

Project Name:
IHU SPECIAL ECONOMIC ZONE

Project Proponent: Kikori District Development Authority & Papua New Guinea Government. The project to be developed under GoPNG Private Public Partnership program.

Regulatory Authority: Special Economic Zone Authority under Special Economic Zone Act 2019.

Sector: Natural Resources Sector

Location: Ihu, Orokolo Bay, Kikori District, Gulf Province, Papua New Guinea. GPS Coordinates for Ihu Station Central is: -7.895533, 145.394649

Project size/Investment value: (US\$/PGK)

Description:

Description should contain following or other relevant information:

Location/Nature/Scope of Project

Ihu Special Economic Zone (ISEZ) project is a "first" new project approved by the Government of Papua New Guinea in August 2020 under NEC Decision No.269/2020 after passing of Special Economic Zone Authority Act in November 2019. Spreading over an area of more than 14,000 sq. kilometres, the Ihu SEZ is a world class mega project aimed at facilitating agro-industrial, fisheries, forestry and petroleum products.

The Ihu SEZ is classified as Industrial Downstream Processing Zone targeting exports based on abundant natural resources including, forestry, (timber), fisheries, agriculture, (coconut, sago, cocoa, coffee) oil, gas, coal, iron, sands and water.

The year of establishment/Compliance Requirements

The Ihu SEZ project was approved in November 2019 after the Passing of the Special Economic Zone Authority Act in November 2019. After receiving this legislative support, the Project team has gone ahead establishing a Development Office to engage in discussions & negotiations with project development partners. This went together with National Government's approval of the Critical Capital Infrastructure Projects.

Current business operations and activities

Currently under planning & feasibility stage and ambitious on the listed industries:

- 1) Petroleum Park - refinery and petrochemicals
- 2) Forestry Park - timber down stream
- 3) Marine Park - fish, prawns, crabs, lobsters, crocodile
- 4) Agro Park - Coconut, Cocoa, Coffee, Rice, Sago, others
- 5) Free Trade Zone

Other private sector driven industrial projects in the same vicinity

- 6) Iron sands - mining and processing - advanced exploration
- 7) Limestone - mining, lime and cement production
- 8) Coal - coal mining and power generation - advanced exploration
- 9) Water - Purari Hydropower project - Feasibility Study Completed
- 10) Hydrogen - Hydrogen extraction and green steel - MOU to be signed between State and Developer
- 11) Gas - Papua LNG Project (PNG second LNG project) - Agreement to be signed soon between State and Developer
- 12) Gas - Pasca Gas Project (PNG first offshore gas project) - Agreement signed and entering FEED

Phase One: Completed Work Program

- 1) Project Concept Development
- 2) Site Selection
- 3) SEZA Act 2019 Passed
- 4) National Government Approval and Funding
- 5) Project Awareness and Promotional Work

Phase Two: Active Programs currently undertaken

- 1) Land Mobilization, Landowner Investigation Studies, ILG Registrations and Land Development Permit
- 2) Environmental Impact Statement Studies and Environment Permit
- 3) Feasibility Studies
- 4) Site Improvement Infrastructure Development
- 5) SME Training and Funding for project impact and affected area land owners
- 6) Signing local and international project development partnership agreements

Total assets

The project is sponsored by the Kikori District Development Authority through DSIP Funds. The National Government, co-funds through the Public Investment Programs (PIP) annual budget process. Total committed investments within the next five years is K104 million. The project boosts a land area of 131.369 freed up by the locals with the support of the Kikori District Development Authority and the National Department of Lands.

Financial position

2018-2020

Funds expended: K1.3 million Source: Kikori DDA

2020-2021

Funds expended: K2.0 million Source: GoPNG PIP

2021-2022

Funds available: K10 million Source: GoPNG PIP funding

2021

Funds available: K0.65 million Source: Kikori DDA funding

2021-2025

PIP Budget Support: K100 million Source: Go PNG funding

Business Plan/What are you aiming for

Focus 1: Critical Capital Infrastructure

Our first objective is to providing cost competitive, reliable, affordable and state of the art critical capital infrastructure under our Critical Capital Infrastructure program or CCIP.

Focus 2: Downstream Processing and Export

Our next objective is to facilitate for development of downstream processing industries and export by offering investors, developers and operators concessions under Special Economic Zone Act and Free Trade Policy

Your Investment offer/proposal

Investment Type 1: CCIP

The CCIP includes; road, airport, seaport, power, water, telecommunication and industrial township. We promote GoPNG Public Private Partnership or PPP Policy, and look for partnerships in development of the CCIPs under this program. Structuring of each infrastructure shall be determined by each projects economics. Most CCIPs shall be developed under BOOT model and others under EPC +Finance model. State Guarantee shall be procured for each project on a case by case basis.

Stage 1 Cost: US\$2 billion (estimated)

Schedule: 2021-2025

All investment types will benefit from tax and duty concessions under the SEZA Act 2019.

Investment Type 2: Industries

100% Foreign Direct Investment

The program promotes 100% ownership for major processing factories associated with technologies and financing not domiciled domestically. This is to encourage Foreign Direct Investment (FDI) into growing the industrial sector in the project and the country.

Stage 1 Cost: US\$6 billion (estimated)

Schedule: 2023-2033

Joint Venture Partnerships

Other cottage and support factories with local technical and financing available will be developed under Joint Venture Partnerships (JVP). JVPs can be foreign + local or local + local. This will include local SOEs, private sector and SMEs.

Traders

Trading and logistics setups will benefit from Free Trade Zone policy and Free Trade Agreements.

All traders will benefit from tax and duties concessions under the SEZA Act 2019.

Note: The Ihu SEZ is a Member of the World Free Zones Organization.

*** For further information please contact PTI China – info@pacifictradeinvest.org.cn**