BRI MONITOR

# At the Edge of the BRI: Papua New Guinea

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**The Institute of National Affairs (INA)** is a privately funded, non-profit policy research institute, or "think tank," in Papua New Guinea (PNG). Its core running and management costs are supported by private companies with some project support from public institutions and foundations. The INA was founded in 1976 by concerned individuals from both the government and the private sector to promote dialogue between the two and to offer alternative advice to the public on social policy. The INA's primary role is to carry out public policy related research and disseminate the results as widely as possible to the community, government agencies, statutory institutions, learning institutions, and politicians. Research is carried out by world-class academics from some of the world's leading universities and institutions and has a conscious policy of including PNG academics in its research, where possible. The research is published, made available to the public, and generally sponsored by PNG and international bodies. The INA also administers the Consultative, Implementation, and Monitoring Council (CIMC) as a mechanism for public, private sector, and civil society dialogue on key public interests relating to social, economic, and wider development issues in PNG, including running the Family and Sexual Violence Action Committee (FSVAC).

# Introduction:

## Chinese Investment and the BRI

The country of Papua New Guinea (PNG) is comprised of the eastern half of New Guinea, the island it shares with Indonesia, and surrounding smaller islands. PNG is by far the most populous country of the Pacific Island nations, with nearly an estimated 9.1 million people who share a long history and significant cultural and linguistic diversity.[1,2] The country is characterized by numerous factors that, combined, contribute to significantly higher construction costs for infrastructure: extensive volcanic activity and geological folding, or undulations of stratified rock; considerable equatorial rainfall; very limited coastal shipping services; inconsistent air services among hundreds of small airstrips built along rivers, and carved into the slopes of mountains; and export revenue dependent upon extractive industries (logging, minerals, oil and gas) that are vulnerable to fluctuations in the prices.[3]

PNG's need for foreign investment in infrastructure is dire.

The country naturally has pursued critical infrastructure financing from China, and its Belt and Road Initiative (BRI): PNG already is on the periphery of Chinese interests, and infrastructure financing from China is easier to secure than financing from Australia—which is generally more narrow in scope, and more deeply conditioned on good governance.[4]

Although PNG secured some funding from China for the construction of stadiums in the run-up to the 1991 Pacific Games, Chinese investment in the country was relatively low until 2006, when Premier Wen Jiabao openly sought to boost engagement with the Pacific Islands.[5] The engagement has only grown under President Xi Jinping, who in 2014 urged Pacific leaders to join the BRI.[6]

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1 "Facilitating Renewable Energy and Energy Efficiency Project," UNDP, August 17, 2020, https://www.pg.undp.org/content/papua_new_guinea/en/home/projects/facilitating-renewable-energy-and-energy-efficiency-project.html; "Total Population by Sex (Thousands)," United Nations, accessed January 25, 2022 https://population.un.org/wpp/DataQuery/.

2 Updated PNG census data is unavailable, with the deferral of the 2020 National Census. Estimates of the population are disputed: the UN Population Fund estimated 9.1 million in 2021, using an estimated 2 percent growth rate from 2015-2020, while PNG's National Statistical Office estimates a population of 9.9 million using a 3.1 percent annual population growth rate. UNFPA, "World Population Dashboard – Papua New Guinea," Accessed February 24, 2022 https://www.unfpa.org/data/world-population/PG; National Statistical Office, "Population," Accessed February 24, 2022 https://www.nso.gov.pg/statistics/population/

3 "EITI Report Highlights PNG's Reliance on Extractive Sector," Extractive Industries Transparency Initiative, March 20, 2017, https://eiti.org/news/eiti-report-highlights-pngs-reliance-on-extractive-sector.

4 Peter Connolly, "The Belt and Road Comes to Papua New Guinea: Chinese Geoeconomics with Melanesian Characteristics?," Security Challenges 16, no. 4 (2020): 42; Sarah O'Dowd, "Bridging the Belt and Road Initiative in Papua New Guinea," in The China Alternative, ed. GRAEME SMITH and TERENCE WESLEY-SMITH, 1st ed., Changing Regional Order in the Pacific Islands (ANU Press, 2021), 407, https://doi.org/10.2307/j.ctv1h45mkn.17.

