

Papua New Guinea

Overview

Commodities

[Dashboard](#)[Context](#)[Wages](#)[What's happening](#)**66%**

Population below international poverty line

€159

per month

National minimum wage

€370

per month

Rural living income

56%

Agricultural workforce

17%

Agriculture share of GDP

Context

Papua New Guinea has a population of 8.8 million people.^[1] The country is significantly more populated in its rural areas with 87% of its population based there.^[2] The remaining 13%, live in urban regions.^[3] The agricultural sector representing 17% of the national GDP ^[4], assumes more than half of total employment in Papua New Guinea with 56%.^[5]

Papua New Guinea's economy is, together with the minerals and energy extraction sector, dominated by agriculture. Even though the country has witnessed a recent economic growth, rural poverty is still a significant issue. Smallholder farming is the main driver of the agricultural sector, with most of these farmers depending on their crops through a semi-subsistence system. Coffee and cocoa are the most important crops for the sector and they are responsible for half of the total agricultural employment. The sector's lack of modern inputs significantly decreases its agricultural productivity. Moreover, the country's poor road network and market organization increases the logistical costs, something which is highly discouraging for small farmers. ^[6]

The top produced crops in Papua New Guinea are palm oil fruit, bananas, coconuts, fresh fruit and sweet potatoes.^[7] The country's top export commodities in terms of quantity are palm oil, palm kernel oil, green coffee, copra and cocoa beans.^[8]

Wages

Minimum wage

The minimum wage in Papua New Guinea is set by law at 3.5 Papua New Guinean kina (0.8 EUR) per hour or 683 Papua New Guinean kina (159 EUR) per month, assuming 195 workhours per month.^[9] The government has not been effective in enforcing labor law. At the same time the law itself is not sufficient, as it does not prohibit excessive compulsory overtime nor does it limit how many overtime hours an employee may work. In cases where fines were given due to non-obedience to the labor law, these remained uncollected due to poor tracking systems and low political will. While the majority of the actors in the country's formal private sector complied with the labor law, this is not the case for the informal sector where many workers do not receive the minimum wage. [migrant workers](#) from Venezuela in the informal sector are particularly vulnerable to labor exploitation and often work under very poor conditions.^[10]

Living income

The [Global Living Wage Coalition](#) has developed a Living Income Reference Value study for rural Papua New Guinea based on the Anker methodology.

The Anker Living Income Reference Value is estimated at 1,593 Papua New Guinean kina (370 EUR) per month. This value is what a typical rural household needs to cover the monthly cost of a basic but decent standard of living in rural Papua New Guinea. The [living income](#) estimate is 50% higher than the income of a family whose members earn the national minimum wage. However, this income gap is actually higher, considering the minimum wage is mainly relevant for urban households whose members work in the formal sector. When compared to the family income on the national rural poverty line, the living income estimate is 72% higher.^[11]

What's happening

RESOURCE

[Living Income Reference Value, Rural Papua New Guinea](#) ↗

Living income estimate for a typical family in rural Papua New Guinea to cover the monthly cost of a basic but decent standard of living.

RESOURCE

[Rural Poverty in Papua New Guinea](#) ↗

The report studies the phenomenon of rural poverty in remote areas of Papua New Guinea through a case study in Obura-Wonenara.

INITIATIVE

[Improving Smallholder Livelihoods in Papua New Guinea](#) ↗

A project by the Pacific Livelihoods Research Group which aims to increase coffee farmers' incomes through new technologies and practices.

Footnotes

1. World Bank (2019). <https://data.worldbank.org/indicator/SP.POP.TOTL.ZS?locations=PG>
2. World Bank (2019). <https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS?locations=PG>
3. World Bank (2019). <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=PG>
4. World Bank (2018). <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?locations=PG>
5. World Bank (2019). <https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS?locations=PG>
6. IFAD. Country Profiles: Papua New Guinea.
https://www.ifad.org/en/web/operations/country/id/papua_new_guinea
7. FAOSTAT (2019). http://www.fao.org/faostat/en/#rankings/commodities_by_country
8. FAOSTAT (2019). http://www.fao.org/faostat/en/#rankings/commodities_by_country_exports
9. Wage Indicator Foundation (2021). Minimum Wage-Papua New Guinea.
<https://wageindicator.org/salary/minimum-wage/papua-new-guinea>
10. [2] U.S. Department of State. 2019 Country Reports on Human Rights Practices: Papua New Guinea. <https://www.state.gov/reports/2019-country-reports-on-human-rights-practices/papua-new-guinea/>
11. Global Living Wage Coalition (2020). Anker Living Income Reference Value: Rural Papua New Guinea 2020. <https://globallivingwage.org/wp-content/uploads/2021/01/Rural-PNG-LI-Reference-Value-1.pdf>