan
NDS	National Development Strategy
NEC	National Executive Council
NEFC	National Economic and Fiscal Commission
NGO	Non-Governmental Organisation
NPEP	National Public Expenditure Plan
NRI	National Research Institute
NSO	National Statistical Office
OGP	Open Government Partnership
OLIPPAC	Organic Law on Integrity of Political Parties and Candidates
OPR	Office of Planning Regulator
PANGU	Papua and New Guinea Union
PDM	People's Democratic Movement
PGK	Papua New Guinea Kina
PIP	Public Investment Program
PMGH	Port Moresby General Hospital
PMNEC	Prime Minister and National Executive Council
PNC	People's National Congress
PNG	Papua New Guinea
PNG LNG	Papua New Guinea Liquefied Natural Gas
PP	Project Planning
PPP	Public Private Partnership
PSIP	Provincial Services Improvement Program
RPNGC	Royal Papua New Guinea Constabulary
SDG	Sustainable Development Goal
SME	Small and Medium Enterprise
SOE	State Owned Enterprise
StaRS	National Strategy for Responsible Sustainable Development
STEM	Science, Technology, Engineering and Mathematics
TVET	Technical and Vocational Education Training
UBS	Union Bank of Switzerland
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UPNG	University of Papua New Guinea
URP	United Resources Party
USD	United States Dollar
VCLR	Voluntary Customary Land Registration
VONC	Vote of No Confidence

Overview

Osborne Sanida, Director, NRI

At the time of submitting this review report in June 2025, it is 49 years and 9 months since attainment of political independence for Papua New Guinea (PNG) on 16 September 1975. In three months' time (16 September 2025), the country will celebrate its Golden Jubilee (50 years) of political independence. As preparations are underway for the celebrations, there is a lingering question as to what is there to be happy about and celebrate. It is a big yes for political independence for which the founding fathers of PNG must be commended for because political independence was given without any bloodshed or loss of life. Beyond the political independence focus, big questions remain in terms of whether real development has been achieved. It has become a concern that despite the long period of political independence, PNG still struggles in achieving real development, although there may be some progress in certain aspects of the society and economy (Sanida, 2024).

In any life endeavour, it is vital to learn lessons from the past in order to understand the current situation and chart a way forward. This report contains a review of PNG's development performance from 1975 to 2024 focusing on five key areas including measurement of PNG's development performance; development planning; fiscal policy; monetary policy; and politics and governance, following from the National Research Institute (NRI) Monograph 41. The aim of the review is to highlight lessons from PNG's past development trajectory in order to understand PNG's current situation and to chart a way forward with the aim of achieving better outcomes. The National Executive Council decision to commission this work on the review of PNG's development performance and 20-year national roadmap aims to do just that.

The five sections of the main body of the report provide the review, conclusion and recommendations. It follows the sequence in NRI Monograph 41. The overview presented here aims to bring out the key strategic interventions based on the key development symptoms and causes identified in the review of the five issues.

Pitfalls of measuring development performance

The review showed that PNG has adopted a mixed combination of composite and suite of indicators approach to measure development performance (as discussed in Section 1 of Report by Kutan). Regular measurement of development indicators is vital for keeping track of the progress of growth and development. However, in PNG, there is a big issue of non-availability of data for planning and measurement purposes. The review (in Section 1) made three recommendations to address the lack of data and timely measurement of development performance. These relate to the need for funding for research and development; regular monitoring and evaluation of development plans; and strong coordination and collaboration amongst relevant agencies involved in development planning and statistics.

The key strategic intervention needed to address the issue of lack of data and irregular measurement of development performance is to enforce accountability and effective performance of stakeholders involved in the data generation and development measurement space. This can be done under the auspices of the newly approved National Monitoring and Coordination Authority. Accountability includes serious penalties for non-performance by persons involved in the data generation and development measurement space.

Much planning but lack of implementation

The review (in Section 2 by Magury) shows that development planning has become a political and bureaucratic culture in PNG. Unfortunately, the overall impact on national development has been limited due to weak implementation. The weak implementation is due to resourcing constraints; unclear objectives and targets; lack of ownership; lack of alignment; lack of public participation; lack of reliable data; and lack of monitoring and evaluation. The first strategic intervention to

address poor implementation is to ensure improved worker productivity. Implementation of plans is ultimately determined by how productive are the workers involved in implementation. To improve worker productivity, employers must foster positive work environment that significantly boost employee motivation and output. In addition, non-performance must be penalised. The second is the need to strengthen institutions by enhancing their capacities and capabilities. This can be done by building strong organisational structures, fostering effective governance, and developing human resources.

The lack of plan implementation is illustrated when we assess two of the current plans: Vision 2050, PNG DSP 2010-2030, and StaRS (based on review in Section 2). These plans are well-intentioned but implementation leaves a lot to be desired.

In terms of Vision 2050, the vision aims to create a "smart, wise, fair, and happy society" and for PNG to be in the top 50 ranking by 2050. In 2023, PNG's HDI score was 0.576 which rates PNG as a "Lower Medium Human Development" country (see Figure 13 for PNG HDI score trends). With this HDI score, PNG was ranked 160 out of 193 countries. By 2050, PNG's HDI score is estimated to be at 0.726 placing it in the "Medium Human Development" category. With its current growth rate, PNG will likely reach the top 50 countries in the global HDI ranking in 2070. Catching up with countries in the top 50 will require not only very good policies, but will also require longer than three decades. Therefore, it is highly unlikely that PNG will reach a HDI ranking of 50th by 2050 because it needs to climb by more than 110 places (i.e. $160 - 50 = 110$) within 25 years. This means that Vision 2050 has not been implemented effectively to enable PNG to reach the top 50 ranking in 2050. Therefore, going forward there is a need to change strategy. That is, it is recommended that the target be revised to either reach "top 100 countries" (more achievable) or just focus on the increase in HDI absolute score, which is more indicative of progress, rather than ranking, which is relative.

For DSP 2010-2030, the key goal is for PNG to be a 'middle-income country' by 2030. According to the World Bank (2025), in 2023, PNG was classed as a lower middle-income country with its GNI per capita of USD\$4,350 (criteria is GNI per capita between \$1,146 and \$4,465). To achieve an upper middle-income country status, PNG's GNI per capita must be within USD4,516 and USD14,005 in 2030. PNG must increase its GNI per capita by at least 4 percent between 2025 and 2030 to be classed as an upper middle income country. This appears achievable. However, this depends on the growth of the economy and growth of the population for which 2024 Census results are badly needed to establish the base population, upon which projections can be made for 2030.

Sustainable and responsible development is vital and the principles are well captured in the PNG National Strategy for Responsible Sustainable Development (StaRS). What is needed is the concerted effort to implement the principles and pillars of the StaRS. Therefore, it is recommended that the principles and pillars in the StaRS be embedded in all development planning at national, subnational and sectors.

The final strategic intervention to improve development plan implementation is to strengthen the modality of the private sector as the driver for development with the state as facilitator. This will ensure efficient use of the scarce resources to achieve optimum outcomes for development. The state must focus on addressing the factors that impede the growth of the private sector.

Persistent budget deficits, the hallmark of fiscal policy

As far as fiscal policy is concerned, the review in Section 3 (by Kutan) of the report shows that since Independence, there has been persistent budget deficits leading to increased public debt. The key problem is that expenditures have been growing at a faster rate than revenues, which necessitate the need for persistent borrowing.

Persistent budget deficits mean increased debt servicing and reduced funding for core service delivery sectors such as health, education and infrastructure. Going forward, fiscal discipline is critical to ensure adequate development funding to education, health and infrastructure. Investing

in these sectors will assist in growing the economy. Growing the economy is the panacea of addressing the fiscal policy dilemma faced in the country. To achieve this, the state must facilitate the growth and development of the private sector, as stated earlier (in the role of the private sector in development plan implementation).

Another key issue affecting successive fiscal policy formulation and implementation is high population growth. For example, for the period 2009 to 2024 population growth was around 2.7 percent annually against real GDP growth rate of 0.3 percent (see Figure 8 for trend of per capita real GDP, 1960-2024). Considering this, there is a need to grow the economy to cater for the needs and demand of the population. In the medium to long term, strategic intervention is needed to manage the growth of the population. On this note, there is a need for a strategy focused on education on family planning that must be embedded in the education system. That is every child going through the education system must be taught about family planning so that they can make informed decisions about responsible family size later in life.

The final factor in the persistent budget deficits issue is the need for proper management and control of government expenditure. The Government must cut off wastage in expenditure, for example, public sector wage bill issue.

Effective monetary policy for improving welfare of the people

Monetary policy is important for the economy because it is responsible for the supply and demand for money. Money is the medium of exchange and store of value, the basis upon which a modern economy functions. The review in Section 4 (by Wangi) of the report shows that PNG's experience with monetary policy has been challenging since Independence. In particular, monetary policy became too preoccupied with the national government's debt management, rather than management of money supply for price stability and economic growth. On a positive note, the early days of the hard kina policy provided stability and legislative reforms of 2000 strengthened the independence of the Central Bank. However, recent amendments may erode that Independence via political appointments to the Board. The weak Kina poses a great challenge in managing inflation. Using a weaker Kina to encourage exports will not necessarily happen due to supply-side constraints.

Considering the issues stated above, it is important that monetary policy must be conducted in a way that improves the welfare of the people. This includes price stability to maintain the purchasing power of the Kina (i.e. guard against inflation); economic growth (for employment generation and income creation); and increasing the value of the Kina against foreign currencies to minimise imported inflation, considering PNG is an import dependent economy. On the matter of exchange rate, evidence from the Central Bank shows that PNG's foreign exchange has been largely dependent on Government external borrowing but minimal from exports and foreign investment (Rupa, 2025). Hence, there is need to promote exports by addressing supply-side constraints (like improving transport infrastructure) and kick start and maintain foreign direct investments.

Need for politics and governance frameworks that facilitate growth and development

The review in Section 5 (by Kabuni) shows that weak institutions and political parties, executive instability, and contested decentralisation have cumulatively undermined development. The review also shows that reforms designed to address these challenges, such as OLIPPAC and LPV, have yielded only partial success. Hence, the challenge moving forward lies in reforms that break entrenched incentives of instability and patronage. It is not a question of how to ensure political stability. It is rather a question of how to remove the incentives that drive instability.

In the last 15 years, the review showed that rather than focusing on lawmaking and executive oversight, MPs assumed the role of subnational service providers, blurring the distinction between legislative functions and the role of bureaucracy. Prime ministerial tenure has lengthened partly

due to OLIPPAC, constitutional amendments, and the increasing use of DSIP and PSIP funds as political tools.

Politics and governance plays a “captaincy role” in the growth and development paradigm in that all sectors of the economy and society are affected by political decisions and governance frameworks in place at any one time. Therefore, going forward there must be reforms such that politics and governance frameworks that facilitate growth of the economy and sustainable development. For example, legislating every funding that goes to MPs so MPs do not have to be on the government side to access their funding.

Review of achievements and challenges for last six years

As part of the TOR, the review team conducted a review to highlight the key achievements and challenges of the PANGU-led Coalition Government for the last six years, 2019-2024. In Chapter 2 to Chapter 5 of the report, the key achievements and challenges for each of the thematic areas faced by the Government under the leadership of Marape, are provided. The achievements and challenges can be considered in the development of the 20-year National Roadmap.

Summary

The overview presented a context to the review report and provided key messages from the reviews in five areas. In particular, some strategic interventions are mentioned for consideration in the development of the 20-year National Roadmap. In the main body of the report, the reviews with conclusions and specific recommendations are provided.

References

- Rupa, R. (2025). Presentation on Foreign Exchange to 20-Year Roadmap Steering Committee. Port Moresby.
- Sanida, O. (2024). Translating political independence to real development through research-based decision making. *NRI Public Policy Blog No.39*. Port Moresby: National Research Institute.

Consolidated list of issues and recommendations

Measurement of development performance

Issue	Recommendation
In order to measure development, research and development is vital. However, in PNG research and development is not paid enough attention.	<i>Recommendation 1.1:</i> Government must fund research and development as a development priority. This includes creating a dedicated budget line item in the national budget system, where none exists currently.
In order to track progress of PNG's development, regular reviews and monitoring and evaluation of plans and policies are critical. However, this is seriously lacking at present.	<i>Recommendation 1.2:</i> Monitoring and evaluation of development plans must be done regularly (two years interval for MTDPs and 5-year interval for longer term plans) with needed financial resources and consistent and available development data.
One of the key constraints to regular tracking of development performance is the lack of coordination amongst the institutions responsible for development planning and statistics.	<i>Recommendation 1.3:</i> All National Agencies involved in development planning statistics must be better coordinated to ensure consistency in the tracking of development goals.

Development planning

Issue	Recommendation
The review showed that the lack of clear objectives and targets for development planning impede implementation of the plans.	<i>Recommendation 2.1:</i> Development plans must have clear objectives and targets to ensure efficiency in resource allocation and effective implementation. The objectives and targets must be realistic and well researched.
The review showed that the lack of financial resources is a key constraint to poor implementation of development plans. In particular, the cost estimates of projects and programs in the development plans are not funded which means that the projects/programs cannot get implemented.	<i>Recommendation 2.2:</i> Provide sufficient financial resources to implement the development plans in order to achieve the desired results/outcomes. That is, the NDP must be linked to the Annual Budget to ensure that the annual budget effectively implements the development targets and goals outlined in the NDPs.
Lack of ownership of the development plans leads to poor implementation.	<i>Recommendation 2.3:</i> All relevant stakeholders (government and people) to the development plans must take ownership of the planning process and implementation. Government must own the plans to demonstrate a genuine political commitment, sufficient budget allocation, and strengthen institutional capacity to oversee and monitor implementation. People

	must have an input in the planning process to own and implement the plans.
The review showed that there is a lack of alignment between the plans of the different levels of Government which leads to poor implementation.	<i>Recommendation 2.4:</i> Provincial and local development planning should be strengthened to better align with national goals and ensure that provincial needs are addressed effectively. This includes clarifying the roles and responsibilities of different levels of government to avoid duplication of effort and ensure that resources are used efficiently.
Lack of public participation in the planning process impedes effective implementation.	<i>Recommendation 2.5:</i> Involve the public in the development planning process through consultations, awareness campaigns, and other participatory mechanisms that ensure that people's voices are heard, and their needs are considered.
Reliable data and performance indicators are crucial for sound development planning. Key performance indicators provide quantifiable measures of progress towards specific objectives. These indicators, when combined with reliable data collection and analysis, will enable informed decision-making and continuous improvement in development planning. However, these are lacking in PNG planning and implementation process.	<i>Recommendation 2.6:</i> There must be reliable data for plan formulation and tracking of the implementation of plans. This calls for research and storage of relevant information for use in plan formulation and reviews.
Development plans are for improving the welfare of people. Hence, population data is vital for development planning.	<i>Recommendation 2.7:</i> Incorporate population in development planning. That is, National Development Plans must consider population growth projections in estimating target indicators.
There is a serious lack of monitoring and evaluation or review of development plans. The reviews include mid-term reviews and final evaluations on national development plans on the expiry of the planned period.	<i>Recommendation 2.8:</i> Create an independent Office of the Planning Regulator (OPR) to be responsible for monitoring and evaluation of the implementation of the NDPs. It is envisaged that the proposed National Monitoring Authority (NMA) will play this role.
Ongoing challenges stated in Section 3.3.6 affect PNG's development.	<i>Recommendation 2.9:</i> Address the ongoing challenges.
The key goal in DSP 2010 – 2030 is for PNG to be a 'middle-income country' by 2030. According to the World Bank (2025), in 2023, PNG was classed as a lower middle-income country with its GNI per capita of USD\$4,350 (criteria is GNI per capita between \$1,146 and \$4,465). To achieve an upper middle-income country status, PNG's GNI per capita must be within USD4,516 and USD14,005 in 2030.	<i>Recommendation 2.10:</i> PNG must increase its GNI per capita by at least 4 percent between 2025 and 2030 to be classed as an upper middle income country. This appears achievable. However, this depends on the growth of the economy and growth of the population for which 2024 Census results are badly needed to establish the base population.

Vision 2050 aims to create a "smart, wise, fair, and happy society" and for PNG to be in the top 50 ranking by 2050. In 2023, PNG's HDI was 0.576 which is "Lower medium human development" country. The ranking is 160 out of 193 countries. By 2050, PNG's HDI is estimated to be at 0.726 placing it in the "medium" human development category. With its current growth rate, PNG will likely reach the top 50 countries in the global HDI ranking in 2070. Catching up with countries in the top 50 alone will require not only very good policies, but it also require longer than three decades.	<i>Recommendation 2.11:</i> It is highly unlikely that PNG will reach a HDI ranking of 50th by 2050 because it needs to climb by more than 110 places (i.e. $160-50 = 110$) within 25 years. Therefore, it is recommended that the target be revised to perhaps reach "top 100 countries" or focus on increase in HDI absolute score, which is more indicative of progress, rather than ranking, which is relative.
Sustainable and responsible development is vital and the principles are well captured in the StaRS. What is needed is the concerted effort to implement the principles and pillars of the StaRS.	<i>Recommendation 2.12:</i> That the principles and pillars in the StaRS be embedded in all development planning.

Fiscal policy

Issue	Recommendation
Lack of proper fiscal policy management is driving the budget deficits and public debt.	<i>Recommendation 3.1:</i> Prudent fiscal policy management is needed to increase revenues and manage expenditure that will in turn manage the budget outcome by reducing budget deficits and total debt.
Over the years, there has been a lack of financial resources to fund the development plans.	<i>Recommendation 3.2:</i> Government must ensure fiscal discipline to ensure that budget allocations for development plan priorities are realised.
Public sector productivity is lacking.	The capacity of the public sector needs to be addressed using performance-based approaches to encourage productivity.
The lack of broad-based economic growth is contributing to the lack of Government revenue.	<i>Recommendation 3.4:</i> Revenue sources of Government must be diversified through broad-based economic growth. This requires large economic investments in the non-resource sectors such as agriculture, fisheries, forestry, manufacturing, tourism and services.
PNG's population growth of around 3% is higher than its real economic growth, which is unsustainable. In particular, the youth bulge issue and unemployment.	<i>Recommendation 3.5:</i> Interventions targeted towards harnessing population growth especially the youth bulge must be developed and implemented. Because the youth comprise a large part of the labour force, its employment can make a big contribution to tax revenue for the government

PNG's dependence on the resource sector has increased from 10 percent in the 1980s to almost 30 percent, hence the delays in the commencement of resource projects has largely impacted the national budget.	<i>Recommendation 3.6:</i> The impediments to commencement of operations of potential mining and gas projects must be addressed as a matter of priority. Commensurate with that is the need to ensure appropriate revenue mechanism that is optimal to the state and people.
The involvement of the State in business has had a crowding out effect on the private sector. This begs the question of what is the role of the state in the economy. The government should facilitate private sector development.	<i>Recommendation 3.7:</i> The role of government must be streamlined to effectively facilitate the private sector as the engine of economic growth and employment creation. For example, the tax reform initiatives led by the IRC to stimulate the non-resource and resource sectors.
Transport infrastructure constraint is a major factor impeding economic activities in the country.	<i>Recommendation 3.8:</i> Transport connectivity should be designed to connect areas that would open the economy on trade and investments rather than for political convenience.
Management of Government revenue from resource projects is not transparent. For example, not all proceeds from state interests are channelled to the budget.	<i>Recommendation 3.9:</i> Leakages in the form of withheld dividend payments in the Kumul management and administration structures must be addressed.
Public sector wage bill takes a major share of Government expenditure, which can affect funding for development.	<i>Recommendation 3.10:</i> The large public sector wage bill should be reviewed to cut wastage to manage Government expenditure.

Monetary policy

Issue	Recommendation
There is a need for proper monetary policy management to keep inflation under control because inflation erodes purchasing power of people, government and businesses.	<i>Recommendation 4.1:</i> Introduce an appropriate monetary policy stance based on existing macroeconomic conditions such that monetary policy instruments are implemented to strike a balance between the supply of and demand for money to keep inflation under control.
Adoption of a flexible or floating exchange rate stimulates economic growth through increased exports and FDIs. However, flexible exchange rate regime that leads to a weaker Kina can be inflationary because of imported inflation.	<i>Recommendation 4.2:</i> The flexible exchange rate regime must be consistently supported by increased exports, foreign investments, and tourism activities to keep the Kina stable. This calls for appropriate interventions that promote exports, foreign investments and tourism development.
Excessive government spending and revenue shortfalls led to consecutive budget deficits, which eventually affected monetary policy through the open market operations.	<i>Recommendation 4.3:</i> There must be greater coordination between monetary and fiscal policy to meet fiscal commitments and manage liquidity. In this regard, the roles of the Central Bank and Department of Treasury are critical.
The existence of excess liquidity in the banking system impedes the effective transmission of monetary policy. The	<i>Recommendation 4.4:</i> The terms of existing securities such as inscribed stocks and treasury

changes in the policy rate did not transmit to market rates. The short-term monetary policy instruments, especially the CBBs, did not effectively defuse excess liquidity.	bonds for medium and long-term liquidity management must be improved.
Foreign exchange shortage affects the monetary policy through the foreign exchange market. The Central Bank made direct interventions by injecting foreign reserves in the market, but shortage remained. The demand for foreign reserves by agents such as importers and government exceeded the supply.	<i>Recommendation 4.5:</i> Create a conducive business environment for foreign investment, supporting domestic production and export in the non-resource sector, improving remittance inflows, and addressing constraints to tourism activities for long-term foreign reserves management.
The amendment to the <i>Central Banking Act 2000</i> , especially on the appointment of Board members, provides an opportunity for the National Executive Council to appoint politically affiliated persons rather than persons with relevant expertise and experience. This can derail the independence of the Central Bank and its operations.	<i>Recommendation 4.6:</i> The independence of the Central Bank as the authority on monetary policy must be protected by ensuring no political interference. In this regard, an amendment to the Central Bank Act is required to restore ex officio membership but must be restricted to relevant organizations and term limit.

Politics and governance

Issue	Recommendation
Much of the rent seeking behaviour of MPs is caused by MPs seeking state resources to satisfy constituents who see the MPs as service deliverers. The prime ministers then use the state funds to reward the MPs for their support. Removing the role of MPs as service deliverers will not only refocus MPs to conducting proper debates and updating/making laws, but it will remove the incentive of MPs who frequently switch sides in the hope of aligning with patrons who they think are best positioned to give them access to state resources	<i>Recommendation 5.1:</i> Limit the role of MPs to law making.
Instead of being service deliverers or project managers, Provincial and district MPs should play the role of Public Accounts Committee to hold provincial roads, health, education and other state agencies accountable.	<i>Recommendation 5.2:</i> Direct funding to the bureaucracy at the provincial level with oversight from provincial and district MPs.
There is a lot of uncertainty on funding accessibility by MPs, especially those in the Opposition.	<i>Recommendation 5.3:</i> Legislate every funding that goes to MPs (if Point 1 is politically inconvenient) to remove explicit or implicit control of funding from the prime minister, so MPs do not have to be on the government side to access their funding. A law that specifically sets the amount (in percentages) to be allocated to each MP each quarter would remove uncertainty from MPs.

Two main streams of funding go to the sub-national level: funding to the MPs and constitutional grants. The bureaucracy handles the constitutional grants, whilst MPs control funds allocated to them. Increasing constitutional funding will enable provincial health authorities, for instance, with resource needs for health intervention whilst reducing MPs' share of the funds which are often spent on political goods	<i>Recommendation 5.4:</i> Reduce funding to MPs whilst proportionally increasing funding allocation as constitutional grants.
The quality of government in PNG begins at the elections. To improve political and governance issues, more emphasis must be put into addressing electoral issues with the critical issues being funding, common rolls, security, and electoral management.	<i>Recommendation 5.5:</i> Improve the election process and outcomes by implementing the recommendations from report of the Special Parliamentary Committee on Elections.
It has become clear that political parties are weak, lack mass support and not ideologically based. Legislating discipline has not worked in PNG due to constitutional protection of MPs rights. Considering this, the focus should shift to dealing with the incentives - reasons behind these challenges - instead of attempting to legislate human behaviours. Forcing smaller parties to merge or have broad based support or proper policies may be unconstitutional.	<i>Recommendation 5.6:</i> Strengthen political parties by addressing factors that strengthen the role of parties and remove incentives that drive MPs away from their key role of law making.
Political instability will be difficult to curtail if the incentives that drive instability persist. In the long run, the reforms should focus on disentangling MPs' service delivery roles as the pressure of service delivery leads to opportunistic behaviours.	<i>Recommendation 5.7:</i> Promote post-election stability by removing incentives that drive instability.
There is a lack of real decentralisation in PNG because most of what applies is centralised decentralisation.	<i>Recommendation 5.8:</i> Revisit the proposed Decentralisation Act that has been stalled. This Act was devised through extensive consultation and research. Whilst it would need some revision, it provides a standalone legislation on improving decentralisation, relationship between the national and sub-national relations, funding, and resourcing provisions.
Governance systems are weak due to political interference.	<i>Recommendation 5.9:</i> Improve the governance system by removing political influence in the appointments of the heads of integrity agencies; conducting reforms to strengthen interagency cooperation between the integrity agencies; removing political interference in the integrity agencies' internal mechanisms; and looking at broader and long-term reforms that improve investigators and integrity agencies, capacity and resource constraints.

Transparency, accountability and inclusivity are lacking in PNG.	<i>Recommendation 5.10:</i> Promote transparency, accountability and inclusivity by implementing the 16 commitments from the Open Government Partnership (OGP) as presented in Annex 2. The OGP is an international commitment PNG signed up to make government decision-making more accountable, transparent and inclusive. The review of PNG's OGP Action Plan 2 implementation results present several recommendations that can be incorporated into the 20-year Roadmap.
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Introduction

a) Background

National Executive Council (NEC) Decision No.90/2025 established a Steering Committee to conduct a review of Papua New Guinea's development performance since Independence in 1975 and to develop a 20-year National Roadmap. The Steering Committee was chaired by Mr Charles Abel with Mr Arthur Somare as Deputy Chairman. Other members of the Steering Committee included Mr David Sode; Mr Robert Aisi; Mr Noel Mobiha; Dr Osborne Sanida; Mr Chey Scovell; Mrs Wallis Yakam; Mr Anthony Yauieb; Mr Augustine Ravi (Chief Secretary's nominee); and Chief of Staff (or nominee).

To assist with the Steering Committee's work, a Technical Team was established, chaired by Mr Mathias Lasia. This review report presents the findings and recommendations from members of the Technical Team who were tasked with conducting the review part of the assignment. The members of the Review Team from the Technical Team included three researchers from Papua New Guinea (PNG) National Research Institute (NRI): Dr Lindsay Kutan, Dr Thomas Wangi and Mr Peter Magury, and one academic from the University of Papua New Guinea (UPNG), Mr Michael Kabuni (also a PhD Candidate at the Australian National University). The team members wrote the various sections of the report in Chapter 1 to Chapter 5. The team conducted the review under the leadership of Dr. Osborne Sanida, NRI Director and a member of the Steering Committee. Dr Sanida wrote the Overview and Summary and edited, compiled and formatted the report. Mr Samuel Kehatsin, NRI Communications and Publications Manager, designed the cover pages (front and back).

As a disclaimer, the views expressed in this report are those of the authors and do not necessarily represent the views of the Institutions they represent (i.e. NRI and UPNG).

b) Terms of Reference

There are three specific Terms of Reference (TOR) for the Steering Committee:

- Conduct a 50-year review of national progress in reference to the Constitution and development plans.
- Assess the achievements and challenges of the past six years (2019-2024) of government.
- Development of a twenty-year roadmap with key strategic short-term and long-term interventions in a 2-year, 5-year and 20-year format, together with the supporting government reforms to ensure the necessary planning, coordinating, and monitoring mechanisms are in place to deliver the outcomes.

Based on the TOR for the Steering Committee, the Review Team was tasked to conduct the following:

- Review of the development performance of PNG since 1975 under two time periods: 1975-2008 and 2009 to 2024.
- Review and provide the key achievements and challenges of the Marape-Rosso Government for the last six years (2019-2024).
- Make recommendations that will be considered for strategic short-term and long-term interventions for the National Roadmap.

c) Methodology

In order to carry out the TOR for the review, the following method was employed. First is that the review of PNG's development performance for the period 1975-2008 used NRI Monograph 41 as the base document. Monograph 41 (edited by Webster and Duncan) presents analysis of five vital areas written by scholars/researchers. They include: measuring PNG's development performance (by Aaron Batten and Linda Duncan); development planning (by Charles Yala and Ogis Sanida); fiscal policy (by Aaron Batten); monetary policy (by Gae Kauzi); and politics and governance (by Alphonse Gelu). In addition, Satish Chand provided an overview of the Monograph.

The focus of the review by the Review Team was on capturing the key conclusions and recommendations on each chapter that would inform the development of the roadmap. The review team reviewed the work in Monograph 41 for five key areas presented from Chapter 1 to 5 in the Monograph.

The second time period reviewed was 2009 to 2024. For this period, the reviewers used the key variables from NRI Monograph 41 and then extended the analysis to 2009-2024 using various relevant sources of information. Again, the aim was to capture the key conclusions and recommendations that would inform the development of the 20-year roadmap.

Finally, as per the TOR, the Review Team conducted a review of the key achievements and challenges for the last six years under the PANGU-led Coalition Government. The team used various sources of information and data for this task. The information is presented under each of the five areas reviewed in Chapter 1 to Chapter 5 in this report.

d) Structure of Report

Following the Introduction, the rest of the report is organised as follows.

- Section 1 presents a review of measurement of PNG's development performance;
- Section 2 presents a review of development planning in PNG;
- Section 3 presents a review of fiscal policy in PNG;
- Section 4 presents a review of monetary policy in PNG;
- Section 5 presents a review of politics and governance in PNG; and
- Section 6 provides a summary of the Report.

1. Review of Measurement of PNG's Development Performance

Lindsay Kutan, Senior Research Fellow, NRI

1.1. Introduction

This section reiterates the options of measuring PNG's development performance in the last 50 years, using Chapter 1 of NRI Monograph 41 (authored by Aaron Batten and Linda Duncan) as the basis. It highlights the various approaches used to measure development. The section also provides an introduction on the social and economic indicators used in the subsequent sections of the review.

The social indicators have shown that government investment in education has remained stagnant over time, whilst health expenditure has increased with very little improvements in the health indicators. For instance, average life expectancy, literacy rate and infant mortality rate have improved but at a slower rate than other comparable countries in the region (see Chapter 2).

The poor results imply that the government faces challenges meeting the basic needs of the people that are geographically isolated, largely rural-based, and culturally fragmented. As will be discussed in subsequent sections of the review, this is further compounded by political instability, lack of capacity in an overblown bureaucratic space, and lack of strategic decisions in the composition of government expenditure that have contributed to the poor levels of service delivery since Independence.

Considering the challenges of time series data collection and collation in the economic sector, particularly, when one would like to measure the performance of the economic indicators, interpretation of economic data must always be undertaken with caution. However, the review utilises available data sourced from reliable databases to measure the performance of the economy. Since independence, economic growth has been volatile, in the sense that we have had good short booms of economic growth followed by longer periods of economic depressions. This is reflected in our real GDP per capita, which has gradually declined (see Chapter 3). Moreover, fiscal policy has been predominated by budget deficits and increasing public debt. This is complemented by a monetary policy that has undergone major reforms and continues to largely be influenced by the government's fiscal policy.

Apart from the social and economic indicators, the review also highlighted the governance issues particularly the political will, cycle and stability, which is critical for any real changes in the country (Chapter 5). For any tangible development, in the context of PNG, the socio-economic-political and administration and context of the country will need to be considered as part of the development mix needed to harness and release the immense potential of the country. The synergies in these sectors are critical and the review will reiterate the modality advocated in NRI Monograph 41 regarding the roles and functions of the public and private sector in development.

1.2. Data needed to measure development

Batten and Duncan (2010) identified three approaches to measure development. They include the accounting framework approach, composite indicators approach, and suite of indicators approach. Though each of these approaches have advantages and disadvantages, one of the underlying requirements is the need for reliable and available data. Since independence, it has been widely acknowledged that the lack of data for planning purposes has been a fundamental development issue the country continues to experience. However, the issue may not necessarily be the lack of data, considering the multiple agencies in the administration sector responsible for development

planning. The real issue is about coordination and strategically identifying the need of systematically gathering, storing, and making available data in a timely manner for planning and allocation of resources needed to drive development. At this stage, there is a lot of duplication of functions and roles and responsibilities that lead to wastage of resources. For example, in the development planning space, national departments work in silos and need to be better coordinated. The Department of National Planning and Monitoring (DNPM), Department of Treasury, Department of Implementation and Rural Development (DIRD), National Economic and Fiscal Commission (NEFC), and National Statistical Office (NSO), by and large collect similar development data in the social and economic sector; however, this needs to be pulled together and coordinated in a more strategic manner.

1.3. Approaches in measuring development performance

Regarding the three approaches identified earlier in measuring development, PNG has adopted a combination of composite and suite of indicators approaches. For instance, during the period of post-independence and especially prior to 2010, all our development plans were framed in short to medium term. After 2010, PNG adopted a 40-year vision and a 20-year development plan approach, which culminated in the PNG Vision 2050 and PNG Development Strategic Plan (DSP), 2010-2030, respectively. The PNG Vision 2050 aspires for development to be inclusive and focused on fostering a “smart, wise, fair and happy society” with emphasis on community participation and development. On the other hand, the DSP (2010-2030), emphasised translation of the Vision 2050 into more specific programs and targets. However, as in the nature of long term high strategic plans, neither of them encapsulated a clear pathway of achieving the development aspirations that takes into consideration a sustainable approach. That is, rather than focusing only on the growth of the economy using the capitalism approach, the development plans should consider a holistic framework with emphasis on contextualising the development paradigms that consider our values and cultures, community lifestyles and the environment. In this vacuum, the National Strategy for Responsible Sustainable Development (StaRS) was developed.

According to Minister for National Planning at the time, Hon Charles Abel, “the previous strategies, plans and vision are not strategic enough to lead the country towards a responsible, sustainable and equitable future....and that there was a need to outline the vision that we seek, i.e., a country with a small, healthy and educated population enjoying a sustainable access to modern comforts supported by a new economy based on carbon credits, biodiversity and medical research, cultural and environmental tourism, and limited resource extraction under a new regime of improved value to the country”. In other words, there is a need for responsible sustainable use of the natural and cultural resources of the country for the benefit of the present and future generations. This was the basis upon which StaRS was developed.

Following the sustainable framework emphasised in StaRS, the Human Development Index (HDI), a composite indicator, which was referenced in aspiration of PNG Vision 2050 for PNG to be among the top 50 countries in the world by 2050, is commonly used to measure our development progress. HDI takes into consideration the average growth of per capita real Gross Domestic Product (GDP), life expectancy, adult literacy and infant mortality (Chapter 3 provides update on the progress of these indicators). At this juncture, it is the ideal performance indicator to use as it is recognised universally and allows tracking of development progress with consideration of the social and economic indicators. In addition, HDI allows us to gauge our development progress in comparison with other global countries.

The suite of indicators used in measuring our development progress are the traditional macro-and micro economic indicators. For instance, in the fiscal landscape, indicators commonly used are GDP, the budget outcomes, particularly the revenue and expenditure of the government, the public debt and expenditure priorities by sectors (Section 4 provides update on the progress of these

economic indicators). In the monetary policy space, the focus is usually on exchange rate, interest rates, inflation, employment and other macroeconomic indicators (see Chapter 5 on the progress of these indicators). Finally, on the political front, political stability is regarded as the common denominator that should promote good governance and foreign investor confidence (See chapter 6 for more deliberations on the political landscape in the last 50 years).

The combination of the composite and suite approaches indicated above provides a suitable measurement of development performance in the country. The challenge is on how to ensure that the responsible agencies in providing consistent and updated data are coordinated better to ensure that resources that are used to address the poor performance of some of these indicators are monitored and reflected in the indicators.

1.4. Adopting an appropriate development modality

NRI Monograph 41 clearly indicates the challenges that PNG faced in driving its development agenda in the misapplication on the role of the state in development. In providing the overview of the Monograph, Chand (2010) highlighted that the state must become a facilitator of development. This is expressed in the quote:

“The shift in emphasis on the state-led to state-facilitated development that was espoused in the 1980s has to be [adopted] in full” (p.14).

In this modality, as a facilitator, the state is focused on creating a conducive business environment and encouraging and allowing the private sector to drive development. A classic example on this misapplication of roles was highlighted by Webster et al (2016), particularly in the continuing challenges of policy reforms in the housing sector. One of the key impediments to housing reforms since independence is the involvement of the state as a regulator and a property developer at the same time. Such arrangements waste public resources and crowd out the private sector to utilise the capital and expertise needed for development purposes. This compromised role of state-led interventions is prevalent in all other mining and non-mining sectors as well and needs to be seriously reconsidered going forward.

1.5. Conclusion

PNG has adopted a mixed combination of composite and suite of indicators approach to measure development performance in the last 50 years. However, the lack of coordination among strategic national departments involved in development planning has exacerbated the prevailing issue of non-availability of data for planning purposes. This has resulted in an ad hoc approach in development planning which encourages duplication of roles and responsibilities of government agencies, wastage of resources and ultimately, minimal improvements in the development indicators of the country.

In addition, the appropriate development modality of state-facilitated development is needed to ensure that the goals and visions of the long-term development plans are achieved. Involving the private sector to become the driver for development is important to efficiently use the scarce resources at hand for development.

1.6. Key issues and recommendations

Based on the review, the following three issues and recommendations in Table 1 are presented for consideration in the development of the 20-year National Roadmap.

Table 1: Issues and recommendations – measurement of PNG’s development performance

Issue	Recommendation
In order to measure development, research and development is vital. However, in PNG research and development is not paid enough attention.	<i>Recommendation 1.1:</i> Government must fund research and development as a development priority. This includes creating a dedicated budget line item in the national budget system, where none exists currently.
In order to track progress of PNG’s development, regular reviews and monitoring and evaluation of plans and policies are critical. However, this is seriously lacking at present.	<i>Recommendation 1.2:</i> Monitoring and evaluation of development plans must be done regularly (two years interval for MTDPs and 5-year interval for longer term plans) with needed financial resources and consistent and available development data.
One of the key constraints to regular tracking of development performance is the lack of coordination amongst the institutions responsible for development planning and statistics.	<i>Recommendation 1.3:</i> All National Agencies involved in development planning statistics must be better coordinated to ensure consistency in the tracking of development goals.

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2. Review of Development Planning in PNG

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2.1. Review of performance for 1975-2008 (NRI Monograph 41)

2.1.1. Introduction

This review focuses on development planning in Papua New Guinea by Yala and Sanida (2010). The article was published in the *“PNG National Research Institute Monograph No. 41: Papua New Guinea’s Development Performance from 1975–2008”*. Yala and Sanida have highlighted that PNG has made significant investment in formulating these development plans to achieve national goals and promote economic growth to improve the quality of life for all Papua New Guineans.

The review indicates that the historical trends of development planning in PNG extends over three periods: pre-independence, self-government rule and post-independence. Yala and Sanida have reported that the two early plans were developed and implemented in 1963 and 1967 by the colonial administration. The third plan, 1972-1975 was launched during Self-Government rule and the other five development plans were formulated after independence which brings the total to nine. Apart from these national plans were sectoral plans, provincial and local plans, corporate plans and annual budgets.

This review identifies the national development plans, highlights their objectives and shortcomings and provides recommendations for new approaches on development planning.

2.1.2. Key objective

The primary objective of reviewing PNG's development planning from 1975 to 2024 is to assess the nation's progress towards achieving its development goals and to inform future planning efforts. This includes evaluating the effectiveness of past plans, identifying successes and failures, and determining the lessons learned that can be applied to current and future development initiatives. The review also aims to ensure that development plans are aligned with the country's national constitution, goals, and objectives, and that they effectively address the challenges and opportunities facing PNG.

2.1.3. Methodology

The review of PNG's development planning encompasses various approaches. Key methods range from assessments of the history of development planning in PNG to initial assessments of National Goals and Directive Principles, which are enshrined in the Constitution, and to more detailed reviews of specific plans and analysing the current development planning situation in the country. A strategic planning approach was also used, focusing on the history of planning documents, objectives and shortcomings by Yala and Sanida (2010). The most recent approach involves extensive consultations with various stakeholders, including government and non-government organisations.

The breakdown of the key aspects of each development plan’s name reflects the planning approach that was adopted from that time: pre-independence, self-government rule and post-independence.

The review documents include:

- i). Papua New Guinea's Development Performance, 1975–2008;
- ii). National Goals and Directive Principles; and
- iii). Sectoral plans, provincial and local plans, corporate plans and annual budgets.

The above steps were followed to conduct a comprehensive review of PNG's development plans from 1975 to 2008, gaining a deeper understanding of the country's development journey and the factors that have shaped it.

2.1.4. Analysis and results

(a) National Development Plans

This review on development planning highlights several issues reported by Yala and Sanida (2010) and the national development planning documents (1963-2008). Scarcity of resources to meet high demand requires a development planning framework to guide the allocation of limited resources towards priority programs and projects that maximise impact and returns (Figure 2). Therefore, early planners developed plans to guide them allocate limited resources to where they are needed most to improve the lives of the citizens. The key aspects of each development plan's name reflect the planning approach that was adopted from that time: pre-independence, self-government rule and post-independence. The planning documents, as reported by Yala and Sanida (2010), include:

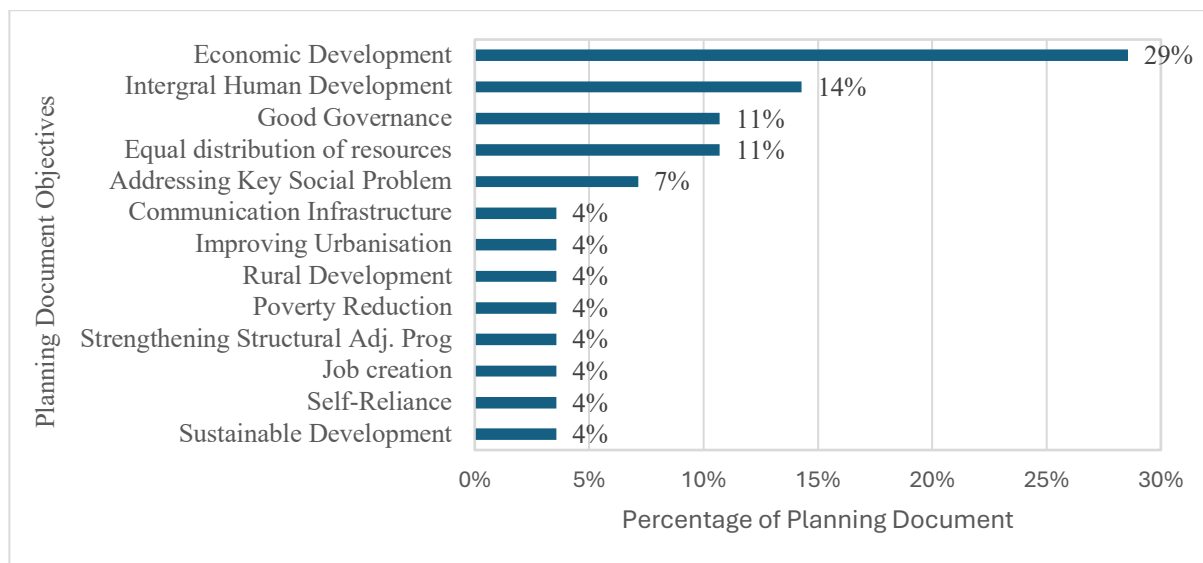
- i). Pre-independence
 - Project Planning, 1963 – 1967
 - Economic Development Plan, 1967 – 1972
- ii). Self-government
 - Eight Point Improvement Plan, 1973 – 1975
- iii). Post-independence
 - National Development Strategy, 1976 – 1985
 - National Development Plan, 1986 – 1990
 - Development Plan, 1989 – 1997
 - Medium, Term Development Strategy, 1997 – 2002
 - Medium, Term Development Strategy, 2003 – 2007
 - Medium, Term Development Strategy, 2005 – 2010

(b) Objectives of the National Development Plans, 1963-2008

The above planning documents were developed by the colonial administration and successive PNG governments from 1963-2008. They set their priorities or objectives to implement the plans with the view to improve the lives of all Papua New Guineans. Figure 1 shows the priorities or objectives in the planning documents.

According to the review, the most common objective of the planning documents from 1963-2008 was economic growth or development for PNG. This represents 29% of the planning documents (Figure 1). The next common objective of the planning document was integrate human development (14%) followed by equal distribution of resources (11%), and good governance (11%). Other objectives highlighted in the planning documents include communication infrastructure, improving urbanisation, rural development, poverty reduction, strengthening structural adjustment program, job creation, self reliance and sustainable development (Figure 1).

Figure 1: Percentage of planning documents and their objectives



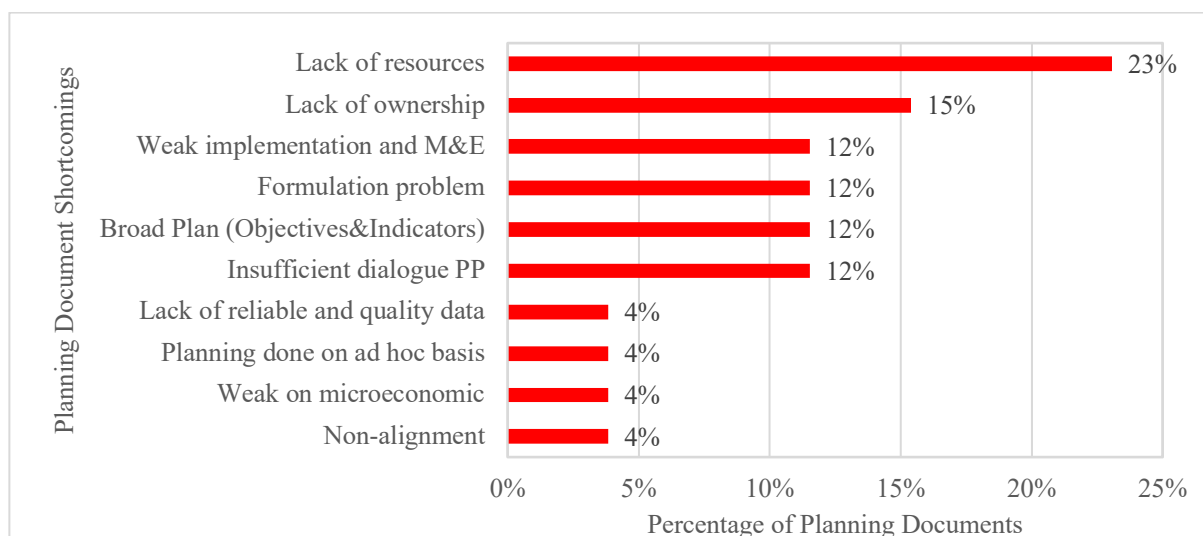
Source: Papua New Guinea's Development Performance from 1975–2008

(c) Shortcomings of the National Development Plans, 1963-2008

Although various governments from 1963-2008 developed their planning documents and identified their priority areas of development to be implemented, there were shortcomings in the implementation. The review shows that 23% of the planning documents highlighted lack of resources as the major shortcoming (Figure 2). Next is that about 15% of the PNG's development plans over the last 33 years suffers from a lack of political ownership and oversight, which delays effective implementation (Figure 2).

According to Yala and Sanida (2010), other common shortcomings were: weak implementation and monitoring and evaluation (12%); formulation problem regarding the planning documents (12%); broad planning objectives and indicators (12%); and insufficient dialogue between the public and private partners (12%). The remaining shortcomings were: lack of reliable and quality data (4%), planning done on ad hoc basis (4%), weak on microeconomic (4%), and non-alignment of the planning documents (4%).

Figure 2: Percentage of Planning Documents and their shortcomings



Source: Papua New Guinea's Development Performance from 1975–2008

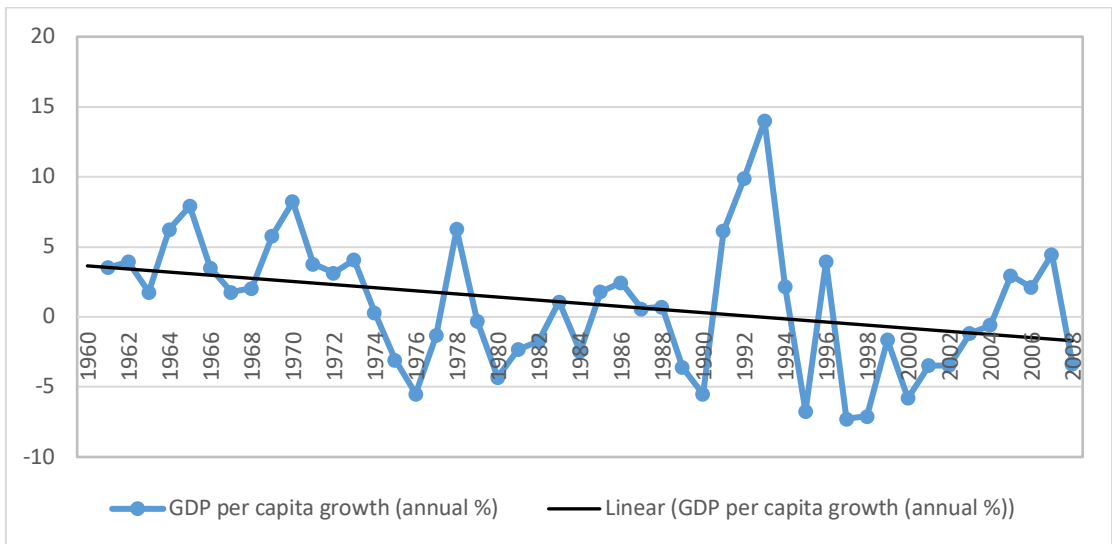
2.1.5. Impact of development plans using HDI

HDI is used to assess the impact of the past development plans. The HDI consists of economic growth (change in per capita real GDP), life expectancy, and literacy (number of years of schooling) to assess PNG’s development progress.

(a) Economic growth

Per capita real GDP provides an estimate of the average income of the country’s citizens, although it is not a perfect measure. The growth in the per capita real GDP is used as a measure of economic growth. Figure 3 shows PNG’s economic growth from 1960 to 2008. The years before independence showed average growth of 3.7 percent while there was an overall decline from 1976 – 1990 by 1.21 percent average annually. There was strong growth from 1990 to 1993 driven by commencement of new mining and oil projects but there was overall decline thereafter up to 2000. Then between 2000 and 2007 there was positive growth overall. The average per capita real GDP growth for the 30 years after independence was only 0.3 percent indicating that the development plans did not achieve the objectives of improving the standard of living for Papua New Guineans. In Figure 3, the overall weak growth in the per capital real GDP growth is indicated by the downward sloping trendline (black line).

Figure 3: Growth rate (%) of per capita real GDP, 1960-2008



Source: World Bank, 2025, <https://data.worldbank.org/indicator/NY.GDP.PCAP.KD.ZG?locations=PG>, accessed on 22 May, 2025.

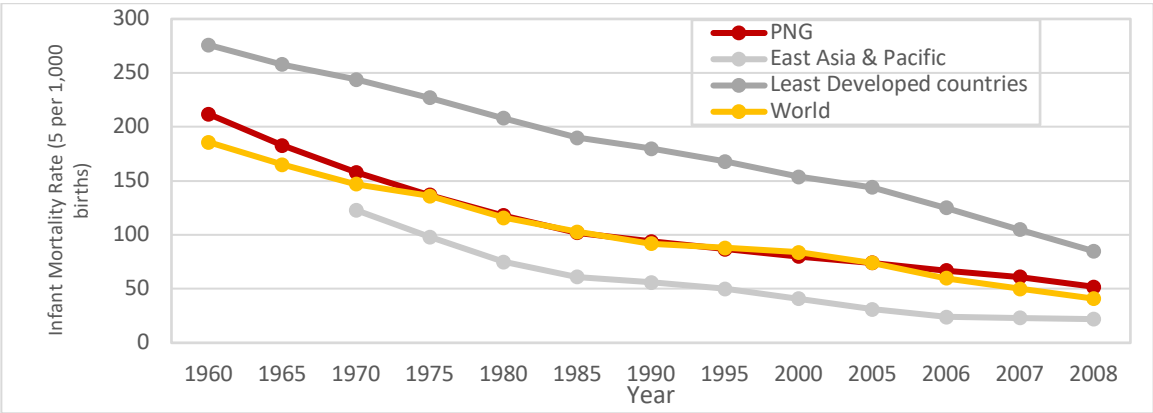
(b) Health

There were rapid changes in infant mortality rate and life expectancy between 1960 and 1980 (Figures 4 and 5). The infant mortality rate (i.e. infant deaths per 1000 live births) declined rapidly from 212 in 1960 to 102 in 1985 and then declines steadily to almost 53 in 2008. These trends showed improvements in the health of infants. Life expectancy (years) increased from 39 years in 1960 to 63 years in 2008. This represents an increase of 24 years, which is a positive indicator for PNG.

Comparative analysis shows remarkable differences as shown by Figure 4 and Figure 5. In terms of infant mortality, PNG is better off compared to Least Developed Countries (LDCs) but worse off compared to East Asia and Pacific (Figure 4). It is on par with the world average. For life

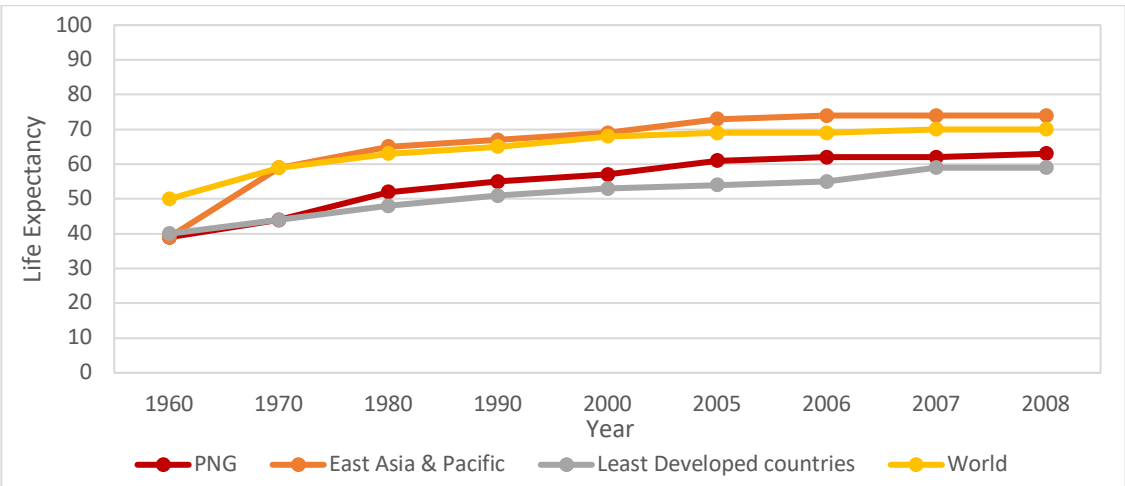
expectancy, PNG fares better than the LDCs but worse off than the world average and East Asia and Pacific region average (Figure 5).