5 "China relations look to strengthen," China Daily, last modified July 29, 2015, https://www.chinadaily.com.cn/cndy/2015-06/29/content_21127899.htm.

6 Graeme Smith, "China in the Pacific: Zombie ideas stalk on," SSGM In Brief 2015-2, (Canberra: ANU, 2015).

In June 2018 PNG officially signed a Memorandum of Understanding (MoU) to join the BRI. Soon after, China became the country's main source of bilateral loans.[7]

Many projects in PNG, however—including the four case studies detailed in this report—began prior to 2018, and were classified retroactively as BRI projects.[8]

Despite nearly a decade of investment in major BRI projects, including the Pacific Maritime Industrial Zone (PMIZ) and the Kumul Submarine Cable Network (KSCN), employment has largely remained flat across PNG. The country remains stricken, too, by a resource curse: While revenues from the country's resource base could allow the government to invest in priority public goods and services, such as health and education, unrealistic revenue expectations have encouraged poor choices and weak accountability.[9]

It can be difficult to measure the benefit of BRI projects to the people of PNG because the agreements are often murky. In fact, the BRI might even pose a long-term risk to PNG's sustainability: projects are mostly implemented by Chinese companies that mostly employ Chinese workers, and are immune to regulations governing transparency and procurement.

## Overview of Case Studies

The Institute of National Affairs (INA) selected four projects around which to explore aspects of China's BRI investment in PNG: the PMIZ, a USD $156 million mega fisheries project that aims to retain Pacific-caught tuna for local processing; the KSCN, a USD $270 million underwater optic cable linking 14 coastal provinces to capital, Port Moresby; the Ramu 2 Hydropower Plant (Ramu 2), a USD $902 million hydro-electric plant that aims to boost the country's electricity capacity by 36 percent, and reach 70 percent of households by 2030; and Western Pacific University (WPU), in the country's Southern Highlands province.[10]

Both PMIZ and KSCN are financed by concessional loans from China Export-Import Bank (China EXIM Bank). Ramu 2 will be built, financed, and operated by China's Shenzhen Energy under a Build-Operate-Transfer (BOT) agreement by which the plant would be returned to PNG after 25 years.[11] WPU is partially funded by a Chinese government grant, which stipulates that the university is to be built by Chinese contractors.

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7 Jonathan Barrett and Charlotte Greenfield, "Papua New Guinea faces cash crunch as China repayment schedule ramps up," Reuters, November 28, 2019, https://www.reuters.com/article/us-papua-china-debt/papua-new-guinea-faces-cash-crunch-as-china-repayment-schedule-ramps-up-idUSKBN1Y30B9.

8 Issac Nicholas, "PNG and China sign agreements," Post-Courier, last modified November 18, 2018, https://postcourier.com.pg/png-china-sign-agreements/; Peter Connolly, "The Belt and Road Comes to Papua New Guinea," 5.

9 Michael Main, "Resources Curse PNG communities' future," East Asia Forum, last modified June 15, 2018, https://www.eastasiaforum.org/2018/06/15/resources-curse-png-communities-future/.

10 "Ramu 2 hydro will be a gamechanger for Papua New Guinea, says PNG Power MD," Business Advantage PNG https://www.businessadvantagepng.com/ramu-2-will-be-a-nation-building-project-says-png-power-md/; "Ramu 2 Hydroelectric Power Project – Expression of Interest," Kumul Consolidated Holdings, March 2019 https://www.kch.com.pg/wp-content/uploads/2019/03/Ramu-2-EOI-Document.pdf; "Energy," Kumul Consolidated Holdings, https://www.kch.com.pg/ramu-2-progress-update/.

