

ASIAN DEVELOPMENT BANK MEMBER FACT SHEET

Papua New Guinea: 2020 Loans, Grants, Equity Investments, Technical Assistance, and Trade and Supply Chain Finance and Microfinance Program Commitments (\$ million)^a

Product Type	Sovereign	Nonsovereign	Total
Loans	531.00	-	531.00
Grants	4.11	-	4.11
Technical Assistance ^b	15.33	0.95	16.28
Total	550.44	0.95	551.39

- = nil, DMC = developing member country, TA = technical assistance.

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

Grants and TA include ADB-administered cofinancing.

^a Numbers may not sum precisely because of rounding.

^b Financing for TA projects with regional coverage is distributed to their specific DMCs where breakdown is available.

Papua New Guinea: Cumulative Loans, Grants, Equity Investments, Technical Assistance, and Trade and Supply Chain Finance and Microfinance Program Commitments^{a, b, c, d}

Sector	No.	Total Amount (\$ million) ^e	% of Total Amount ^e	COVID-19 Response (\$ million) ^e
Agriculture, Natural Resources, and Rural Development	42	202.13	5.38	-
Education	12	64.38	1.71	-
Energy	30	248.99	6.63	-
Finance	17	74.88	1.99	0.15
Health	43	965.90	25.73	304.88
Industry and Trade	13	39.26	1.05	0.21
Information and Communication Technology	-	0.14	0.00	-
Multisector	3	16.31	0.43	-
Public Sector Management	32	235.72	6.28	0.58
Transport	81	1,850.57	49.29	-
Water and Other Urban Infrastructure and Services	14	56.32	1.50	3.37
Total	287	3,754.60	100.00	309.18

- = nil, 0.00 = less than 0.005%, COVID-19 = coronavirus disease, DMC = developing member country, TA = technical assistance.

^a Grants and TA include ADB-administered cofinancing.

^b Includes sovereign and nonsovereign loans and technical assistance.

^c Using primary sector in reporting of commitments.

^d Financing for TA projects with regional coverage is distributed to their specific DMCs where breakdown is available.

^e Numbers may not sum precisely because of rounding.

ADB will support Papua New Guinea's strategic objectives through policy analysis and advice, sovereign and nonsovereign financing facilities, and strategically targeted technical assistance.

PAPUA NEW GUINEA

Papua New Guinea (PNG) is a lower-middle income country, classified by the Asian Development Bank (ADB) as both a fragile and conflict-affected situation and a small island developing state.

The economy of PNG is small, open, and export-oriented. Mineral products (including oil, gas, liquid natural gas, gold, and copper) account for roughly 84% of all exports, with agriculture, forestry, and marine products contributing the other 16%. The economy is estimated to have contracted by at least 2.9% in 2020, largely due to the impacts of the coronavirus disease (COVID-19) pandemic.

ADB has been working with PNG since 1971 and is the country's largest multilateral development partner. ADB's recent engagement has focused on key development challenges, including weak governance and institutions, a large infrastructure deficit, and poor service delivery (especially in rural areas, where more than 80% of the population resides).

Since 1971, ADB has committed loans totaling \$3.4 billion, grants of \$19 million, technical assistance worth \$79.2 million, and ADB-administered cofinancing of \$217.9 million for PNG. Cumulative loan and grant disbursements to PNG amount to \$2.73 billion. These were financed by regular and concessional ordinary capital resources, the Asian Development Fund, and other special funds.

ADB-SUPPORTED PROJECTS AND PROGRAMS

ADB is providing comprehensive support to help PNG in its COVID-19 response and recovery. In December 2020, the bank committed and disbursed a \$250 million countercyclical support facility, the [COVID-19 Pandemic Response Option](#), which helped the



Government of PNG finance and implement its pandemic response plan.

ADB also provided a \$3 million grant under the [Asia Pacific Disaster Response Fund](#) to meet immediate needs, such as purchasing essential medicines and medical equipment.

To strengthen PNG's public sector management, ADB committed and disbursed \$100 million in December 2020 under the [State-Owned Enterprises Reform Program](#).

In other measures, ADB is financing large-scale investments in transport. In 2017, the bank approved the [Sustainable Highlands Highway Investment Program](#) with a project ceiling of \$1 billion. The program will rehabilitate and sustainably maintain 430 kilometers of highway, upgrade bridges, improve road safety, help establish logistics platforms and services for agricultural production, and support transport sector reforms. Meanwhile, through the [Highlands Region Road Improvement Investment Program](#), ADB has provided \$400 million for the construction and rehabilitation of over 347 kilometers of roads. It also committed \$90 million for the [Bridge Replacement for Improved Rural Access Project](#), which included cofinancing of \$58 million from the European Investment Bank, to replace

33 single-lane bridges with permanent two-lane bridges along five national highways. In aviation, ADB is providing \$480 million through the [Civil Aviation Development Investment Program](#) to improve 21 airports.

ADB has funded the [Town Electrification Investment Program](#), with two tranches totaling \$150 million. The bank is also supporting the [Port Moresby Power Grid Development Project](#), set to be completed in July 2022. Collectively 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.