Figure 4: Infant mortality rate (under 5 per 1000 live births), 1960-2008



Source: World Bank 2008

Figure 5: Life expectancy rate (years), 1960-2008

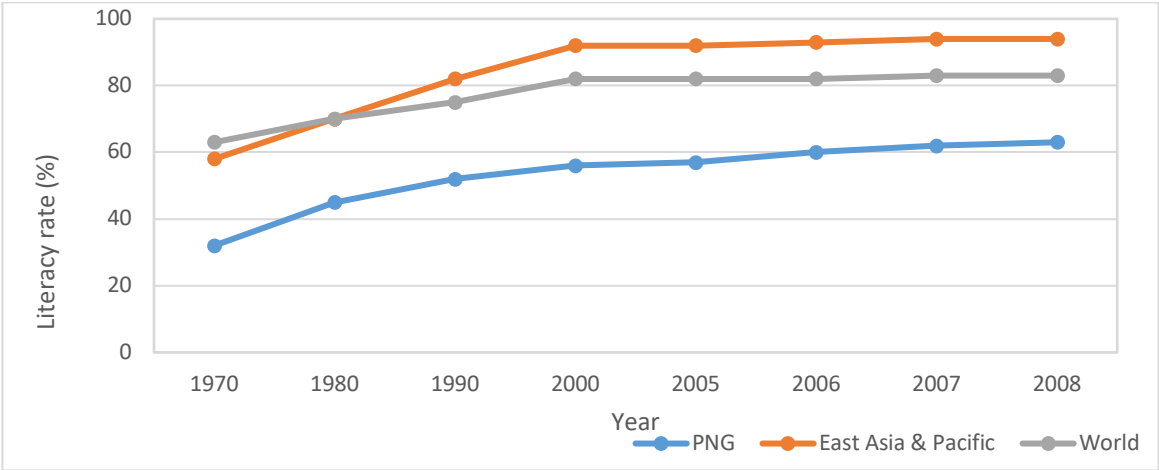


Source: World Bank 2008

(c) Education

Adult literacy rate was used in this report to discuss education development in PNG. Data obtained from the United Nation’s Human Development Report (1990-2007) shows the adult literacy rate for PNG, East Asia and Pacific, LDCs, and the world (see Figure 6). Overall, PNG’s adult literacy rate increased rapidly from 1970 to 1990 but then experienced a gradual increase from 1990 to 2008. The literacy rates for the world average and East Asia and Pacific also followed a similar trend; however, both are at higher absolute literacy rates than PNG (i.e. series lines are above PNG line). This indicates that PNG has a lower growth rate than others.

Figure 6: Adult Literacy rate (15 years and above, %), 1970-2008



Source: United Nations Development Program, HDI Report & World Bank Report, 2025.

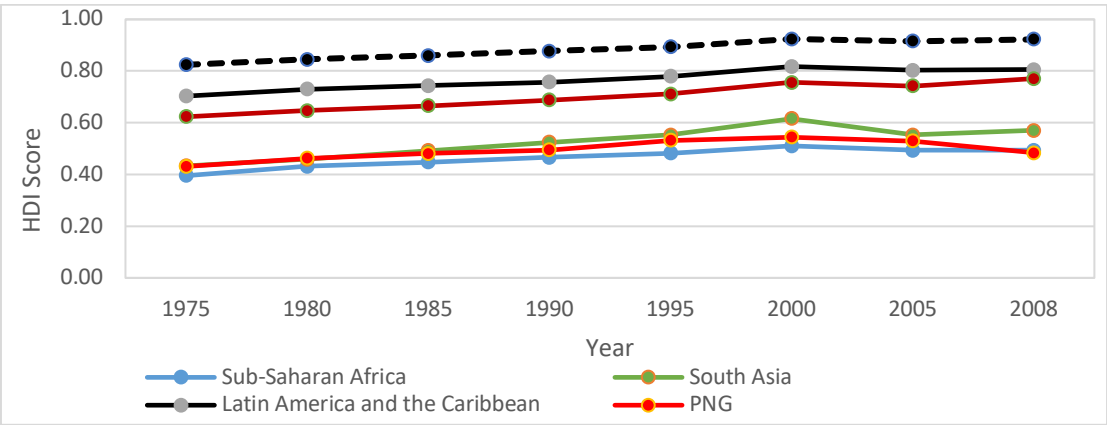
(d) Human Development Index (HDI)

The HDI is calculated by using economic growth, life expectancy and literacy rates. It uses a scale from 0 to 1, with 0 indicating the lowest while 1 indicates the highest HDI. From the calculations of the three indicators; the per capita GDP, life expectancy, and literature rate, there were incremental changes in the three indicators over the years for PNG. However, the changes were so small that they cannot have any impacts on the HDI. PNG’s HDI began to decline in 2000 while for other regions, the HDI continue to increase (Figure 7). The three indicators used to calculate HDI (GDP per capita, life expectancy and literacy rates) have declined over time indicating that the quality of life for PNG is not improving.

The overall analysis indicates that the earlier plans developed by the colonial government must have had positive impacts on development in PNG and continued till 1980. However, the plans developed during the post-independence era failed to sustain and build on their success. This review highlights the ongoing challenges in areas like education, health, and living standards that future plans must address.

In terms of comparatives, it can be seen in Figure 7 that PNG is only better off compared to Sub-Saharan Africa but not against the other regions mentioned (South Asia and Latin Amercia and the Carribean) for the 1975 to 2008 period.

Figure 7: Human Development Index, 1975 – 2008



Source: United Nation Development Program

2.1.6. New approaches to development planning and implementation

Yala and Sanida proposed that a new approach to development planning and implementation is for political parties to take ownership to develop their own manifestos and strategies to achieve their visions. The technocrats provide an oversight of the formulation and implementation while the oversight and accountability would be provided by the wider electorate.

This new approach must be built on three key democratic institutions: the five-year election cycle, the Organic Law on the Integrity of Political Parties and Candidates (OLIPPAC), and the LPV system. These three key democratic institutions would provide incentives for political parties to reflect a long-term development plan in their political party manifestos and formulate and implement a five-year medium-term development plan while in government.

The role of the technocrats and bureaucrats are to provide technical oversight, from development to implementation, and monitoring and evaluation.

2.1.7. Conclusion

Review of the work by Yala and Sanida (2010) has shown that while PNG has a history of development planning, the overall impact on national development appears to be limited due to various factors, including inadequate funding, weak implementation, and a lack of long-term vision in some plans. The perception of negligible impact highlights the need for a more comprehensive and effective approach to development planning that addresses the unique challenges and opportunities for PNG.

2.2. Review of performance for 2009-2024

2.2.1. Introduction

This review looks at the second part of the development planning performance in PNG from 2009 – 2024. The government's development planning performance review is an assessment of its progress towards achieving its development goals and objectives. This process involves evaluating the implementation of development plans, identifying areas of success and shortcomings, and making adjustments to improve future implementation and achieve better outcomes. The findings in this review will be used as a learning process to improve future development planning and implementation efforts.

This review examines the *Planning and Monitoring Responsibility Act (2016)* that guides the development of national development plans in PNG and its budgetary and implementation framework. It also looks at the initial assessments of the National Goals and Directive Principles, which are enshrined in the Constitution to more detailed reviews of specific plans like Vision 2050, PNG Development Strategic Plan (DSP) 2010-2030, National Strategy for Responsible Sustainable Development (StaRS), the Medium-term development plans, and other sectoral, subnational and annual budget plans. This review will also evaluate the level of implementation of development plans (Vision 2050 and DSP 2010-2030) against their set goals and objectives using the three composite indicators of real GDP per capita, life expectancy and literacy rate, as used in HDI calculations.

2.2.2. Key objectives

The primary objectives of reviewing PNG's development planning from 2009 - 2024 is two-fold:

- a) To ensure that national development plans are aligned with the national constitution, goals, and objectives, and that they effectively address the challenges and opportunities facing Papua New Guineans.
- b) To assess the PNG's progress towards achieving its development goals and to inform future planning efforts; this includes evaluating the effectiveness of past plans, identifying successes and failures, and determining lessons learned that can be applied to current and future development planning initiatives.

2.2.3. Methodology

The review of PNG's development planning encompasses various approaches. Key methods include assessments of the history of development planning in PNG; initial assessments of National Goals and Directive Principles, which are enshrined in the Constitution; and more detailed reviews of specific plans and analysing the current development planning situation in the country. A strategic planning approach was also used, focusing on the history of planning documents, objectives and shortcomings. The most recent approach involves meetings with various stakeholders, including government and non-government organisations.

The documents consulted for this review include:

- i). Planning and Monitoring Responsibility Act (2016);
- ii). Papua New Guinea's Development Performance, 2009-2024;
- iii). National Goals and Directive Principles;
- iv). Vision 2050;
- v). Development Strategic Plan, 2010-2030;
- vi). National Strategy for Responsible Sustainable Development (StaRS);
- vii). Medium Term Development Plans (MTDP I-IV); and
- viii). National Development Plans, sectoral, subnational plans and annual budgets.

2.2.4. Analysis and results

(a) History of National Development Plans 2009 – 2024

This review shows that PNG has some well-established long-term and medium-term strategic national development plans. Some of these recent national plans include:

Long-term national development plans:

- MTDS 2005-2010
- Vision 2050
- Development Strategic Plan 2010- 2030
- National Strategy for Responsible Sustainable Development (StaRS)

Medium-term development plans:

- MTDP I, 2011- 2015
- Medium Term Development Plan II: 2016- 2017 (MTDP II)
- Medium Term Development Plan III: 2018- 2022 (MTDP III)
- Medium Term Development Plan IV: 2023- 2027 (MTDP IV)

Global Policy Framework:

- Millenium Development Goals (MDG), 2000 - 2015
- Sustainable Development Goals (SDG), 2016 - 2030

(b) Objectives and priorities of National Development Plans

The Constitution

The Constitution provides the underlying five National Goals and Directive Principles for PNG at a higher level for any plans to address:

- Goal 1 - Integral Human Development
- Goal 2 - Equality and Participation
- Goal 3 - National Sovereignty and Self-Reliance
- Goal 4 - Natural Resources and Environment
- Goal 5 - Papua New Guinean Ways

The National Vision

The Vision 2050 is the Government's high-level strategic plan for shaping the future growth and development of PNG to the year 2050 to address the Five Goals. Relevant statements in this regard are:

"The PNG Vision 2050 expresses the aspiration for PNG to be a 'Smart, Wise, Fair, Healthy and Happy Society by 2050 and be in the top 50 countries in the Human Development Index (HDI) ranking."

Strategic Development Plans

The Vision 2050 commitment is echoed in a series of national and sectorial policy documents, including the following:

(i). Papua New Guinea Development Strategic Plan (2010-2030)

The PNG DSP translates the nation's aspirations, as outlined in the National Constitution, into workable plans. It sets broad frameworks, targets, and strategies to achieve Vision 2050 and aims to improve the quality of life for all citizens. Relevant statements in this regard are:

The PNG Development Strategic Plan (DSP) 2010 – 2030 predicts PNG to be a 'middle-income country' by 2030.

(ii). National Strategy for Responsible Sustainable Development (StaRS)

The StaRS is considered the framework for all development efforts in the country. It has 21 principles based on three pillars: ecological, economic and social sustainability together with good governance and personal sustainability.

(iii). Medium-Term Development Plans (Five-year Plans)

The MTDPs focus on the five-year plans and guide the country toward Vision 2050. They include policy reforms across various sectors.

(iv). Other plans

There are also sectoral plans for health, education, transport, and other sectors, and subnational levels aligned with the MTDP IV (2023 – 2027).

(c) Positive aspects of the NDPs

Homegrown document

Most of the national development plans were presented as “homegrown” documents, taking into account the concerns and aspirations of different stakeholders, including the government, private sector, and the people of PNG.

Long-term goals and targets

The plans established long-term goals and targets, aiming to guide development planning and set priorities for development expenditure.

Focus on integral human development

The plans aim to achieve integral human development, equality, and participation, as well as sustainable management of natural resources and the environment.

Government commitment to implementation

The government, through the Department of Treasury, played a key role in implementing the plan and ensuring effective resource allocation.

Strategic Partnerships

MTDPs emphasise the importance of strategic partnerships with development partners to align their support with the government's development initiatives.

Engagement with Stakeholders

The plan was developed through broad consultations with provincial and district administrations, government stakeholders, the private sector, and other entities.

Focus on Key Areas

The plans address key areas like rural water access and sanitation, aiming to improve living standards in specific province.

(d) Shortcomings of National Development Plans

The shortcomings of the National Development Plans relate to the following aspects: planning aspects; resourcing the plans;

Shortcomings related to formulation of the NDPs

- i). *Lack realistic targets and forecasts:* Medium- and longer-term plans are valuable tools if suitable resources are provided to enable their implementation, but it requires that the targets and forecasts are realistic and well researched. There needs to more surveys and research findings carried out to give a holistic approach that give a realistic picture of the national situation and to pinpoint a direction for development to take place.

- ii) *Weak economic projections*: National development plan's projections for GDP and GDP per capita growth are pessimistic and inconsistent with the plan's overall goal of economic growth.
- iii). *Lacks population projections*: National development plans often consider projected population growth and the associated, education, health, housing, water, electricity and infrastructure needs. Proper population data is lacking.
- iv). *Lack of alignment to budget and service delivery frameworks*: The national plans' objectives set is not linked to the national budget and service delivery frameworks. Therefore, national goals and objectives are difficult to achieve because of lack of resources like funding and human capacity and service delivery implementation.
- v). *Lack ownership by an Independent Office of the Planning Regulator*: The NDPs lack provisions for regular review and update, to reflect changing circumstances and adjustments, where necessary. The NDP must be aligned or incorporated into sector and corporate plans, province, district, LLG and Ward Plans. The sector and corporate plans and subnational plans must be reviewed to be consistent with the revised NDP. Sector and corporate plans and Subnational Development Plans review cycles will then fall in line with the NDP, ensuring that the shared vision is carried through to the local planning level. The planning legislation underpinning the NDP must also lead to the creation of an independent Office of the Planning Regulator (OPR), which is responsible for monitoring implementation of the NDP.
- vi). *Lack of coordination and consultation*: The lack of co-ordination and consultation between responsible government departments, NGOs, and private sector in addressing national and international development issues makes the multi-sectoral approach ineffective.
- vii). *Lack of integration in planning and implementation*: There is a lack of integration at both development planning and implementation levels between sectors, levels of government, private sector, and between the community and the government.
- viii). *Political interference, accountability, transparency and corruptions issues*: Continuous political interference, changing organisational structures; and decision-making processes that lack accountability and transparency, and risk of corruption.
- ix). *Reliance on extractive industries*: The plan's heavy reliance on extractive industries and primary resource exports is seen as limiting PNG's economic diversification and long-term sustainability.

Shortcomings related to resourcing of the NDPs

- i). Lack of bridging between the nation's long-term development plans and the annual budget.
- ii). The annual budget does not effectively implement the development targets and goals outlined in the national development plan.
- iv). Lack of priority interventions on government's key policy priorities and the proposed allocation of resources to address these priorities.
- v). Lack of guidance for budget formulation of the annual budget, ensuring that it aligns with the government's overall fiscal strategy and national development goals.
- vi). Lack of transparency and accountability in the budget process by outlining the government's priorities in the NDPs and resource allocation.

- vii). Lack of Public and Private Partnership (PPP) in informing the public about the government's budget priorities and how its resources are being allocated to implement the NDPs.
- viii). PNG has had many plans and strategies, but inadequate funding leads to ineffective implementation.

Shortcomings related to implementation of NDPs

The NDPs should be implemented to deliver essential government services across the country to improve the lives of all Papua New Guineans, thus achieving its goals and objectives. However, many national development plans in PNG lacks implementation due to many shortcomings. These include the following:

- i). *Inconsistency in implementation*: The MTDP and sector plans are designed to cover five-year periods to align with the term of a parliament. However, their consistency of implementation is sometimes disrupted, as governments in PNG often fail to survive the entire duration of the parliament. In addition, the interests of the prime minister, ministers and members of parliament often supersede those set out in the national development plans, diverting public expenditure in favor of local projects, regions, provinces or districts at the expense of longer-term national development plans.
- ii). *Lack of delivery for Minimum Service Standards (MSS)*: The lack of MSS at each service delivery center like primary health care, primary education, clean water, sanitation, decent housing, and access to transport, communication, electricity, and banking services, is a constraint to effective implementations of plans.
- iii). *Lack of Monitoring and Evaluation (M&E)*: The lack of M&E on the performance of service delivery at national, provincial, and district levels is a key factor in the ineffective implementation of plans.
- iv). *Lack of mid-term review and final evaluation*: The lack of mid term reviews and final evaluation on the expiry period of the national development plans is a factor in ineffective implementation of plans.
- v). *Evaluation results are not made publicly available*: Unfortunately, even when some evaluations are done (e.g. MTDS evaluation), the evaluation results are not made publicly available and discussed to contribute to the development of future plans.
- vi). *Lack of alignment*: The lack of service delivery alignment with development plans like the Medium-Term Development Plan (MTDP) and other national development strategies.
- vii). *Lack of resourcing when implementing decentralisation*: The move to decentralise powers and activities to provincial and local level government without adequate funding, manpower and institutional support, and the lack of political will at the national and provincial levels have inhibited the process of effective service delivery under the NDPs.
- vii). *Other common shortcomings*: Some commonalities have emerged across the sectors such as institutional weaknesses, poor inter-agency linkages, lack of capacity, weak/inadequate legislation, lack of government funding, lack of political will to implement projects/programs, lack of supporting infrastructure, law and order, high cost structure of the economy, and problems imposed by the complicated land tenure system.

2.2.5. Impact of development plans on development

(a) Limited impact

PNG has made improvements in economic growth. However, this growth has barely translated into improving social sectors like health and education. The review found that the various development plans have not demonstrably led to significant improvements in national development, especially in social sectors like health and education. These are highlighted by PNG’s HDI.

(b) Human Development Index

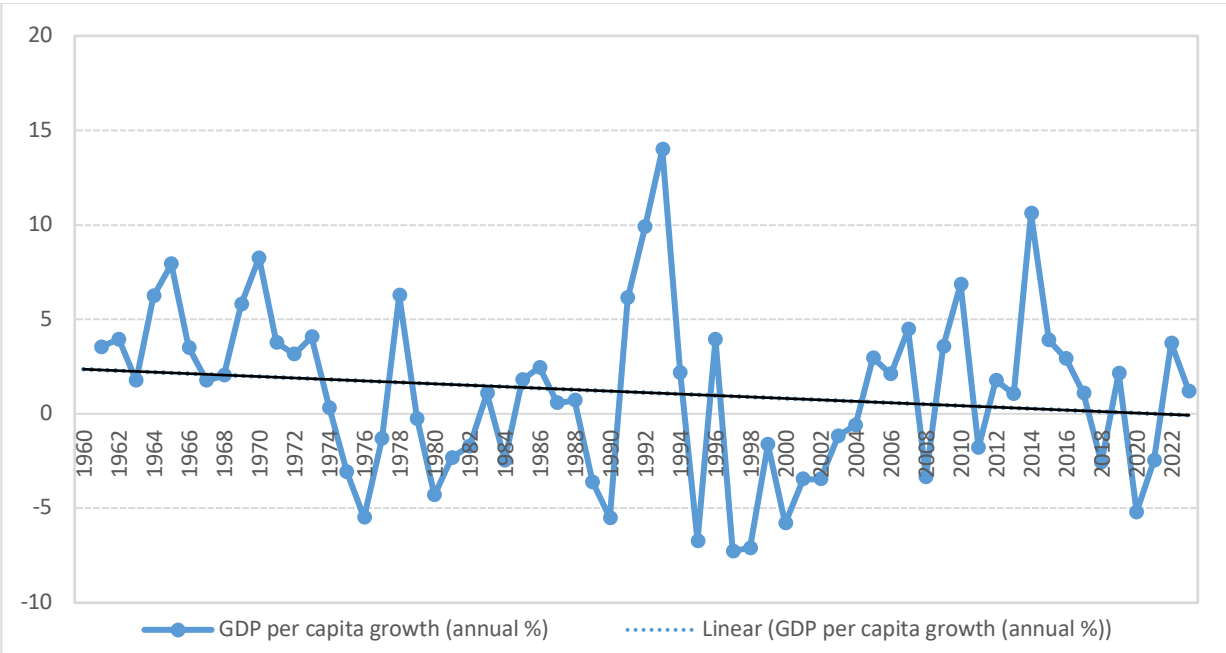
The HDI is used to assess the impact of the past national development plans. The HDI consists of economic growth, life expectancy and literacy (number of years of schooling) to assess PNG’s development progress.

Economic Growth

Figure 8 shows economic growth for PNG as measured by the percentage change in real per capita GDP from 1960 to 2023. The review of the trends up to 2008 was provided when discussing Figure 3 earlier (when discussing trends up to 2008 per NRI Monograph 41). In terms of the growth for 2009 to 2024, the following can be observed. The annual economic growth fluctuated significantly between 2009 and 2024. The country experienced periods of high growth, particularly linked to the mining sector, and saw periods of slowdown or even negative growth due to factors like global commodity price fluctuations, drought, and the COVID-19 pandemic.

In 2014, there was a high growth rate of 13.5% due to the first export of PNG LNG, but declined slightly in 2019-2020 due to the COVID-19 pandemic. There was a negative growth of 2.5% in 2021 but experienced a positive growth of 4.6% in 2022. The growth rate of around 1.5% was projected for 2023 and 2.0% in 2024.

Figure 8: Growth rate (%) of per capita real GDP, 1960-2024



Source: World Bank, 2025, <https://data.worldbank.org/indicator/NY.GDP.PCAP.KD.ZG?locations=PG>, accessed on 22 May, 2025.

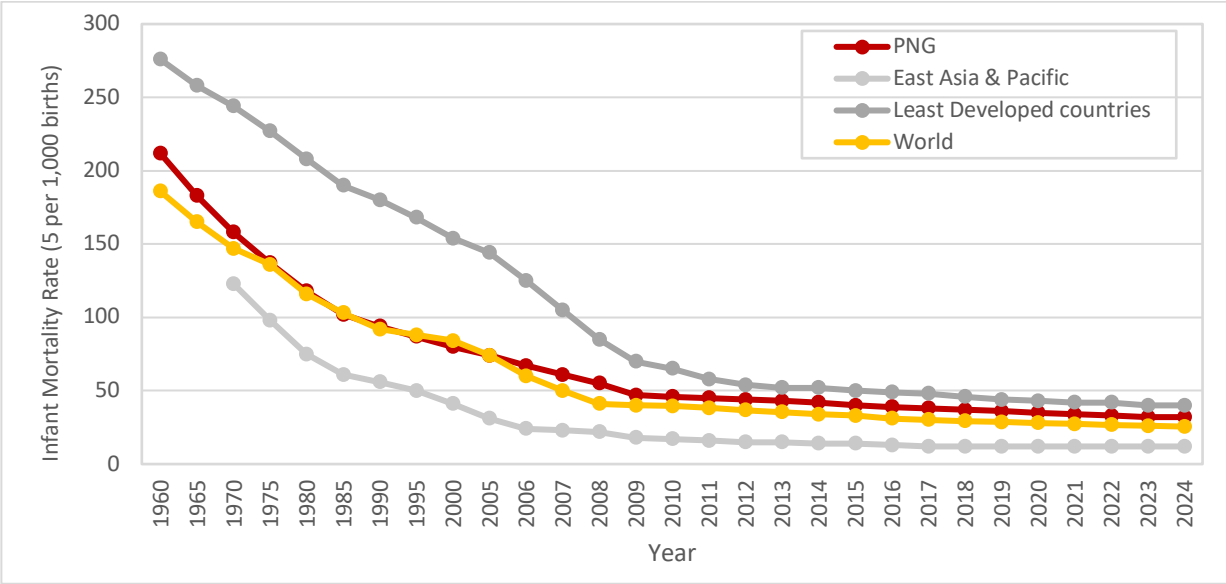
There were rapid changes in infant mortality rate and life expectancy between 1960 and 1980 (Figure 9 and Figure 10). The discussion on the trend up to 2008 has been presented under Figure 4. In terms of 2009 and onwards, the following is observed. Since 2009, the infant mortality rate (per 1000 live births) in PNG has been decreasing but remains relatively high. In the 5-year period preceding the 2016-2018 Demographic and Health Survey, the overall under-5 mortality rate was 49 deaths per 1,000 live births. This means that 1 in 20 children in PNG die before reaching age 5. The World Bank reports indicate a decreasing trend in under-5 mortality, but still higher than the world average and average for East Asia and Pacific.

Life expectancy in PNG is improving but is still lower than many other countries (Figure 10). In 2009, life expectancy was 63.0 years. It has since increased to 65.0 years in 2022. The rate of improvement has slowed in recent years. By contrast life expectancy flattened off since 2009 and growth rate seemed to decrease. This indicates that PNG has a lower growth rate than others. Overall, PNG’s performance was well below the world average.

Education

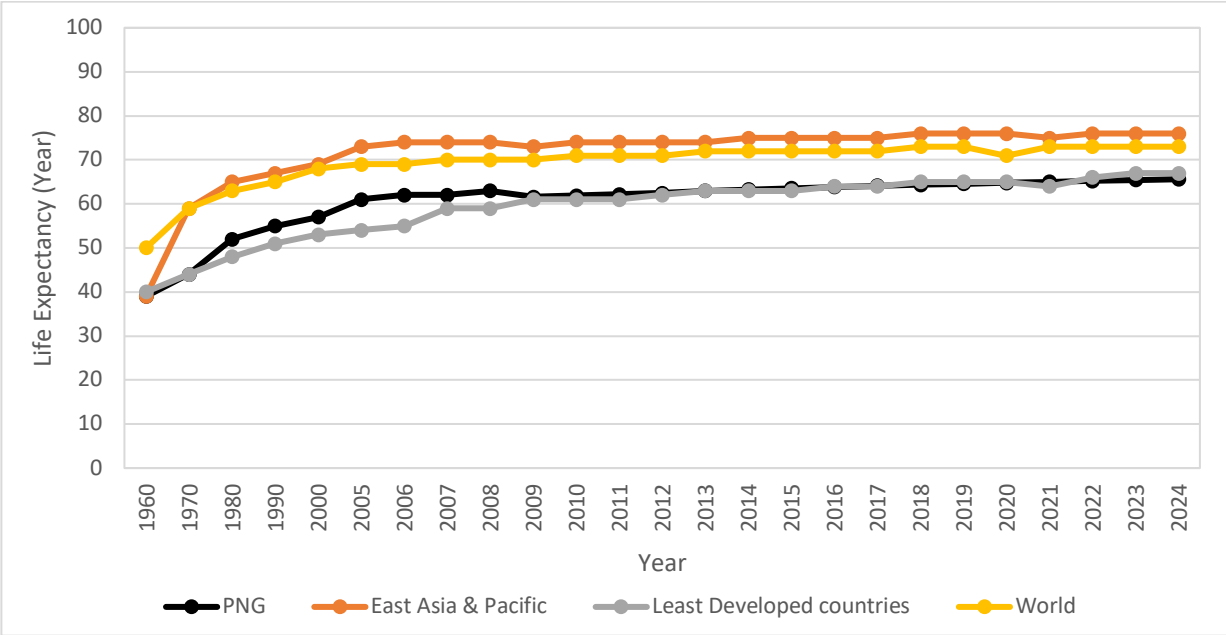
Adult literacy rate was used in this report to discuss education development in PNG. Figure 11 shows the adult literacy rate for 1970-2024. The trend up to 2008 has been discussed under Figure 6 previously. In 2009, the adult literacy rate was 61.6 percent and increased slightly to 65 percent in 2011. The literacy rate has shown minimal increase over the years, but it is still relatively low compared to other countries as shown in Figure 11. This means PNG faces challenges in improving literacy rates, including limited access to education, especially in rural areas.

Figure 9: Infant mortality rate (under 5 per 1000 live births), 1960-2024



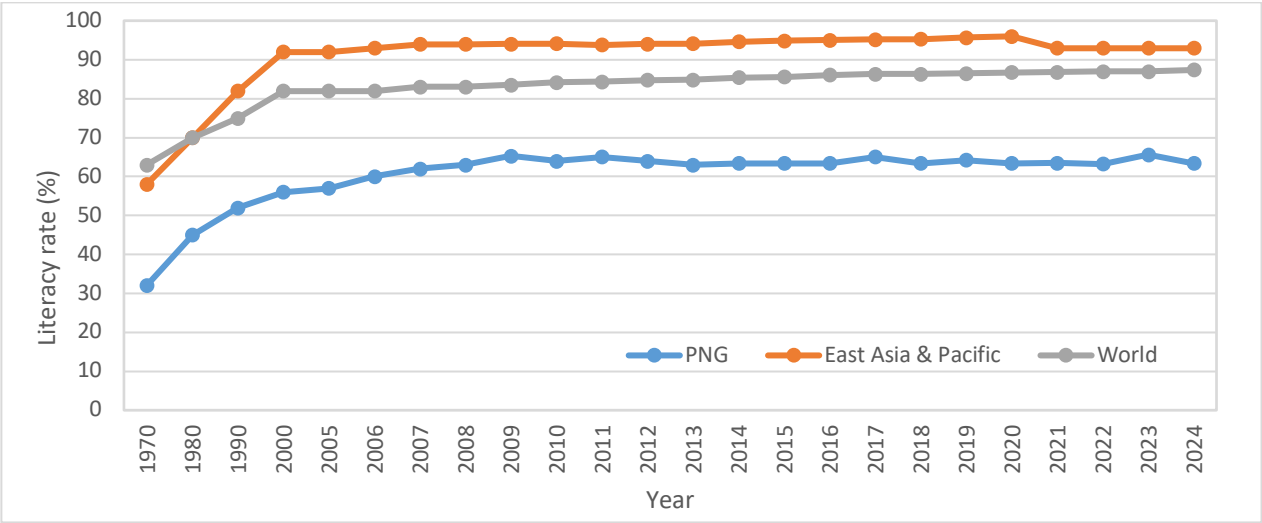
Source: World Bank 2025

Figure 10: Life expectancy rate (Year), 1960-2024



Source: World Bank 2025

Figure 11: Adult Literacy rate (15 years and above, %), 1970-2024



Source: United Nations Development Program, Human Development indicators Report & World Bank Report, 2025.

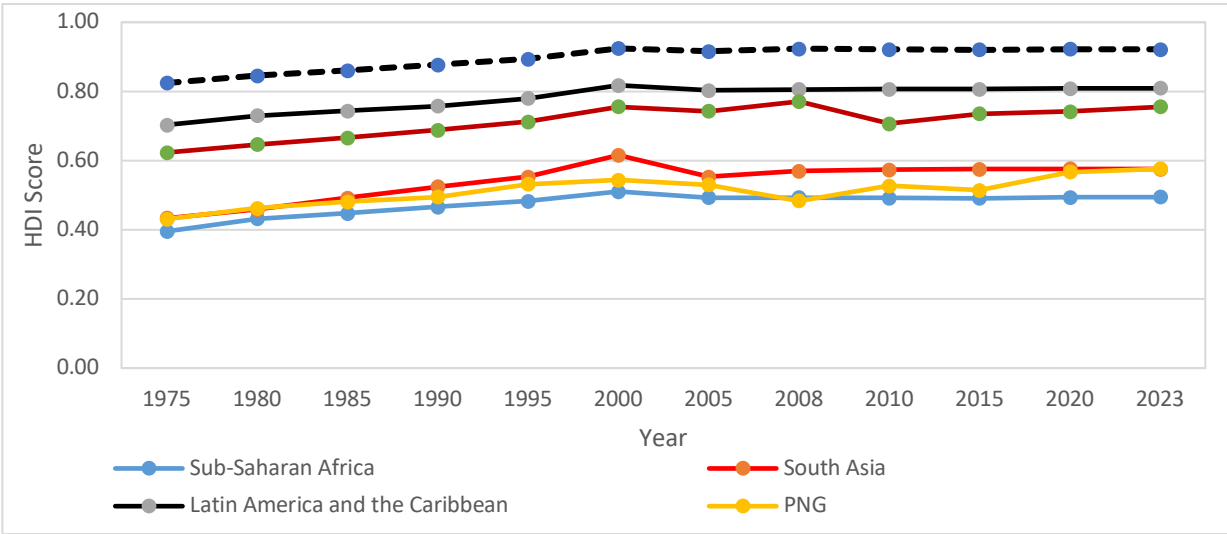
Human Development Index

The Human Development Index is calculated by using the Gross Domestic Product, life expectancy and literacy rates. It uses a scale from 0 to 1, with 0 indicating the lowest while 1 indicates the highest ranking. Figure 12 show HDI for 1975-2023. For the period 2009-2023, there was some improvements in PNG’s HDI. Based on the factors of HDI discussed in Figure 8 to Figure 11, it appears that the improvements were due to improvements in economic growth due to PNG LNG (Figure 8) and improvements in infant mortality rate (Figure 9). Specifically, the HDI for PNG generally shows a positive trend between 2009 and 2024, with a gradual increase in the HDI value (Figure 12). In 2009, the HDI was 0.51, and by 2017, it reached 0.54. The HDI value

in 2021 was 0.558, classified as medium human development. In 2023, PNG's HDI score was 0.576, which is the lowest in the region.

Despite the improvements in HDI for PNG stated above, comparatively, the indices are still worse off compared to other region averages. On a positive note, PNG’s HDI after 2015 is better than the Sub-Saharan Africa average and on par with South Asia average from 2020. Overall, however, PNG needs to do more in the three HDI indicators: GDP, life expectancy and literacy rates, in order for her to move up the HDI score.

Figure 12: Human Development Index, 1975 – 2023



Source: United Nation Development Program

2.2.6. Impact on the National Goals

The development planning framework contributes to the achievement of PNG's national goals and directive principles, as well as the SDGs.

(a) Vision 2050

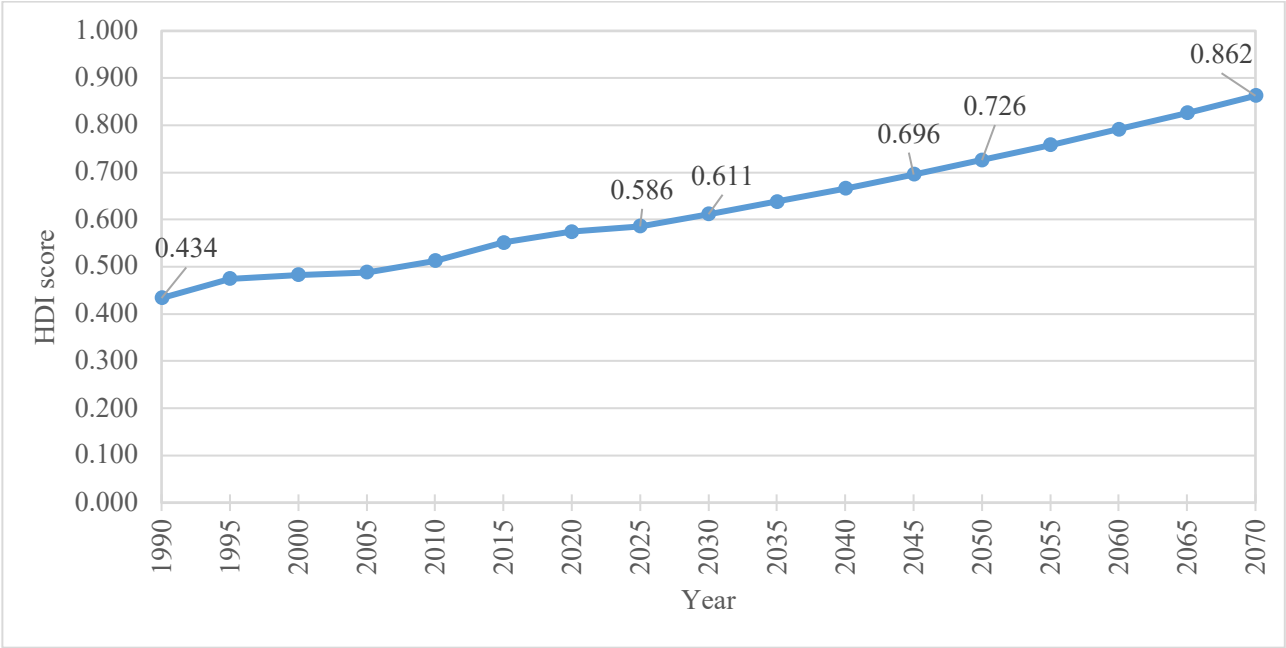
The Vision 2050 lays out a major vision for the country:

“The PNG Vision 2050 expresses the aspiration for PNG to be a ‘Smart, Wise, Fair, Healthy and Happy Society by 2050 and be in the top 50 countries in the Human Development Index (HDI) ranking.”

Vision 2050 aims to create a "smart, wise, fair, and happy society" by focusing on economic growth, smart innovation, quality services, and equitable distribution of benefits. In 2023, PNG’s HDI was 0.576 (Figure 13), with an average annual growth rate of 0.9% placing it in the “Lower medium human development” category with a ranking of 160 out of 193 countries. By 2050, PNG’s HDI is estimated to be at 0.726 placing it in the "medium" human development category. This means that PNG's citizens generally have a low-medium level of well-being based on life expectancy, education, and income compared to countries with higher HDI. With this current growth rate, PNG will reach the top 50 countries in the global HDI ranking in 2070 (see Figure 13). Catching up with countries in the top 50 alone will require not only very good policies, but it will also require longer than three decades.

An important factor to consider in terms of HDI ranking is that the rankings are relative to the performance of other countries of the world in the list. So the following can occur. One is that even if one country improves in its absolute HDI score, it can still be worse off in the rankings if some other country does much better in its HDI score. On the contrary, even if one country has a slight decline in the HDI score it can still improve in the ranking if some other country's decline in HDI's score is much worse. The two scenarios imply that making incremental increases in the HDI score is more important than the ranking because it shows improvements in the components of HDI.

Figure 13: Projection for PNG to be in the top 50 countries in the HDI ranking by 2050



Source: UNDP, HDI Report & World Bank Report, 2025.

(b) Development Strategic Plan, 2010-2030

The DSP, 2010-2030 lays out a major expected outcome for the country by 2030:

The PNG Development Strategic Plan (DSP) 2010 – 2030 predicts PNG to be a ‘middle-income country’ by 2030.

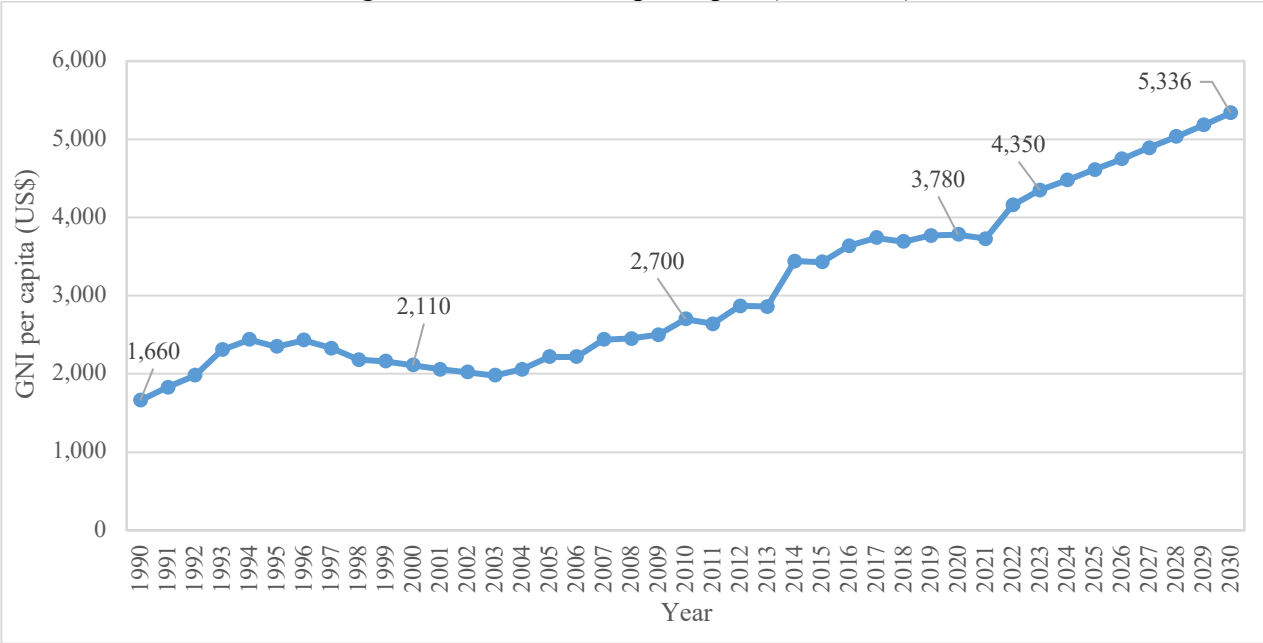
The PNG Development Strategic Plan (DSP) 2010-2030 aims to transform PNG into a prosperous middle-income country by 2030. This goal is a key objective of the plan, alongside promoting economic growth, human development, equality, and sustainable resource use.

To ensure PNG achieves its goal of being a middle-income country by 2030, the World Bank’s criterion is used where the Bank categorises countries into income groups based on their GNI per capita, calculated using the Atlas method. This calculation represents the total income earned by a country's residents, including income from both domestic and international sources, within a specific period, usually a year, divided by the country's population. It is a key indicator of a country's average economic well-being. The World Bank classifies countries into income groups based on their GNI per capita: low, lower-middle, upper-middle, and high-income economies.

For PNG, the historical trend from 1990 to 2023 shows fluctuations, with the highest value recorded in 2023 at \$4,322 and the lowest in 1990 at \$1,660. PNG’s GNI per capita has experienced wide variations over this period.

According to the World Bank (2025), PNG's GNI per capita measured in current international dollars using purchasing power parity, was \$4,350 in 2023, with an average annual growth rate of 3.0% placing it in the “Lower medium” income country category (GNI per capita between \$1,146 and \$4,465). By 2030, PNG’s GNI per capita is estimated to be \$5,336 placing it in the "Upper medium" income country category (GNI per capita between \$4,516 and \$14,005). With this current growth rate, PNG is within reach to achieve its ‘middle-income country’ status before 2030 (Figure 14). Catching up with high medium income country will require very good policies and realistic goals and objectives.

Figure 14: PNG’s GNI per capita (US\$, PPP)



Source: World Bank Report, 2025: <https://data.worldbank.org/indicator/NY.GNP.PCAP.PP.CD?locations=PG>

2.2.7. Conclusion

Similar to the review of development planning for 1975-2008 in NRI Monograph 41 (in Section 3.1), the 2009-2024 period has its history of development planning (see list of plans in Table 2 with their respective objectives and content summaries). Despite the ongoing practice of development planning, the overall impact on national development appears to be limited due to the same factors, including inadequate funding and weak implementation. Therefore, there is a need for a more comprehensive and effective approach to development planning that addresses the unique challenges and opportunities for PNG. On a positive note, during the 2009-2024 period, longer term plans were developed including Vision 2050, DSP and StaRS, which which were lacking in the 1975-2008 period.

Table 2: Plan documents for PNG, 2009-2024

Planning Document	Year	Objectives	Contents
Long Term			
Vision 2050 Somare, O'Neil and Marape governments	2010- 2050	To transform PNG into a smart, wise, fair, and happy society by 2050. It outlines seven strategic focus areas, also known as pillars, to achieve this vision	Seven pillars of Vision 2050: 1). Human capital development, gender, youth, and people empowerment 2). Wealth creation 3). Institutional development and service delivery 4). Security and international relations 5). Environmental sustainability and climate change 6). Spiritual, cultural, and community development 7). Strategic planning, integration, and control
PNG Development Strategic Plan (DSP)	2010- 2030	To transform PNG into a prosperous, middle-income country by 2030.	Four key pillars of DSP: 1). Integral human development 2). Equality and participation 3). National sovereignty and self-reliance 4). Sustainable management of natural resources and the environment.
National Strategy for Responsible Sustainable Development (StaRS)		To achieve a balanced and sustainable future for the country, ensuring the needs of both current and future generations are met.	Three pillars of StaRS: 1). Ecological, 2). Economic and 3). Social sustainability together with good governance and personal sustainability
Medium Term			
MTDS, 2005- 2010 under Somare	2002- 2007 2008- 2011	To improve the quality of life for all citizens through a combination of economic growth, rural development, poverty reduction, and human resource development.	The MTDS consist of: 1). Economic growth 2). Rural development 3). Poverty reduction 4). Human resource development 5). Good governance 6). Infrastructure development
MTDP I, 2011- 2015 Somare (2011) O'Neil (2011- 2015)	2011	To build the foundation for long-term, sustained, and equitable economic growth	Contains key enablers, such as: 1). Unlocking land for development 2). Improving law and order 3). Establishing transport corridors 4). Expanding education 5). Ensuring access to utilities and healthcare.
MTDP II 2016 - 2017 O'Neil Government	2016- 2017	To produce and supply clean, reliable, and affordable energy to all households and businesses, aiming to increase access to electricity while prioritising cleaner energy sources	Focused on: 1). Human development 2). Sustainability and responsible development 3). Economic growth and competitiveness 4). Focus on human capital 5). Alignment with Vision 2050

MTDP III 2018-2022 O'Neil Marape	2018-2019 2019-2022	To secure the country's future through inclusive and sustainable economic growth	Key areas such as: 1). Increase revenue 2). Increase employment and skills 3). Increase benefit ownership 4). Improve infrastructure 5). Enhance service delivery 6). Promote sustainable development
MTDP IV 2023-2027 Marape Government	2022-2027	To achieve a K200 billion economy by 2030, create one million new jobs, and improve the quality of life for all citizens	Contain key areas: 1). Economic growth 2). Job creation 3). Revenue enhancement 4). Quality of life improvement 5). Achieving middle-income status
Marape Manifesto	2019-2025	Take Back PNG	The Richest Black Christian Nation in the world.

Source: compiled from various plan documents

2.3. Achievements and challenges of last six years (2019-2024)

2.3.1. Introduction

This report is the third part of the review on development planning looking at the PANGU-led Coalition Government from 2019-2024. This review assesses development plans that fall in line with Honorable James Marape's terms as Prime Minister of Papua New Guinea. The documents include Medium Term Development Plan III, 2018 – 2022 and Medium-Term Development IV, 2023-2027, and the Marape Manifesto – Take Back PNG: Making PNG the Richest Black Nation in the World. The review also looks at the initial assessments of National Goals and Directive Principles, which are enshrined in the Constitution to more detail reviews of specific plans like Vision 2050, PNG DSP 2010-2030, and StaRS.

The review will identify areas of success and shortcomings and recommend adjustments to improve future implementation and achieve better outcomes. The findings in this review will be used as a learning process to improve future development planning and implementation efforts.

2.3.2. Objective

The primary objective of this review is to assess key achievements and challenges of the PANGU-led Coalition Government in the last six years (2019-2024) from development planning perspective.

2.3.3. Methodology

As stated earlier, the review of PNG's development planning encompasses various approaches. They include assessments of the history of development planning in PNG, initial assessments of National Goals and Directive Principles, which are enshrined in the Constitution, and more detailed reviews of specific plans and analyzing the current development planning situation in the country. A strategic planning approach was also used, focusing on the successes of planning documents, aspirations and shortcomings.

The documents consulted for this review include:

- Vision 2050,
- Development Strategic Plan, 2010-2030,
- National Strategy for Responsible Sustainable Development (StaRS),
- Medium Term Development Plans (MTDP I-IV), and
- Marape Manifesto.

2.3.4. The Marape Manifesto

The *Marape Manifesto* outlines the following:

- a. key economic and governance priorities, including increased national participation in resource projects,
- b) promoting downstream processing,
- c) diversifying the economy to reduce dependency on non-renewable resources.
- a. strengthening governance frameworks for transparency and accountability,
- d) enhancing public institutions,
- e) prioritising investment in education and healthcare, and
- f) implementing policies for social inclusion.
- g) responsible resource management,
- h) environmental conservation, and climate change mitigation, and
- i) preservation of PNG's diverse cultures while integrating them with modern development, strengthening national security, and enhancing PNG's global presence.

The manifesto also includes a bold proclamation to "*Make PNG the Richest Black Christian Nation*," reflecting the Prime Minister’s vision for economic transformation and national pride. Since the Marape government was in power in 2019, he introduced his government’s vision on “*Taking Back PNG: Making PNG the Richest Black Christian Nation in the World*”

To implement the Manifesto, Marape immediately initiated a number of reforms in the social and governance domains. These include:

- a) Enacting laws pertaining to freedom of information;
- b) Safeguards for whistleblowers;
- c) Establishing the much-awaited establishment of an anti-corruption commission, the ICAC;
- d) Implementing the new public procurement provisions;
- e) Improving transparency requirements for debt and debt management; and
- f) Pursuing the implementation of an improved financial management system for the public sector.

Some of the achievements or progress made include the following:

2.3.5. Record of some achievements under the PANGU-led Coalition Government

Achievements in the Economy

In the economic sector, the following progress was made.

- 1). *Removal of GST on essential household goods*: In a major effort to cushion households from the rising cost of living, the Marape’s government announced the removal of the 10% Goods and Services Tax (GST) on 13 essential items, effective from 1 June 2025 (Table 3). This is a relief to all families in PNG.

Table 3: Thirteen essential items for which 10% GST is removed

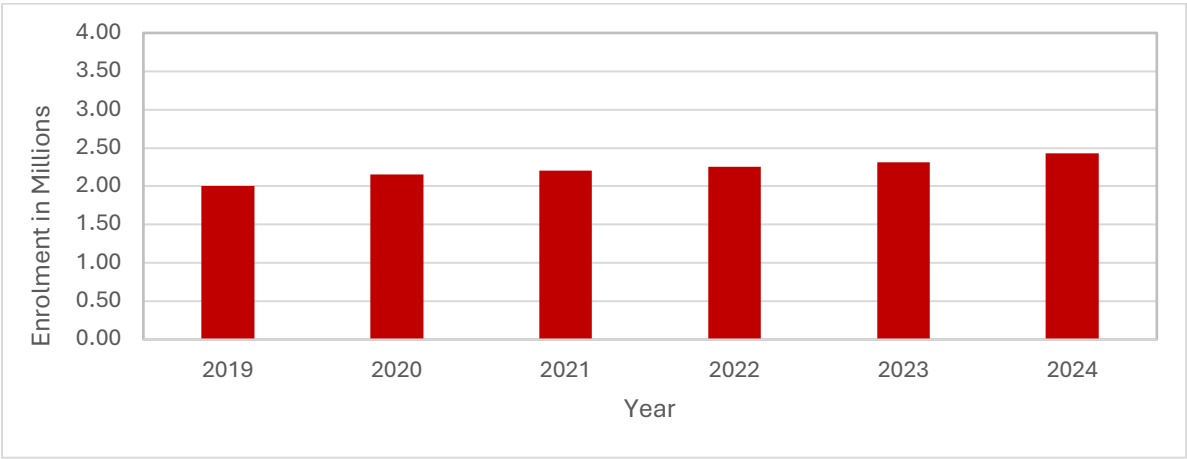
Item 1-7	Item 8-13
1. Rice	8. Noodles
2. Tinned fish	9. Flour
3. Tinned meat	10. Cooking Oil
4. Chicken	11. Women’s sanitary items
5. Tea	12. Soap
6. Coffee	13. Baby diapers
7. Biscuits	

- 2). *Raising non-taxable income threshold from K12,500 to K20,000:* The Marape Government raised the non-taxable income level from K12,500 to K20,000. This represents an increase of 60%. This is a relief for low-income ordinary Papua New Guineans and more take home pay for all workers. The GST relief package and revised income tax threshold are expected to cost the Government K800 million a year. However, the government implemented this policy to relieve its citizens from the high cost of goods and services.
- 3). *Economic reform and GDP growth:* PNG's GDP grew significantly from K79.6 billion in 2019 to K111 billion in 2023. This represents a considerable increase of over K30 billion over that period, reflecting the nation's economic resilience and growth. The National Statistical Office (NSO) reported a 3% growth in GDP for 2023, which further underscores the positive trend. This growth was contributed by various industries, including mining, oil and gas, agriculture and wholesale and retail.
- 4). *Fiscal strength:* Domestic revenue has increased from 14% of GDP in 2020 to 18% in June 2025. This indicates a stronger ability to generate revenue within the country, reducing dependence on external sources. The fiscal deficit has reduced to 3.9% of GDP, suggesting better control over government spending and increased efficiency in managing public finances.
- 5). *Resource deals towards securing greater benefits for PNG:* The new Porgera mine agreement with Barrick Gold Corporation, provides PNG with a 51% equity stake, including 36% by the National Government through KMHL and 5% by Enga Provincial Government. This translates to a total economic value chain benefit of 53% for PNG. The Pasca A Gas Project, PNG's first offshore petroleum project, aims to deliver substantial economic and social benefits, with the agreement securing benefits of above 55% for PNG.

Achievement in Education

- 1). *Over 2.4 million students are currently enrolled in schools nationwide:* The number of students enrolled in PNG increased from 2.12 million in 2019 to 2.43 million in 2024 (Figure 15). This increase is largely attributed to the implementation of the Government's Tuition Fee Subsidy (GTFS) policy, which has resulted in a notable rise in school enrollment, particularly in elementary and primary schools. The policy has led to a reduction in student drop-out rates and has also increased the number of girls enrolled in schools, contributing to improved educational outcomes and overall human development.

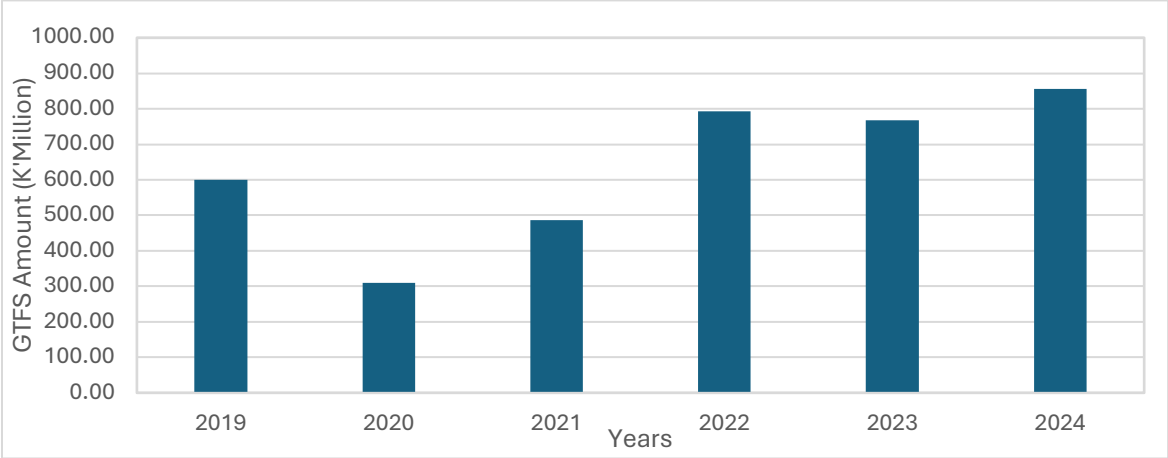
Figure 15: Enrolment of students in the Education System in PNG, 2019 -2024



Source: Department of Education, 2019 - 2024

- 2). *Flexible Open Distance Education (FODE)*: The Government has supported FODE as an alternative pathway of education to children to make it into secondary education. FODE enrolment in PNG increased significantly by 145 percent from 33,000 in 2020 to 82,000 in 2024. This growth is attributed to the Marape Government support and the increased recognition of FODE as a viable pathway to formal education, including tertiary education. The Department of Education has also made progress in expanding FODE, including integrating it into the online selection system for universities and tertiary institutions. This expansion aims to provide more individuals with opportunities to complete their education and achieve their aspirations, with over 2,000 FODE students securing university and tertiary education placements in 2024.
- 3). *Government Tuition Fee Subsidy (GTFS)*: In 2024, the Government allocated K856 million for the Government Tuition Fee Subsidy (GTFS) program, which helped meet school fees and project fees for students (Figure 16). This represents a significant increase from the K767.84 million allocated in 2023. The program aims to ensure that all children can access education without being denied enrollment due to inability to pay fees.

