



Australian Government  
Department of Foreign Affairs and Trade



Australian  
Infrastructure  
Financing Facility  
for the Pacific

An aerial photograph of a tropical archipelago, likely in the Pacific Islands, showing numerous small, lush green islands surrounded by clear blue water. The islands are densely forested and have a rounded, hilly appearance. The water is a deep blue, and the sky is a clear, light blue. A large, curved teal graphic element separates the top image from the white text area below.

# Australian Infrastructure Financing Facility for the Pacific

UPDATE

2022/23



## About the AIFFP

The Australian Infrastructure Financing Facility for the Pacific (AIFFP) is the Australian Government's specialist infrastructure financing program within the Department of Foreign Affairs and Trade. We are a \$4 billion facility which invests in transformational infrastructure across a range of sectors including energy, transport and telecommunications. Export Finance Australia (EFA) acts as the lender of record and provides back-office support across a range of key areas.

The AIFFP is focused on quality, social and environmental safeguards as well as generating local jobs and economic opportunities. The AIFFP builds on Australia's longstanding partnerships with the Pacific and experience delivering quality infrastructure projects within the region. The AIFFP was announced in November 2018 and became operational on 1 July 2019.

## Acknowledgement of Country

DFAT and the AIFFP acknowledge the Traditional Custodians of Country throughout Australia, and their continuing connection to land, waters and community. We pay our respects to all First Nations peoples, their cultures and to their Elders, past, present and emerging.

As part of its commitment to reconciliation, the AIFFP commissioned an Acknowledgement of Country in 2022. Three Indigenous women were involved in the project: proud Gamilaroi woman Jessica Whaler, who initiated and led the project; proud Wiradjuri woman Kristie Peters, who created the artwork and attributing story; and proud Wandandian woman Mandy Braddick, who undertook graphic design.

*Artwork name: Making a difference for a positive future*

*Images courtesy of Unsplash:*

Alec Douglas	Gilly Tanabose
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Mélissa Jeanty	

## Mission and values

The AIFFP is committed to ensuring Pacific island countries have access to high quality, resilient infrastructure in line with their development priorities.

The AIFFP was established with three core objectives to ensure:



Pacific countries and Timor-Leste have increased access to capital to support quality, resilient and inclusive economic infrastructure.



Australia delivers infrastructure financing that meets the development needs of Pacific countries and Timor-Leste.



Australia is the partner of choice for financing infrastructure in the Pacific and Timor-Leste.



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# The AIFFP at a glance



**AUD4 BILLION**  
IN TOTAL  
FUNDING



**AUD1.2 BILLION**  
OF PROJECTS SIGNED  
TO DATE



**13**  
SIGNED INFRASTRUCTURE  
PROJECTS



**8**  
COUNTRIES ACROSS  
THE PACIFIC REGION



**537**  
JOBS CREATED\*



**47**  
AIFFP STAFF IN  
**5** COUNTRIES



**AUD350 MILLION**  
IN EXPECTED  
INVESTMENT IN CLIMATE  
INFRASTRUCTURE



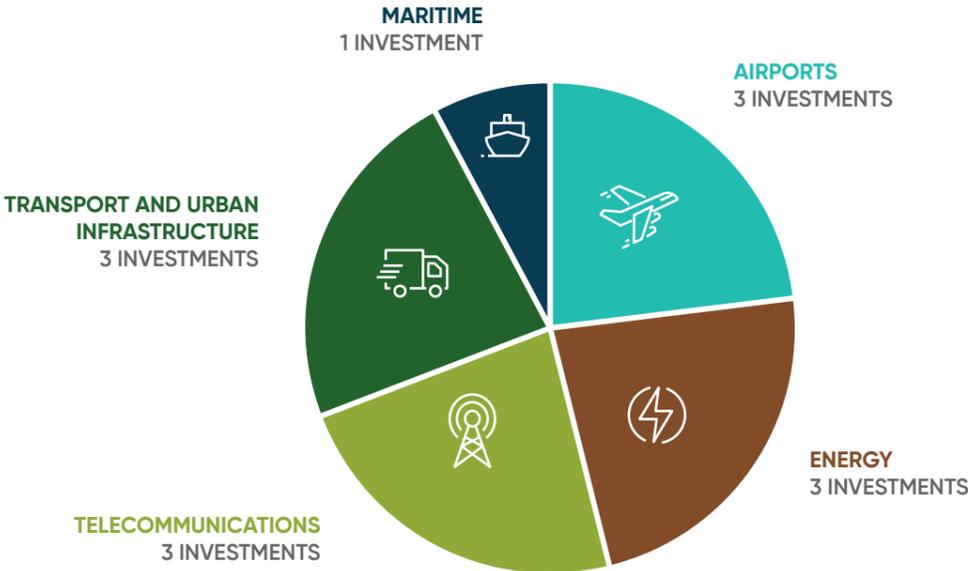
**2<sup>ND</sup> LARGEST**  
FINANCIER OF  
INFRASTRUCTURE IN  
THE PACIFIC



**16**  
GOVERNMENT AND  
PRIVATE SECTOR  
PARTNERS IN THE PACIFIC

\* Figures from projects where implementation has progressed to involve local engagement, which constitutes 18 per cent of total projects.

## AIFFP portfolio by number of projects



# The AIFFP story

2018

NOVEMBER

The AIFFP is announced

2019

JULY

The AIFFP becomes operational

AUGUST

**Project:** Connecting Timor-Leste to the internet via submarine cable is announced

2020

AUGUST

**Project:** Powering homes and businesses in Papua New Guinea's Yalu village is announced

**Project:** Connecting Solomon Islands' capital to electricity via transmission line is announced

**Project:** Upgrading ports across Papua New Guinea is announced



JANUARY

2022

**Project:** Building Palau's first utility-scale solar power plant is announced

MARCH

The AIFFP received a doubling of its lending 'headroom' to \$3 billion

**THE AIFFP BECOMES THE SECOND LARGEST FINANCIER OF INFRASTRUCTURE IN THE PACIFIC**

DECEMBER

**Project:** Connecting the Federated States of Micronesia, Kiribati and Nauru to the internet via submarine cable is announced

AUGUST

**Project:** Upgrading Fiji's international and outer island airports is announced

NOVEMBER

The AIFFP establishes a Capital Infrastructure Service Panel

OCTOBER

**Project:** Reducing the impact of floods in Nadi, Fiji is announced

**Project:** Expanding digital connectivity in Palau via a submarine cable system is announced



**Project:** Improving Nauru's international airport and main road is announced

**Project:** Powering homes and businesses in Papua New Guinea's Morobe and East New Britain provinces is announced

APRIL

**Project:** Upgrading the Wau and Sepik Highways in Papua New Guinea is announced

SEPTEMBER

A Two-Year System-Wide Review is published, finding strong early evidence to indicate the AIFFP is tracking towards its End-of-Program outcomes

OCTOBER

The AIFFP's funding is doubled to AUD4 billion

The Pacific Climate Infrastructure Financing Partnership is established

**Project:** Restoring roads and bridges across Fiji is announced

NOVEMBER

The first AIFFP funded pilot boat, part of the Upgrading ports across Papua New Guinea project, is launched

DECEMBER

**Project:** Redeveloping Timor-Leste's international airport is announced



2023

Expected Q4 2023

Building Palau's first utility-scale solar power plant project becomes operational

SEPTEMBER

Nuku'alofa Port upgrade for Tonga announced

AUGUST

Tuvalu critical boat harbour announced  
AIFFP signs an MOU with Vanuatu to design and scope aviation infrastructure investments

MAY

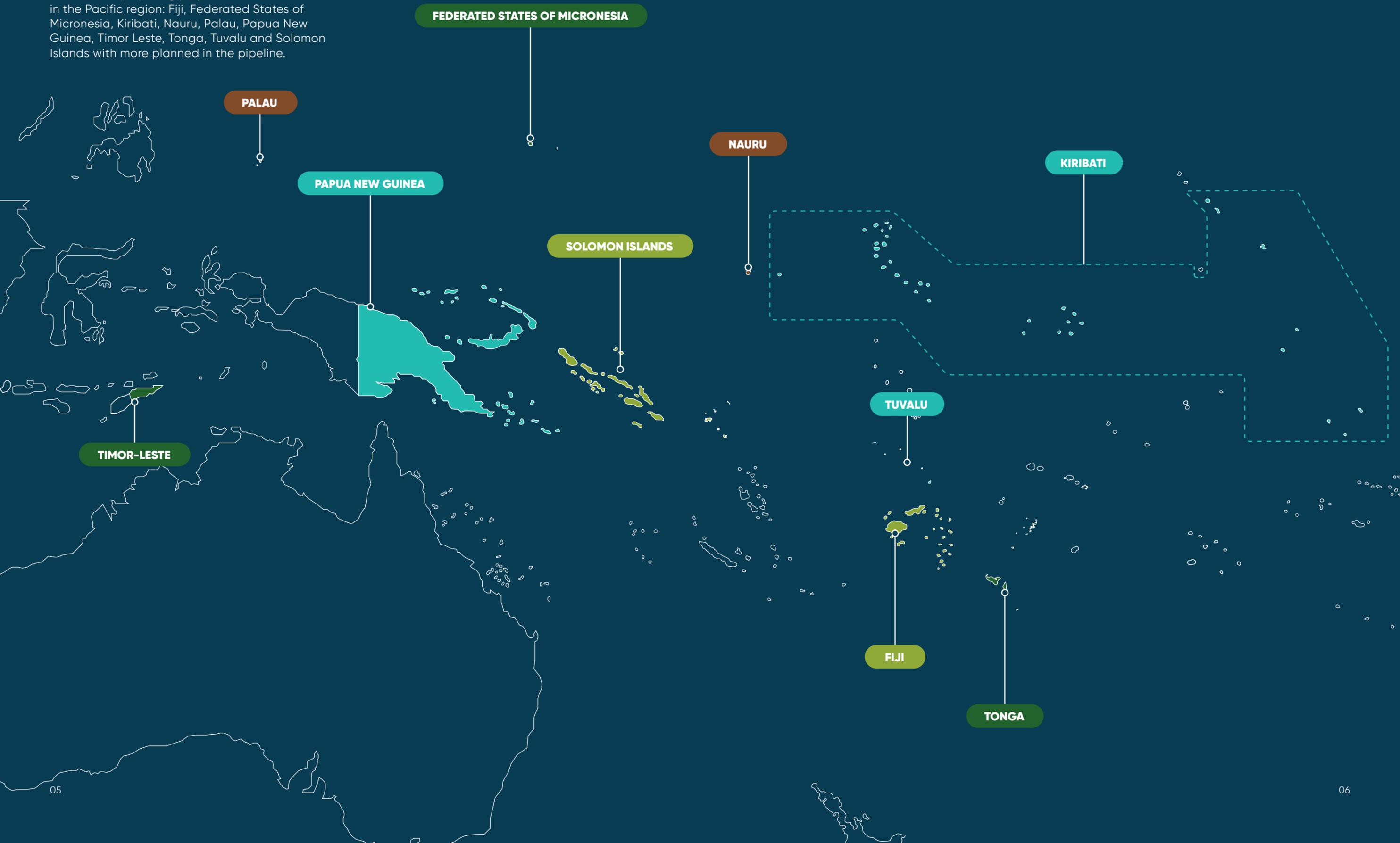
The Yaqara Bridge, upgraded as part of the Restoring roads and bridges across Fiji project, is opened

