# Project Summary Information

| Date of Document Updating: 07/09/26 | |
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| **Project Name** | Papua New Guinea Growth and Resilience Program with a Catastrophe Deferred Drawdown Option |
| **Project Number** | P001062 |
| **AIIB member** | Papua New Guinea |
| **Sector/Subsector** | Multi-sector |
| **Alignment with AIIB's thematic priorities** | Green infrastructure |
| **Status of Financing** | Under Preparation |
| **Objective** | To support the Government of Papua New Guinea in strengthening climate and disaster resilience through critical institutional and policy reforms |
| **Project Description** | Program Scope<br>The proposed Papua New Guinea Growth and Resilience Program with a Catastrophe Deferred Drawdown Option (Cat-DDO) (the “Program”) is co-financed with the World Bank and constitutes one of AIIB’s Climate Policy-Based Financing (CPBF) modalities integrating a Cat-DDO. The Program will support the Government of Papua New Guinea (GoPNG) in advancing priority policies and institutional reforms to strengthen the enabling environment for green and resilient growth and to enhance preparedness for climate, disaster, and health emergencies. The Program aims to unlock downstream adaptation and resilience investments by improving regulatory clarity, strengthening institutional coordination, and reinforcing systems critical to climate and disaster risk management.<br><br>The Program supports the following prior actions:<br>• Establishment of the Carbon Market Regulation to strengthen governance, authorization, and oversight of carbon market activities.<br>• Approval of the Climate Responsive Road Infrastructure Manuals to integrate climate risk considerations into the design, construction, maintenance, and rehabilitation of road infrastructure.<br>• Enactment of the Biosecurity Act to modernize import and export controls and strengthen surveillance and management |

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| | of animal and plant health risks.<br>• Enactment of the Fire and Rescue Service Act to strengthen mandates, operational capacity, and resourcing for emergency response and rescue services.<br>• Adoption of the National Internally Displaced Persons Policy to establish a coordinated framework for addressing displacement linked to climate change and natural hazards.<br>• Adoption of the National Health Information Communication and Technology Policy to strengthen interoperable digital systems for disease surveillance, monitoring, and early response to health emergencies.<br>The operation also includes a Cat-DDO, a contingent financing instrument that provides immediate liquidity following the declaration of a state of emergency. The Cat-DDO strengthens Papua New Guinea's disaster risk financing framework by providing predictable financing, reducing reliance on ad hoc budget reallocations, and supporting timely response to shocks. The Program and the Cat-DDO establish a mutually reinforcing reform–financing platform that strengthens institutional resilience, de-risks future agriculture and transport investments, and supports inclusive, climate-resilient growth.<br><br>Institutional Arrangements<br>The Program is led with the Department of Treasury (DoT) serving as the central coordinating agency responsible for overall program oversight. The Climate Change and Development Authority (CCDA) leads climate policy coordination and oversees key reforms related to climate governance, including carbon market regulation. Implementation of sector-specific reforms is carried out by relevant line ministries and agencies, including the Department of Works and Highways (DoWH) for climate-responsive road standards, the Biosecurity Authority for biosecurity reforms, the Fire Service under the Department of Defense for emergency response capacity, the Department of Provincial and Local Government Affairs (DPLGA) for internal displacement policy, and the National Department of Health (NDoH) for the Health ICT Policy. Coordination is supported through inter-agency mechanisms and technical working groups, with DoT ensuring alignment, facilitating information sharing, and overseeing overall program monitoring and reporting.<br><br>Financing Modalities<br>The proposed operation is a CPBF with a Cat-DDO. Papua New Guinea is highly vulnerable to climate change, with frequent exposure to floods, landslides, and extreme weather events. The Cat-DDO provides rapid access to financing following a disaster declaration, enabling timely response and recovery while reinforcing preparedness through linked policy and institutional reforms.<br><br>Analytical Work<br>The Program is underpinned by a range of analytical work, including Papua New Guinea's National Adaptation Plan and Enhanced Nationally Determined Contribution, as well as sector diagnostics and technical assessments conducted by the World Bank, IMF, GGGI, and other development partners. These analyses have identified key policy and institutional gaps |

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| | in climate governance, resilient infrastructure, and disaster risk management, which inform the design of the proposed prior actions.<br><br>Progress Update on Reform Implementation<br>N/A |
| **Expected Results** | PA1: Carbon Market Regulation<br>Expected Result:<br>An operational regulatory framework for carbon markets established, enabling transparent authorization, oversight, and participation in voluntary and international carbon markets, with increased private sector investment in climate mitigation activities by 2028.<br><br>PA2: Climate-Responsive Road Infrastructure Manuals<br>Expected Result:<br>Climate resilience considerations systematically integrated into road planning, design, construction, and maintenance through the application of climate-responsive road infrastructure manuals, improving the resilience of transport assets to climate-related hazards by 2028.<br><br>PA3: Biosecurity Act<br>Expected Result:<br>A strengthened national biosecurity system established through risk-based surveillance, inspection, and border management measures, improving preparedness and response to transboundary animal and plant pests and diseases while facilitating safe agricultural trade by 2028.<br><br>PA4: Fire and Rescue Service Act<br>Expected Result:<br>Institutionalized search and rescue (SAR) services established, with at least two certified simulation drills in technical rescue operations conducted and evaluated to a satisfactory standard by 2028.<br><br>PA5: National Internally Displaced Persons Policy (NIDPP)<br>Expected Result: |

