

## 255 Department of Petroleum and Energy

(in Millions of Kina)

PIP No.	Project Title	5 Year Total	2009	2010	2011	2012	2013
2750	eica	3.1	1.0	.7	.7	.7	
TOTAL CAPACITY BUILDING PROJECTS		3.1	1.0	.7	.7	.7	
1829	HIDES MOA	13.0	1.0	1.0	1.0	1.0	
1984	KUTUBU MOA-SHP	13.0	1.0	1.0	1.0	1.0	
1985	KMOA-Gulf	23.0	20.0	1.0	1.0	1.0	
1986	GOBE MOA PROJECT	13.5	10.5	1.0	1.0	1.0	
2071	MORAN MOA	13.0	1.0	1.0	1.0	1.0	
2672	SOUTHEAST MANANDA	6.5	.5	1.0	1.0	1.0	
2937	DATA ACQUISITION	3.2	.8	.8	.8	.8	
2947	LNG LIAISON SUPPORT	4.0	1.0	1.0	1.0	1.0	
TOTAL CAPITAL PROJECTS		89.2	35.8	7.8	7.8	7.8	
TOTAL		92.3	36.8	8.5	8.5	8.5	

## 255 Department of Petroleum and Energy

## AGENCY SUMMARY OF ALL PROJECTS

## EXPENDITURE PROJECTIONS AND FINANCING REQUIREMENTS (K Millions)

PROJECT COST		2007 Actual	2008	5 Year Total	2009	2010	2011	2012	2013
DIRECT PROJECT COST									
<b>Current Expenditure</b>									
Personal Emoluments				.3	.1	.1	.1	.1	
Current Transfers			6.3						
Goods and Other Services			.7	32.6	7.6	8.3	8.3	8.3	
Sub-Total			7.0	32.9	7.7	8.4	8.4	8.4	
<b>Capital Expenditure</b>									
Capital Transfers									
Acquisition of Existing Assets									
Capital Formation			26.5	29.4	29.1	.1	.1	.1	
Sub-Total			26.5	29.4	29.1	.1	.1	.1	
A TOT DIRECT PROJECT COST			33.5	62.3	36.8	8.5	8.5	8.5	
<b>Technical Assistance</b>									
Project Preparation									
Equipment									
Advisory									
Training									
B TOT TECHNICAL ASSISTANCE									
<b>TOTAL PROJECT COST (A+B)</b>			33.5	62.3	36.8	8.5	8.5	8.5	
<b>FINANCING SOURCES</b>									
IDENTIFIED FINANCING									
<b>Direct Project Financing:</b>									
<b>Government Contributions:</b>									
Loan									
Grant									
b) Self Generating Revenue									
a) Government Input			33.5	92.3	66.8	8.5	8.5	8.5	
C TOTAL DIRECT FINANCING			33.5	92.3	66.8	8.5	8.5	8.5	
<b>Technical Assistance</b>									
<b>D TOTAL FINANCING (C+D)</b>			33.5	92.3	66.8	8.5	8.5	8.5	
<b>FINANCING SOUGHT</b>									
Direct Project Cost (A-C)				-30.0	-30.0				
Technical Assistance (B-D)									
<b>TOTAL FINANCING SOUGHT</b>				-30.0	-30.0				

**PIP NUMBER:** 1829

**PROJECT NAME:** HIDES MOA PROJECT

**EXECUTING AGENCY:** Department of Petroleum and Energy

**PROJECT OBJECTIVIES:**

To fulfill national government infrastructure commitments under the Hides MOA.

**PROJECT STATUS:**

There has been a lack of progress this year due to questionable decisions by the EIC in approving payments to Landowners, which has had the Chief Secretary directing a full review of the EIC process including the EIC Regulation and EIC Guidelines. Chief Secretary has also directed that all MOA payments be put on hold pending the completion of the EIC Review. The Hides project is crucial for the on-coming LNG Project which will source most of the Gas from the Hides area. This a the most complex and sensitive of all Petroleum project areas in PNG.

**PROJECT COMPONENTS:**

The major components of this project as per the MOA are: 1. Tari-Para- Komo Road Construction, 2. Kulu-Puba Road Construction, 3. Tari Airport upgrading and maintenance, 4. Tari Hospital Upgrading, 5. Waguba Gewdo Gravity Feed Water Supply(This project subsitutes rural electrification as it has been funded under MTDS.)

**PROJECT LOCATION:**

The Project is located in the Hides Area of the Southern Highlands Province.

**PROJECT JUSTIFICATION:**

This project is extremely important in that it will assist develop relevant infrastructure projects in the area to provide better access to government services. The road link to Komo stations is an essential link for the people of Para-Komo to have access to better medical services at Komo District Headquarters and other basics services. The project is also critical in terms of mitigating potential landowner's tensions and frustrations regarding the Hides Gas Project, due to lack of assistance from the National Government to the Project Landowners The issues from the area have to contained early.

**PROJECT CAPACITY:**

The Department of Petroleum & Energy in conjunction with the Department of National Planning & Monitoring will now have the capacity through the Expenditure Implementation Committee (EIC) to manage proper implementation of this project.

**PROJECT BENEFICIARIES:**

The project beneficiaries are the people of the Hides, Tari and Southern Highlands Province.

**PROJECT SUSTAINABILITY**

These are infrastructure projects that falls within the Provincial Infrastructure Development Plans of the SHP. Therefore, SHPG will sustain the long term sustainability of these projects.