The Health Services Sector Development Program is strengthening health systems through policy reforms and direct investments, while the [Rural Primary Health Services Delivery Project](#), cofinanced by the Government of Australia and the Organization of the Petroleum Exporting Countries Fund for International Development, is constructing up to 32 new rural health posts and training health workers in better primary health care.

NONSOVEREIGN OPERATIONS

As a catalyst for private investments, ADB provides financial assistance to nonsovereign projects and financial intermediaries. Total commitments in loans and equity investments from ADB's own funds in 2020 amounted to \$1.4 billion for 38 transactions in economic and social infrastructure, finance sector, and agribusiness. ADB also actively mobilizes cofinancing from commercial and concessional sources. In 2020, ADB mobilized \$1.9 billion of long-term project cofinancing and \$3.3 billion of cofinancing through its [Trade and Supply Chain Finance Program](#) and [Microfinance Program](#). Total outstanding balances and commitments of nonsovereign transactions funded by ADB's own resources stood at \$14.3 billion as of 31 December 2020.

Total outstanding balances and commitments of ADB's nonsovereign transactions in the country as of 31 December 2020 was \$7.4 million, representing 0.1% of ADB's total nonsovereign portfolio.

PARTNERSHIPS

ADB's [country partnership strategy covering 2021–2025](#) for PNG aims to strengthen ties with development

Papua New Guinea: Evaluation Results for Sovereign and Nonsovereign Operations, 2011–2020

	Total Number of Validated and Evaluated Projects and Programs	Evaluation Ratings		
		Highly successful and successful	Less than successful	Unsuccessful
Sovereign Operations	9	2	6	1
Nonsovereign Operations	1	1	-	-

-- = nil, IED = Independent Evaluation Department.

Note: The figures indicate the number of sovereign and nonsovereign operations in the country that have been validated or evaluated by the IED and their overall performance ratings. The coverage consists of all validated or evaluated project completion reports and extended annual review reports circulated by ADB within the 10-year period from 1 July 2010 to 30 June 2020. See [evaluations](#) related to Papua New Guinea.

Source: IED success rate database (as of 31 December 2020).

Papua New Guinea: Projects Cofinanced, 1 January 2016–31 December 2020

Cofinancing	No. of Projects	Amount (\$ million)
Sovereign	12	188.17
Loan	1	58.40
Grants	8	126.29
Technical Assistance	3	3.48

Papua New Guinea: Ordinary Capital Resources Nonsovereign Commitments by Product

	2020	2016–2020
Number of Transactions Signed	-	1
Number of Transactions Signed (Programs)	-	-
	Amount (\$ million)	
Loans	-	-
Equity Investments	-	10.00
Guarantees	-	-
Trade and Supply Chain Finance Program and Microfinance Program	-	-
Total	-	10.00

-- = nil.

Papua New Guinea: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2019–2020

	2019 (\$ million)		2020 (\$ million)	
	2019 (\$ million)	2020 (\$ million)	2019 (\$ million)	2020 (\$ million)
No. of Ongoing Loans ^a (as of 31 Dec 2020)	27		27	
Contract Awards ^{b,c}	44.99	68.69	44.99	68.69
Disbursements ^b	275.20	677.74	275.20	677.74
No. of Ongoing Grants ^{a,d} (as of 31 Dec 2020)	1		1	
Contract Awards ^{b,c,d}	-	-	-	-
Disbursements ^{b,d}	-	3.00	-	3.00
At Risk Projects (%) (as of 31 Dec 2020)	19		19	

-- = nil.

^a Based on commitments.

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

^c Excludes policy-based, results-based, and financial intermediation/credit loans and 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	2019		2020		Cumulative (as of 31 Dec 2020)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	110.36	0.78	525.05	2.30	1,492.07	0.69
Consulting Services	7.06	0.93	16.70	2.28	66.52	0.47
Total Procurement	117.42	0.79	541.75	2.30	1,558.59	0.68

Top 5 Contractors/Suppliers from Papua New Guinea Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2016–31 December 2020

Contractor/Supplier	Sector	Contract Amount (\$ million)
AG Investment Ltd.	ENE	49.66
Pacific Development Contractors Ltd.	HLT	18.26
China Overseas Engineering Group Co. Ltd. (PNG)	TRA	15.88
Lorma Construction Ltd. & Soco (JV)	TRA	12.65
G-Man Construction Ltd.	TRA	6.55
Others		757.34
Total		860.34

ENE = energy, HLT = health, JV = joint venture, PNG = Papua New Guinea, TRA = transport.

Top 5 Consultants from Papua New Guinea Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2016–31 December 2020

Consultant	Sector	Contract Amount (\$ million)
PNG Remote Sensing Centre	HLT	7.98
United Nations Development Programme	PSM	3.00
Pacific Development Contractors Ltd.	HLT	2.28
Agility Ltd. (PNG)	HLT	1.87
Lapwing Construction Ltd.	HLT	1.28
Individual Consultants		6.52
Others		11.39
Total		34.32

HLT = health, PNG = Papua New Guinea, PSM = public sector management.

partners, explore cofinancing opportunities, and foster partnerships with the private sector and civil society organizations. ADB continues to collaborate with PNG's key development partners such as the governments of Australia, Japan, and New Zealand along with the European Union.

