

ASIAN DEVELOPMENT BANK

TAR: PNG 35016

TECHNICAL ASSISTANCE

TO

PAPUA NEW GUINEA

FOR THE

GAS PIPELINE DEVELOPMENT PROJECT

October 2001

CURRENCY EQUIVALENTS

(as of 26 September 2001)

Currency Unit	–	Kina (K)
K1.00	=	\$0.285
\$1.00	=	K3.509

ABBREVIATIONS

ADB	–	Asian Development Bank
GDP	–	gross domestic product
MOU	–	memorandum of understanding
PNG	–	Papua New Guinea
TA	–	technical assistance
TCF	–	trillion standard cubic feet

NOTE

In this report, "\$" refers to US dollars.

I. INTRODUCTION

1. The Government of Papua New Guinea (PNG) has requested Asian Development Bank (ADB) assistance to finalize a structure for participation of the national and provincial governments and landowners in the PNG Gas Project to Queensland, Australia (the Project), and to ensure that an appropriate part of project revenues are allocated to public expenditure programs targeted at poverty reduction.¹ The technical assistance (TA) framework is in Appendix 1.

II. BACKGROUND AND RATIONALE

2. PNG is richly endowed with natural resources. Its economic growth has been largely fueled by the mining and energy sector, accounting for an average of around 67 percent of export revenues (around 30 percent ascribed from the energy sector) and 23 percent of gross domestic product (GDP) in 2000. Despite good prospects, exploration activities declined during the 1990s, due to growing peace and security problems, political instability, an unfavorable fiscal environment, and frequently changing policy on state equity in sector-related projects. However, in 2000, the Government significantly improved the fiscal environment for mining and hydrocarbons, and introduced stability in the equity treatment of projects in this sector.² Further prospects in this sector will depend on the ability and determination of the Government to explore and seize strategic opportunities.

3. Oil and gas exploration in PNG started earlier this century. However, significant discoveries were not made until 1986, with oil discoveries in the Southern Highlands Province near Lake Kutubu, and subsequently with several large gas discoveries, including the Hides Field in Tari District. In the 1990s, discoveries were made in Gobe and Moran. To date, the exploitation of the resources has focused on oil production, while gas associated with the exploration of oil has mainly been reinjected for reservoir management purposes, to retain it for later potential production and sale. However, identified oil reserves are decreasing and are projected to be depleted by about 2012, unless new discoveries are made. At the same time, PNG's gas resources are significant, with available recoverable reserves estimated at between 11 to 20 trillion standard cubic feet (TCF) with an overall estimated ultimate potential of more than 40 TCF. However, domestic demand is insufficient to justify developing gas resources based only on the local market; the country lacks the infrastructure necessary to deliver gas to foreign markets.

4. The Project involves constructing an export pipeline system of almost 3,000 kilometers from the gas fields in the Highlands of PNG, encompassing a marine-based processing platform and loading facilities in the Gulf of Papua, which will supply overseas markets as far south as Brisbane in southern Queensland, Australia. Present estimates indicate that, in its entirety, the Project will cost around \$3 billion and a similar amount in operating costs to produce around 6 TCF over 30 years. The Project has three components: (i) upstream field development and gas production in Southern Highlands Province, at an estimated cost of about \$0.5 billion; (ii) downstream gas transportation and processing infrastructure in PNG (PNG infrastructure component), at a total estimated cost of about \$1.6 billion; and (iii) construction and operation of

¹ The TA was first listed in *ADB Business Opportunities* on 26 June 2001.

² With ADB assistance under TA 3444-PNG: *Review of Mining and Hydrocarbon Tax Regime*, for \$325,000, approved on 19 May 2000.

a dry gas pipeline in Australia connecting to the main gas customers in Townsville, Gladstone, and Brisbane, at an estimated cost of \$0.9 billion.

5. The project proponents³ are capable of securing their own project financing. However, the state (i.e., national and provincial governments and landowners) has been asked to participate with an equity stake of up to 30 percent in the PNG infrastructure component representing PNG “state interests” in an endeavor to mitigate country risk, particularly potential problems with landowners. Due to its financial constraints, the national Government is seeking external financing from various sources for its share in this equity stake. One of the TA objectives is to determine the appropriate level of Government equity stake.