**1829 HIDES MOA PROJECT**

ESTIMATED TOTAL PROJECT COST 15,000.0 ESTIMATED DURATION OF THE PROJECT 5.0 Years

## EXPENDITURE PROJECTION AND FINANCING REQUIREMENTS (K'000)

PROJECT COST		2007 Actual	2008 Bugdet	5 Year Total	2009	2010	2011	2012	2013
<b>DIRECT PROJECT COST</b>									
<b>Current Expenditure</b>									
Personal Emoluments									
Goods and Other Services			120.0	4,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
Current Transfers									
Sub-Total			120.0	4,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
<b>Capital Expenditure</b>									
Acquisition of Existing Assets									
Capital Formation			9,880.0						
Capital Transfers									
Sub-Total			9,880.0						
<b>A TOT DIRECT PROJECT COST</b>			10,000.0	4,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
<b>Technical Assistance</b>									
Project Preparation									
Advisory									
Training									
Equipment									
<b>B TOT TECHNICAL ASSISTANCE</b>									
<b>TOTAL PROJECT COST (A+B)</b>			10,000.0	4,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
<b>FINANCING SOURCES</b>									
<b>IDENTIFIED FINANCING</b>									
<b>Direct Project Financing:</b>									
<b>Government Contributions:</b>									
a) Government Input			10,000.0	13,000.0	10,000.0	1,000.0	1,000.0	1,000.0	
b) Self Generating Revenue									
Loan									
Grant									
<b>C TOTAL DIRECT FINANCING</b>			10,000.0	13,000.0	10,000.0	1,000.0	1,000.0	1,000.0	
<b>D Technical Assistance</b>									
<b>TOTAL FINANCING (C+D)</b>			10,000.0	13,000.0	10,000.0	1,000.0	1,000.0	1,000.0	
<b>FINANCING SOUGHT</b>									
Direct Project Cost (A-C)				-9,000.0	-9,000.0				
Technical Assistance (B-D)									
<b>TOTAL FINANCING SOUGHT</b>				-9,000.0	-9,000.0				

**CURRENT DONOR INVOLVEMENT**

There is currently no donor involvement in the project but the National Government.

**POTENTIAL DONOR INVOLVEMENT**

The is no potential for donor involvement in the future life of the project.

**2009 Budget Votes for this PIP are :-**

25533011203 HIDES LIAISON PROJECT

**PIP NUMBER:** 1984

**PROJECT NAME:** KUTUBU MOA -SOUTHERN HIGHLANDS

**EXECUTING AGENCY:** Department of Petroleum and Energy

**PROJECT OBJECTIVIES:**

To fulfil infrastructure expenditure commitments of the State, established with the Southern Highlands Provincial Government and the Kutubu Landowners under the Memorandum of Agreement (MOA) relating to development of the Kutubu petroleum project.

**PROJECT STATUS:**

An going project. There are 59 projects identified under the current MOA. Since 1992 most of the projects have been implemented through National Government funding and Tax Credit Scheme. This year there has nil implementation due to the Kutubu MOA review still to be signed and also the directive from Chief Secretary to withhold all MOA payments until a EIC Guideline is in place for the approval of projects.

**PROJECT COMPONENTS:**

The project components would be the various State MOA commitments that are captured in the MOA for funding consideration.

**PROJECT LOCATION:**

The project is implemented in the Southern Highlands Province as specified in the Kutubu Memorandum of Agreement (MOA).

**PROJECT JUSTIFICATION:**

The Memorandum of Agreement signed in 1991 between the State, the Southern Highlands Provincial Government, and the Kutubu Landowners is quite crucial as it contains landowner demands as agreed to in the MOA. The essence of this MOA being that it has curtailed potential landowner frustrations and disruptions on the operation of the Kutubu Petroleum project. The MOA projects are legally binding.

**PROJECT CAPACITY:**

The administration of the MOA funds will now be under the auspice of the Expenditure Implementation Committee (EIC). The EIC is a body formed pursuant to the Oil & Gas Act 1998, with specific objective to manage all grants relating to the petroleum and gas projects. Hence, relevant work has been done to operationalise the EIC, which will be in full operation this year to address MOA project implementation and related issues.

**PROJECT BENEFICIARIES:**

The direct beneficiaries are the Kutubu landowners and Southern Highlands Provincial Government. The project in essence is significant to the smooth operation of Kutubu Petroleum Project, as it alleviates potential landowner frustrations and discontentment, which may have negative impact on the operations of Kutubu Project. The Kutubu Project has contributed substantially in terms of revenue generation to the Government and associated efforts towards national development.

**PROJECT SUSTAINABILITY**

The project is currently sustained through annual budgetary support from the National Government. Future financial sustainability of the project will be borne through recurrent funding from the Southern Highlands Provincial Government.