JANUARY

A new AIFFP Board is appointed for a two-year term

# Where we work

The AIFFP is working with government and private sector partners across the Pacific region. The AIFFP is preparing projects in 10 countries in the Pacific region: Fiji, Federated States of Micronesia, Kiribati, Nauru, Palau, Papua New Guinea, Timor Leste, Tonga, Tuvalu and Solomon Islands with more planned in the pipeline.



# Our impact approach

The AIFFP invests in transformational infrastructure which drives development and economic outcomes in the Pacific and Timor-Leste. Our investment approach is guided by five impact areas, in-line with Australia's International Development Policy.

These focus areas are critical to ensuring our infrastructure projects generate lasting development impact for people and communities in our region.

The AIFFP has five priority sectors of infrastructure, with each project seeking to address several development objectives.



# Goals for global action

The AIFFP supports a number of the United Nations' Sustainable Development Goals (SDGs), a key component of the 2030 Agenda for Sustainable Development adopted by United Nations Member States in 2015.

Infrastructure is essential to achieving the SDGs and is central to supporting our Pacific partners to meet their national development priorities.

We actively contribute to 10 of the 17 SDGs through our infrastructure projects and collaboration with sovereign and private partners.



# Our impact at a glance

## Each AIFFP investment:

-  Is designed and built in accordance with quality engineering standards
-  Seeks to maximise local labour participation
-  Has a detailed gender action plan
-  Has detailed environmental and social assessments in-line with best practice international standards
-  Has a bespoke monitoring, evaluation and learning plan to capture project progress and lessons learned

## AIFFP investments seek to generate lasting development impact



**UPGRADING FIJI'S INTERNATIONAL AND OUTER ISLAND AIRPORTS**

-  5 out of 12 works projects complete
-  Over 50 per cent of the financing for projects supports Fijian companies



**RESTORING ROADS AND BRIDGES ACROSS FIJI**

-  956,259 actual local labour hours
-  Bridges designed to withstand 1-in-100 year rainfall events



**BUILDING PALAU'S FIRST UTILITY-SCALE SOLAR POWER PLANT**

-  98 per cent complete
-  69 Palauan workers engaged
-  10 Palauan companies contracted



**UPGRADING PORTS ACROSS PAPUA NEW GUINEA**

-  30 per cent of expenditure on Papua New Guinean firms and workforce (expected)



**UPGRADING THE WAU AND SEPIK HIGHWAYS IN PAPUA NEW GUINEA**

-  Wau Highway works 18 per cent complete
-  600 jobs expected to be created



## The AIFFP is focused on supporting its Pacific partners



**PNG POWER LIMITED**

The AIFFP supported PNG Power Limited to develop a fit-for purpose, organisation-wide environmental and social management system.



**PNG POWER LIMITED**

The AIFFP supported PNG Power Limited to develop electricity connection targets, usage subsidies and credit schemes for women-headed households and people with disability.



**PNG PORTS CORPORATION LIMITED**

The AIFFP supported PNG Ports Corporation Limited to establish a local skills and materials target, the first sovereign lender in Papua New Guinea to do so.

**"THEY [THE AIFFP] UPHOLD STRONG PROTOCOLS AND REQUIREMENTS BEFORE ANY LOANS OR GRANTS ARE APPROVED SUCH AS MEETING ENVIRONMENTAL AND SOCIAL SAFEGUARDS REQUIREMENTS. IT WAS CHALLENGING FOR US BUT GOOD AND PROVIDED NECESSARY SAFEGUARDS..."**

- Project Proponent

**"THANK YOU TO THE PEOPLE OF AUSTRALIA FOR AN ALTERNATIVE TO THE TRADITIONAL FINANCIERS."**

- Project Proponent

# Impact areas



## Local content

**Infrastructure investment drives sustained economic growth and poverty reduction by facilitating trade and investment, creating enterprise opportunities and providing people with access to basic services.**

How infrastructure is built and maintained is also critical. Prioritising the use of local workers and firms creates important economic opportunities for local communities, which contributes to increased output across the broader economy. It ensures infrastructure is appropriate for the local context and can lead to more effective maintenance across the life of the assets.

**Infrastructure investment in Pacific island countries and Timor-Leste, however, has not always optimised the participation of local workers and firms.**

This is a missed opportunity for the region. Infrastructure projects must be planned with the skills and capacity of the local population in mind and incorporated into project design and implementation. Procurement processes should be designed to support local firms to bid for infrastructure contracts. Where local industry lacks the required skills, training and certification opportunities need to be offered to build the capacity of local firms and workers.

## Our work

**The AIFFP is committed to strengthening the Pacific labour market and creating economic opportunities for local workers and enterprises.**

Each AIFFP investment includes a detailed assessment of the local labour market, locally available materials and supply chains. This analysis is incorporated in the planning and design of AIFFP infrastructure projects to optimise local participation in key investment decisions. Localisation is central to our procurement approach. We ensure each AIFFP project has a Local Industry and Participation Plan (LIPP) which calls for head contractors to prioritise the utilisation of local contractors and suppliers. We seek ways to structure tenders to remove barriers to local industry participation, for example by removing turnover requirements or offering small bid packages. In addition to creating jobs, this approach helps keep the capital costs of projects low and ensure projects are contextually appropriate and responsive.

**The AIFFP is working to build workforce capacity across the Pacific region and Timor-Leste.**

We work with DFAT's bilateral and regional programs to ensure alignment with existing skills and training programs, volunteer programs and support for professional associations. This includes partnering arrangements with Australian industry groups enabling Pacific organisations to learn from Australian counterparts. Where we can, we ensure LIPPs include targets to provide training for local contractors and international and domestic certifications.

## Impact stories

**Putting in place targets for local jobs – Upgrading ports across Papua New Guinea**

The AIFFP is partnering with the Government of Papua New Guinea to finance an AUD621.4 million investment to upgrade and refurbish selected ports in Papua New Guinea. This will include the upgrading and refurbishment of six ports across Papua New Guinea as well as the purchase of five pilot boats and security upgrades at port facilities. This will benefit not only Papua New Guinea but our wider Pacific region.

The project is also designed to make a significant economic and development contribution through the creation of local jobs and inclusive economic opportunities. The AIFFP became the first sovereign lender in Papua New Guinea to support a State-owned Enterprise (SoE), PNG Ports Corporation Limited, to establish a local content target planning obligations. This includes a strong contractual enforcement mechanism with a mandatory minimum target of 30 per cent local expenditure on local content to support local jobs and skill acquisition for new ports infrastructure in Papua New Guinea. The optimisation of local participation has been incorporated across the design and implementation of each port financed by the AIFFP.

**Increasing local capacity through job creation and training – Restoring roads and bridges across Fiji**

The AIFFP is supporting the Fiji Roads Authority (FRA) to undertake repairs and replace critical bridges in the Central and Western Divisions of the country. The project includes the renewal and resurfacing of key roads in Fiji and will improve the transport network for the promotion of trade activities and safe travel.

The project is also increasing the commercial capacity of local industry to build and maintain core transport infrastructure. The Fijian economy will benefit from the contracting of local companies, with an estimated 75 per cent of contracts to be awarded to local firms. With respect to two of the local roads contractors, the project enabled them to increase their stock of plant and equipment to grow their business and take on larger contracts into the future. By the end of the project, these contracts are expected to generate total local employment for at least 1,500 Fijians.

The investment is also facilitating FRA's ambition to be the first Fijian organisation to require all its personnel and contractors to undergo a mandatory workplace health and safety training program before entering a construction site. Australia's work, health and safety curriculum is being adapted to FRA's operating environment, with 58 participants expected to receive Australian white card certifications in 2024.