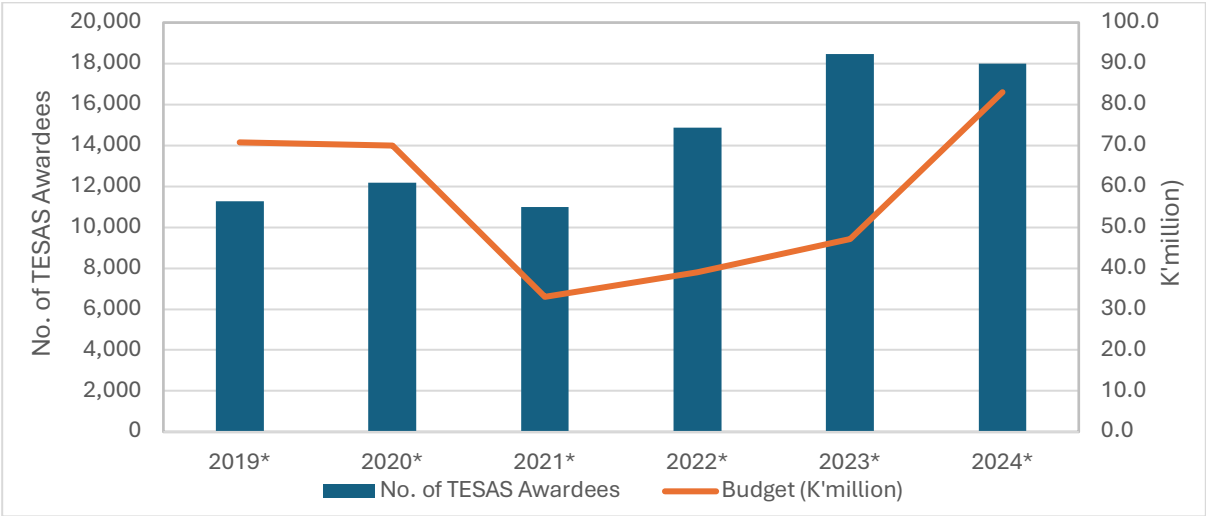
Figure 16: Government Tuition Fee Subsidy from 2019-2024



Source: Department of Education Annual Reports, 2019 - 2024

- 4). *Science, Technology, Engineering and Mathematics (STEM) Scholarships*: Many students are studying science, technology, engineering and mathematics overseas under the Government’s STEM Program. The initiative has proven successful, with exceptional students from the STEM programme at the six national schools of excellence – Sogeri, Kerevat, Aiyura, Passam, Port Moresby, and Wawin – securing placements in American universities through the PNG Government-funded scholarships.
- 5). *Higher Education Loan Program (HELP)*: From 2019 to 2024, PNG experienced a significant increase in student enrolment and the value of loans disbursed to students (Figure 17). Specifically, there was a 56% increase in both student enrolment and the total value of loans. By 2024, the number of students awarded loans grew to 18,000, with a total funding of K83 million. This growth in student enrolment and funding reflects an increase in the availability of educational opportunities and financial support for students in PNG.

Figure 17: Number of TESAS Awardees acquiring Higher Education Loans, 2019-2024



Source: Department of Higher Education Research Science & Technology, 2019 - 2024.

- 6). *Technical and Vocational Education Training (TVET) revitalization:* TVET schools are being upgraded nationwide with new infrastructure, equipment and training. A major nationwide upgrade of vocational and technical schools is underway in PNG, supported by a significant investment from the Asian Development Bank (ADB) and other partners. This initiative aims to improve the country's TVET sector to enhance skills development and employment opportunities.

Achievements in Health

- 1). *Record budget allocation to health sector:* In the 2025 National Budget, the Marape Government allocated a record K2.86 billion to the health sector. This allocation is evidence of the government's commitment to improving healthcare access and outcomes for all citizens. The budget includes funding for specialised hospitals, particularly for heart and cancer care, as well as for upgrading district and provincial hospitals.
- 2). *Cancer and Cardiac Care:* Prime Minister Marape has highlighted the significant investment in cancer and cardiac care as part of the 2025 National Budget, including the development of specialised hospitals. Specific initiatives include the establishment of a cancer facility at the Port Moresby General Hospital (PMGH) and an advanced cardiac treatment program, also within PMGH. Similar health care services are provided at Angau Memorial Hospital in Lae, Morobe Province.
- 3). *Introduction of Kidney treatment:* The Marape Government introduced Kidney Treatment in early 2025. This is a historic treatment in PNG. This was followed by the country's first successful kidney transplant, a historic achievement in the country's healthcare, performed at PMGH. This groundbreaking procedure, involving a live-donor kidney transplant, positions PNG as the first Pacific Island nation to successfully undertake an organ transplant.
- 4). *Elimination of Trachoma:* The Government demonstrated a strong commitment to public health, particularly in the area of neglected tropical diseases. The Marape Government played a key role in this achievement, driven by robust disease surveillance and targeted community interventions. As a result, in 2025, PNG was validated by the World Health Organization (WHO) as having eliminated trachoma as a public health problem, marking the elimination of the first neglected tropical disease in the country.

Achievements in infrastructure development

- 1). *Connect PNG program*: The Connect PNG program is a major initiative of the Marape government aimed at changing PNG through infrastructure development plan. This 20-year plan focuses on improving road connectivity, and extends to other sectors like water transport, air transport, telecommunications, electrification, and more. The program's goals include connecting remote communities, promoting economic growth through improved business and agricultural opportunities, and promoting social inclusion in PNG. New highways include:
 - Port Moresby to Lae;
 - Kikori to Madang; and
 - Kiunga to Telefomin.
- 2). *Port and airport development*: Port and airport development is a key component of the Connect PNG initiative, aiming to improve infrastructure and connectivity across PNG. This includes upgrading existing airports, developing new ones, and rehabilitating airstrips to improve domestic and international air transport. For example, launch for terminals in Bougainville, Wewak, Vanimo, and Kavieng.

Achievements in law and order

- 1). *Police expansion*: The Marape Government is committed to improving the Royal Papua New Guinea Constabulary (RPNGC). The RPNGC is undergoing a significant expansion, aiming to increase its number of officers from the current 6,500 to 10,000 by 2030. This expansion is driven by the government's commitment to improving law and order and addressing the current police manpower shortage.
- 2). *Judicial strengthening*: The Marape Government reaffirmed that there is no peace or prosperity without justice. Judicial strengthening in PNG involves initiatives to improve the efficiency and effectiveness of the judicial system, including increasing the number of judges, expanding court access, and improving judicial training and capacity building. New courthouses were opened in Tari and Vanimo with more underway in Maprik, Kavieng and Mendi.

2.3.6. Challenges to address

- 1). *Law and order issues*: Law and order issues in PNG are a persistent challenge, with concerns including high crime rates, limited police resources, and corruption. These problems stem from a combination of factors, including economic hardship, political instability, and weak governance.
- 2). *Need for free and fair elections*: General elections in PNG are held after every five years and the next election will be held in 2027. Serious irregularities were notable during the 2022 national general election in terms of voter registrations, process of voting and ballot counting. Every effort must be made to address the issues using recommendations in the report by the Special Parliamentary Committee on General elections.
- 3). *Corruption issues*: Corruption in PNG is systemic and systematic in the public sector and has infiltrated all tiers of government, as coined by former Prime Minister, Late Sir Mekere Morauta. This issue remains a challenge for the Government that must be addressed.
- 4). *Performance of public servants*: The operations of public institutions have been undermined by lack of resources and commitment to perform. There are claims of cronyism in staff appointments, and block voting, vote buying, manipulations and imposing threats during elections.

5. *Youth bulge challenge*: PNG has a population structure with a large proportion of young people. The past and present demographic investment in many areas (education, health, labour and employment) have often not been able to keep up with the very significant additional demands on resources caused by the high youth population growth rate.
6. *Roles of politicians and bureaucrats*: Politicians (MPs) are supposed to be lawmakers. The National Parliament is the law-making body, and MPs are elected to enact laws, hold the executive accountable, and scrutinise government actions. Bureaucrats are to implement policies and deliver basic services to Papua New Guineans.

2.4. Key issues and recommendations

In light of the review conducted, the following recommendations in Table 4 are made in respect of development planning in PNG, when developing the 20-year National Roadmap:

Table 4: Issues and recommendations – development planning

Issue	Recommendation
The review showed that the lack of clear objectives and targets for development planning impede implementation of the plans.	<i>Recommendation 2.1</i> : Development plans must have clear objectives and targets to ensure efficiency in resource allocation and effective implementation. The objectives and targets must be realistic and well researched.
The review showed that the lack of financial resources is a key constraint to poor implementation of development plans. In particular, the cost estimates of projects and programs in the development plans are not funded which means that the projects/programs cannot get implemented.	<i>Recommendation 2.2</i> : Provide sufficient financial resources to implement the development plans in order to achieve the desired results/outcomes. That is, the NDP must be linked to the Annual Budget to ensure that the annual budget effectively implements the development targets and goals outlined in the NDPs.
Lack of ownership of the development plans leads to poor implementation.	<i>Recommendation 2.3</i> : All relevant stakeholders (government and people) to the development plans must take ownership of the planning process and implementation. Government must own the plans to demonstrate a genuine political commitment, sufficient budget allocation, and strengthen institutional capacity to oversee and monitor implementation. People must have an input in the planning process to own and implement the plans.
The review showed that there is a lack of alignment between the plans of the different levels of Government which leads to poor implementation.	<i>Recommendation 2.4</i> : Provincial and local development planning should be strengthened to better align with national goals and ensure that provincial needs are addressed effectively. This includes clarifying the roles and responsibilities of different levels of government to avoid duplication of effort and ensure that resources are used efficiently.
Lack of public participation in the planning process impedes effective implementation.	<i>Recommendation 2.5</i> : Involve the public in the development planning process through consultations, awareness campaigns, and other

	participatory mechanisms that ensure that people's voices are heard, and their needs are considered.
Reliable data and performance indicators are crucial for sound development planning. Key performance indicators provide quantifiable measures of progress towards specific objectives. These indicators, when combined with reliable data collection and analysis, will enable informed decision-making and continuous improvement in development planning. However, these are lacking in PNG planning and implementation process.	<i>Recommendation 2.6:</i> There must be reliable data for plan formulation and tracking of the implementation of plans. This calls for research and storage of relevant information for use in plan formulation and reviews.
Development plans are for improving the welfare of people. Hence, population data is vital for development planning.	<i>Recommendation 2.7:</i> Incorporate population in development planning. That is, National Development Plans must consider population growth projections in estimating target indicators.
There is a serious lack of monitoring and evaluation or review of development plans. The reviews include mid-term reviews and final evaluations on national development plans on the expiry of the planned period.	<i>Recommendation 2.8:</i> Create an independent Office of the Planning Regulator (OPR) to be responsible for monitoring and evaluation of the implementation of the NDPs. It is envisaged that the proposed National Monitoring Authority (NMA) will play this role.
Ongoing challenges stated in Section 3.3.6 affect PNG's development.	<i>Recommendation 2.9:</i> Address the ongoing challenges.
The key goal in DSP 2010 – 2030 is for PNG to be a 'middle-income country' by 2030. According to the World Bank (2025), in 2023, PNG was classed as a lower middle-income country with its GNI per capita of USD\$4,350 (criteria is GNI per capita between \$1,146 and \$4,465). To achieve an upper middle-income country status, PNG's GNI per capita must be within USD4,516 and USD14,005 in 2030.	<i>Recommendation 2.10:</i> PNG must increase its GNI per capita by at least 4 percent between 2025 and 2030 to be classed as an upper middle income country. This appears achievable. However, this depends on the growth of the economy and growth of the population for which 2024 Census results are badly needed to establish the base population.
Vision 2050 aims to create a "smart, wise, fair, and happy society" and for PNG to be in the top 50 ranking by 2050. In 2023, PNG's HDI was 0.576 which is "Lower medium human development" country. The ranking is 160 out of 193 countries. By 2050, PNG's HDI is estimated to be at 0.726 placing it in the "medium" human development category. With its current growth rate, PNG will likely reach the top 50 countries in the global HDI ranking in 2070. Catching up with countries in the top 50 alone will require not only very good policies, but it also require longer than three decades.	<i>Recommendation 2.11:</i> It is highly unlikely that PNG will reach a HDI ranking of 50th by 2050 because it needs to climb by more than 110 places (i.e. 160-50 = 110) within 25 years. Therefore, it is recommended that the target be revised to perhaps reach "top 100 countries" or focus on increase in HDI absolute score, which is more indicative of progress, rather than ranking, which is relative.

Sustainable and responsible development is vital and the principles are well captured in the StaRS. What is needed is the concerted effort to implement the principles and pillars of the StaRS.	<i>Recommendation 2.12:</i> That the principles and pillars in the StaRS be embedded in all development planning.
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3. Review of Developments in Fiscal Policy

Lindsay Kutan, Senior Research Fellow, NRI

3.1. Review of performance for 1975-2008 (NRI Monograph 41)

3.1.1. Introduction

This subsection presents a review of Chapter 4 of NRI Monograph 41: Fiscal Policy authored by Aaron Batten. It is done under key themes and key time periods. Batten highlighted the performance of fiscal policy in PNG from 1975 to 2008. It is not easy to assess the development performance of PNG by looking at the National Development Plans alone as the interpretation can be biased and subjective. An integral component of development is the resourcing of the plans for development. Fiscal policy is an economic indicator that assesses the performance of development for 1975 to 2008. Understanding the sources of government revenue and its expenditure priorities is important.

3.1.2. Objectives

The key objectives of this review include:

- To assess fiscal policy performance of PNG from 1975-2008.
- To highlight the key challenges and successes of fiscal policy within this period.
- To provide the solutions and recommendations on the way forward.

3.1.3. Methodology and analysis

The methodology utilised in the article was a historical narrative of the political, economic and social climax in various phases of development from 1975 to 2008. It used a time series approach and focused on key economic variables which include the Budget outcomes, public debt and expenditure of government by priority sectors. The review conducted by Aaron Batten of the fiscal policy regime between 1975 -1980 was divided into 5-year periods. Key indicators observed in Batten's paper are budget outcomes, public debt and Government expenditure on priority areas. Key documents observed in developing the time series of the above indicators are extracted from budget documents, BPNG Economic Bulletins, and observation of studies undertaken by development partners like World Bank, ADB and others.

3.1.4. Findings/results

The variables used in the analysis include the budget outcomes, public debt and government expenditure on priority areas. Table 5 provides the summary of the budget outcomes, within the 5-year periods commencing from 1975 to 2008, the National Development Plans (NDP), the source of revenue and focus of expenditures and the outcomes.

Table 5: Budget outcomes (revenue, expenditure, deficit/surplus) 1975-2008

Period	National Plans	Revenues	Expenditure	Outcome
Pre-1975	PP, EDP, EPIP (Pre-Independence)	ASG & IL Domestic revenue. Trade & Exports	Expanding range of services to sub-nationals and building infrastructure base	Balance
1975-1980	NDS & NPEP (Somare Govt)	Reduction in ASG	Reduce	Deficit
1980-1985	NDS (Somare Govt, Wingti Govt)	1. Decline in economy's terms of trade and BOP; 2. Reduced ASG; and 3. Static domestic revenue collection	Expenditure cuts in capital projects, education, health and infrastructure.	Deficit
1986-1990	NDP (Wingti and Namaliu Govt.	5.6 % real economic growth rate (1986- early 1988); Shift in Australian Aid from direct budget support to project aid.	Restraining expenditures from civil unrest in Bougainville, low commodity agriculture prices.	Surplus (1986- early 1988); Deficit 1989- 1990
1991-1995	Development Plan (Namaliu and Wingti).	Strong economic growth (1991- 1992); Fiscal crisis (1993- 1995)	Increased expenditure on free education programs, and other sectoral priorities.	Deficit
1996-2000	MTDS 1997-2002 (Chan, Skate, Morauta)	Real GDP increased from commodity sector; Development of Lihir Gold mine	Weak expenditure control, effects of droughts, and 1997 Asian financial crisis. Increase of DSIPs from K500,000 to K1million.	Surplus (1996. 1997) Deficit (1998- 2000)
2001-2005	MTDS (2003-2007) Morauta- and Somare	Improved economic conditions.	Disciplined expenditure improved the fiscal outlook, even though the budget outcome was in deficit early 2000. However, the Govt recorded a surplus from favorable commodity boom.	Deficit (2001, 2002); Surplus (2003,2004, 2005.
2006 -2008	MTDS (2005-2010) (Somare Govt)	Favorable economic growth from commodity boom	Significant investments to priorities of MTDS (2005-2010)	Surplus (2006- 2008)

Source: Compiled from Plan documents and national budget outcomes

Legend:

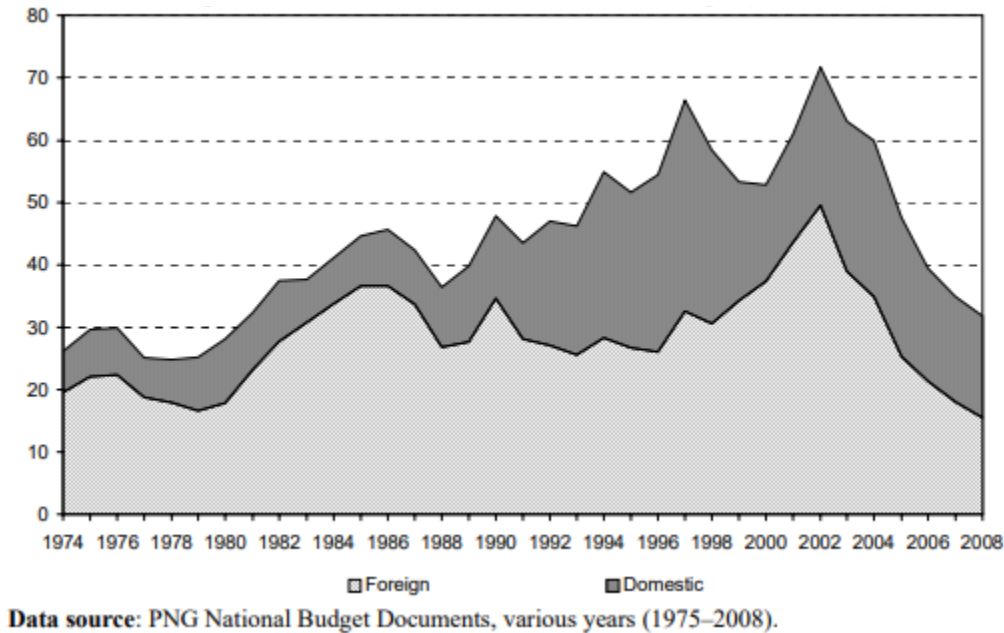
ASG = Australian Support Grant; EDP = Economic Development Plan; EPIP = Eight Point Improvement Plan; IL – International Loans; MTDS= Medium Term Development Strategy; NDP= National Development Plans; NDS = National Development Strategy; NPEP = National Public Expenditure Plan; PP=Project Planning

3.1.5. Public debt

The performance of PNG’s public debt according to the national budget documents for 1975-2008 is presented in Figure 18. The key features are as follows:

- The public debt comprises both domestic borrowing and international borrowing;
- Total public debt from 1975 to 1981 remained below 30% of GDP;
- It peaked in 2002 with public debt reaching a high of 72 % of GDP; and
- The Somare Government reduced the public debt from 2006 to 2008 on the back of good sustained fiscal surplus and economic discipline to ensure expenditure priorities are aligned to MTDP (2005-2010).

Figure 18: Total government debt – domestic and foreign (as % of GDP), 1975-2008

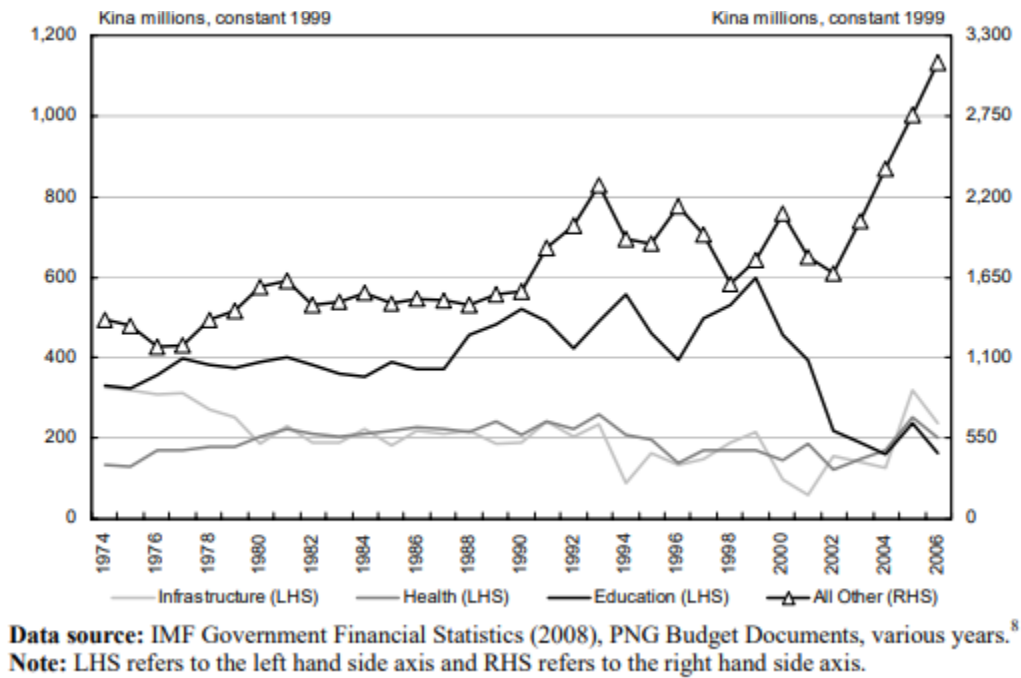


3.1.6. Government expenditure by sector

Critical areas of investment or sectoral priorities by the government were observed through education, health and infrastructure. Figure 19 shows real Government expenditure by sector (Millions of Kina) for the period 1974-2006, using 1999 as the base year. The data shows that funding to health and infrastructure remained stagnant through the period. For education, there was an overall increase between 1974 and 2000, albeit at a slow pace, but then declined significantly thereafter. The trend for other expenditure was similar to education but then increased significantly from 2002.

The above stated trends indicate the priorities of government during those times.

Figure 19: Government expenditure by sector (K'million, constant 1999), 1974-2006



3.1.7. Key conclusions

- The economic health of the country is not determined by the achievements of the budget outcomes of surplus or deficits but should be focused on the improvement in the welfare of the people.
- Persistent budget deficits increased public debt in the first three decades after independence.
- The impacts of macroeconomic instability on service delivery have been worsened by reduced funding levels of core service delivery sectors: health, education and infrastructure.

3.2. Review of performance for 2009-2024

3.2.1. Introduction

The review for the 2009-2024 period will focus on resourcing of the plans via fiscal policy. Earlier in the discussion on development planning (Section 3), one of the key shortcomings in the implementation of the plans was lack of resources. Two reasons highlighted by Yala and Sanida (2010) as contributing factors to the lack of resources are the issues of uncertainties and the accuracy of costing each program and its related activities. Firstly, most of these plans are not supported by rigorous economic modelling that enable proper design, implementation and monitoring and evaluation. The second critical factor is political instability. That is, the frequency of changes in governments through votes of no confidence proliferates a situation where actual budget expenditures were dictated for political expedience and survival at the expense of resourcing the development plans (see Section 6 on politics and governance for more on the issue of political instability).

The success of the development plans hinges on the implementation of the plans. In turn, implementation of the plans largely depends on the funding allocated to the priorities of the plan. Financing and resourcing the plans are critical, however, in the last 50 years, funding to critical government priorities such as education, health and infrastructure has remained low. This section

will review the fiscal framework of the development plans with regards to the budget expenditure priorities highlighted in successive plans and the actual funding allocations in a fiscal year by the government. As highlighted in NRI Monograph 41, from 1975 to 2008, the picture has been one of doom and gloom, in which the expenditure of the government was outside of the development plans.

In this review for the period 2009 to 2024, the focus will be on understanding the funding allocations of the government to the priority areas of the plans. The intention is to highlight the fiscal discipline (or lack thereof) which is needed to ensure the economic gains are translated into improving the life and welfare of Papua New Guineans.

3.2.2. The fiscal policy fundamentals of the economy

The key fundamentals of fiscal policy that the review will focus on include the following:

- population growth;
- budget outcomes;
- public debt; and
- government expenditures in key priority areas such as education, health and infrastructure.

The review will use information on the relevant variables updated from 2009 to 2023 in which data is available.

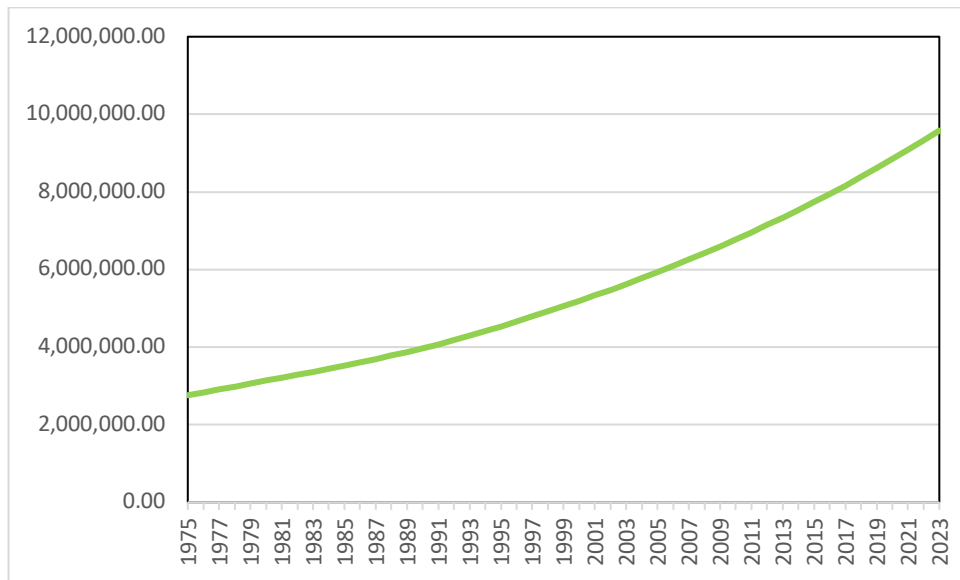
3.2.3. Population growth (1975-2024)

The National Census provides fundamental statistics on the total population which is needed for national planning. However, the unreliability of population has adversely affected development planning. For example, the 2011 National Census is deemed unreliable, and the 2024 National Census has not been published. Instead of 10-year interval, the 2024 census was 13 years after the previous 2011 census.

The unsatisfactory conduct of Population Census has created uncertainty regarding the accurate figures of the population. In the absence of the official statistics from the National Statistical Office (NSO), development partners and renown experts in the demography discipline have been using estimates or guesstimates of the total population. For example, Bourke and Allen (2021), estimated the population in 2020 to be around 8.8 million. This was on the assumption that the average growth rate from the 2000 Census was 2.7 percent. On the other hand, the United Nations in collaboration with NSO released their projection of the population in 2024 to be around 13.25 million and projected that by 2045, the population will be approximately 20.19 million (UNFPA and NSO, 2023). Figure 20 (ANU projections) indicated that in 2009, the population was 6.6 million and with an average growth rate of 2.7 percent, the population of PNG in 2024 would be around 9.8 million.

In summary, without proper and timely conduct of population census, PNG has been using estimates, which vary from source to source. The implication is that social and economic variables that depend on population (e.g. per capita GDP) would vary depending on the source of population estimate. Therefore, any strategic intervention for the 20-year roadmap must include timely and proper conduct of the population census as a key intervention for PNG.

Figure 20: PNG population, 1975 – 2024



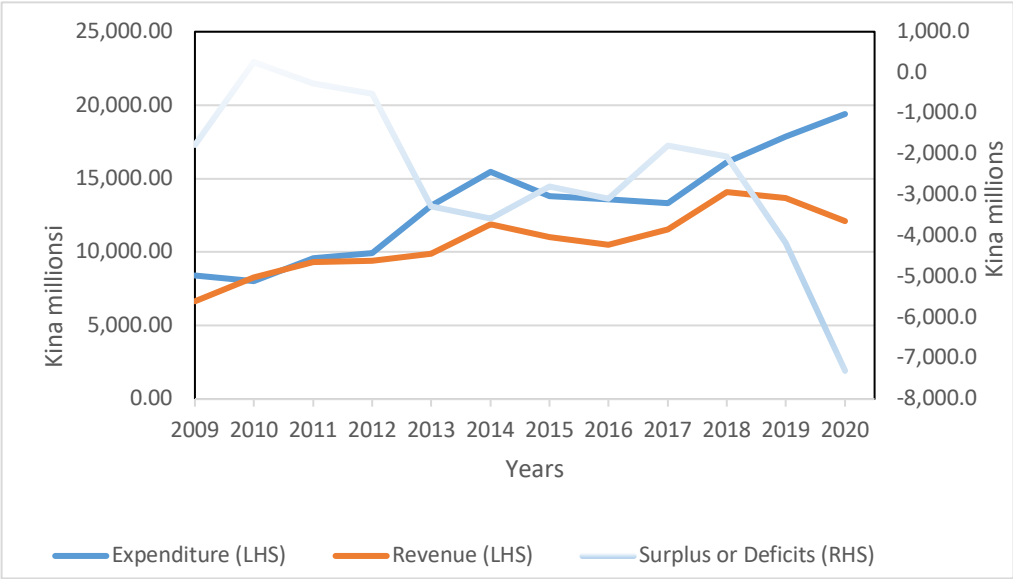
Source: PNG economic database (<https://pngeconomic.devpolicy.org/>)

3.2.4. Budget outcomes

In the period from 2009-2024, the fiscal outlook is like the initial post-independence period (1975-2008) in that successive governments have been operating on budget deficits. Howes et. al (2022) regarded this period as the bust period (2014-2022) in which favorable economic conditions experienced in prior years from 2002 to 2013 (because of high commodity prices and the PNG LNG construction period from 2010-2014) dissipated. Within this period, the world experienced the Global Financial Crisis which peaked in 2008 and lasted until mid-2009 (Reserve Bank of Australia, 2025). In addition, the COVID-19 pandemic changed the order of business after 2019. The restrictions on ports and closure of airports affected the movement of freight and cargo and had adverse impacts on the economy as PNG is an importing country. The impact of COVID-19 continued in 2020 onwards and PNG like other countries in the world, have been slowly recovering from this world-wide phenomenon. On the domestic front, apart from variations in the weather patterns which resulted in a rise in sea levels felt among the maritime provinces, the 2018 earthquake throughout the highlands region destabilised the economy as it caused disruption on existing resource projects. This was followed by the Russia-Ukraine war which commenced in 2022 which impacted agricultural consumables and oil supplies.

A key characteristic of the PNG economy is that it is heavily reliant on the production of resource and agricultural commodities; hence government revenue and expenditure are highly volatile from fluctuations in commodity prices (Howes, et. al, 2022). As shown in Figure 21, after the budget surplus in 2010, budget deficit plateaued within the K2 billion and K3 billion mark. It then increased noticeably after 2018 to K8 billion. This is largely due to the widening gap between government revenue and expenditure from the COVID-19 pandemic. In addition, the closure of the Porgera Mine after the lease expired in 2019 and the non-activity or start-ups of projects in the resource sector have added pressure to the revenue side of the budget with lack of Foreign Direct Investment (FDI) since the PNG LNG project.

Figure 21: Government expenditure and revenue and budget outcomes

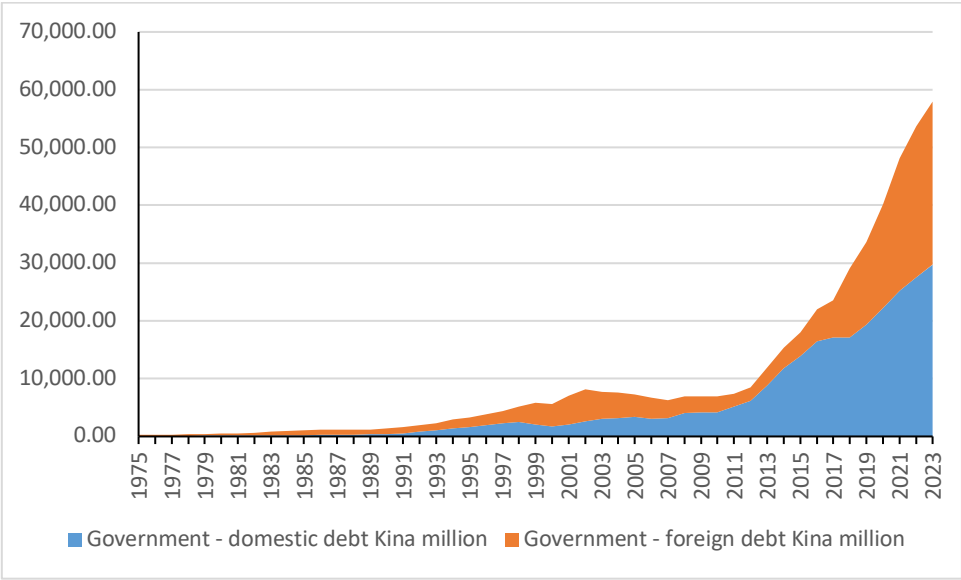


Source: PNG economic database and PNG national budget database

3.2.5. 5.2.5. Public debt

Persistent budget deficits have increased the total public debt to a historical high level of around K60 billion in 2023 (Figure 22). The threshold of the Debt-to-GDP ratio peaked to 52.6 percent in 2021 and decreased to 49.5 percent in 2024 (Department of Treasury, 2025). The Marape-Rosso Government continue to adhere to the 13 Year Budget Repair and Construction Plan in the addressing the high public debt.

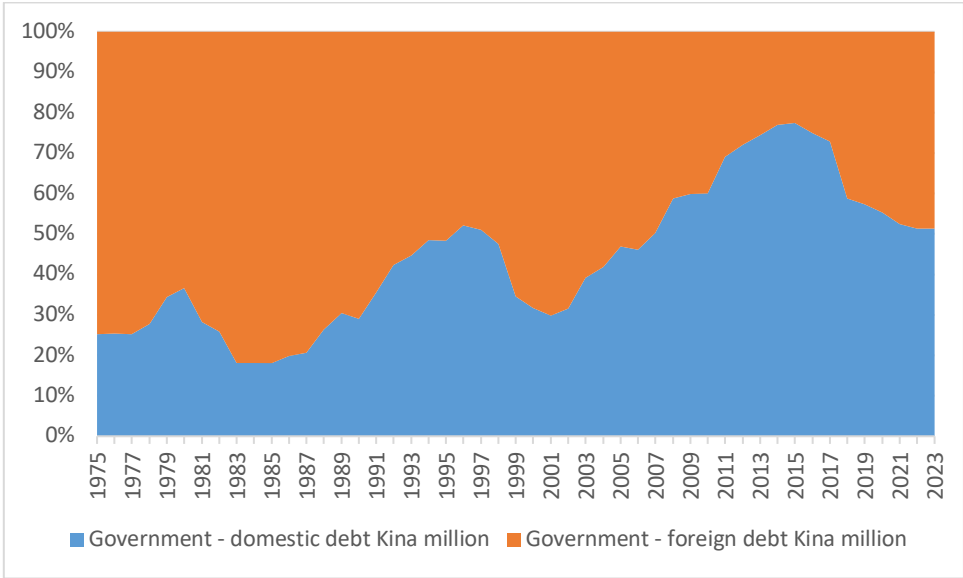
Figure 22: Public debt – foreign and domestic borrowings 1975-2023 (K’millions).



Source: PNG economic database (<https://pngeconomic.devpolicy.org/>)

After 2012, 70 percent of the Government’s borrowing is from internal sources (Figure 23). The implication of high domestic borrowing is crowding out private sector investment. That is, high domestic borrowing will increase interest rates that can in turn reduce borrowing from the private sector for investment. On a positive note, a shift to domestic borrowing will reduce the incidence of exchange rate variation for public debt repayment that applies to borrowing from international sources.

Figure 23: Share of domestic versus foreign debt: 1975-2023 (Kina millions)



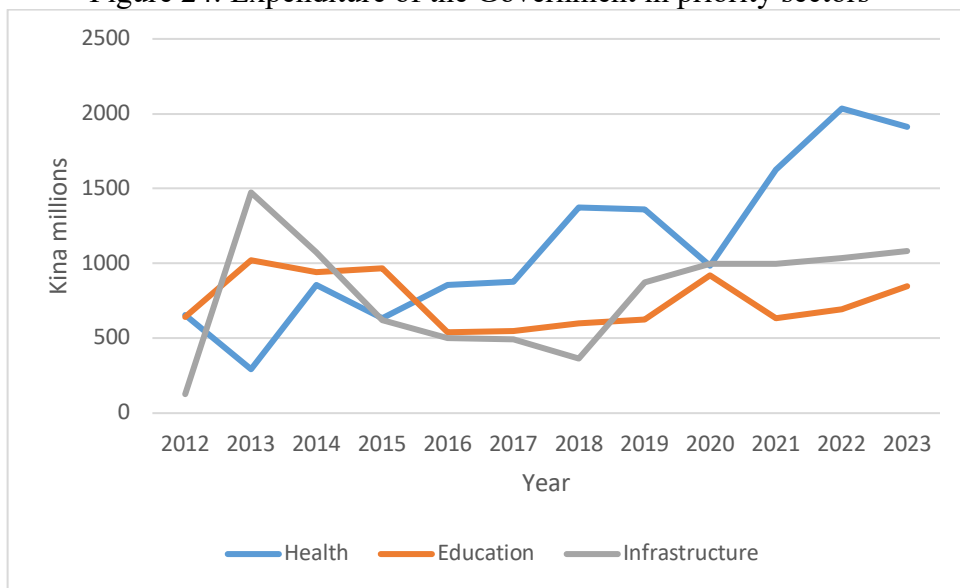
Source: PNG economic database (<https://pngeconomic.devpolicy.org/>)

3.2.6. Government expenditure by sector

Government funding for key development sectors provides a good indication for fiscal discipline of the government. That is whether the Government was serious to ensure priority sectors identified in the budget plan were resourced sufficiently. Following from Batten (2010), the key priority sectors that any government should consider investments are health, education and infrastructure sector. These three sectors provide a good indication of the performance of development in the social and economic sectors. Given the challenges of time series data, Batten (2010) tracked government expenditure by observing government funding to responsible agencies like the Department of Health and Department of Education to for health and education sector development. For the infrastructure sector, Batten (2010) lumps together agriculture, fisheries, livestock, fuel and energy, mining, manufacturing, construction, and transport. As aforementioned, it was noted that government expenditure on other government expenditure categories increased, at the expanse of education, health and infrastructure, post-independence.

Figure 24 presents key expenditure of the government in health, education, and infrastructure. Generally, from 2012 to 2023, the health sector expenditure increased from under K300 million in 2013 and increased to over K2 billion in 2023. One of the key reasons for the increase is the introduction of the Provincial Health Authorities, whose funding escalated since 2020. On the other hand, infrastructure expenditure has gradually increased from K400 million to over K1 billion largely under the Connect PNG program that commenced in 2020. However, the education sector has remained constant between K500 million and K1 billion for 2012 to 2023.

Figure 24: Expenditure of the Government in priority sectors



Source: Final Budget Outcomes from 2012-2023.

3.2.7. Conclusions

Fiscal policy of successive governments in the period 2009 to 2024 had to grapple with high population growth of 2.7 percent against real GDP growth rate of 0.3 percent with this period. This implies the need to expand the economy and increase production that will cater for the needs and demand of the population. Consequently, the persistent budget deficits reflects that the government total expenditure is higher than the revenue and the gap has widened since 2020, largely because of Covid-19 and downturn in the resource sector. In addition, public debt has increased to historical high of K60 billion in 2020. After 2012, seventy percent of borrowing was from domestic sources. Overall, the Debt-to-GDP ratio has been increasing.

Considering the above economic conditions, fiscal discipline is critical to ensure development funding to sectors such as education, health and infrastructure. Investing in these sectors will grow the economy which is needed to counter the high population growth. Interventions in the short to medium- and long-term plans of the government must focus on economic empowerment that has multiplier effects and cross cutting impacts to the wider population. The development aspiration of the government identified in the short-medium- and long-term (2,5 and 20 years respectively) must be focused on growing the economy as this is the panacea of addressing the fiscal policy dilemma faced in the country.

3.3. Achievements and challenges of last six years (2019-2024)

3.3.1. Introduction

The performance of the government in the last 6 years will be assessed by focusing on the key fiscal variables highlighted in the 50-years review. The review will then focus on the challenges and successful interventions introduced by the PANGU-led Coalition Government under Marape.

3.3.2. Fiscal policy climate in PNG (2019-2024)

Prime Minster Marape took office in May 2019. Coming into the office, the economy was experiencing sustained budget deficits between K2 billion and K3 billion after the surplus period that lasted from 2004 to 2013. In 2019, the budget deficit was around K2.356 billion (3.5% of GDP) according to Department of Treasury (2019). Five years later in 2024, the budget deficit

was K3.98 million, an increase of K1.62 billion. In addition, the public debt in 2019 was around K30 billion and this increased to K60 billion in 2023, (about 100 per cent increase.)

With regards to the expenditure of the government on key priorities areas, in particular, funding to health, education and infrastructure, the following applies. Health sector funding increased from K1.3614 billion in 2019 to K1.9111 billion in 2023, and increase of K500 million. Infrastructure spending increased from K871.9 million in 2019 to K1.0815 billion, increase of K209.1 million. For education, the expenditure fell from K879.1 million in 2019 to K849.4 million in 2023. In this regard, the government's expenditure has slightly increased in health and infrastructure but remained stagnant in the education sector.

3.3.3. Key achievements

The key achievements of the PANGU-led Coalition Government in the last six years (2019-2024) related (directly or indirectly) to fiscal policy include the following.

Customary land reforms

A major success of the Marape Government is the conversion of customary land into state leases for residential development at Tuhava, Central province. Customary land reforms have undergone challenges for Commercial banks and Financial Institutions to recognise customary land leases obtained through the Voluntary Customary Land Registration (VCLR) process (Kutan and Kabiu, 2025; Nao et. al. 2024). However, the issuance of state lease titles through a joint-venture partnership between the indigenous landowners and private developers at Tuhava residential pilot project has given hope to accessing customary land for development purposes. The model has provided a breakthrough in which the landowners, private developers, commercial banks and the State can share the benefits of utilizing the land for development. This model needs to be replicated in other provinces of the country.

The success of the Tuhava story has positive implications for fiscal policy in that more use of customary land can contribute to increased revenue for Government via increased taxes from development of customary land.

Reinforcing tax reforms

There has been progressive reforms undertaken in the administration of the Internal Revenue Commission (IRC), particularly in the collection of tax which is the largest and most consistent revenue earner for the government. For instance, tax relief measures on first homebuyers' exemption on stamp duties threshold of K700,000. In addition, the salary and wages tax exception of income less than K20,000 bring relief to low-income earners and stimulates the economy.

Encouragement of growth of SME's

Capital injection of K200 million for Small and Medium Enterprises (SMEs) and Micro, Small and Medium Enterprises (MSMEs) to encourage entrepreneurship and business activities is a strategic investment of the government to grow the economy. Entrepreneurship has become a critical factor of production and further studies are needed to ascertain the impacts of such investment in the economy. In addition, MSMEs and SMEs will become the lifeline that addresses the massive youth bulge problems that the country faces, in particular for employment and income creation. In turn, this will contribute to increased revenue for Government via income tax.

Agricultural reforms

Launch of the MTDP IV (2024-2027) with emphasis on the agriculture sector to grow the economy. Agriculture is regarded as the backbone of the economy since independence. The Marape-Rosso government has placed emphasis on investment in the agriculture sector through the National Agriculture Sectoral Plan (2024-2033). This provides a roadmap for the government to strategically invest in the agriculture sector in the next 10 years. The development of the agriculture sector will contribute to increased revenue for the Government via taxes.

Budget repair and construction plan

Considering the persistent budget deficits and increases in public debt, the Marape-Rosso government can be commended for its stance on the 13 Year Budget Repair and Construction Plan. This has resulted in the reduction of the Debt-to-GDP ratio from 52.6 percent in 2021 down to 52 percent in 2023. Though this may be negligible, it indicates that the government has acknowledged the importance of controlling public debt.

3.3.4. Key challenges

Considering the persistent budget deficits, the key challenges faced by Prime Minister Marape and his government between 2019 and 2024 are as follows.

Crowding out effect of the private sector

Due to the weak revenue generation by successive governments, 70 percent of the budget deficits since 2012 were financed through domestic borrowing (Howes and Pillai, 2022). One of the major implications of this scenario is the crowding out effect experienced by the private sector, where heavy government borrowing increases the interest rates and discourages private investments. However, Kasingu and others (2020), noted that private sector credit in PNG is mainly driven by demand for primary export commodities, and imports. In addition, deposits are still the main source of credit whilst interest rates do not necessarily impact credit. Hence, the impact of the crowding out effect on the private sector may not necessarily be felt among the private sector.

Low revenue generation from downturn in the resource sector

The Government's revenue generation has become largely dependent on the resource sector in the last 50 years. Howes and Pillai (2022) stated that the ratio of resource to total GDP trajectory increased from 10 percent in the 1980 to 15 percent in the late 1980s and dropped back to 10 percent after the closure of the Panguna Mine in Bougainville due to the civil conflict. With the opening of other mining, oil and gas projects in the 1990s, the share of resource to GDP reached an all-time high of 28 percent in 2018 after the roll out of the PNG LNG project (Howes and Pillai, 2022). However, in 2020, it dropped to 23.5 percent of GDP and remained between 24 percent and 26 percent in 2022 and 2023. This would have implications on the revenue of the government particularly with the closure of the Porgera Mine and the delays in the commencement of the hydrocarbon projects in the last 6 years.

Transport connectivity in PNG

The transport and infrastructure sectors are critical enablers for economic growth and development in PNG. In the last 6 years, the Marape Government has substantially increased investment in the transport and infrastructure sector through the Connect PNG Program. That is, the PNG Government has spent between K4 billion- K6 billion under the Connect PNG Program

(PM&NEC, 2025). However, large investments in this sector would reduce investments for other development priorities such as education and health. In recent times, there have been concerns with regards to the governance and sustainability of the project. In addition, given the rugged geographic and topographic contours of the country, it poses significant challenges of road connection particularly with uncertainties from budget blowouts for the program.

Leakages in Government revenue not reflected in the budget

As noted earlier, the gap between Government revenue and expenditure has widened since 2020. This is exacerbated by the low revenue generation from the reduced activity in the resources sector. However, as the country reaches the milestone of celebrating its 50 years of independence, it is important to take stock of the sources and cost of revenue generation and returns of investment from government expenditures, which has underpinned the fiscal policy of the government. Strategies that are cost-efficient, increase savings for the government, and focus on investment to grow the economy should be encouraged. For example, successive governments over the years have been burdened by a large salary wage bill of the public service which accounts for over one-third of the share of the GDP. Mechanisms must be put in place to identify and stop the leakages that take away needed development funds from the national budget.

Furthermore, state-facilitated interventions are needed to encourage private sector involvement in development. For instance, the viability of State-Owned-Enterprises (SOEs) such as PNG Power, Air Niugini, Water PNG, and others need to be reconsidered. Lessons from past successful economic reforms such as those initiated by the late Prime Minister Sir Mekere Morauta in the early 2000s regarding the privatisation of PNGBC to BSP and the independence of the Central Bank, should be revisited.

Finally, the governance structure and the investment policy of SOEs that act on behalf of the State in receiving and managing the proceeds from the state equity of major mining, gas and oil projects need to be revisited. Needed development funds circumvented through 'nationalist' sentiments rather than economic rationale for instance need to be reviewed.

3.3.5. Conclusion

The 6-year performance of the Marape-Rosso Government in the fiscal space has been challenging. In 2019-2024, the world experienced a global pandemic that changed the dynamics of the world economy particularly in business and trade. On the domestic front, this was compounded by a challenging 2022 National General Elections and an unprecedented wave of vote of no confidence attempts in the government. However, these challenges have strengthened the resolve of the government to take stock and 'reset' the approaches needed to grow the economy. The Marape-Rosso Government has made critical decisions on re-negotiating the equity component of the major mining, oil and gas projects to leverage PNG's position as owner and shareholder of her resources. In this regard, resource projects have stalled which in the medium term affected the revenue generation component of fiscal policy. Persistent budget deficits since 2010 have led to an increase in public debt.

However, in recent times (2022-2024), the Marape-Rosso government has turned the corner in the fiscal landscape by successfully addressing key economic enablers like strengthening customary land reforms and reinforcing tax initiatives that have the potential to stimulate the economy. In addition, it has reminded PNG to be true to the inherent values developed by growing the agriculture sector and encourage entrepreneurship, particularly among the youth population to keep extending the boundaries of developing their ideas into commercial businesses. These strategic investment decisions have poised the Marape-Rosso government to generate the rewards in the next two years (2025-2026).

3.4. Key issues and recommendations

Based on the review on developments in fiscal policy, the following ten recommendations in Table 6 are made for consideration in the development of the 20-year National Roadmap.

Table 6: Issues and recommendations – fiscal policy

Issue	Recommendation
Lack of proper fiscal policy management is driving the budget deficits and public debt.	<i>Recommendation 3.1:</i> Prudent fiscal policy management is needed to increase revenues and manage expenditure that will in turn manage the budget outcome by reducing budget deficits and total debt.
Over the years, there has been a lack of financial resources to fund the development plans.	<i>Recommendation 3.2:</i> Government must ensure fiscal discipline to ensure that budget allocations for development plan priorities are realised.
Public sector productivity is lacking.	The capacity of the public sector needs to be addressed using performance-based approaches to encourage productivity.
The lack of broad-based economic growth is contributing to the lack of Government revenue.	<i>Recommendation 3.4:</i> Revenue sources of Government must be diversified through broad-based economic growth. This requires large economic investments in the non-resource sectors such as agriculture, fisheries, forestry, manufacturing, tourism and services.
PNG's population growth of around 3% is higher than its real economic growth, which is unsustainable. In particular, the youth bulge issue and unemployment.	<i>Recommendation 3.5:</i> Interventions targeted towards harnessing population growth especially the youth bulge must be developed and implemented. Because the youth comprise a large part of the labour force, its employment can make a big contribution to tax revenue for the government
PNG's dependence on the resource sector has increased from 10 percent in the 1980s to almost 30 percent, hence the delays in the commencement of resource projects has largely impacted the national budget.	<i>Recommendation 3.6:</i> The impediments to commencement of operations of potential mining and gas projects must be addressed as a matter of priority. Commensurate with that is the need to ensure appropriate revenue mechanism that is optimal to the state and people.
The involvement of the State in business has had a crowding out effect on the private sector. This begs the question of what is the role of the state in the economy. The government should facilitate private sector development.	<i>Recommendation 3.7:</i> The role of government must be streamlined to effectively facilitate the private sector as the engine of economic growth and employment creation. For example, the tax reform initiatives led by the IRC to stimulate the non-resource and resource sectors.
Transport infrastructure constraint is a major factor impeding economic activities in the country.	<i>Recommendation 3.8:</i> Transport connectivity should be designed to connect areas that would open the economy on trade and investments rather than for political convenience.

Management of Government revenue from resource projects is not transparent. For example, not all proceeds from state interests are channelled to the budget.	<i>Recommendation 3.9:</i> Leakages in the form of withheld dividend payments in the Kumul management and administration structures must be addressed.
Public sector wage bill takes a major share of Government expenditure, which can affect funding for development.	<i>Recommendation 3.10:</i> The large public sector wage bill should be reviewed to cut wastage to manage Government expenditure.

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4. Review of Developments in Monetary Policy

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This section presents a review of PNG's development performance for 1975 to 2024. The first part of the review (Subsection 5.1) focuses on 1975 to 2008, which reviews Chapter 4 of NRI Monograph 41 authored by Gae Kauzi on monetary policy. The second part of the review (Subsection 5.2) focuses on the 2009 to 2024 period, which is an extension of a review of key variables on monetary policy covered in NRI Monograph 41. Section 6.3 highlights some of developments for the last 6 years under the PANGU-led Coalition Government. Finally, Section 5.4 provides the recommendations emanating from the review.

4.1. Review of performance for 1975-2008 (NRI Monograph 41)

This subsection presents a review of key monetary policy developments from 1975-2008 based on Chapter 4 of NRI Monograph 41, authored by Gae Kauzi.

4.1.1. What is monetary policy?

Monetary policy concerns the supply of and demand for money in the economy. The Bank of Papua New Guinea (the Central Bank) uses monetary policy tools to influence the quantity of money to ensure that there is neither too little nor too much money in the economy at any one time. By striking a balance between money supply and demand, the Central Bank aims to maintain price stability and promote economic growth.

Between 1975 and 1999, the Central Bank's focus was on economic growth. During this period, monetary policy was reasonably successful in creating an environment conducive for low but stable economic growth, and the adoption of a fixed exchange rate (hard kina policy) helped keep inflation under control. However, inflation started becoming a concern for the Central Bank after the floating of the Kina in 1994.

In 2000, legislative reforms increased the independence of the Central Bank. These reforms, combined with a stable exchange rate and improved fiscal discipline, enabled the Central Bank to concentrate on managing monetary policy and controlling inflation. In this legislative reform, price stability became the primary objective of monetary policy.

4.1.2. 1975 to 1979: Basic monetary policy instruments and the hard kina policy

Monetary policy in the early years of nationhood was directly connected to the exchange rate policy (Kauzi, 2010). The government adopted the hard kina policy in 1975 to keep inflation low, especially through the price of imports. It also enabled monetary policy to concentrate on providing sufficient liquidity for the economy to grow. The kina became strong against major currencies like the Australian Dollar. The strong currency strategy became a cornerstone around which other macroeconomic policies evolved.

The Minimum Liquid Assets Ratio (MLAR), a direct instrument, was the principal instrument of monetary policy management after independence. It required commercial banks to keep a certain percentage of their assets in a liquid form to meet banking obligations or for monetary policy purposes. A reduction in the ratio represents monetary policy easing, as it would be freeing up reserves for borrowing. Under a tightening stance (increase in ratio), it ensured the commercial banks could hold sufficient liquidity to meet the needs of depositors when the liquidity level was tight. The MLAR became ineffective in 1999 as commercial banks continued to hold liquid assets above the required percentage.

In most of the years from 1975 to 1979, the Central Bank adopted an accommodative (easy) monetary policy stance in support of the fiscal stance, providing a stable economic environment conducive to development and providing sufficient liquidity for the economy to grow at a sustainable phase. Specifically, interest rates were lowered to encourage borrowing while closely monitoring the money supply in the economy.

4.1.3. 1980 to 1989: Continued use of basic monetary policy instruments, introduction of some market-oriented instruments and a fixed exchange rate regime

Kauzi reported that the MLAR continued to be the principal instrument of monetary policy management. It was used to ease and tighten liquidity in the economy until 1980 when more monetary instruments were introduced. First, the Central Bank introduced the lender of last resort facility, a facility for commercial banks to borrow funds from the central bank during periods of tight liquidity in the banking system. Second, treasury bills were introduced in response to a large pool of funds deposited by commercial banks with the Central Bank that could be invested in some interest-earning assets. Both instruments were market-orientated. The treasury bills were issued in the open market operations on behalf of the government.