## 1984 KUTUBU MOA -SOUTHERN HIGHLANDS

ESTIMATED TOTAL PROJECT COST 15,000.0 ESTIMATED DURATION OF THE PROJECT 5.0 Years

## EXPENDITURE PROJECTION AND FINANCING REQUIREMENTS (K'000)

PROJECT COST		2007 Actual	2008 Budget	5 Year Total	2009	2010	2011	2012	2013
DIRECT PROJECT COST									
<b>Current Expenditure</b>									
Personal Emoluments									
Goods and Other Services			150.0	4,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
Current Transfers			500.0						
Sub-Total			650.0	4,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
<b>Capital Expenditure</b>									
Acquisition of Existing Assets									
Capital Formation			3,350.0						
Capital Transfers									
Sub-Total			3,350.0						
A	TOT DIRECT PROJECT COST		4,000.0	4,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
<b>Technical Assistance</b>									
Project Preparation									
Advisory									
Training									
Equipment									
B	TOT TECHNICAL ASSISTANCE								
<b>TOTAL PROJECT COST (A+B)</b>			4,000.0	4,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
<b>FINANCING SOURCES</b>									
IDENTIFIED FINANCING									
<b>Direct Project Financing:</b>									
<b>Government Contributions:</b>									
a) Government Input			4,000.0	13,000.0	10,000.0	1,000.0	1,000.0	1,000.0	
b) Self Generating Revenue									
Loan									
Grant									
C	TOTAL DIRECT FINANCING		4,000.0	13,000.0	10,000.0	1,000.0	1,000.0	1,000.0	
<b>Technical Assistance</b>									
D	<b>TOTAL FINANCING (C+D)</b>		4,000.0	13,000.0	10,000.0	1,000.0	1,000.0	1,000.0	
<b>FINANCING SOUGHT</b>									
Direct Project Cost (A-C)				-9,000.0	-9,000.0				
Technical Assistance (B-D)									
<b>TOTAL FINANCING SOUGHT</b>				-9,000.0	-9,000.0				

## CURRENT DONOR INVOLVEMENT

Nil.

## POTENTIAL DONOR INVOLVEMENT

Nil.

## 2009 Budget Votes for this PIP are :-

25533011202 KUTUBU MOA-SOUTHERN HIGHLANDS

**PIP NUMBER:** 1985

**PROJECT NAME:** KUTUBU MOA - GULF

**EXECUTING AGENCY:** Department of Petroleum and Energy

**PROJECT OBJECTIVIES:**

To fulfil the infrastructure expenditure commitments of the State established with the Gulf landowners under the Memorandum of Agreement (MOA) associated with the development of the Kutubu Petroleum Project. And to ensure that the project is operating smoothly without any unnecessary disruptions from the landowners.

**PROJECT STATUS:**

This will be the seventh year of project implementation under the Kutubu MOA in areas of the Gulf Province. The funding required will be used for implementation of infrastructure commitments of the State as per the MOA.

**PROJECT COMPONENTS:**

The project has various components that will change over time depending on funding allocation and project implementation and completion.

**PROJECT LOCATION:**

The project area covers parts of the Gulf and Southern Highlands Provinces.

**PROJECT JUSTIFICATION:**

The Kutubu MOA was signed between the State, Gulf and Southern Highlands Provincial Governments and the Kutubu landowner groups from the two provinces. The MOA is a legal instrument and the commitments are legally binding on all parties who are signatories to the MOA. The State is required to meet its share of commitments in order to allow for the smooth operation and development of this project. The Kutubu Petroleum Project will contribute to the economy of the country in terms of revenue, employment, business development opportunities as well as the creation of provisions of social services.

**PROJECT CAPACITY:**

The Department of Petroleum and Energy will administer the disbursement of funds appropriated for the funding of State's commitments under this project. Any capital works under the project commitments should be executed through proper tendering processes.

**PROJECT BENEFICIARIES:**

The direct beneficiaries will be the people of the Gulf Province living within the project area. Provision of this project expenditure allows for the smooth operation of the Kutubu project so that it provides the benefits to the landowners, and thus contribute both directly and indirectly to the welfare and economy of PNG.

**PROJECT SUSTAINABILITY**

The infrastructure projects to be implemented as State's commitments are an investment for Gulf Province and the sustainability of these infrastructure projects will be part of the infrastructure plan of the province and the maintenance of such infrastructure should be accommodated for under the recurrent budget for Gulf Province and completed as per the MOA.

## 1985 KUTUBU MOA - GULF

ESTIMATED TOTAL PROJECT COST 0.0 ESTIMATED DURATION OF THE PROJECT 5.0 Years

## EXPENDITURE PROJECTION AND FINANCING REQUIREMENTS (K'000)

PROJECT COST		2007 Actual	2008 Bugdet	5 Year Total	2009	2010	2011	2012	2013
<b>DIRECT PROJECT COST</b>									
<b>Current Expenditure</b>									
Personal Emoluments									
Goods and Other Services				4,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
Current Transfers									
Sub-Total				4,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
<b>Capital Expenditure</b>									
Acquisition of Existing Assets									
Capital Formation				19,000.0	19,000.0				
Capital Transfers									
Sub-Total				19,000.0	19,000.0				
<b>A TOT DIRECT PROJECT COST</b>				23,000.0	20,000.0	1,000.0	1,000.0	1,000.0	
<b>Technical Assistance</b>									
Project Preparation									
Advisory									
Training									
Equipment									
<b>B TOT TECHNICAL ASSISTANCE</b>									
<b>TOTAL PROJECT COST (A+B)</b>				23,000.0	20,000.0	1,000.0	1,000.0	1,000.0	
<b>FINANCING SOURCES</b>									
<b>IDENTIFIED FINANCING</b>									
<b>Direct Project Financing:</b>									
<b>Government Contributions:</b>									
a) Government Input				23,000.0	20,000.0	1,000.0	1,000.0	1,000.0	
b) Self Generating Revenue									
Loan									
Grant									
<b>C TOTAL DIRECT FINANCING</b>				23,000.0	20,000.0	1,000.0	1,000.0	1,000.0	
<b>D Technical Assistance</b>									
<b>TOTAL FINANCING (C+D)</b>				23,000.0	20,000.0	1,000.0	1,000.0	1,000.0	
<b>FINANCING SOUGHT</b>									
Direct Project Cost (A-C)									
Technical Assistance (B-D)									
<b>TOTAL FINANCING SOUGHT</b>									

**CURRENT DONOR INVOLVEMENT**

The is currently no donor involvement in the project but the National Government.

**POTENTIAL DONOR INVOLVEMENT**

There is currently no potential for future donor involvement in the execution of the MOA.