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| | Climate and gender-responsive displacement management strengthened, with four provincial development plans aligned with the NIDPP and incorporating protection measures, gender-based violence referral systems, and livelihood support for displaced populations by 2028.<br><br>PA6: National Health ICT Policy 2024–2030<br>Expected Result:<br>Enhanced digital health resilience, with two routine health information systems connected to the Master Health Facility List, improving interoperability, disease surveillance, and availability of real-time information for emergency preparedness and response by 2028. |
| **Environmental and Social Category** | Not Applicable |
| **Environmental and Social Information** | **Applicable Policy and Environment and Social Instrument.** AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Exclusion List (ESEL) and provisions related to CPBF set forth in Section 16 of the ESP, are applicable to this CPBF. Therefore, the provisions on Environmental and Social (ES) categorization in the ESP do not apply to this CPBF. This CPBF focuses on policy and institutional reforms that do not entail involuntary resettlement or impact the lives of Indigenous Peoples. The assessment of ES impacts of the CPBF is largely informed by the analytical work of the World Bank and other institutions' analytical underpinnings. An ES matrix has been prepared providing the potential direct and indirect effects of each prior action supported by AIIB.<br><br>**Environmental and Social Aspects.** The six prior actions under the Program are expected to generate positive and inclusive ES outcomes by strengthening Papua New Guinea's institutional capacity to protect lives and livelihoods from climate-related, disaster-related, and public health emergencies, and to advance trade facilitation and rural transport access for geographically dispersed and vulnerable populations. All prior actions are assessed as having a positive or neutral environmental and social effect, with no direct significant adverse impacts expected at the policy level. As the Program focuses on policy and institutional reforms, it is not expected to cause land acquisition, involuntary resettlement, or adverse impacts on Indigenous Peoples. While downstream investments and activities linked to the policy actions may lead to short-term and indirect environmental or social impacts, these would mainly arise through downstream operationalization. AIIB's due diligence, complemented by the World Bank's analytical work, confirms that the Government's legal, institutional, and technical frameworks, supported by implementing regulations under preparation and complementary technical assistance from development partners, are adequate to manage these risks during implementation. While the AIIB-supported policy actions under this CPBF do not include gender as a standalone objective, gender considerations are integrated across the |

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| | supported reforms to address differentiated risks and strengthen women's participation in climate and disaster resilience, recognizing that climate-related disasters and health emergencies in Papua New Guinea disproportionately affect women and girls.<br><br>**Information Disclosure and the Grievance Redress Mechanism (GRM).** The draft ES assessment matrix prepared will be disclosed on the Bank's website in a timely manner to inform the Member's consultation. The final ES assessment matrix will be disclosed prior to the approval of CPBF. Individuals and communities who believe that they are adversely affected by this CPBF may submit complaints to the responsible government authorities and the appropriate local/national grievance mechanisms. The information about the GRMs to be used and AIIB's Project-affected People's Mechanism (PPM) will be timely disclosed in the appropriate manner.<br><br>**Monitoring and Reporting Arrangement.** The Department of Treasury, as the executing agency of the Program, will coordinate and consolidate the monitoring reports from line ministries on the implementation of all policy actions supported by this operation and will provide the reports based on agreed format to AIIB and the World Bank for review. AIIB and the World Bank will jointly conduct regular policy dialogue and Program monitor missions, as appropriate, to validate the implementation progress. |
| **Cost and Financing Plan** | Total Program cost: USD262.5 million<br><br>Proposed AIIB financing: USD112.50 million (USD12.5 million for Cat-DDO)<br><br>World Bank financing: USD150.0 million (USD50 million for Cat-DDO) |
| **Borrower/Investee Company/Counter party/Guaranteed entity** | Independent State of Papua New Guinea |
| **Guarantor** | Not Applicable |
| **Implementing Entity/Sponsor** | Department of Treasury, Papua New Guinea |
| **Estimated date of loan closing** | December/2028 |

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| **(SBF)/Estimated date of last disbursement (NSBF)/ Estimated Date of first disbursement (Fund)** | | | |
| **Contact Points:** | **AIIB** | **World Bank** | **Borrower** |
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| **Date of Concept Decision** | 11/06/25 | | |
| **Date of Appraisal Decision** | 06/23/26 | | |
| **Estimated Date of Financing Approval** | October/2026 | | |

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| **Independent Accountability Mechanism** | The Project-affected People's Mechanism (PPM) has been established by AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through the program-level GRMs or the processes of AIIB's Management. Information on AIIB's PPM, please visit: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html |