6. The Project is recognized as an opportunity to improve PNG’s development prospects. Based on studies by the project sponsors, it is projected to result in an annual 13 percent net increase of GDP and over 10 percent in government revenue per annum, as compared with the no-gas scenario. Project benefits to PNG are expected to include (i) tax receipts for the central Government; (ii) royalties and tax credit benefits for landowners and provincial governments; (iii) growth in export earnings by the petroleum industry; (iii) benefits in the form of domestic liquefied petroleum gas replacing imports; (iv) opportunity to locally utilize gas at competitive world prices; (v) permanent jobs as an additional effect of the development; and (vi) strategic infrastructure for gas fields to the market.

7. The Government has established a ministerial committee to oversee the progress, set up a state negotiation team to negotiate the gas agreement and consult with the relevant agencies, and constituted a working group comprising officials and international advisers of government agencies involved to provide technical support to the state negotiation team. The Government has also appointed a gas project coordinator to manage the work program of the working group and coordinate advisory support to the ministerial committee and state negotiation team. So far, three government task teams have been established to cover (i) state equity and its financing; (ii) fiscal terms of the gas agreement; and (iii) the development forum process and memorandums of understanding (landowner issues).

8. Several major milestones are still to be achieved before financial closing. These include (i) development agreements with the landowners; (ii) the gas agreement between the project sponsors and the state; (iii) intersponsor commercial agreements, including the ownership structure of the PNG infrastructure component; (iv) an institutional arrangement to hold and manage the state’s interest in the Project; (v) financing of the PNG entities’ participation in the Project; (vi) gas sales agreements in Australia; and (vii) front-end engineering and design.

9. Despite the significant revenue flows obtained from natural resource projects in the past, PNG has not succeeded in translating these revenues into poverty reduction.⁴ The country has not been able to deliver basic social services across the country’s scattered regions and channel adequate investment into human development. Dysfunctional public sector management in general and deficiencies in public financial management in particular have contributed to the misallocation of government revenues undermining efforts at poverty reduction. ADB has been supporting the Government’s reform initiatives including public

³ Current participants in the project include the multinational companies ExxonMobil Ltd. (project operator), Chevron Asiatic Ltd., Santos Limited, Mitsubishi Oil Company Ltd., as well as the PNG-focused companies Oil Search Ltd., Orogen Minerals Limited, and Mineral Resources Development Company.

⁴ PNG ranks lowest amongst the Pacific Islands on both the United Nations Development Programme’s human development and human poverty indices.

financial management and public sector improvement.⁵ Complementing these activities, the TA will identify feasible mechanisms to increase transparency and monitorability of revenue flows and the public expenditure uses to which these revenues are allocated. This is to ensure that part of the project revenues will benefit society at large. All these activities will be carefully sequenced and coordinated.

10. The TA, requested by the Government, is to help manage the work program of the working groups on the various aspects of involvement of the national and provincial governments and landowners, and to provide advisory support to the ministerial committee and state negotiation team, including expertise to assist in determining an optimal structure of the participation of the governments and landowners in the Project. The Government has asked for public financial management expertise to help establish mechanisms to ensure adequate revenue flows into priority social expenditure. ADB involvement, via subsequent project preparatory TA and a possible ensuing loan, will be contingent on appropriate agreements on gas sales, ownership-equity structure, and financing plan; as well as on understandings with landowners and local governments (see Appendix 2 for details).

III. THE TECHNICAL ASSISTANCE

A. Objective

11. The TA's long-term objective is to accelerate economic growth through private sector-led development of gas exports by assisting the Government to ensure that the Project optimizes the benefits for PNG. The immediate objectives are (i) to assist the Government determine an appropriate ownership structure for participation of the national and provincial governments and landowners in the Project, and help finalize the various agreements needed to reach the implementation stage; and (ii) to help develop mechanisms for the efficient and timely transfer of project revenues to the budget, and efficient and effective allocation of revenues through the budget to priority social expenditure and other programs with high poverty reduction impact.

B. Scope

12. The TA will assist the Government to (i) interact with the stakeholders involved in the Project; (ii) identify and evaluate options for PNG government and landowner participation, including their earning potential; (iii) determine an optimal structure for PNG government and landowner participation, acceptable to government, project sponsors, and financing institutions; (iv) assist in finalizing the gas agreement with the project sponsors; (v) identify specific components for possible ADB financing; (vi) help secure financing for PNG government and landowner participation; and (vii) help facilitate, to the extent possible, the development of a workable infrastructure program for landowners and provincial governments. The TA will be coordinated with ongoing World Bank sectoral activities, especially the Gas Development and Utilization Technical Assistance Project, which aims to build the Government's capacity to manage gas sector development.