**2009 Budget Votes for this PIP are :-**

25533011208 KUTUBU MOA - GULF PROVINCE



**PIP NUMBER:** 1986

**PROJECT NAME:** GOBE MOA

**EXECUTING AGENCY:** Department of Petroleum and Energy

**PROJECT OBJECTIVIES:**

To fulfil the National Government's infrastructure expenditure commitments as agreed to in the signed MOA relating to the development of the Gobe Oil project between the State, Southern Highlands Provincial Government and the Gobe Landowners.

**PROJECT STATUS:**

The implementation of Gobe Samberigi Road commenced in 1998. To date approximately 55km has been completed. The Civil Pacific Contractors (CIVPAC) is the local contractor engaged and currently on site to construct the rest of the road. The contractor is being engaged by Oil Search Ltd under its Tax Credit Scheme Program. The completed 55 kilometres of the road were done using both tax credit funding and GoPNG component of funding. There has been nil work for the whole of the year due to a lack of EIC Guideline and an ongoing dispute between two disputing landgroups over business development and participation in the construction and implementation of the Gobe-Samberigi road.

**PROJECT COMPONENTS:**

The main project component of the Gobe MOA is the Gobe-Samberigi Road construction. This has been so largely due to landowner pressure for the road to be given priority before all other MOA commitments in the project area.

**PROJECT LOCATION:**

The Gobe Petroleum project sits on the Southern Highlands side of the boarder between the Southern Highlands and Gulf Provinces.

**PROJECT JUSTIFICATION:**

The Gobe MOA was amended without any signing amid landowner pressure to give priority to the Gobe Samberigi Road to be completed before all other MOA commitments can be funded. The project is very crucial given the landowner and political sensitivity surrounding the Gobe Petroleum Project. The Gobe-Samberigi road completion is essential for the smooth operation of the Gobe Petroleum Project. The road completion is seen as an economic lifeline for a lot of beneficiaries from the Samberigi valley and for the road link for a second Highlands Coastal Highway.

**PROJECT CAPACITY:**

Civil Contractors Pacific Ltd (CIVPAC) are the implementers of the Gobe - Samberigi road project. The Department of Works are the supervisors of the road project. Most of the road funding has been exhausted from Tax Credit Scheme and MOA.

**PROJECT BENEFICIARIES:**

The direct beneficiaries are the landowners from the Gulf and Southern Highlands provinces and the landowner companies contracted to provide contractual services for the operator and the Gobe Samberigi Road.

**PROJECT SUSTAINABILITY**

The sustainability of Gobe Samberigi Road will very much depend on the ability of the National Government and SHPG to maintain the road after the completion of the road.

1986 GOBE MOA

ESTIMATED TOTAL PROJECT COST 15,000.0 ESTIMATED DURATION OF THE PROJECT 5.0 Years

## EXPENDITURE PROJECTION AND FINANCING REQUIREMENTS (K'000)

PROJECT COST		2007 Actual	2008 Budget	5 Year Total	2009	2010	2011	2012	2013
DIRECT PROJECT COST									
<b>Current Expenditure</b>									
Personal Emoluments									
Goods and Other Services			50.0	3,500.0	500.0	1,000.0	1,000.0	1,000.0	
Current Transfers									
Sub-Total			50.0	3,500.0	500.0	1,000.0	1,000.0	1,000.0	
<b>Capital Expenditure</b>									
Acquisition of Existing Assets									
Capital Formation			9,950.0	10,000.0	10,000.0				
Capital Transfers									
Sub-Total			9,950.0	10,000.0	10,000.0				
A	TOT DIRECT PROJECT COST		10,000.0	13,500.0	10,500.0	1,000.0	1,000.0	1,000.0	
<b>Technical Assistance</b>									
Project Preparation									
Advisory									
Training									
Equipment									
B	TOT TECHNICAL ASSISTANCE								
<b>TOTAL PROJECT COST (A+B)</b>			10,000.0	13,500.0	10,500.0	1,000.0	1,000.0	1,000.0	
<b>FINANCING SOURCES</b>									
IDENTIFIED FINANCING									
<b>Direct Project Financing:</b>									
<b>Government Contributions:</b>									
a) Government Input			10,000.0	13,500.0	10,500.0	1,000.0	1,000.0	1,000.0	
b) Self Generating Revenue									
Loan									
Grant									
C	TOTAL DIRECT FINANCING		10,000.0	13,500.0	10,500.0	1,000.0	1,000.0	1,000.0	
<b>Technical Assistance</b>									
D	<b>TOTAL FINANCING (C+D)</b>		10,000.0	13,500.0	10,500.0	1,000.0	1,000.0	1,000.0	
<b>FINANCING SOUGHT</b>									
Direct Project Cost (A-C)									
Technical Assistance (B-D)									
<b>TOTAL FINANCING SOUGHT</b>									

## CURRENT DONOR INVOLVEMENT

There is no donor involvement but the National Government.

## POTENTIAL DONOR INVOLVEMENT

There is no potential involvement by any donor agency in the future.

## 2009 Budget Votes for this PIP are :-

25533011204 GOBE MOA-GULF-SOUTHERN HIGHLANDS ROAD

**PIP NUMBER:** 2071

**PROJECT NAME:** MORAN MOA PROJECT

**EXECUTING AGENCY:** Department of Petroleum and Energy

**PROJECT OBJECTIVIES:**

To fulfil the infrastructure expenditure commitments of the State, particularly the National Government, established with the Moran Landowners under the Development Agreement(DA) associated with the development of the Moran Oil Project.

**PROJECT STATUS:**

There has been no implementation of projects to date despite a number of projects that were funded in 2006. This year DPE paid K3.7m to the Paia Parapia Landowner Association without complying with the EIC sanctioning the payment. There has been alot of money given out for projects but very little has been implemented.