ADB's [Pacific Private Sector Development Initiative](#), cofinanced by the governments of Australia and New Zealand, has been active in PNG since 2008. This regional initiative works to reduce constraints to doing business, incentivize entrepreneurship and investment, foster new business models, and remove barriers to women's full participation in the economy.

ADB also supports PNG through the [Pacific Region Infrastructure Facility](#), which provides technical advice on infrastructure development and sustainable infrastructure management and enhances the coordination of development partner investments in the Pacific.

FINANCING PARTNERSHIPS

[Financing partnerships](#) enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations to participate in financing ADB projects. The additional funds are provided in the form of loans and grants, technical assistance, and other

[nonsovereign cofinancing](#) such as [B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing](#), and cofinancing for transactions under ADB's [Trade and Supply Chain Finance Program](#) and [Microfinance Program](#).

ADB began cofinancing operations in PNG in 1980. Since then, sovereign cofinancing commitments for PNG have amounted to \$307.63 million for 21 investment projects, and \$10.37 million for 14 technical assistance projects. Nonsovereign cofinancing for PNG has amounted to \$152.64 million for one investment project and \$0.22 million for one technical assistance project.

In 2020, PNG received \$1.11 million grant cofinancing from the European Union for the Highlands Region Road Improvement Investment Program – Project 3 (Additional Financing).

A summary of projects with cofinancing from 1 January 2016 to 31 December 2020 is available at www.adb.org/countries/papua-new-guinea/cofinancing.

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 all ADB members.

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 \$14.19 billion in 2019 and \$22.79 billion in 2020. Cumulative procurement since 1966 has been \$216.35 billion covering 222,415 contracts.

For contractors and suppliers from PNG, 2,979 contracts worth \$1,492.07 million have been awarded since 1971.

Consulting Services

ADB's procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled \$756.72 million in 2019 and \$732.11 million in 2020. Cumulative procurement since 1966 has been \$14.13 billion covering 67,086 contracts.

For consultants from PNG, 491 contracts worth \$66.52 million have been awarded since 1971.

OPERATIONAL CHALLENGES

PNG faces operational and implementation challenges similar

to other fragile and conflict-affected situations. To improve program implementation, the country must address: (i) delays in procurement and approval of contracts; (ii) insufficient counterpart funding; (iii) low capacity of executing and implementing agencies in contract management, and insufficient understanding of social and environmental safeguards; and (iv) weak capacity of contractors and consultants in project management and coordination.

To manage the key risks associated with an expanded lending pipeline for PNG, ADB will focus on improving project

readiness and introducing risk-based procurement measures.

FUTURE DIRECTIONS

The overall objective of ADB's country partnership strategy for PNG is to support diversified, sustained, and inclusive growth through three strategic pathways. The first pathway serves to enable diversified economic growth through improvements to infrastructure, including in transport and energy, and to bolster the private sector. The second pathway aims to improve governance and financial management

and strengthen institutions, including state-owned enterprises, to deliver efficiencies, improve public service delivery, and cope with fragility. This pathway incorporates responses to external shocks, including the COVID-19 pandemic. The third pathway seeks to achieve inclusive growth, with a focus on human development outcomes, and building resilience to climate and disaster risks. ADB will support these strategic objectives through policy analysis and advice, sovereign and nonsovereign financing facilities, and strategically targeted technical assistance.

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: 49,074 (0.369% of total membership, 0.567% of total regional membership)

*Overall capital subscription: \$143.45 million

*Paid-in capital subscription: \$7.16 million

*United States dollar figures are valued at rate as of 31 December 2020.

Ian Ling-Stuckey MP is the Governor and **Dairi Vele** is the Alternate Governor for Papua New Guinea in ADB.

Kisun Bang is the Director and **Yu-Peng (James) Tseng** 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, portfolio management, and knowledge-based solutions for Papua New Guinea.

ABOUT THE ASIAN DEVELOPMENT BANK

ADB is a multilateral development bank owned by 68 members, 49 from Asia and the Pacific 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 2020, lending volume was \$26.9 billion (149 projects), with technical assistance at \$293.56 million (275 projects) and grant-financed projects at \$1.08 billion (62 projects). In addition, \$16.41 billion was generated for sovereign and nonsovereign cofinancing in the form of loans and grants, B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade and Supply Chain Finance Program and Microfinance Program. From 1 January 2016 to 31 December 2020, ADB's annual lending volume averaged \$19.69 billion. In addition, investment grants and technical assistance funded by ADB and Special Funds resources averaged \$805.5 million and \$230.81 million respectively over the same period. As of 31 December 2020, the cumulative commitments excluding cofinancing were \$323.17 billion in loans for 3,369 projects in 44 countries, \$11.3 billion in 495 grants, and \$5.01 billion in technical assistance grants, including regional technical assistance grants.

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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

Notes:

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 2020 unless otherwise indicated.