The AIFFP is also working closely with FRA to develop a Preventing Sexual Exploitation, Abuse and Harassment training module for use with both staff and contractors. This training module gives us an opportunity to benchmark international and regional best practice and align with Fiji's national frameworks and legal procedures, while also developing a training resource that is fit-for-purpose to FRA's unique operating context.



# Impact areas



## Climate resilience

**The Pacific is highly vulnerable to climate impacts – with climate being the region's number one security concern.** Pacific countries often lack access to affordable infrastructure and technology to mitigate the impacts of climate change and risk being left behind in the global transition to renewable energy and climate resilience.

**Australia will contribute at least AUD350 million in climate infrastructure for the region, including AUD75 million for a program for off-grid and community scale renewable energy in remote and rural parts of the Pacific.** In 2022, the Australian Government announced the establishment of the Pacific Climate Infrastructure Financing Partnership (PCIFP) as part of Australia's commitment to climate action. The PCIFP will expand the AIFFP's climate capability through dedicated climate infrastructure investments that help countries and communities adapt to climate change, reduce greenhouse emissions and expand access to clean energy.

The AIFFP is committed to ensuring that its investments are climate resilient; ensuring all its projects respond to climate change risks and impacts, and maximising opportunities for low-emissions and climate resilient development.

### Our work

**The AIFFP is operationalising climate change and disaster risk reduction benefits across the investment lifecycle.** Climate resilience

considerations are integrated across the feasibility, design and construction phases of AIFFP investments. For example, the AIFFP:

- Engages technical experts from the Australia Pacific Climate Partnership to assess AIFFP investment proposals for climate and disaster risk.
- Applies up-to-date climate projections and standards for risk reduction and resilience early in the investment cycle, and factored into engineering designs for all projects.
- Considers climate and disaster resilient design options as part of the investment concept development process.
- Develops methodologies to ensure the quantum of avoided direct and indirect costs arising from climate and disasters are calculated and considered.
- Ensures climate and disaster resilience objectives are articulated in M&E plans for individual investments.
- Resources are allocated for activities to address climate and disaster risks within investment budgets.

**In addition, the AIFFP has launched a first-round Call for Off-grid Renewable Energy Partnerships which will provide 'market testing' grants (AUD4-5 million) through the Business Partnerships Platform.** This is a preliminary action that will inform a parallel design process for a new, significant, long-term off-grid renewable energy program from 2024.

## Impact stories

### Improving solar energy storage – Building Palau's first utility-scale solar power plant

Like many Pacific and small island countries, Palau is highly dependent on imported fossil fuels to service its energy needs. More than 99 per cent of the island's electricity was generated using automotive diesel, leading Palau's energy sector to issue up to 96 per cent of all national greenhouse gas emissions.

Through AIFFP financing to Solar Pacific Pristine Power, the new Palau solar farm is the country's first utility-scale solar and battery energy storage facility and is anticipated to deliver up to 23,000 megawatt hours per year to the grid network.

When fully operational, the solar and battery facility will provide approximately 20 per cent of Palau's power needs, reducing Palau's energy sector emissions in line with its self-determined commitment of 22 per cent below 2005 levels by 2025. The facility will also contribute considerably to Palau's efforts to meet its targets of 45 per cent renewable energy, and 35 per cent energy efficiency by 2025.

### Assisting in natural disaster resilience – Reducing the impact of floods in Nadi, Fiji

Australia, through the AIFFP, is financing up to AUD5 million in technical studies on essential catchment management and reassessing all options for flood mitigation around Nadi. This will support the Government of Fiji with: critical assessments in the upper Nadi catchment; assessments of watershed conditions; the development of new flood models for risk/impact assessments; and the re-evaluation of basic designs for a range of flood mitigation options. The analysis will inform land management practices, assist with disaster preparedness and management, and inform Fiji's future choices on flood mitigation infrastructure options.

Reducing the impact of floods in Nadi is the Government of Fiji's top major infrastructure priority. The purpose of this technical assistance project is to mitigate future damage to the Fijian economy and people's lives from floods in the commercial centre of Nadi town and on the Nadi flood plain.

Flooding in Nadi town is a significant issue. Since 1991, there have been 26 major floods in the Nadi catchment area. Floods in 2009 and 2012 were particularly severe. In January 2009, floods in Nadi claimed 11 lives, left 12,000 homeless and caused FJD113 million worth of damage, including FJD81.2 million in Nadi town.

# Impact areas



## Social and environmental safeguards

**Social and environmental safeguards serve two essential purposes: first to ensure infrastructure projects do no harm to communities and the environment, and second to drive important advances in economic empowerment, inclusivity, gender equality, biodiversity, community engagement and institutional reform.** Where calibrated effectively, social and environmental safeguards can play a vital role to improve local livelihoods, institutions and environmental outcomes, beyond the benefits of the project itself.

Investments which fail to put in place robust safeguards can have adverse impacts on vulnerable populations, disadvantaged groups, children and the environment by affecting access to resources and livelihoods, disrupting social networks and neglecting the environment.

**All AIFFP infrastructure projects adhere to international environment and social safeguard standards including the Equator Principles and DFAT's Environmental and Social Safeguard Policy which establishes specific expectations across:**

- Environmental protection
- Children, vulnerable and disadvantaged groups
- Displacement and resettlement
- Indigenous peoples
- Health and safety

### Our work

**The AIFFP meets the highest international social and environmental safeguards, modern slavery and workplace, health and safety obligations.** The AIFFP takes seriously the promise of rigorous social and environmental standards to not only protect people and the environment, but to contribute to lasting improvements in economic and development outcomes. To do this, the AIFFP incorporates safeguard considerations from design through to

construction oversight to asset disposal, to ensure safeguards risks are managed across the project life-cycle. Every AIFFP investment has:

- A social and environmental impact assessment conducted as part of the project feasibility study.
- Based on this detailed assessment, an Environmental and Social Management Plan (ESMP) that outlines the key steps that must be taken to ensure the project complies with international standards.
- Quarterly reports to monitor compliance with the ESMP throughout the implementation of the project.
- A procurement approach which ensures contractors have the skills and experience in implementing international safeguards standards.

**On sovereign investments, AIFFP works with the implementing entity to ensure that local and, where necessary, international safeguards expertise are integrated into the project delivery team.**

These positions are integral to AIFFP's approach. They work closely with local communities and contractors to ensure that investments are delivered safely, implement required environment and social controls and in a manner that meets community expectations. For example on the AIFFP's Palau Solar investment, local biodiversity specialists were engaged to identify a site which would preserve the delicate and pristine ecology of Palau.

**Where practical, AIFFP investments are designed to work with partners 'beyond the fence' of each project to strengthen institutional and sectoral policies, management systems and approaches.**

Through close partnership and capacity assessments, the AIFFP identifies areas for potential institutional reform within partner safeguards systems and processes. The AIFFP works with partners to develop tailored technical assistance and support which mitigates areas of risk but also contributes to lasting capacity improvements. This support enables partners to meet international social and environmental standards, not just for AIFFP projects but for all infrastructure investments.

## Impact story

**Supporting partners capacity to respond to social and environmental safeguards – Papua New Guinea Electrification Partnership**

The AIFFP takes a partnership, rather than compliance, approach to safeguards, working closely with Pacific institutions to improve their capacity to adhere to global standards. As part of Australia's contribution to the Papua New Guinea Electrification Partnership, the AIFFP is financing a range of infrastructure investments with PNG Power Limited (PPL), including transmission lines, smart meters and household electricity connections. Through its early environmental and social impact assessments, the

AIFFP found areas of capacity constraints within PPL's broader safeguards systems. Working with PPL, the AIFFP has developed the Environmental and Social Management Capacity Building Program to directly address these capacity gaps. The program will seek to strengthen PPL's management of safeguards risks and better integrate safeguards considerations across their project processes. This includes a particular focus on the Preventing Sexual Exploitation, Abuse and Harassment (PSEAH) risk throughout projects and across PPL's relationships with contractors and the communities within which they are working.



# Impact areas



## Gender and social inclusion

**Women and girls, and people of diverse sexual orientation, gender identity and expression (SOGIE), and people with disability are disproportionately affected by inadequate infrastructure.** Infrastructure remains a male-dominated sector in which the diverse needs of women and girls are frequently overlooked, with women often excluded from decision-making and planning at both community and commercial levels. Neglecting gender considerations in the design and construction of new infrastructure may reinforce or even exacerbate gender gaps and cause gender inequality to persist. Failing to account for the needs of people with disability can render infrastructure inaccessible and excludes them from the development benefits.

**When new infrastructure is designed and built in an inclusive and gender-responsive way, it can trigger a cycle of positive outcomes for women, girls, and people with diverse SOGIE.** For example, responsive infrastructure has the potential to enhance women's economic participation, reduce women's unpaid work burden and prevent one group from disproportionately benefiting from new or improved infrastructure at the expense of others. Similarly, gender-sensitive analysis enables implementation to be structured in a way that targets and mitigates safety concerns for women and children.

**Accessible infrastructure enables people with disability to better participate in society and the economy.** Infrastructure planning should be informed by the barriers facing people with disability and the technical solutions that can be used to address them. Universal design principles, when integrated in project design, ensure that infrastructure systems are usable by all people of all abilities.

### Our work

**The AIFFP has developed a twin track approach to progress gender equality and women's empowerment.** Recognising that gender equality and women's empowerment is usually not the primary or sole focus of hard-infrastructure investments in the Pacific, AIFFP infrastructure sector investments nonetheless contribute to gender equality at two levels:

1. At a minimum, by implementing – and requiring our partners to implement – the Do No Harm principle, to ensure that gender inequalities are not exacerbated, gender-specific risks are appraised and mitigated, and women are not disadvantaged.
2. In addition, by supporting our partners to mainstream gender at an overarching level, we ensure diverse gender and SOGIE needs and priorities are addressed across the project lifecycle, that benefits are equally shared, and the project contributes to narrowing gender gaps. Where possible, gender disaggregated data is captured to measure the impact of projects.