There were other developments in monetary policy management during this period. In 1983, a discount facility designed to assist commercial banks with their liquidity needs was introduced by the Central Bank. The facility was introduced in response to the pressures placed on commercial banks' liquidity by the seasonal financing demands of exporters and processors. Commercial banks could borrow additional reserves from the Central Bank up to an assigned quota at a discount rate set by the Central Bank.

Until 1984, the Central Bank set interest rates on its loans to the commercial banks and issued guidelines or directives on interest rates on commercial banks' loans; for instance, by stating a maximum rate above which commercial banks could not charge. In this way, the interest rates on loans extended by commercial banks were more or less uniform across banks. In 1984, the Central Bank deregulated interest rates paid on all loans to commercial banks and to the public, except for rates paid on savings deposits.

Monetary policy went from being tight at the start of this decade, to being easy from 1982 to 1988, and to being tight again at the end of the decade, dictated mainly by the balance of payments position. For example, in 1982, economic activity was stagnant and credit growth over the year was low. An easy monetary policy, via a reduction in interest rates, was adopted to stimulate an increase in credit growth and assist in economic growth.

4.1.4. 1990 to 1994: Use of market-oriented monetary policy instruments in liquidity management and collapse of the fixed exchange rate regime

This period was marked by excessive government expenditure (Kauzi, 2010). The excessive government expenditure was financed domestically, and monetary policy had to accommodate this and became preoccupied with government debt management, especially by selling treasury bills at the open market operations. The excessive government spending had adverse implications for the fixed exchange regime. When the government increased its spending, most of the expenditure was on imported goods and services, and more foreign reserves were used up. The depletion of foreign reserves led to the collapse of the fixed exchange rate regime in 1994.

In response to the fiscal onslaught, the Central Bank eased the monetary policy to accommodate the increased government expenditure. The accommodation was catered for by a key change made by the Central Bank in 1992: trading in government securities as the principal tool of liquidity

management. For instance, the Central Bank administered the issuance of treasury bills on behalf of the government at the open market operations. Apart from issuing more Treasury bills, the government resorted to using more of the temporary advance facility, to get advanced funds to finance its expenditures. Consequently, net credit to the government increased even more and was a principal determinant of money growth.

4.1.5. 1995 to 1999: Development and use of more market-oriented monetary policy instruments

In this period, Kauzi (2010) reported that the fundamental change in monetary management was the transition from the fixed exchange rate regime to the floating exchange rate regime. Under the floating regime, the Central Bank was no longer obliged to buy or sell foreign currency on demand, imbalances between demand and supply were brought into equilibrium through changes in exchange rates.

From 1995 to 1998, there was no explicit monetary target as the paramount concern was the need to restore stability. The main threat to monetary stability was the high level of liquidity in the banking system generated by the unsustainable level of domestic borrowing by the government over the previous four years. The Central Bank used both the treasury bill auction and the MLAR to manage the high level of liquidity.

In May 1995, the discount facility was abolished and replaced by the kina auction facility. The new facility marked a further step towards the adoption of more market-oriented monetary instruments for liquidity management to enable the Central Bank to respond quickly to liquidity fluctuations by buying or selling liquidity. The Central Bank continued its efforts to develop a market-oriented monetary policy management regime by expanding the market for government securities such as treasury bills and inscribed stocks.

In 1998, the Central Bank, on the advice of the government, introduced a special deposit requirement called the Cash Reserve Requirement (CRR) as a direct instrument for tightening monetary policy. The CRR was introduced to manage excess reserves in exchange settlement accounts of commercial banks held at the Central Bank. The CRR was the low-cost monetary policy instrument useful for long-term liquidity management.

For most of this period, the Central Bank pursued a tight monetary policy. In May 1995, the Central Bank increased the MLAR to 32 percent, which led to contraction in private sector lending. Hence, money supply and inflation were under control in the economy. The tight monetary policy stance was continued into the first half of 1996, but was relaxed in June following some stability in nominal exchange rates and reduced inflationary pressures. Monetary policy was tightened in the latter part of 1997 to manage combined inflationary effects of deterioration in the balance of payments position and depreciation of the kina, following the nationwide drought and the Asian financial crisis. Despite the restrictive monetary policy stance, inflation increased to 13.6 percent in 1998.

4.1.6. 2000 to 2008: Independence of the Central Bank and monetary policy and a more market-oriented monetary management regime

In this period, Kauzi reported that the government introduced reforms in the financial sector under the structural reform program. In April 2000, the new *Central Banking Act 2000*, the revised *Banks and Financial Institutions Act 2000*, *Superannuation Act (General Provisions) 2000* and the *Life Insurance Act 2000*, all containing significant changes to the financial system, were passed by Parliament. Under the *Central Banking Act*, the bank was given more independence from political

influence, debt management was separated from the conduct of monetary policy. In this legislative reform, price stability became the key objective of monetary policy.

The Central Bank continued to develop a market-oriented monetary management regime in the 20th century. In February 2001, the Central Bank introduced a new price-based policy signalling mechanism, the Kina Facility Rate (KFR). The KFR is an official monthly rate indicating the bank's stance on monetary policy. Changes to the KFR were based on assessment of economic fundamentals such as inflation, balance of payments, economic growth, monetary aggregate, fiscal operations and exchange rates. The KFR was accompanied by the introduction of the repurchase agreement facility to link the policy rate to the market. In 2004, the Central Bank introduced the central bank bills, a market-orientated instrument to control excess liquidity in the banking system.

For most of the years after 2000, the Central Bank eased monetary policy. The KFR was reduced from a high of 16 percent in July 2003 to a low of 6 percent by September 2005, and maintained at 6 percent until May 2008. Significant improvements in the balance of payments position underpinned this stance. Open market operations through the treasury bill auction, central bank bill auction, and inscribed stock tender was the tool used for liquidity management to influence the market interest rates consistent with the KFR. Monetary policy was tightened in June 2008, and the KFR was increased progressively, reaching 8.0 percent in December, due to the high inflation from imports.

4.1.7. Conclusion

PNG's experience with monetary policy in the first thirty-three years (1975-2008) after independence is summed up as follows. In the 1970s and 1980s, monetary policy was able to influence credit growth and money supply to enable low but steady economic growth, subject to developments in the external sector. The fixed exchange rate regime (hard kina policy) aided greatly in the attainment of low inflation in PNG relative to many developing economies. In the 1990s, high economic growth occurred, but there was great macroeconomic instability associated with excessive government spending, that led to budget deficits and increased money supply. Monetary policy was at the whim of fiscal mismanagement, and it became too preoccupied with the national government's debt management. Subsequently, the kina was floated to address macroeconomic issues. However, inflation was soaring after the float. In the 2000s, legislative reforms gave more independence to the Central Bank from political influence and made price stability as the primary objective of monetary policy. To support this objective, the Central Bank introduced more market-orientated monetary policy instruments.

4.2. Review of performance for 2009-2024

This review is an extension monetary policy issues raised in NRI Monograph 41 chapter on monetary policy authored by Gae Kauzi (2010). The review presents key developments and monetary policy management from 2009 to 2024 using key variables assessed by Kauzi. The review also explores how monetary policy relates to other macroeconomic policies, especially fiscal policy, and the influence monetary policy has on price stability and economic growth. The review is done under key themes and time periods. A conclusion is provided at the end of the review.

4.2.1. Introduction

As defined earlier, monetary policy concerns the supply of and demand for money in the economy. The Central Bank uses monetary policy tools to influence the supply of money and interest rates in the economy, aiming to achieve price stability and support economic growth. The Central Bank

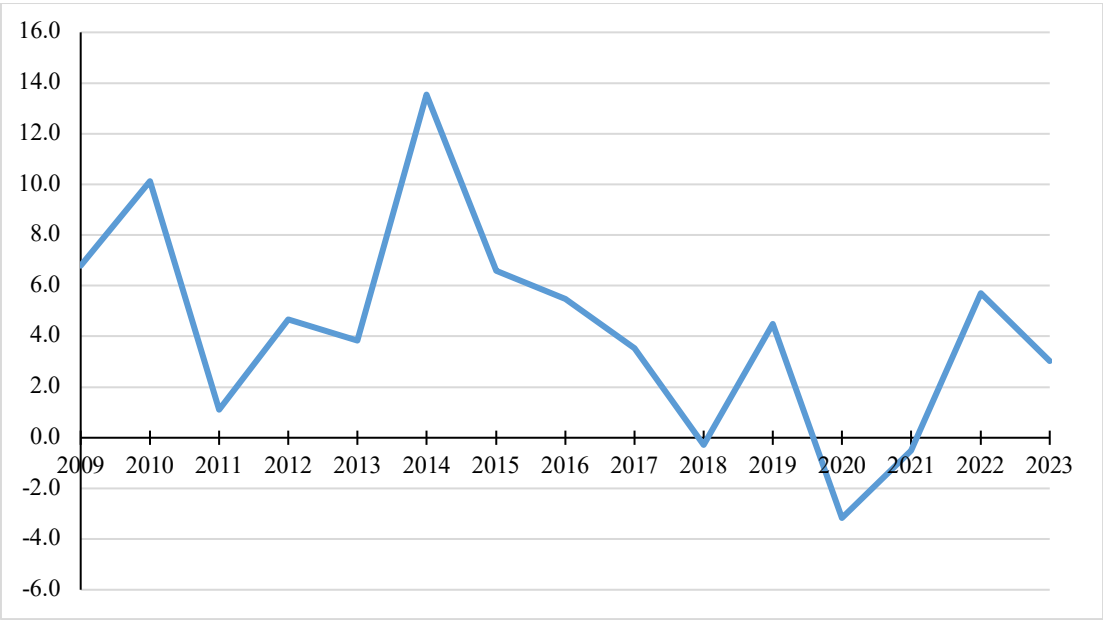
is mandated by the *Central Bank Act 2000 (as amended in 2021 and 2024)* to formulate and implement monetary policy. Monetary policy is conducted within the reserve money framework.

A monetary policy that encourages growth in money supply is called an easy or accommodative monetary policy. It lets money supply grow to accommodate growth in government spending or economic activity while unintentionally allowing for inflation to rise. A tight monetary policy is one that aims at restricting growth in the money supply and suppressing inflation. The choice of what monetary policy stance to adopt in a given period is dependent on the goal to be achieved and the existing or projected economic indicators. The policy rate, which is the KFR, provides a signal of the stance.

To conduct monetary policy, the Central Bank must have at its disposal policy instruments to influence monetary conditions toward achieving its monetary targets. The application of monetary instruments affects monetary conditions by acting on the quantity of money or on the price of money (interest rates). The Central Bank uses both direct (non-market) and indirect (market-oriented) instruments to conduct monetary policy.

Between 2009 and 2021, the Central Bank primarily focused on price stability. Economic growth became a shot-lived primary objective between 2021 and 2024 (Figure 25). During the 2024 amendment to the *Central Bank Act 2000*, price stability was restored as the sole primary objective. During this period, monetary policy was reasonably successful in managing supply of money and controlling inflation. However, excess liquidity and foreign exchange shortage became persistent issues in the operations of the monetary policy. Both issues attracted reforms in the foreign exchange market and open market operations in the years following the 2021 amendments to the *Central Bank Act 2000*. Despite the reforms, excess liquidity and foreign exchange shortage remain as critical issues in the economy.

Figure 25: GDP growth (%), 2009-2023



Source: World Bank

4.2.2. 2009 to 2012: A strong exchange rate regime and continued use of monetary policy instruments

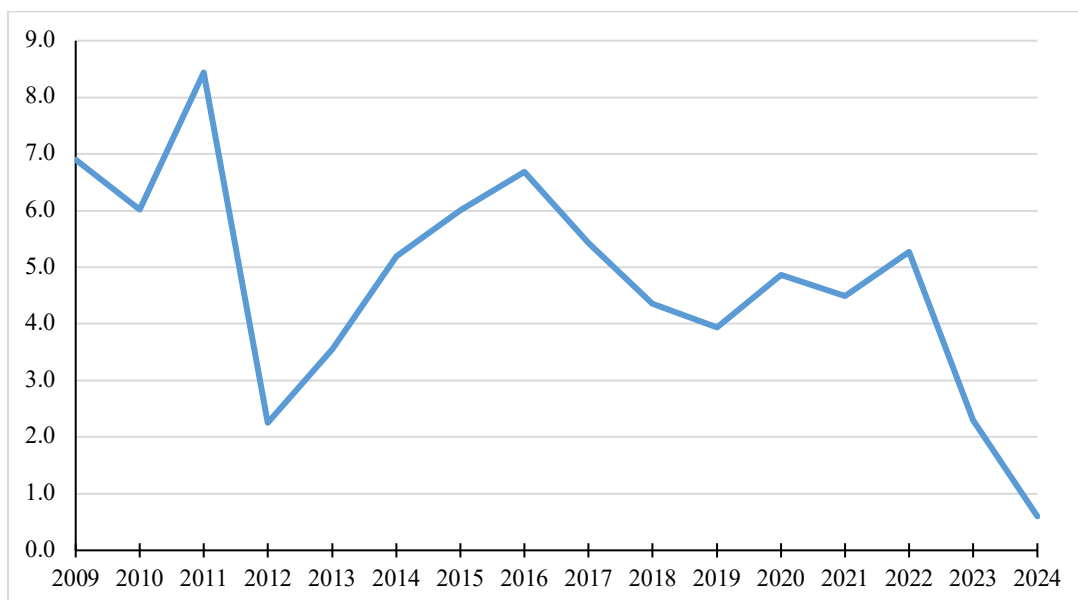
Economic activities continued to grow in this period, attributed to the on-going construction of the PNG liquefied natural gas (PNGLNG) project and the spin-off effects to other sectors, higher international commodity prices and increased government spending. The construction of the PNGLNG project contributed to increased growth in the building and construction, commerce and transportation, storage, and communication sectors. Increased tax revenue from high commodity prices of gold, copper, crude oil and some agricultural exports and business activities resulted in higher revenue to the government. These developments contributed to increased domestic demand and high liquidity in the economy.

The expansionary fiscal policy through increased expenditure and supplementary budgets contributed to an increased liquidity in the banking system, with the increase in government deposits, including trust accounts held at commercial banks. This had added to domestic demand pressures and made monetary policy management more challenging. For instance, in 2009, the government revised the budget to a higher deficit of 1.2 percent of gross domestic product (GDP). The Central Bank did not have enough instruments to deal with inflationary pressures generated by fiscal operations. Therefore, the government's management of fiscal policy, including efforts to transfer some of the trust account funds to the Central Bank, complemented the Bank's effort at managing monetary policy.

The construction of the PNGLNG project from 2009 to 2014 generated significant capital inflows into the economy; hence, the country enjoyed positive balance of payments (BOP) position. The data for 2009 showed an overall BOP surplus of K1.725 billion. This outcome was due to a surplus in the capital and financial account, which more than offset a deficit in the current account. The surplus in the capital and financial account was mainly due to a higher net inflow from direct foreign investments. During this period, the kina exchange rate gained significant momentum against currencies of major trading partners. In 2012, the kina exchange rate remained strong at USD 0.4800 and AUD 0.4625.

Inflation became a concern for most years during this period (Figure 26). In 2011, headline inflation rose to 8.4 percent, the highest in the entire review period (2009-2024). This was mainly contributed by an increase in imported fuel and food prices, strong economic growth associated with the PNGLNG project, and high government expenditure. In 2012, the appreciation of the kina, combined with low imported inflation, led to a lower inflation outcome of 2.3 percent.

Figure 26: Headline inflation (%), 2009-2024



Source: National Statistical Office

Based on the macroeconomic conditions, such as high liquidity and inflation pressure, the Central Bank pursued a tight (restrictive) monetary policy for most of the years. As a result of the tight stance of monetary policy, private sector credit slowed down to 19.5 percent, limiting the growth in money supply to 10.2 percent in 2009. However, persistent excess liquidity remained in the banking system for most of the years, mainly due to increased government expenditure. Consistent with the tight stance of monetary policy, the Central Bank utilised the available instruments to diffuse liquidity.

In 2011, the KFR was increased to 7.7 percent from 7.0 percent (BPNG, 2011). The CRR was increased from 3.0 percent in 2009 to 7.5 percent in 2011 and a substantial amount of Central Bank Bills (CBBs) was issued during the same period to support the stance. In 2012, the Central Bank eased its monetary policy stance by the reducing the KFR from 7.8 percent to 6.8 percent. However, the CRR was increased by 1.0 percent to diffuse liquidity in commercial banks.

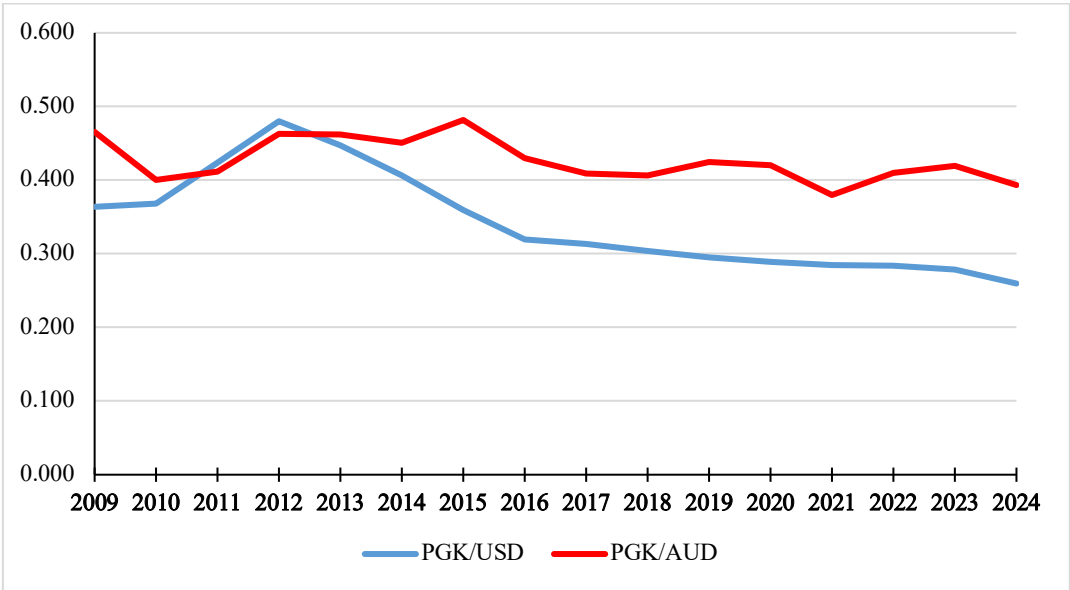
4.2.3. 2013to 2016: Shortage of foreign exchange reserves, collapse of the floating exchange rate regime and continued use of monetary policy instruments

This period was marked by excessive government spending, with massive investments in infrastructure projects, like roads, seaports, airports, bridges and stadiums. The excessive government expenditure was financed mainly through domestic sources. In 2016, about 80 percent of fiscal deficit was financed domestically. The monetary policy had to accommodate debt financing and became preoccupied with government debt management, especially by selling treasury bills and other securities at the open market operations. The excessive government spending stimulated economic growth but had adverse implications for the exchange rate regime. The increased government spending used more foreign reserves on imports. The foreign reserves situation further deteriorated when construction of the PNG LNG project ended in 2014. The depletion of foreign reserves led to depreciation of the kina and subsequent collapse of the floating exchange rate regime in May 2014.

In June 2014, there was a transition in monetary management from the floating exchange rate regime to crawl-like exchange rate regime. The Central Bank introduced an exchange rate trading band of 150 basis points around the official interbank exchange rate with the aim to stabilise the kina against the currencies of major trading partners. Under the so-called crawl-like regime, the

exchange rate dealers like commercial banks and finance companies were restricted to transact within the width of 150 basis points. The kina was neither floated nor fixed, instead it made limited movements within the trading band. Under this regime, the Central Bank intervened in the foreign exchange market from time to time. This corrective measure was taken to protect the domestic currency from further depreciation. Despite this effort, the kina depreciated by 28.6 percent against the US dollar (Figure 27), from US\$0.4469 in 2013 to US\$0.3192 in 2016 (BPNG, 2016).

Figure 27: Nominal exchange rate (PGK/USD and PGK/AUD), 2009-2024



Source: Bank of PNG

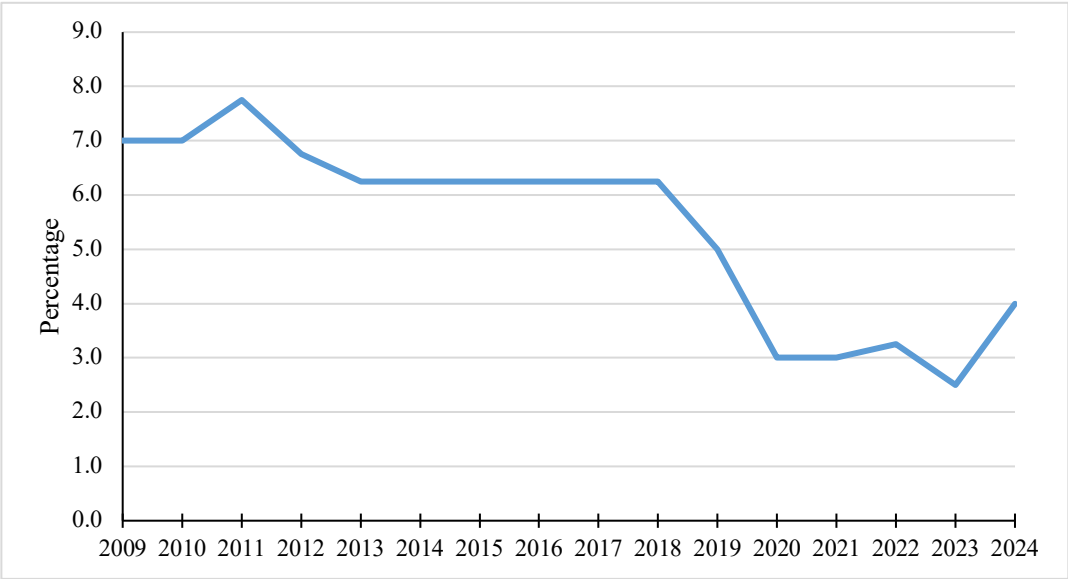
Low foreign exchange inflows from the production of LNG and other key export commodities were not sufficient to meet the persistent excess demand for imports and contributed to the depreciation of the kina. The Central Bank intervened to assist in meeting some of the demand in the foreign exchange market. In addition, the Central Bank rationed foreign exchange by issuing directives in the foreign exchange market. The lower international commodity prices, lower export volumes and strong import demand not only affected the foreign exchange reserves but had implications on the overall balance of payments. In this period, the Central Bank recorded consecutive BOP deficits, except a small surplus of K30 million in 2016. However, there were sufficient import covers from 2013 to 2016.

This period witnessed a significant rise in headline inflation from 3.6 percent in 2013 to 6.7 percent in 2016. The depreciating kina and high commodity prices and the increase in international food and oil prices affected the domestic economy through imports. Besides external factors, high government spending, PNG LNG project construction and production, and increased business activities injected substantial money in the economy, which generated greater demand for goods and services, and subsequently led to high prices. In addition, due to the large size of the PNG LNG project, it raised high expectations on income and employment opportunities, which led to high business and consumer spending.

While most macroeconomic indicators were not favorable in this period, PNG recorded the highest economic growth, reaching an all-time high of 13.50 percent in 2014. The high growth was contributed mainly by the commencement of production and export of LNG from the PNG LNG Project. The expansionary fiscal policy with the support of monetary policy also supported economic activities especially in the non-mineral sector. In particular, big investments in infrastructure developments such as roads, seaports, airports and stadiums for the Pacific Games created jobs and incomes for the economy.

The inflation outcomes and other macroeconomic indicators were considered manageable and therefore the Central Bank maintained a neutral monetary policy stance. The KFR remained at 6.25 percent during this four-year period (Figure 28). While the stance remained neutral, the volume of reserves in the banking system increased at an alarming rate. The persistent high level of liquidity contributed to the weak transmission of the KFR to market interest rates. In September 2016, the government made a net issuance of K161.9 million in treasury bills and K474.9 million in treasury bonds to fund the budget deficit, while there was a net retirement of K210.1 million in CBBs. The increased issuance of government securities and the Central Bank’s intervention in the foreign exchange market assisted in diffusing some of the excess liquidity in the banking system and support the domestic currency (BPNG, 2016). In response to the high liquidity, the Central Bank increased the CRR from 8 percent in 2013 to 10 percent in 2016.

Figure 28: Kina facility rate (%)



Source: Bank of PNG

4.2.4. 2017 to 2020: Accumulation of excess liquidity, refinement of monetary policy framework and continued use of monetary policy instruments

The persistent high level of excess liquidity in the banking system contributed to the weakening of the transmission of monetary policy and its impact on the economy during this period. The Central Bank therefore undertook refinements to its monetary policy framework to improve the transmission of monetary policy in the economy. This included refinements to the reserve monetary framework and the implementation of monetary policy through the open market operations to better influence and align market interest rates to the policy rate.

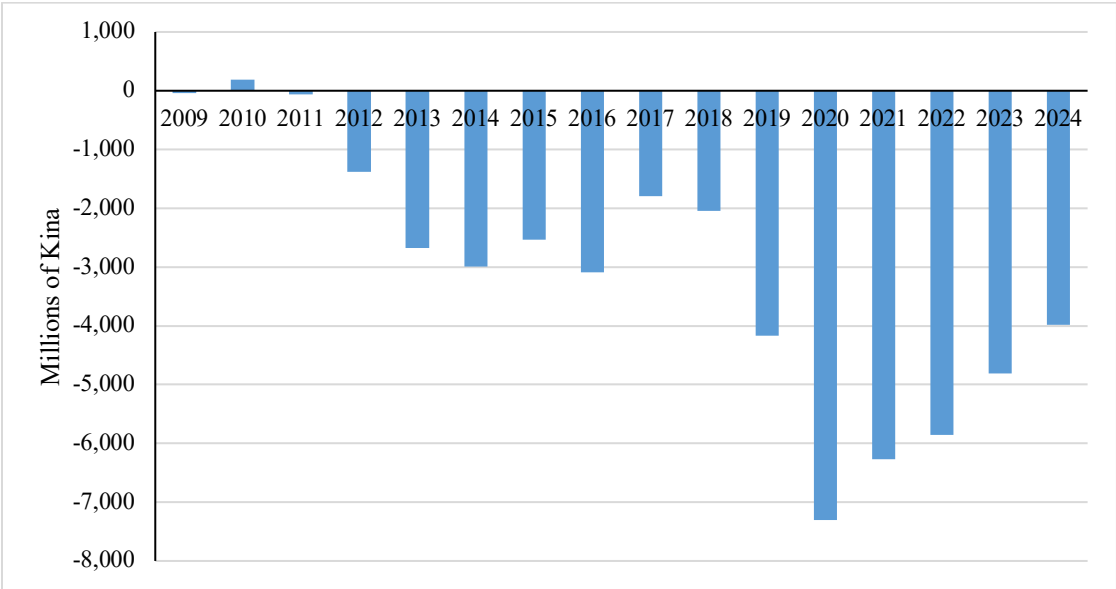
In 2018, the Central Bank made refinements to the intra-day and overnight lending facilities with the introduction of the intra-day liquidity facility (ILF) and the collateralised repo facility as part of liquidity management. This assisted commercial banks to settle payments on time and allowed customers to have quicker access to their funds. These facilities were introduced to avoid the liquidity and settlement risks to the customers and the payment system. Under the ILF, the Central Bank made available funds to the commercial banks upon request to fund shortfalls in their exchange settlement account balances on a daily basis. Both the ILF and repo facilities were liquidity management instruments that could influence interest rates in line with the monetary policy stance.

The transmission of monetary policy could work better in a tight liquidity situation. In 2018, the Central Bank’s intervention in supplying US dollar into the foreign exchange market diffused a total liquidity of K870.1 million. There was also a diffusion of K130.7 million from the tap facility in the same year (BPNG, 2018). In 2019, a large volume of CCBs were issued to mop up excess liquidity in the banking system. Despite these monetary policy efforts, excess liquidity remained a concern. In 2020, excess liquidity in the banking system reached about K2.5 billion. With the continued relatively high level of liquidity in the system, deposit rates continued to remain low but the lending rates remain high.

The economy recorded surpluses in the overall BOP during this period. In 2018, a surplus of K1.849 billion was recorded. The surpluses were driven mainly by the increase in prices and production of some of the agricultural and mineral export commodities, including LNG. However, the improvement did not lead to higher government revenue and significant foreign exchange inflows. As a result, the budgetary and foreign exchange situation that prevailed since 2014 continued in this period, including budget deficits, foreign exchange shortages and depreciation of the kina. The government therefore announced several supplementary budgets with downward revisions.

In 2017, a downward revision in expenditure of K494.3 million and revenue of K494.1 million. This action helped to maintain the deficit of K1.876.2 billion (BPNG, 2017). The largest budget deficit in the history of PNG was recorded in 2020 with K7.304 billion (Figure 29). This was driven mainly by the unprecedented downturn of economic activities during the outbreak of coronavirus pandemic and complete shutdown of the Porgera Mine by the government. Subsequently, the public debt level increased to about K40 billion in 2020. The deficit was partially financed through the issuance of government securities using open market operations. The public debt financing commitment negatively affected the Central Bank’s own commitment to manage liquidity through the issuance of CBBs.

Figure 29: National budget outcomes (K'million), 2009-2024



Source: Bank of PNG

The kina exchange rate depreciated continuously against the US dollar from US\$0.3137 in 2017 to US\$0.2890 in 2020. The depreciation was contributed by low demand for kina in the foreign exchange market by economic agents like importers of PNG exports and foreign investors. A depreciating kina improved the competitiveness of exports however imports became expensive.

The kina appreciated against the Australian dollar for most years due to cross currency movements as the Australian dollar weakened against the US dollar. From September 2019 to September 2020, the kina appreciated from A\$0.3990 to A\$0.4060. The kina recorded a mixed performance against other major currencies during this period.

Inflation remained largely stable, averaging 4.5 percent during this period despite limited fluctuations. Lower imported inflation, lower pass-through from the slow pace of depreciation of the kina exchange rate, cheaper sources of imports, and lower prices of seasonal produce combined with improvements in the domestic supply chain and competition on prices contributed to this outcome. However, the upside risks to inflation in 2020 associated with the coronavirus pandemic included the impact of disruptions to domestic and external supply chains which resulted in higher cost of goods and services. The official inflation rate of 2020 was 4.9 percent.

The monetary stance remained neutral in the first two years by keeping the policy signalling rate, the KFR, at 6.25 percent. The Central Bank made these decisions based on the macroeconomic developments, especially downward trend in inflation, moderate growth in economic activities, and relatively stable kina exchange rate. Taking into account the fall in inflation, the Central Bank eased its stance of monetary policy by reducing the KFR to 5.0 percent in 2019. The easing stance supported lending by commercial banks to private sector to stimulate economic activities. In 2020, as part of the Central Bank's policy response to the effects of coronavirus pandemic on the economy, the KFR was further reduced to 3.0 percent and the CRR lowered to 7.0 percent. The Central Bank also implemented the quantitative easing program through buy-back of government securities. The reduction in CRR and implementation of quantitative easing were intended to provide additional liquidity to the banking system to stimulate growth.

4.2.5. 2021 to 2024: Amendments of Central Banking Act 2000, introduction of a new market-oriented policy instrument, and exchange rate reform

In this period, the *Central Banking Act 2000* was amended twice by the Parliament. The amendments in 2021 had broadened the objectives of the Central Bank to include employment and economic growth, and efficient and responsive banking services to the government. The amendments also entailed changes to governance, accountability and transparency arrangements, as well as increased government financing, including during an emergency. In particular, the Board, comprising members (replacing *ex officio* members) with professional experience was appointed by the National Executive Council and had greater oversight of the Central Bank's policy decision making and operations. The amendments posed a challenge to the Central Bank in finding a balance in achieving the multiple monetary policy objectives. In 2024, the *Central Banking Act 2000* was amended to make price stability as the primary objective of monetary policy, and others such as financial stability, employment and economic growth, and financial system development were made secondary objectives.

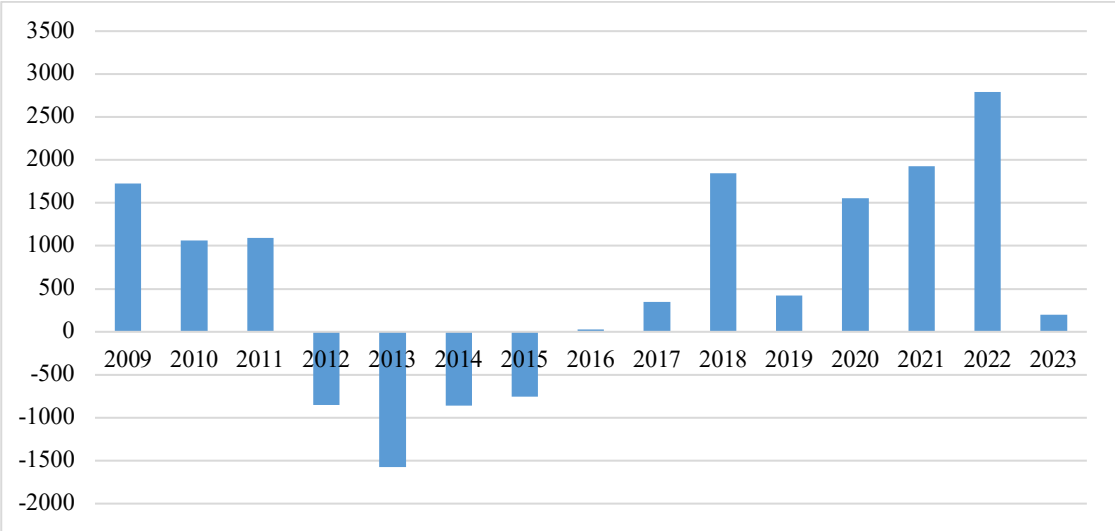
The Central Bank implemented a transitional exchange rate arrangement in January 2024 under the International Monetary Fund (IMF) reform program. The operation of this transitional arrangement was similar to the crawl-like regime adopted in 2014. The difference was that the width of the trading band had been widened to 200 basis points against the US dollar. The exchange rate was put on a transitional path from the crawl-like regime to a flexible regime. Under a flexible regime, the kina exchange rate value would be determined by market forces of supply and demand, with occasional interventions by the Central Bank. In December 2024, the nominal kina exchange rate against the US dollar dropped to an all-time low of US\$0.2500, about 6.6 percent depreciation in value from January 2024. The downward movement of the kina in the first 12 months of reform indicated that it had been on the correct path to reach full convertibility and reduce foreign exchange shortage. However, high import price became a concern as it directly affected the welfare of the people and cost of business.

The Central Bank restructured the open market operations under the IMF reform program by introducing a new instrument in 2023. That is, the Central Bank introduced a short-term instrument with full allotment and had a fixed rate to control excess liquidity and improve monetary policy transmission. Under the fixed-rate-full-allotment, the 7-day term CBB rate was aligned to the policy rate (KFR) at 2.50 percent in November 2023 to ensure that changes in the policy rate were effectively transmitted to the market rates. The rate was increased to 4.00 percent in November 2024, however, excess liquidity continued to exist in the banking system and hinder transmission of policy. Like other market instruments, it added significant operational costs to the Central Bank.

Despite the introduction of a new monetary instrument to improve liquidity management, the open market operations was preoccupied with managing the national government’s debt in this period due to consecutive fiscal deficits. The Central Bank gave more prominence to the issuance of government securities and less to its own securities. This undermined the core function of CBB to address excess liquidity. In 2021, close to half of the K6.27 billion budget deficit was financed through domestic sources.

This period recorded overall BOP surpluses for most years except 2024 (Figure 30). The surpluses were driven mainly by higher production and international prices of all major export commodities, and easing of supply constraints following the lifting of the coronavirus restrictions. The Russia-Ukraine war had impacted favorably on the prices of major export commodities such as crude oil and LNG. In 2022, the overall balance of payments recorded a surplus of K2.789 billion (BPNG, 2022). In 2024, the Central Bank projected the overall BOP to be deficit, which potentially could be driven by high net outflows in the financial account. The stock of foreign reserves was expected to decline in 2024 due to the Central Bank intervention in the foreign exchange market and external debt servicing by the government. However, there was sufficient gross foreign reserves for 10.0 months of total import cover and 17.9 months of non-mineral imports cover in 2024.

Figure 30: Balance of payments (K'million), 2009-2023



Source: National Statistical Office

The supply-chain disruptions during the coronavirus pandemic directly affected domestic economic activities. However, the economy slowly recovered in this period. The recovery was driven mainly by higher commodity prices, increased production in the mineral and non-mineral sectors, and increase in spending by government and development partners on infrastructure developments like roads and bridges. As a result, the economy showed resilience, recording a strong growth of 5.7 percent in 2022. The growth slowed down to 3.8 percent in 2023 despite the

monetary policy support. In particular, the Central Bank reduced the KFR to 2.5 percent in 2023 to stimulate economic activities.

This period witnessed a higher inflation pressure that severely affected cost of business and purchasing power of households. From 2021 to 2022, headline inflation was averaging at 5.1 percent. This outcome was due to the kina depreciation and higher foreign inflation relating to the outbreak of coronavirus pandemic and Ukraine-Russia war. The external price pressure transmitted to the local economy through imports. While the inflation pressure remained high, in 2023, official rate fell to 2.3 percent. In 2024, headline inflation recorded a historical low of 0.6 percent. However, the Central Bank indicated that inflationary risks remained due to global uncertainties, further downward pressure on the kina exchange rate with the inclusion of other major currencies in the reform, and domestic price pressures.

Considering the macroeconomic developments and projections, the Central Bank had adopted a mixture of accommodative and restrictive monetary policy stance in this period. The Central Bank pursued an accommodative monetary stance in 2021 and 2023 to support economic activities after the slowdown during the coronavirus pandemic. In 2022 and 2024, a tight monetary policy stance was adopted to manage inflation risk and high level of liquidity. To implement this stance in 2022, the Central Bank issued additional CBBs of K215.0 million, and increased the CRR to 9.0 percent. The increase in CRR diffused some excess liquidity totaling K566.0 million (BPNG, 2024). The tightening stance was aimed at reducing aggregate demand, especially high demand in the foreign exchange market, to reduce pressure on kina exchange rate and contain inflation expectations.

4.2.6. Conclusion

The implementation of monetary policy from 2009 to 2024 is summed up under four key time periods. In the first period 2009-2012, key macroeconomic indicators were generally volatile. The Central Bank conducted a tight monetary policy to manage liquidity and ease inflation pressure. However, the capital inflows from the construction of the LNG project improved the kina exchange rate and generated positive overall BOP. The second period 2013-2016 witnessed the end of the floating exchange rate regime and introduction of the crawl-like exchange rate regime. There was great macroeconomic instability associated with excessive government spending, end of LNG project construction, and fall in commodity prices. In particular, foreign exchange shortage and high inflation pressure became increasingly evident in this period. However, the commencement of production and export of LNG contributed to a historic record of economic growth in 2014. Despite some volatilities in key macroeconomic indicators, the Central Bank maintained a neutral monetary policy stance.

In the third period 2017-2020, high level of excess liquidity in the banking system impeded the transmission of monetary policy. Subsequently, the Central Bank refined monetary policy framework for effective liquidity management. Key macroeconomic indicators like inflation, economic growth, kina exchange rate and BOP were generally in stable and favorable positions. Based on these outcomes, the Central Bank implemented an accommodative monetary policy. In the fourth period 2021-2024, the *Central Banking Act 2000* was amended twice by the Parliament. Following the amendments, two key reforms were undertaken in the foreign exchange market and open market operations. The kina exchange rate was put on a transitional arrangement to address foreign exchange shortage and a new monetary policy instrument was introduced to mop up excess liquidity. Considering the macroeconomic developments like inflation and BOPs, the Central Bank implemented a mixture of easy and tight monetary policy stance.

4.3. Achievements and challenges for last six years (2019-2024)

4.3.1. Introduction

This section reviews monetary policy successes and challenges of the Marape-Rosso Government in the past six years. The government had made commitments to address high cost of living pressures, foreign exchange shortage and excess liquidity in the banking system through various policy channels. However, the prominence of high inflation pressure and foreign exchange shortage still remained in the economy.

4.3.2. Achievements

The following are some of the key achievements of the Marape-Rosso government for 2019-2024.

- Commitment to reducing cost of living pressures: In recent years (2020-2024), inflation pressure was high. High external prices (following the coronavirus pandemic and war in Ukraine) and depreciation of the kina exchange rate contributed to high cost of living. Many families struggled to meet their basic needs such as food and accommodation. The Marape-Rosso Government acknowledged the cost of living pressures and provided several reliefs through fiscal channels. These included tuition fee subsidy (permanent since 2019), fuel subsidy (2022-2023), tax-free threshold increased to K20,000 per year (permanent since 2024), and introduced zero GST on 13 basic household items in the 2024 budget.
- Review of the Central Banking Act 2000: In 2021, the Marape-Rosso Government sanctioned the review of the *Central Banking Act 2000*. The review aimed to modernise the *Central Banking Act 2000* in line with international standards while continuing to ensure the independence of the Central Bank. The review was undertaken in two phases. Phase 1 covered governance, accountability and transparency; government financing; and crisis management and the review of the Central Bank's objectives. Phase 2 covered broader issues of regulation of the financial system, actions to encourage competition, and follow on work of the Financial Sector Reform Review that was undertaken in 2015. Some of the recommendations were considered in the amendment of the Act in 2021 and 2024.
- Commitment to improving access to foreign reserves: The government has committed to ending foreign exchange rationing by supporting the review and amendment of the *Central Banking Act 2000* in 2021. In 2023, with the support of the government through the IMF financing program, the Central Bank injected US\$1.6 billion into the foreign exchange market. This has improved the clearance time for foreign exchange orders for imports and transfer of profits and dividends. According to the September 2024 biannual monetary policy statement, access to foreign exchange improved and the clearance time for outstanding import orders fell to 4 weeks. In 2024, there was sufficient gross foreign reserves for 10.0 months of total import cover and 17.9 months of non-mineral import cover. The direct intervention in the foreign exchange market under the IMF program was commenced in 2023 and will end in 2026. Under the same IMF program, the Kina exchange rate has undergone a structural reform since January 2024 to make exports competitive and attract foreign investments. Both exports and investments are expected to generate foreign reserve inflows.
- The reopening of Porgera Mine in 2023 has brought much needed relief to the foreign exchange market. This was further supported by high commodity prices and increased production in the mineral and petroleum sectors. Since assuming office in 2019, the Marape-Rosso Government has been working hard to bring some of the major projects in pipeline onshore. These projects include Papua LNG, Pasca, P'nyang, Wafi and Freda. Negotiations and consultations for these projects have been ongoing for years. When these projects enter the construction and production phases, the economy will experience significant foreign reserves inflows. With the financing commitment of the PNG LNG

project expected to end in 2025, its capital inflows will improve the stock of foreign reserves in the domestic market.

- Commitment to improving transmission of monetary policy: The government was committed to improving monetary policy transmission by supporting the review and amendment of the *Central Banking Act 2000* in 2021. With the support of the government, the Central Bank undertook a reform in the open market operations in 2023. The reform was aimed at absorbing excess liquidity and strengthening the transmission of the policy rate to market rates. The new policy instrument has mopped up considerable amount of liquidity and slightly improved transmission of monetary policy since its introduction. The new instrument has been supported by complementary measures like overnight interest corridor and cash reserve requirement. In December 2023, the Central Bank defused liquidity through a net issuance of K205.8 million in central bank bills under the 7-day fixed rate full allotment auction with the aim to influence market interest rates.

4.3.3. Challenges

The key challenges in the monetary policy space that the Marape-Rosso Government have had to face included the following:

- High inflation pressure: The current inflation pressure has developed since 2020 following the outbreak of the coronavirus pandemic. The lockdowns and travel restrictions had affected production and movement of goods and services. As the pandemic slowed down in 2022, the war in Ukraine had begun. The imposition of trade restrictions and destruction of the production facilities has led to disruption of global oil and gas supply. The undesirable impact on supply has increased the prices of these commodities. The external price hikes transmitted to the local economy through imports. On the domestic front, following the implementation of exchange rate reform in January 2024, the kina depreciated by 6.6 percent against the US dollar in December 2024. The prices of imports have increased in response to the depreciation of the kina. Importers passed the additional cost of imports to the consumers in the form of increased prices of goods and services. Even though the government has provided some reliefs through fiscal channels, high inflation pressure remains in the economy.
- Depreciation of the kina: The kina remained very stable against the US dollar and other currencies between January 2019 and April 2023. However, the IMF established that the Kina was overvalued and requested the Central Bank to undertake a reform to restore its convertibility and address foreign exchange shortage. In January 2024, the Central Bank implemented a transitional exchange rate reform. Following the implementation, the value of the Kina dropped to an all-time low of US\$0.250 against the US dollar in December 2024. The depreciation of the kina so far has had negative impact on the welfare of individuals, business transactions and government services. For instance, Paradise Food Limited experienced a decline in biscuit sales which led to discontinuing one of its products in May 2024. Also, ordinary people struggled to pay high prices for essential goods and services between 2020 and 2024. As the depreciation is expected to continue for some time under the current reform, the high cost of living pressure and doing business will remain.
- Foreign exchange shortage: Foreign exchange shortage and rationing remain a concern to businesses and individuals. Already in 2025, Brian Bell CEO Cameron Mackellar has stated that access to foreign currency is still an issue for those seeking goods and services from overseas. While the government has committed to end rationing, the Central Bank has not announced any deadline. Indeed, it has been sending mixed signals. On the one hand, it said in the September 2024 monetary policy statement, that it is against rationing and that it wants to achieve full convertibility of kina. On the other hand, in December 2024, it issued guidelines to foreign exchange dealers on which foreign exchange orders to prioritise. But such guidelines are only needed if rationing is to remain in place, and their

issuance implies that foreign exchange shortage is still an issue, and rationing is unlikely to end soon.

- **Excess liquidity:** The banking system has accumulated excess liquidity over the years. Excess liquidity is the amount of cash commercial banks hold in their accounts but not circulate in the economy. The chronic excess liquidity issue has obstructed the effectiveness of monetary policy transmission. The Central Bank with the support of the government has responded to this issue by introducing market-orientated monetary policy instruments and adjusting the CRR since 2001. For instance, in 2023, the Central Bank introduced a short-term instrument in the open market operations purposely to mop up liquidity. Despite the monetary policy efforts, excess liquidity remains a concern in the banking system. In 2020, excess liquidity reached about K1.7 billion.

4.4. Key issues and recommendations

In light of the review on monetary policy developments since 1975, the following six recommendations in Table 7 are presented for consideration in the development of the 20-year National Roadmap.

Table 7: Issues and recommendations – monetary policy

Issue	Recommendation
There is a need for proper monetary policy management to keep inflation under control because inflation erodes purchasing power of people, government and businesses.	<i>Recommendation 4.1:</i> Introduce an appropriate monetary policy stance based on existing macroeconomic conditions such that monetary policy instruments are implemented to strike a balance between the supply of and demand for money to keep inflation under control.
Adoption of a flexible or floating exchange rate stimulates economic growth through increased exports and FDIs. However, flexible exchange rate regime that leads to a weaker Kina can be inflationary because of imported inflation.	<i>Recommendation 4.2:</i> The flexible exchange rate regime must be consistently supported by increased exports, foreign investments, and tourism activities to keep the Kina stable. This calls for appropriate interventions that promote exports, foreign investments and tourism development.
Excessive government spending and revenue shortfalls led to consecutive budget deficits, which eventually affected monetary policy through the open market operations.	<i>Recommendation 4.3:</i> There must be greater coordination between monetary and fiscal policy to meet fiscal commitments and manage liquidity. In this regard, the roles of the Central Bank and Department of Treasury are critical.
The existence of excess liquidity in the banking system impedes the effective transmission of monetary policy. The changes in the policy rate did not transmit to market rates. The short-term monetary policy instruments, especially the CBBs, did not effectively defuse excess liquidity.	<i>Recommendation 4.4:</i> The terms of existing securities such as inscribed stocks and treasury bonds for medium and long-term liquidity management must be improved.
Foreign exchange shortage affects the monetary policy through the foreign exchange market. The Central Bank made direct interventions by injecting foreign reserves in the market, but shortage remained. The demand for	<i>Recommendation 4.5:</i> Create a conducive business environment for foreign investment, supporting domestic production and export in the non-resource sector, improving remittance inflows, and addressing constraints to tourism activities for long-term foreign reserves management.

foreign reserves by agents such as importers and government exceeded the supply.	
The amendment to the <i>Central Banking Act 2000</i> , especially on the appointment of Board members, provides an opportunity for the National Executive Council to appoint politically affiliated persons rather than persons with relevant expertise and experience. This can derail the independence of the Central Bank and its operations.	<i>Recommendation 4.6:</i> The independence of the Central Bank as the authority on monetary policy must be protected by ensuring no political interference. In this regard, an amendment to the Central Bank Act is required to restore ex officio membership but must be restricted to relevant organizations and term limit.

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5. Review of Developments in Politics and Governance

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This chapter presents a review of developments in politics and governance space since 1975. In subsection 5.1, the review focuses on the period 1975-2008 using chapter 5 of NRI Monograph 41 as the base information. Subsection 5.2 then reviews the period 2009 to 2024 using the same focus variables in the NRI Monograph and supported by information from relevant sources. Subsection 5.3 then discusses the key achievements and challenges of the Marape-Rosso government in the last six years (2019-2024). The final subsection (5.4) presents the key issues and recommendations emanating from the review.

5.1. Review of performance for 1975-2008 (NRI Monograph 41)

In Chapter 5 of NRI Monograph 41, Dr Alphonse Gelu adopts a qualitative, historically grounded approach to evaluate the interplay between politics, governance, and development in PNG from independence in 1975 through to 2008. The chapter identifies key institutional and political variables: namely political stability, representation, elections, political parties, votes of no confidence, government formation, and decentralisation as the principal lenses to explain the level of service delivery and development in PNG. It then discusses these variables in a chronological context beginning in 1975. The central premise of the analysis is that governance, particularly the nature and quality of political institutions, has shaped development outcomes in PNG.

This review however, reframes the analysis thematically rather than chronologically. This allows for highlighting of variables that were persistent through the different periods that Gelu covers in detail in the chapter.

5.1.1. Political stability and executive instability

The post-independence history of PNG presents a paradox: a commitment to democracy, including seven national elections and peaceful transitions of power, which coexists with a very unstable executive arm of the government, weak political parties, and violent and troublesome elections. Essentially, PNG lacks the prerequisites for a consistent democracy yet maintains the broad characteristics of a democracy system through scheduled elections and peaceful transfer of powers.

Between 1977 and 2002, no prime minister completed a full parliamentary term. The prime ministers' tenures and their executive were undermined by frequent votes of no confidence (VONC). VONC is embedded in PNG's constitution under Section 145 for parliament to hold the executive arm accountable. It had however become a tool for instability.

It was not until the introduction of the *Organic Law on the Integrity of Political Parties and Candidates (OLIPPAC)* in 2001 (amended in 2003) that meaningful stability was achieved. Among other things, OLIPPAC curtailed party-hopping and compelled Members of Parliament (MPs) to support the prime ministerial candidate of their party during no-confidence motions. This legislative intervention resulted in the first completion of a full term (2002–2007) by Sir Michael Somare.

However, while OLIPPAC secured stability for the prime minister, it simultaneously entrenched the prime minister's dominance over cabinet appointments. Somare's five cabinet reshuffles and appointment of four different deputy prime ministers during this OLIPPAC-induced stability between 2002 and 2007 suggests that instability existed within the coalition and executive.

Moreover, at the sub-national level, some provincial assemblies were plagued by their own episodes of votes of no confidence. Votes of no confidence therefore caused political instability both at the national and provincial levels, and by extension the bureaucracy as prime ministers sought to appoint public servants loyal to them.

The implications for governance and service delivery were profound. Political commitment for driving meaningful policies, laws and development priorities was consumed by political bargaining and the preservation of office. The incentives for MPs were skewed toward short-term political survival, often facilitated through patronage, including ministerial appointments and access to state resources, rather than substantive governance reforms aimed at effective service delivery.

5.1.2. Political parties, elections, and government formations

Since independence, PNG's political parties were personality-driven, lacked ideological basis, and rarely commanded broad-based support. No single party secured an outright parliamentary majority between 1975 and 2008 to form government on its own, resulting in coalition governments. But these coalitions were characterised by fluid alliances and shifting loyalties.

The first-past-the-post (FPTP) electoral system introduced in 1977 contributed to rising electoral violence as supporters of candidates fought over the single vote under FPTP voting. There was also a marked decline in representational legitimacy where some MPs secured just 10% of the total votes in their electorates. There were also frequent allegations of electoral fraud. After elections, it was open to any party or a coalition of parties that successfully secured majority of MPs support to form the government. The governments formed therefore did not reflect the preferences of the citizens as there was no link between the government that was formed and the party preferred by voters.

OLIPPAC sought to remedy this by giving preference to the party with the largest number of elected MPs to form the government. If this party failed to form the government, then it would be open to others. This aimed to reduce post-election lobbying and align government formation more closely with electoral outcomes. Simultaneously, the *Organic Law on National and Local Level Government Elections 2002* was passed to transition to Limited Preferential Voting (LPV) replacing the FPTP system. Under the LPV system, the candidates were required to secure an absolute majority (50% + 1) through ranked-choice voting. The post-2003 elections (by-elections and the 2007 elections) demonstrated modest improvements in representational legitimacy, with the average winning vote share rising to approximately 30%, though electoral malpractices and violence persisted.

Following the 2007 election, the National Alliance, although the largest party, lacked a majority, and was forced to form a coalition government. The other parties engaged in intense negotiations with independents and other smaller parties - often organised into competing "camps" - to secure a parliamentary majority if National Alliance failed to reach the majority required to form government. Thus, electoral and institutional reforms only partially mitigated the underlying problems of weak political parties, violence and fraud during elections, and government formation.

5.1.3. Decentralisation and the crisis of sub-national governance

PNG's adoption of a unitary state in 1975 gave way to decentralisation by 1977 in response to secessionist pressures. Provincial governments were created, with their own legislative assemblies and heads of government. While the provincial governments were granted legislative powers over specific areas and shared concurrent powers with the national government, four systemic issues undermined their effectiveness.

First, decentralisation was not matched by adequate fiscal or human resources. Provincial administrations were underfunded and understaffed, hindering service delivery and reinforcing perceptions of ineffectiveness, despite instances of strong performance in select provinces, particularly in the New Guinea Islands.

Second, tensions emerged between national MPs and provincial governments. National MPs, who controlled budget allocations through appropriations, often starved provinces of funds. Moreover, the relative popularity of provincial governments among local populations undermined the stature

of national representatives. This competitive dynamics culminated in a Bi-Partisan parliamentary review in 1995, framed explicitly to justify the abolition of provincial governments. Following the 1995 review, the *Organic Law on Provincial Governments 1976* was repealed and replaced with the *Organic Law on Provincial and Local-Level Government 1995*, effectively transferring provincial authority to national MPs who now constitute provincial assemblies as well as the national parliament.

Third, corruption was endemic across all levels of government, including provincial administrations - which was used as one of the political rationale for their dissolution. Unlike the national parliament, which retained law-making and constitutional authority, provincial governments were more vulnerable to suspension and abolition. Several provincial governments were suspended for corruption by the National Executive Council.

Finally, political instability at the sub-national level further eroded confidence in decentralisation. Provincial governments, like their national counterparts, were susceptible to votes of no confidence, hence impeding service delivery.

While some provincial governments performed relatively well under constrained conditions, the dominant political impulse in Waigani was to dismantle rather than reform the decentralised system.