**PROJECT COMPONENTS:**

With the recent media coverage of the Moran Project, there is a landowner pressure for the the Homa - Idauwi (Tari) road to be given priority over all other Development Agreement committments, so that the road can be fully constructed and implemented.

**PROJECT LOCATION:**

Komo-Magarima electorate constituency area of the Southern Highlands .

**PROJECT JUSTIFICATION:**

The Memorandum of Agreement (MOA) signed between the State, Southern Highlands Provincial Government, the Hulia Local Level Government and the Moran Landowners in 2001 relates to the Benefit Packages negotiated between the Landowners, the State, the Southern highlands Provincial Government and the Hulia Local Level Government. The commitments are the State's undertakings to provide basic infrastructure to project impact areas.

**PROJECT CAPACITY:**

The Department of Petroleum and Energy (DPE) administers the disbursements of the appropriate project funds while capital works are expected to be carried out through proper tendering process. However, anticipation of the new Expenditure Implementation Committee Guideline (EIC), the EIC process will now be strengthened in terms of a more accountable, transparent process through a more stringent process for the disbursement of Development Agreement (DA) funds.

**PROJECT BENEFICIARIES:**

The direct beneficiaries are the Hulis and the Fasus, including the the people of Hulia Local Level Government, and the Southern Highlands Provincial Government.

**PROJECT SUSTAINABILITY**

This project is supported through the MOA funding from the National Government for the duration of the Moran Oil Project. The future sustainability of this project will be borne by the Southern Highlands Provincial Government.

**2071 MORAN MOA PROJECT**

ESTIMATED TOTAL PROJECT COST 10,000.0 ESTIMATED DURATION OF THE PROJECT 5.0 Years

## EXPENDITURE PROJECTION AND FINANCING REQUIREMENTS (K'000)

PROJECT COST		2007 Actual	2008 Budget	5 Year Total	2009	2010	2011	2012	2013
<b>DIRECT PROJECT COST</b>									
<b>Current Expenditure</b>									
Personal Emoluments									
Goods and Other Services				4,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
Current Transfers			5,000.0						
Sub-Total			5,000.0	4,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
<b>Capital Expenditure</b>									
Acquisition of Existing Assets									
Capital Formation									
Capital Transfers									
Sub-Total									
A	TOT DIRECT PROJECT COST		5,000.0	4,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
<b>Technical Assistance</b>									
Project Preparation									
Advisory									
Training									
Equipment									
B	TOT TECHNICAL ASSISTANCE								
<b>TOTAL PROJECT COST (A+B)</b>			5,000.0	4,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
<b>FINANCING SOURCES</b>									
<b>IDENTIFIED FINANCING</b>									
<b>Direct Project Financing:</b>									
<b>Government Contributions:</b>									
a) Government Input			5,000.0	13,000.0	10,000.0	1,000.0	1,000.0	1,000.0	
b) Self Generating Revenue									
Loan									
Grant									
C	TOTAL DIRECT FINANCING		5,000.0	13,000.0	10,000.0	1,000.0	1,000.0	1,000.0	
<b>Technical Assistance</b>									
D	<b>TOTAL FINANCING (C+D)</b>		5,000.0	13,000.0	10,000.0	1,000.0	1,000.0	1,000.0	
<b>FINANCING SOUGHT</b>									
Direct Project Cost (A-C)				-9,000.0	-9,000.0				
Technical Assistance (B-D)									
<b>TOTAL FINANCING SOUGHT</b>				-9,000.0	-9,000.0				

**CURRENT DONOR INVOLVEMENT**

There is currently no donor involvement but the National Government.

**POTENTIAL DONOR INVOLVEMENT**

There is no potential for donor involvement in the future.

**2009 Budget Votes for this PIP are :-**

25533011205 MORAN LIAISON PROJECT

**PIP NUMBER:** 2672

**PROJECT NAME:** SOUTHEAST MANANDA

**EXECUTING AGENCY:** Department of Petroleum and Energy

**PROJECT OBJECTIVIES:**

Project will need a Supplementary MOA for the State to know its commitments.

**PROJECT STATUS:**

The project is new following the undertaking in the South East Mananda Memorandum of Agreement (MOA). Implementation has yet to proceed, there will need to be a development forum before an agreement is signed. At this point there is no agreement in place, therefore State is not obliged to give any MOA funding at all. Serioulsy needs a DA to esase the landowner tension and pressure that is building up.

**PROJECT COMPONENTS:**

This project has nil components due to a lack of supplementary MOA. Project is well over due for a supplementary MOA, except for seed capital funding which was given out in 2006 and some in 2007.

**PROJECT LOCATION:**

Project area is in the Kutubu Petroleum Project area.

**PROJECT JUSTIFICATION:**

Since the oil flow following the state committment to do a Development Agreement there has been nil progres. Only justification for this Project is due to Oil being producced and no benefits have been given thus far. Recent payment was controversial in that, landowners disputed the payment claiming no person is a true landowner because, no proper Social Mapping and Landowner Identification was done by the operator.

**PROJECT CAPACITY:**

The administration of MOA funds will come under the Expenditure Implementation Committee (EIC). The EIC is a body formed pursuant to the Oil & Gas Act 1998, with specific objective to manage all grants relating to the petroleum and gas projects.

**PROJECT BENEFICIARIES:**

The direct beneficiaries will be the South East Mananda Landowners and Southern Highlands Provincial Government. The project in essence is significant to the smooth operations of the SE Mananda Petroleum Project, as it alleviates potential landowner frustrations and discontentment, which may have negetive impact on the operations of the SE Mananda project. The SE Mananda project will see significant contribution in terms of revenue generation to the Government and associated benefits to national development.