**The AIFFP is making efforts to ensure infrastructure is accessible and adheres to universal design principles.** During project design, the AIFFP conducts a detailed analysis of inclusion barriers to determine the challenges faced by people living with a disability. This analysis informs investment design, ensuring evidence based, disability inclusion measures are undertaken. The AIFFP also seeks to capture disability-disaggregated data as part of monitoring project progress and impacts.

**The AIFFP is operationalising its approach in a variety of ways across the infrastructure development life cycle. For example, the AIFFP:**

- Includes specific language in its Theory of Change to support gender, equality, disability and social inclusion (GEDSI) outcomes.
- Integrates GEDSI considerations into the AIFFP's monitoring, evaluation and learning system.
- Ensures all investments are required to produce and maintain comprehensive Gender Action Plans.
- Ensures scoping and investment analyses and loan agreements are informed by GEDSI considerations.
- Integrates GEDSI considerations into environmental and social safeguards frameworks to ensure gender risks are appraised and mitigated.



## Impact stories

### **Increasing access to electricity – Powering homes and businesses in Papua New Guinea's Morobe and East New Britain provinces**

Through the project, the AIFFP and PNG Power Limited (PPL) are connecting an additional 30,000–40,000 households, schools, and health clinics to the electricity grid for the first time. This is expected to increase PPL's existing customer base by approximately 25 per cent.

Access to electricity is key to improving GEDSI outcomes as the lack of access to electricity disproportionately impacts women, particularly affecting their economic empowerment. Households with people with disability typically have less access to electricity which entrenches disadvantage. The project addresses these concerns through a low interest, no collateral credit scheme for women-headed households and households with people with disability to ensure they have affordable and reliable access to electricity.

### **Digital resilience in Palau – Expanding digital connectivity in Palau via a submarine cable system**

Australia's support to Palau's second submarine ICT cable strengthens internet reliability and enables further innovation and transformation in the economy and society, bringing both opportunities and risks. Given the geographic remoteness of Palau, improving connectivity and internet access

will create opportunities to boost tourism, business and investment, and provide better government services, including health and education. There is clear potential for increased women's economic empowerment and entrepreneurship, increased economic opportunities for people living with a disability and increased opportunities for inclusive decision-making and leadership.

GEDSI risks can include threats to online safety for women and girls and people living with a disability, concerns about the exacerbation of a gendered digital divide and social protection issues such as online gambling.

To address these risk and opportunities, the AIFFP commissioned the Digital Palau Gender and Social Inclusion Assessment (2020) and Gender and Social Inclusion Policy Brief (2022), which focused on the factors affecting the development of safe, gender-sensitive, coherent digital norms of the Palauan economy and society. This assessment was then distilled into a program of support to Palau on digital infrastructure to address harmful digital communication, social protection and cyber safety.

The proposed program of AIFFP technical assistance will prioritise efforts to strengthen the regulatory environment and increasing awareness of these risks, including through a close partnership with the Palau Bureau of Communication.

# Impact areas



## Quality and integrity

**Infrastructure investment and delivery in developing countries is inherently vulnerable to a range of risks.** Infrastructure projects are often large, have long lead-times, are complex and tend to involve a range of stakeholders. Lack of capacity, corruption and mismanagement can undermine the integrity of infrastructure provision across its lifecycle; from early project design, to ongoing maintenance and operation, to asset disposal or decommissioning. Without sufficient controls, project costs can be unduly inflated, project delivery can be delayed and result in poor quality infrastructure.

**The AIFFP adheres to DFAT's strict policies and procedures to ensure integrity across the Australian aid program.** DFAT does not tolerate inaction on fraud and corruption and takes all steps necessary to prevent, detect and respond to fraud and corruption. As part of investment planning and design, the AIFFP focuses on supporting Pacific partners to strengthen institutional structures and capacity to better identify and manage corruption and fraud risks. The AIFFP works closely with state-owned enterprise (SOE) partners to manage emerging risks across project construction and implementation.

**The AIFFP is committed to responsible and sustainable lending practices, and avoiding unsustainable debt burdens in the Pacific.** At a minimum, the AIFFP ensures its financing is consistent with Australia's international obligations on debt sustainability and priced carefully to reflect a country's specific debt circumstances. The provision of grants enables the AIFFP's financing to be more concessional and attractive to its sovereign borrowers, as well as ensure the AIFFP can operate in countries where loans are not suitable due to debt concerns.

### Our work

**Ensuring quality and integrity is at the heart of the AIFFP's design.** The AIFFP is committed to financing high quality, sustainable infrastructure, which maximises local participation and generates inclusive economic opportunities for Pacific Island communities. AIFFP projects are selected through close consultation with Pacific governments to ensure investments respond to the development and economic needs of Pacific Island countries, in-line with national infrastructure plans. We have rigorous systems and processes to ensure AIFFP assets are designed and built to appropriate quality

standards, and we adhere to the highest social and environmental safeguards standards. The AIFFP's systems and processes have gone through two independent reviews and have each time been found to be of high quality.

**The AIFFP has in place a rigorous due diligence framework which builds on DFAT's established policies and processes.** The AIFFP conducts detailed assessments of projects, proponents and partner government systems to identify areas of capacity constraint.

- **Design:** Feasibility studies are commissioned for AIFFP investments to ensure the project is correctly scoped and will deliver economic and development returns.
- **Proponents:** Capacity assessments are conducted of SOE partners to examine the robustness of existing processes, policies and procedures. Projects are then structured using this analysis to mitigate identified risks, ensure benefits are realised and to strengthen institutional processes.
- **Systems:** The AIFFP provides technical support to partners to build their capacity to manage projects effectively. For example, the AIFFP supports partners to establish a dedicated Project Management Unit for each investment, staffed with experts in engineering, financial management, procurement, safeguards and monitoring and evaluation.

**The AIFFP has robust, high quality Monitoring, Evaluation and Learning (MEL) processes which apply at the investment, portfolio and facility levels.** Each AIFFP investment has a fit-for-purpose investment-level program logic and Monitoring and Evaluation (M&E) Plan which sets out project objectives. The aim is to have a tailored M&E plan which captures the measurable intended results and benefits of the project and ensures key data is collected throughout the investment life-cycle.

**Ensuring quality procurement outcomes is central to the AIFFP's commitment to the Pacific to deliver high quality and sustainable infrastructure.** The AIFFP seeks to ensure the procurement of infrastructure increases opportunities for local businesses and workers, alongside the delivery of competitively priced, high quality infrastructure assets. The AIFFP integrates value for money principles across its standard procurement documents to ensure tenders

do not focus on lowest cost to the exclusion of ensuring quality outcomes and enduring social and economic opportunities for Pacific Island countries.

While procurements are led and managed through partner-government systems, the AIFFP works closely with partners to strengthen processes, provide technical support and ensure quality procurement outcomes are delivered for AIFFP-financed infrastructure.

## Impact story

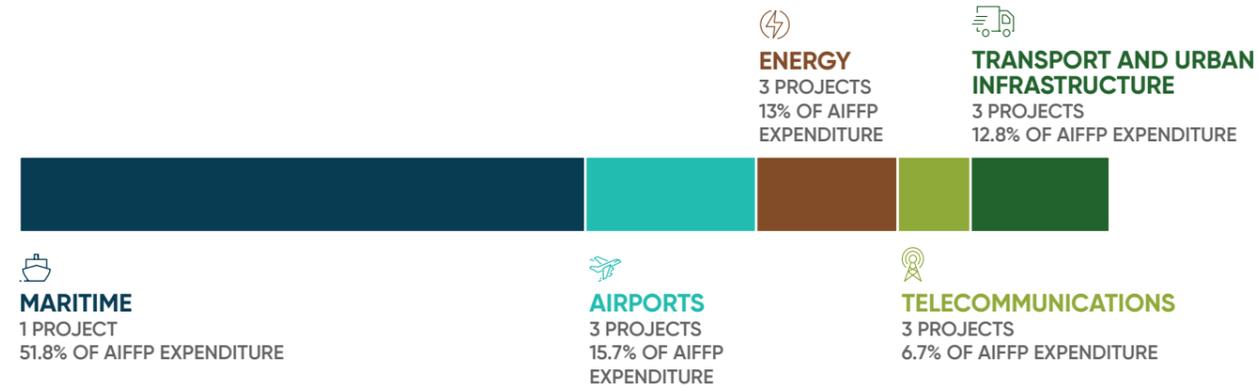
**Upholding critical international safeguards standards - Building Palau's first utility-scale solar power plant**

**Australia, through the AIFFP has provided USD22 million in financing to Solar Pacific Pristine Power to support the construction of Palau's first utility-scale solar and battery energy storage facility.** Solar Pacific Pristine Power is a special purpose vehicle incorporated in Palau by Solar Pacific Energy Corporation. Solar Pacific Energy Corporation is a renewable energy developer based in the Philippines and part of the Alternergy group. Located on Palau's largest island, Babeldaob, the project will comprise a 15.28-megawatt peak capacity solar photovoltaic facility, and a 12.9-megawatt battery energy storage system. When complete, it will be among the largest hybrid facilities of its kind in the Pacific and generate over 20 per cent of Palau's energy needs.