5.1.4. Efforts to constrain corruption

Corruption has been a recurring and corrosive feature of PNG's political history since independence. It was facilitated in large part by the instability of executive government and the incentives this created for political patronage and rent-seeking. Votes of no confidence often meant that the government had to provide inducements - whether through ministerial posts, access to public contracts, or appointments to boards of state-owned enterprises.

Although the Organic Law on the Duties and Responsibilities of Leaders and the establishment of the Ombudsman Commission were intended to curtail such practices, enforcement was sporadic. While a number of leaders were investigated, dismissed, or prosecuted, these responses fell far short of public perceptions of widespread corruption. Institutional inertia, limited investigative capacity, and political interference constrained the work of anti-corruption agencies.

5.1.5. Conclusion

Dr Gelu's contribution demonstrates how weak institutions and political parties, executive instability, and contested decentralisation have cumulatively undermined development. It also shows that reforms designed to address these challenges, such as OLIPPAC and LPV, have yielded only partial success. The challenge moving forward lies in reforms that break entrenched incentives of instability and patronage. It's not a question of how to ensure political stability. It's rather a question of how to remove the incentives that drive instability.

In light of the review and conclusion, the following implications apply:

1. Limit the role of members of parliament to law making. Much of the rent seeking behaviour of MPs is caused by MPs seeking state resources to satisfy constituents who see the MPs as service deliverers. The prime ministers then use the state funds to reward the MPs for their support. Removing the role of MPs as service deliverers will not only refocus MPs to conducting proper debates and updating/making laws, but it will remove the incentive of MPs who frequently switch sides in the hope of aligning with patrons who they think are best positioned to give them access to state resources.
2. Concurrently direct funding to the bureaucracy at the provincial level with oversight from provincial and district MPs. Provincial and district MPs can play the role of Public Accounts Committee to hold provincial roads, health, educations and other agencies accountable.

3. If point 1 is politically inconvenient, then legislate every funding that goes to MPs. This will remove explicit or implicit control of funding from the prime minister, so MPs do not have to be on the government side to access their funding. A law that specifically sets the amount (in percentages) to be allocated to each MP each quarter would remove uncertainty from MPs.
4. Reduce funding to MPs whilst proportionally increasing funding allocation as constitutional grants. Two main streams of funding go to the sub-national level: funding to the MPs and constitutional grants. The bureaucracy handles the constitutional grants, whilst MPs control funds allocated to them. Increasing constitutional funding will enable provincial health authorities, for instance, with resources needs for health intervention whilst reducing MPs share of the funds which are often spent on political goods.

5.2. Review of performance for 2009-2024

This review of PNG's politics and governance for 2009-2024 builds on Dr. Gelu's foundational contribution to NRI Monograph No. 41, which analysed political developments from 1975 to 2008. Using the same core variables identified by Gelu—namely political stability, representation, elections, political parties, votes of no confidence, government formation, and decentralisation—this analysis extends the examination to the period from 2009 to 2024. These variables serve as the principal lenses through which to assess the continuity and change in governance, as well as their effects on service delivery and development outcomes in PNG. While the primary focus is on the post-2009 period, historical comparisons are made where relevant, and time-series data are employed to illustrate long-term trends that pre-date 2009. A new dimension introduced in this review is the inclusion of proposals to alter PNG's system of government, currently under parliamentary consideration. A dedicated sub-section addresses the implications of such reforms, as they could significantly reshape the very institutional variables that Gelu used and that this review continues to analyse.

The evolution of political stability in PNG since independence can be broadly divided into two distinct phases: the pre-OLIPPAC era (1977–2001) and the post-OLIPPAC era (2002–2024). The former was characterised by chronic executive instability, with no prime minister completing a full parliamentary term due to frequent votes of no confidence and unstable coalition governments. Further complicating democratic legitimacy, some governments were formed by parties that did not win the largest share of seats, as evidenced in the 1987, 1992, and 1997 elections, where second- and even sixth-ranked parties led government formation.

These challenges prompted the enactment of the OLIPPAC in 2001, which sought to reduce party-switching and enhance executive stability. Although several restrictive provisions were invalidated by the Supreme Court in 2010, Section 63 which requires that the Governor-General invite the largest party post-election to form government has remained in force and continues to shape the post-electoral political landscape.

5.2.1. Political stability and executive instability

This subsection explores political stability and executive instability in PNG, from OLIPPAC-induced reforms to post-OLIPPAC constitutional amendments and the political economy of constituency development funds. Together, these forces have redefined the nature of executive power, lengthening prime ministerial tenure whilst weakening parliamentary oversight, accountability, and coalition politics.

PNG's political trajectory reveals two contrasting periods: 1977–2001, characterised by unstable leadership, and 2002–2024, when structural reforms, constitutional amendments and the political use of Constituency Development Funds helped stabilise executive power and sustain governing

coalitions. The first period is characterised by chronic votes of no confidence that prevented any prime minister from completing a full term in parliament, whilst in the second period, the prime ministers withstood constant challenges to replace them.

The second feature of this period is that the governments formed did not always reflect the preferences of the voters as small parties could form governments through intense lobbying. As shown in Table 8, the governments formed following 1987, 1992, and 1997 were coalitions led by parties that ranked 2nd, 2nd and 6th, respectively. These concerns led to the enactment of the OLLIPAC in 2001. This subsection focuses on the period after 2001 - see Gelu's contributions in NRI Monograph 41 for periods before 2001.

OLLIPAC induced stability

Between 1977 and 2001, no PNG prime minister had ever completed his tenure in parliament. The OLIPAC ushered in stability in the seat of the prime minister by preventing MPs from either switching political parties, voting against party resolutions, or voting against the prime minister they supported post-election during a vote of no confidence. This resulted in Sir Michael Somare completing the 2002 - 2007 parliamentary tenure as the prime minister, the first since PNG's first post-independence election in 1977.

While several of OLIPPAC's key provisions, particularly those restricting MPs from switching parties and mandating continued support for the prime minister, were ruled unconstitutional by the Supreme Court in 2010, Section 63 of the law has remained a pivotal mechanism in the formation of government following general elections.

Section 63 requires that the Governor-General invites the political party with the highest number of elected MPs after a general election to form government. The rationale for this provision is to ensure that the process of appointing a prime minister is conducted in an orderly manner, but also to ensure that the government that is formed reflects the voters' preferences as expressed at the polls when a political party gets the most votes (Okole, 2010). This view is debatable as research has shown that Papua New Guineans do not vote along party lines, but this point is beyond the scope of this review.

Since the law came into effect, the party with the most seats in Parliament has formed the government in every general election: 2002 (National Alliance), 2007 (National Alliance), 2012 (People's National Congress), 2017 (People's National Congress), and 2022 (Pangu Pati). By contrast, in the five general elections held prior to OLIPPAC (1977–1997), the largest party formed government in only two instances - 1977 and 1982.

This contrast is especially evident in the 1997 general election. As Table 8 shows, the People's National Congress (PNC) held only the sixth largest number of seats in Parliament but was still able to secure the prime ministership through coalition negotiations and strategic alliances. Negotiations were often accompanied by bribery and corruption, further worsening governance in the country (May, 2013).

Table 8: Prime Minister's party size following general elections

Year	PM's Party	Party Size (%)	Rank in Size	PM's Term
1977	PANGU	28	1	3.0
1982	PANGU	47	1	3.0
1987	PDM	15	2	3.0
1992	PDM	14	2	2.0
1997	PNC	6	6	2.0
2002	NA	17	1	5.0
2007	NA	25	1	4.0
2012	PNC	24	1	5.0
2017	PNC	26	1	2.0
2022	PANGU	33	1	3.5 (present)

Source: Gelu (1977 - 2007); PNG Election Database, Development Policy Centre - ANU (2008 - 2025)

In 2010, PNG Supreme Court struck down core provisions of the OLIPPAC for being unconstitutional. The political consequences were immediate. In 2011, the National Alliance-led coalition government collapsed after senior ministers, including Peter O'Neill, then Finance Minister and leader of the People's National Congress (PNC), defected to the opposition. O'Neill was subsequently elected prime minister (Kama, 2017).

PNC won the most seats and formed a coalition government in 2012 with O'Neill as the prime minister. O'Neill went on to serve a full parliamentary term from 2012 to 2017, becoming only the second prime minister in PNG history to do so. Unlike Michael Somare, whose uninterrupted tenure between 2002 and 2007 was shielded by OLIPPAC, O'Neill's term was secured through a different set of mechanisms, namely, constitutional amendments that made votes of no confidence impossible, and strategic use of constituency development funds (Kabuni, 2022a).

Post-OLIPPAC stability

O'Neill's tenure in the post-OLIPPAC era was facilitated by a suite of constitutional amendments designed to prevent a vote of no confidence in 2013. These included the extension of the post-election grace period for votes of no confidence from 18 to 30 months; a doubling of the required number of MPs to sign a vote of no confidence motion, from 11 to 22; and an increase in the notice period to table such motions, from one week to 30 days (Donge, 2014). Given that PNG's parliamentary term spans 60 months, the effective window during which a prime minister could be challenged was reduced to just 30 months. However, 12 months before a General Election a successful vote of no confidence in the prime minister would lead to an automatic dissolution of parliament. MPs have therefore never moved a vote of no confidence during this period, partly because of the high incumbent turnover rate (Woods, Laveil and Kabuni, 2023). MPs do not want to push for an early dissolution of parliament. The realistic window for a vote of no confidence was therefore 18 months.

Even this diminished opportunity for a vote of no confidence was further reduced. The mandatory parliamentary sitting days in a year was lowered from 63 to 40 days. When the final 12-month pre-

election grace period approached, Parliament was adjourned. The next scheduled sitting fell squarely within the last 12 months, thereby eliminating any possibility of a vote of no confidence (Kabuni et al., 2022).

Although these amendments were declared unconstitutional by the Supreme Court in 2015, they had already served their purpose of protecting the prime minister from 2012 to 2015. A vote of no confidence was moved in 2016 after the Supreme Court ruled an adjournment to avoid it unconstitutional (Kama, 2017). O'Neill defeated the vote of no confidence in 2016 and completed the parliamentary term in 2017. At the 2017 elections, PNC once again secured the largest number of seats and retained government until O'Neill resigned in 2019, anticipating another imminent vote of no confidence. His resignation created a vacancy, and James Marape, then a key defector from PNC, was elected prime minister (Kabuni, 2022a).

DSIP, PSIP, and political survival

The average tenure of Papua New Guinean prime ministers - measured by consecutive years in office - has more than doubled, rising from three years prior to 2002 to 7.3 years since. This increase cannot be explained by legal reforms alone. Just as critical are the political economy dynamics surrounding Constituency Development Funds (CDFs) in the form of District Services Improvement Program (DSIP) and the Provincial Services Improvement Program (PSIP), which have become essential instruments of political stability.

Originally introduced in 1984 as modest discretionary allocations, CDFs reached unprecedented levels by 2013: K10 million annually for each of the open MPs through DSIP; K5 million each for the districts in a province for the governors who represent the province; K500,000 for each Local-Level Government (though discontinued since); and up to K5 million in provincial and district infrastructure program funds (PIPs). Yet the legislative framework offers no clear rules for when or how these funds must be disbursed. This regulatory ambiguity has enabled successive governments to politicise funding flows, rewarding loyalists while depriving opposition MPs (Kabuni, 2022).

Accusations of partisan fund distribution have been persistent. In 2016, Oro Governor Gary Juffa, a vocal critic of the government, reported receiving only K1 million instead of the K10 million due to his province. MPs Sam Basil and Belden Namah, also members of the opposition, raised similar complaints. Following the 2017 election, Basil and 12 other Pangu Pati MPs defected to join the government. Basil later admitted the move was motivated by concerns that remaining in opposition would jeopardise access to DSIP funds (Kabuni, 2018). As Vice Minister Joe Sungi candidly stated after the failed 2016 vote of no confidence:

“The reason [for the unsuccessful vote of no confidence against Peter O'Neill] is because DSIP is there... So long as you have the money, you will master the numbers” (Mou, 2016).

This blunt assessment reflects a broader pattern: DSIP and PSIP funds are not merely development funds, they are deeply embedded in coalition management. The consequences are profound. By controlling the flow of development financing, the executive can weaken opposition and make Parliament compliant. When O'Neill's government pushed through the controversial extension of the grace period for votes of no confidence in 2012, from 18 to 30 months, it passed overwhelmingly, despite being struck down as unconstitutional in 2015 (Kama, 2017). In a 2016 decision, the Supreme Court observed that Parliament had become a “rubber stamp” for the executive, with laws and amendments being “bulldozed” through by an oversized coalition government (Namah v Pato [2016] PGSC 13).

5.2.2. Political parties, elections, and government formations

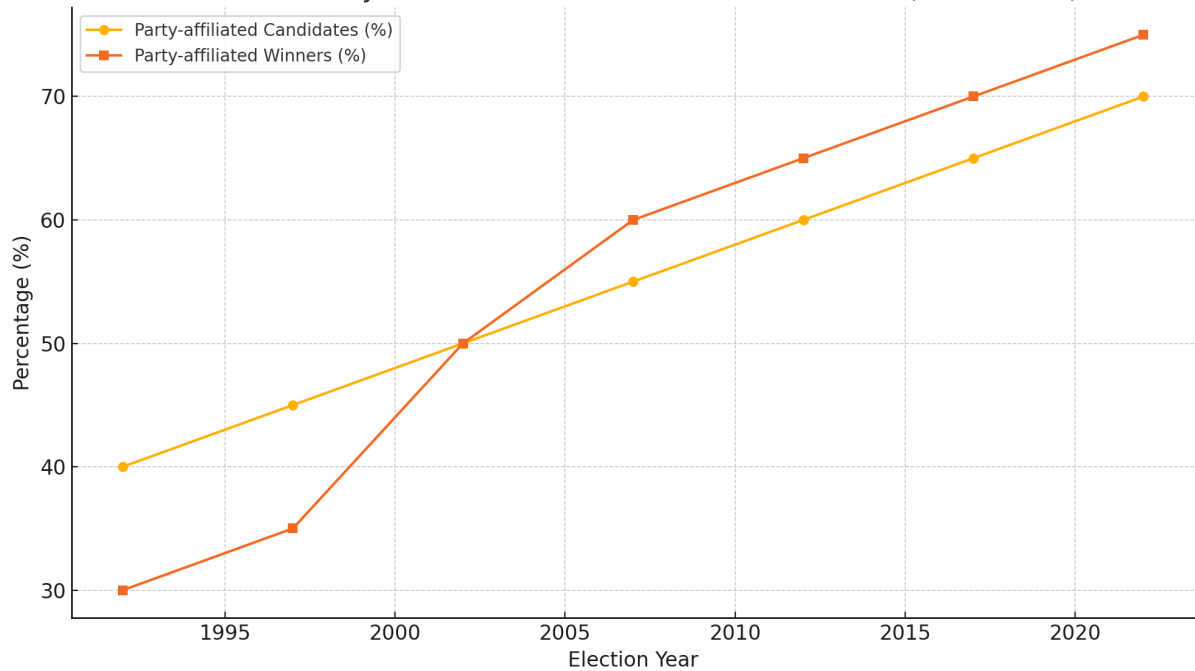
Political party performance

As shown above, political parties in PNG have historically lacked both ideological coherence and organizational structure. Party switching has been commonplace, with MPs routinely defecting in pursuit of cabinet positions or financial incentives. The OLIPPAC was introduced in 2001 to address these issues, and had some impact on party discipline. By 2010 it was back to the status quo when the restrictive provisions of OLIPPAC were ruled unconstitutional (Special Reference By Fly River Provincial Executive Council; Re Organic Law on Integrity of Political Parties and Candidates [2010]).

Most political parties are urban-centric, especially concentrated in Port Moresby, and lack a presence in rural constituencies. Parties tend to serve as vehicles for individual leaders rather than coherent ideological organisations. Internal party structures are underdeveloped, and policy proposals are often vague, inconsistent, or absent altogether. The result is a party system that remains fragmented, with little differentiation in policy or program (Gelu, 2010).

However, there has been a noticeable trend since 2002 (Figure 31): the share of party affiliated candidates (candidates endorsed by political parties) became more successful, and by 2022 national elections, about 75% of seats in parliament were won by party affiliated candidates. There has been a concurrent drop in the number of candidates contesting elections and winning elections as independents. This contrasts to years after independence whereby both independent candidates and their winning share was higher (PNG MP Database, 2025). However, in PNG, political parties endorse popular candidates who are more likely to win. It is therefore difficult to ascertain whether candidates affiliated with political parties win because of such affiliation or endorsements, or they win because of their own popularity. One thing is for sure, voters rarely vote based on party policies (Reilly, 2006).

Figure 31: Share of party-affiliated candidates and elected MPs (1992-2022)



Source: PNG MP Database, 2025 (ANU)

Elections

The LPV system introduced in 2001 remains the only major electoral reform in PNG to date. It was intended to mitigate electoral violence, broaden the electoral mandates of MPs, and improve the quality of governance (Anere, Haley & Wheel, 2013). In contrast to the previous first-past-the-post system, LPV allows voters to rank three candidates in order of preference. It was argued that

by encouraging candidates to appeal beyond their core base to secure second and third preferences, electoral competition would become less confrontational and more inclusive. Moreover, it was hoped that winners, elected with broader support, would be incentivised to govern in a more equitable manner rather than focusing solely on their core voter base, as was common under the former system (Reilly, 2006).

Two decades on, the evidence is mixed. LPV has not been transformative, though it has yielded incremental benefits. First, in terms of violence, LPV appears to have contributed to a less hostile campaign environment, particularly in the early years. The 2007 elections, held after the violent 2002 contest, were notably more peaceful, suggesting an initial moderating effect. However, by 2017, electoral violence had resurged, with over 200 fatalities recorded, a trend some observers attribute more to the growing influence of constituency development funds (DSIP and PSIP) than to the electoral system itself. Anecdotal evidence suggests that tribes and supporters engage in intense competition, including violence, because winning a seat secures access to substantial public funds through their elected “wantok” (Woods, Laveil & Kabuni, 2023)

Second, LPV has marginally altered electoral outcomes. While the majority of MPs continue to win from first-preference leads, LPV has enabled a minority of candidates to leapfrog to victory via preference allocations during the elimination phase (Woods, Laveil & Kabuni, 2023). Yet such cases remain outliers. Most electoral winners would likely have prevailed under the old system, suggesting only limited change in the nature of representation.

Third, while LPV has mechanically increased the percentage of votes required to win a seat, the anticipated shift in governance behaviour has not materialised. MPs still exhibit strong clientelist tendencies, and re-election rates have remained consistent with historical patterns, indicating limited improvement in voter satisfaction or MP accountability (Haley & Zubrinich, 2018).

Finally, governance indicators show only temporary or inconsistent improvements following the adoption of LPV. Ministerial stability and institutional performance have not improved in tandem, and PNG’s long-standing political pathologies: weak political parties, executive dominance, and fragmented representation—continue to persist (Woods, Laveil and Kabuni, 2023). LPV has modestly broadened electoral participation and may have reduced conflict in certain contexts, but it has not delivered the deeper democratic principles envisaged by reformers.

The incumbency turnover rate (i.e., incumbents being re-elected) remains high, averaging around 50% since independence. Notably, the 2022 national elections saw the highest recorded incumbency success rate at 62% (PNG Election Database, 2025). Such high incumbency turnover rates have dual implications for governance. On one hand, they can incentivise MPs to focus on service delivery in an effort to increase popularity so they do not lose elections. On the other, they may encourage corruption, as MPs seek to extract as many resources as possible before potential defeat in an election. Either way, access to state resources has become a major factor influencing MPs’ political loyalty and their support for prime ministers (Ketan, 2007).

Government formation

Whilst OLIPPAC restrictions on MPs movement between parties and commitment to the prime minister during a vote of no confidence was ruled unconstitutional in 2010, Section 63 was left intact. This provision gives preference to the political party with the highest number of MPs elected during an election to form the government. Section 63 of OLIPPAC appears to have increased the likelihood of incumbent prime ministers being reappointed after general elections. As Table 9 shows, since PNG’s first post-independence election in 1977, six incumbent prime ministers have returned to office following elections: Michael Somare (1977, 2007), Paias Wingti (1987), and Peter O’Neill (2012, 2017). Notably, only two of these, Somare in 1977 and Wingti in 1987, occurred prior to OLIPPAC’s enactment in 2001; the remaining four followed OLIPPAC. This

pattern suggests that Section 63 may have inadvertently strengthened incumbents' advantage by giving their party first claim to form government, assuming they emerge with the most MPs (Kabuni & Howes, 2022).

Table 9: Incumbent prime ministers' performance during elections

Year	Incumbent prime minister	New prime minister	Reason for change
1977	Michael Somare	Michael Somare	Election
1980	Michael Somare	Julius Chan	VONC
1982	Julius Chan	Michael Somare	Election
1985	Michael Somare	Paias Wingti	VONC
1987	Paias Wingti	Paias Wingti	Election
1988	Paias Wingti	Rabbie Namaliu	VONC
1992	Rabbie Namaliu	Paias Wingti	Election
1994	Paias Wingti	Julius Chan	Invalid re-election
1997	Julius Chan	Bill Skate	Election
1999	Bill Skate	Mekere Morauta	Resigned
2002	Mekere Morauta	Michael Somare	Election
2007	Michael Somare	Michael Somare	Election
2011	Michael Somare	Peter O'Neill	Vacancy (health grounds)
2012	Peter O'Neill	Peter O'Neill	Election
2017	Peter O'Neill	Peter O'Neill	Election
2019	Peter O'Neill	James Marape	Resigned
2022	James Marape	James Marape	Election

Source: PNG Election Database, 2025 (ANU)

This incumbency effect is particularly consequential in PNG's fluid, coalition-driven political landscape. While incumbents are not assured of reappointment, OLIPPAC has arguably tilted the balance toward executive continuity in the post-election period more than was possible under previous conditions.

The connection between incumbency and party size is reinforced by a broader trend: over the life of a parliament, MPs often shift to join the prime minister's party, increasing its size heading into elections. For example, Peter O'Neill's PNC won 27 seats in 2012. As MPs joined the party during the term, PNC entered the 2017 election with 55 MPs. Despite losing 34 of them, it still emerged with 28 seats after the 2017 poll, again the largest party, and formed a government. In the 2022 election, James Marape led Pangu Pati into election with the highest numbers, emerging with higher numbers to form the government (Kabuni & Howes, 2022).

This pattern demonstrates that while OLIPPAC does not guarantee incumbency, it does increase its probability. While this may promote continuity, it can also generate incentives for political rivals to remove sitting prime ministers via votes of no confidence, which remain the only viable

route for change outside elections. It is perhaps no coincidence that both Somare (in 2011) and O'Neill (in 2019), the only two prime ministers to benefit from Section 63 across two elections, ultimately lost power mid-term in Parliament.

Importantly, Section 63 only applies to post-election government formation. In a vote of no confidence, any party, or even an independent MP, can nominate a candidate for prime minister. Thus, while OLIPPAC enhances incumbency after elections, it offers no protection from parliamentary challenges between them.

5.2.3. Decentralisation, politics and service delivery

Decentralisation (2009 - 2024)

Apart from the 1995 reform that abolished the provincial government system, the enactment of the District Development Authority Act 2014 that established District Development Authorities (DDA) is one of the defining features of decentralisation in PNG. There are now 22 provinces and 96 districts which are headed by national MPs. The national MPs have become directly involved in allocating development funds, implementing infrastructure projects, and managing local affairs - functions traditionally reserved for subnational government representatives (Wiltshire, 2014; Kabuni, 2022).

Under this framework, the provincial assemblies are now chaired by the MPs representing each province (governors), while Open MPs (district representatives) serve as both members of provincial assemblies and chairs of their respective DDAs. The DDA membership typically includes presidents of Local-Level Governments (LLGs) within the district, and three nominated representatives. In practice, this structure places national MPs at the helm of both district and provincial governance, granting them significant discretion over development planning and budget allocation. This dual role has fundamentally altered the priorities and functions of national legislators. Instead of focusing on national lawmaking, policy debate, and executive oversight, which are the core functions in a parliamentary democracy, MPs are increasingly preoccupied with managing local service delivery (Kabuni, 2022).

The component of funding that these MPs use to deliver services is called Constituency Development Funds (CDF). The amount allocated fluctuates depending on the revenues, but remains higher than constitutional grants (Laveil, 2021). These reforms have had profound implications for the performance of Parliament. While MPs were originally intended to debate policy, pass legislation, and oversee executive performance, their focus has shifted to managing development funds and delivering local services. This shift has undermined parliamentary effectiveness, weakened accountability mechanisms, and diluted legislative scrutiny.

Politics and service delivery

The direct access that MPs have to millions of CDFs, and the discretion they enjoy over allocation of these funds, creates an expectation among voters that they can transact their votes for direct personal benefits. In a vicious cycle of a principal-agent relationship, the MPs focus on meeting local, direct and personal benefits of the voters that improves their chances for re-election, while the voters neglect the failure of their MPs to make better laws. By focusing on provincial and district affairs, MPs are neglecting their mandated role as lawmakers. As MPs see re-election as being tied to service delivery rather than positions on national legislations, there is a disincentive to engage deeper with the legislative functions such as debating laws and policies in parliament (Kabuni, 2022).

A world-wide survey ranks PNG among the highest clientelistic societies of the world, where voters are more inclined to vote for MPs based on direct material or monetary benefits, rather than their role as lawmakers (Woods, Laveil and Kabuni, 2022). But this expectation from voters to some extent, was created by the reforms engineered by politicians in 1995 and 2014, which made MPs directly responsible for the delivery of goods and services. Patron-client relations contribute

to corruption and poor governance. This situation was well summarised by Reilly, Brown and Flower (2015):

“In PNG, members of Parliament (MPs) are seen as the key conduits for services to their electorates, because other systems of service delivery simply do not work. As a result, an MP’s primary role is often seen as facilitating service delivery rather than scrutinizing bills or passing legislation. Similarly for the increasing trend towards executive dominance: politicians have an incentive to become part of government, regardless of their political differences, simply so they can gain better access to state resources and money, which they can then redistribute to their local political supporters. Thus, politicians have taken on the role of service providers rather than policymakers, with “implementation” considered a task of handing out money rather than building sustainable bureaucratic structures” (Reilly, Brown & Flower, 2015:5).

Critics argue that these reforms have transformed MPs into "service deliverers" and "project implementers" (Ketan, 2007), shifting focus away from their core functions of lawmaking, representation, and executive oversight (Kabuni, 2022). Despite the emphasis on service delivery, every indicator on the quality of life has regressed (Howes et al, 2014).

5.2.4. Net effect on role of Members of Parliament

At the heart of any parliamentary democracy lies the principle that elected representatives serve as legislators, not administrators. The Constitution of PNG enshrines this principle in Section 99(2)(a), which grants the National Parliament “unlimited powers of law-making,” subject only to the constraints of Constitutional Laws—namely, the Constitution itself and the Organic Laws. Section 100 further entrenches this monopoly by prohibiting the permanent delegation of these powers. Parliament alone, and no other body, may exercise sovereign legislative authority. The judiciary is explicitly restrained from intervening in the internal proceedings of Parliament, except in cases where Constitutional procedures are violated (Section 134).

This legal architecture was designed to ensure that Parliament remained the fulcrum of lawmaking. Yet, while the Constitution affords Parliament both authority and immunity, these privileges have not translated into legislative performance. PNG Parliaments have underperformed in discharging their legislative duties. To date, about 350 laws in operation in PNG are more than a century old and are of no practical use (Pumuye and Kuman, 2022). In 2022, cases of cocaine and methamphetamine could not be prosecuted under drug laws as the PNG’s *Drug Act 1952*, the only drug law at the time, only had a mere two-year sentence for possession. The cocaine offender was transporting 600 kg of cocaine but was charged under money laundering (State vs Cutmore, 2022), whilst the individual caught manufacturing methamphetamine was deported for violating visa conditions. None was charged for the substantial crime which was dealing with illicit substances.

Perhaps the most insidious cause of legislative neglect lies in MPs' role as de facto service providers. Instead of prioritising lawmaking, many MPs focus more on managing constituency funds, awarding local contracts, and engaging in project implementation—roles that are more properly the domain of bureaucratic agencies. This shift, driven in part by voter expectations and institutionalised through mechanisms such as the DSIP, distorts the constitutional mandate of MPs.

The constitutional framers did not envision MPs as administrators of local development projects, but as legislators and national policymakers. The current conflation of roles has created perverse incentives: MPs focus on tangible, vote-winning projects in their electorates, while abandoning the less visible but more fundamental task of legislative oversight and law reform. Consequently, national policy stagnates, parliamentary committees remain dormant, and key reforms are indefinitely deferred.

There is an urgent need for MPs to relinquish their administrative preoccupations and return to their constitutional mandate as national legislators. As globalisation intensifies and non-traditional

security threats—such as transnational crime, environmental degradation, and cybercrime – proliferate, the legislative responsibilities of Parliament become more critical than ever. Law reform must become proactive, not reactive. Parliament must resume its role as a forum for deliberation, scrutiny, and innovation.

5.2.5. Reining in corruption

Table 10 shows the outcomes of disciplinary and criminal actions taken against Members of Parliament in PNG from 1975 to 2024 as a proxy for combating corruption in PNG. Since independence, the Leadership Tribunal and criminal courts have taken action against a range of political actors. As shown in Table 10, a total of 19 MPs have been dismissed from office, 10 have been imprisoned, and 7 resigned prior to formal proceedings—two of whom were later charged. Eight MPs were fined but retained their seats, and one was suspended without pay for two weeks. These penalties represent some of the most visible outcomes in PNG’s efforts to uphold leadership accountability and the rule of law.

While 16 dismissals occurred between 1975 and 2007, only 4 took place between 2008 and 2024. Similarly, the first period saw nine MPs imprisoned, compared to just 2 in the second. Fines and resignations also appear less frequently post-2008, despite an increase in institutional frameworks designed to address corruption. Given the relative length of the periods, one would expect outcomes in the second period to be roughly half of those in the first, assuming enforcement continued at a consistent rate. Yet actual figures fall well below that threshold, suggesting a significant drop-off in accountability actions.

Table 10: Non-criminal outcomes and prosecutions of politicians since 1975

	1975 - 2007	2008-2024	1975-2024		
Penalty	Non-criminal outcomes	Criminal Prosecutions	Non-criminal outcomes	Criminal Prosecutions	Total
Dismissed from office	16		2	2*	20
Fined but remained in office	5		3		8
Imprisoned		9		2**	11
Resigned from office	7				7
Resigned but criminally charged		2			2
Suspended	0		7		7

Source: Ketan (2007) from 1975 - 2007; Walton and Kabuni, 2008-2024.

*2 MPs who were jailed following criminal prosecutions were subsequently dismissed; **One of the MPs, Potape, served 7 months in jail and was released when charges were overturned by the Supreme Court, so the analysis does not count him as a criminal prosecution.

This decline raises important questions about the capacity and independence of integrity institutions. It may reflect political interference, reduced investigative resources, or broader systemic inertia. While PNG has introduced formal reforms, including the establishment of the Independent Commission Against Corruption (ICAC) in 2020, enforcement outcomes have not kept pace (Walton & Kabuni, 2025).

Anti-corruption efforts: 2019 to 2024

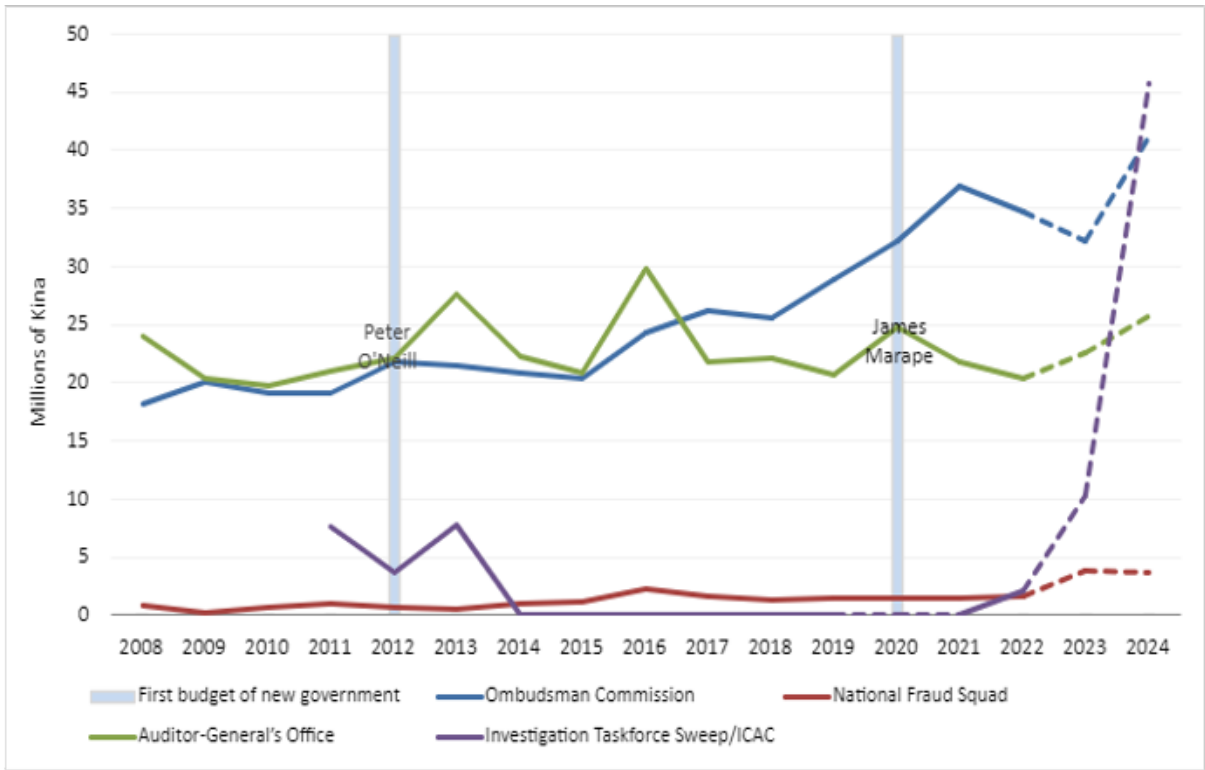
The Marape Government has taken a more visible stance against corruption. A range of institutional reforms has followed since 2019: the passage of whistleblower protection legislation; the extension of the Ombudsman Commission’s jurisdiction; the establishment of a Commission of Inquiry into the highly controversial Union Bank of Switzerland (UBS) loan; the creation of a

parliamentary committee to examine corruption in the health sector; and the development of new national anti-corruption strategies. Notably, the institutionalisation of the ICAC, enshrined in the Constitution, marks a significant structural intervention. Yet despite these formal advances, judicial responses to corruption have been sporadic, and high-level prosecutions remain exceedingly rare (Walton and Kabuni, 2025).

Within this context, the performance and capacity of key integrity and enforcement institutions remain crucial indicators of whether political will is being translated into systemic accountability. PNG maintains a relatively expansive integrity architecture, supported by an array of legislation and oversight bodies. Figures derived from national budget data (Hushang & Walton, 2024) demonstrate an increase in budgeted allocations to major anti-corruption institutions: the Ombudsman Commission, the Auditor-General’s Office, the National Fraud and Anti-Corruption Directorate (commonly known as the Fraud Squad), and the newly formed ICAC.

As shown in Figure 32, in 2024, ICAC’s budget was set at K45 million, though early implementation reports suggest that only two-thirds of this has been disbursed. The Ombudsman Commission saw its allocation rise to K41 million, while the Auditor-General’s Office received K26 million, both significant increases in real 2023 kina. By contrast, the Fraud Squad remains starkly underfunded, receiving just K3.7 million despite its central role in investigating financial crimes. It is important to note that in practice, the actual funds given to the law enforcement and anti-corruption agencies are usually lower than budgeted (Hushang & Walton, 2024).

Figure 32: Funding to anti-corruption agencies



Source: Hushang & Walton, 2024

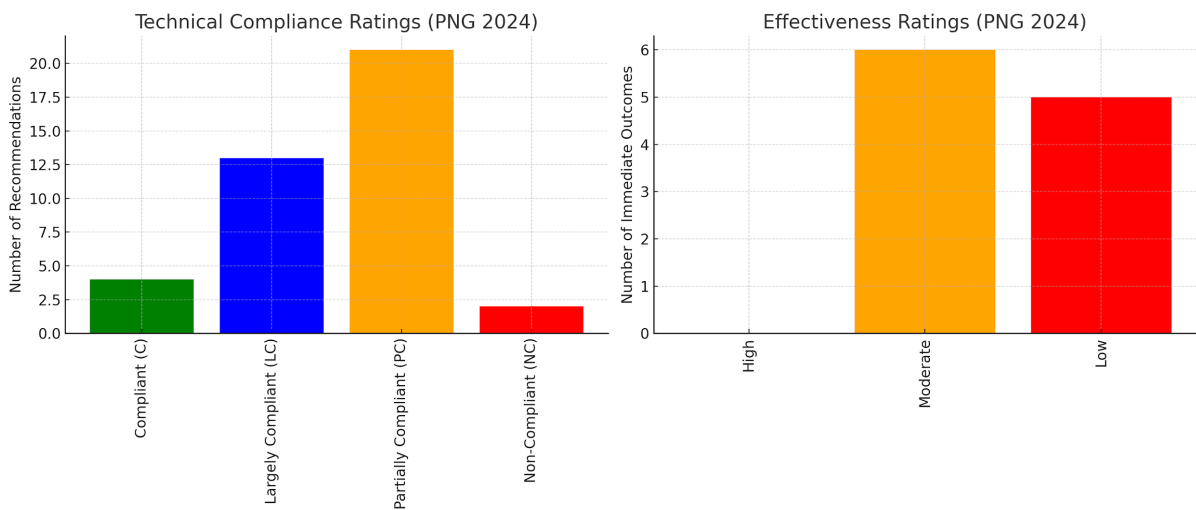
These allocations, if fully realised, would constitute the highest aggregate funding to integrity institutions since 2008. Yet the structural asymmetries in funding are telling. The Royal Papua New Guinea Constabulary (RPNGC), for example, received a 2024 budget of K610 million, nearly 200 times the Fraud Squad’s allocation, while the Attorney-General’s Office was allocated K215 million, slightly down from previous years but still historically elevated. Such disparities show the

imbalance between rhetorical commitments to anti-corruption and operational priorities (Walton and Kabuni, 2025).

Nevertheless, increases in funding alone do not guarantee enforcement. Prosecution rates remain low, and disciplinary actions against political elites are declining. As shown in Table 10, from 1975 to 2007, sixteen MPs were dismissed from office, compared to just four between 2008 and 2024. Likewise, while nine MPs were imprisoned in the earlier period, only two were jailed in the subsequent 16 years—one of whom (Potape) was released after the Supreme Court overturned his conviction. These figures suggest a declining trajectory of enforcement against politicians.

Meanwhile, PNG’s ability to combat transnational financial crimes remains underdeveloped. The 2024 Mutual Evaluation Report (MER) by the Asia/Pacific Group on Money Laundering noted moderate progress on technical compliance with Financial Action Task Force (FATF) standards but found that the country falls short on effectiveness—particularly the so-called “immediate outcomes,” which assess whether legal frameworks are being meaningfully implemented (APG, 2024) (Figure 33).

Figure 33: PNG’s rating in combatting transnational financial crimes



Source: APG, 2025

Crucially, there have been no successful prosecutions for money laundering in the high-risk sectors identified by both the MER and PNG’s own risk assessments (PNG National Risk Assessment, 2017). If unaddressed, these shortcomings may lead to PNG’s greylisting by the FATF in November 2025, with potentially serious implications for international financial access and foreign investment.

In sum, while the recent anti-corruption reform agenda signals renewed political engagement, the evidence to date points to a deep and persistent implementation gap. Structural inertia, political interference, and institutional fragility continue to obstruct meaningful enforcement.

5.2.6. Exploring new forms and systems of government

Alternate models

In 2022, the PNG government instructed the Constitutional and Law Reform Commission (CLRC) to examine alternative forms and systems of government beyond the existing unicameral parliamentary structure. This directive sought to explore institutional designs that could enhance political stability. The CLRC's final report, submitted to government in May 2024, outlines several reform options. Four models emerged during national consultations and CLRC's commissioned technical papers.

The first model suggests an upgrade of the existing framework for forming government. Currently, the political party with the highest number of MPs elected in a general election is invited to form the government. However, because no political party has ever had more than 50% of MPs, all governments have been coalitions. This model would mandate the largest party to form the government without the need to meet the 50%-plus-one minimum threshold. However, PNG politics is very fluid and the largest party usually loses MPs after the end of the 18-month grace period (PNG MP Database, 2025). What happens when MPs leave the largest political party that formed the government, and the party is no longer the largest party? This question has not been answered.

The second model proposes a more radical departure: the direct election of the prime minister through a nationwide vote. This approach seeks to shield the head of government from parliamentary no-confidence motions, thereby enhancing executive stability. But who holds the prime minister accountable if the parliament does not? This model proposes impeachment provisions would be embedded in the Constitution to hold the prime minister accountable. However, if MPs' service delivery roles are not abolished, they might have an incentive not to impeach the prime minister because of the influence of the prime minister over DSIPs and PSIPs. The control of CDFs by the executive has been observed in many countries, where CDFs are used to "buy compliance from the legislature" (van Zyl, 2010).

A variant of this second model references the Bougainville Constitution's Section 58, which allows the recall of the president via referendum. Transposing such a mechanism to the national level in PNG would face logistical and financial obstacles, owing to the country's challenging terrain and high electoral costs (Woods, Laveil, & Kabuni, 2023). Furthermore, PNG's electoral environment, already marred by violence, fraud, and systemic corruption, could see such risks magnified in a national election of the prime minister. With the current model, the election of the prime minister is restricted to elected MPs.

The third model proposes a bicameral legislature comprising an upper and a lower house. While such a structure may provide a theoretical check on executive power, it does not inherently resolve the core problem: MPs' dual role as legislators and development agents. Unless the service delivery function is separated from parliamentary duties, the chamber controlling development funds is likely to dominate the other, thereby undermining inter-house independence.

The fourth and arguably most promising model retains the unicameral system but addresses its systemic vulnerabilities. It proposes two alternative reforms: either abolishing DSIP/PSIP and thereby removing MPs' development responsibilities, or legislating these funds to guarantee equitable access across the legislature. The former would restore parliament's deliberative and lawmaking role, while the latter would reduce MPs' dependence on executive. Although it remains uncertain whether such measures would curb party-hopping or coalition fragmentation, the approach prioritises legislative independence.

The Revised OLIPPAC framework

The second sets of proposal before parliament on political stability is the revisions to the Organic Law on the Integrity of Political Parties and Candidates (OLIPPAC) from the Registry of the

Integrity of Political Parties and Candidates. At present, parties receive K10,000 annually per MP from the Central Fund; however, these funds follow the MP if they switch allegiances (Part 6, OLIPPAC). The revised law proposes increasing this to K20,000 but stipulates that the funds remain with the original party, thereby disincentivising defection. Moreover, it encourages parties to include reimbursement clauses in their constitutions, compelling MPs who switch to repay campaign contributions.

Despite these innovations, two contentious provisions have provoked significant resistance. The first requires that political parties endorse women in at least 10% of all contested seats. Political parties oppose the female candidate requirement because they prefer candidates perceived to have high winning chances, who are most often not female candidates. The second mandates the merger of parties with fewer than five MPs. This would directly affect smaller yet influential parties, including those led by high-profile figures such as Brian Kramer and Gary Juffa, and is thus politically sensitive.

In sum, while political stability is preferable, it must not come at the expense of democratic accountability. A stable executive within a weak parliamentary framework may, in practice, exacerbate unaccountable governance. Reforms must therefore focus on removing the incentives that drive instability.

5.2.7. Conclusion

Between 2009 and 2024, Members of Parliament (MPs) in PNG increasingly diverged from their constitutional mandate as legislators. Rather than focusing on lawmaking and executive oversight, MPs assumed the role of subnational service providers, blurring the distinction between legislative functions and the role of bureaucracy. Prime ministerial tenure has lengthened partly due to OLIPPAC, constitutional amendments, and increasing use of DSIP and PSIP funds as political tools. Consequently, governance has regressed over this period.

DSIP and PSIP now account for K2 to K4 billion annually, and have created a political economy of dependency and transactionalism. Voter expectations increasingly centre on personalised material returns, incentivising MPs to prioritise distributive politics over legislative responsibility. The executive, in turn, relies on these funds as instruments of coalition maintenance. Prime ministers use DSIP and PSIP disbursements to reward loyalty while MPs are reluctant to legislate stronger oversight mechanisms that might curtail their own discretion over these funds. Monitoring institutions remain chronically underfunded. Acquittals of DSIP/PSIP expenditures are very poor and Parliament grapples with service delivery and legislative functions.

Political parties remain largely devoid of ideological coherence or programmatic content. Party-switching continues unabated, and affiliations often reflect elite bargaining rather than electoral mandates. OLIPPAC's surviving provisions have imposed limited discipline, but the broader context remains one of fluid and opportunistic alignment.

The cumulative effect is a Parliament that legislates sporadically and reactively, often only in response to crisis. It has failed to modernise critical laws, address emerging transnational threats. While recent anti-corruption initiatives, particularly the creation of the ICAC, suggest a renewed rhetorical commitment to reform, implementation remains poor. Budget allocations to integrity institutions have improved in nominal terms, but enforcement outcomes remain low, and elites get away with impunity. There has been a decline in MP dismissals and convictions since 2008.

In conclusion, the past 15 years in PNG have witnessed a systemic redefinition of the parliamentary role: from national legislator to local patron. Whilst this tendency has been in PNG politics since independence, it has worsened in the last 16 years.

5.3. Achievements and successes of last six years (2019-2024)

5.3.1. Change in government

The collapse of the PNC-led coalition in April 2019 followed mass defections led by Hon. James Marape – formerly a senior minister under O’Neill. Marape was nominated as an alternative prime minister. O’Neill resigned on the day of the vote when it became apparent that he would be defeated in the vote of no confidence, creating a vacancy. Marape and Sir Mekere Morauta were nominated as prime minister candidates on 30 May 2019 and parliament voted for the new prime minister. Most defectors regrouped under Pangu Pati, and voted for Marape, who with a broad support among other MPs became the prime minister.

Following the 2012 national elections, Pangu Pati found itself without parliamentary representation after the death of its sole elected Member of Parliament, Hon. Ludwig Schulze. The party's political revival began in 2017, when Hon. Sam Basil, the Open Member for Wau-Bulolo, joined Pangu and assumed its leadership ahead of the general elections. Under Basil’s leadership, Pangu secured a significant electoral comeback, winning 15 seats in the 2017 elections. Despite this success, the party initially remained in opposition after Prime Minister Peter O’Neill succeeded in forming government (PNG MP Database, 2025).

However, by the end of 2017, Basil led the majority of Pangu MPs across the floor to join the government benches, a move that triggered internal divisions. Notably, prominent figures such as Brian Kramer rejected the defection, choosing to remain in opposition and later founding his own political party. Tensions between the parliamentary wing of Pangu and the party's executive leadership culminated in Basil’s departure. He, along with most of the Pangu MPs, joined the Melanesian Alliance Party, a previously dormant political party, effectively transferring a bloc of nine MPs. As a result, Morobe Governor Ginson Saonu was left as Pangu’s sole parliamentary representative (PNG MP Database, 2025).

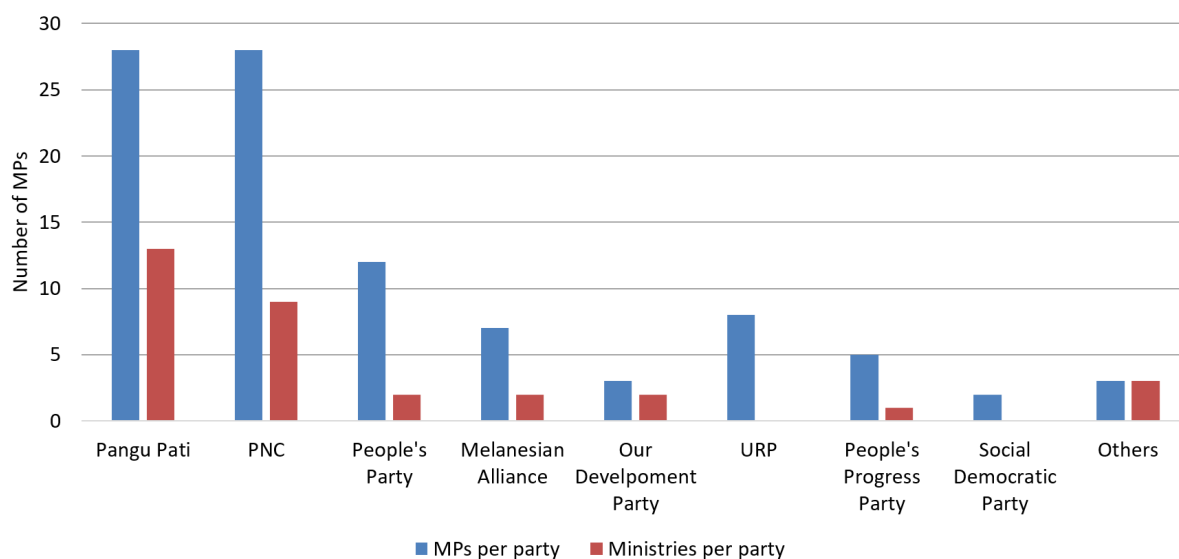
5.3.2. Composition of coalition Government in 2019

During the political realignments of March–April 2019, when the O’Neill government began to unravel, Pangu Pati’s numbers surged. Many MPs defected from other parties to join Pangu, swelling its ranks to 28 members (PNG MP Database, 2025). Figure 34 shows Marape’s coalition after forming government in 2019. Whilst PNC lost MPs, it remained a powerful block and even held ministries under the Marape Government initially. More MPs subsequently left PNC after Marape became the prime minister.

Marape’s coalition, as constituted in 2019 consisted of a patchwork of former PNC loyalists, independent MPs, and leaders of one-man parties such as Kerenga Kua (PNG Party), Brian Kramer (Allegiance Party), and Gary Juffa (People’s Movement for Change). Some parties were internally divided. For example, National Alliance MP Allan Bird backed Marape, while party leader Patrick Pruaitch remained in opposition (Kabuni, 2019).

Despite these incoherencies, Marape fended off an early vote of no confidence in 2020 through parliamentary adjournments and strategic control of the Parliamentary Business Committee, which repeatedly rejected no-confidence motions on ‘technical’ grounds. Pangu’s numbers continued to rise, reaching 32 MPs ahead of the 2022 election, where it emerged as the largest party and formed a government once again. Ironically, no MP had been with Pangu for more than six years, exemplifying coalition of convenience rather than an ideologically coherent organisation (PNG MP Database, 2025).

Figure 34: Marape’s Coalition Government in May 2019



Source: PNG Election Database, Development Policy Centre - ANU

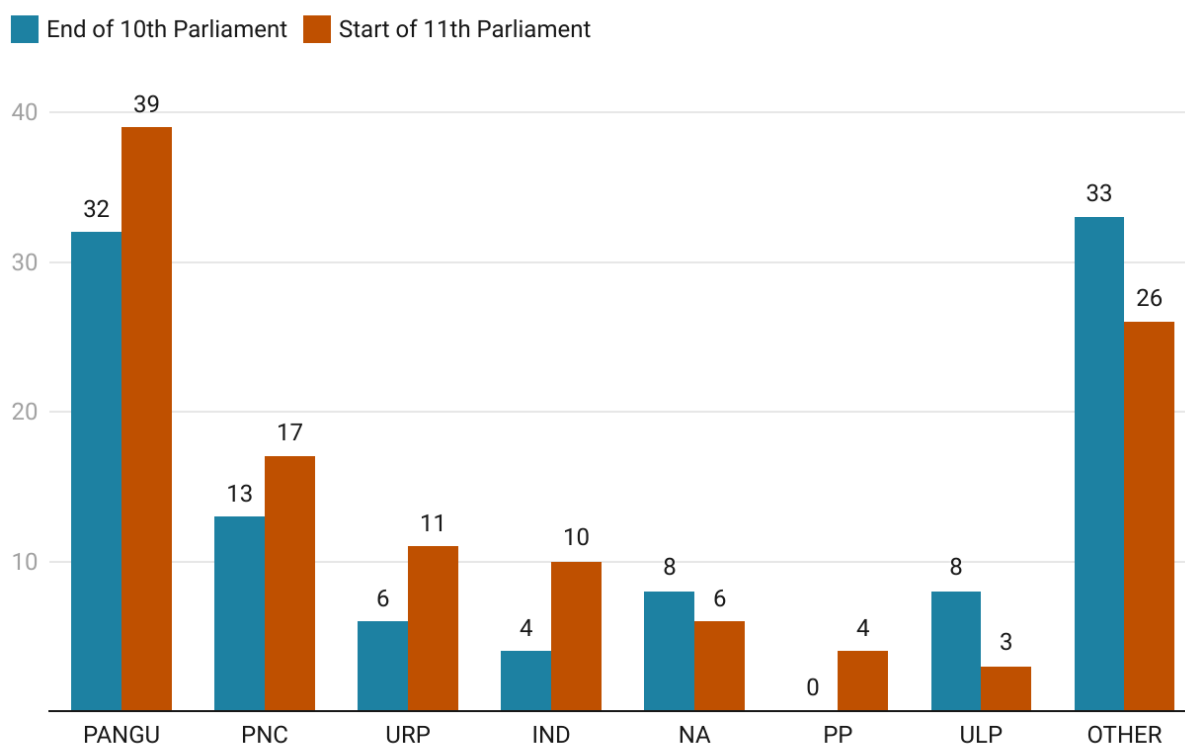
5.3.3. 2022 National General Election and post-election developments

Figure 35 shows the respective number of MPs per party going into the 2022 national elections, and the numbers at the start of the parliament post-elections. Pangu Pati went into the elections with the greatest number of MPs and emerged with even more MPs. PNC had the second most MPs going into election and emerged with second most MPs. The 2022 parliament going into election was the 10th parliament since independence, and the 2022 post-election parliament was the 11th parliament.

The post-2022 period has sustained PNG’s tradition of executive volatility. Following the expiration of the post-election grace period in early 2024, coalition fluidity resumed in earnest, with two unsuccessful votes of no confidence tabled against Prime Minister James Marape. Multiple challengers emerged, including Allan Bird, Rainbo Paita, and Peter Ipatas, each representing shifting alliances within an increasingly fragmented parliamentary. Paita, a former senior minister and Pangu MP, briefly led the opposition before returning to government and receiving a Cabinet appointment. Ipatas, who had voted to retain Marape during the first vote of no confidence where Paita was the challenger, was nominated by the opposition as an alternative prime minister in the second (Kabuni, 2025a). Marape survived the two votes of confidence mounted by Paita and Ipatas. Bird was nominated but there was no opportunity for a vote on the floor.

In response to these challenges, the Marape government, leveraging its parliamentary majority, pushed through a constitutional amendment introducing a novel 18-month grace period triggered by an unsuccessful vote of no confidence. The provision was invoked immediately following Ipatas’ failed challenge, thereby shielding the prime minister from further parliamentary contests until the next general election in 2027. However, the constitutionality of this amendment is now before the Supreme Court. Governor Allan Bird has filed a legal challenge, arguing that the insertion of the new grace period breaches constitutional limits on executive entrenchment. Should the Court find the amendment invalid, the prior status quo would be reinstated, leaving Marape once again vulnerable to legislative removal (The National, 9 April 2025).