**PROJECT SUSTAINABILITY**

The project is a one of payment of business development grants as seed capital to landowners for business activities they intend to engage in and should be self sustaining after they are established and become profitable.

**2672 SOUTHEAST MANANDA**

ESTIMATED TOTAL PROJECT COST 10,000.0 ESTIMATED DURATION OF THE PROJECT 5.0 Years

## EXPENDITURE PROJECTION AND FINANCING REQUIREMENTS (K'000)

PROJECT COST		2007 Actual	2008 Budget	5 Year Total	2009	2010	2011	2012	2013
<b>DIRECT PROJECT COST</b>									
<b>Current Expenditure</b>									
Personal Emoluments									
Goods and Other Services			150.0	3,500.0	500.0	1,000.0	1,000.0	1,000.0	
Current Transfers			500.0						
Sub-Total			650.0	3,500.0	500.0	1,000.0	1,000.0	1,000.0	
<b>Capital Expenditure</b>									
Acquisition of Existing Assets									
Capital Formation			3,350.0						
Capital Transfers									
Sub-Total			3,350.0						
A	TOT DIRECT PROJECT COST		4,000.0	3,500.0	500.0	1,000.0	1,000.0	1,000.0	
<b>Technical Assistance</b>									
Project Preparation									
Advisory									
Training									
Equipment									
B	TOT TECHNICAL ASSISTANCE								
<b>TOTAL PROJECT COST (A+B)</b>			4,000.0	3,500.0	500.0	1,000.0	1,000.0	1,000.0	
<b>FINANCING SOURCES</b>									
<b>IDENTIFIED FINANCING</b>									
<b>Direct Project Financing:</b>									
<b>Government Contributions:</b>									
a) Government Input			4,000.0	6,500.0	3,500.0	1,000.0	1,000.0	1,000.0	
b) Self Generating Revenue									
Loan									
Grant									
C	TOTAL DIRECT FINANCING		4,000.0	6,500.0	3,500.0	1,000.0	1,000.0	1,000.0	
<b>Technical Assistance</b>									
D	<b>TOTAL FINANCING (C+D)</b>		4,000.0	6,500.0	3,500.0	1,000.0	1,000.0	1,000.0	
<b>FINANCING SOUGHT</b>									
Direct Project Cost (A-C)				-3,000.0	-3,000.0				
Technical Assistance (B-D)									
<b>TOTAL FINANCING SOUGHT</b>				-3,000.0	-3,000.0				

**CURRENT DONOR INVOLVEMENT**

There is no current donor involvement but the National Government.

**POTENTIAL DONOR INVOLVEMENT**

There is currently no potential for donor involvement in the future.

**2009 Budget Votes for this PIP are :-**

25533012215 SOUTH EAST MANANDA

**PIP NUMBER:** 2750

**PROJECT NAME:** EIC ADMINISTRATION

**EXECUTING AGENCY:** Department of Petroleum and Energy

**PROJECT OBJECTIVIES:**

The main objective of the project is to ensure that the expenditure of money held on behalf of the affected Local Level Governments and Provincial Governments shall only occur in accordance with plans developed by affected governments and endorsed by the Provincial Administrator. The proposal will only be approved by EIC when it is by compatible with the National Plans that are administered by the Department of National Planning & Monitoring. To provide administrative support to the Expenditure Implementation Committee (EIC) and to oversee an effective implementation of the social, economic and capital works for infrastructure projects endorsed by EIC in the petroleum resource areas.

**PROJECT STATUS:**

The EIC process was established under the Oil and Gas Act of 1998 and has been in operation since, however have not fully implemented its mandated functions. This year 2007, after the Chief Secretary's instruction for a full review of the EIC regulation and guidelines, the process is currently on hold awaiting the outcome of the review which was aimed at addressing the widespread abuse of the process and land owners funds. The EIC is expected to be fully implemented in 2008 following the transfer of its administration from Department of National Planning & Monitoring to Department of Petroleum & Energy.

The EIC Secretariat operations have been transferred to the Department of Petroleum and Energy. The Secretariat has recruited program managers to look after each of the project areas in both Gulf and Southern Highlands. It is anticipated that once the EIC Guidelines have been endorsed by NEC then the EIC Secretariat will conduct its operations in accordance with the EIC Guidelines.

**PROJECT COMPONENTS:**

The project components are: 1. Monitoring of budgets and timetables for the construction and implementation of grant and benefit expenditure on behalf of affected Provincial and Local Governments; 2. Monitoring of expenditure made pursuant to Section 219C of the Income Tax Act 1959; 3. Monitoring the program of ongoing projects for expenditure of monies in accordance with section 178 of the Oil and Gas Acts; 4. To ensure that the implementation of commitments to infrastructure development must be covered in the various Memoranda of Agreement and Development Agreement.

The EIC administration is an ongoing project previously under the Department of National Planning & Monitoring which has now been transferred to Department of Petroleum & Energy with the following project components: 1) monitor the budget and the schedule for the construction and implementation of MOA funds released, 2) monitoring of expenditure made pursuant to Section 219(C) of the Income Tax Act 1959, 3) monitor programs for ongoing projects for expenditure of monies in accordance with Section 178 of the Oil & Gas Act, and 4) to ensure the implementation of commitments to infrastructure development are covered under the respective Memorandum of Agreements (MOAs).

**PROJECT LOCATION:**

Currently covers petroleum development projects in the Southern Highlands and Gulf Provinces.