11 Ben Packham, "Warnings Over PNG's Chinese Hydro Project," The Australian, February 12, 2021. https://www.theaustralian.com.au/world/warnings-over-pngs-chinese-hydro-project/news-story/7dbbfbdb37e0edc6e2dd5d7c0fdfe117

Even though some of the projects predate June 2018, when PNG officially joined the BRI, they are regarded as BRI because they were either openly discussed in the context of BRI investment, or fall under the BRI's Five Connectivities (trade, infrastructure, policy, people-to-people connections, and capital).[12] According to some Chinese officials, any project that falls under the Five Connectivities may be classified as a BRI project.[13]

During the official launch of the PMIZ in November 2015, Chinese Ambassador Li Ruiyou gave an in-depth briefing of China's plans to extend the BRI into the South Pacific.[14] And while the KSCN was inked the following year, in 2020 Liu Linlin, commercial counselor at the Chinese Embassy, said that PNG membership in the BRI "facilitated the listing of KSCN under BRI." Linlin further characterized the cooperation between Huawei, the Chinese technology company, and DataCo, a PNG state-owned enterprise (SOE), as a demonstration of "China and BRI's commitment to help promote trade and development."[15]

While the WPU project is not explicitly linked to the BRI, it clearly fulfills commitments made to educational cooperation under MoUs linked elsewhere to the BRI; the project also falls under one of the Five Connectivities, or people-to-people connections.[16]

While Chinese and PNG officials do not appear to have directly linked Ramu 2 to the Belt and Road Initiative (BRI), the hydropower project clearly falls within the initiative's focus on energy projects, which accounted for 44 percent of BRI construction in 2019.[17] Shenzhen Energy, the major contractor for the project, describes itself as "[actively] responding to the Belt and Road Initiative," including through the Ramu 2 project.[18]

# Governance Risks of Chinese BRI Investment

Several years ago concern had begun to grow among PNG's traditional bilateral partners regarding not only the country's rising debt to China, but the sustainability of Chinese-funded projects. The inconsistent quality and durability of the Chinese-funded public and private infrastructure projects could

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12 "China, PNG pledge to further boost ties, cooperation under Belt and Road Initiative," Xinhua, October 31, 2018, http://www.xinhuanet.com/english/2018-10/31/c_137572273.htm

13 Peter Connolly, "The Belt and Road comes to Papua New Guinea: Chinese geoeconomics with Melanesian characteristics?" Security Challenges, Vol. 16, No. 4, (2020), https://www.jstor.org/stable/26976257.

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16 Peter Connolly, 2020; Xinhua, "China, PNG Pledge to Further Boost Ties, Cooperation Under Belt and Road Initiative," October 31, 2018. https://web.archive.org/web/20200109185301/http://www.xinhuanet.com/english/2018-10/31/c_137572273.htm; Isaac Nicholas, "PNG and China Sign Agreements," Papua New Guinea Post-Courier, November 18, 2018. https://web.archive.org/web/20211208154616/https://postcourier.com.pg/png-china-sign-agreements/

17 Jane Nakano, "Greening or Greenwashing the Belt and Road Initiative?" Center for Strategic and International Studies, May 1, 2019, https://www.csis.org/analysis/greening-or-greenwashing-belt-and-road-initiative.

18 Shenzhen Energy, "Company," accessed January 15, 2022 https://www.sec.com.cn/abouts.do

mean that the projects would require additional loans for maintenance, repair, or even replacement, according to observers. The PNG business community, too, has voiced concern over the exclusion of PNG sub-contractors, and local workers, from most BRI projects.

At the core of these concerns is a lack of transparency in the bidding and contracting processes, especially in the sectors of transportation and construction. To this day little information about the PMIZ and the KSCN is publicly available. Multiple requests by the INA for information about the projects went unanswered by the PNG government—because even though the right to such information is enshrined in the Constitution, there is no clearly defined process for exercising that right.[19]

## Rising Public Debt

PNG's debt-to-GDP ratio has been rising steadily over the past decade, prompting the World Bank and the International Monetary Fund (IMF) in 2020 to characterize PNG as at high risk of debt distress.[20] The country's debt-to-GDP ratio grew from 24 percent to 51.1 percent between 2011 and mid-2021.[21] Over the same period, PNG debt servicing costs also rose as a share of annual government spending, climbing from 4.5 percent to 12 percent.[22]

