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INVESTMENTS & PARTNERSHIPS — SERIES 2 | PAPER 1: INVESTMENT & PARTNERSHIP OPERATING ENVIRONMENT

PNG HAS THE MONEY. BUT WHERE ARE THE BIG IDEAS?

Understanding PNG's investment architecture in 2026 — no jargon, just the real picture

WHO THIS IS FOR

Anyone in PNG who wants to understand how money moves in this country — and why it often doesn't. Zero prior knowledge required. If you care about where PNG is heading economically and why it matters to your generation, this is for you.

You've probably heard that PNG is a resource-rich country. You might have heard about big projects like the K20 billion Connect PNG road programme, or billions in overseas aid. So why do roads still get left unfinished? Why do investors say they're interested but then nothing happens? Why does PNG have a record K7.7 billion public investment budget — and still only about K3 billion of it actually gets spent?

This paper breaks it down. No textbook language, no jargon — just the real story of how money flows (or doesn't) into PNG's economy in 2026, and what's at stake for your generation.

> *"PNG is short of good ideas, not capital." — JMP Securities, the country's most respected financial markets voice, at a major business roundtable in early 2026. This one sentence is the spine of everything that follows.*

01 | WHY DOES INVESTMENT MATTER TO YOU?

Investment isn't just a word for economists. It's what determines whether your province gets a sealed road, whether PNG's hospitals get equipment, whether there are jobs waiting for you when you graduate.

Money in → Jobs created
When investors put money into PNG — building a mine, a factory, a fibre cable — they hire workers. Those workers spend money. That spending creates more jobs.

Government money → Services
When PNG's government invests its K7.7 billion public budget well, it builds schools, hospitals, and roads. When it doesn't, the money disappears in bureaucracy.

Foreign partners → Knowledge
When Australia, the World Bank, or Japan partner with PNG on development projects, they bring technical expertise, governance standards, and networks.

The PNG economy in 2026
PNG entered 2026 with its strongest economic foundation since COVID — lowest deficit since 2012, debt falling, inflation stable, foreign exchange working again.

Why 'working again'?
From 2023 to 2025, getting foreign currency out of PNG was the #1 problem businesses reported. In 2026, that problem dropped to #12. That's the biggest single economic unlock in recent PNG history.

So what's the problem?
The macro foundation is strong. The money exists. But PNG lacks not capital, but bankable ideas — projects that are well-designed enough to attract investment and actually get built.

02 | THE THREE STACKS OF MONEY

PNG's investment architecture sits on three distinct capital stacks. Think of them as three separate pools of money, each with different owners, different rules, and different ways of being used.

STACK 1: PUBLIC CAPITAL — The Government's Own Money
K7,697 million in the 2026 Public Investment Programme. The K20 billion Connect PNG roads programme. The K11 billion National Education Upgrade. This is the government's budget — funded by taxes, resource revenues, and some government borrowing.

The 2026 PIP is the largest in PNG's history — +277% bigger than it was in 2018. But here's the problem: historically, PNG only actually spends about 40% of its public investment budget. Not because the money isn't there. Because the systems to deploy it don't work well enough. Of the K7.7 billion, only about K3 billion gets turned into real things. That's the absorption gap.

STACK 2: PRIVATE CAPITAL — Business and Investor Money
K23 billion in combined assets across PNG's three superannuation funds (NasFund, POMGen, and CTSL) — your parents' and grandparents' retirement savings. Plus the PNGX stock exchange, Australian companies, Chinese companies, and foreign direct investors.

Private capital is substantial and earning real returns — the super funds achieved 12–13% crediting rates in 2025. But a meaningful portion is being invested overseas rather than in PNG domestic projects. Why? Because there aren't enough bankable PNG projects to invest in. JMP's 'short of good ideas' again.

