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## MEDIA RELEASE

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### **The flow of rural residents to urban areas must be addressed**

Migrants move from rural to urban centres in search of employment opportunities to improve their socio-economic conditions. The growth of the informal economy is attributed to a diverse set of complex intertwining social and economic factors which interact to drive its growth. This contributes to leakages in government revenue and consequently has adverse impact on available fund for providing infrastructure and services.

The National Research Institute (NRI) Spotlight Volume 15, Issue 17: “**Factors driving growth of the urban informal economy in Papua New Guinea**” authored by Dr Philip Kavan and Dr Elizabeth Kopel, provides a snapshot of some ways that can be used to reduce the flow of rural residents to urban areas.

**The authors said that key factors that contribute to the growth of informal economy in urban areas include:**

- Rural to urban migration;
- Increase of living cost;
- Unemployment;
- Lack of education and skills;
- Informal business; and
- Tax avoidance.

**If the intention is to reduce the migration of rural residents to urban areas, the following should be considered:**

- Provide and improve basic services in rural areas to reduce the migration of people from rural to urban areas;
- Provide more incentives for informal businesses to encourage the operators to transition to formal small and medium enterprises;
- Invest more in agriculture and income generating opportunities in rural areas to make the areas more attractive to rural residents;
- Improve connectivity for improved access between rural and urban markets so that rural residents can easily access markets in urban areas and vice versa; and
- Increase the provision and improve urban fresh food markets and specialised markets with adequate facilities to make rural residents more comfortable in using the market for doing their businesses.

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