



THE NATIONAL
RESEARCH INSTITUTE
PAPUA NEW GUINEA

Themes

The key thematic areas of the EPP research include: economic modelling; state-owned enterprises (SOEs); small and medium enterprises (SMEs); public resource management; and general economic policy advice. EPP also undertakes capacity building to interested professionals in public, private and social sectors and influences policy through participation in several economic policy task forces in government. Work on each theme will be ultimately directed towards the key issue of the design of institutions and policies that will achieve sustainable economic growth in Papua New Guinea. The themes are presented below:

Theme 1: Economic Modelling

In the past, the PNG NRI has lacked the rigorous quantitative economic analysis needed to assess the impacts on development of institutional and policy reforms. The EPP will use economic modelling techniques to provide the quantitative results needed for more rigorous policy analysis and advice. Both computable general equilibrium (CGE) modelling (using the Papua New Guinea General Equilibrium Model [PNGGEM]) and econometric techniques will be used. The objective is to (i) assess and forecast PNG's economic performance; and (ii) conduct cost-benefit analyses (CBA) of major public investments in order to assess institutional and policy impacts.

Theme 2: State-Owned Enterprises

Papua New Guinea State-owned Enterprises (SOEs) provide essential services such as water, power, air transport, communications, and seaports. Most of these businesses are operating in a monopolistic environment, subject to economic regulation. It is evident that many are failing to deliver crucial services in a cost-efficient and reliable manner. This, in turn, adversely affects the performance of businesses and the delivery of services to the PNG people. There is on-going debate about whether liberalisation of markets, privatisation of public enterprises, or reforms are needed to boost SOE performance. This raises the important question: How can SOEs improve their performance to deliver essential services required to support social and economic development in the country?

Theme 3: Small and Medium Enterprises (SMEs)

Employment and wealth creation are vital for improving living standards. However, the problem of unemployment or underemployment and lack of wealth creation for the majority remains a major concern for PNG, despite strong economic growth in recent years. This problem requires a concerted effort in developing strategies that promote broad-based growth. SMEs have been identified as one of the forces increasingly playing an important role as an engine of growth and income creation in many countries. The main research question for this theme is: What factors hinder the development and expansion of SMEs in PNG? To answer this question, the focus of research will be on strengthening the competitiveness of SMEs in PNG in order to promote wealth creation and employment generation for the majority in PNG.



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Theme 4: Public Resource Management

PNG's strong economic growth and high levels of public spending of recent years have not been translated into improved living standards for the majority of Papua New Guineans. The Government will need to find sustainable ways to spend public resources effectively in the four priority areas of education, health, infrastructure, and law and order. To reduce its dependence on resource revenues, the Government will also have to diversify its revenue sources. Therefore, the main research question under this theme is: How can government revenue become more sustainable while government spending become more effective with the aim of improving living standards?

Theme 5: Economic Policy Advice

This theme contributes to enhancing NRI's role as a public policy think tank. The EPP provide advice to government and other public institutions on topical economic issues. The EPP works closely with key stakeholders and partners in specific areas (and remains open to including additional areas based on emerging topical economic issues in PNG) to provide advice that promotes sound policy formulation, and effective implementation and monitoring and evaluation protocols. It is therefore through this theme that the EPP retains a great degree of flexibility to react to the current economic situation by providing sound policy advice across a potentially wide range of issues. Recent topics of policy advice have included competition, economic regulation on public utilities, trade, labour market, employment and skills development, management of provincial roads, taxation review and analysis of tax proposals, and the cost of goods and services. EPP also influences policy through participation in several economic policy taskforces in Government.

Theme 6: Capacity Building

EPP also undertakes capacity building activities to public servants. Since 1989 NRI has been conducting an intensive six-week training program in Economic Policy Analysis Course (EPAC) and awards a diploma certificate. The EPAC's target group comprises economists and non-economists who are interested in national development policies – key government economic policies and other public policies that impact sustainable economic growth and national development. However, the course attracts interest from a wide range of professionals, including: bureaucrats, executives, managers, administrators, analysts, planners, directors, advisors, political leaders and researchers in public, private and the third (NGO) sectors. The EPAC training team comprises PNG NRI Senior Research Fellows supplemented by outsourced experienced academics and professionals and guest speakers. Applications are usually invited in April/May, and the EPAC held in September/October periods.