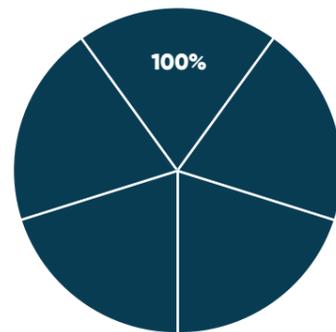
**The AIFFP took a best practice approach to environmental safeguards in the design and implementation of the project.** Palau is home to the most species-diverse native forests in Micronesia, and many of its plants and animals are rare and endangered. To preserve this pristine ecology, and prevent critical habitat loss, the project team worked with biodiversity specialists to find an existing site for capital works that was already degraded, and which would be large enough for electricity generation. Close cooperation with local stakeholders to meet environmental requirements helped mitigate the risk that the solar and battery facility would damage the surrounding pristine environment. For instance, and unusually for a capital works as large as the Palau solar and battery facility, no new roads have been required to allow materials to pass through to the site during construction.

**Careful due diligence and a commitment to meeting international social safeguards standards enabled the project to contribute to improvements in global labour conditions.** In May 2021, a comprehensive due-diligence assessment conducted by the AIFFP found that the proposed provider of the plant's solar modules was procuring polysilicon from factories suspected of using forced labour. As a result, a second procurement was initiated to source a new supplier which could demonstrate its supply chain was not exposed to modern slavery. While the new unit had a higher cost, a careful lifecycle analysis demonstrated that the new modules would satisfy all operational and production requirements, including capacity to withstand typhoon strength winds. They also benefited from a supplier led recycling program at end of life. More broadly, the AIFFP's approach removed significant Pacific market demand for the forced labour-exposed polysilicon products.

# Our projects



## Maritime



UPGRADING PORTS ACROSS PAPUA NEW GUINEA

### Project: Upgrading ports across Papua New Guinea

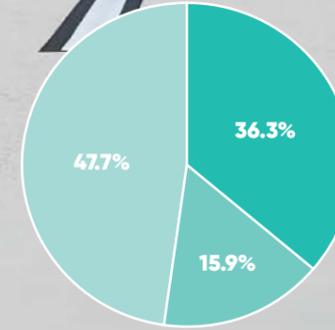
**Country:** Papua New Guinea **AIFFP contribution:** USD435 million  
**Project partner:** PNG Ports Corporation Limited **Sovereign partner:** Government of Papua New Guinea

An AIFFP loan and grant package is enabling improvements to selected ports across Papua New Guinea, including upgrading Lae Port to be the key deep water port servicing the Highlands. Upon completion, the ports will support better access to goods, trade and services as well as connectivity across the region.

- Update:**
- Initial subprojects have been delivered in accordance with the project schedule, including the funding of pilot boats.
  - Detailed design work is underway for Kimbe, Daru and Lae Ports.

## Airports

REDEVELOPING TIMOR-LESTE'S INTERNATIONAL AIRPORT



UPGRADING FIJI'S INTERNATIONAL AND OUTER ISLAND AIRPORTS

IMPROVING NAURU'S INTERNATIONAL AIRPORT AND MAIN ROAD

### Project: Upgrading Fiji's international and outer island airports

**Country:** Fiji **AIFFP contribution:** FJD106 million

**Project partner:** Airports Fiji Pte Ltd and ANZ Fiji

An AIFFP loan, alongside ANZ Fiji, is enabling maintenance and capital works at Nadi International Airport and several outer island airports across Fiji. The works include upgrades to air traffic management systems and offgate aprons to improve capacity for plane parking. Upon completion, the airports will facilitate improved serviceability, passenger capacity and safety as well as greater air connectivity for the entire South Pacific.

- Update:**
- Five of the 12 sub-projects are complete; one at 98 per cent complete; two substantially progressed and four at tender stage.

### Project: Improving Nauru's international airport and main road

**Country:** Nauru **AIFFP contribution:** AUD30 million

**Project partner:** To be advised **Sovereign partner:** Nauru Department of Transport

An AIFFP grant is funding upgrades to Nauru International Airport and sections of the Nauru ring road. The works include resurfacing of the runway and upgrading critical air traffic control equipment, ensuring the airport continues to meet international standards.

- Update:**
- A Design and Build Contractor and Project Management Supervision Consultant are expected to be contracted in 2024 with works completion expected Q4 2026.

### Project: Redeveloping Timor-Leste's international airport

**Country:** Timor-Leste **AIFFP contribution:** USD68.4 million

**Project partner:** The AIFFP project is part of a broader Government of Timor-Leste development of Dili International Airport. Other partners supporting the Government of Timor-Leste development include: Asian Development Bank, World Bank International Finance Corporation, and Japan International Cooperation Agency.

The AIFFP project preparation partnered with DFAT's Partnerships for Infrastructure (P4I) program to support the project feasibility study.

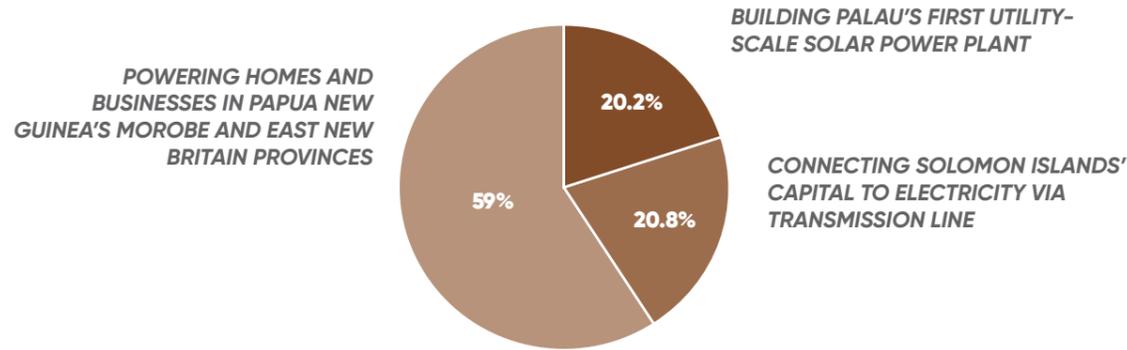
An AIFFP loan and grant package is facilitating upgrades to Presidente Nicolau Lobato International Airport in Timor-Leste's capital, Dili. Australia's investment complements additional work being undertaken at the airport by the Asian Development Bank and the Japan International Cooperation Agency. The works include a new cargo terminal building, an animal and plant quarantine facility, upgrades to surrounding access roads and footpaths and the renewal of the terminal carpark and drop-off zones. Upon completion, the airport will facilitate expanded passenger capacity and experience and compliance with critical international safety and security standards.

- Update:**
- It is expected that the Project Management Supervision Consultant will be contracted in early 2024; with the Design and Build Contractor expected to be released to tender to the AIFFP Panel in early 2024 and contracted by Q3 2024.
  - Works are expected to be phased over a multi-year period and completed by 2027.



# Our projects

## Energy



**Project:** Building Palau's first utility-scale solar power plant

**Country:** Palau **AIFFP contribution:** USD22 million

**Project partner:** Solar Pacific Pristine Power Inc

An AIFFP funding package is enabling the construction of a solar facility and battery storage system at Ngatpang on Babeldaob island in Palau. The plant is expected to deliver 23,000 megawatt hours per year to the grid network, or up to 20 per cent of Palau's power needs. Upon completion, this will help to reduce Palau's dependency on imported diesel for power generation and move towards greater energy self-sufficiency through renewable sources.

**Update:**

- The project has reached 98 per cent completion with testing and commissioning ongoing

**Project:** Connecting Solomon Islands' capital to electricity via transmission line

**Country:** Solomon Islands **AIFFP contribution:** USD22.7 million

**Project partner:** Solomon Islands Electricity Authority **Sovereign partner:** Solomon Islands Government

An AIFFP loan and grant package is facilitating a transmission system which includes a 22-kilometre transmission line to connect the Tina River hydropower site to the electricity grid in Honiara, the Solomon Islands capital. Upon completion, the system will be an enabler for cheaper and more reliable electricity supply in Honiara for residential, business and government customers.

**Update:**

- In 2022/23, AIFFP supported the project parties in attaining financier clearances of the Tina River Hydropower (TRHP) Construction Environmental and Social Management Plans.
- Construction of the access road commenced in Q3 2023 and dam and powerhouse construction is expected to commence in 2024.
- Solomon Islands Electricity Authority has commenced the process to procure a civil and construction works contractor for the Project.

**Project:** Powering homes and businesses in Papua New Guinea's Morobe and East New Britain provinces

**Country:** Papua New Guinea **AIFFP contribution:** USD64.3 million

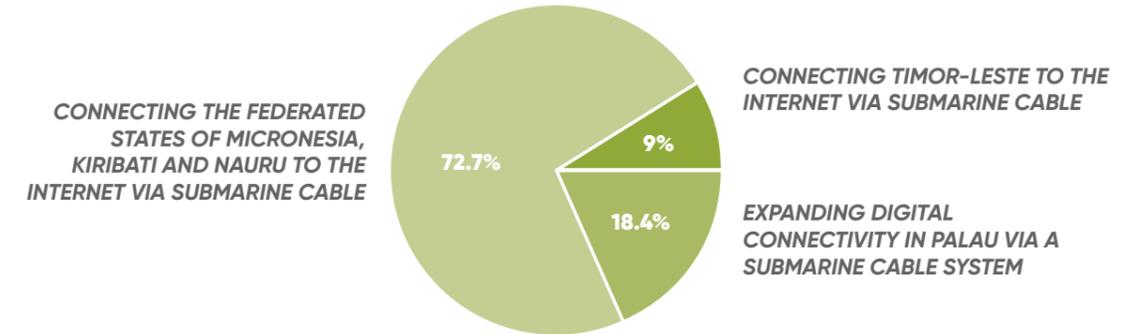
**Project partner:** PNG Power Ltd **Sovereign partner:** Government of Papua New Guinea

An AIFFP loan and grant package is enabling the expansion of the electricity distribution grid in Papua New Guinea's Morobe and East New Britain provinces. The works cover medium and low voltage powerlines, transformers and household meter connections. Upon completion, up to 40,000 additional households, schools and health clinics will be connected to on-grid power for the first time.