Figure 35: MPs respectively to parties going into 2022 NGE



PANGU, Papua and Niugini Union Pati; PNC, People's National Congress party; URP, United Resources Party; IND, independent; NA, National Alliance; PP, People's Party; ULP, United Labour Party

Source: PNG Election Database, Development Policy Centre - ANU

5.4. Key issues and recommendations

Based on the review on PNG's performance in politics and governance, the following ten recommendations (Table 11) are submitted for consideration in the development of the 20-year National Roadmap. Details of some of the recommendations are provided in Annex 1 and Annex 2.

Table 11: Issues and recommendations – politics and governance

Issue	Recommendation
Much of the rent seeking behaviour of MPs is caused by MPs seeking state resources to satisfy constituents who see the MPs as service deliverers. The prime ministers then use the state funds to reward the MPs for their support. Removing the role of MPs as service deliverers will not only refocus MPs to conducting proper debates and updating/making laws, but it will remove the incentive of MPs who frequently switch sides in the hope of aligning with patrons who they think are best positioned to give them access to state resources	<i>Recommendation 5.1:</i> Limit the role of MPs to law making.
Instead of being service deliverers or project managers, Provincial and district MPs should play the role of	<i>Recommendation 5.2:</i> Direct funding to the bureaucracy at the provincial level with oversight from provincial and district MPs.

Public Accounts Committee to hold provincial roads, health, education and other state agencies accountable.	
There is a lot of uncertainty on funding accessibility by MPs, especially those in the Opposition.	<i>Recommendation 5.3:</i> Legislate every funding that goes to MPs (if Point 1 is politically inconvenient) to remove explicit or implicit control of funding from the prime minister, so MPs do not have to be on the government side to access their funding. A law that specifically sets the amount (in percentages) to be allocated to each MP each quarter would remove uncertainty from MPs.
Two main streams of funding go to the sub-national level: funding to the MPs and constitutional grants. The bureaucracy handles the constitutional grants, whilst MPs control funds allocated to them. Increasing constitutional funding will enable provincial health authorities, for instance, with resource needs for health intervention whilst reducing MPs' share of the funds which are often spent on political goods	<i>Recommendation 5.4:</i> Reduce funding to MPs whilst proportionally increasing funding allocation as constitutional grants.
The quality of government in PNG begins at the elections. To improve political and governance issues, more emphasis must be put into addressing electoral issues with the critical issues being funding, common rolls, security, and electoral management.	<i>Recommendation 5.5:</i> Improve the election process and outcomes by implementing the recommendations from report of the Special Parliamentary Committee on Elections.
It has become clear that political parties are weak, lack mass support and not ideologically based. Legislating discipline has not worked in PNG due to constitutional protection of MPs rights. Considering this, the focus should shift to dealing with the incentives - reasons behind these challenges - instead of attempting to legislate human behaviours. Forcing smaller parties to merge or have broad based support or proper policies may be unconstitutional.	<i>Recommendation 5.6:</i> Strengthen political parties by addressing factors that strengthen the role of parties and remove incentives that drive MPs away from their key role of law making.
Political instability will be difficult to curtail if the incentives that drive instability persist. In the long run, the reforms should focus on disentangling MPs' service delivery roles as the pressure of service delivery leads to opportunistic behaviours.	<i>Recommendation 5.7:</i> Promote post-election stability by removing incentives that drive instability.

There is a lack of real decentralisation in PNG because most of what applies is centralised decentralisation.	<i>Recommendation 5.8:</i> Revisit the proposed Decentralisation Act that has been stalled. This Act was devised through extensive consultation and research. Whilst it would need some revision, it provides a standalone legislation on improving decentralisation, relationship between the national and sub-national relations, funding, and resourcing provisions.
Governance systems are weak due to political interference.	<i>Recommendation 5.9:</i> Improve the governance system by removing political influence in the appointments of the heads of integrity agencies; conducting reforms to strengthen interagency cooperation between the integrity agencies; removing political interference in the integrity agencies' internal mechanisms; and looking at broader and long-term reforms that improve investigators and integrity agencies, capacity and resource constraints.
Transparency, accountability and inclusivity are lacking in PNG.	<i>Recommendation 5.10:</i> Promote transparency, accountability and inclusivity by implementing the 16 commitments from the Open Government Partnership (OGP) as presented in Annex 2. The OGP is an international commitment PNG signed up to make government decision-making more accountable, transparent and inclusive. The review of PNG's OGP Action Plan 2 implementation results present several recommendations that can be incorporated into the 20-year Roadmap.

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6. Summary of the Report

This report presented results of a review undertaken for the *50-year Government Review and 20-year National Roadmap* project. The review covered 1975-2008 and 2009-2024. For the first period, the review focused on NRI Monograph 41, which was published in 2010. Essentially, the review team reviewed the thematic areas/topics covered in Monograph 41 to derive key findings and conclusions, and recommendations for consideration when developing the strategic interventions for the 20-year national roadmap. The thematic areas include Measuring PNG's Development Performance; Development Planning; Fiscal Policy; Monetary Policy; and Politics and Governance.

For the second time period (2009-2024), the review team used the same thematic areas in Monograph 41 and extended the analysis/review into the 2009-2024 period using relevant information sources. Again, out of this review, the key findings and conclusions, and recommendations were derived for consideration in devising strategic interventions for the 20-year roadmap.

The reviews for the five areas were covered in Chapter 1 to Chapter 5 of the review report. The Overview provided before Chapter 1 captured the essence of the review's findings and conclusions and recommendations for the thematic areas. The recommendations are proposed for consideration by the Project's Steering Committee and Technical Team in developing the strategic interventions for the 20-year roadmap.

The review also reviewed some of the key achievements and challenges in the last 6 years under the PANGU-led Coalition Government under the Prime Ministership of Hon. James Marape. The achievement and challenges can be considered when developing the 20-year National Roadmap.

To conclude, the Review Team acknowledges and thanks the Steering Committee under the Chairmanship of Mr. Charles Abel and Technical Committee Chairman Mr Mathias Lasia for the opportunity to work on this review assignment.

Annex 1: Details of recommendations for politics and governance

(a) Elections

The quality of government in PNG begins at the elections. To improve political and governance issues, more emphasis must be put into addressing electoral issues. The critical issues under electoral reforms include funding, common rolls, security, and electoral management.

- Funding for electoral preparedness should be allocated right after the general elections. This funding can come from the DSIP/PSIP allocations. A legislative reform should compel a certain percentage the DSIP/PSIP funding to elections preparation at the district level. There are 89 districts: funding from DSIP/PSIP should go into voter education, common roll updates, identifying and fixing electoral boundaries, training of electoral officials, paying service providers and other related matters.
- Common roll update must be decentralised. Every ward in PNG should have a “ward recorder.” Once trained, the ward recorder would then keep records of deaths, births, gender, those migrating out or in through marriages and resettlements, and accurate population and demographics. Quality checks of these data would be done by the provincial (and district) electoral commission representatives. Instead of an expensive and defective common roll updates conducted at the very late leading up to elections, this decentralised approach would provide relatively accurate data. Costs associated the common roll updates would be covered by DSIP/PSIP funding.
- Conduct the local level government (LLG) elections before the national general elections. This would allow the PNG electoral commission to “test” the accuracy of the common rolls, the projected costs of the elections, assess the security landscape, before the national elections. At the moment, national elections are conducted without awareness of potential challenges. LLG elections, which are more peaceful and less contested, allows the state to assess the challenges and make adjustments before the national elections.
- Security needs to be strengthened immediately. The police to citizens ratio in PNG is 1: 2000 - one policeman is expected to deal with a security situation involving 2000 people. There should at least be minimum of 3,000 police recruits every year for a decade until a police-citizen ratio of 1: 300 is reached. The government should provide funding support to the Police Department for the recruitment exercise.
- MPs who are taken to the court of disputed returns and their election declared null and void for engaging in corrupt means should also be prosecuted criminally using the same sets of evidence. This would make candidates cautious of corrupt practises during elections.

(b). Strengthen political parties

It has become clear that political parties are weak, lack mass support and not ideologically based. Legislating discipline has not worked in PNG due to constitutional protection of MPs rights. The focus should shift to dealing with the incentives - reasons behind these challenges - instead of attempting to legislate human behaviours. Forcing smaller parties to merge or have broad based support or proper policies may be unconstitutional.

- Abolish state funding to political parties. At the moment, state pays K10,000 per MP to the political parties from the Central Fund. Explore if state has constitutional obligation to maintain this funding - if not, abolish it. This would cause parties to seek broader support from party members and followers, thus becoming broad based. It would cause small parties to potentially merge or cease to exist.
- Explore models suggested by the CLRC report and the revised OLIPPAC. A radical change should be limited, instead, the focus should be on improving the existing systems.

- Explore proportional voting systems like the New Zealand and Fiji models.

(c). Post-election stability

- Political instability will be difficult to curtail if the incentives that drive instability persist. In the long run, the reforms should focus on disentangling MPs' service delivery roles as the pressure of service delivery leads to opportunistic behaviours.
- Legislate Constituency Development Funds through a Constituency Development Fund Act. A MP gets a specified percentage of the allocated DSIP/PSIP each quarter of the year depending on revenue. The funding is allocated equally to both opposition and government MPs according to law. This would make parliament (opposition) more independent, and less likely to act opportunistically by switching sides. Further provisions should be included to ensure transparency, accountability and inclusive decision making over these funds at the provinces and districts.
- The optimal outcome would be to abolish DSIP/PSIP funds and remove MPs' service delivery functions. This would remove the pressure on MPs to deliver services from their constituencies. The expectations would instead be shifted to the public sector.

(d). Decentralisation and service delivery

- Sequence the interventions so that in the long run, MPs are eventually removed from service delivery functions. This could begin with a Constituency Development Fund Act that would make parliament (especially opposition) more independent and improved transparency and accountability. The next phase would be to ensure that MPs have limited 'discretion' over the application of the DSIP/PSIP funds as the funds are tied to national plans that are adopted and localised at the provinces and districts. The third phase could involve moving service delivery into the domain of the public sector.
- Revisit the proposed Decentralisation Act that has been stalled. This Act was devised through extensive consultation and research. Whilst it would need some revision, it provides a standalone legislation on improving decentralisation, relationship between the national and sub-national relations, funding, and resourcing provisions.

(e). Governance

- Remove political influence in the appointments of the heads of integrity agencies, including the appointment of the Police Commissioner, Ombudsman Commissioners, Public Prosecutor and Solicitor General. The model used to appoint the ICAC Commissioners, which included involvement of organisations such as Transparency International should be further explored. Another option that should be explored is appointment through the National Judicial Staff Services.
- Reforms in the interagency cooperation between the integrity agencies. At the moment, police investigations are conducted independently of the public prosecutor's office. A collaborative effort would allow the Office of the Public Prosecutor to advise the police on case selection, evidence gathering procedures and the evidence needed to successfully prosecute crime and corruption. Most cases are struck out due to procedural flaws during investigations, arrests and evidence gathering, or insufficient evidence.
- The integrity agencies' internal mechanisms of case selections and management needs to be strengthened to remove political interference, and overall investigations.
- Look at broader and long-term reforms that improve investigators and integrity agencies, capacity and resource constraints.

(f). Transparency, accountability and inclusivity

Implement the recommendations from the Open Government Partnership (OGP) as presented in Annex 2. The OGP is an international commitment PNG signed up to make government decision more accountable, transparent and inclusive. The review of PNG's OGP Action Plan 2 implementation results present several recommendations that can be incorporated into the 20 Year Road Map.

Annex 2: Commitments from the Open Government Partnership (OGP)

Commitment 1: Youth Participation in Governance and Service Delivery

This commitment intended to pilot Youth Councils in two provinces, within all their provincial, district, and local levels of government. Following the pilot, the commitment planned to support the establishment of youth councils across all the country's provinces, as mandated by the National Youth Development Act 2014.

The existence of youth networks may not translate into participation unless legislation makes their participation in decision-making mandatory. Amending the DDA Act to require youth representation in all DDAs could significantly improve youth involvement in decision-making. Given inconsistent implementation of existing legislation, progress will also require funding and capacity building. The Department of Personnel Management could also be mandated to allow youth positions at the subnational level to be filled.

Commitment 2: GoPNG–CSO Partnership Policy

This commitment aimed to develop a Government–Civil Society Organisations (CSO) Partnership Policy through a series of consultations but did not see progress during the implementation period. After the implementation period, the Department of Community Development and Religion, the implementing agency, held a validation workshop on the policy on 9–10 September 2024.

The policy must ensure that CSOs maintain their independence. This policy is particularly important because it could enable CSOs' participation in DDAs. However, it would likely require an amendment to the DDA Act to mandate CSO involvement in these authorities. The policy should be submitted for National Executive Council deliberation in 2025 and implemented through the next OGP action plan.

Commitment 3: Informal Economy Voice Strategy

This commitment intended to design an Informal Economy Voice Strategy to integrate informal vendors into the formal economy but did not see progress during the implementation period. The policy was incorporated into the National Informal Economy Policy, which was awaiting submission to the National Executive Council in December 2024. Approve the policy.

Commitment 4: Citizen Engagement in Budgeting and Planning

This commitment sought to engage citizens in government budget planning and formulation, as well as in monitoring and reporting on budget implementation. The non-governmental organisation Consultative Implementation and Monitoring Council (CIMC) held four regional consultations in 2024 with key government agencies and stakeholders. This marked PNG's first comprehensive public engagement on budgeting and accountability. Participating provincial officials and community representatives recommended measures to enhance transparency. For instance, these included implementing social audits where the public verifies project expenditures on-site and making audit and budget reports more accessible by providing simplified summaries, potentially translated into Tok Pisin.

Implement the recommendations on social audits, and concurrently invest in annual engagement with citizens in formulation of the budget.

Commitment 5: Timely Publication of Audit Reports

This commitment aimed to provide timely central government budget and financial reports, annual audit reports to Parliament, and a review of the Audit Act 1989. The Department of Treasury continued to publish the budget and budget outcomes report.

State-owned enterprises to submit financial reports to the Treasury, which was not met. State-owned enterprises take out loans guaranteed by the government, but these loans are not made public or reported to the Department of Treasury, which is mandated to publish government debt.

According to PNG's Audit Act, the Auditor-General cannot publish reports without tabling them in Parliament. By June 2024, about 100 audit reports remained unpublished because the Public Accounts Committee hadn't reviewed and tabled them in Parliament. The committee, made up of members of Parliament, is mostly inactive. Amend the Audit Act for that audit reports are published without the need to have it tabled in parliament.

Implement social auditing and increase accessibility of reports so that the Auditor-General's Office could engage with the public at project sites to verify whether funds allocated for development projects are being properly used. Members of Parliament often claim to spend District Services Improvement Program funds on non-existent projects. To enhance accessibility, the Auditor-General's Office could publish summaries of audit reports for public understanding, and possibly of translate the summaries into Tok Pisin.

Commitment 6: Access to Information Legislation

This commitment sought to pass the Access to Information Act, but the Act was not passed. During the implementation period, a drafting committee was established. Beyond the commitment, PNG used other avenues to progress the framework for access to information. Enact this law

Commitment 7: National E-Government Portal

This commitment aimed to centralise online public access to government services and information. During the implementation period, preparatory work was undertaken for the National E-Government Portal. A National Data Centre/Government Cloud was launched in 2024. The portal's first feature, developed in partnership with the police, streamlined the police clearance process, reducing processing time from a week to nine hours based on trial results.

While improving access to government services is important, the new portal did not yet align directly with the OGP values of transparency, accountability, and participation, as it did not yet require government agencies to share any data they were not already disclosing or include a feedback mechanism for citizen complaints on government services.

Legislate laws for citizens to have powers to make applications for government held data to be released if not already in public.

Commitment 8: Digital Government Legislation, Strategy, and Policy

This commitment intended to enact a digital government act, strategy, and policy. The Digital Government Act was passed in 2022, establishing a framework for using information and communication technologies (ICT) across government. The Digital Government Plan 2023–2027 was developed and endorsed by the National Executive Council in February 2023. The Digital Government Plan 2023–2027 supports the goals of the Medium-Term Development Plan 2023–2027 and the Medium-Term Revenue Strategy 2023–2027, both of which emphasise the importance of digitalising government services. It also builds on earlier ICT initiatives, including the ICT Roadmap 2018 and the PNG Digital Transformation Policy 2020.

The Digital Government Act, along with its policy and strategy, focuses on internal digital government systems and improving public access to digital government services. These are a positive step for digitising government. However, according to CIMC, they have not yet improved the quality of open data or widened access to government information. Moving forward, the Digital Government Plan includes the intention to publish standards on open data.

Commitment 9: Monitoring and Reporting of Budget Expenditure

This commitment sought to improve monitoring of public expenditure by enacting the Planning and Monitoring Responsibility Act. One milestone was completed—the Departments of Treasury and of National Planning and Monitoring sent a circular letter to agencies requesting submission of their budget implementation reports on a quarterly basis.

Although the Planning and Monitoring Responsibility Act was not enacted during the implementation period, the Department of National Planning and Monitoring expects it to be gazetted by June 2025. Overall, there remains a need to improve monitoring of public expenditure. According to the 2023 Open Budget Survey, PNG had weak budget oversight. Key expenditures continue to be poorly monitored, such as the more than K2 billion (\$1 billion) District Services Improvement Program (DSIP) funds given to the 96 district members of Parliament. Due to political interference, DDAs continue to receive DSIP funds without submitting the required acquittals, and the Department of Implementation and Rural Development has not published reports on whether it has conducted oversight visits since 2016.

Enact a Constituency Development Fund Act to fix these gaps.

Commitment 10: Timely Publication of Fiscal Information

This commitment aimed to ensure that the country's fiscal information is available to the public in a more timely and accessible manner. The Department of Treasury continued to publish the budget, supplementary budget, mid-term strategic reports, mid-year fiscal outlook, and the budget outcomes. The quality and timeliness of fiscal information did not improve during the implementation period. According to the 2023 Open Budget Survey, the availability, timeliness, and comprehensiveness of key budget documents were insufficient to support informed public debate on the budget.

During public consultations in 2024 (see Commitment 4), participants recommended that the Department of Treasury publish short summaries of budget reports for public understanding, with the possibility of translating these summaries into Tok Pisin. Implement this recommendation.

Commitment 11: Roll-Out of the IFMS

This commitment intended to integrate all institutions that receive public money into the Integrated Financial Management System (IFMS), an IT-based system for financial management, budgeting, and accounting. Prior to the implementation period, in January 2022, IFMS had reached 75% of districts. There is no publicly available data on the number of central government agencies, provincial governments, DDAs, statutory agencies, and state-owned enterprises integrated into the IFMS between 2022 and 2024.

Provide StarLink to all 96 districts and source alternative power sources (e.g. solar or mini-grid) to ensure IFMS is fully utilised.

Commitment 12: Publication of Warrants and Subnational Transfers

Through this commitment, the National Economic and Fiscal Commission (NEFC) sought to publicly disclose timely and accurate fiscal data for each province and district. During the implementation period, it made progress on three of the five planned milestones. On its website, NEFC published a report in 2024 with detailed data on provincial revenue collections from 2016 to 2020, as it had published in 2018. Like in previous years, it also continued to publish annual fiscal reports in 2022, 2023, and 2024 online, which address grants to provincial and local government.

The 2024 report included warrants for provinces and local governments. In September 2022, NEFC also published these warrants in newspapers and online, as it had from 2008 to 2016. Efforts to produce annual expenditure reports and budget scorecards were not completed, according to the PNG self-assessment report. This commitment continued existing practices but did not meaningfully improve the quality and timeliness of fiscal information. According to the 2023 Open Budget Survey, the availability, timeliness, and comprehensiveness of key budget documents were insufficient to support informed public debate on the budget. Revisit this commitment and fully implement the commitments.

Commitment 13: Establish an EITI Commission

This commitment failed to establish an Extractive Industries Transparency Initiative (EITI) Commission due to delays in passing the necessary legislation. The commission was meant to replace the PNG EITI Multi-Stakeholder Group, which has voluntary membership. There is a need to establish the EITI Commission.

Commitment 14: Pass EITI Legislation

This commitment failed to enact EITI Reporting Legislation. This legislation was meant to require amendments to various regulations, ensuring that extractive companies report on their operations and revenues across the entire value chain. This legislation would also have mandated government disclosure of how it spends revenue from the extractive sector and assessment of the impact of this expenditure. Pass the EITI legislation.

Commitment 15: Annual EITI Reporting

This commitment aimed to ensure annual EITI reporting. In June 2024, the PNG EITI produced its 10th EITI report, covering 2022. The EITI report typically has a one-year lag; the 2022 report was meant to be published in 2023. The 2022 report provides a detailed overview of the extractive sector's contributions to the economy, taxation systems, and transparency in revenue distribution to the government and affected communities. It also addresses gaps identified in previous reports and recommendations from a 2018 validation assessment by EITI. Resource and fund the EITI to produce annual reports.

Additionally, the report covers subnational payments, beneficial ownership disclosures, contract transparency, production and export data, state-owned entities, gender disparities, and environmental impacts throughout the sector. The 2022 report highlighted systematic weaknesses in government systems and processes. There remain data and information gaps where corrective actions are required for greater transparency and accountability in the sector.

While the report is comprehensive, it is not more timely than the report that preceded this commitment. PNG EITI notes that the commitment's limited completion was due to delays in the disclosure of information by companies and government agencies. PNG EITI does not have the authority to compel these stakeholders to disclose information. Beyond this commitment, PNG EITI is engaged in producing reports that identify gaps in legislation that hinder disclosure and recommend necessary amendments. Despite these reports, many relevant laws have not been amended—only the Income Tax Act and the Companies Act were amended in 2017 and 2022, respectively. Amend the laws to improve reporting.

Commitment 16: National Identification (NID) Project

This commitment intended to continue the roll-out of the National Identification (NID) system, to be used as a basis for biometric voting. The NID project aimed to purchase machines, increase recruitment, start printing IDs in the provinces, and increase NID registrations to 100,000 per month, among other steps. However, an NID representative reported that these goals were not achieved due to underfunding and limited capacity. It is unclear how many people were registered for NID during this commitment's implementation period.

Focus on registering all public sector employees so that wastage of resources on fake employees are curtailed.



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Annexure D

The CIMC Report



Snap Shot Report – National Development Forum Recommendations 2014 - 2024

**A Foundational Report Submitted to the National 50-Year Review and
20-Year Reform Roadmap Steering Committee in Accordance with NEC
Decision No. 90/2025**



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June 2025

Disclaimer

The recommendations, findings and opinions expressed in the **"Snap Shot Report – National Development Forum Recommendations 2014 - 2024"** do not represent the official position or endorsed views of the report's authors, the Consultative Implementation and Monitoring Council (CIMC), or the Institute of National Affairs (INA).

This document is a synthesis of public contributions and dialogue. The contents have been compiled directly from the inputs, submissions and recommendations provided by a diverse cross-section of stakeholders from across Papua New Guinea. These stakeholders include public officials, private sector representatives, civil society organizations, faith-based groups, community leaders and individual citizens who participated in the CIMC's National and Regional Development Forums and other consultative platforms held over the last decade, from 2014 to 2024. This information was systematically collated in the **CIMC Prioritized Recommendations Table**, which corresponds to seven strategic reform areas identified under NEC Decision No. 90/2025.

The role of the authors and the CIMC in preparing this report has been to faithfully collate and structure these publicly-sourced perspectives to inform national policy dialogue. Accordingly, no warranty is given as to the accuracy of every statement and no liability is accepted for any loss or damage arising from the interpretation or use of the information contained herein.

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- **Annex A:** The CIMC Prioritized Recommendations Table

List of Abbreviations

- **AAA:** Agriculture Administration Adjustment
 - **AIC:** Agriculture Investment Corporation
 - **CIMC:** Consultative Implementation and Monitoring Council
 - **DSP:** Development Strategic Plan
 - **FPIC:** Free, Prior and Informed Consent
 - **FSV:** Family and Sexual Violence
 - **HDI:** Human Development Index
 - **LLG:** Local-Level Government
 - **MTDP:** Medium Term Development Plan
 - **NAQIA:** National Agriculture Quarantine and Inspection Authority
 - **NEC:** National Executive Council
 - **OLIPPAC:** Organic Law on the Integrity of Political Parties and Candidates
 - **PNG:** Papua New Guinea
 - **RPNGC:** Royal Papua New Guinea Constabulary
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Executive Summary

This report presents a structured compendium of prioritized national reforms derived from a decade (2014–2024) of nationwide consultations led by the Consultative Implementation and Monitoring Council (CIMC). Commissioned under NEC Decision No. 90/2025, this Snap Shot Report serves as a foundational, citizen-validated input for Papua New Guinea’s 20-Year National Reform Roadmap (2025–2045). The findings represent the articulated will of the people, from public officials and private sector leaders to civil society, churches and grassroots communities across all four regions of PNG. Data for this report is based on the *Executive Summary - CIMC Prioritized Recommendations* and *CIMC Prioritized Recommendations Table*, which compiled findings from CIMC’s public forums from 2014 to 2024.

The consultations identified two foundational imperatives for national renewal:

1. **Restoring Trust Through Institutional Integrity:** This requires a direct and systemic confrontation with corruption through measures that depoliticize the public service, ensure transparent management of public funds, guarantee merit-based appointments and reform the electoral process.
2. **Anchoring Reform in Participatory Governance:** This calls for the formal legislative establishment and funding of the CIMC as a permanent, independent national institution for policy dialogue, citizen engagement and mutual accountability.

The core of this report is a sequenced reform agenda organized across seven strategic areas and four implementation timeframes: **Immediate Priorities** (6–24 months), **Short-Term Objectives** (2025–2027), **Medium-Term Goals** (2025–2030), and a **Long-Term Vision** to 2045. This phased approach balances early wins, such as a moratorium on round log exports and implementing key election report recommendations, with profound, long-term structural changes, including the eventual abolition of DSIP/PSIP to restore the proper roles of government.

The recommendations herein are aligned with Vision 2050, DSP 2030, and MTDP IV, providing a coherent and actionable platform for the Steering Committee. This report is not an aspirational document; it is a people-forged pathway to a more prosperous, inclusive and accountable Papua New Guinea.

1.0 Introduction: The Mandate for a People-Anchored Reform

As Papua New Guinea reaches its 50th year of independence, the nation is undertaking a period of profound self-reflection to chart a course for the next generation. The Government's decision to commission a 50-Year National Review and a corresponding 20-Year National Reform Roadmap, presents a great opportunity to address long-standing challenges and realign the nation to build a more prosperous and equitable future.

This report serves as a direct and foundational contribution to that national endeavor. It channels a decade of structured, nationwide public dialogue from CIMC's National Development Forums into a coherent agenda for change, ensuring that the formal reform process is anchored in the validated priorities and collective wisdom of its citizens. The following sections detail the specific mandate for this work, the robust consultative methodology that underpins its findings and the scope of the recommendations presented.

1.1. Mandate

The Government of Papua New Guinea, through NEC Decision No. 90/2025, has initiated a 50-Year National Review (1975–2025) to inform a forward-looking, 20-Year National Reform Roadmap (2025–2045). This report is a direct response to that mandate. It formally structures and presents the prioritized recommendations compiled by the Consultative Implementation and Monitoring Council (CIMC), which has for over a decade served as the nation's primary platform for two-way policy dialogue between the state and its citizens. Its purpose is to ensure that the voices, concerns and solutions offered by the people of PNG form the bedrock of the national reform agenda for the next generation.

1.2. A Decade of Dialogue (2014–2024)

The recommendations contained in this document are the culmination of a robust, inclusive and multi-stakeholder consultative process undertaken by the CIMC between 2014 and 2024. This process is grounded in a nationwide consultative mechanism that includes annual regional forums in the Highlands, Southern, Momase and Islands regions; an annual National Development Forum; and quarterly meetings of eleven multi-stakeholder sectoral committees. This methodology ensures a continuous, evidence-based and "bottom-up" validation of national priorities, bringing together public officials, private sector representatives, civil society actors, faith-based networks and citizens at large to co-design public policy.

For this report, a detailed review of all recommendations published in CIMC Forum reports from 2014 - 2024 was conducted and compiled into an extensive matrix titled the *CIMC Prioritized Recommendations Table*. And this Snapshot Report draws from this comprehensive dataset to make citizen-led reform agenda

recommendations.

1.3. Scope of the Report

This report summarizes the validated recommendations across seven strategic reform areas identified under NEC Decision 90/2025 and prioritized by the CIMC.

These seven areas are:

- 1. Rule of Law and Justice**
- 2. Broad-Based and Sustainable Economic Growth**
- 3. Integral Human Development (HDI)**
- 4. Public Service and Institutional Reform**
- 5. Political System Reform**
- 6. Environment and Climate Resilience**
- 7. National Identity and PNG Ways**

These are underpinned by four **Cross-cutting Enablers** designed to accelerate delivery:

- **Digital Infrastructure & Governance**
 - **Integrity & Accountability Institutions**
 - **Civic Education & Values-Based Development**
 - **Church-State Delivery Partnerships**
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Part A: The Foundational Imperatives for National Renewal

The decade of nationwide consultations revealed that before specific sectoral reforms can succeed, two foundational pillars of good governance must be urgently addressed: Restoring Trust Through Institutional Integrity and Anchoring Reform in Participatory Governance. The persistent challenges facing Papua New Guinea are not merely technical or administrative; they are rooted in deep, systemic issues of trust and participation that cut across all levels of society.

CIMC dialogues consistently identified a clear consensus: without first restoring institutional integrity and anchoring the development process in the will of the people, even the best-laid plans are destined to fail. This section, therefore, outlines the two non-negotiable imperatives that emerged from the consultations, which serve as the essential foundation for the entire 20-Year National Reform Roadmap.

2.0 Restoring Trust Through Institutional Integrity

2.1. Confronting Systemic Corruption

Across every forum and consultation, corruption was identified as the single most persistent barrier to equitable development, public trust, and the rule of law in Papua New Guinea. The people have articulated a clear and urgent demand to dismantle the systems that enable it. The foundational pillar of this reform agenda, therefore, is a systemic effort to restore integrity to our public institutions. This involves enforcing a clear constitutional separation between the roles of politicians and the public service, mandating transparent reporting on the disbursement and management of all public funds, eradicating political interference in the appointment of agency heads, and comprehensively reforming the electoral system to ensure fair and honest outcomes for all.

2.2. The Imperative for an Independent and Accountable Public Service

A professional, efficient and apolitical public service is the engine of national development. Participants in the CIMC dialogues have consistently called for comprehensive audits of all public service agencies and the revitalization of the Public Services Commission to ensure all appointments and promotions are strictly merit-based. Restoring the integrity and performance of the bureaucracy is a prerequisite for the successful implementation of every other reform outlined in this report.

3.0 Anchoring Reform in Participatory Governance

3.1. Institutionalizing the CIMC Mechanism

The CIMC was established in 1998 as a mechanism for government-to-citizen engagement, but has never undergone a comprehensive review to empower it for the modern governance environment. To ensure that the dialogue between citizens and the state is sustained, the second foundational pillar of this reform agenda is the formal institutionalization of the CIMC. The recommendations call for the establishment of CIMC as a standalone legal entity through an Act of Parliament, with its functions embedded in national development strategies and supported by adequate, consistent annual budget funding from 2026 onwards.

3.2. A Citizen-Centric Approach

This report is built on the principle that national development must be a shared enterprise. Formalizing the CIMC's mandate underscores the necessity of a citizen-centric approach to governance, where the state is obligated to transparently communicate its objectives and performance, and citizens are empowered through structured mechanisms to contribute feedback and monitor outcomes. This creates a virtuous cycle of trust, accountability, and improved service delivery.

Part B: A Sequenced Agenda for National Transformation (2025–2045)

This section presents the summary of the identified reform agenda from CIMC forums, organized by strategic area and carefully sequenced across four distinct implementation horizons. This comprehensive structure offers a clear and actionable pathway, guiding the nation from immediate, momentum-building initiatives to profound, long-term institutional change. The methodical arrangement ensures a logical and feasible rollout of these critical reforms over the next two decades.

The proposed sequencing is designed to maximize impact and foster sustainable progress. Early initiatives focus on foundational elements that can quickly generate visible results and build public trust, creating a strong impetus for subsequent, more complex reforms. As the transformation progresses, the agenda shifts towards deeper, systemic changes that will reshape national institutions and governance structures, ensuring a resilient and prosperous future for all citizens by 2045.

4.1. Rule of Law and Justice

This pathway focuses on strengthening the institutions responsible for enforcing laws and delivering justice, making them more effective, accountable and transparent for all citizens.

- **Immediate Priorities (6–24 Months):** To build public confidence and address urgent security issues, the immediate focus is on high-impact interventions. This includes increasing police recruitment by 1,000 officers and extending their training period to 2-3 years to expand and improve community policing. Institutionally, the government must fast-track the establishment of a Human Rights Commission for PNG and fully resource and monitor Village Courts to ensure effective community service delivery. Key legislative actions include the full implementation of the Whistle Blowers Act, the repeal of the District Development Authority (DDA) Act and the Compensation Act 1995; and funding the NEC-endorsed National Sorcery Action Plan. To address specific violent crimes, recommendations call for enforcing the death penalty to curtail sorcery-related killings; and fast-tracking a "No Drop Policy" for Family and Sexual Violence (FSV) cases.
- **Short-Term Objectives (2025–2027):** Building on initial reforms, this phase focuses on legislative and policy enhancements. Key priorities include enacting the National Disability Bill and reviewing the Firearms Act and the ICAC Act. To advance transparency, the government should fast-track the Right to Information Policy and pass the Freedom of Information Bill. Accountability will be strengthened by reviewing and enforcing the 2020 Whistleblower Act,

extending its protections to private sector and CSO workers; and increasing public awareness on the roles of ICAC and the Ombudsman Commission to facilitate citizen reporting. Access to justice will be expanded by reviewing laws to legalize pro bono services and expanding legal standing for citizens in public interest environmental cases.

- **Medium-Term Goals (2025–2030):** This phase aims for systemic capacity building. It requires adequately resourcing the police force as per the RPNGC Plan 2021–2030, with a sharp focus on community policing at the LLG and ward levels. To improve prosecution rates for corruption and other crimes, the government must promote interagency collaboration among integrity bodies like the Police, Public Prosecutor, ICAC, and the Ombudsman Commission. Access to justice for all, especially marginalized groups, will be significantly improved by establishing and adequately funding Public Solicitor's Offices in all provinces. Additionally, Juvenile Justice Services under the 2021–2031 policy must be enhanced to ensure sustainable youth rehabilitation.
- **Long-Term Vision (2025–2045):** Foundational, long-term change requires embedding the rule of law at the community level. This includes strengthening the capacity of the RPNGC, Magisterial Services and Village Courts to enforce laws locally and deter "BEL KOL" (compensation) practices. A key strategy for building a future pipeline of disciplined recruits is to engage Grade 12 school leavers in community policing and city warden programs as a direct pathway to a career in law enforcement. Finally, the most durable reform is cultural: enhancing and funding Citizenship & Christian Values Education (CCEV) programs to integrate rule of law and civic values into school curricula from the earliest ages.

4.2. Broad-Based and Sustainable Economic Growth

This pathway details the critical transition from a resource-dependent economic model to one that is diversified, inclusive and resilient, ensuring that the benefits of growth are shared more equitably.

- **Immediate Priorities (6–24 Months):** To catalyze this transition, several immediate actions are recommended. A moratorium on round log exports must be imposed to halt the export of unprocessed resources and support the growth of a domestic downstream processing industry. To address long-standing issues in land management, the Lands Act 1996 must be reviewed to regulate foreign land purchases and a Customary Land Taskforce should be established to guide reforms and resolve disputes. In the vital agriculture sector, the government must enact the Agriculture Administration Adjustment (AAA) and Agriculture Investment Corporation (AIC) Bills to support climate-smart agriculture and key commodity plans.

- **Short-Term Objectives (2025–2027):** This phase focuses on building the enabling environment for a new economic model. It involves strengthening public-private partnerships to guide trade agreements and boost niche market exports. Critically, nationwide agricultural extension services for rural farmers must be revived and strengthened through better training, digitization, and increased funding. To unlock the potential of the 80% of our population in the informal economy, a supportive policy environment must be created to build economic capacity, develop skills, and establish pathways for business growth. This also requires institutionalizing customary land registration and the legal recognition of clan ownership to unlock land value and enable access to credit.
- **Medium-Term Goals (2025–2030):** This period focuses on major structural reforms. A primary goal is to implement strategic initiatives to transition informal businesses to the formal sector by creating a one-stop-shop for business registration and improving access to financial services, credit, and insurance. The National Manufacturing Policy must be reviewed to create a conducive environment for downstream processing, boosting local employment and foreign exchange savings. In agriculture, tailored financial products and low-interest loan models should be developed in partnership with financial institutions, and the National Agriculture Quarantine and Inspection Authority (NAQIA) must be funded to establish a national biosecurity scientific testing laboratory to protect and enhance our agricultural exports.
- **Long-Term Vision (2025–2045):** The ultimate economic vision is one of self-reliance and value-addition. This requires a government-wide mandate for all economic agencies to prioritize and invest in downstream processing and small-scale industries to create jobs, preserve foreign exchange, and support the national budget. To secure our economic corridors, the Border Development Authority Act (2008) must be implemented and funded, with collaboration between RPNCG and PNGDF to establish border checkpoints on the Connect PNG Transnational Highways.

4.3. Integral Human Development (HDI)

This pathway centers on improving the quality of life and well-being of all citizens by focusing on essential services like health, education, and income, with a strong emphasis on partnerships with churches and civil society.

- **Immediate Priorities (6–24 Months):** To address pressing social challenges, the government should immediately reinstate school guidance counselors nationwide to support student mental health and wellbeing. Concurrently, effective mechanisms for affordable housing and land access for public and private sector workers must be established to alleviate a major cost-of-living pressure.

- **Short-Term Objectives (2025–2027):** This phase focuses on legislative and institutional improvements. The Employment Act (1978) and Mining Act (1992) must be reviewed and amended to improve youth and women’s employment rights, including critical provisions for maternity leave and gender equality. To ensure the sustainability of school-based support, best-practice counselling training must be institutionalized for teachers within all Teacher Training Colleges.

4.4. Public Service and Institutional Reform

This pathway seeks to create a professional, accountable and efficient public service free from political interference and capable of effectively delivering services at all levels of government.

- **Immediate Priorities (6–24 Months):** Foundational governance reforms are the first step. A Constitutional Review Commission must be established to begin a nationwide consultative process on our governing frameworks. To improve service delivery, the Decentralisation Bill must be enacted to clarify the roles and functions across the three tiers of government.
- **Short-Term Objectives (2025–2027):** To depoliticize the bureaucracy, a merit-based appointment system for agency heads must be introduced, coordinated by the Department of Prime Minister & NEC with oversight from an independent body. To enhance transparency, civil society must be empowered as independent monitors in government accountability mechanisms and the Department of Provincial and Local Government Affairs (DPLGA) should be directed to coordinate the creation of Citizen Service Charters at all levels.
- **Medium-Term Goals (2025–2030):** This phase focuses on enforcing accountability. The Public Service Commission must be strengthened to enforce accountability for the heads of public service agencies and the recommendations from public service audits must be implemented to improve efficiency and performance.
- **Long-Term Vision (2025–2045):** The long-term objective is to achieve a state of permanent efficiency and accountability by funding the full implementation of all public service audit and inquiry recommendations.

4.5. Political System Reform

This pathway aims to strengthen PNG's democratic processes, political stability and the integrity of its institutions.

- **Immediate Priorities (6–24 Months):** To restore faith in the electoral process, the recommendations from the 2022 Election Report by the Parliamentary Committee must be promptly implemented, including the proposal for 22 reserved seats for women. The Organic Law on the Integrity of Political Parties and Candidates (OLIPPAC) must be reviewed to encourage the development of policy-based parties over personality-driven ones. Parliamentary governance should be strengthened by empowering Committees and reinforcing the constitutional separation of roles between MPs and the public service.
- **Short-Term Objectives (2025–2027):** A key reform to improve the integrity of political financing is to abolish direct state funding of political parties (K10,000 per MP), thereby encouraging parties to seek broader public support and consolidate around policy platforms. Electoral preparedness funding should be allocated immediately after a general election, using a set percentage of DSIP/PSIP funds for voter education and roll updates.
- **Medium-Term Goals (2025–2030):** To fix the perennial problem of the common roll, updates must be decentralized by appointing and training ward recorders to maintain local population data, with dedicated funding from DSIP/PSIP. To create a stronger deterrent against electoral misconduct, MPs whose elections are voided for corruption must also face criminal prosecution using the same evidence.
- **Long-Term Vision (2025–2045):** This phase involves the most profound structural reforms to our political system. The District and Provincial Service Improvement Programs (DSIP/PSIP) should be abolished to fully remove MPs from service delivery roles, returning this responsibility to the public sector and thereby reducing political pressure and enhancing accountability. Furthermore, Local-Level Government (LLG) elections should be held before national elections to test the accuracy of common rolls, estimate costs, and assess security needs in a lower-stakes environment.

4.6. Environment and Climate Resilience

This pathway addresses the critical need to protect Papua New Guinea's unique natural environment and manage the impacts of climate change through integrated, cooperative action.

- **Immediate Priorities (6–24 Months):** To ensure sustainable financing for conservation, a portion of revenue from the extractive sector must be allocated for the domestic financing of protected areas. Concurrently, inter-agency cooperation on REDD+ and climate change adaptation, including carbon trading initiatives, must be strengthened.
- **Short-Term Objectives (2025–2027):** The main focus is to empower landowners by reviewing resource laws to ensure that Free, Prior and Informed Consent (FPIC) is the standard, maximizing landowner consultation and promoting fair benefit sharing in all development projects.
- **Medium-Term Goals (2025–2030):** This involves promoting strong inter-agency cooperation between the Conservation and Environment Protection Authority (CEPA) and other state agencies to ensure strict compliance with all environmental standards.

4.7. National Identity and PNG Ways

This pathway focuses on preserving and promoting the diverse cultural heritage and values of Papua New Guinea to foster national unity and social cohesion.

- **Immediate Priorities (6–24 Months):** Initial steps include reviving provincial cultural centers and museums and strengthening institutions like the Melanesian Institute of Linguistics to preserve PNG's diverse cultures and languages.
 - **Short-Term Objectives (2025–2027):** This phase aims to protect local and traditional intellectual knowledge and products, such as bilums and to formally recognize and maintain traditional governance systems.
 - **Medium-Term Goals (2025–2030):** The key initiative is to incorporate learning on PNG culture and languages into schools, including in elementary teacher training and through structured knowledge sharing with community elders.
-

Part C: Cross-Cutting Enablers for Successful Implementation

The successful implementation of the sectoral reforms hinges on four crucial cross-cutting enablers. These are not merely supplementary elements but foundational systems and institutional arrangements that are indispensable for ensuring coherence, optimizing delivery and building resilience across all phases of the comprehensive reform agenda.

These enablers act as the underlying framework, providing the necessary stability and interconnectedness for the various sectoral reforms to function effectively and achieve their intended outcomes. Without their robust establishment and continuous support, the individual sectoral advancements risk fragmentation, inefficiency, and ultimately, a diminished impact on national development. Their strategic integration is therefore paramount to the long-term success and sustainability of the entire reform initiative.

5.1. Digital Governance and Infrastructure

The strategic investment in digital identity systems, integrated government service portals, and shared data platforms is critical for enhancing efficiency, transparency, and access to services for all citizens. This infrastructure is essential for improving public service delivery (Reform Area 4.4), reducing opportunities for corruption (Imperative 2.0), and enabling a modern, data-driven economy (Reform Area 4.2).

5.2. Integrity and Accountability Architecture

The reform agenda must be supported by strengthening watchdog and anti-corruption agencies like the Ombudsman Commission and ICAC, reforming public procurement processes to eliminate graft, and enhancing legislative enforcement mechanisms to ensure compliance. A robust integrity architecture is the backbone of the entire reform effort, ensuring that progress is not undermined by corruption.

5.3. Civic Education and Values-Based Development

Long-term, sustainable change requires embedding civic and national values in the national curriculum, supporting youth leadership programs, and collaborating with community organizations to foster a culture of integrity and shared national identity. This enables a whole-of-society approach to reform, where citizens are not just recipients of services but active participants in building a better nation.

5.4. Church-State and Civil Society Partnerships

The extensive reach and trust of churches and civil society organizations must be leveraged through structured partnerships. This involves expanding church involvement in education and health, supporting faith-based rehabilitation and care services, and establishing formal agreements with civil society actors for service

delivery and the independent monitoring of public sector performance.

6.0 Conclusion: A Unified Vision for the Next Generation

The recommendations detailed in this report represent more than a policy framework; they are a direct call to action from the citizens and communities of Papua New Guinea. They are the product of a decade of inclusive, participatory dialogue and reflect a profound, nationwide desire for a government that is more accountable, a society that is more equitable, and an economy that is both prosperous and sustainable.

By grounding the 20-Year National Reform Roadmap in these citizen-forged priorities, the Government has the opportunity to build institutional momentum, restore public trust, and deliver tangible improvements in the lives of all Papua New Guineans. The strategic sequencing of immediate wins with long-term transformation provides a credible, people-anchored platform to advance integrity, prosperity, and inclusive governance for the next generation. This report provides the map; the journey must now begin.

7.0 References

- CIMC. (2025, June 18). *Executive summary – CIMC prioritized recommendations* [Interim Report submitted to the Steering Committee under NEC Decision No. 90/2025].
 - CIMC. (2025, June 18). *CIMC Prioritized Recommendations Table.xlsx* [Accompanying dataset provided to the Steering Committee].
 - *Papua New Guinea Vision 2050*, 2014.
 - *Development Strategic Plan 2010–2030 (DSP)*, 2010.
 - *Medium Term Development Plan IV 2023–2027 (MTDP IV)*, 2023.
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Annexes

- **Annex A:** The CIMC Prioritized Recommendations Table



Consultative Implementation & Monitoring Council

NATIONAL DEVELOPMENT FORUM RECOMMENDATIONS 2014 - 2024

IMPACT ACTION	SOURCES	TWO (2) YEARS	FIVE (5) YRS	TWENTY (20) YEARS
STRATEGIC ACTION #1: COMPREHENSIVE AND EFFECTIVE APPLICATION OF THE RULE OF LAW - NEC Dec#90/2025: D4.5&6/SDG 16				
Urgent call to develop effective, accountable and transparent institutions to enforce rule of law and address increase in violence, GBV and law & order issues. <i>(RPNGC, PP, OC, ICAC, Court, Judiciary, CIS, Access to Justice)</i>				
ROYAL PAPUA NEW GUINEA CONSTABULARY (RPNGC)				
1. Number in Police recruitment annually must be increased from 300 to a 1000 to cater also for community and auxiliary policing	Highest group (52/159) of recommendations were from Law & Order sector (SDG 16) – Justice Peace & Strong Institutions	1. RPNGC to review and strengthen the RP-NGC Corporate Plan 2021 - 2030 to enforce and prioritize community policing initiatives and other objectives under the Plan.	1. GoPNG (Treasury) to ensure adequate resourcing of public policing & enforcement agencies of the State at all levels in accordance with the RPNGC Plan 2021 – 2030, prioritizing establishment of community policing at LLG and Ward level.	1. Strategize to commit to the continuous strengthening and implementation of the RP-NGC Plan 2021 – 2030 and prioritize establishment of community policing at LLG and Ward level and commit to funding community policing efforts led by RPNGC.
2. Increase duration of police training to 2-3 years and abolish province based probationary training period	2018 CIMC stock take of action taken on National Development Forum (NDF) recommendations from 2014-2017.	2. Department of Treasury to allocate adequate funding and resourcing to the National Forensic Centre, to enable forensic auditing (RPNGC).	2. DJAG to encourage interagency cooperation between the integrity agencies. Police to work in collaboration with Public Prosecutor's Office, Independent Commission against Corruption, Ombudsman Commission etc. to ensure successful prosecute crime and corruption.	2. Strengthen RPNGC, Magisterial Services, Villages Courts and the relevant agencies to ensure effective enforcement of the Rule of Law at community and ward level to deter the “BEL KOL” and other practices undermining the criminal justice system and ensure awareness to distinguish between criminal and civil matters.
3. Fund and implement the NEC endorsed National Sorcery Action Plan	National Development Forums (NDF) 2023 held on 6-8th November 2023 and NDF 2024 held on 2 – 5th April 2025	3. RPNGC and CLRC to review the Firearms Act 1978 and related laws to allow for transparent control and regulation of firearms ownership and use, parts and ammunition; and rename the Firearms Act 1978 to Firearms Control Act and commence review and Review and implement recommendations of the Guns Control Committee Report 2025.	3. Royal Papua New Guinea Constabulary (RPNGC) to conduct wider public awareness on the intent, purpose and the provisions of the Counter – Terrorism Act 2024, with CIMC, including regular awareness on laws and enforcement using police personnel in provinces as well.	3. Department of Education to strengthen and resource the implementation of Accelerated Christian Education (ACE), and emphasizing Citizenship & Christian Values Education (CCEV) to Integrate the rule of law into the education curricula and school curricula to instill values of justice and civic responsibility in future generations.
4. Fast track establishment of a Human Rights Commission for PNG.	5. Establish the National GBV Secretariat through DfCDR to strengthen networking and collaboration with other stakeholders in the private and CSO space to improve coordination, and referral pathways for SARV, GBV and law and order issues.	4. Treasury to resource and adequately fund RPNGC National Resource Centre to enable forensic auditing	4. Department of Personnel Management (DPM) to review and strengthen the Public Service (Management) Act 2014 on the National Training Policy (NTP) (as outlined in General Order 6) for Proper Training Programs for disciplinary forces on personal and character development	
5. Enforce the death	6. Adequate resources to implement the GBV Strategy and equip law enforcement to deal		5. Department for Provincial and Local Level	

penalty with support from churches to curtail sorcery killings 6. NEC to endorse the establishment of the GBV Secretariat immediately 7. Fast track enactment of no -drop policy for family and sexual violence matters 8. Fast track implementation of the Whistle Blowers Act	with sorcery-related violence. 7. Relevant GoPNG Agencies to strengthen Public Private Partnerships re; Bel Isi PNG, Highlands Women Defenders Network, Takom Farming Model, Unity Mall & incubation business hubs.	Government Affairs (DPLGA) to implement and resource the Border Development Authority Act (2008) in working closely with the RPNGC and PNGDF to establish a border security checkpoint for the Connect PNG Transnational Highways. 6. NDoE & DfCDR, through the Church Partnership Program (CPP) to promote Christian-based Education and good behavior initiatives (Scouts & Girl Guides) in the PNG education curriculum and strengthen church engagement in all schools.	
CORRECTIVE INSTITUTION SERVICES (CIS)			
	1. Invest more in prisoner rehabilitation programs training convicts to be industrious, resourceful and able to contribute to socio-economic development of PNG upon release from jail. 2. Incorporate churches into the justice and rehabilitation functions of the State to allow invest in prevention (ongoing).	1. DfCDR in partnership with the NDoE, DHERST and Churches to prioritize community mobilization, awareness and education through the Church Partnership Program (CPP) 2. NYDA and DPLGA and key government agencies and stakeholders to replicate National Capital District Commission (NCD) youth programs to other provinces in PNG with support and partnership from relevant stakeholders from the private sector and Civil Society Organizations (CSOs). 3. National Youth Development Authority, RPNGC, PNGDF, The Correctional Institutional Services (CIS), DJAG and NCDC to strengthen collaboration and partnership on the engagement of youth (Grade 12 school leaver) in the community policing and city warden programs in transition into law enforcement roles; recruitment as potential police, army and CIS officers.	1. DJAG to strengthen Juvenile Justice Services in the Juvenile Rehabilitation and Reintegration Policy 2021-2031, ensuring a sustainable pathway for youths to contribute meaningfully to the community and to be good law abiding citizens after their juvenile service. 2. GoPNG to strategize for incorporation of churches into the justice and rehabilitation systems and functions of the State to invest more in prevention rather than to be corrective (To be proactive not reactive)
ENFORCEMENT AGENCIES			
Effective address of the rife corruption to ensure accountability and transparency			
	1. Independent Commission Against Corruption (ICAC) and Ombudsman Commission (OC) to review and implement the 2020 Whistleblower Act to ensure; i) extend disclosure protection to private sector employees and CSO as service providers to the Government; penalize employer who harasses and subjects employees to	1. GoPNG to adequately fund the responsible enforcement and integrity agencies for addressing corruption to carry out their mandates without hindrance, disruptions. 2. CLRC and Independent Commission Against Corruption (ICAC) to review and amend the	1. GoPNG to ensure a robust legal framework essential for a strong rule of law that reflects values of justice, equality, human rights and inclusivity by simplifying and clarifying current laws, eliminating ambiguity and reduce opportunities for abuse. Therefore, it is important to institute mechanisms that promote transparent-

		occupational detriment knowingly 2. Independent Commission Against Corruption (ICAC) and the Ombudsman Commission must do more awareness to provide clarity on the functions and pathways on how ordinary people can provide input to fighting corruption. 3. Constitutional Law Reform Commission (CLCR) to ensure new bills and review of existing laws are widely consulted and facilitated through the CIMC process before being passed in Parliament	ICAC Act to investigate Form 11 and strengthen powers for search, seizure and arrest and prosecution. 3. Strengthen OC, ICAC, AG, Fraud Squad, and Parliamentary Public Accounts Committee to address mismanagement and corruption.	cy in legislation, including public consultations during the law-making process. 2. Government through its relevant agencies including the State Solicitor and Mineral Resource Authority (MRA) must make publicly available information on Contracts and Community Development Agreements including payments and infrastructure development grants for people in project areas to access
		1. GoPNG to conduct audit review on performance of state agencies and heads to ensure a lean and effective public service and make recommendations for action 2. GoPNG to ensure compliance with standards and legal requirements relating to public transport and infrastructure before creation of other and new laws/policies	1. Commence implementation of the recommendations of the public service audit 2. Strengthen Public Service Commission and existing accountability mechanisms and establish stringent mechanisms to review and hold public service heads accountable for any misdeed in Office 3. Create user-friendly pathways for public to report on inefficiency in the Public Service. These mechanisms must be made available to people in the communities so they can hold Public Officials accountable too	
COURTS & JUDICIARY Strengthen independency of the Courts, Governance and Democracy				
		1. National Judicial Services (NDS) to reinforce strict compliance with Judicial Conduct Act 2012 (section 5) for all judges and magistrates to declare conflict of interest in matters concerning leaders holding public offices. 2. Village Courts must be resourced adequately and their functionality must be monitored and evaluated to instill accountability and service delivery at the community level;	1. DJAG to address low staffing capacity and adequate budget allocation to enable National Magisterial Services to ensure efficiency in case turnovers at the district courts. 2. Magisterial Services to adequately resource the provincial magisterial services in enforcing and strengthening the village courts system and build the capacity of ward members to effectively carry out community awareness, put in place community by-laws and effect citizens' arrest.	GoPNG to promote judicial independence of judges and courts to operate free from external influences, with adequate protections by law and resource allocations for the judiciary, which includes also reforms within law enforcement agencies targeting law enforcement in human rights, inclusivity, accountability and support for independent oversight bodies to prevent abuse of power and enhance the operational effectiveness and integrity of legal institutions

ACCESS TO JUSTICE			
Increase access to justice for citizens and for all especially impacted communities in resource rich areas			
10. Repeal the Compensation (Prohibition of Foreign Proceedings) Act 1995 11. Enact the Freedom of Information Bill	(Same as above)	1. DJAG and PNG Law Society to review current legislations to law practices to: i) Legalize pro bono services - i i) Ensure wider legal standing to encourage an increase in the pursuit of public interest matters in environmental disputes iii) Review and Repeal the Compensation (Prohibition of Foreign Proceedings) Act 1995 and all applicable acts restricting the rights of PNG citizens to seek redress against foreign multi-national companies in the home of their headquarters and origin. 2. The Government fast-track the promised PNG Human Rights Commission, ensuring the policy and legislation on the Human Rights Commission is reviewed and endorsed by the Government. 3. Government must adequately fund the Department of Implementation Rural Development (DIRD) to carry out its functions fully to ensure public funds are spent and reported accordingly and political leaders are held to account.	1. Department of Justice and Attorney General (DJAG) and GOPNG to establish and adequately resource the Public Solicitor's Office in all provincial centers to effectively provide legal aid to citizens including marginalized groups (disability, PLHIV, unemployed single parents, and elder citizens to access justice. 2. Government through its relevant agencies including the State Solicitor and Mineral Resource Authority (MRA) must make publicly available information on Contracts and Community Development Agreements including payments and infrastructure development grants for people in project areas to access. 3. Establish an EITI Commission with the support of the necessary legislation which will replace the PNG EITI Multi-Stakeholder Group, which has voluntary membership. Establish the EITI Commission to ensure reporting and accountability across the entire chain .
ACCESS TO INFORMATION			
	1. Department of Information, Communication and Technology (DICT) to fast-track the National Right to Information Policy 2020-2030 and ensure that the Freedom of Information Bill is passed 2. The Investment Promotion Authority (IPA) must publish and disclose on its website information on beneficial ownership of resource extraction companies per section 72 of the revised IPA Act (2022) so people know who they are. 3. GoPNG to adequately fund the IPA so it can allow information to be accessed without any payment by citizens. Due to minimal funding from government, IPA is now imposing a fee on citizens to get information that use to be free.	1. DICT to effectively implement the National Media Policy 2023 for the Media to report freely on matters of corruption that impact the Rule of Law in line with Article 46 of the Constitution. 2. DICT to promote media freedom by working with media outlets and journalists supporting independency of the media to investigate and report on issues regarding rule of law violations, holding power to account	1. GoPNG and DICT to strategize to use and promote the use of ICT's as significant tool in addressing law and order challenges by enhancing law enforcement capabilities, monitor and regulate harmful content online, promote responsible communication practices, prevent crime, combat terrorism, and improve the efficiency of the law enforcement systems 2. Develop law and policy on accessibility and availability of public information to all, i.e. freedom of information allowing access to information legislation should be progressed as required by s51 Constitution distinguishing information in public and private domains, i.e. budget allocations and expenditure reports for citizens

STRATEGIC ACTION #2: PURSUE BROAD BASED AND SUSTAINABLE ECONOMIC GROWTH - NEC Dec# 90/2025: D4.10 and 9 /SDG 17, SDG 8 (Natural Resources, Agriculture, SME'S, Private Sector, Informal Economy, Commerce & Trade)			
Encourage and promote effective public, public-private and civil society partnerships to improve governance, export of commodities, mobilize finance and technology:		LAND & NATURAL RESOURCES (Minerals, Oil & Gas, Forest)	
1. Responsible, transparent & accountable extractive sector (MRSF, Stabilization funds & SWF) 2. Implement the national Manufacturing and Downstream processing policies 3. Foundational is to support to MSMEs (including Informal) & SMEs 4. Financial reforms/ credit 5. Administrative reforms to enable ease of doing business 6. GoPNG to ensure Central Bank of PNG is represented in the State Negotiating Team	<i>2nd highest group (17/159) were issues in the natural resources sector (SDG 17 - Revitalizing global partnerships for sustainable development)</i> CIMC stock take of implementation of 2014-2017 National Development Forum (NDF) recommendations held in 2018	1. Department of Lands and Physical Planning (DLPP) and CLRC to review Lands Act 1996, and related legislations to regulate the purchase of land by foreign investors. 2. Review on existing mechanisms under the Land Registration Act 1981, Land (Registration) Amendment Act 2009 and other applicable laws and policies, i.e. National Sustainable Land Use Policy for PNG 2023 that allow customary land use, voluntary registration and its challenges. 3. Establish a Customary Land Taskforce to consider all land related issues and challenges, resolve disputes, contribute to informed land reforms and create stronger governance of land matters at the Provincial level to ensure accountability and equitable benefits. 4. Mineral Resources Authority (MRA), Department of Petroleum and Energy (DPE), DLPP and CLRC to review the Lands Act 1996, Mining, Petroleum Acts and other applicable laws to ensure transparent and accountable mechanisms for benefit sharing agreements, social mapping, incorporated Landowner Groups (ILGs), Infrastructure Development Grants (IDGs), Business Development Grants (BDGs), and royalties to landowners. 5. GoPNG to ensure that the Central Bank is part of the State Negotiating Team (SNT) when working on project development agreements 6. GoPNG to review KPHL and all the Kumul arrangements and ensure that funds do not go only to government but to the Sovereign Wealth Fund (SWF) as well, and in accordance with the portions set by law	1. Institutionalize customary land registration and legal recognition of clan-based ownership are essential to unlock land value and enable access to credit for economic empowerment. 2. National Identification (NID) System to support land registration, enable land-based financing through bankable clan titles, and shifting development focus from extractive industries to agriculture and other renewable sectors including carbon markets and tourism. 3. Institutionalize customary land governance and tailoring reforms to PNG's unique cultural context, to ensure sustainable development and economic inclusion while protecting customary land rights. 4. Create a database of the state land in each Province and get the Department of Lands and Physical Planning to transfer the state lease titles to the respective Provincial Governments with non-transferable titles, ensuring the land becomes perpetual titles for Provincial Governments. 5. Bank of Papua New Guinea (BPNG) should not encourage portion of the proceeds from exports to come into the country as foreign exchange and not just accept instructions or authorize resource proceeds to be parked in offshore accounts. 6. GoPNG through its relevant agencies including the State Solicitor and Mineral Resource Authority (MRA) must make publicly available information on Contracts and Community Development Agreements including payments and infrastructure development grants for people in project areas to access.