While most of the country's debt is domestic (in 2017 debt represented 23.7 percent of GDP), external debt nevertheless constitutes a substantial 8.8 percent.[23]

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19 "Government Commitment on Freedom of Information Law is Key," Transparency International PNG, September 28, 2020. https://www.transparencypng.org.pg/government-commitment-on-freedom-of-information-law-is-key/; Institute of National Affairs, "Pacific Maritime Industrial Zone Project," BRI Monitor, July 2021. https://www.brimonitor.org/wp-content/uploads/2021/07/CS_PMIZ.pdf; Institute of National Affairs, "Kumul Submarine Cable Network Project," BRI Monitor, July 2021. https://www.brimonitor.org/wp-content/uploads/2021/07/CS_KSCNP.pdf

20 Department of Treasury Papua New Guinea, Mid-Year Economic and Fiscal Outlook Report 2021, https://www.treasury.gov.pg/html/national_budget/files/2013/budget_documents/Related%20Budget%20Documents/2021%20MYEFO.pdf; "Papua New Guinea: Joint Bank-Fund Debt Sustainability Analysis," World Bank and International Monetary Fund, June 2020, https://documents1.worldbank.org/curated/en/672821597432840208/pdf/Papua-New-Guinea-Joint-World-Bank-IMF-Debt-Sustainability-Analysis.pdf.

21 Jonathan Ostry and Marcello Estevão, "PAPUA NEW GUINEA STAFF REPORT FOR THE 2019 ARTICLE IV CONSULTATION AND REQUEST FOR A STAFF-MONITORED PROGRAM — DEBT SUSTAINABILITY ANALYSIS," International Monetary Fund, (February 2021): 8, https://www.imf.org/external/pubs/ft/dsa/pdf/2020/dsacr2095.pdf.

22 Paul Flanagan, "Expenditure in PNG's 2016 Budget," DevPolicy Blog, December 2, 2015, https://devpolicy.org/expenditure-in-pngs-2016-budget-a-detailed-analysis-20151202/; "Papua New Guinea Budget 2021: Consolidation for Growth Budget Alert," Deloitte, 2021, https://www2.deloitte.com/content/dam/Deloitte/au/Documents/financial-services/deloitte-pg-fs-papua-new-guinea-budget-2021-171120.pdf

23 "Papua New Guinea : Request for Disbursement under the Rapid Credit Facility-Press Release; Staff Report; and Statement by the Executive Director for Papua New Guinea," International Monetary Fund, Asia and Pacific Department, June 26, 2020, https://www.imf.org/en/Publications/CR/Issues/2020/06/26/Papua-New-Guinea-Request-for-Disbursement-under-the-Rapid-Credit-Facility-Press-Release-49536

External debt continues to increase as a percentage of annual GDP, too, because of limitations on the amount of domestic capital available and increased borrowing from China. Loans from the Bank of China and China EXIM Bank rose from 1.2 percent to 20 percent of total public external debt between 2010 and 2018.[24] In the telecommunications sector alone (which encompasses the KSCN), PNG owed upwards of K1.6 billion (nearly USD $470 million) to Chinese institutions, primarily China EXIM Bank, according to Sasindran Muthuvel, former PNG state enterprises minister.[25]

The more burdensome debt to China has proven for PNG, the more willing government officials have been to discuss it publicly. In August 2019, for example, PNG Prime Minister James Marape requested that China refinance USD $7.8 billion in government debt—only later to walk back the request, claiming that he had been referring not to China, but to several bilateral partners. (Marape's request came after delays around a proposed USD $300 million loan from China, which revealed not only cash flow issues in PNG, but the extent to which the country relied on Chinese money.[26]) A year later Timothy Masiu, PNG minister for information and communications technology, said the country should not repay a USD $53-million loan to China EXIM Bank for a data center designed by engineers from Huawei in light of malfunctions and insufficient funding for operations and maintenance.[27] It is unclear whether PNG has repaid the data center loan. Chinese loans are not the sole source of debt problems for PNG, but they are a growing concern in light of the continued willingness of some Chinese investors and contractors to exploit governance gaps and lack of transparency. Moreover, borrowing by PNG SOEs—as evidenced by the PMIZ and KSCN projects—can entail implicit government guarantees that result in potential liabilities that are not necessarily disclosed in the country's budget.