STACK 3: PARTNERSHIP CAPITAL — Aid and Donor Money
Australia: over AUD 700 million in 2025–2026 alone. World Bank: USD 250 million for an agricultural project. IMF: USD 338 million in combined support programmes. ADB, EU, Japan, Korea, India — all active with commitments. The most coordinated aid architecture PNG has seen.

Here's the catch: most Australian companies — despite Australia's massive financial commitment — are not actually participating in PNG's public investment programs. The money is coming from donor governments, but the businesses that would deliver the projects aren't showing up. That's the partnership gap.

03 | THE REFORM CYCLE — IS IT WORKING?

In 2026, the PNG government passed and implemented a set of reforms representing the most substantial coordinated policy change in recent history. Here's what happened and what's being tested:

PM Amendment Bill 2026(March 2026)	Gave the Chief Secretary enforcement powers over every government department. First test: did the 30 May 2026 Government Performance Report actually contain measurable targets?
Trade Defence Bill 2026(March 2026)	Created rules to protect PNG businesses from unfair competition from cheaper imported goods — especially from Chinese manufacturers undercutting local producers.
Income Tax Act 2025(Live January 2026)	Updated the tax rules for companies and individuals. Still some clarity needed from Parliament — a small ongoing uncertainty for investors.
FATF Compliance(Review 2026)	PNG invested K10 million in anti-money laundering systems. The FATF review is the international test of whether PNG's financial system is trustworthy for global banks and investors.
Customary Land Reform(Expected Q1 2027)	Most PNG land is customary — owned by communities. Reforming how this land can be used for investment has been one of the hardest policy problems. A bill is coming.
Connect PNG Trust Fund(Pending)	The K20 billion Connect PNG programme has a K4.5 billion accounting problem. Legalising the Trust Fund structure is the governance fix. Experts call it the most important governance reform PNG could make right now.

04 | THE 14-MONTH WINDOW — WHY NOW MATTERS

There's a mid-2027 election on the horizon. That's the hard stop. Whatever reforms are in flight, whatever investment decisions are pending — it all has to happen within the current policy window.

2026
May: Government Performance Report — first real test of the PM Amendment Bill. June: Australian Business Delegation (~320 companies, three cities). Late 2026: FATF review, EUDR deadline, AGOA extension window.

2027
January: K5.25 minimum wage comes into effect. Q1: Customary Land Reform Bill expected. Budget cycle: does PNG's fiscal foundation hold? Mid-year: election. Policy window closes.

"Decisions taken now compound. Decisions deferred will be deferred for at least two further years." This isn't rhetoric. For a country where the typical policy cycle loses momentum at election time, the next 14 months are when the choices that shape the next decade get made.

05 | WHAT THIS MEANS FOR YOUR GENERATION

If you're a young Papua New Guinean in 2026, this is the economic environment you're entering:

The good news
The macro foundation is the best it's been since COVID. Debt is falling. Inflation is stable. Foreign exchange is working. Business confidence has rebuilt from its worst point in years.

The structural problem
The capital is there but the ideas and systems aren't keeping up. K7.7 billion in public investment is only delivering K3 billion of real assets. That's a governance problem — and governance problems are solvable.

The opportunity
There are K23 billion in super funds looking for bankable PNG projects. There are hundreds of Australian companies trying to figure out how to participate. There is a real opening — if the pipeline can be built.

The test
Whether PNG converts its strongest economic foundation in years into real development outcomes — jobs, roads, schools, services — before the 2027 window closes. That test falls on the generation in government now. But it will be inherited by yours.

PNG is not short of money. PNG is short of the systems, ideas, and bankable opportunities that put money to work. That gap is what Papers 2 to 5 of this Series read in detail — and what your generation has both the most to gain from solving, and the most to lose from leaving unsolved.

This is Paper 1 of Series 2: Investments and Partnerships. Paper 2 reads the public capital stack. Paper 3 reads the private sector investment cycle. Paper 4 reads aid and geopolitics. Paper 5 reads the emerging stacks. Together, they read the full picture of how PNG's money can be put to work.