

Papua New Guinea	
Policy responses	
Containment	<ul style="list-style-type: none"> • Set up of 24-hour emergency call center. • Social distancing rules. • Closure of public spaces. • March 24, 2020: Declaration of state of emergency, which has been extended until at least mid-June.¹ • April 2, 2020: Lockdown. • April 18, 2020: Travel ban² • May 3, 2020: Ban on alcohol sales lifted. • May 5, 2020: School reopened.³ • June 9, 2020: COVID-19 screening at the Indonesian border⁴ • June 16, 2020: End of state of emergency.⁵ • October 22, 2020: Covid restrictions extended till mid-December⁶ • Feb 2, 2021: Papua New Guinea reopens for limited international flights.⁷ • March 16, 2021: Five new deaths are confirmed, which brings PNG's death toll to 26.⁸ • March 19, 2021:⁹ <ul style="list-style-type: none"> -Travellers Partially Allowed Masks are not required Quarantine for 14 days required for all countries. Negative COVID-19 test required for all countries. -Partial lockdown in effect -Events Partially Allowed -Transport operational -All shops open -Tourist attractions are open -Restaurants and bars are open with restrictions.
Fiscal	<p>Total stimulus: K5600 million (equivalent to 6.8% of GDP)</p> <ul style="list-style-type: none"> • Spending on health, security and economic sector (K500 million in total; health (PGK 175 million), police (PGK 50 million) and defense (PGK 25 million)) • Superannuation fund support of K500 million to employees affected by the economic slowdown • K600 million in support for the deferral of mortgage or business loan

¹ www.rnz.co.nz/international/pacific-news/418165/png-extends-state-of-emergency-for-two-weeks

² www.worldaware.com/covid-19-alert-papua-new-guinea-orders-restrictions-through-april-30

³ www.looppng.com/png-news/back-school-91943

⁴ www.rnz.co.nz/international/pacific-news/418580/png-covid-screening-remains-focussed-on-indonesian-border

⁵ www.garda.com/crisis24/news-alerts/351086/papua-new-guinea-authorities-announce-end-of-state-of-emergency-from-june-16-update-11

⁶ <https://www.rnz.co.nz/tags/Papua%20New%20Guinea>

⁷ <https://www.ch-aviation.com/portal/news/100064-papua-new-guinea-reopens-for-limited-international-flights>

⁸ <https://www.rnz.co.nz/international/pacific-news/438464/in-brief-news-from-around-the-pacific-for-16-march>

⁹ <https://covidcontrols.co/restrictions/papua-new-guinea>

	repayments ¹⁰ <ul style="list-style-type: none"> • The budget deficit in 2020 has widened to around 6% of GDP¹¹ • Borrowing target of K4 billion: 2.5 billion from domestic bonds (COVID-19 bonds), 1.5 billion from international lenders such as IMF¹² • Tax administrative relief measures by Internal Revenue Commissioners (IRC) ¹³ e.g. potential to avail of a two-month extension on the lodgment of corporate income tax returns and personal income tax returns, allowing withholding taxes to be deferred by 21 days • Deficit spending for 2020: K4.6 billion¹⁴ • Added another K645 million more to support health, security and economic sector • November 30, 2020: Health: PGK10 million was released to the National Department of Health¹⁵.
Monetary/financial	<ul style="list-style-type: none"> • Reduction of the Kina Facility Rate (KFR) – the main policy rate - by 200 basis points to 3 percent from 5 percent • Reduction of respective Indicator Lending Rates by commercial banks • Reduction of Cash Reserve Requirement to 7 percent from 10 percent by Bank of Papua New Guinea (BPNG) • 3 months buffer on loan repayments • Repurchase of government securities in an open market quantitative easing program • Increased the margin on central bank borrowing by 25 basis point to 100 basis points of both sides of KFR. Relaxation of prudential standards relating to asset quality, capital adequacy and loan-loss provisioning
Foreign exchange	<ul style="list-style-type: none"> • Committed to provide USD liquidity to domestic FX interbank market • Directed the Authorized Foreign Exchange dealers to give priority to retailers and wholesalers of medical drugs, medical and pharmaceutical companies
SME measures ¹⁶ (last update 22 January 2021)	<p>Subsidy:</p> <ul style="list-style-type: none"> • The government allocated PGK 5 million from superannuation savings to subsidize employees of MSMEs and state-owned enterprises. <p>Other fiscal support:</p> <ul style="list-style-type: none"> • Businesses can benefit from a two-month extension on the lodgment of corporate income tax returns.¹⁷

¹⁰ www.pwc.com/pg/en/publications/png-pulse-keeping-you-informed/png-pulse-april-2020---special-edition-2---publications---papua-.html

¹¹ www.imf.org/en/News/Articles/2020/06/09/pr20238-papa-new-guinea-imf-executive-board-approves-disbursement-to-address-the-covid-19-pandemic

¹² www.imf.org/en/News/Articles/2020/06/09/pr20238-papa-new-guinea-imf-executive-board-approves-disbursement-to-address-the-covid-19-pandemic

¹³ www.home.kpmg/xx/en/home/insights/2020/04/papua-new-guinea-tax-developments-in-response-to-covid-19.html

¹⁴ www.pwc.com/pg/en/publications/png-pulse-keeping-you-informed/png-pulse-april-2020---special-edition-2---publications---papua-.html

¹⁵ <https://covid19policy.adb.org/policy-measures/PNG>

¹⁶ <https://www.businessadvantagepng.com/stimulate-or-stagnate-steering-papua-new-guineas-economy-through-the-covid-19-crisis/>

¹⁷ Ibid.