13. The TA will identify measures to improve resource allocation and expenditure management and control. These measures are desirable to ensure that future Government revenues from the Project are used within a sound budget framework, in accordance with the

⁵ Loan 1703-PNG: *Financial Management*, for 25.8 million, approved on 21 October 1999. In addition, the Public Service Program is at an advanced stage of processing, with approval expected in 2001.

principles of efficiency, transparency, equity, and protection of the interest of future generations. It will take into account the Government's recently completed review of tax policy and tax administration, and in particular, the review of mining and hydrocarbon taxes. It will also be closely coordinated with other relevant ADB activities in the country, especially financial management reforms. Accordingly, the TA will provide expertise to (i) comprehensively review the current framework for preparing and executing the budget, and monitoring and evaluating the impact and performance of different expenditure programs; (ii) recommend measures to strengthen planning, accounting, and control of government revenues and expenditures, and monitoring and evaluating the impact of public expenditure programs on reducing poverty; (iii) identify and evaluate feasible mechanisms to increase transparency and monitorability of revenue flows from the Project, and the public expenditure uses to which these revenues are allocated; (iv) develop a workable system for classifying budgetary expenditures and tracking expenditures with a high poverty-reducing impact; and (v) recommend measures to assist the Government with implementation of the mechanisms identified. The outline terms of reference are attached as Appendix 3.

14. Once the specific outcomes of the TA are achieved, ADB will consider possible loan assistance to help the Government finance its equity stake in the Project. Project preparatory TA will be considered to assess the Project's overall economic, financial, and technical soundness, and to ensure its full compliance with ADB's environmental and social policies and guidelines. Appendix 2 shows the proposed sequencing of ADB's overall assistance and involvement in the Project.

C. Cost Estimates and Financing Plan

15. The total cost of the TA is estimated at \$875,000 equivalent, of which \$605,000 is the foreign exchange component and \$270,000 equivalent the local currency component. ADB will fund \$700,000 to cover the entire foreign exchange cost and 35 percent (\$95,000 equivalent) of the local currency cost. The TA will be financed by ADB on a grant basis from the ADB-funded TA program. The Government contribution of \$175,000 accounts for 20 percent of the total TA cost, and will cover counterpart salaries, transportation, and the use of office facilities and equipment. Appendix 4 provides details.

D. Implementation Arrangements

16. The Executing Agency will be the Department of Treasury. The consultants will work in close cooperation with the Department of the Prime Minister and National Executive Council, the departments of Treasury, Petroleum and Energy, and National Planning and Monitoring, as well as the ministerial committee and the state negotiation team established for the Project. Tax-specific issues will be handled in close cooperation with the Internal Revenue Commission. All officials involved will be responsible for guiding the consultants and ensuring effective liaison, data sharing, and discussion between government and the consultants. The Department of Treasury secretary, or representative, will be the day-to-day focal point for the TA and provide coordination between Government, its agencies, and the consultants. Counterpart staff of all government agencies involved in the Project will assist, when and as required. The infrastructure program for landowners and provincial governments will be developed by government agency representatives, with logistical support under the TA from the Government and ADB. This will include workshops and conferences in the context of the development forum process and related expenses such as local travel, per diem and other support costs.

17. The TA will be carried out by five international consultants, including the gas project coordinator (12 person-months); two project finance experts specialized in financial structuring of large petroleum and energy projects (4 person-months total); and two public financial management experts (6 person-months total), who will be supported by one domestic public financial management expert (3 person-months). All consultants will be selected on an individual basis in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the engagement of domestic consultants. The gas project coordinator will be engaged by direct consultant selection, due to the individual's exceptional qualifications, credibility, and involvement in the Project.

18. The TA will commence in October 2001 and be implemented over 12 months. The gas coordinator will be the team leader for the project finance experts. The gas project coordinator will report to ADB on a quarterly basis, and as and when required by ADB. A detailed midterm report will be prepared and submitted to ADB and the Government. A final report will be submitted by the gas project coordinator at the end of the assignment. While the public financial management experts will be coordinated by, and report directly to ADB, they will coordinate closely with the gas project coordinator. At the end of a diagnostic field visit (phase I), they will submit an initial report outlining proposed proceedings for discussion with the Government and ADB. At the end of the second visit (phase II), the consultants will present their draft final report and recommendations to the Government and ADB for discussion. The final report will be finalized shortly thereafter.