**PROJECT JUSTIFICATION:**

The EIC process is a legal requirement under the Oil & Gas Act and subsequent sections of the Income Tax Act and as such makes the role of the EIC Administration a critical one to support and oversee the implementation of the mandated functions for the EIC process. The EIC process has been subjected to a lot of abuse and controversy over the last couple of years and a review is currently underway to rectify and tighten loose ends to ensure the process is transparent and fully implemented.

This is an extremely important project for the Government. The history of gas and petroleum project implementation in the SHP over the last ten years has been seriously stained with gross abuse and misuse of project funds by individuals, contractors, local level governments and provincial government as well. This has resulted in lack of development in the various project impact areas. In the presence of such a scenario, a call for some stringent measures to control and ensure a lot of transparency in project funding and management as resulted in the establishment of the EIC as per the Oil and Gas Act. The EIC will now become a watchdog

in facilitating proper and coordinated project implementation in the future.

#### **PROJECT CAPACITY:**

The EIC Secretariat will be located at the Department of Petroleum and Energy. DPE has the capacity and will be implementing the EIC process jointly with the Department of National Planning and Monitoring and other stakeholders.

The Department of National Planning in conjunction with Department of Petroleum and Energy has the capacity to implement this project. Further support will be provided by the relevant stakeholders, who are members of the Expenditure Implementation Committee (EIC). These include the following Departments: Works, Treasury, Provincial Affairs, Oil Search, SHPG, Prime Minister and NEC.

#### **PROJECT BENEFICIARIES:**

Beneficiaries will be the petroleum development project impacted areas.

#### **PROJECT SUSTAINABILITY**

This project is critical in managing landowner issues and also ensuring that MOA projects are properly funded and coordinated. This will ensure highest level of transparency and accountability in all aspects of project implementation. There have been positions filled for the EIC Secretariat under DPE's recurrent budget for staff salaries over time it is expected that the EIC Secretariat will have its own funding through DPE's recurrent expenditure. The EIC administration will be sustained through annual appropriation under the development expenditure until such time that the costing can be picked up under recurrent costs for the Department of Petroleum and Energy.



## 2750 EIC ADMINISTRATION

ESTIMATED TOTAL PROJECT COST 5,000.0 ESTIMATED DURATION OF THE PROJECT 5.0 Years

## EXPENDITURE PROJECTION AND FINANCING REQUIREMENTS (K'000)

PROJECT COST		2007 Actual	2008 Budget	5 Year Total	2009	2010	2011	2012	2013
DIRECT PROJECT COST									
<b>Current Expenditure</b>									
Personal Emoluments									
Goods and Other Services			200.0	2,700.0	900.0	600.0	600.0	600.0	
Current Transfers			300.0						
Sub-Total			500.0	2,700.0	900.0	600.0	600.0	600.0	
<b>Capital Expenditure</b>									
Acquisition of Existing Assets									
Capital Formation				400.0	100.0	100.0	100.0	100.0	
Capital Transfers									
Sub-Total				400.0	100.0	100.0	100.0	100.0	
A	TOT DIRECT PROJECT COST		500.0	3,100.0	1,000.0	700.0	700.0	700.0	
<b>Technical Assistance</b>									
Project Preparation									
Advisory									
Training									
Equipment									
B	TOT TECHNICAL ASSISTANCE								
<b>TOTAL PROJECT COST (A+B)</b>			500.0	3,100.0	1,000.0	700.0	700.0	700.0	
<b>FINANCING SOURCES</b>									
IDENTIFIED FINANCING									
<b>Direct Project Financing:</b>									
<b>Government Contributions:</b>									
a) Government Input			500.0	3,100.0	1,000.0	700.0	700.0	700.0	
b) Self Generating Revenue									
Loan									
Grant									
C	TOTAL DIRECT FINANCING		500.0	3,100.0	1,000.0	700.0	700.0	700.0	
<b>Technical Assistance</b>									
D	<b>TOTAL FINANCING (C+D)</b>		500.0	3,100.0	1,000.0	700.0	700.0	700.0	
<b>FINANCING SOUGHT</b>									
Direct Project Cost (A-C)									
Technical Assistance (B-D)									
<b>TOTAL FINANCING SOUGHT</b>									

## CURRENT DONOR INVOLVEMENT

There is currently no donor involvement but the National Government.

## POTENTIAL DONOR INVOLVEMENT

There is no potential for donor involvement in the future.

## 2009 Budget Votes for this PIP are :-

25533012217 EIC ADMINISTRATION

**PIP NUMBER:** 2937

**PROJECT NAME:** DATA ACQUISITION

**EXECUTING AGENCY:** Department of Petroleum and Energy

**PROJECT OBJECTIVIES:**

To assist the Department of Petroleum & Energy to establish an efficient database system to assist the department to do better planning and programming of its activities.

**PROJECT STATUS:**

This is a new project initiated early 2000 however was never considered up till now. The project has been recommended for funding in 2009.

**PROJECT COMPONENTS:**

The project will involve the acquisition of the Database equipment and engagement of professionals for the initial set up of the project.

**PROJECT LOCATION:**

The project will be implemented at the Department of Petroleum & Energy headquarters at Konedobu, Port Moresby.

**PROJECT JUSTIFICATION:**

The project is important to assist in the role of the Department to effectively regulate the industry by providing a reliable database system for an efficient planning and information dissemination purposes.

**PROJECT CAPACITY:**

The Department will engage professionals initially through the project to establish, set up and train personnels to manage the system.

**PROJECT BENEFICIARIES:**

The beneficiaries will be the relevant stakeholders in the oil and gas business, the Department of Petroleum & Energy and its officers, the National Government and the people of Papua New Guinea.

**PROJECT SUSTAINABILITY**

The project will be sustained by the Department of Petroleum & Energy through its annual recurrent budget.