**Update:**

- The project reached financial close in October 2023, with construction contracts expected to be awarded in 2024.
- The AIFFP will conduct a longitudinal study to track the impact of the connections on local households and businesses.

## Telecommunications



**Project:** Connecting Timor-Leste to the internet via submarine cable

**Country:** Timor-Leste **AIFFP contribution:** AUD7.2 million

**Project partner:** Vocus Group **Sovereign partner:** Government of Timor-Leste

The AIFFP is financing advisory support for the Government of Timor-Leste to deliver the country's first submarine telecommunications cable. Upon completion, the cable will provide faster, cheaper and more reliable internet connectivity to Timor-Leste.

**Update:**

- The Government of Timor-Leste contracted a marine vendor in 2022, with the marine survey completed and cable manufacture commenced in 2023.

**Project:** Expanding digital connectivity in Palau via a submarine cable system

**Country:** Palau **AIFFP contribution:** USD10.4 million

**Project partner:** Belau Submarine Cable Corporation, Japan Government and United States Government **Sovereign partner:** Palau National Government

Through the AIFFP, Australia has partnered with the Republic of Palau, the United States and Japan to construct a fibre optic submarine cable system for Palau. The second submarine cable will build on the bandwidth capacity afforded by Palau's first submarine cable constructed in 2017. Upon completion, the cable will provide increased reliable, secure digital connectivity in Palau.

**Update:**

- All project civil works and cable laying have been completed on time and within budget.
- Construction of branch cable to Palau has been completed.

**Project:** Connecting the Federated States of Micronesia, Kiribati and Nauru to the internet via submarine cable

**Country:** Federated States of Micronesia (FSM), Kiribati and Nauru **AIFFP contribution:** AUD58.2 million

**Project partner:** FSM Telecommunications Cable Corporation, BwebwerikiNET Limited of Kiribati, Nauru Fibre Cable Corporation, Japan Government and United States Government **Sovereign partner:** Government of the Federated States of Micronesia, Government of the Republic of Nauru, Government of the Republic of Kiribati

Through the AIFFP, Australia has partnered with Japan and the United States to provide a grant to the Federated States of Micronesia, Kiribati and Nauru to improve internet connectivity via a new submarine cable and supporting infrastructure. Upon completion, the cable will provide faster, higher quality and more reliable internet to more than 100,000 people across the three nations.

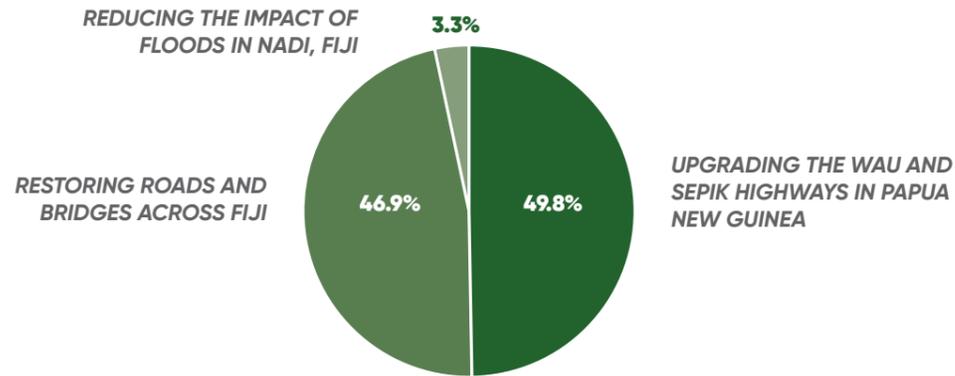
**Update:**

- Work to manufacture and lay the cable officially commenced in 2023.
- The survey ship for the project completed its survey of the cable route in Q4 2023.
- The project is on track to be delivered in December 2025.

# Our projects



## Transport and urban infrastructure



### Project: Upgrading the Wau and Sepik Highways in Papua New Guinea

**Country:** Papua New Guinea

**AIFFP contribution:** AUD14.7 million grant  
USD43.1 million loan

**Project partner:** Papua New Guinea Department of Works

**Sovereign partner:** Government of Papua New Guinea

An AIFFP loan and grant package is facilitating long-term rehabilitation and maintenance to approximately 359 kilometres of the Wau and Sepik Highways in Papua New Guinea. The project is also contributing to designs for the proposed Trans-National Highway. Upon completion, the roads will provide improved safety and increased connectivity to domestic and export markets.

#### Update:

- Maintenance of the Wau Highway is well underway at 18.3 per cent progressed.
- The Wau Highway segment has had 50,700.50m<sup>3</sup> of earthworks removed, 452m<sup>2</sup> of potholes repaired, 32,102.46m<sup>2</sup> of surface preparation completed, and 10,102.26m<sup>2</sup> of bitumen surfaced or sealed.

### Project: Restoring roads and bridges across Fiji

**Country:** Fiji

**AIFFP contribution:** USD50.3 million

**Project partner:** Fiji Roads Authority

**Sovereign partner:** Republic of Fiji Government

An AIFFP loan and grant package is enabling upgrades to more than 1.5 million square metres of road surface and nine bridges across Fiji. The bridges will have up to a 100-year design life, with the ability to withstand a one in 100-year rainfall event. Upon completion, the roads and bridges will improve safety and protect against increased travel time and costs.

#### Update:

- Works have commenced (with the road renewals almost solely through local Fijian contractors), and are on-track and are expected to be completed by January 2025.

### Project: Reducing the impact of floods in Nadi, Fiji

**Country:** Fiji

**AIFFP contribution:** AUD5 million

**Project partner:** Republic of Fiji Government

The Fiji government is seeking to mitigate future damage from floods in the commercial centre of Nadi and on the Nadi River flood plain. An AIFFP grant of AUD \$5m is supporting project preparation for structural interventions to reduce flooding in the Nadi Basin, and watershed management and institutional strengthening work.

#### Update:

- AIFFP funded work is close to finalization and is being considered by the Fiji authorities. In Q1 2023, the AIFFP submitted to the Fiji authorities: an analysis of a range structural intervention options and reports on watershed management and institutional strengthening.
- In Q4 2023, Fiji's Ministry of Finance began broad based consultations across the government on the both sets of reports.
- The AIFFP continues to consult with the Government of Fiji to determine the scope and nature of any further support.



# Progress to date

**In the four years since its establishment, the AIFFP has focused on the preparation and origination of quality infrastructure projects in line with the priorities of Pacific governments. Despite the disruptions and uncertainty caused by the COVID-19 pandemic, the AIFFP has signed 13 projects across the Pacific worth approximately \$AUD1.2 billion and has developed a substantial pipeline in future projects. Quality and development impact are central to the AIFFP's offering to the region, with a strong focus on creating local jobs and training opportunities and ensuring the highest social and environmental safeguards standards are met.**

**The AIFFP has made strong progress against its core design objectives.** The AIFFP has increased the Pacific's access to capital to support quality, resilient and inclusive infrastructure, with a pipeline responsive to the development needs and priorities of our Pacific partners. The ongoing demand for AIFFP financing reflects the AIFFP's progress on becoming the partner of choice in the Pacific region. According to a 2022 independent review, the AIFFP is the second largest financier of infrastructure in the Pacific. In 2022, Minister for International Development and the Pacific, the Hon. Pat Conroy MP, announced the doubling of the AIFFP's funding to an AUD4 billion facility. The Minister also launched the Pacific Climate Infrastructure Financing Partnership to further deepen the AIFFP's climate offering.

**The AIFFP has responded flexibly to address the region's infrastructure deficit.** The AIFFP tailors each financing package to meet partner needs and optimise development and economic impact – for example, by pricing loans to ensure debt sustainability and using grace periods to align project cashflows with repayments. The portfolio has a balance of traditional infrastructure areas such as roads, alongside more technically complex projects such as submarine telecommunications, fibre-optic cable systems, airports, marine ports, and power transmission systems. The AIFFP has offered a range of flexible financing mechanisms including guarantees, programmatic lending and project finance and has provided finance to sovereign states, state-owned-enterprises and private sector companies.

**Quality and development impact are at the heart of the AIFFP's approach to infrastructure.** The AIFFP is deeply committed to ensuring

infrastructure it finances is high quality and resilient, delivers lasting development impact and meets the highest standards on social and environmental safeguards. Localisation is central to the AIFFP's approach, from locally-led decision-making and project selection, to the creation of employment and training opportunities for local workers and firms, to strengthening the capacity of Pacific partners to deliver and manage quality infrastructure. AIFFP projects include targeted wraparound support to generate broader development impact, in addition to the benefits of the infrastructure itself.

**The AIFFP has been building robust systems and processes alongside the origination of investments.** An independent system-wide review published in 2022 found that the AIFFP had developed high quality policies and systems to support the delivery of quality and inclusive infrastructure projects. These include the development of key governance documents, standard operating procedures and screening processes, frameworks for monitoring, evaluation and learning (MEL) and procurement, policies on risk, and tailored approaches to gender, equality, disability and social inclusion (GEDSI), climate and social and environmental safeguards. In 2023, the AIFFP commissioned an external evaluation to assess the suitability of its operational model as the facility moves from establishment to implementation.