IV. THE PRESIDENT'S DECISION

19. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance, on a grant basis, to the Government of Papua New Guinea in an amount not exceeding the equivalent of \$700,000 for the purpose of the Gas Pipeline Development Project, and hereby reports such action to the Board.

TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Goal</p> <p>Support equitable economic growth through private sector-led development of gas exports.</p>	<p>Develop gas export infrastructure benefiting:</p> <p>(i) the macroeconomy, through earnings in foreign exchange and participation of domestic industry; and</p> <p>(ii) society-at-large, through effective utilization of project revenues.</p>	<p>Economic reports</p> <p>Mechanisms to monitor resource allocation and expenditure management to be identified under the technical assistance (TA).</p>	<p>Project is successfully implemented.</p> <p>Political commitment remains firm.</p>
<p>Purpose/Objectives</p> <p>Reach agreement on ownership and structure, gas agreement, landowner issues, and financing plan.</p> <p>Make recommendations for the efficient and timely transfer of project revenues to the budget leading to adequate revenue flows to priority social expenditure and other poverty-reducing programs.</p>	<p>Agreements on ownership-equity structure, gas sales agreements, gas agreement, and financing plan including understandings with landowners, and provincial and national governments.</p> <p>Specific mechanisms to improve transparency and monitorability of overall government revenue flows and project revenues in particular; and a workable system for classifying budgetary expenditures and tracking expenditures with a high poverty-reducing impact</p>	<p>Signed agreements, consultant reports</p> <p>Consultant reports</p>	<p>Queensland gas market can be secured.</p> <p>There is compromise between project sponsors' desire for landowner risk mitigation and financing limitations.</p> <p>Financing sources can be secured.</p> <p>Gas project coordinator remains in place.</p> <p>Government is committed and cooperates.</p>
<p>Outputs</p> <p>Identify options for participation of national and provincial government and landowners in the Project and determine optimal structure for their participation.</p> <p>Facilitate finalization of the gas agreement.</p>	<p>Identify and evaluate options in qualitative and quantitative terms, taking into account legal structure and financing restrictions.</p> <p>Negotiate successfully.</p>	<p>TA reports</p> <p>Signed agreements</p>	<p>No conflict between government and project sponsors' preferred structure</p> <p>No conflict of interest within Government</p> <p>No substantial differences between stakeholders</p>

(Reference in text: page 1, para. 1)

<p>Identify project components for possible Asian Development Bank (ADB) financing.</p> <p>Help secure financing for the participation of national and provincial governments and landowners in the Project.</p> <p>Facilitate development of a workable infrastructure program for landowners and provincial governments.</p> <p>Recommend mechanisms to increase transparency and monitorability of revenue flows from the Project, and the public expenditure uses to which these revenues are allocated.</p>	<p>Specific project component(s) for possible ADB financing</p> <p>Financing plan and letters of intents from potential financiers.</p> <p>Facilitate signing of memorandums of understanding (MOUs) with landowners and provincial governments through workshops, etc.</p> <p>Agree on a project-related framework for budget preparation, execution, and performance monitoring that effectively targets poverty reduction.</p>	<p>Financing proposal submitted by the Government to ADB.</p> <p>Financing plan, letters of intent</p> <p>Signed MOUs</p> <p>Project reports, MOU between the Government and ADB.</p>	<p>Possible ADB loan assistance</p> <p>Landowners' cooperation</p> <p>Political willingness to endorse and implement recommendations</p>
<p>Activities</p> <p>Coordination of negotiation within government and with stakeholders involved; development of optimal structure of government equity stake in the infrastructure component; finalization of a gas agreement; securing of financing plan for participation of national and provincial governments and landowners in the infrastructure component</p> <p>Identification of measures to improve resource allocation, accounting, and control of government revenues and expenditures; and monitoring of resource flows to public expenditure programs, especially those targeted at poverty reduction.</p>	<p>Consulting services Workshops, seminars</p> <p>Consulting services</p>	<p>Consultant reports</p> <p>Consultant reports</p>	<p>Successful recruitment and fielding of qualified consultants, and provision of counterpart contribution</p> <p>Government commitment</p>