The majority of debt owed by PNG to China remains unreported. In light of China's opaque reporting on its official lending practices, the barriers are significant when trying to track PNG's debt to China.[28]

In response to concerns about the financial sustainability of foreign infrastructure projects, the Marape administration in 2019 announced the Take Back PNG campaign. Marape also declared an initiative to freeze major resource projects—as well as reset, or renegotiate, existing terms of investment.[29] The government began to shift, too, toward its main long-term funding source, Australia, and other traditional

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[24] Jonathan Ostrey and Marcello Estevão, "Papua New Guinea Staff Report," 4.
[25] Jeffery Wall, "China's 'Debt-Trap Diplomacy' Is about to Challenge Papua New Guinea—and Australia," The Strategist, last modified September 8, 2020, https://www.aspistrategist.org.au/chinas-debt-trap-diplomacy-is-about-to-challenge-papua-new-guinea-and-australia/.
[26] Jonathan Barrett and Charlotte Greenfield, "Papua New Guinea seeks Chinese help to refinance debt, boost trade," Reuters, August 7, 2019, https://www.reuters.com/article/us-pacific-debt-china/papua-new-guinea-seeks-chinese-help-to-refinance-debt-boost-trade-idUSKCN1UX0U1
[27] Angus Grigg, "Debt-trap diplomacy: PNG wants Huawei loan cancelled," Financial Review, August 12, 2020, https://www.afr.com/companies/telecommunications/debt-trap-diplomacy-png-wants-huawei-loan-cancelled-20200811-p55kmr
[28] Sarah O'Dowd, "Bridging the Belt and Road Initiative in Papua New Guinea," 401.
[29] Bal Kama, "'Take Back PNG': Prime Minister Marape and his audacious vision for PNG," DevPolicyBlog, last modified August 9, 2019, https://devpolicy.org/take-back-png-prime-minister-marape-and-his-audacious-vision-for-png-20190808/.

partners, including the European Union and Japan, for grants, high-cost commercial loans, and project budgetary and balance-of-payments funding.[30] Finally, PNG also sought assistance from established low-cost lenders, notably the ADB, IMF, and World Bank.

Marape even indicated a willingness to consider an IMF bailout to address PNG's revenue crisis, which is driven in part by growing debt to foreign lenders.[31] Chinese loans have contributed significantly to PNG's struggles with debt sustainability as they often lack transparency and are issued for projects that, due to poor quality and delays, have generated little to no economic benefit for the country.

# Project Feasibility and Poor Quality/Design

PNG government agencies failed to meet with, or provide documentation to, INA researchers seeking information about the PMIZ and KSCN projects. This lack of transparency makes it difficult for civil society, the private sector, and the public to ensure that the projects are not only feasible, but address specific infrastructure needs. The effects of the lack of transparency are further compounded by mismanagement and corruption.

In 2017 the PNG Ministry of Trade, Commerce and Industry reviewed the status of the PMIZ, concluding that expenditures had been "unjustifiable and excessive."[32] Little work had been completed despite some US $10 million in spending, leading to concerns of possible corruption and misuse of funds.[33]

The KSCN suffered from "spectacular failures" and poor design, and delivered little benefit to the country's general populace.[34] The underwater cable currently serves only people living along the coastline, and has incurred unforeseen costs for repairs and maintenance that call into question its sustainability. The cable seems to have had limited impact on internet connectivity: as of 2020, only 12 percent of the population of PNG were internet users.[35]

The KSCN, moreover, threatens the viability of domestic SOEs, such as Dataco, which has used Australian grants for the Coral Sea Cable System, a 4,700-kilometer fiber-optic submarine telecommunications cable linking PNG and the Sydney-based East Coast Internet Hub, to pay off KSCN loans to China. The KSCN might prove even more costly because of implicit government

