

ASIAN DEVELOPMENT BANK MEMBER FACT SHEET

Papua New Guinea: 2018 Committed Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
195.00	–	5.44	8.98	209.41

– = nil.

Notes: Commitment is the financing approved by the ADB Board of Directors or Management for which the investment agreement has been signed by the borrower, recipient, or the investee company and ADB.

Grants and technical assistance include ADB-administered cofinancing.

Papua New Guinea: Cumulative Lending, Grant, and Technical Assistance Commitments^{a, b, c}

Sector	No.	Total Amount (\$ million) ^d	% ^d
Agriculture, Natural Resources, and Rural Development	42	202.13	6.63
Education	11	63.29	2.08
Energy	29	248.47	8.15
Finance	15	56.86	1.86
Health	37	423.03	13.87
Industry and Trade	13	38.97	1.28
Multisector	3	15.91	0.52
Public Sector Management	30	133.46	4.38
Transport	79	1,815.68	59.54
Water and Other Urban Infrastructure and Services	13	51.80	1.70
Total	272	3,049.59	100.00

^a Grants and technical assistance include ADB-administered cofinancing.

^b Includes sovereign and nonsovereign loans and technical assistance.

^c Using primary sector in reporting of commitments.

^d Numbers may not sum precisely because of rounding.

Papua New Guinea: Ordinary Capital Resources Nonsovereign Commitments by Product, 2007–2018

No. of Transactions Signed	Amount (\$ million)
Loans	18.00
Equity Investments	–
Guarantees	–
Total	18.00

– = nil.

ADB's priorities in Papua New Guinea have recently focused on developing transport infrastructure, promoting renewable energy, expanding access to finance, and improving health services.

PAPUA NEW GUINEA

The economy of Papua New Guinea (PNG) is dominated by labor-intensive agriculture and capital-intensive extraction of oil and gas, gold, copper, and other minerals. Mining and petrochemicals now account for over 25% of PNG's gross domestic product and over 80% of its exports. The country continues to face significant challenges in making economic growth more inclusive and sustainable. Many areas of service delivery—such as health, education, transport, energy, and water—remain weak, particularly in rural areas.

The Asian Development Bank (ADB) has been working with PNG since 1971 and is the country's largest multilateral development partner. ADB has committed \$2.8 billion in loans, \$175.6 million in grants, and \$76.4 million in technical assistance for PNG.

Cumulative loan and grant disbursements to PNG amount to \$1.77 billion. These were financed by regular and concessional ordinary capital resources, the Asian Development Fund, and other special funds.

ADB-SUPPORTED PROJECTS AND PROGRAMS

The ADB country partnership strategy, 2016–2020 for PNG is aligned with the country's Development Strategic Plan, 2010–2030 and the National Strategy for Responsible Sustainable Development. The bank's priorities in PNG have recently focused on developing transport infrastructure, promoting renewable energy, expanding access to finance, and improving health services.

In 2018, ADB approved \$195 million for the Health Services Sector Development Program, which will help PNG strengthen health services through policy reforms and direct investments in health systems.



In 2017, ADB approved \$680 million for the Sustainable Highlands Highway Investment Program. The 1,200-kilometer (km) highway is the lifeline for the Highlands region, connecting 1,800 km of regional and feeder roads as well as servicing 3 million people in the rural hinterland. The program will rehabilitate and sustainably maintain 430 km of the highway, upgrade and improve bridges, improve road safety, help establish logistics platforms and services for agricultural production, and support transport sector reforms.

ADB is also providing \$400 million for the Highlands Region Road Improvement Investment Program. Under the first two phases of the program, ADB has invested \$209 million to reconstruct 233 km of priority roads. Under the third phase, ADB will provide \$109.3 million, including cofinancing of \$19.99 million from the European Union, to rebuild four road sections totaling 114 km.

ADB has committed \$90 million (cofinanced by \$58 million from the European Investment Bank) to replace 30 single-lane bridges with permanent two-lane bridges along five national highways. ADB is also funding the \$480 million Civil Aviation

Development Investment Program to help provide safe, reliable, sustainable, and affordable aviation services across PNG, with 20 national airports being improved under the program.

In the energy sector, ADB has funded the Town Electrification Investment Program, with the first two phases (totaling \$150 million) scheduled for completion in December 2019 and June 2020, respectively. The bank is also supporting the Port Moresby Power Grid Development Project, set for completion in July 2019. Both these projects are helping to expand renewable energy supply through hydropower generation, distribution, and transmission. A separate grant, provided by the governments of Japan and New Zealand, is helping connect households to the new electricity services.

An ADB-supported microfinance project continues to expand access to credit and financial services for rural communities in some of PNG's poorest and most isolated regions. The project aims to make about 120,000 rural residents more financially literate.