POSSIBLE SEQUENCING OF ADB ASSISTANCE AND INVOLVEMENT

Stage	Situation at Beginning of Stage	Objectives of ADB Involvement	Form/Scope of ADB Assistance and Involvement	Specific Output/Outcome Desired	ADB Decision Required at Completion
Stage I Advisory TA Expected Timing: Oct 2001—Oct 2002	(i) Project proposal still at initial stages of development; need to firm up gas sales agreements, gas and commercial agreements, financing plan, ownership/equity arrangements, and agreements with landowners, and provincial and national governments (ii) Specific portion for ADB financing needs to be identified (so that it can also be appraised)	(i) To assist Government in bringing Project to the stage where key stakeholders have formal agreements on their respective roles and interests in the Project (ii) To determine how the Project can best contribute to poverty reduction	(i) Project coordinator and project finance specialists to facilitate clear understandings among the parties, including concerned agencies in Government (ii) Review the use of overall government budget and future project revenues for poverty-reducing programs (ii) Identification of specific project components for possible ADB financing	(i) Agreements on ownership/equity structure, gas agreement, financing plan, including understandings with landowners, and provincial and national governments (ii) Specific mechanisms to increase transparency and monitorability of overall government revenues and specifically project revenues; and track expenditures with high poverty reduction impact	If the specific outcomes are achieved, ADB assistance moves to Stage II; if not, further ADB assistance is held in abeyance or canceled.
Stage II Project Preparatory TA (Due diligence, processing, loan appraisal and negotiations) Expected Timing: 2002	(i) Project development has reached the point where initial assessment can be made of its overall technical, economic, and financial soundness; Government needs due diligence to be conducted by objective third party (ii) Specific portion for ADB financing needs to be appraised (iii) Loan proposal needs to be processed within ADB, negotiated with Government, and submitted to the Board	To conduct initial due diligence to assess overall project soundness; and to prepare and process loan proposal by ADB for submission to Board	While the gas project coordinator continues the advisory TA work related to project management and facilitation, the project preparatory TA finance experts to (i) assess and appraise overall financial, economic, social, and environmental soundness of Project; and (ii) appraise the specific project components for possible ADB financing	(i) Initial assessments of financial, economic, social, and environmental feasibility of the Project; specific project infrastructure components identified for possible ADB financing (ii) Agreements with Government on specific mechanisms to ensure that future gas project revenues will flow to public expenditure programs, especially those targeted at poverty reduction	If Project's feasibility is fully validated and if agreement can be reached on Government measures to improve public expenditure management, loan proposal will be submitted for Board approval.
Stage III ADB loan proposal submitted to the Board Expected Timing: 2003	Project awaiting financial closure; loan proposal prepared for Board consideration	To finance Government's equity in a private sector project, as required by private sector partners (to help reduce landowner risk)	ADB ordinary capital resources loan to Government	Project results in substantial economic benefits and additional revenues to Government, and helps significantly improve in public expenditure management, effectively resulting in accelerated poverty reduction	

ADB = Asian Development Bank, TA = technical assistance.

(Reference in text: page 3, para. 10)

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Gas Project Coordinator (12 person-months)

1. The tasks of the coordinator will exclude the following:
 - (i) Closely liaise with the project sponsors, both in Papua New Guinea (PNG) and the Brisbane project office.
 - (ii) Closely monitor project progress, especially for securing the gas sales agreements in Queensland and the commencement of front-end engineering and design.
 - (iii) Formulate and manage the work program of the working group and coordinate the advisory support to the ministerial committee and state negotiation team.
 - (iv) Identify regulatory and policy issues that require Government attention, and assist the relevant government agencies to formulate a state position, as required.
 - (v) Ascertain, together with the technical consultant team, interests and preferences of the various government agencies involved, as well as project sponsors and landowners, for the government equity stake in the infrastructure component.
 - (vi) Determine, together with the technical consultant team, a feasible bandwidth for the government equity stake in the infrastructure component, subject to financing.
 - (vii) Oversee, coordinate, and facilitate the work tasks of the project finance experts under this technical assistance (TA).
 - (viii) Facilitate ongoing consultations and discussions between the technical consultant team and the ministerial committee, other high-level government officials, as required, and representatives of provincial governments, project sponsors, and landowner groups.
 - (ix) Facilitate presentation of the final findings of the consultant team to all relevant stakeholders involved.
 - (x) Liaise with possible funding institutions (both, for commercial and concessional funding) for government participation in the infrastructure component.
 - (xi) Ensure that the technical analysis and structuring of the government equity stake takes into account the limited availability of funding sources.
 - (xii) Generate, together with relevant government officials and based on the inputs delivered by the technical consultant team, appropriate financing plans for the different options of government participation in the infrastructure component.
 - (xiii) Identify specific project components for possible Asian Development Bank (ADB) financing.
 - (xiv) On the basis of the determined optimal government equity stake in the PNG infrastructure component, assist the state negotiation committee in negotiating the commercial relationship with joint venture partners within the infrastructure component of the Project as well as between upstream and infrastructure components.
 - (xv) Facilitate the work, where possible, of the TA public financial management experts.
 - (xvi) Provide and facilitate, to the extent possible, logistical and advisory support to the infrastructure program for landowners and provincial governments to be developed by government agency representatives.
 - (xvii) Undertake other tasks that may be deemed necessary to facilitate the progress of the Project, as directed by the ministerial committee.