## Early lessons learned

**The ongoing impacts of COVID-19 continue to complicate procurement and project delivery.** The AIFFP was only operational six months before the outbreak of COVID-19, hampering project preparation, development and financing negotiations across 2020 and 2021. 2022 represented the first year where normal programming operations could be re-established as the final remaining Pacific borders opened mid-way through the year.

While the AIFFP was able to progress project origination despite these conditions, the pandemic continues to significantly impact project implementation. The cost of doing business in the Pacific has remained significantly higher, as has the difficulty of transporting inputs into the region. This comes at a time when industrialised countries, including Australia, have increased

their domestic infrastructure spend, creating lower risk opportunities outside of the Pacific. The combination of these changed operating conditions has made it challenging to attract internationally reputed, qualified contractors to partner in the Pacific region. The AIFFP is learning that it needs to play a leadership role, working closely with Austrade and industry partners, to encourage quality firms back to the region. This includes ensuring risks are shared appropriately and exploring more flexible delivery approaches.

**The AIFFP's focus on complex projects, quality and partnership calls for patience.** The AIFFP has found it challenging to manage public expectations on the speed at which quality infrastructure can be delivered. The AIFFP model, which is focused on quality, local participation and ownership, and building partner capacity, takes time to implement. The AIFFP's mandate is to deliver transformational infrastructure, often in sectors that have seen decades of underinvestment. These core economic assets, such as ports, airports and telecommunications infrastructure, are inherently complex, have long lead times and require close collaboration with Pacific governments and implementing partners.

The AIFFP has also sought to create opportunities to co-invest with trusted partners such as Japan, New Zealand, the US and multilateral development banks. These arrangements are beneficial and represent value-for-money, however, require coordination across parties and within multiple organisational structures. The AIFFP is exploring a range of ways to find efficiencies in these areas where possible. For example, the AIFFP has developed a streamlined mechanism to enable it to administer funds on behalf of other donors. It will also improve its public communications to give insight into the complexity and extent of Australia's investments in the region, demonstrating the value of the AIFFP's partnership approach.

**Environment and social safeguards are important, but this must not be implemented in a manner which places excessive burden on borrowers.**

Borrower countries face a choice about whether to partner with financiers who either apply legacy complex international standards which avoid environmental and social risk at almost any cost, or rely on national standards and avoid the high upfront cost and complexity of international safeguards approaches. A balance needs to be struck and the AIFFP's experience suggests that

neither international nor national safeguards standards alone are the best way to manage risk. The AIFFP has found that while borrowers understand the importance of international safeguards, they are deeply aware of the challenges of implementing them, particularly where implementing partners face capacity and resource constraints. Pacific partners have responded well to the AIFFP's willingness to build their capacity to implement safeguards, and its focus on risk-based and fit-for-purpose responses to environmental and social risk and driving development returns.

## The year ahead

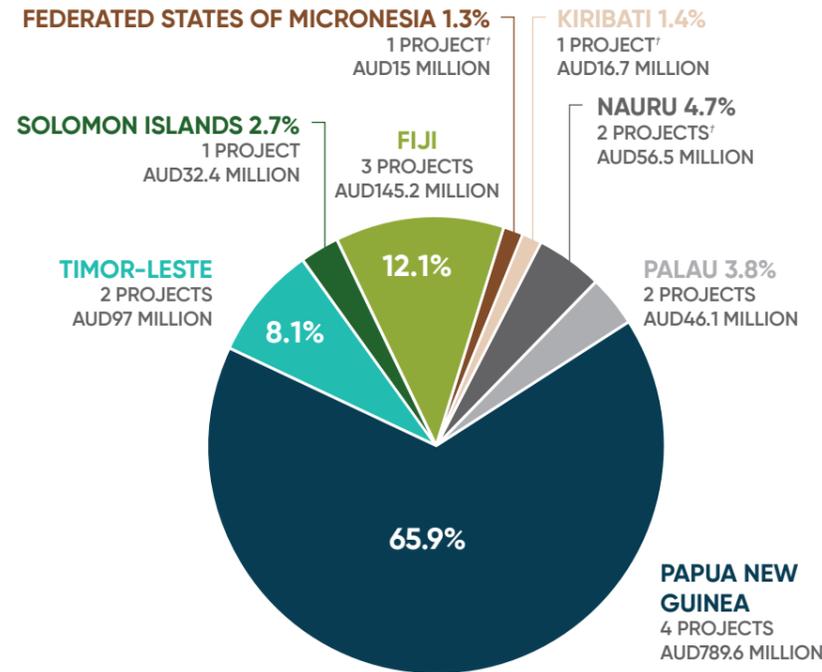
**The AIFFP's focus is now shifting from the origination and signing of investments, to the disbursement of funds and implementation.** The AIFFP's investments are relatively early in the project life cycle. While a few projects are well into implementation, the bulk of AIFFP's portfolio will move from project preparation to implementation and 'boots on the ground' over the next 12 to 18 months. This will come with real safeguards and implementation risks which the AIFFP and Pacific partners will need to adapt and respond to. The AIFFP will recalibrate its resources to oversee project delivery, and is committed to providing further technical support to ensure its implementing partners are able to respond effectively to new or emerging risks. The AIFFP will also look to increase its own technical capacity to manage the increased implementation burden. This work will continue alongside the origination and execution of new projects in the AIFFP pipeline.

**The AIFFP will also strengthen its data collection and monitoring capabilities as we move into implementation.** Robust data is critical to ensure project construction meets deadlines and quality standards, that social and environmental safeguards are adhered to and GEDSI and local content targets are met. The AIFFP is exploring ways to improve project-level data including by standardising its performance indicators and through its new investment management system.

To date the AIFFP has reported through DFAT's standard organisational monitoring and evaluation channels. This has been appropriate while projects have been early in development, however, reporting will increase as projects move into implementation.

# Financial overview

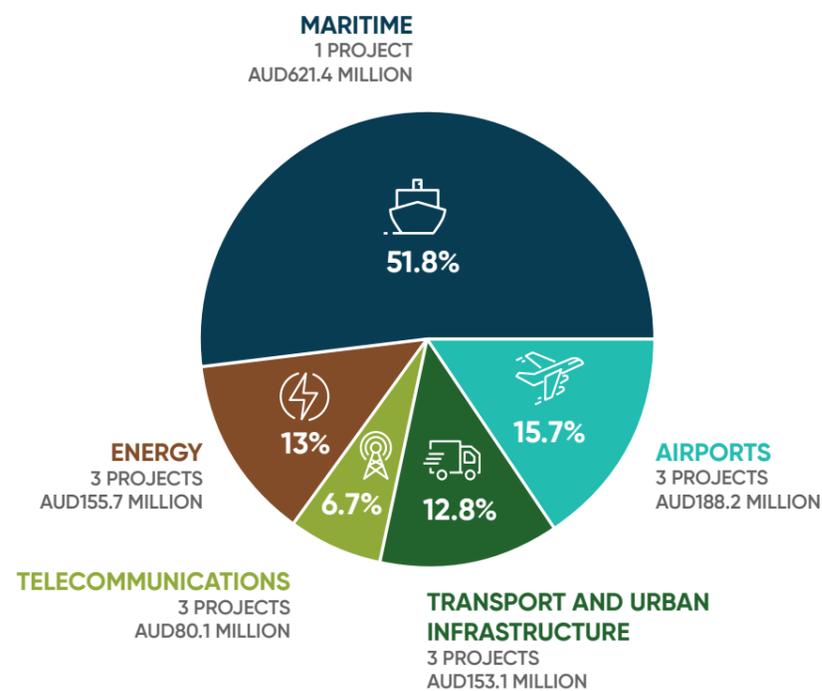
## Commitments by country\*:



\*Figures for signed projects; Figures for signed projects as at 30 June 2023; exchange rates AUD/0.7USD and AUD/1.55FJD.

\*Connecting the Federated States of Micronesia, Kiribati and Nauru to the internet via submarine cable spans 3 countries

## Commitments by sector\*:



\*Figures for signed projects as at 30 June 2023; exchange rate AUD/0.7USD and AUD/1.55FJD.

## LOANS DISBURSEMENTS:

AUD  
**220 million**

Approximate cumulative loan exposure as at 30 June 2023.