The Rural Primary Health Services Delivery Project, cofinanced by the Government of Australia and the OPEC

Fund for International Development, is constructing up to 32 new rural health posts and continues to train health workers to provide better primary health care in rural PNG.

NONSOVEREIGN OPERATIONS

As a catalyst for private investments, ADB provides financial assistance to nonsovereign projects and financial intermediaries. Total commitments from ADB's own funds (in equity and direct loans) in 2018 amounted to \$3.14 billion for 32 transactions in economic and social infrastructure, the finance sector, and agribusiness. ADB also actively mobilizes cofinancing from commercial and concessional sources. In 2018, ADB mobilized \$3.17 billion of long-term cofinancing and \$3.99 billion of cofinancing in trade finance, microfinance, and supply chain finance programs. Total outstanding balances and commitments of nonsovereign transactions funded by ADB's own resources stood at \$12.7 billion as of 31 December 2018.

COFINANCING

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing

Papua New Guinea: Project Success Rates

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2007	-	1
2008	-	1
2009	33.3	3
2010	100.0	1
2011	-	2
2012	100.0	1
2014	-	1
2015	-	1
2017	33.3	3
Total	28.6	14

Note: "Year" refers to the circulation year of the project completion report (PCR). The success rates reported are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and do not include self-evaluations. With small sample sizes, success rates do not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2018.

Papua New Guinea: Projects Cofinanced, 1 January 2014–31 December 2018

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	7	147.62
Grants	6	89.22
Official Loans	1	58.40
Technical Assistance Grants	3	2.94

^a A project with more than one source of cofinancing is counted once.

Papua New Guinea: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2017–2018

No. of Ongoing Loans ^a (as of 31 Dec 2018)	2017 (\$ million)		2018 (\$ million)	
	2017 (\$ million)	2018 (\$ million)	2017 (\$ million)	2018 (\$ million)
Contract Awards ^{b,c}	169.15	344.70	102.03	240.42
Disbursements ^b	102.03	240.42	1	1
No. of Ongoing Grants ^a (as of 31 Dec 2018)	2017 (\$ million)		2018 (\$ million)	
Contract Awards ^{b,c}	-	1.00	-	1.00
Disbursements ^{b,d}	-	1.00	-	1.00
Actual Problem Projects (%) (as of 31 Dec 2018)	6		6	

- = nil.

^a Based on commitments.

^b Includes closed loans/grants that had contract awards or disbursements during the year.

^c Excludes policy-based lending/grants.

^d Includes only Asian Development Fund and other ADB special funds.

Papua New Guinea: Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	2017		2018		Cumulative (as of 31 Dec 2018)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	10.72	0.11	159.84	1.27	846.90	0.47
Consulting Services	2.97	0.40	6.63	0.95	46.55	0.37
Total Procurement	13.69	0.13	166.47	1.26	893.45	0.46

Top 5 Contractors/Suppliers from Papua New Guinea Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2014–31 December 2018

Contractor/Supplier	Sector	Contract Amount (\$ million)
AG Investment Ltd.	ENE	42.66
China Overseas Engineering Group Co. Ltd. (PNG)	TRA	15.95
Global Constructions Ltd.	TRA	14.01
Lorma Construction Ltd. – Soco (JV)	TRA	10.46
Shornclyffe (PNG) Ltd.	TRA	7.71
Others		161.83
Total		252.62

ENE = energy, TRA = transport.

Top 5 Consultants from Papua New Guinea Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2014–31 December 2018

Consultant	Sector	Contract Amount (\$ million)
UPNG Remote Sensing Centre	HLT	5.64
Pacific Development Contractors Ltd.	HLT	1.44
K1 Association Inc.	FIN	0.87
PricewaterhouseCoopers	HLT, TRA	0.80
National Road Safety Council	TRA	0.71
Individual Consultants		4.50
Others		4.66
Total		18.62

FIN = finance, HLT = health, TRA = transport.

institutions, and commercial organizations to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, technical assistance, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB's [Trade Finance Program](#) and [Supply Chain Finance Program](#).

ADB began cofinancing operations in PNG in 1981. Since then, cumulative direct value-added official cofinancing commitments for PNG have amounted to \$267.72 million for 19 investment projects, and \$9.62 million for 13 technical assistance projects. Cumulative direct value-added commercial cofinancing for PNG has amounted to \$152.64 million for one investment project.

In 2018, PNG received a \$7.98 million in grant cofinancing from the Government of Australia and the Strategic Climate Fund–Pilot Program for Climate Resilience for the project [Building Resilience to Climate Change in Papua New Guinea](#).

A summary of projects with cofinancing from 1 January 2014 to 31 December 2018 is available at www.adb.org/countries/papua-new-guinea/cofinancing.

PARTNERSHIPS

ADB is working to enhance how international aid responds to PNG's development challenges. Projects supported by the bank use government procurement systems and processes, and project implementation is progressively being delegated to the ADB resident mission in PNG.