FORESTRY			
	GoPNG to swiftly place a Moratorium on the export of round logs from all provinces to encourage downstream processing and economic growth.	Revisit PNGFA Corporate Plan 2021-2030 and the PNGFA Downstream Processing Strategy and implement	Review and strategize to implement the PNG Timber Legality Standards 2013 for application to all timber Developers to promote sustainable management of Forests and biodiversity conservation
AGRICULTURE			
Inclusive and effective governance, practical implementation, monitoring and evaluation and sustainable public-private partnerships to build a resilient and commercially viable Agriculture Sector			
1. Digitize the sector 2. Break institutional silos in the sector 3. Unlocking of customary land for commercial agriculture must be done in good faith 4. Smart agriculture development 5. Boards of Commodity entities and research institutes to be properly appointed 6. Bring back Agriculture extension services	4th highest group (13/159) of recommendations were those categorized under the Agriculture sector (SDG 2- Zero Hunger) CIMC stock take of implementation of 2014-2017 National Development Forum (NDF) recommendations held in 2018	1. GoPNG to facilitate stronger linkages between public and private sector to inform trade agreements and models to encourage downstream processing, niche markets, increase production capacity and exports 2. Develop policy and support programs that facilitate access to markets and create opportunities for rural farmers and entrepreneurs to be led by DAL in partnership with Trade, Commerce, and the different commodity boards and private sector bodies. 3. Resource and develop digital monitoring and evaluation infrastructure that will allow effective performance tracking with the use of geospatial tools and mobile extension services. 4. Future organizational plans or commodity strategies must prioritize systems- driven identities built on sustainable financing and stakeholder alignment and actionable implementation frameworks 5. DAL to work with national commodity board to encourage youth participation in agriculture sector as means to economic empowerment - DAL and relevant government agencies taking cue from the 2025 Department of Agriculture National Private Sector Participation Conference outcomes. 6. GoPNG to revive, re-invest and strengthen	1. Connect and integrate Cocoa, Coffee and Copra Institutions including fresh food development into one national infrastructure, education and digital programs to create multiplier effects. 2. Develop financial products for Agriculture; Develop a model to provide agri-finance in conjunction with financial institutions inclusive of low interest loans and tailored financial products for all stakeholders. 3. Department of Treasury to provide funding support to NAQIA to build a national Scientific Testing Laboratory for Bio-security to be administered by a leading scientific body 4. Initiate the establishment of agriculture subsidy schemes, equity funds etc. through potential domestic financing options to cater for effective co-ordination and management of all agriculture sub-sectors 5. GoPNG support and enable farm price stabilization and replacement of imported fresh produce with affordable local produce including targeted training to encourage information exchange and experiences and model farmer/semi-commercial farming programs 6. Timely and transparent government funding; GoPNG to prioritize infrastructure funding investment to cater for critical infrastructure gaps such as inadequate road networks and

		gram that facilitates access to market information 7. GoPNG makes it mandatory for all provinces to have an Agriculture and Natural Resource management Plans that are widely consulted and targeting local needs and strengths 8. Heads and Boards of Commodity entities and research institutes to be properly appointed 9. GoPNG to initiate and establish a national Agriculture Subsidy schemes or Commercial Agricultural Equity funds for effective coordination, management and assistance to all Agriculture subsectors	extension programs and services to cover PNG to assist rural farmers. Revitalizing extension networks through training, digitization and multi partner delivery models alongside increased funding for practical driven demand research. 7. GoPNG to recognize the important role of Cooperative Societies in the economic development in the country and task the Office of Cooperative Societies (OCS) to promote and provide incentives the creation of more Cooperative Societies in the country;	unreliable power supply including funding for the sector 7. GoPNG to develop a policy which targets young farmers to build skills and capacity, production and the whole market chain catering for Agriculture training and also mainstreaming of Agriculture into schools curriculum
COMMERCE & SERVICES – Private Sector				
Promote development oriented policies in support of productive activities, decent job creation, entrepreneurship, creativity and innovation, encouraging growth and formalization of small and medium sized enterprises through access to financial services:	5th highest group were recommendations under the Commerce and Services Sector (11/156) - SDG 8 (Decent work and economic growth) CIMC stock take of implementation of 2014-2017 National Development Forum (NDF) recommendations held in 2018	1. Investment Promotion Authority (IPA) to review and amend the IPA Act 1992 to include instruments for establishing a Foreign Investment Review Board to screen incoming foreign investors prior to giving approval to conduct business in PNG. 2. GoPNG through the Department of Labor and Employment to strengthen coordination and collaboration between the Immigration & Citizenship Authority to regulate foreign employers in the country to effectively review and implement the Work Permit Guide version 1, 2009 to cater for skills transfer and capacity building such as, Apprenticeship programs, graduate programs, on the job training and etc.	1. Market excess and export readiness; establishment of national certification bodies, improving lab testing infrastructure and supporting market intelligence systems 2. GoPNG to facilitate trade commerce and all related government policies to assist and target increases in production capacity and exports with a Trade Board tasked to streamline process and facilitate outcomes 3. GoPNG to facilitate stronger linkages between public and private sector to inform country's trade agreements and models to assist businesses extend investments into downstream processing and niche markets opportunities	1. Direct all economic agencies to prioritize and invest in downstream processing and small scale industries to create more employment opportunities to address youth bulge, law and order issues, and to boost PNGs economy (exports) – Whole of Government approach according to the MTD IV 2023-2027
SMALL MEDIUM ENTERPRISES – SME'S				
		Financial inclusion and SME credit access; IPA and SME Corporation to partner with financial institutions to ensure SME loan requirements enable marginalized citizens to access SME loans with lower and manageable interest rates and for loan information to be widely disseminated and accessible by all.	1. Direct Internal Revenue Commission (IRC) to review tax laws especially goods and service (GST) tax and salary & wages (SWT) tax to encourage economic growth without burdening citizens. 2. GoPNG to strengthen existing administrative arrangements to do with SME's in the area of finance, capacity, law and policy development	Relevant State Agencies to strengthen the Public Private Partnership Policy, share and exchange knowledge and replicate successful initiatives such as; - Bel Isi PNG, RPNGC FSVU - Highlands Women Defenders Network - Takom model farming in Madam Province - Unity Mall and incubation business hubs also in other provinces

		IPA, CLRC, and other relevant agencies to review and amend Investment Promotion Authority Act 1992 for the purposes related to promoting and supporting domestic investment especially MSMEs/SMEs.	IPA and SME Corporation to partner with financial institutions to ensure SME loan requirements enable marginalized citizens to access SME loans with lower and manageable interest rates and for loan information to be widely disseminated and accessible by all.	GoPNG to commit to implement the SME Policy to address constraints of poor access to finance: main reason for stagnancy and restricted expansion to business growth in the sector
INFORMAL ECONOMY				
Net profits K300-500 per week) is more than double minimum wage in formal sector	80% of the total formal workers are involved in the informal economy (12 Billion industry -20% GNDP) contributing 90% of total household income and can contribute 60% of PNG's non resource Gross National Development Product (GNDP)	1. Financial inclusion and SME credit access; IPA and SME Corporation to partner with financial institutions to ensure SME loan requirements enable marginalized citizens to access SME loans with lower and manageable interest rates and for loan information to be widely disseminated and accessible by all. 2. Review the Reserved Activity List (RAL) as per the Policy to ensure balanced trend and fair opportunity is given to both citizens and non-citizens to provide healthy competition for good business growth.	Create conducive environment for informal sector players by address key policy challenges of ensuring; -Supportive environment that increases business confidence - Economic capacity building through skills and diversification -ensure systems and pathways to enable business growth	Ensure necessary strategic reforms are undertaken to allow the transition from informal to formal to encourage business growth and increase tax base for the country; -reform processes for business registration/set up to all one stop for all business requirements and the linkage of financial structures to ensure that - better access to financial service - insurance system designed to ease pressure on savings and allow investment into business - safer and cheaper excess to credit to allow increase on spending -increase equity or working capital through better interest rates
STRATEGIC ACTION #3: INTEGRAL HUMAN DEVELOPMENT - NEC Dec# 90/2025: D4.7, 9 & 10 / SDG 3-6 (Health, Education, Income)				
HEALTH				
1. Affordable and Access to Basic Health care/child nutrition 2. Population Management (make family planning services accessible to all)	Recommendations under the Health Sector also ranked 4th highest (13/156), same as Agriculture – SDG's (3-6) CIMC stock take of implementation of 2014-2017 National Development Forum (NDF) recommendations	1. Reinstatement of the Pharmaceutical Supply and Tenders Board. 2. Revise National Medicines Policy 2014 to accommodate for the awarding of contracts to 4 companies for effective delivery of medical supplies in all 4 regions. 3. MoU between PHAs and contract companies for M&E purposes and to play the oversight role.	Develop an overarching human resource plan to capture the country's human resource capacity trends, future needs, information on its skills volume and expertise. For instance, to set up a national registry to capture total number of doctors, lawyers and accountants and how many of these have moved to practice abroad.	

		host National competitions on Literacy and Numeracy with incentives and rewards for student participation (priority be given to Literacy and Numeracy); Further training for English and Math Teachers, supplementary resources for English and Math. Upgrade public libraries and school libraries. 9. Establishment of an office/secretariat that can coordinate/facilitate capacity building programs for all school teachers nationwide via the flexible distance mode. 10. Development of resources and course books for teachers' capacity building including a pilot rollout of the capacity building program in NCD.	6. Completion of implementation of the 1-6-6 structure beginning 2018. Situation Analysis Report on why the current education structure should be changed and the 1-6-6 be re-adopted. Awareness of the 1-6-6 structure by conducting TOT workshops in all 4 regions. 7. Ensure GESI targets are met (all throughout Govt). 8. Improve and upgrade TSC regional officers for efficient management of teachers' salaries and entitlements.	
WEALTH /INCOME				
1. Fair minimum wages for less skilled workforce 2. Affordable Housing / first home ownership incentives 3. Customary land mobilization		1. Department of Labor and Employment to fast-track the review of Employment Act 1978 and Employment Regulation 1980 for Foreign Business Investors to pay workers' salaries as per the Minimum Wage Board determination. 2. That Government create proper processes and mechanisms that facilitate affordable housing for all and address lands and housing needs which should not only be for public servants but the private sector as well and the community at large not just the public servants), and ensure relevant policies are implemented to lower/reduce housing and rental rates. 3. Ensure the following regarding State's responsibility regarding housing: - Review the National Housing Programme developed and launched in 2015; - Reviewing/ the K200 million financial resource-making made through government-BSP partnership; - Establishing a rental rates committee; - Policy and legislation regulating NHC and its functions are passed by parliament; - Housing needs for the public generally is provided by new NHC policy and law;	1. DLIR, DFCDR, National Youth Development Authority (NYDA), Mineral Resource Authority (MRA) and the CLRC to review and amend the Employment Act (1978), Mining Act 1992 and other related legislations concerning youth and women employment rights, respectively (e.g. prohibition in underground mining, maternity leave, gender equality, child labor). 2. Land alienation (S10 Land Act 1996) is effective in ensuring bankable title hence successful as seen in Tuhava Customary land development as case study for lessons learnt in the mobilizing of customary land for development ensuring maximum benefits to landowners and what has not worked (Taurama Valley Scheme) 3. Revisit delivery processes for improvement through lessons learnt from the implementation of past projects, like the Taurama Valley Project. 4. NHC Policy and legislation are reviewed, updated and implemented to strengthen NHC in its operations and limit political interference; 5. Multistakeholder committee is established to ensure collaboration between different agen-	1. Department of Labor and Employment to strengthen coordination and collaboration between the Immigration & Citizenship Authority to regulate foreign employers in the country to effectively review and implement the Work Permit Guide version 1, 2009 to caters for skills transfer and capacity building such as, Apprenticeship programs, graduate programs, on the job training and etc. 2. National Sport Policy 2004 to consider and work with the sporting codes, such as PNG Kickboxing Federation, to enhance and develop youths in sports as a driver for career development pathways (e.g. Sporting scholarships). 3. Recommendations from reviews regarding capacity building and improvement to the Institutions, NHC, etc., are implemented.

		- Multi-stakeholder committee programs cater for the alignment of all institutional housing projects strategies/policies to meet requirements of the new NHC policy and law.	cies of govt to deliver service in collaboration with private sector and LOs as per the new policy and legislation	
STRATEGIC ACTION #4: RESTORE PROFESSIONAL AND ACCOUNTABLE PUBLIC SERVICE AND INSTITUTIONS - NEC Dec# 90/2025: D4. 1, 2 and 4/SDG				
1. Strengthen the Office of the Chief Secretary, 2. Merit based appointment – explore global best practices for adapting. 3. Performance and institutional audits to address duplication of functions, ghost names, ageing workforce, 4. Adequate resourcing timely delivery of financial audits 5. Effective monitoring, evaluation and reporting (including DSIP/PSIP). 6. Efficient and transparent procurement process 7. Privatization of SOEs	INA 40 year Symposium held at Alotau in the Milne Bay Province - March 2016 2023 & 2024 NDF Report/Recommendations 2017 & 2018 CIMC's NDF Recommendations 2016 NDF Recommendations	1. Carry out comprehensive organizational and performance audits on key State Agencies and their functions to address issues duplication of roles and functions including other related dysfunction to ensure alignment and performance of mandated roles; identify room for improvement to ensure effective service and linking plans and budgets 2. Public service reforms – Introduction of merit based appointment system to be coordinated by DPM with oversight provided by an independent ethical or accountable body; remove political interference in the appointment of heads of integrity agencies. 3. Amends the DDA Act to ensure the CEO/District Administrator is appointed by Provincial Administrators without any form of political view/influence. Any other provision in the Act that hinders work of District Administrators should also be removed or amended 4. Review and revise role of the Public Service Commission as per the Public Service General Orders and make recommendation for the separation of functions and doing away with the function of appointment of departmental heads and senior public servants 5. Develop an umbrella digital national monitoring, and accountability framework/system that actively monitors and report on non-compliance and other performance issue 6. Adequately resource the Auditor General's Office to carry out its mandated role effectively (audit of public spending and timely delivery financial audit reports)	1. GoPNG to tighten control and stop wastage of public funds including SIPs must be by enforcing strong laws including funding and resourcing lead government entities to carry out their functions to instill accountability and prudent fund management 2. Reviews the Treasury System in the districts because it is becoming difficult to hold treasury staff operating in the districts accountable for any misdeed including failure to provide reports to District Audit Committees; 3. Establish independent monitoring mechanisms allowing citizen reporting as well over public spending including DSIP / PSIP funding as well 4. Department of Personnel Management (DPM) to review and strengthen the Public Service (Management) Act 2014 on the National Training Policy (NTP) (as outlined in General Order 6) for Proper Training Programs for disciplinary forces on personal and character development. 5. Re-view, revamp and strengthen Public Service Acts or defunct systems to support accountable, transparent and merit based performance and address corruption. 6. DLPGA to ensure effective and swift operations of the 3 tiers of Government (National, Provincial and LLG) and visibility in the districts (DPLGA). 7. Adequately resource DPLGA & DNPM to coordinate establishment of citizens service charters clarifying government roles and budgets at all levels (provincial, district and Ward facility) in partnership with civil society, OC,	1. Government strengthens its partnerships with civil society and private sector so they are meaningfully engaged in preparation, implementation, monitoring and evaluation of public policies and programs including initiatives for community engagement, i.e. social accountability initiatives and foster initiatives for community engagement in law & order, education including adult education and health service delivery. Examples could include social accountability initiatives and the finalization of the CSO - State partnership framework 2. Empower civil society to be directly involved as independent monitoring agents that can participate in various social accountability mechanisms recognized and supported by the government. Such CSO monitoring activities can also be amalgamated to form annual independent reports on public expenditure, contracts and programs at both national and sub-national levels (This also ties in with other initiatives, including government's commitment to the EITI process) 3. Ensure active involvement of communities in the DDAs to maintain transparency and accountability as the current implementation and monitoring arrangements for DDAs have significant gaps 4. The Secretary for the Department of Personnel Management endorses the resolutions and draft implementation plan from the 2015 National Women's Forum on the Leadership Precinct (ELD) in order for Public Servants Women in Leadership initiative to be embraced. 5. GoPNG to build stronger partnerships in line

8. Repeal the DDA Act and abolish DDA's		7. Adequately resource and strengthen the Office of the Chief Secretary to function effectively as overseer over the implementation of plans and budgets as approved. 8. The Government puts in strict measures and penalties to deter political involvement and appointment of bureaucratic leaders at all levels of Government and call for merit based appointments following the Public Service Management Act. Merit based appointment system to be coordinated by DPM with oversight provided by an independent ethical or accountable body. 9. Review and amend PFMA s31 to remove political interference. 10. Review the appointment process used to appoint the ICAC Commissioners and heads of other integrity agencies (Police Commissioner, Ombudsman Commissioners, Public Prosecutor, Solicitor General, etc.) heads and amend to limit/remove political interference or influence and include CSOs such as TIPNG. 11. DPM to structure the GESI Position within relevant govt agencies. 2) Compliance - National govt to budget for the implementation of the GESI Policy. 3) Workforce environment - Govt agencies to comply with the GESI Policy to create an inclusive work environment. 12. Adequately fund the Department of Implementation & Rural Development (DIRD) to carry out its functions fully to ensure public funds are spent and reported accordingly and political leaders are held to account. 13. Establish a public complaint and grievance redress mechanisms, eg. Participatory budgeting, citizens must monitor, oversight and provide feedback on public sector performance;	DfCDR, CIMC, etc. to hold decision makers to account and promote transparency in delivery of services. 8. Review roles, functions and mandates of existing of KCH, KPH and other SOE's and performance of contribution towards public expenditure (Consolidated revenue Fund) and stabilization Funds (Sovereign Wealth Fund) recommend; privatizing whether full or partial; amending legal loopholes and erroneous effects; and disbursements of funds as initially intended. 9. Encourage provinces and districts initiate ongoing open budget forums at their levels in partnership with CIMC and others, in line with existing open budget initiatives. 10. Somare Institute of Leadership and Governance (SILANG) to develop and conduct mandatory Leadership Training or Refresher Program for new Heads of agencies after their official appointment to uphold the integrity of the public office. 11. Strengthening the Monitoring and Evaluation function of the Department of National Planning & Monitoring (DNPM) across all Departments and hold them accountable for non-compliance. 12. The integrity agencies' internal mechanisms of case selections and management needs to be strengthened to remove political interference, and overall investigations.	with the PNG Government's National Goals to mobilize resources, share knowledge for effective service delivery in alliance with critical partners, civil society organizations (CSOs) and the core and relevant state agencies to achieve country plans and objectives. 6. Create user-friendly pathways for public to report on inefficiency in the Public Service. These mechanisms must be made available to people in the communities so they can hold Public Officials accountable too.
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DECENTRALIZATION OF POWERS & FUNCTIONS TO SUBNATIONAL LEVEL			
1 Decentralization to empower to subnational governments, 2. GoPNG to enact the Decentralization Bill supposedly Organic Law.	Papuan Governor's Dialogue – Accord & Recommendations 26th -28th March 2025	1. PM's Department to collaborate with CLRC and DPLGA to update and progress the 2014 Report on the 1995 OLPLG, including the alteration of Section 187A - 187J of the Constitution which will include the socialization of the Report, review and redefine the Report and its recommendation to enact a new Organic Law on Decentralization. 2. Liaise with CLRC to enact the Law on Decentralization which was devised through extensive consultation and research and likely to improve decentralization, relationship between the national and sub-national relations, funding and resourcing provisions.	1. Liaise with Constitutional & Law Reform Commission to implement recommendations of the consultation from the 2014 Report to ensure and support appropriate decentralization 2. Support the decision for constitutional amendment to Section 187A – 187J of the Constitution to enact the new Organic Law on Decentralization and commit to implement the Gradative Decentralization, now provided for in the new Organic Law on Decentralization of Provinces.
STRATEGIC ACTION #5: REVIEW AND STRENGTHEN POLITICAL SYSTEM - NEC Dec# 90/2025: D4. 6			
1 Political parties should be policy-based encouraging voting along party lines 2 Independence of the Office of the Speaker, 3 Legal policy changes required to separate the roles of MP's from the public service regarding service delivery. Incorporate leadership sensitizing program into current induction program for MP's Abolish DSIP/PSIP funds and remove MP's' service delivery	Recommendations are largely taken out of Open Government Partnership Initiative consultations, a process initiated, progressed and monitored by CIMC, INA, TI and other CSO partners since 2012. NRI Review Report 50 yrs-20 year Roadmap Project 2025 PP 99 - 100	1. Electoral Commission to immediately implement the Recommendations of the Report by the Parliamentary Committee on 2022 Elections. 2. Enactment of organic law to give effect to the Equality and Participation Act 2011 (s101 (1)(d)) to ensure women participation in politics /22 Seats for Women 3. Funding for electoral preparedness should be allocated right after the general elections and should come from DSIP/PSIP allocations. 4. Ensure legislative reforms to compel a portion of the DSIP/PSIP funding to elections preparation at the district level to fund awareness for voter education, common rolls, identifying and fixing electoral boundaries, training of electoral officials, paying service providers and other related matters. 5. Address security issues immediately. The police to citizens ratio in PNG is 1 : 2000 - one police man is expected to deal with a security situation involving 2000 people. There should at least be minimum 3000 police recruit every year for a decade until a police-citizen ratio of	1. PNG Electoral Commission in support of Civic Engagement Campaigns: provide adequate resourcing and strengthening in enforcing the implementation of the Organic Law on National Elections and s126 of the Constitution to encourage citizen participation in governance and accountability. 2. Revive, improve, strengthen accountability of MP's through induction, refresher trainings and awareness programs on visionary and accountable leadership, democracy and separation of powers, rule of law etc. to be let by the Speaker's office and the office of Registrar of Political Parties including civil society players. i.e. CIMC. 3. Ensure legal policy reforms to limit interventions and control of MP's in bureaucratic processes and decision making to ensure efficiency, effectiveness in public service delivery. 4. Office of the Speaker of the National Parliament to incorporate the Leadership Sensitization Program in the existing induction program. This is for senior public office holders and elected representatives to undergo mandatory leadership training after their official appointment-
			1. Establish Constitutional Review Commission to conduct country-wide consultations to review and strengthen the roles and functions of the National Parliament (the Legislature); in order to improve effectiveness of the roles of representation by Members of Parliament (MPs); of Law making and the oversight role of Parliamentary Committees, as well as the establishment of an Upper House with representatives from regions and groups to vet major legislations before enactment. 2. Conduct the local level government (LLG) elections before the national general elections. This would allow the PNG electoral commission to "test" the accuracy of the common rolls, the projected costs of the elections, assess the security landscape, before the national elections. 3. Common roll update must be decentralized as electoral reforms. Every ward in PNG should have a "ward recorder." Once trained, the ward recorder would then keep records of deaths, births, gender, those migrating out or in through marriages and resettlements, and accurate population and demographics. 4. Quality checks of these data would be

functions shifting expectations and pressure rightly to the Public Sector	1: 300 is reached. 6. Review and strengthen the powers and functions of Parliamentary Committees (including Public Accounts, GBV, Electoral Reforms,) and the office of the Speaker of Parliament ensuring its independence. 7. Review OLIPAC and Registry to streamline and promote policy based political parties (explore to discourage one- man political parties). 8. Abolish state funding to political parties, being / if unconstitutional, which will cause parties to seek broader support from party members and followers, thus becoming broad based and would cause small parties to potentially merge or cease to exist. (At the moment, state pays K10, 000 per MP to the political parties from the Central Fund). 9. Explore models suggested by the CLRC report and the revised OLIPPAC regarding political parties and ensure changes agreed upon are focused on improving the existing systems. 10. Constitutional grants and all other necessary funding are allocated equally to both opposition and government MPs according to law. This would make parliament (opposition) more independent, and less likely to act opportunistically by switching sides.	ment to uphold the integrity of the public office. 5. MPs who are taken to the court of disputed returns and their election declared null and void for engaging in corrupt means should also be prosecuted criminally using the same sets of evidence. 6. Explore proportional voting systems like the New Zealand and Fiji models. 7. Government must review the Organic Law on Political Party to encourage sub-national political groups to participate in National Party policy development and representation; 8. Establish constituency development fund through law (a Constituency Development Fund Act) to ensure a specified percentage of the allocated DSIP/PSIP each quarter of the year depending on revenue to make parliament (especially opposition) more independent and improve transparency and accountability. 9. Ensure that MPs have limited 'discretion' over the application of the DSIP/PSIP funds as the funds are tied to national plans that are adopted and localized at the provinces and districts.	done by the Provincial (and district) electoral commission representatives. Instead of an expensive and defective common roll up-dates conducted at the very late leading up to elections, this decentralized approach would provide relatively accurate data. 5. Create administrative structures through planning and budgeting before creating new Districts/Electorates. (Government has proposed 6 new Electorates so the stage must be set for their creation) 6. Ensure political stability through electoral reforms to focus on disentangling MPs' service delivery roles as the pressure of service delivery leads to opportunistic behaviors. 7. Ensure legislative reform to establish and improve where needed transparency, accountability and inclusive decision making over these funds at the provinces and districts. 8. Strategize to moving service delivery from MP's and Political heads into the domain of the public sector who are legally mandated for the task.
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STRATEGIC ACTION #6: ENVIRONMENT PROTECTION & CLIMATE CHANGE MANAGEMENT - NEC Dec#90/2025: D4. 3 / SDG's			
*Maximum consultation and fair participation by Landowners in natural resource development *	Research Study: <i>Protected Area Financing: Legal Gap Analysis -Climate / Protected Area Financing laws UNDP/INA Sept 2022</i> Research Study: "Comprehensive Legislative Review of Protected Areas	1. Review resource sector law and policy to clarify and promote customary ownership of minerals and resources, FPIC, thorough landowner consultation and fair participation in natural resource development /fair maximum benefit sharing. 2. Implement the National Strategy for Responsible Sustainable Development (STaRS) 3. Enact and pass Regulations re the Protected Areas Act	1. Conduct reviews and commence legal policy reforms to ensure domestic financing of protected areas from the extractive sector through the Climate and Biodiversity Fund (CBD) for environment/biodiversity conservation and related purposes. 2. Effective inter-agency cooperation with CEPA to ensure compliance to environmental standards and also collaboration with private sector to promote conservation and sustainable development;
		1. Strategize to develop mechanisms for allocation of extractive sector revenue for domestic financing of protected areas. 2. Strengthen interagency cooperation in the development of REDD+ development and adaptation of climate change initiatives / carbon trading including the implementation of the Protected Area laws and policy 3. Promote effective inter-agency cooperation between CEPA and other mandated State Agencies to ensure adherence and compliance	

	legislations in PNG” UNDP/CEPA Aug 2015 PNGEFF/CIMC Review of PNG Forestry & REDD+ Policy and Law LEAF/USAID – Jul 2014 PNGEFF/CIMC	4. Enact and pass the Regulations for the Climate Change Management Act 5. Ensure the implementation of environmental bonds, charges and fees already provided for by current legal framework -	A) Biodiversity Offset Policy B) Development and implementation of REDD plus C) Adaptation of climate change initiatives	to environmental standards, legal policy requirements to address environmental pollution/destruction, climate change effect challenges.
STRATEGIC ACTION #7: RECOGNIZE AND PROMOTE PNG WAY (CULTURE) - National Goals & Directive Principles: Goal# 5				
Recognize, promote & maintain traditional Governance systems	National Goals and Directive Principals enshrined in the PNG National Constitution	1. Strengthen Melanesian Institute of Linguistics and others to preserve PNG's culture and languages. 2. Revive Provincial cultural centers/museums. 3. Strategize to develop mechanisms for the protection of local, traditional intellectual knowledge, products, skills (bilums),	1. Protection of local/traditional intellectual knowledge, products, skills (bilums). 2. Recognize, promote & maintain traditional Governance systems. 3. Incorporate learning on PNG culture/language into schools (elementary teacher training & elderly knowledge sharing)	1. Ensure a structured approach to promoting the PNG's unique cultural values, beliefs and identity; understanding and articulating what is positive to creative new culture of national pride, combined with compatible international standards to drive economic and social performance 2. Rewriting our (PNG's) own story (effective negotiation) on our own terms in all matters whether it be development discussions or agreements with donors and others
STRATEGIC ACTION #8: TRANSPORT AND INFRASTRUCTURE				
Development of quality, reliable, sustainable and resilient infrastructure to support economic development and human wellbeing:	3rd highest group (15/156) of recommendations were those classified under SDG 9 (Industry innovation and Infrastructure) CIMC stock take of implementation of 2014-2017 National Development Forum (NDF) recommendations held in 2018	Develop and maintain monitoring systems to effectively manage and monitor private contracting to ensure outcome is value for the money spent Revive provincial works department or local repair and maintenance capacity to focus on routine maintenance and repairs 1. Develop and maintain monitoring systems to effectively manage and monitor private contracting to ensure outcome is value for the money spent. 2. Department of Works and Highways to extend the Road Management and Maintenance Plan 2025-2040 to develop and include maintenance programs for sustainability not limited to roads only nonetheless, to be inclusive of other public infrastructures built.	Provincial Government Works Departments should be adequately resourced and capacitated to carry out routine maintenance and rehabilitation of provincial road links, bridges, airstrips, jetties as a matter of priority and establish quality control mechanisms Government to ensure all transport system and infrastructure development must be inclusive/user-friendly. The first step is to include representatives of people with disability in the technical committees and boards. 1. Provincial Government Works Departments should be adequately resourced and capacitated to carry out routine maintenance and rehabilitation of provincial road links, bridges, airstrips, jetties as a matter of priority and establish quality control mechanisms.	Upgrade rural airstrips and provide targeted subsidies for rural air services to promote welfare and economic activities

		3. Road Traffic Authority to effectively implement Part VII, VIII, IX and X of the Road Traffic Authority Act 2014 for a safer transport system without taking advantage of Part IX. 4. 1) Implementation of the National Transport Strategy & the National Agriculture Development Plan. 2) Completion of Reports on the number of market facilities. 3) Progress of the Medium Term Transport Plan (MTTP). 5. 1) Implementation of the National Roads Authority Legislation Act 2003/2005. 2) Progress of RAMS (Road Asset Management System). 3) Implementation of Road Maintenance Act 1971 and Roads Maintenance Regulation 1973. 6. Implementation of the National Policy on Disability, and the use of public infrastructures by people living with disability. 7. Outcome of the Gender and Transport Study by the UN. 8. Implementation of the Department of Works Corporate Strategic Plan (2015-2019). 9. Government to ensure building boards, transport sector, and infrastructure policies to be updated to cater to Persons with Disability, by aligning the Transport Department's Policies with the National Policy on Disability (2015-2	2. Government to ensure all transport systems and infrastructure development must be inclusive/user-friendly. The first step is to include representatives of people with disabilities in the technical committees and boards. 3. Progress of the Rural Airstrips Authority's Maintenance and Restoration Programs, and progress of all new ports being constructed. 4. District Development Authority rolled out projects, progress of the provincial works departments projects, and progress of the policies implemented by the Department of Works & Transport.
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STRATEGIC ACTION #9: MONITORING & EVALUATION – RESEARCH & LEARNING			
CIMC stock take of implementation of 2014-2017 National Development Forum (NDF) recommendations held in 2018		1. CIMC to be recognized as a focal point to promote and strengthen monitoring, information sharing and other accountability and transparency initiatives. 2. Government must ensure sufficient resourcing to cover technical and financial requirements to deliver this service to a high standard and to a wide range of citizens through relevant mediums. 3. Provinces and districts initiate ongoing open budget forums at their levels in partnership with CIMC and others, in line with existing open budget initiatives.	1. That government empower civil society to be directly involved as independent monitoring agents that can participate in various social accountability mechanisms recognized and supported by the Government. 2. Such CSO monitoring activities can also be amalgamated to form annual independent reports on public expenditure, contracts and programs at both national and sub-national levels (This also ties in with other initiatives, including government's commitment to the EITI process).

Annexure E

The UNDP Report



PNG@50

DELIVERING FOR DEVELOPMENT

August 1, 2025

B O L D
BUILDING OPPORTUNITIES
FOR LEADERSHIP IN DEVELOPMENT

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EXECUTIVE SUMMARY

Notwithstanding its significant accomplishments over the last five decades, Papua New Guinea marks its 50th anniversary at a time of deep development challenges and narrowing windows of opportunity. The country is in a human development crisis. Demographic pressures, climate risks, and a more volatile global landscape are placing additional strain on already overstretched institutions.

Yet this moment also presents an opening to reframe PNG's development model, reset its governance foundations, and renew the social contract between the state and its citizens.

What PNG needs now is imagination and determination. Imagination to envision a future in which all Papua New Guineans have the opportunity to thrive. Determination to steer decisively in that direction through collective effort, political resolve, and implementation focus.

The core of a strategic reset consists of three mutually reinforcing shifts: effective leadership and governance to break vicious cycles, a more effective growth model that generates employment and expands opportunity, and a people-first development agenda that secures human dignity and resilience.

Effective Leadership and Governance that Breaks Vicious Cycles

All other reforms depend on getting governance right. Without institutional renewal and credible leadership, even the most technically sound development plans will falter. This pillar anchors national transformation. It sets the direction, builds trust, and enables delivery.

PNG has long struggled with fragmented authority, weak vertical coordination, and blurred mandates across government levels. These dynamics contribute to a cycle where policy ambition is repeatedly undermined by poor execution. Breaking this cycle calls for a more capable center of government, reinforced fiscal gatekeeping, and a leadership culture focused on implementation.

Restoring public trust starts with credible budget discipline. Public wealth must be protected by closing leakages, enforcing expenditure rules, and aligning budgets more tightly with national priorities. This requires strengthening the Treasury, Finance, and Planning functions and ensuring coherence across them.

Execution mechanisms also need a step-change. A dedicated delivery unit under the Prime Minister's Office, together with an empowered monitoring and coordination agency, can help anchor delivery, maintain continuity, and keep major reforms on track. These institutions must operate with clear mandates, streamlined reporting lines, and high-level political backing.

At the subnational level, effective service delivery depends on clarity of roles and resourcing. Service delivery compacts between national and local governments can establish shared responsibilities, performance expectations, and channels for oversight. Strengthening provincial capacity and enabling greater citizen oversight can reinforce accountability from both above and below.

Governance reform is not a single action. It is a sustained process of aligning authority, strengthening systems, and reinforcing the discipline of delivery. It requires political resolve and institutional commitment. When these conditions are in place, progress in other areas becomes possible. Without them, little else will hold.

Smarter Growth that Delivers Jobs at Scale

Employment generation must be the organizing principle of PNG's growth strategy. With over half the population under the age of 25, the challenge is not simply one of growth, but of jobs — jobs that are accessible, productive, and responsive to the aspirations of young Papua New Guineans.

Unlocking this potential requires structural change. PNG needs a growth model that activates the country's natural endowments, mobilizes underused assets, and strengthens linkages across sectors. Priorities should be technically feasible, politically supported, and capable of delivering results within a medium-term horizon.

Three strategic growth anchors are essential. First, resource wealth must be translated into broader development gains. Accelerating the implementation of high-return resource projects, while maintaining environmental and community safeguards, can create fiscal space and crowd in investment. Second, agriculture, which is PNG's largest source of employment, must be modernized and commercialized to raise productivity and incomes in both lowland and highland areas. Third, urban growth poles, especially in secondary cities, offer entry points for industrial and service sector expansion, supported by infrastructure and land access reforms.

Reform of state-owned enterprises is a priority enabler. More reliable and affordable transport, power, and telecommunications services are essential to catalyze private investment and improve market access. Likewise, policies to expand access to land for agriculture and housing can unleash investment and drive spatial transformation.

These elements should be brought together in targeted, area-based initiatives that demonstrate results and build momentum. Integrated interventions in selected growth corridors or urban nodes can serve as laboratories for scalable solutions, combining infrastructure, enterprise support, and labor market entry programs.

A Development Model that Centers on People

Human development is the most important benchmark of progress. The ability of Papua New Guineans to live safe, healthy, and productive lives should remain the core purpose of the country's development strategy. Advancing human security, expanding capabilities, and promoting inclusion are essential to building a more resilient and cohesive society.

Improving access to essential services remains a foundational priority. There is scope to strengthen basic health and education systems, particularly in underserved rural areas. Focused efforts to improve foundational learning, maternal and child health, and disease prevention can deliver widespread and lasting benefits. Expanding electricity access and improving service reliability also have strong potential to enhance both well-being and opportunity.

Preparing for the future involves rethinking how people are equipped for changing economic realities. Technical and vocational pathways, more responsive training systems, and youth employment initiatives can help bridge the gap between education and the labor market. These efforts gain traction when aligned with economic transformation strategies and when targeted toward areas of growing demand.

Greater inclusion is central to sustainable development. Addressing persistent barriers linked to gender, geography, income, or disability can help extend opportunity and strengthen social cohesion. Development strategies that systematically identify and respond to these constraints are more likely to meet the expectations of citizens across all communities.

A longer-term perspective also matters. Strengthening resilience through investments in climate adaptation, sustainable land use, and disaster preparedness can help safeguard development gains and support intergenerational equity.

Centering development on people is not only about outcomes. It is also about aligning public action with the needs, aspirations, and potential of every Papua New Guinean, ensuring that progress becomes tangible in everyday life.

* * *

The path forward requires purposeful state action and a long-term development vision that is grounded in delivery. Leadership and governance reform can drive this shift. A new growth model can broaden participation. Centering development on people ensures progress reaches everyone.

This is PNG’s opportunity to change course and set in motion a different development story. What matters now is credible commitment, strategic focus, and the resolve to follow through. With the right decisions today, it is possible to deliver outcomes that are visible, widely felt, and remembered as the beginning of lasting change – a foundation future generations can continue to build upon.

ABOUT BOLD

BOLD—"Building Opportunities for Leadership in Development"—is a high-level advisory program by UNDP that aims to reimagine and reshape development strategies in response to today's urgent challenges.

With disruptive trends—climate change, demographic change, slower globalization, technological shifts, and growing governance risks—clouding the development landscape of the future, BOLD fills a critical need. Billions of people are striving for better lives, but the world is off-track on the Sustainable Development Goals (SDGs). In light of the above, countries must anticipate better, adapt faster, and get better at making change happen.

BOLD combines UNDP's expertise with a global network of renowned experts in development strategy, human development, growth, sustainability, and governance. The program delivers world-class, customized advice to senior government leaders, helping them navigate the toughest challenges and capitalize on opportunities.

BOLD is about big ideas but, even more so, it is about translating them into action. The program stands out by:

- Adopting a future-focused approach, helping countries foresee challenges and shape their own path forward.
- Developing strategic big bets, focusing on high-impact bottlenecks and solutions in an era of limited attention spans and scarce resources.
- Embedding implementability from the start, ensuring ideas are actionable and drive real-world change.

By blending foresight, strategic focus, and emphasis on implementation, BOLD empowers leaders to make bold decisions and turn vision into reality.

ABBREVIATIONS

AMDIE	Investment and Export Development Agency (Morocco)
BOLD	Building Opportunities for Leadership in Development
CIMC	Consultative Implementation and Monitoring Council
CRI	Regional Investment Center (Morocco)
DSIP	District Services Improvement Program
ECE	Early Childhood Education
EITI	Extractive Industries Transparency Initiative
FDI	Foreign Direct Investment
GBV	Gender-Based Violence
GDP	Gross Domestic Product
IDA	Industrial Development Agency (Ireland)
ILG	Integrated Land Group
IP	Intellectual Property
MIDA	Malaysian Industrial Development Authority
MNC	Multinational Corporation
NID	National ID

NSO	National Statistical Office
PEMANDU	Performance Management and Delivery Unit (Malaysia)
PETS	Public Expenditure Tracking Survey
PNG	Papua New Guinea
PNG@50	Papua New Guinea at 50
PM	Prime Minister
PSIP	Provincial Services Improvement Program
REDD+	Reducing Emissions from Deforestation and Forest Degradation
RHDR	Regional Human Development Report
SDG	Sustainable Development Goals
SOE	State-Owned Enterprise
TVET	Technical and Vocational Education and Training
UNDP	United Nations Development Programme
WASH	Water, Sanitation, and Hygiene
WDI	World Development Indicators
WTTC	World Travel and Tourism Council

PREFACE

This report is a contribution to the 20-year national roadmap workstream under the Government’s “Honoring the 50-Year Legacy, Evaluating the Present and Shaping the Future” initiative, launched by the Prime Minister of Papua New Guinea as part of the PNG@50 celebrations. It forms a key element of UNDP’s ongoing support to the Government of Papua New Guinea through the BOLD (Building Opportunities for Leadership in Development) initiative, a high-level advisory programme by UNDP that aims to reimagine and reshape development strategies in response to today’s urgent challenges.

As the country commemorates 50 years of independence, the moment calls for reflection on past accomplishments. But it also is an opportunity to reboot the development trajectory. This report seeks to inform that process.

The analysis draws on the 2024 Asia-Pacific Regional Human Development Report (RHDR) framework, adapted to PNG’s unique context. Grounded in its three core pillars—*smart growth, people-centered development and effective leadership and governance*.

To inform this work, the team conducted a comprehensive review of key national documents on strategy and consulted with key stakeholders, most notably with the PNG@50 Steering Committee, including its Chairman Charles Abel, Deputy Chairman Arthur Somare, and members of the Technical Team.

The central aim of the report is to spotlight the most critical redirections needed to build a more economically dynamic, inclusive and sustainable society, and offers a strategic framework to help guide that transformation.

The report was produced by Philip Schellekens (Chief Economist for Asia and the Pacific, UNDP), Shahid Yusuf (Chief Economist of the Growth Dialogue and Senior Advisor for UNDP), Artemiy Izmestyev (Country Economist, UNDP PNG), Zoë Pelter (Head of Governance, Peace and Gender, UNDP PNG), and Amos C. Peters (Policy Specialist, UNDP, and former Country Economist, UNDP PNG), under the overall guidance of Nicholas Booth (Resident Representative, UNDP PNG) and Aadil Mansoor (Deputy Resident Representative, UNDP PNG).

INTRODUCTION

The 50th anniversary of Papua New Guinea's independence represents more than a symbolic milestone. It is a chance to take stock, face persistent challenges head-on, seize new opportunities, and chart a bold new course for the decades ahead.

Since independence, PNG has made important gains. The economy has grown more than twentyfold in nominal dollar terms (Figure 1), and social indicators captured by the Human Development Index have also improved (Figure 2). But despite such long-term progress, big gaps remain.

Moreover, the world is not standing still, and neither can PNG. Several windows are narrowing fast. Acting now—and acting decisively—is the best way forward. That means focusing on three shifts: stronger leadership and governance; smarter, job-creating growth; and a renewed focus on people as the real engine of development.

This report lays out a practical game plan for the next 20 years, accompanied by a hands-on roadmap to turn ambition into action and deliver lasting results.

A Human Development Crisis

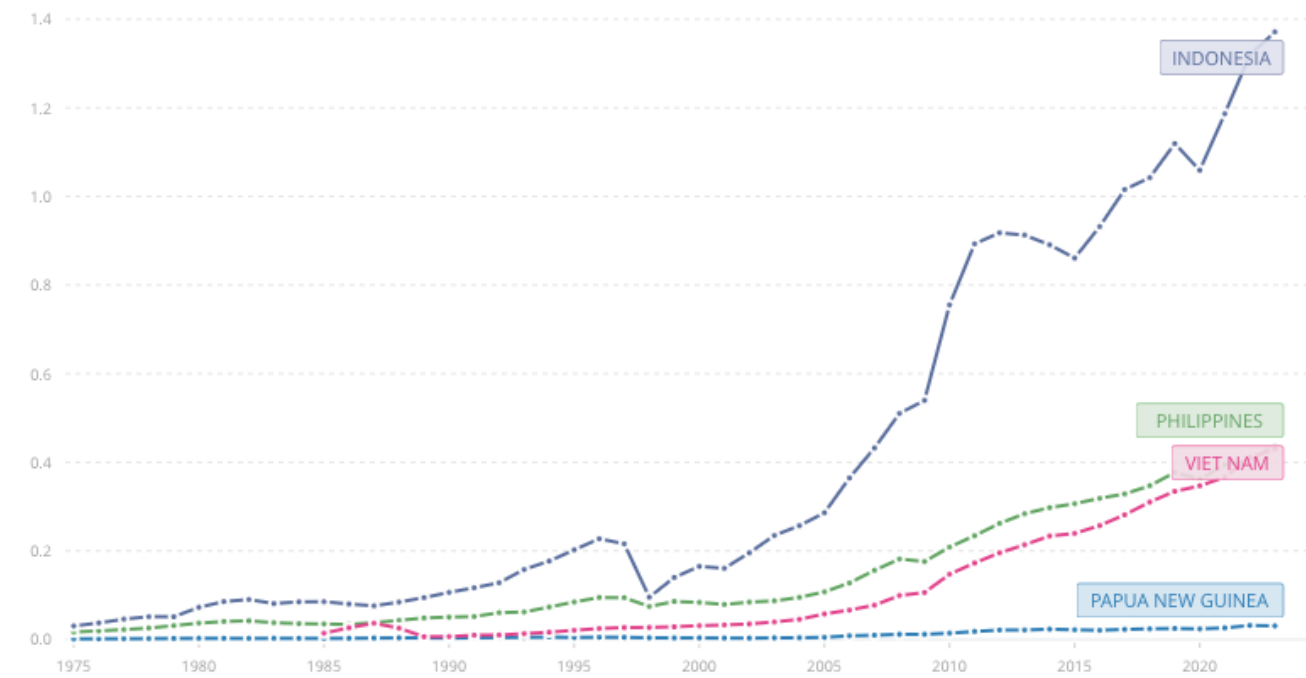
For many Papua New Guineans, the promise of development remains out of reach. Despite years of resource-led growth that have boosted the national balance sheet, human development outcomes remain among the lowest globally. Papua New Guinea ranks 154th out of 193 countries on the Human Development Index. Life expectancy stands at 65.4 years and the average number of years of schooling is 4.7. In contrast, the averages for lower-middle-income countries in the Asia and Pacific region are 72.5 years and 7.6 years, respectively.

Deprivation is widespread and deeply entrenched. An estimated 40 percent of the population lives in extreme poverty. Malnutrition rates are alarming—stunting and wasting affect about 50 percent of children, placing Papua New Guinea among the worst-affected countries globally. Based on the most recent estimates, 56.6 percent of the population is classified as multidimensionally poor, while an additional 25.3 percent is considered vulnerable to multidimensional poverty.

Access to basic services remains severely limited. Only 20 percent of households have access to the national electricity grid. Many communities lack reliable healthcare and other essential public services. These service gaps reduce the ability of individuals and families to improve their well-being or recover from shocks.

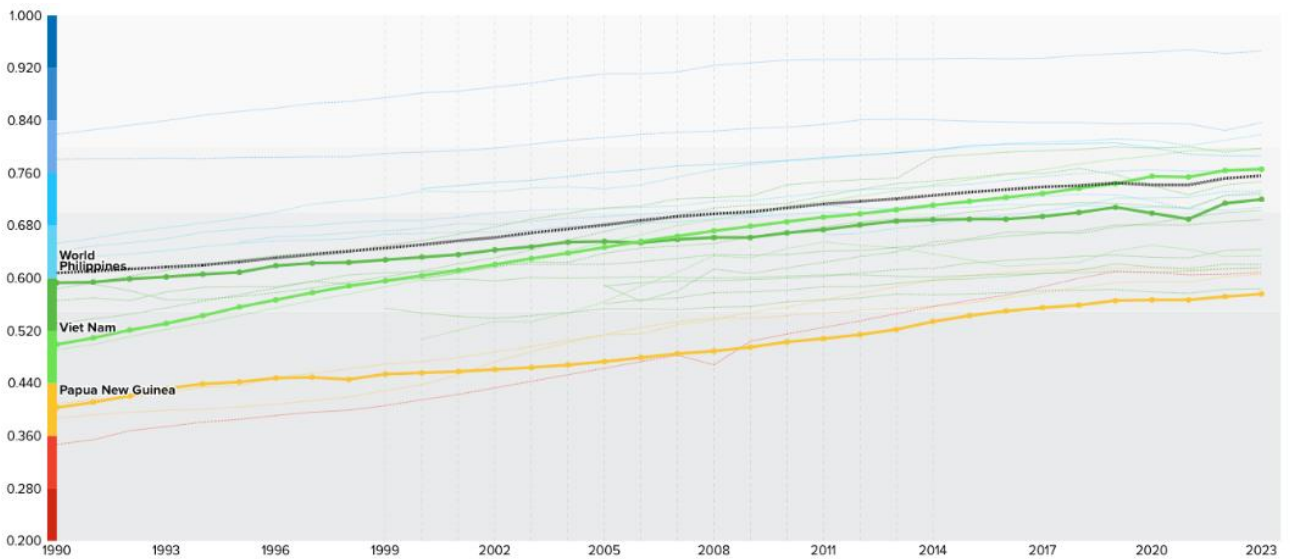
Insecurity and violence are widespread and pose serious risks to development progress. Women and children are particularly affected. Persistent threats to safety and security restrict participation in society and undermine efforts to expand economic and social opportunities.

Figure 1. Indonesia, PNG, Philippines and Viet Nam: Gross Domestic Product, 1975-2023 (in nominal dollars)



Source: World Development Indicators, 2025.

Figure 2. PNG, Philippines, Viet Nam and world average: Human Development Index, 1990-2023



Source: UNDP.

While the country has benefited from natural resource wealth, the gains have not been evenly shared. The growth model has been heavily extractives-driven, with limited impact on

inclusive development. Large parts of the population remain disconnected from the benefits of national growth and lag behind on nearly all human development indicators.