## 2937 DATA ACQUISITION

ESTIMATED TOTAL PROJECT COST 0.0 ESTIMATED DURATION OF THE PROJECT Years

## EXPENDITURE PROJECTION AND FINANCING REQUIREMENTS (K'000)

PROJECT COST		2007 Actual	2008 Budget	5 Year Total	2009	2010	2011	2012	2013
DIRECT PROJECT COST									
<b>Current Expenditure</b>									
Personal Emoluments				288.0	72.0	72.0	72.0	72.0	
Goods and Other Services				2,912.0	728.0	728.0	728.0	728.0	
Current Transfers									
Sub-Total				3,200.0	800.0	800.0	800.0	800.0	
<b>Capital Expenditure</b>									
Acquisition of Existing Assets									
Capital Formation									
Capital Transfers									
Sub-Total									
A	TOT DIRECT PROJECT COST			3,200.0	800.0	800.0	800.0	800.0	
<b>Technical Assistance</b>									
Project Preparation									
Advisory									
Training									
Equipment									
B	TOT TECHNICAL ASSISTANCE								
<b>TOTAL PROJECT COST (A+B)</b>				3,200.0	800.0	800.0	800.0	800.0	
<b>FINANCING SOURCES</b>									
IDENTIFIED FINANCING									
<b>Direct Project Financing:</b>									
<b>Government Contributions:</b>									
a) Government Input				3,200.0	800.0	800.0	800.0	800.0	
b) Self Generating Revenue									
Loan									
Grant									
C	TOTAL DIRECT FINANCING			3,200.0	800.0	800.0	800.0	800.0	
<b>Technical Assistance</b>									
D	<b>TOTAL FINANCING (C+D)</b>			3,200.0	800.0	800.0	800.0	800.0	
<b>FINANCING SOUGHT</b>									
Direct Project Cost (A-C)									
Technical Assistance (B-D)									
<b>TOTAL FINANCING SOUGHT</b>									

## CURRENT DONOR INVOLVEMENT

There is currently no donor involvement but GoPNG.

## POTENTIAL DONOR INVOLVEMENT

There is no potential for donor involvement in the future.

## 2009 Budget Votes for this PIP are :-

25533021202 ENERGY DATA ACQUISITION PROJECT

**PIP NUMBER:** 2947

**PROJECT NAME:** LNG LIAISON SUPPORT PROJECT

**EXECUTING AGENCY:** Department of Petroleum and Energy

**PROJECT OBJECTIVIES:**

To support and enable the Department of Petroleum & Energy to conduct regular awareness and have consultation with the landowners and the industry on issues surrounding the PNG LNG project.

**PROJECT STATUS:**

After the signing of the Gas Agreement in August 2008, progressive consultations and dialogue have already commenced with the Developer of the PNG LNG Project Exxon Mobil on the benefit sharing arrangement and mechanism for the landowners.

**PROJECT COMPONENTS:**

This project will assist to enlighten landowners to understand the importance of the PNG LNG project and also assist to educate landowners on the range of benefits that will be generated to them as well as to the country. The awareness will take place in the villages and population affected by the PNG LNG Project.

**PROJECT LOCATION:**

The awareness will be focused on the people of the Hela region of the Southern Highland Province.

**PROJECT CAPACITY:**

The Department of Petroleum & Energy has the capacity to coordinate the awareness programs throughout the areas that will be affected by the LNG project.

**PROJECT BENEFICIARIES:**

The project will benefit the landowners of the area where the gas will be extracted and processed. But looking at it in a broader picture, this project will set the basis for the LNG project that will benefit the landowners and the country as a whole.

**PROJECT SUSTAINABILITY**

The National Government will sustain all projects once the LNG project is underway. But this will eventually be transferred to the Southern Highlands Provincial Government to take ownership and sustain in the long term.

## 2947 LNG LIAISON SUPPORT PROJECT

ESTIMATED TOTAL PROJECT COST 0.0 ESTIMATED DURATION OF THE PROJECT Years

## EXPENDITURE PROJECTION AND FINANCING REQUIREMENTS (K'000)

PROJECT COST		2007 Actual	2008 Bugdet	5 Year Total	2009	2010	2011	2012	2013
<b>DIRECT PROJECT COST</b>									
<b>Current Expenditure</b>									
Personal Emoluments									
Goods and Other Services				4,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
Current Transfers									
Sub-Total				4,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
<b>Capital Expenditure</b>									
Acquisition of Existing Assets									
Capital Formation									
Capital Transfers									
Sub-Total									
A	TOT DIRECT PROJECT COST			4,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
<b>Technical Assistance</b>									
Project Preparation									
Advisory									
Training									
Equipment									
B	TOT TECHNICAL ASSISTANCE								
<b>TOTAL PROJECT COST (A+B)</b>				4,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
<b>FINANCING SOURCES</b>									
<b>IDENTIFIED FINANCING</b>									
<b>Direct Project Financing:</b>									
<b>Government Contributions:</b>									
a) Government Input				4,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
b) Self Generating Revenue									
Loan									
Grant									
C	TOTAL DIRECT FINANCING			4,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
<b>Technical Assistance</b>									
D	<b>TOTAL FINANCING (C+D)</b>			4,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
<b>FINANCING SOUGHT</b>									
Direct Project Cost (A-C)									
Technical Assistance (B-D)									
<b>TOTAL FINANCING SOUGHT</b>									

**CURRENT DONOR INVOLVEMENT**

There is currently no donor involvement in the project but the National Government.

**POTENTIAL DONOR INVOLVEMENT**

There is currently no potential for future donor involvement in the project.

**2009 Budget Votes for this PIP are :-**

25533012219 LNG LIAISON SUPPORT PROJECT