(Reference in text: page 4, para. 13)

- (xviii) Undertake other tasks that may be deemed necessary to facilitate the progress of the Project, as required by the ADB.

B. International Project Finance Experts (4 person-months total)

2. The experts' responsibilities will include the following:

- (i) Become familiar with the key aspects of the Project, including the respective positions of the stakeholders involved and the assumptions underlying the financial models.
- (ii) Identify options for scope and structure of PNG entity equity participation in the Project.
- (iii) Establish the Government's potential capital requirements under the different options, as well as the respective cash flow and earnings potential to the Government.
- (iv) Develop and model suitable funding structures.
- (v) Identify and appraise funding sources available.
- (vi) Prepare a preliminary information memorandum introducing the form and nature of the Government's funding requirements to funding sources identified.
- (vii) Establish contact with funding sources identified and evaluate the respective responses in terms of feasibility of achieving such funding in accordance with the objectives of the Government.

C. International Public Financial Management Experts (6 person-months total)

3. The experts' responsibilities will include the following:

- (i) Comprehensively review the existing framework for preparing and executing the budget, in close coordination with other ongoing activities such as the Financial Management Project.
- (ii) Recommend measures to strengthen planning, accounting and control of government revenues and expenditures, and monitoring and evaluating the impact of public expenditure programs on reducing poverty.
- (iii) Identify and evaluate feasible mechanisms to increase transparency and monitorability of revenue flows from the Project, and the public expenditure uses to which these revenues are allocated.
- (iv) Develop a workable system for classifying budgetary expenditures and tracking expenditures with a high poverty-reducing impact.
- (v) Recommend measures to assist the Government with implementation of the mechanisms identified.

D. Domestic Public Financial Management Expert (3 person-months)

4. The expert's tasks will include the following:

- (i) Support the international public financial management experts with the review of the existing framework to prepare and execute the budget, including necessary research.
- (ii) Assist the international public financial management experts in developing measures to strengthen planning, accounting, and control of government

- revenues and expenditures, and monitoring and evaluating the impact of public expenditure programs on reducing poverty.
- (iii) Support the international public financial management experts to identify feasible mechanisms to increase transparency and monitorability of revenue flows from the Project, and to track the public expenditure uses to which these revenues are allocated.
 - (iv) Act as a liaison between technical assistance activities and relevant local institutions and stakeholders, including securing stakeholders' commitment.
 - (v) Advise international experts on the feasibility of the recommendations developed and possible approaches for their successful implementation.

**COST ESTIMATES AND FINANCING PLAN
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Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing^a			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	470,000	0	470,000
ii. Domestic Consultants	0	15,000	15,000
b. International and Local Travel	57,000	20,000	77,000
c. Reports and Communications	0	5,000	5,000
2. Workshops and Conferences ^b	0	40,000	40,000
3. Miscellaneous Administration and Support Costs	0	3,000	3,000
4. Contingencies	78,000	12,000	90,000
Subtotal (A)	605,000	95,000	700,000
B. Government Financing			
1. Office Accommodation and Transport	0	100,000	100,000
2. Remuneration and Per Diem of Counterpart Staff	0	50,000	50,000
3. Others	0	15,000	15,000
Subtotal (B)	0	175,000	175,000
Total	605,000	270,000	875,000

^a Financed from the Asian Development Bank-funded technical assistance program.

^b Including logistical support costs in the context of the development forum process with landowners and provincial governments.

Source: Staff estimates.

(Reference in text: page 4, para. 15)