

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The Asian Development Bank (ADB) has previously been engaged in the Papua New Guinea (PNG) energy sector through a range of technical assistance (TA) projects supporting policy developments, infrastructure planning, and preparation of feasibility studies. Four loan projects have been processed supporting development of hydropower resources and transmission infrastructure. In 2009, ADB completed a TA supporting preparation of the national Power Sector Development Plan, which provided strategic assistance to the power sector through preparation of the power demand forecast and least-cost supply development plan. ADB is currently implementing two regional TA projects with components being implemented in PNG. The following projects have recently been undertaken (or are ongoing) by development partners in the PNG energy sector:

Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
Power Sector			
ADB	TA 7329 REG: Promoting Renewable Energy in the Pacific	2009	1.0
	TA 6485 REG: Promoting Energy Efficiency in the Pacific	2009	0.3
	TA 7113-PNG: Preparing the Power Sector Development Project	2008	1.2
	TA 4932-PNG: Power Sector Development Plan	2007	0.7
	TA 4710-PNG: PNG Gas Project	2005	1.0
	TA 3736-PNG: Gas Pipeline Development	2001	1.0
	Loan 0318 PNG: Provincial Mini-Hydropower Project	1977	2.7
	Loan 0414 PNG: Upper Warangoi Hydropower	1979	12.3
	Loan 0805 PNG: Ramu Grid Reinforcement	1986	19.5
Loan 0962 PNG: Divune Hydropower Project ^a	1989	8.4	
World Bank	Teachers Solar Lighting Project	2003–2010	1.0
	Sustainable Energy Financing Project		1.0
Pacific Islands Applied Geoscience Commission	Support to the draft National Energy Policy and draft Rural Electrification Policy through the Pacific Islands Energy Policy and Strategic Action Planning	2008	1.0

ADB = Asian Development Bank, PNG = Papua New Guinea, REG = regional, TA = technical assistance.

^a The project failed to proceed, partially due to land ownership issues and cost overrun issues.

Source: Asian Development Bank.

B. Institutional Arrangements and Processes for Development Coordination

2. Pacific-wide donor coordination is being facilitated through the Pacific Development Partner Energy Working Group, which meets quarterly to discuss relevant programs. Additionally, during project preparation the following extensive donor coordination was undertaken:

- (i) individual consultation with management and sector representatives from the World Bank, JICA, the Australian Agency for International Development, and PNG Sustainable Development; and
- (ii) power sector consultation meetings between development partners (ADB, the World Bank, the European Investment Bank, JICA, and Sustainable

Development) and the Department of Planning and National Monitoring, the Department of Petroleum and Energy, and PNG Power in June 2010.

C. Achievements and Issues

3. In recent decades, PNG's development partners have focused on policy support in the energy sector and development of small off-grid power supply projects with direct poverty alleviation benefits. The Pacific Islands Applied Geoscience Commission has provided support for a number of energy sector issues in PNG, including consultation regarding the draft National Energy Policy and draft Rural Electrification Policy through the Pacific Islands Energy Policy and Strategic Action Planning. The World Bank, with support from the Global Environment Fund, has been supplying rural teachers in the Western Province with solar lighting kits. It has also launched a regional Sustainable Energy Financing Project, designed to provide financing support to the energy sector in a range of Pacific countries, including PNG. Recently, along with ADB, the World Bank and the Japan International Cooperation Agency (JICA) have shown interest in providing financial support for larger infrastructure projects, including large hydropower development.

4. In recent decades, development partner engagement in the PNG power sector has been relatively shallow and has failed to provide adequate financing support for the significant investment needs of the sector. Since 2009, this has been replaced with considerable interest by ADB, World Bank and JICA in supporting the sector.

D. Summary and Recommendations

5. While development partner engagement in the power sector in PNG has a long history and some of the key national power sector infrastructure was financed by the multilateral development banks, activity in recent years has been relatively low. Due to the increased interest from development partners, coordination will become increasingly important. The Government is aware of the potential issues and has taken initial steps to initiate donor coordination.