



Project Summary Information

Date of Document Preparation: 11/10/25	
Project Name	Growth and Resilience Climate Policy-Based Financing (CPBF) with a Catastrophe Deferred Drawdown Option (Cat-DDO)
Project Number	P001062
AIIB member	The Independent State of Papua New Guinea
Sector/Subsector	Others/Exceptions
Alignment with AIIB's thematic priorities	Green infrastructure
Status of Financing	Under preparation
Objective	To support Papua New Guinea in implementing critical policy and institutional reform for a transition toward more resilience to climate change, natural disasters and health emergencies.
Project Description	This operation is a Climate Policy-Based Financing (CPBF) program structured as a parallel co-financing with the World Bank. The World Bank's operation is organized around three reform areas: (i) fiscal sustainability; (ii) trade facilitation and market access; and (iii) climate, disaster, and health resilience. AIIB's support will primarily focus on the second and third reform areas, with the possibility of including selected climate-relevant policy actions where consistent with the CPBF policy. The operation includes a Catastrophe Deferred Drawdown Option (Cat-DDO) to provide rapid liquidity upon declaration of a state of emergency, strengthening Papua New Guinea's disaster risk financing architecture and reducing fiscal volatility during crises. Indicative policy actions under the second reform area include the Biosecurity Bill and the National Trade Information System. Actions under the third reform area include the Fire and Rescue Service Bill, the National Internally Displaced Persons Policy, and the National Health ICT Policy. As a fragile and climate-vulnerable state, Papua New Guinea faces high exposure to both natural hazards and public health emergencies. The country ranks among the most disaster-prone globally, with average annual disaster losses estimated at 1.6 percent of GDP. Climate change is intensifying these risks and compounding fiscal pressures. The Government has therefore requested AIIB's support to strengthen institutional and financial resilience to climate, disaster, and health-related shocks through a CPBF operation that also advances a pathway for scaling future climate-related investments.

	Institutional coordination is anchored in a dual structure in which the Climate Change and Development Authority (CCDA) provides climate policy leadership and alignment with national frameworks, while the Ministry of Treasury ensures fiscal integration and cross-ministerial implementation.
Expected Results	a) Establishment of institutionalized search and rescue (SAR) services, with at least two certified simulation drills in technical rescue operations conducted and evaluated to a satisfactory standard by 2028. b) Integration of climate and gender-responsive displacement planning, with four provincial development plans aligned with the National Internally Displaced Persons Policy (NIDPP) and incorporating gender-based violence referral systems and livelihood support for displaced women by 2028. c) Enhanced digital health resilience, with two routine health information systems connected to the Master Health Facility List, improving disease surveillance and real-time data for emergency response.
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 including an ES impact analysis matrix that has been prepared covering this CPBF's policy actions. Environmental and Social Aspects. All three prior actions under the Program are expected to generate positive environmental and social outcomes by strengthening Papua New Guinea's institutional capacity to protect lives and livelihoods from climate-related and health emergencies. The main environmental risks may include ecological disturbance, waste generation, soil erosion, and noise during the construction of new facilities such as fire stations as well as the disposal of hazardous waste during the implementation of the health sector digital integration. As the Program focuses on policy and institutional reforms that do not involve physical investments and therefore are not expected to cause land acquisition, involuntary resettlement, or adverse impacts on Indigenous Peoples. AIIB's due diligence, complemented by the World Bank's assessment, confirms that the Government's legal, institutional, and technical frameworks are adequate to manage such ES risks during implementation. In addition, while the AIIB-supported policy actions under this CPBF do not include gender as a standalone objective, gender considerations are integrated across the supported reforms to address

	differentiated risks and strengthen women's participation in climate and disaster resilience. The reforms recognize that climate-related disasters and health emergencies in Papua New Guinea disproportionately affect women and girls due to existing inequalities and limited access to services. Information Disclosure and the Grievance Redress Mechanism (GRM). The draft ES matrix prepared will be disclosed on the Bank's website in a timely manner to inform the Member's consultation. The final ES matrix will be disclosed prior to the approval of the 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 of the GRMs to be used and AIIB's Project-affected People's Mechanism (PPM) will be timely disclosed in the appropriate manner. Monitoring and Reporting Arrangement. The Ministry of Treasury (MoT), as the executing agency of the Program, will coordinate and consolidate the 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	Estimated total financing: USD262.5 million Indicative financing plan: AIIB Loan: USD112.5 million (including USD12.5 million Cat-DDO); World Bank Loan: USD150 million (including USD50 million Cat-DDO)
Borrower/Investee Company/Counter party/Guaranteed entity	The Independent State of Papua New Guinea
Guarantor	Not Applicable
Implementing Entity/Sponsor	Ministry of Treasury
Estimated date of loan closing	December/2028

Contact Points:	AIIB	World Bank	Borrower/ Implementation Organization
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Date of Concept Decision	November 6, 2025		
Estimated Date of Appraisal Decision	March, 2026		
Estimated Date of Financing Approval	March, 2026		

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
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