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30 Stephen Howes, "Australian budget support to PNG," DevPolicyBlog, last modified February 10, 2021, https://devpolicy.org/australian-budget-support-to-png-20210210-1/.
31 Sarah O'Dowd, "Bridging the Belt and Road Initiative in Papua New Guinea," 403.
32 "Govt Splurges K4 Million 'Only' On Gate," Post-Courier, December 4, 2017. https://postcourier.com.pg/govt-splurges-k4-milliongate/.
33 Transparency International Papua New Guinea, "Case 1.2-Pacific Maritime Industrial Zone," January 6, 2019. http://www.transparencypng.org.pg/2019/01/06/.
34 Robert Potter, "Papua New Guinea and China's Debt Squeeze."
35 Simon Kemp, "Digital 2020: Papua New Guinea," Datare Portal, last modified February 18, 2020, https://datareportal.com/reports/digital-2020-papua-new-guinea.

guarantees for loans undertaken by SOEs.[36]

## Issues in Procurement Regulation and Implementation

The four case studies also revealed that changes in PNG procurement regulations under the 2018 National Procurement Act introduced a loophole that allows foreign-funded projects to mandate the use of foreign contractors (i.e., Chinese-funded projects can now legally require the use of Chinese contractors).[37] The PMIZ—which was financed under a Chinese loan agreement that required the use of Chinese contractors—appears to have violated the previous procurement law, the Public Finances (Management) Act of 1995, which required both a public tender and approval by the former Central Supply and Tenders Board.[38] The KSCN, however—despite apparently not having undergone a competitive bidding process—seems to be protected by the current loophole that allows foreign-financed projects to circumvent PNG's procurement processes.[39]

## Corruption

Not all of the problems associated with Chinese-funded projects—rising public debt and a lack of transparency—are the fault of the foreign funding agencies or contractors. Our case studies have shown that such problems sometimes can be traced to PNG government agencies and SOEs that, for years, have operated under the assumption that Chinese funding would remain readily accessible—or, in other words, "easy money." This assumption encouraged poor planning and undue risk around some public infrastructure projects, factors that are hard to justify in the face of tight fiscal conditions.

The assumption that Chinese readiness to finance major projects, particularly through the BRI, has also threatened to burden PNG with unmanageable levels of debt.[40] Allegations of corruption swirling around BRI projects worldwide suggests that, while the initiative delivers cheap infrastructure, the projects also can arrive with considerable risks.[41]

# Conclusion and Recommendations

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36 "China fears over cable too dear to use," The Australian, May 14, 2020, https//www.theaustralian.com.au%2Fnation%2Fpolitics%2Fchina-fears-over-png-cable-too-dear-to-use%2Fnews-story%2F1e5fa444e64819c9a9030262be334419&memtype=anonymous&mode=premium&v21=dynamic-cold-control-noscore&V21spcbehaviour=append

37 "National Procurement Act (NPA) 2018," Department of Finance, November 28, 2018, http://www.finance.gov.pg/wp-content/uploads/2019/02/Certified_National_Procurement_Act_2018.pdf

38 Government of Papua New Guinea, Public Finances (Management) Act 1995, No. 21 of 1995. http://www.paclii.org/pg/legis/consol_act/pfa1995224/

39 Institute of National Affairs, "Pacific Maritime Industrial Zone Project," BRI Monitor, July 2021. https://www.brimonitor.org/wp-content/uploads/2021/07/CS_PMIZ.pdf; Institute of National Affairs, "Kumul Submarine Cable Network Project," BRI Monitor, July 2021. https://www.brimonitor.org/wp-content/uploads/2021/07/CS_KSCNP.pdf

40 Robert Potter, "Papua New Guinea and China's Debt Squeeze."

41 Peter Connolly, "The Belt and Road Comes to Papua New Guinea," 61.

There is a clear need for international financing to help PNG restore, maintain, and upgrade its infrastructure. China—with its growing economic presence, and vast experience in infrastructure development—can and should provide vital infrastructure investment to its Pacific neighbors. However, it is crucial for PNG's well-being, and China's credibility, that infrastructure projects are carefully selected, well-regulated, affordable, and sustainable.