	<p>Loan support:</p> <ul style="list-style-type: none"> • The government provided a PGK 600 million credit line to support MSMEs¹⁸, state-owned enterprises and individuals. • The government lowered the policy interest rate by 200 basis points from 5 to 3 per cent to support reductions of commercial banks' loan interest rates.¹⁹ • Support for businesses includes K200 million in guarantees for loans to SMEs.²⁰ <p>Deferral of loan repayment:</p> <ul style="list-style-type: none"> • MSMEs, state-owned enterprises and individuals can defer loan repayments for three months. <p>Employment support:</p> <ul style="list-style-type: none"> • The government allocated PGK 500 million from superannuation savings to subsidize employees of MSMEs and state-owned enterprises.
Other policy measures	<p>International cooperation:</p> <ul style="list-style-type: none"> • April 14, 2020: US\$20 million World Bank funding part of Global Covid-19 response package. Provides new laboratory, equipment, medical supplies an funding for PNG-Australia ravel of lab samples for quality assurance²¹ • May 20, 2020: USD1 million UN Covid-19 Response and Recovery fund ²² • May 26, 2020: USAID allocated US\$9.9 million towards covid-19 efforts in Pacific Island regions of FSM, Fiji, Nauru, Kiribati, Palau, Papua New Guinea, Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. (USD3.55 million allocated to Papua New Guinea²³) • June 9, 2020: the IMF Executive Board allocated US\$363.6 million in emergency financing under the Rapid Credit Facility (RCF) to help PNG address urgent balance of payments needs created by COVID-19²⁴. • July 30, 2020: The Asian Development Bank (ADB) announced more than \$13 million in grants to help Pacific countries finance responses to the COVID-19 pandemic, including \$3 million for Papua New Guinea.²⁵ • August 10, 2020: The ADB approved a \$31 million loan to expand improve the road network in Papua New Guinea.²⁶ • November 26, 2020: The ADB issued \$150 million loan to provide all

¹⁸ <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#P>

¹⁹ <https://home.kpmg/xx/en/home/insights/2020/04/papua-new-guinea-government-and-institution-measures-in-response-to-covid.html>

²⁰ <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#P>

²¹ <https://www.worldbank.org/en/news/press-release/2020/04/14/world-bank-commits-to-papua-new-guineas-fight-against-covid-19>

²² <https://covid19policy.adb.org/policy-measures/PNG>

²³ <https://covid19policy.adb.org/policy-measures/PNG>

²⁴ <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#P>

²⁵ www.adb.org/news/adb-announces-more-13-million-grants-help-pacific-combat-covid-19

²⁶ www.adb.org/news/adb-announces-31-million-loan-boost-road-network-png

	<p>PNG citizens with affordable, accessible, high-quality health services.²⁷</p> <ul style="list-style-type: none"> • November 26, 2020: \$250 Million Loan approved by the ADB.²⁸ • December 9, 2020: A \$93.75 million loan has been agreed by the ADB and global agribusiness company Olam International Limited (Olam) to support the livelihoods of smallholder farmers in Viet Nam, Indonesia, and Papua New Guinea by helping them cope with supply chain disruptions caused by COVID-19 pandemic.²⁹ • ADB: December 2 2020: USD0.03 million technical assistance under Promoting Transformative Gender Equality Agenda in Asia and the Pacific; December 8 2020, USD250 million COVID-19 Rapid Response Program; USD50 million Health Services Sector Development Program.³⁰ 17 December 2020: USD0.35 million technical assistance under "Supporting MSMEs in the Pacific from the Effects of COVID-19 Pandemic".³¹ • December 23, 2020, Paris Club granted suspension of debt service due from 1st January to 30th June 2021.³²
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Source: IMF, Policy Responses to COVID-19, if not specified.

²⁷ <https://www.adb.org/news/adb-announces-150-million-support-universal-health-care-png>

²⁸ <https://www.adb.org/news/adb-approves-250-million-loan-png-response-covid-19>

²⁹ <https://www.adb.org/news/adb-olam-support-smallholder-farmers-livelihoods-disrupted-covid-19>

³⁰ <https://covid19policy.adb.org/policy-measures/PNG>

³¹ <https://covid19policy.adb.org/index.php/policy-measures/PNG>

³² <https://covid19policy.adb.org/policy-measures/PNG>