## GRANTS EXPENDITURE:

AUD  
**90 million**

Approximate cumulative grant disbursements across the AIFFP portfolio as at 30 June 2023

## Commitments by project\*:

Upgrading ports across Papua New Guinea			
	Amount (USD)	Variable interest rate	Tenor
Loan	365 million	LIBOR + 0.8%	24 years
Grant	70 million	n/a	n/a
<b>Total AIFFP contribution</b>	<b>435 million</b>		
Upgrading Fiji's international and outer island airports			
	Amount (FJD)	Fixed interest rate	Tenor
Loan	10 million	4.25%	5 years
Guarantee	96 million	n/a	5 years
<b>Total AIFFP contribution</b>	<b>106 million</b>		
Improving Nauru's international airport and main road			
	Amount (AUD)	Variable interest rate	Tenor
Grant (AIFFP)	30 million	n/a	n/a
Grant (Bilateral)	10 million	n/a	n/a
<b>Total AIFFP contribution</b>	<b>30 million</b>		
Redeveloping Timor-Leste's international airport			
	Amount (USD)	Variable interest rate	Tenor
Loan	40 million	SOFR + 1.23%	25 years
Grant (AIFFP)	22.9 million	n/a	n/a
Grant (Bilateral)	5.5 million	n/a	n/a
<b>Total AIFFP contribution</b>	<b>62.9 million</b>		
Building Palau's first utility-scale solar power plant			
	Amount (USD)	Fixed interest rate	Tenor
Loan	18 million	4.75%	17 years
Grant	4 million	n/a	n/a
<b>Total AIFFP contribution</b>	<b>22 million</b>		
Connecting Solomon Islands' capital to electricity via transmission line			
	Amount (USD)	Fixed interest rate	Tenor
Loan	10.6 million	3.05%	24 years
Grant	12.1 million	n/a	n/a
<b>Total AIFFP contribution</b>	<b>22.7 million</b>		

\*Figures for signed projects

Powering homes and businesses in Papua New Guinea's Morobe and East New Britain provinces			
	Amount (USD)	Variable interest rate	Tenor
Loan	51.5 million	LIBOR + 0.8%	24 years
Grant	12.8 million	n/a	n/a
<b>Total AIFFP contribution</b>	<b>64.3 million</b>		
Connecting Timor-Leste to the internet via submarine cable			
	Amount (AUD)	Variable interest rate	Tenor
Grant	7.2 million	n/a	n/a
<b>Total AIFFP contribution</b>	<b>7.2 million</b>		
Expanding digital connectivity in Palau via a submarine cable system			
	Amount (USD)	Fixed interest rate	Tenor
Loan (Tranche 1)	1.75 million	1.836%	10 years
Loan (Tranche 2)	7.1 million	2.55%	19 years
Grant (AIFFP)	1.5 million	n/a	n/a
Grant (Bilateral)	0.6 million	n/a	n/a
<b>Total AIFFP contribution</b>	<b>10.4 million</b>		
Connecting the Federated States of Micronesia, Kiribati and Nauru to the internet via submarine cable			
	Amount (AUD)	Fixed interest rate	Tenor
Grant	58.2 million	n/a	n/a
<b>Total AIFFP contribution</b>	<b>58.2 million</b>		
Upgrading the Wau and Sepik Highways in Papua New Guinea*			
	Amount (AUD)	Variable interest rate	Tenor
Loan	61.6 million	LIBOR + 0.8%	23 years
Grant	14.7 million	n/a	n/a
<b>Total AIFFP contribution</b>	<b>76.3 million</b>		
Restoring roads and bridges across Fiji			
	Amount (USD)	Variable interest rate	Tenor
Loan	40 million	SOFR + 0.93%	15 years (3 year grace period)
Grant	10.3 million	n/a	n/a
<b>Total AIFFP contribution</b>	<b>50.3 million</b>		
Reducing the impact of floods in Nadi, Fiji			
	Amount (AUD)	Variable interest rate	Tenor
Grant	5 million	n/a	n/a
<b>Total AIFFP contribution</b>	<b>5 million</b>		

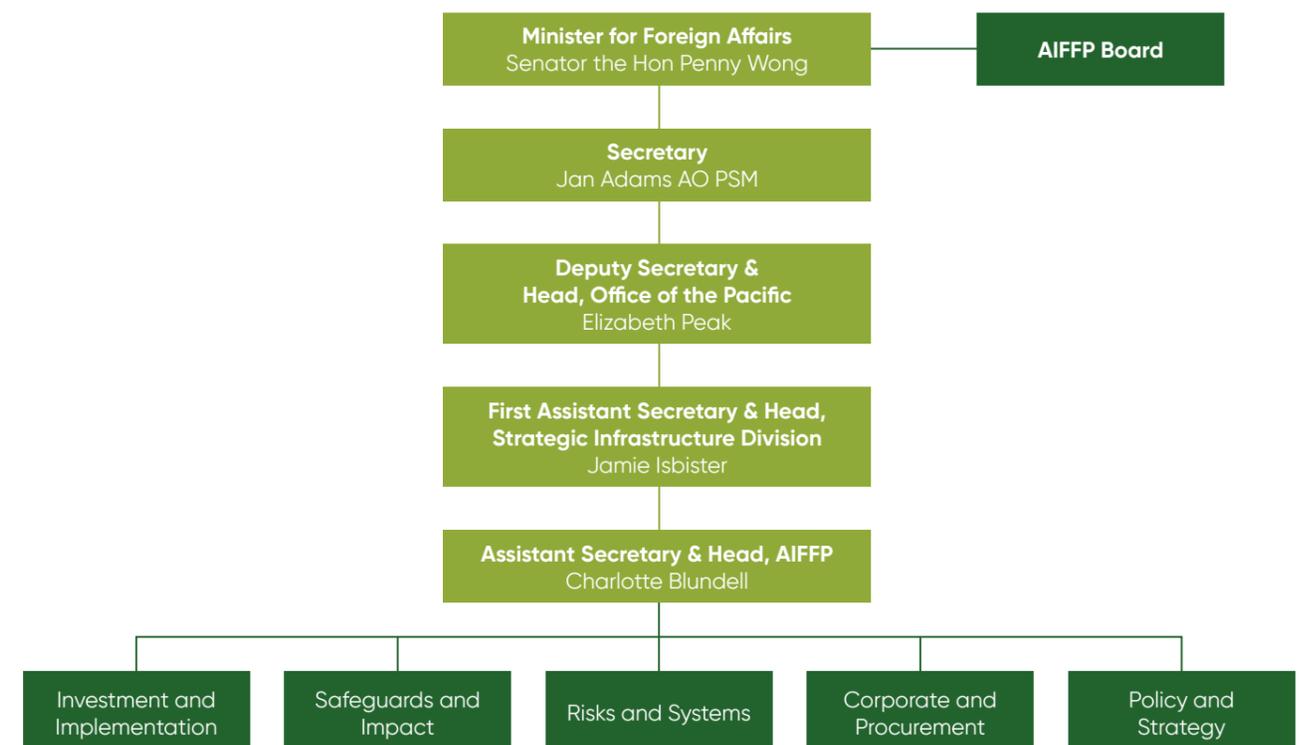
\* Project consists of a USD43.1 million loan and an AUD14.7 million grant. AIFFP contribution is calculated using an exchange rate of AUD/0.70USD.

# How the AIFFP operates

Operational as of 1 July 2019, the AIFFP sits within DFAT's Office of the Pacific and is part of the Strategic Infrastructure Division. The AIFFP is governed by the AIFFP Board, chaired by the Head of the Office of the Pacific and comprised of representatives from across government and industry.

AIFFP loan-financed projects are also approved by the EFA Board. The AIFFP's implementation is overseen by experienced executives from the public service, multilateral development banks and the private sector with deep lending, development and financing skills.

## Our governance and teams



## Our staff

As at 30 June 2023

**47**  
STAFF

**40**  
FULL-TIME  
**7**  
PART-TIME

**23**  
MALES  
**24**  
FEMALES

STAFF IN 5 COUNTRIES:  
AUSTRALIA, TIMOR-LESTE,  
FIJI, SOLOMON ISLANDS AND  
PAPUA NEW GUINEA



# Acknowledgements

Governed by the Board Charter, the AIFFP Board provides valuable stewardship. The Board meets quarterly (at a minimum) and considers projects to recommend for endorsement by the Minister for Foreign Affairs and other Ministers as relevant.

The Charter details the Board's role and responsibilities, composition, structure and membership requirements. It outlines the Board's member composition of the Head of the Office of the Pacific (as the Chair), Senior Executive Service Officers from DFAT and other Australian Government agencies and independent external appointees, appointed by the DFAT Secretary in consultation with the Minister for Foreign Affairs. The Chair ensures that the Board functions in line with DFAT's governance rules and meeting procedures.

## Board composition at time of publication

### Elizabeth Peak

Chair, AIFFP Board / Deputy Secretary, DFAT

### Tim Yeend

Deputy Chair, AIFFP Board / Associate Secretary, DFAT

### Elly Lawson

Deputy Secretary, DFAT

### Rod Brazier

Deputy Secretary, DFAT

### Craig Chittick OAM

First Assistant Secretary, Department of the Prime Minister and Cabinet

### Katrina Di Marco

First Assistant Secretary, Department of the Treasury

### David Webster

First Assistant Secretary, Department of Finance

### Jessica Hall

First Assistant Secretary, Department of Infrastructure, Transport, Regional Development, Communications and the Arts

### Dan Fankhauser

First Assistant Secretary, Department of Defence

### Dr Wendy Craik AM

Chair, One Basin CRC

### Mike Mrdak AO

Executive Chairperson, NEC Australia and New Zealand

## Recognising departed Board members

The AIFFP acknowledges the outstanding contributions of Board members who served terms between 2019 and 2022.

### Ewen McDonald

Former Chair, AIFFP Board, and Deputy Secretary, DFAT

### Justin Hayhurst

Former Deputy Secretary, DFAT

### Kathy Klugman

Former Deputy Secretary, DFAT

### Clare Walsh

Former Deputy Secretary, DFAT

### Dr Jenny Gordon

Former Chief Economist, DFAT

### Dr Jim Hagan PSM

Former Chief Adviser, Department of the Treasury

### Stacie Hall

Former First Assistant Secretary, Department of Finance

### Helen Stylianou

First Assistant Secretary and Ambassador for Asia-Pacific Economic Cooperation (APEC), DFAT

### David Woods

First Assistant Secretary and Chief Economist, DFAT

### Brendan Lyon

Principal, Project Partners

### Lynette Mayne AM

Co-Chair, The B Team Australasia





**Australian Government**  
**Department of Foreign Affairs and Trade**



**Australian  
Infrastructure  
Financing Facility  
for the Pacific**