Aid and investment from China is characterized by weaker standards of governance than similar support from PNG's traditional partners, such as Australia, Japan, and the European Union. As a result, the BRI harbors greater potential for corruption.[42] Indeed, two of our case studies—the PMIZ and the KSCN—reveal critical failures by both PNG and China to ensure transparency and accountability. Moreover, the PNG government has failed for several years to report its debt to China (with the exception of grant financing for WPU), raising doubts as to whether the country can service its debts.

One silver lining is that a limited number of Chinese grants have been made available for educational projects. Since 2018, Chinese grants have helped not only to fund construction projects at WPU, but to extend some 30 scholarships annually to PNG students.[43]

Chinese authorities have taken to heart some of the criticisms of BRI projects throughout the world, and, in some respects, appear to be determined to raise project standards. In the WPU project, for example, Chinese authorities—with PNG architects, and PNG-led management—made real efforts to require greater use of local labor and eliminate contractors implicated in local corruption.

The growing readiness of traditional bilateral development partners such as Australia to provide grants and concessional loans in light of geopolitical competition with China provides PNG with greater opportunities to spur development without incurring more debt. It is clearly in PNG's best interests to be selective about sources of funding in order to safeguard its medium-term fiscal and debt outlook.

PNG must be especially wary of competition among development and lending partners who coul
d throw money and ill-conceived plans at the country—resulting in moribund projects and unproductive debt. Ideally, healthy competition in infrastructure financing would encourage higher standards, greater selectivity, and improved participation of local stakeholders.

In order to ensure that the BRI and other foreign investments truly benefit PNG and its people, the PNG government, PNG recipients of investment (especially SOEs), and Chinese investors and contractors should implement the following recommendations:

1. Make information regarding projects with China readily available to the public, including documents related to the procurement process, pricing, accumulated debt, and service costs.

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42 Sarah O'Dowd, "Bridging the Belt and Road Initiative in Papua New Guinea," 412.

43 "PNG seeks Australia, China Assistance to build Western Pacific University," Papua New Guinea Today, last modified May 5, 2018, https://news.pngfacts.com/2018/05/png-seeks-austrlia-china-assistance-to.html; Goerthy Kenneth, "China Gives to Butuka Academy,' Papua New Guinea Post-Courier, July 26, 2021, https://postcourier.com.pg/china-gives-to-butuka-academy/.

2. Prioritize the passage of the proposed Right to Information Bill, which would clearly identify the processes for requesting and obtaining information from the government under the constitutional right to information.

3. Amend the National Procurement Act of 2018 to remove the loophole that allows foreign investment projects to circumvent PNG's procurement system.

**What is BRI Monitor?**

BRI Monitor is a collaborative effort by five civil society organizations in Southeast Asia and the Pacific: the Institute for Democracy and Economic Affairs (IDEAS) of Malaysia, Stratbase Albert Del Rosario Institute (ADRi) of the Philippines, Sandhi Governance Institute (SGI) of Myanmar, the Institute of National Affairs (INA) of Papua New Guinea and the Future Forum of Cambodia to promote transparency and accountability in major infrastructure projects funded through the Belt and Road Initiative (BRI) in the region.

These organizations have studied the regulatory environments governing these large infrastructure projects in respective countries, including public procurement, official development assistance, public private partnership (PPP), and more, to identify regulatory gaps. They have each researched a set of case studies to identify implementation gaps and governance gaps. Each case study assesses the level of transparency based on almost 40 data points, from basic project information to the tendering process to project completion. Last but not least, each organization maps out the structure of the projects in question in order to understand the degree of public financial exposure resulting from each project. (please check our research methodology here).

This website is intended to be a platform for the publication of our research outputs and as a knowledge repository. We also hope that the website can be used as a platform for knowledge sharing and a tool to advocate better governance of major infrastructure projects in the region.

BRI Monitor is supported by the Center for International Private Enterprise (CIPE).

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