In short, the development agenda remains unfinished. But more than that, Papua New Guinea faces a human development crisis. This demands urgent, sustained national attention and decisive policy action to create opportunities, reduce vulnerability and improve the quality of life for all.

Three Narrowing Windows for Action

Despite progress that has been made, a large unfinished agenda remains, creating urgency to close development gaps and address the human development crisis. That urgency is further intensified by three narrowing windows that demand prompt and decisive action: demographics, climate change, and a more challenging global economic landscape.

A Growing Youth Bulge That Demands Jobs

Every year, approximately 50,000 of young people enter the labor market, and too many find few real options. If job creation does not keep pace, frustration and instability will follow. PNG sits in the middle of what is called the “demographic arc of instability”, where large, jobless youth populations can quickly become a volatile force. Add to that the fact that more than half the population is under 25, and urbanization is still limited. That is putting serious pressure on informal livelihoods.

Climate Change as an Escalating Threat

From rising sea levels to extreme weather, PNG is among the most exposed countries in the world. The economic costs of inaction will only rise and could reach 1–2% of GDP annually within the next decade. But PNG also possesses globally significant natural capital from one of the world’s largest tropical rainforests to rich marine biodiversity which, if protected and leveraged, could become a long-term asset in a sustainable growth strategy.

A More Challenging Global Economic Landscape

The Asia-Pacific region is a dynamic place. Countries that are reforming and modernizing are pulling ahead. If PNG waits too long, catching up will be harder. Furthermore, capital is increasingly flowing to places where governance is predictable, institutions are strong, and rules are clear. PNG can and should be one of those places, but that means accelerating reforms now.

New Directions for PNG@50

PNG@50 could mark a genuine turning point, but only if it leads to action.

This report lays out a practical way forward, focused squarely on the barriers that have long held Papua New Guinea back. As Table 1 shows, three major redirections are needed: fixing the political and institutional weaknesses that have blocked progress for too long, building a job-rich economy, and putting people at the center of development.

One lesson from past efforts is clear: prioritization matters. This report consciously avoids the all-too-familiar trap of presenting a long wish list of reforms. Laundry lists stretch limited resources, dilute political capital, and exhaust attention spans.

Still, prioritization is rarely simple. It must reflect both the evolving preferences of decision-makers and the capacity to deliver. This report approaches the challenge in three steps. First, it is structured around three overarching priorities: effective leadership and governance, smarter growth, and putting people first. Under each pillar, it highlights three to four strategic redirections considered essential for real progress. Finally, it offers a concise set of critical but illustrative action points, drawn in part from national consultations and the work of the PNG@50 Committee, and aligned with the report’s strategic framework.

Table 1. PNG@50 Framework

Pillars	Priorities
Effective Leadership and Governance: Breaking Vicious Cycles	1. Sparking and Sustaining Interest in Change 2. Remedying Institutional Weakness 3. Reducing Accountability Deficits
Smarter Growth: A Growth Model That Delivers Jobs	1. Unlocking Resource Wealth 2. Revitalizing Tradable Agriculture 3. Building an Urban-Industrial Economy
People First: A Development Model Centered on People	1. Enhancing Human Security 2. Nurturing Human Capabilities 3. Tackling Structural Exclusion 4. Ensuring Sustainable Futures

Effective Leadership and Governance: Breaking Vicious Cycles

At the heart of PNG's challenges lies the need to fix the system itself, which will require sparking and sustaining the interest in change, remedying institutional weaknesses, and reducing persistent accountability gaps. Without this foundation, even the best policies will not be able to stick.

This means building real political commitment to a future-oriented pro-human development agenda that can survive changes in leadership and resist backsliding. It means focusing government on its core purpose: delivering basic public goods, enabling the private sector, and providing a stable, safe, and rules-based environment. Citizens need to see real improvements to rebuild trust: better and more equitable services, protection, more transparency and participation, stronger accountability, and data systems that track what is getting done.

Smarter Growth: A Growth Model That Delivers Jobs

PNG needs a new growth model that creates jobs and delivers benefits across the population, not just resource booms that come and go.

Paradoxically, a new growth model that diversifies away from natural resources will require greater attention in the first place to the natural resource sector. It is imperative that new resource projects are unblocked, but also that their revenues are captured in a better way by the budget and are then spent more strategically as investments in human development and economic diversification.

At the same time, revitalizing tradable agriculture can help drive inclusive growth, from cocoa to coffee to palm oil, while building stronger links to markets and processing. And if PNG can tackle safety and infrastructure constraints, it has huge untapped potential to develop tourism as a third engine of jobs and diversification.

People First: A More People-Centered Development Model

In the end, development is about people and far too many Papua New Guineans are still being left behind.

Breaking the vicious circle of poverty, violence, and vulnerability starts with strengthening human security — social protection, law and order, disaster resilience, and public health. At the same time, building up education, health, skills, and digital access will equip PNG's young population for tomorrow's economy. Placing people at the core of the development paradigm also means fully empowering women, informal workers, and marginalized communities. And to secure the future, PNG would need to manage its public finances wisely, protect its natural capital, and plan its urban growth carefully.

EFFECTIVE LEADERSHIP AND GOVERNANCE: BREAKING VICIOUS CYCLES

The most important question for PNG is not “what should we do?” but “how could we succeed this time?” Political will and institutional resilience need to be the underpinnings of a sustained reform effort as a foundation for any change to happen.

To achieve a fundamental re-orientation of PNG’s development path, it would be essential to place effective leadership and governance at the very center. These are the foundation of change and the essential enabler of lasting development legacy.

The reality is that many past strategies faltered not because of flawed objectives, but because of political and institutional shortcomings. Reform plans were sometimes not fully embraced politically, became overly ambitious without clear prioritization, or were hindered by weak implementation capacity. The core challenge for PNG@50 is therefore not simply "What should be done?" but more critically: "How can we make it work this time?"

For any new direction to succeed, the roadmap would need to be politically durable, institutionally resilient, operationally viable/feasible, and grounded in evidence. It needs to be designed to withstand vested interests, political cycles, and leadership changes. Such resilience requires disciplined prioritization: focusing on few high-stakes reforms—including politically difficult ones—and then over-delivering. That is how legitimacy is built. That is how a lasting legacy is earned.

To say that PNG needs to strengthen governance is, of course, easier said than done. In many ways, this presents a chicken-and-egg dilemma: reform requires enhancements to leadership and governance, yet strengthening leadership and governance is itself the objective of reform. The challenge, then, is how to break out of this circular trap. Practical pathways are offered below.

Sparkling and Sustaining Interest in Change

Establish National Commitment for Change

Reform cannot happen without political will. But political will is not static and can be nurtured. As noted, PNG faces narrowing windows to act before mounting demographic pressures, climate change risks, and intensifying global competition overwhelm its development prospects. The leadership elite would need to recognize this urgency and build a sustained national commitment for change. This requires a broad-based compact that can endure across political cycles.

- Frame the human development crisis as a national emergency to galvanize leadership.
- Publicly acknowledge the costs of inaction: instability, weak job prospects, widening gaps
- Build continuous elite consensus through political dialogue, leadership forums, and civic engagement campaigns to sustain long-term reform commitment.

Insulate Reforms from Backsliding

The durability of reforms requires deliberate design. Past initiatives often unraveled as political transitions or vested interests undermined continuity. To make this time different, the reform agenda could be framed as an opportunity to expand growth and prosperity for all stakeholders, making reversal politically costly and institutionally difficult. Anchoring key reforms in law, and independent institutions less exposed to political swings, locking in fiscal frameworks, and securing broad coalitions of support can protect the reform path over time.

- Prioritize early “quick wins” and create “islands of effectiveness” to build momentum.
- Build multi-stakeholder coalitions backed by transparent evidence, making reforms harder to reverse as multiple actors (public, private, civil society) are invested in the same future.

Remedying Institutional Weakness

Reposition the Role of the State as Enabler, Regulator, and Facilitator

PNG would benefit from a state that enables rather than impedes growth. The public sector would ideally focus on core responsibilities: delivering essential public goods, securing markets, and creating an environment where private enterprise can thrive. This means pulling back from areas where state capacity is weak, while building strong institutions where government action is indispensable.

- Define and communicate the state's core role: law and order, protection of rights, infrastructure, services, public goods and safety nets, and market regulation.
- Build long-term capacity for policy, regulation, and evidence-based decision-making.
- Limit state ownership to monopolies (utilities, transport); liberalize competitive sectors.

Enhance the Delivery Capacity of the State

Where the state has responsibility, delivery capacity needs to be strengthened across all levels — national, provincial, and local. A delivery-focused state requires skilled leadership, effective coordination, and a sharp focus on implementation outcomes rather than bureaucratic process. Skilled public managers and coherent institutional mandates will be central to effective delivery.

- Establish a PM's Delivery Unit (modeled on Malaysia's PEMANDU) and institutionalize performance management systems across ministries and SOEs.
- Create a National Economic Advisory Council for independent policy analysis.
- Prioritize timely, predictable and equitable fiscal transfers to subnational levels.
- Roll out e-government platforms in key areas for efficiency, transparency, and revenue gains, such as digitized budgeting, procurement, recruitment, payroll, service

licensing, and public reporting, as seen in countries such as Estonia, and through strategic digitization of management and coordination procedures at the centre of government, as in countries such as Chile, El Salvador and Colombia.

- Invest in leadership development programmes and competency-based incentives to develop a new generation of capable performance-minded public managers (leveraging Korea and Vietnam models).
- Create a culture of performance by tracking trends in performance and citizen satisfaction, championing success stories, and incentivizing healthy competition between different units of government, learning from examples such as Vietnam to enhance existing performance indices.

Restore Public Trust through Visible State Performance

For state governance legitimacy to take root, citizens should see tangible improvements in service delivery. Incremental, visible improvements in health, education, infrastructure, and public safety can demonstrate that reform is not just rhetoric. Delivering early, equitable and visible gains is essential to building public trust and sustaining reform momentum.

- Prioritize and heavily invest in law-and-order reform as a national anchor for restoring daily security and stability and prioritize programmes that increase public trust in law and order, tackling root causes that go beyond police capacity.
- Align and tie DSIP/PSIP funds toward transparent, outcome-based development targets, with timely utilization periods or ‘seasons’ (such as in Kenya) and accessible comparative tracking (such as in Zambia).
- Deliver and communicate equitable basic service improvements (schools, clinics, roads, and services) to rebuild trust between government and citizens.

Reducing Accountability Deficits

Create Predictable and Transparent Rules of the Game

Faster and more stable development depends on a legal and regulatory environment that is predictable, transparent, and rules based. Unpredictable policymaking, opaque regulations, and ad-hoc interventions continue to undermine confidence. PNG would need to strengthen legal frameworks that protect property rights, enforce contracts, and offer both investors and citizens stable expectations.

- Commit to transparent, informed and accountable lawmaking with clear legislative procedures, public consultations and well-communicated decisions.
- Strengthen anti-corruption institutions: strengthen ICAC investigation and prosecution capacities; expand whistleblower protections; bolster the Ombudsman and Public Accounts Committee for credible oversight.
- Institutionalize and strengthen capacities for citizen oversight: participatory budgeting and tracking, procurement transparency, and consultative forums, drawing on Kenya and Philippines models.

- Safeguard judicial independence through protected appointments, better court resourcing, and timely dispute resolution.
- Build independent, rules-based regulators (banking, telecom, mining, utilities) to depoliticize key sectors.

Empower Citizens and Strengthen Civic Engagement

Sustainable reform depends not only on leadership but on empowered citizens. An open and inclusive public sphere allows people to demand better governance, hold leaders accountable, and participate actively in national development. Strengthening civil society, independent media, and platforms for civic engagement is critical to embed long-term accountability.

- Enact full Access to Information legislation to guarantee data transparency.
- Institutionalize open government platforms for public monitoring of budgets, procurement, and service delivery performance, and enhance citizen-led monitoring capacities.
- Expand civic education programs in school curricula to promote rights awareness and citizen responsibility
- Expand independent journalism via stronger protections and capacity support.
- Establish regular dialogue forums for government, civil society, and private sector.

Embed Data-Driven and Evidence-Based Policy Systems

Chronic information deficits remain one of PNG's most persistent governance weaknesses. Without reliable, transparent data, neither policymakers nor citizens can monitor public spending, service delivery, or policy outcomes. Building credible data systems is essential to inform decisions, guide resource allocation, and underpin accountability across government.

- Build public expenditure tracking systems from budget to frontline service (Kenya's PETS system offers an example).
- Institutionalize transparent project appraisals with cost-benefit and risk assessments across economic, social, and environmental dimensions, drawing from good practices like Colombia's General Royalties System, which mandates open project evaluation and public reporting for subnational extractive revenues, and Mongolia's integrated fiscal modeling for mining projects (supported by UNDP's extractives programme).
- Launch real-time public data portals for budget execution, procurement, project completion, and service delivery (leverage and sustain PNG's Open Government Partnership commitments).
- Modernize the National Statistical Office with technical capacity, budget autonomy, and global partnerships.
- Build independent think tanks and policy units to deliver non-partisan, evidence-based analysis for government, Parliament, and civil society.

SMARTER GROWTH: A GROWTH MODEL THAT DELIVERS JOBS

PNG's development trajectory requires not just faster growth, but growth of the right kind—broad-based, inclusive, and job-creating. Human development cannot advance without sustained economic expansion, but experience shows that growth alone is not enough if it remains narrow, capital-intensive, and disconnected from employment generation.

Over the last 30 years, PNG's growth model has been dominated by resource extraction, with GDP growth averaging 3–4 percent. But growth has largely come in temporary spurts, triggered by the launching of large mining or petroleum projects, followed by deceleration after 2–3 years. Mineral exports now account for over 80 percent of PNG's exports and 30 percent of GDP. This narrow model has delivered limited structural transformation and insufficient job creation, leaving large segments of the population excluded from the benefits of growth.

Papua New Guinea's growth trajectory over the next two decades will rest on its ability to capitalize on three interlinked growth engines: (i) resource-based expansion in mining and petroleum; (ii) revival and modernization of tradable agriculture; and (iii) building an urban industrial economy that meets the domestic demand for goods and services and is an increasing source of good formal sector jobs. The successful activation of these three drivers will allow PNG to break out of its pattern of short-lived growth spurts and transition to a path of sustained high growth, job creation, and economic diversification.

Unlocking Resource Wealth for Fiscal Space and Diversification

PNG remains first and foremost a resource-based economy. The mining and petroleum sector continues to dominate, accounting for 30 percent of GDP and 80 percent of total exports. Historically, GDP growth has averaged 3–4 percent over the past three decades, but significant growth spurts have occurred whenever large extractive projects have come online — such as in 2007 and again after 2012. However, these surges tend to fade after 2–3 years, with growth reverting to its long-term average.

Achieving sustained high-single-digit growth to reach PNG's K200 billion GDP target by 2030 with continuing momentum through the 2030s, will depend critically on bringing a succession of new mining and petroleum projects into operation. Several projects have been identified but a negative perception about the country among foreign investors especially regarding law and order, a shortage of geoscience data and negotiation delays are resulting in long delays. Removing these roadblocks and bringing these projects to fruition will generate billions in investment, create jobs during the construction phase, and subsequently produce sustained streams of taxes, royalties, and dividends that could underpin growth.

While PNG's mineral wealth (including gold, copper, silver, nickel, and cobalt) will remain valuable, demand for petroleum (but not gas) exports may begin to taper after the mid 2030s according to Goldman Sachs or even earlier according to the IEA that projects a peak for oil and gas by 2030. However, OPEC projects a continuing increase in production through 2050,

driven by the slow uptake of EVs, increasing use of gas for power generation, the continuing demand for plastics and other petroleum by products, and strong economic growth in Asian countries. A report from ExxonMobil maintains that under any credible scenario oil and gas will remain essential. In short, oil and gas are likely to be important source of revenue for PNG for at least a decade and possibly longer.

To avoid repeating past cycles where resource windfalls failed to deliver broad development gains, these revenues would need to be channeled into high-return domestic investments that build long-term productive capacity: human capital, infrastructure, industrial diversification, urbanization, and modernization of agriculture, fisheries, and services. Equally important is ensuring that all new projects meet strict environmental safeguards to preserve PNG's unique ecosystems and prevent long-term ecological degradation. A carefully managed sovereign wealth fund can complement this domestic reinvestment by smoothing fiscal volatility and preserving wealth for future generations.

In short, the mineral-led growth process requires the following key actions:

- Remove negotiation bottlenecks by simplifying and depoliticizing contract approvals; Mandate full public disclosure of major resource contracts to build investor and public confidence, following Extractive Industries Transparency Initiative (EITI) principles; and include public disclosure of environmental impact assessments and mitigation commitments.
- Adopt globally competitive contractual terms that prioritize royalties, profit taxes, and resource rent taxation over complex equity participation; limit state equity exposure ($\leq 30\%$); and ensure compliance with international environmental standards.
- Align Kumul Petroleum Holdings and other SOEs with national development priorities, prioritizing dividend payments into the budget and avoiding offshore accumulations.
- Expand domestic revenue mobilization, including better tax administration, broadening the tax base, rationalizing exemptions, and accelerating full implementation of the Non-Tax Revenue Administration Act.

Revitalizing Tradable Agriculture as PNG's Largest Employer

While extractives dominate exports, agriculture remains PNG's largest employer and offers a natural second engine for inclusive growth. PNG has the land resources, climate, and biodiversity to support a thriving cash crop economy. In the 1980s, agricultural exports accounted for nearly half of PNG's total exports and contributed more than twice their current share to GDP, which today stands at just 17 percent. This underperformance masks significant untapped potential, which could be exploited for example through the development of agricultural corridors, which package processing, transport, logistics, trade and finance and enable informal local businesses to expand. This has been trialed in Brazil and such corridors are under implementation in Tanzania and Mozambique. The Markham and Ramu Valleys could test the concept in PNG.

Palm oil already stands out as a success story, demonstrating that export-oriented commercial agriculture is viable even within PNG's customary land tenure system. Building on this, there is ample opportunity to expand cocoa production, particularly given sustained high global prices. Arabica coffee offers additional upside, as global production faces threats from

climate change in leading producing countries such as Colombia, Brazil, Vietnam, and Ethiopia. PNG's high-quality coffee already commands premium prices internationally. Yields of both cocoa and coffee could be augmented by 30-50 percent through the provision of services, which improved farming techniques, logistics and information on markets for the crops. Given the responsiveness of farmers to price signals, these services could deliver quick results.

Unlocking this potential will require focused interventions to overcome systemic weaknesses in the agricultural value chain. Key actions include:

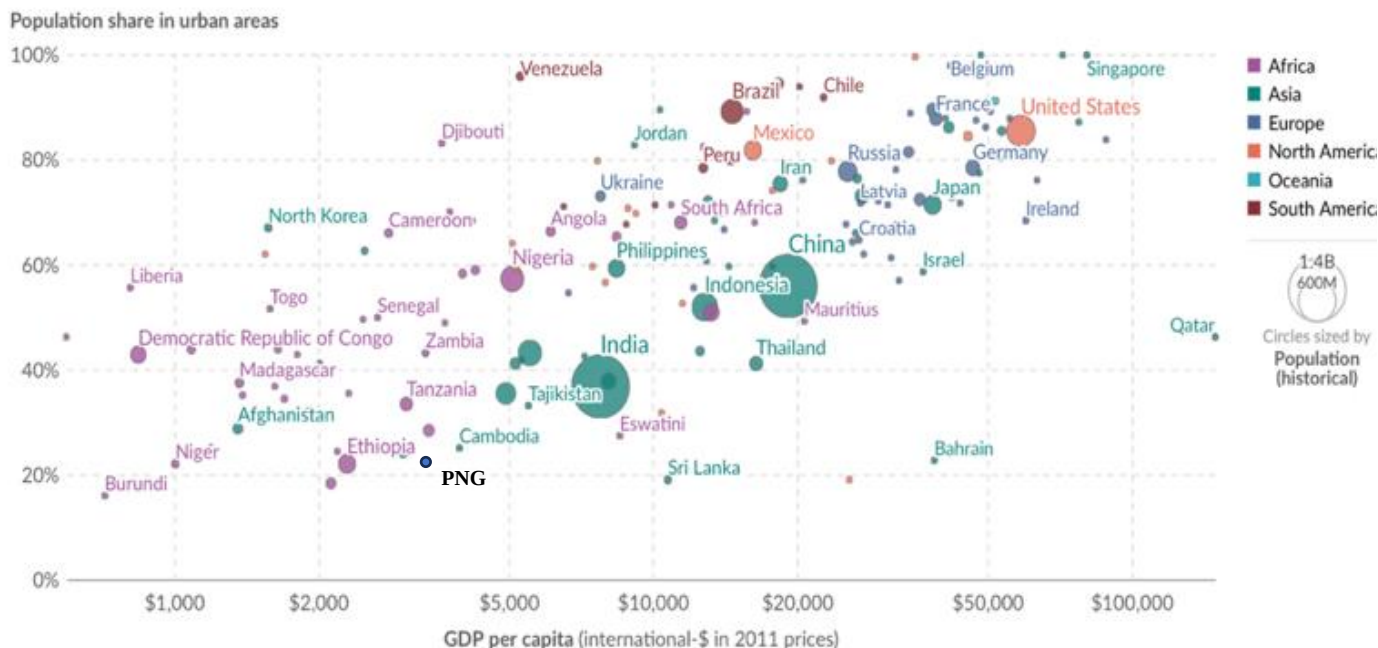
- Incentivize private sector-led production of cash crops and minimize regulatory controls. The palm oil sector could serve as a model as could the palm oil industry of Malaysia.
- Expand extension services and modern farming technologies, including climate-resilient crop varieties. Scale up commodity quality certification systems (e.g. for coffee, cocoa, vanilla) to meet international standards, and secure higher-value market access. The procedures adopted by Ghana's COCOBOD for cocoa could serve as a point of reference.
- Deepen rural financial inclusion by scaling up agricultural credit, using cooperatives, price stabilization funds, concessional credit lines and guarantees, and tailored agri-insurance products.
- Expand downstream processing capacity for cocoa, coffee, palm oil, and copra to capture higher value addition as has been successfully undertaken by Malaysia (palm oil), Cote d'Ivoire (cocoa), Vietnam and Indonesia (coffee), Indonesia and Mexico (vanilla).

Building a Dynamic Urban-Industrial Economy

A third growth driver is an urban economy led by manufacturing and services initially catering to domestic demand but with an increasing outward orientation for some activities. Urbanization is correlated with GDP per capita although it does not necessarily cause growth (Figure 3). The speed of urbanization in East Asian countries was the result of export oriented, urban industrialization that created jobs in manufacturing and led to structural transformation of these economies with the urban sector acquiring a dominant share of GDP in a few decades.

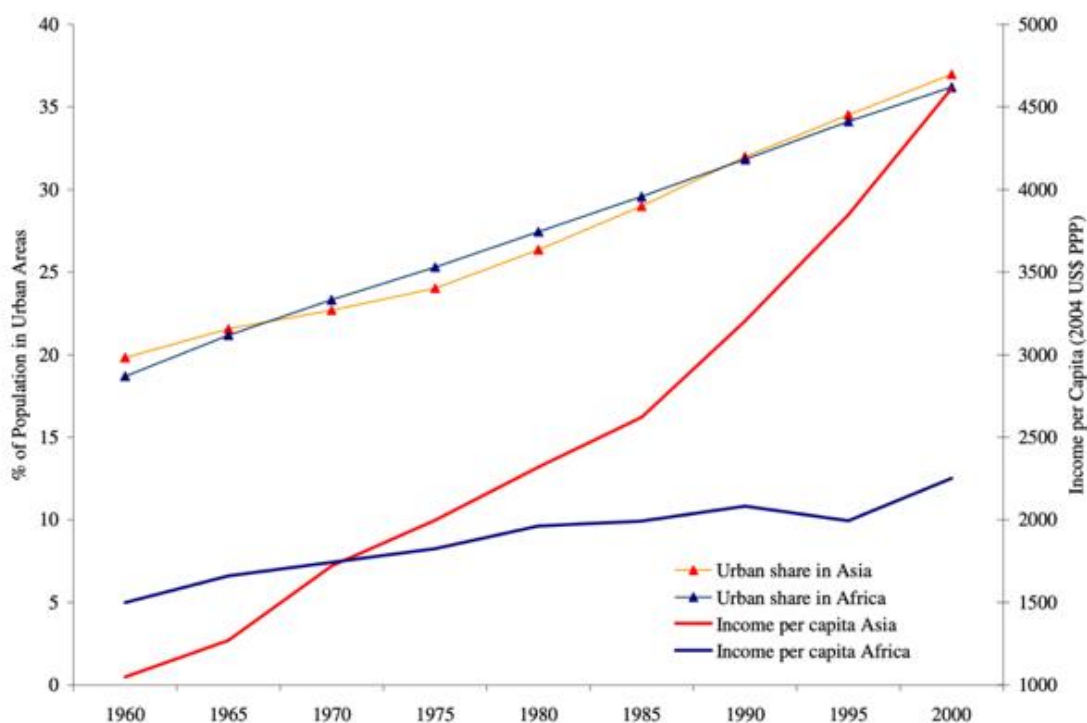
Urbanization in several African countries has been equally rapid but not because of the pull exerted by the development of urban tradable activities. Instead, migration to cities from rural areas is because of population pressure, civil conflict, in some cases, ethnic tensions and the lure of "city lights". Migrants have been largely absorbed by the informal sector, with little or no gain in labor productivity and as urban populations have grown, so also have shanty towns. Economically successful East Asian countries gave rise to "industrialized" cities that contributed to growth whereas most Africa economies have benefitted little from consumption-oriented cities (Figure 4).

Figure 3. Per capita GDP and urbanization, 2022 or latest estimate



Source: Our World in Data; DevPolicy (for PNG urban population); WDI (for PNG GDP per capita).

Figure 4. Asia vs Africa: Per capita income and urbanization



Source: Bloom, Canning, and Fink (2008).

By comparison, the rate of urbanization in PNG is unusually low – it has hovered around 14 percent since independence in 1975. It is lower than that of even the poorest African countries and almost 10 percentage points less than the average for Micronesia. Most urban workers have informal jobs and live in crowded squatter settlements on the urban periphery.

Policies that support the growth and diversification of manufacturing and services to meet domestic demand for food products, household goods, wood products, agricultural inputs, construction materials and chemicals as well as a variety of retail, hospitality, transport and logistics services as well as others supporting agriculture and the resource-based industries would accelerate 'productive' urbanization and help enlarge the formal sector and multiply the number of good jobs. Urbanization will occur and a proactive approach would ensure that it is growth enhancing and not growth neutral or worse because of poor planning and informalization, growth subtracting.

Growth and job friendly urbanization could be promoted by:

- Increase gross investment currently about 21 percent of GDP to 30 percent in steps over 5 years through domestic resource mobilization from mineral rents, taxes and corporate savings and by attracting FDI. This would be necessary to finance infrastructure, industry and urbanization and increase average growth rates by 2-3 percentage points per annum over the average for the past two years (4 percent).
- Modernize urban planning and management by strengthening land use systems, increasing affordable housing supply, and investing in resilient urban hard and soft infrastructures to make urban development more sustainable and equitable.
- Adopt clearly targeted, strategic industrial policies using a mix of financial, fiscal and exchange rate related incentives with sunset clauses. The aim should be to developing private high growth firms in a competitive environment.

PEOPLE FIRST: A DEVELOPMENT MODEL CENTERED ON PEOPLE

Human development is not a sector but a central organizing principle of development strategy. It expands people's choices, builds resilience against shocks, and secures the wellbeing of future generations.

PNG's development challenges have long been marked by fragmented approaches that treat human development as secondary to economic growth. Yet growth alone, while necessary, is not sufficient. Without deliberate action, many remain excluded from prosperity, insecurity rises, and dignity is eroded — undermining long-term stability and national cohesion.

Growth, when misdirected, often becomes distorted. It can be jobless growth that fails to create employment; ruthless growth that benefits only elites while poverty deepens; voiceless growth that denies people participation and agency; rootless growth that disconnects from PNG's cultural identity; and futureless growth that depletes resources future generations depend on.

The alternative is a human development approach, rooted in Amartya Sen's capabilities framework and advanced by Mahbub ul-Haq, which shifts the focus from economic growth alone to expanding real freedoms — people's capabilities, choices, and agency to live lives they value. This means enhancing capabilities in health, education, and dignity; widening choices for livelihoods; expanding freedoms across social and political domains; and securing the full spectrum of human rights.

PNG faces a serious human development crisis, but also a profound opportunity for renewal. Putting people at the center is both the right and the most effective path to build resilience, stability, and lasting prosperity. The following priorities translate this vision into practical action.

Enhancing Human Security as a Foundation for Resilience and Opportunity

Human security sits at the very core of people-centered development. In PNG, multiple risks intersect—persistent poverty, informal livelihoods, weak health systems, law and order challenges, gender-based violence, climate-related disasters, and fragile governance—leaving many citizens trapped in cycles of vulnerability. Breaking these cycles requires integrated systems that strengthen resilience, protect livelihoods, and empower communities to withstand and recover from shocks.

Building economic security will require the creation of an inclusive, fiscally sustainable social protection system. PNG remains largely without safety nets, leaving millions vulnerable to setbacks from economic downturns, disasters, and health crises. As rapid population growth and informality strain livelihoods, the state would need to progressively introduce income support programs, labor-intensive public works, active labor market policies, and portable social insurance for informal workers—all linked to the expanding National ID (NID) system for efficient targeting.

At the same time, climate resilience would benefit from being mainstreamed into national development. With PNG among the world's most disaster-prone countries, district-level vulnerability assessments, community-based early warning systems, climate-resilient infrastructure design, and pre-positioned local disaster response capacities are urgently needed. Disaster risk reduction has to become a systematic part of both infrastructure planning and local service delivery.

Strengthening law and order remains critical to restoring state legitimacy and rebuilding trust. Gender-based violence, tribal conflict, and youth delinquency continue to threaten personal security. Priorities include fully enforcing the Family Protection Act, expanding community-based conflict resolution mechanisms, rehabilitating youth offenders, and scaling specialized policing for GBV and community violence prevention.

Finally, stronger health security is a core pillar of national resilience, particularly in the face of rising pandemic risks. PNG needs decentralized infectious disease surveillance, regional response hubs, modernized laboratories, cross-border health cooperation, and an expanded frontline health workforce able to respond quickly to emerging threats.

Key actions to operationalize human security include:

- Leverage NID for integrated targeting of social protection, of informal workers, and disaster-affected households.
- Expand labor-intensive public works programs targeting youth and informal sector workers.
- Fully enforce the Family Protection Act with expanded GBV units, legal referral systems, and support services for survivors.
- Scale up multi-hazard early warning systems and decentralized disaster response capacity at provincial and district levels.

Nurturing Human Capabilities for a Future-Ready Workforce

Human development ultimately depends on building the capabilities of every citizen — ensuring that all Papua New Guineans have the knowledge, skills, health, and digital access needed to participate fully in the economy and society. Today, serious gaps in education, health, nutrition, and digital inclusion continue to hold back national progress and threaten PNG's long-term competitiveness.

Transforming the education and skills system is essential to absorb PNG's youth bulge and prepare a workforce for a diversifying economy. This will require stronger foundational learning, modernized curricula aligned to emerging job markets, expanded technical and vocational education (TVET), and closer public-private partnerships to link training with labor market needs. Early childhood education (ECE) has to be scaled up to build learning foundations, while career counseling and life skills should become an integral part of secondary schooling.

Health system gaps continue to weaken productivity, with child stunting posing one of PNG's most urgent development crises. Nearly half of children suffer chronic malnutrition, undermining cognitive development, learning capacity, and future earnings potential. A national stunting reduction program—integrating nutrition, maternal health, WASH (water,

sanitation, and hygiene), and early education—is critical to safeguard PNG’s future labor force.

Equally urgent is the need to close PNG’s digital divide. Large portions of the rural population remain disconnected from the opportunities of the digital economy. Expanding universal internet access, building nationwide digital literacy, and deploying digital platforms for service delivery can help bridge rural-urban divides, support education, expand financial inclusion, and bring health and government services to even the most remote communities.

Key actions to nurture human capabilities include:

- Expand Early Childhood Education (ECE) nationwide to build strong cognitive and emotional foundations.
- The medium-term objective should be to scale up TVET through “One college per province, one vocational center per district”, directly linked to market demands. Modernize curricula to embed technical, digital, and problem-solving skills aligned with future jobs (green economy, care economy, digital literacy, tourism, and manufacturing). This would strongly underpin urban industrialization.
- The longer-term goal should be investment in frontline health workforce with expanded training, deployment, and incentives for rural service to improve the quality of human capital going forward. One important part would be a national stunting reduction program that combines maternal health, nutrition, sanitation, and early learning.

Tackling Structural Exclusion to Open Pathways for All

Sustained development cannot succeed if large parts of the population remain structurally excluded from participation in the economy, society, and public life. Empowering women, youth, informal workers, and marginalized communities is central to achieving inclusive growth, broad-based resilience, and social cohesion.

Women remain severely underrepresented in PNG’s economic, political, and social life. Without deliberate action to expand women’s leadership, legal protections, safety, financial inclusion, and education, PNG will continue to forgo significant economic and human development potential. Tackling gender-based violence (GBV) and harmful practices is not only a matter of justice, but a precondition for national stability and productivity, and while recently released data bears this out, dedicated campaigns and communication are warranted to spread this message.

The informal workforce, which makes up the majority of PNG’s labor market, lacks protections, legal recognition, financial access, and pathways to more secure livelihoods. Bringing informal workers into the formal economy through better registration, social protection coverage, skills training, and financial inclusion will build resilience, expand tax bases, and raise productivity across the economy.

Geographic inequalities also persist. Many rural, remote, and island communities face deep disadvantages in land access, public services, infrastructure, and economic opportunity. Narrowing place-based disparities is essential to reduce rural-urban migration pressures, create jobs where people live, and ensure balanced, inclusive development.

Key actions to expand inclusion and opportunity include:

- Expand women's economic empowerment via SME credit, financial inclusion, and entrepreneurship programs tailored for women, as well as integrating gender issues into trade policies (drawing from recent commitments by countries such as New Zealand, Chile, Colombia and Mexico) and dedicated targets for gender equality in sectoral work forces.
- Ensure commitment to gender-responsive law-and-order reform, with requisite investment
- Expand targeted training for informal workers in entrepreneurship, financial literacy, apprenticeship and technical skills, especially for youth.
- Develop targeted programmes for remote areas, recognizing the importance of equitable development and resource allocation and focused on increasing inclusion, emphasizing renewable energy, tourism and the use of technology to overcome infrastructure gaps.

Ensuring Sustainable Futures to Balance Growth with Responsibility

Sustaining development gains in PNG requires a forward-looking strategy that preserves fiscal stability, protects natural resources, manages urban growth, and ensures that the benefits of today's development reach future generations. Without careful stewardship, PNG risks locking itself into cycles of unsustainable debt, environmental degradation, and urban dysfunction that will undermine both economic growth and human wellbeing.

Fiscal stability is fundamental to PNG's ability to invest in its people. Resource revenues need to be managed transparently, converted into long-term productive assets, and complemented by stronger domestic revenue efforts. This will reduce dependence on volatile commodities and create stable financing for health, education, social protection, and infrastructure.

At the same time, PNG's rich biodiversity offers both an asset to protect and a platform for new growth opportunities. As the global economy shifts toward greener development models, PNG can harness its forests, marine ecosystems, and environmental wealth to participate in carbon markets, attract green investment, and develop nature-based industries — provided that clear rules and effective institutional arrangements are in place to ensure sustainability, fairness, and transparency.

Urbanization will be central to PNG's future development. As more people migrate to cities, well-planned urban growth will be critical to absorb population pressures, create jobs, and avoid the emergence of sprawling informal settlements. Stronger urban planning, affordable housing, resilient infrastructure, and effective city management will be required to turn cities into inclusive growth engines.

Key actions to ensure sustainable futures include:

- Strengthen the sovereign wealth fund framework to transparently accumulate resource revenues, insulate the budget from commodity cycles, and invest in long-term national wealth.
- Expand domestic revenue mobilization, including better tax administration, broadening the tax base, rationalizing exemptions, and accelerating full implementation of the Non-Tax Revenue Administration Act.

- Improve public financial management by strengthening investment appraisal, procurement, budget reporting, and expenditure efficiency to maximize development returns from public spending.
- Modernize urban management by strengthening land use systems, affordable housing supply, public transport, and resilient city infrastructure to support balanced urban growth.

ANNEXES

Case Study 1: Contribution of FDI

Foreign direct investment is not a panacea. FDI alone will not deliver the higher rates of growth that PNG is banking on to achieve upper middle-income status by 2030, but without foreign investment augmenting domestic investment in key sectors of the economy, growth is unlikely to rise much above the 3%-4% rates of the past few years. This is borne out by the experience of Malaysia, Singapore, Cambodia and Thailand.

FDI does more than transfer capital, technology and skills, it induces countries to open their economies and lends impetus to multilateral, regional and bilateral trade agreements, lowers barriers and behind the border impediments. Furthermore, to attract FDI, PNG will need to offer a variety of fiscal and other incentives and take steps to engineer a friendlier business environment by pruning red tape and dismantling regulations that invite corruption and raise transaction costs.

Although national plans and the direction provided by political leaders are undoubtedly important, the capabilities of implementing agencies determine whether what is contained in aspirational planning documents is translated into structural change and rapid growth with FDI serving as a handmaiden. It is only when these agencies have the authority, the autonomy, the expertise, the international reach, and the financial wherewithal to fulfil their objectives that results are achieved^[i]. PNG can learn from a number of country cases. Ireland's Industrial Development Agency (IDA)^[ii] has the point role in attracting FDI and in persuading MNCs to expand their operations in Ireland, to diversify and to integrate with domestic firms. Two other agencies are also involved. Forbairt promotes local businesses and provides technology support and extension services, and Forfas the overall policy coordination and administrative oversight of industrial policy.

The Malaysian Industrial Development Authority (MIDA, now Malaysian Investment) is the agency with primary responsibility for crafting and implementing investment policies guided by the framework embedded in ten-year Master Plans. Unlike such agencies in other countries that may report directly to the PM or the President, MIDA is under the Ministry of International Trade and Industry.

Four agencies are responsible for framing and implementing Chile's development strategy. Corfo an autonomous government agency was established in 1939. With a board of directors drawn from key ministries along with two private sector representatives, Corfo is responsible for promoting FDI in selected industries, advancing technology and stimulating entrepreneurship with financing offered as inducement. ProChile, housed in the Ministry of Foreign Affairs boosts the country's exports by using its overseas network to supply firms with information on market opportunities. Both Corfo and ProChile work hand in hand with FIC (Foreign Investment Committee) that finances national investment programs aimed at diversifying Chilean industry and moving it closer to the technology frontier. Finally, the Fundacion Imagen de Chile a government financed body that is responsible for burnishing Chile's brand image, contributing to national strategy and collaborating with FIC to identify and assist promising industrial initiatives.

Morocco's FDI is orchestrated by the Investment and Export Development Agency (AMDIE) however, each of the 12 regions has its own Regional Investment Center (CRI) which engages in FDI and export promotion with websites providing relevant information to investors. The CRIs also assist investors in their jurisdiction when problems arise. AMDIE and the CRIs coordinate contacts with investors and partners. When an application is received by a CRI, it is reviewed by a regional investment commission and recommendations forwarded to AMDIE. The latter then convenes an inter-ministerial investment committee (it serves as a secretariat), which determines whether to proceed with the project or not.

Image and brand building overseas and direct contacts with MNCs that can assist in the process of diversification are as essential as the systematic and coordinated (with other agencies and private stakeholders) unfolding of developmental policy. Thus, agencies, which are responsible for implementing FDI enabling policies and cementing linkages between MNCs and selected domestic firms, have a vital role to play in deepening the industrial ecosystem. Undoubtedly, tax and financial incentives matter with the tax and non-tax benefits granted depending on the nature (priority) of the project. Morocco's has a revised Investment Charter offering foreign investors tax incentives and subsidies of up to 30 percent of total investment. Additional incentives are granted for investment in strategic industries. Vietnam provides a raft of tax incentives differentiated by industry, customs and land rent exemptions and special incentives for those locating in economic zones and in disadvantaged areas. Increasingly, these may not be the most important attractors of FDI. Other enabling conditions are even more important. They include restrictions on 100 percent foreign ownership, on the hiring of foreigners (visas, duration of stay), the status of trade liberalization, laws protecting investor rights and protections, the dispute resolution mechanism, and the ease with which licenses can be obtained. Morocco guarantees fund transfers by investors and IP is protected. These can be buttressed by reform of governance and measures that enhance regulatory transparency and accountability -an issue in some countries.

Notes:

^[i] Korea's Economic Planning Board and Singapore's Economic Development Board ably fulfilled these functions.

^[iii] IDA displaced the Industrial Development Authority that dated back to 1969. It is an autonomous agency with its own independent board, sponsored and financed by the state and empowered to provide grants and financing in the pursuance of its mission.

Case Study 2: Delivery Units: Lessons from Global Experience

Delivery units are small teams embedded within government that help translate political priorities into real-world results. They gather data, track implementation, identify bottlenecks, and troubleshoot delivery issues. Their role is to provide political leaders with a clear picture of whether key priorities are being achieved, and intervene when they are not. Unlike traditional bureaucracies, delivery units cut across ministries and levels of government, using performance management tools such as accountability systems, real-time monitoring, and structured problem-solving to drive progress. First introduced in the UK under Prime Minister Tony Blair in 2001, delivery units have since been adopted in over 25 countries, including Malaysia, Pakistan, Canada, Kenya, and Sierra Leone.

Their impact has been significant. In Punjab, Pakistan, GPS-tracked vaccine campaigns raised attendance from 22% to 90%. In Maryland, USA, infant mortality fell from 8 to 6.5 per 1,000 live births. Malaysia saw street crime fall by 35% in a year, and the UK dramatically reduced hospital wait times through better performance tracking.

Six factors tend to determine the success of delivery units. Strong and visible political backing is essential. Without it, units lose traction and influence. A tightly defined remit helps avoid scope creep and ensures the focus stays on a few measurable goals. Being physically close to political leadership, ideally within or near the Prime Minister's Office, gives delivery units authority and access. Staffing must be carefully designed, blending internal and external hires with the right mix of analytical and policy skills. Cross-government buy-in is critical to avoid isolation and duplication; embedding staff in line ministries helps build traction. Finally, regular “stock take” meetings and built-in flexibility ensure units stay responsive and effective.

Where delivery units fall short, common pitfalls often include waning political sponsorship, trying to track too many priorities, high staff turnover, or poor integration with the rest of government. A delivery unit is not a project management office, and it must remain focused on strategic implementation.

What This Means for PNG?

In PNG's context, where human resource constraints are real, a delivery unit would need to be lean, highly focused, and strategically staffed through a mix of secondments from key ministries and targeted external hires. Strong prime ministerial leadership is non-negotiable, as is clear prioritization of a few national goals. Embedding officers directly within key implementing agencies — as seen in Sierra Leone — can also help break down silos and ensure better coordination.

Case Study 3: Tourism as Driver for PNG's Economy

International tourism is a major growth industry employing 371 million people directly and indirectly worldwide. The WTTC estimates that it will contribute \$11.7 trillion to the global economy or 10.3 percent of GDP in 2025. The number of international tourist arrivals is expected to reach 1.5 billion and expenditure could amount to \$2.1 trillion. Rising incomes and declining travel costs are likely to lead to continuing growth over the medium term

Tourism contributes significantly to the GDP of several economies with small island economies, such as the Maldives, Seychelles and some in the Caribbean at the forefront. Although Europe attracts the largest number of international travelers, Asia is catching up and in 2024, Southeast Asian countries hosted more than 121 million visitors. Most visitors to the Pacific Islands go to Australia and New Zealand, with the smaller island nations receiving 3 percent of the total.

From an economic perspective, the tourism sector is well suited for PNG at its current stage of development and could be one of the engines of growth. It is labor intensive; most workers are women and young people and there are few specific skill requirements. The tourism value chain is complex. Direct contribution includes the income generated by tourists, the hospitality sector, restaurants, retail outlets, providers of leisure activities, travel agents, and airlines. The indirect contribution is through the capital investment (some of it financed by FDI) in supporting urban and other infrastructures such as airports, roads, power supplies, digital infrastructure, and urban upgrading. Tourism can vitalize the artisan industry catering to tourists. Furthermore, eco-tourism highlights the need to conserve natural capital and has heightened awareness of climate change. It can also boost the blue economy of island countries because almost a quarter of ocean based economic activity can be traced to tourism.

As a tourist destination PNG is lower down the scale with plenty of scope for catching up. It received 133,000 foreign visitors in 2024, with about a 100,000 arriving by air and the balance by cruise liners. The trend is upward. Close to one half of the visitors traveled for business, a quarter for leisure and the rest came to see relatives or friends. The principal attractions for those who prioritized leisure were the cultural heritage and WW2 sites. Eco tourism and hiking was also a draw for some as were water sports. The potential for expanding these given PNG's assets is large. But before it can reap the benefits, the country will need to learn from the likes of Costa Rica and the Maldives and undertake the investment in soft and hard infrastructures, in human resources and in security.

Case Study 4: Extractive industry contracts

Countries that are well endowed with natural resources derive a large share of their revenues from levies imposed on resource-based activities. Majority petroleum producers might obtain over one-half of their revenues from the sector while countries where mining figures prominently can source a fifth of their revenues from extractive industries. How much rent accrues to the government depends upon several factors.

Tax and other incentives offered to companies to attract FDI in the petroleum and mining sectors is one factor. These erode the net revenues and are widely used as for instance by Australia, Malaysia, and Indonesia. However, it appears that it is volume and quality and accessibility of extractable resources that draws investors and that tax incentives are secondary. Hence discretionary tax incentives ought to be used sparingly if at all.

One school of thought favors tax-based profit-sharing schemes with the objective of maximizing net present value from mineral extraction. Quantity based royalties are disfavored because they can distort incentives, and lead to inefficiencies including more rapid withdrawal of resources and premature closure of mines. Thus, resource rent taxes or income-based charges are preferred although residual royalties remain in place.

Virtually all countries impose a standard profits tax however, an additional profits-based charge has been adopted by the United Kingdom, Indonesia and Norway in lieu of royalties. A standard flat rate ad valorem charge is the norm for the United States.

A combination of royalties and excess profits taxes are used by the Netherlands, Kazakhstan and Nigeria. Zambia and Mongolia have increased the share of royalties. And many developing countries continue to use a mix of royalties, a tax targeting rents combined with a standard corporate tax. This ensures that revenue accrues to the government once production is initiated and growth of revenue tracks the increase in rents. In conjunction with careful design and transparency of international tax agreements these can contribute to the stability of the fiscal regime.

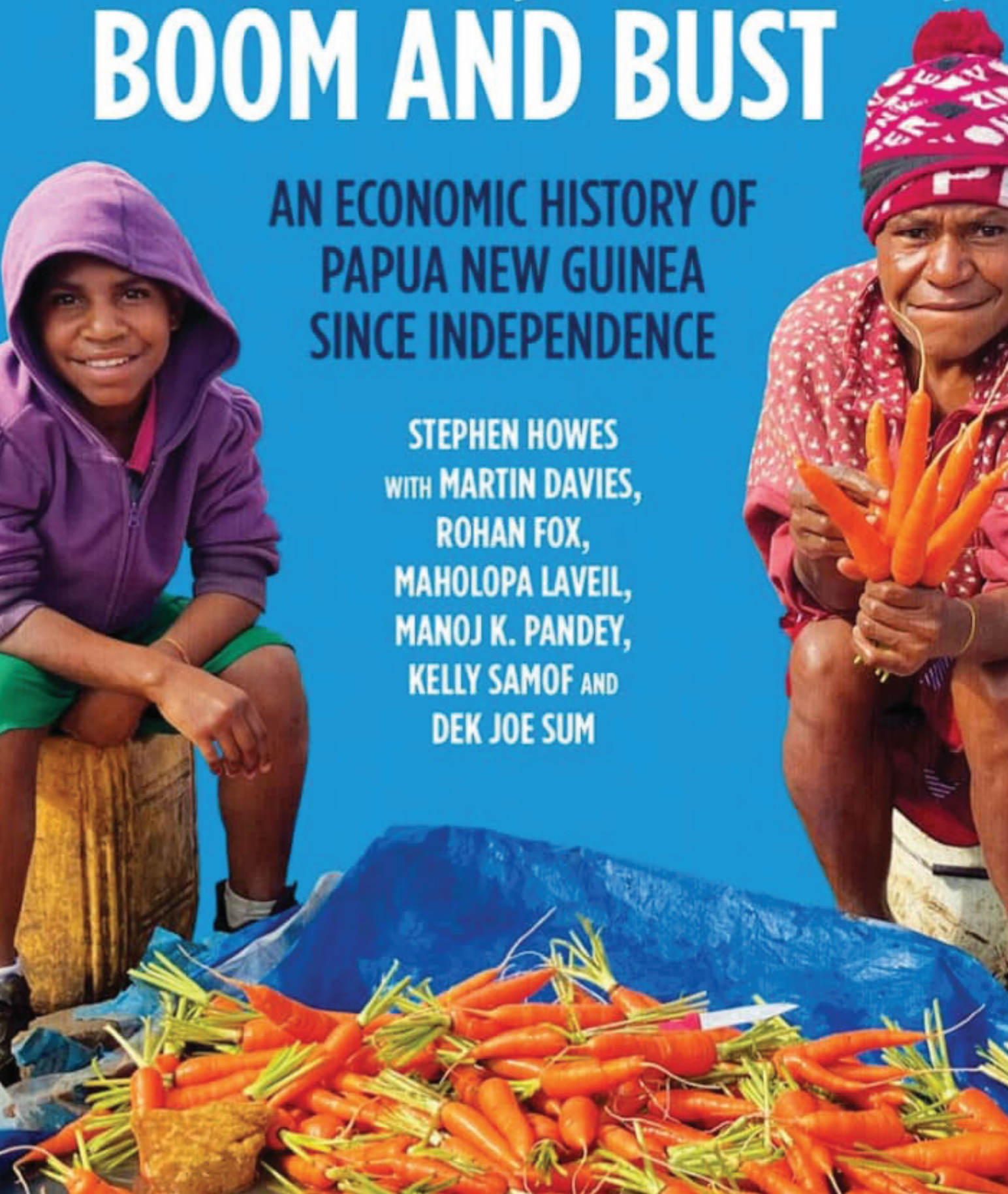
Annexure F

The ANU Book
Struggle, Reform, Boom and Bust

STRUGGLE, REFORM, BOOM AND BUST

AN ECONOMIC HISTORY OF
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We do not want to build a modern society if that means a society in which only the powerful and wealthy can get the benefits. It is not right for a few to have a fancy car—or even two cars—while most of our people still walk along bush tracks.

—Chief Minister Michael Somare, 1973
(cited in Samana 1985, 210)

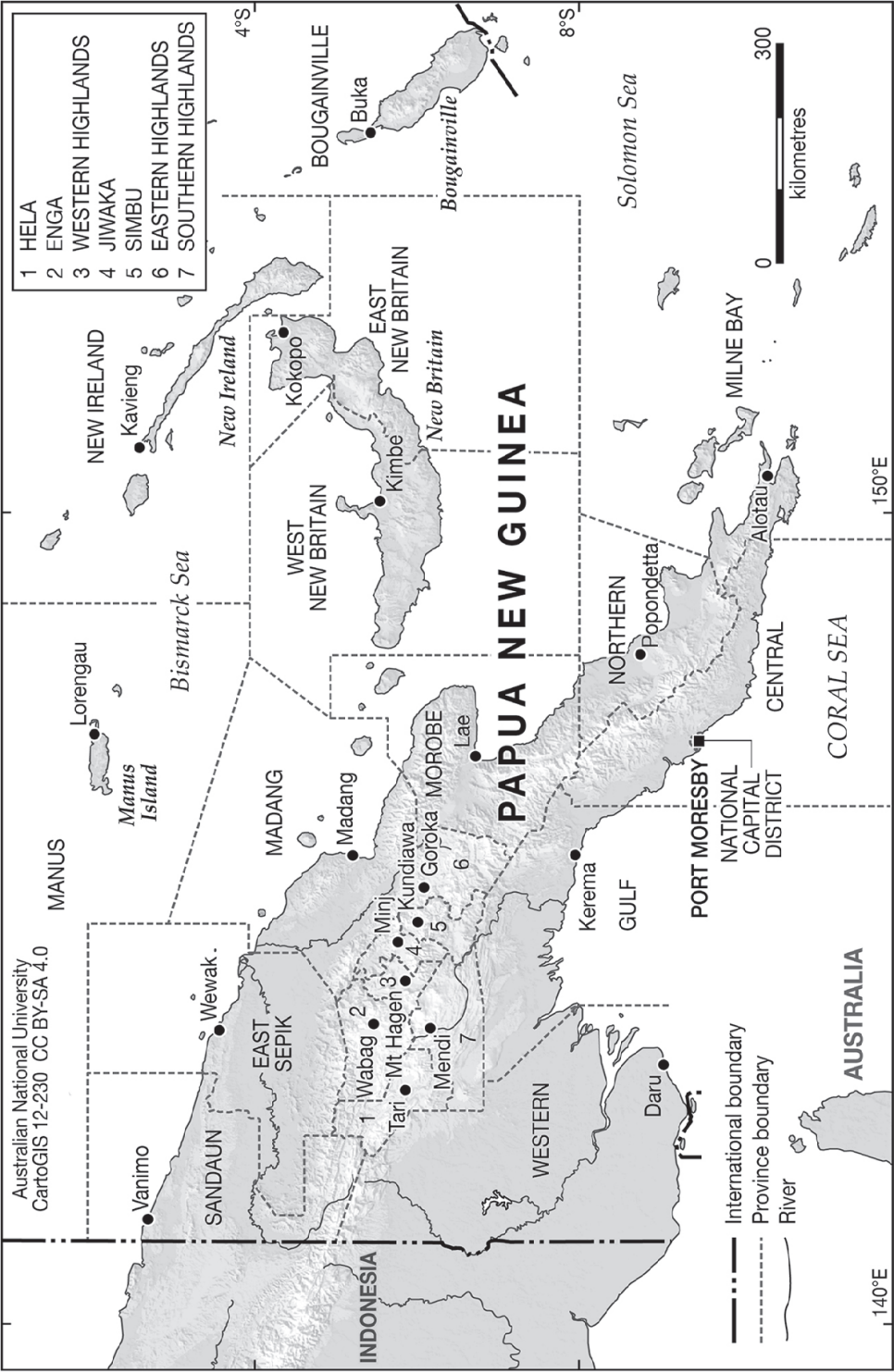


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PACIFIC SERIES

*To the people of Papua New Guinea, on the occasion of the nation's
50th anniversary of independence*



Map 0.1: Papua New Guinea

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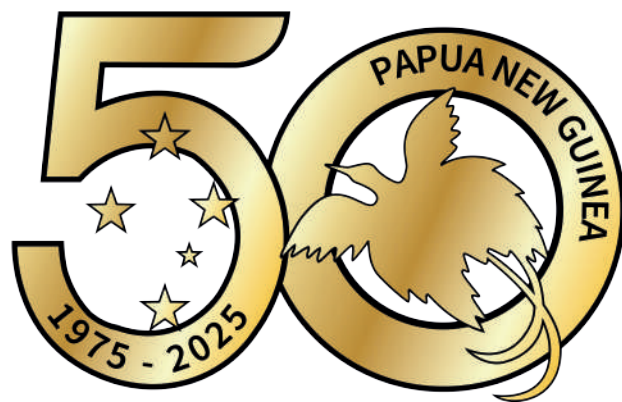
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