



AIIB-001062

The Independent State of Papua New Guinea: Growth and Resilience
Climate Policy-Based Financing (CPBF) with a Catastrophe Deferred
Drawdown Option (Cat-DDO)



Early Warning System

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Quick Facts

Countries	Papua New Guinea
Financial Institutions	Asian Infrastructure Investment Bank (AIIB)
Status	Proposed
Bank Risk Rating	U
Borrower	Government of Papua New Guinea - Ministry of Treasury
Sectors	Law and Government
Investment Type(s)	Loan
Investment Amount (USD)	\$ 112.50 million
Project Cost (USD)	\$ 262.50 million



Project Description

According to the Bank's website, the objective of this project is 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.

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.



Early Warning System Project Analysis

The provisions on Environmental and Social (ES) categorization in the ESP do not apply to this Climate Policy-Based Financing (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: 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.



Investment Description

- Asian Infrastructure Investment Bank (AIIB)

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)



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Contact Information

CONTACT INFORMATION

PROJECT TEAM LEADER

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BORROWER

The Independent State of Papua New Guinea

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INVESTEE

Ministry of Treasury

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ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.aiib.org/en/contact/information-request/index.html>

ACCOUNTABILITY MECHANISM OF AIIB

The AIIB has established the Accountability Mechanism for Project-Affected People (PPM). The PPM provides 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 the ESP in situations when their concerns cannot be addressed satisfactorily through Project level GRMs or AIIB Management processes. Two or more project-affected people can file a complaint. Under the current AIIB policy, when the bank co-finances a project with another development bank, it may apply the other bank's standards. You can refer to the Project Summary Information document to find out which standards apply. You can learn more about the PPM and how to file a complaint at: <https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html>

The complaint submission form can be accessed in Arabic, Bahasa Indonesia, Bengali, Chinese, English, Tagalog, Hindi, Nepali, Russian, Turkish, or Urdu. The submission form can be found at: <https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/submission/index.html>



Bank Documents

- Project Summary (November 10, 2025) [Original Source]