ADB intends to intensify its partnerships with subnational provincial governments—which have emerged as important stakeholders—to implement infrastructure projects.

The bank also partners with nongovernment agencies, including for the promotion of a legislative framework for successful public–private partnerships, and harnesses the expertise of civil society organizations to deliver rural health services.

ADB will continue to participate in International Monetary Fund missions and collaborate with other development partners to PNG, such as Australia, the European Union, Japan, and New Zealand.

PROCUREMENT

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts are awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Share of ADB's Procurement Contracts

Goods, Works, and Related Services

ADB's procurement contracts in Asia and the Pacific for goods, works, and related services under loan and grant operations totaled \$10.2 billion in 2017 and \$12.55 billion in 2018. Cumulative procurement since 1966 has been \$180.86 billion covering 215,461 contracts.

In PNG, 2,749 contracts worth \$846.9 million have been awarded to contractors and suppliers since 1971.

Consulting Services

ADB's procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled \$746.79 million in 2017 and \$696.18 million in 2018. Cumulative procurement since 1966 has been \$12.7 billion covering 59,248 contracts.

In PNG, 418 contracts worth \$46.55 million have been awarded to consultants since 1971.

OPERATIONAL CHALLENGES

The 2018 review mission of the ADB portfolio in PNG highlighted that, although the government has progressed in resolving some implementation bottlenecks, the following issues remain a significant risk: (i) delays in procurement and appraisal processes and the associated awarding and signing of contracts; (ii) insufficient counterpart funding; (iii) low capacity of executing agencies to manage contracts and social and environmental safeguard issues to ADB standards; and (iv) weak management capacity of contractors, resulting in implementation delays.

To manage the key risks associated with an expanded lending pipeline for PNG, ADB will focus on improving project readiness and introduce risk-based procurement measures.

FUTURE DIRECTIONS

To respond to PNG's development needs, ADB will increase its total financing for development projects

(lending, nonlending, and cofinancing) to approximately \$1.5 billion across 2019–2021. The current programming period includes new infrastructure projects, particularly in the transport sector, that will benefit the poorest and most remote parts of PNG. The proposed projects will

help drive inclusive economic growth, improve the delivery of basic services, increase regional connectivity, and build resilience to climate change.

ADB will work with the Government of Australia, the European Union,

the International Monetary Fund, the World Bank, and other donor partners to develop a coordinated response to economic downturn in PNG and increase the country's resilience to external shocks.



ABOUT PAPUA NEW GUINEA AND ADB

ADB Membership

Joined 1971

Shareholding and Voting Power

Number of shares held: 9,960 (0.094% of total shares)
Votes: 49,657 (0.373% of total membership,
0.574% of total regional membership)

Overall capital subscription: \$138.52 million
Paid-in capital subscription: \$6.91 million

In-chang Song is the Director and **Bobur Khodjaev** is the Alternate Director representing Papua New Guinea on the ADB Board of Directors.

David Hill is the ADB Country Director for Papua New Guinea. The Papua New Guinea Resident Mission was opened in 2003 and provides the primary operational link for activities between ADB and the government, the private sector, civil society stakeholders, and development partners. The resident mission engages in policy dialogue, country partnership strategy development and programming, and portfolio management, while also acting as a knowledge base on development issues in Papua New Guinea.

The Papua New Guinea government agency handling ADB affairs is the Department of National Planning and Monitoring, with the Department of Treasury responsible for loans.

ABOUT THE ASIAN DEVELOPMENT BANK

ADB is a multilateral development bank owned by 68 members, 49 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance. In 2018, lending volume was \$19.88 billion (126 projects), with technical assistance at \$241.20 million (280 projects) and grant-financed projects at \$1.42 billion (44 projects). In addition, \$14 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional cofinancing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2014 to 31 December 2018, ADB's annual lending volume averaged \$15.99 billion. In addition, investment grants and technical assistance funded by ADB and Special Funds resources averaged \$583.95 million and \$184 million over the same period. As of 31 December 2018, the cumulative totals excluding cofinancing were \$275.82 billion in loans for 3,090 projects in 44 countries, \$9.38 billion in 374 grants, and \$4.52 billion in technical assistance grants, including regional technical assistance grants.

Notes:

ADB welcomed Niue as its 68th member in March 2019.

ADB recognizes "China" as the People's Republic of China.

Figures are estimated by ADB unless otherwise stated. "\$" refers to United States dollars.

Data are updated as of 31 December 2018 unless otherwise indicated. Fact sheets are published annually in April.

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Useful ADB websites

Asian Development Bank
www.adb.org

Annual Report
www.adb.org/documents/series/adb-annual-reports

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

ADB Data Library
data.adb.org