



Papua New Guinea: Highlands Region Road Improvement Investment Program - Project 1

Project Name	Highlands Region Road Improvement Investment Program - Project 1								
Project Number	40173-023								
Country	Papua New Guinea								
Project Status	Active								
Project Type / Modality of Assistance	Loan								
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">Loan 2496-PNG: Highlands Region Road Improvement Investment Program - Project 1</td> </tr> <tr> <td>Concessional ordinary capital resources / Asian Development Fund</td> <td>US\$ 71.20 million</td> </tr> <tr> <td colspan="2">Loan 2497-PNG: Highlands Region Road Improvement Investment Program - Project 1</td> </tr> <tr> <td>Concessional ordinary capital resources / Asian Development Fund</td> <td>US\$ 28.80 million</td> </tr> </table>	Loan 2496-PNG: Highlands Region Road Improvement Investment Program - Project 1		Concessional ordinary capital resources / Asian Development Fund	US\$ 71.20 million	Loan 2497-PNG: Highlands Region Road Improvement Investment Program - Project 1		Concessional ordinary capital resources / Asian Development Fund	US\$ 28.80 million
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Strategic Agendas	Inclusive economic growth								
Drivers of Change	Governance and capacity development								
Sector / Subsector	Transport - Road transport (non-urban)								
Gender Equity and Mainstreaming	No gender elements								
Description	The Investment Program focuses on the Highlands core road network (HCRN) of 2,500 kilometers (km) of major national and some provincial roads, which carry the bulk of the traffic in the region. The investment program will include (i) projects to improve about 1,400 km of the HCRN, to be funded through four or more tranches under this multitranch financing facility (MFF); (ii) design and supervision of road improvement works, preparation and administration of long-term road maintenance contracts for the entire 2,500 km of the HCRN, and capacity development of road agencies; and (iii) monitoring the socioeconomic benefits of the improved and maintained roads in the Highlands region. Support will also be provided for policies such as road user charges (to increase the resources available for road maintenance). In addition, technical assistance (TA) will be provided to support the Department of Transport to prepare a new National Transport Development Plan (NTDP) for 2011-2020.								
Project Rationale and Linkage to Country/Regional Strategy	The Highlands region is a major contributor to the PNG economy through its agricultural and mineral exports. It is also home to 40% of the country's population, who rely almost exclusively on the road network for movement of people and goods. The road network is vulnerable because of the mountainous terrain, the fragile geological conditions, and the climate. The Government and its development partners have invested significantly in improving the road network, but a lack of regular maintenance has left the network in a poor condition. There is a need to (i) initiate a program of regular maintenance on all HCRN roads that are in good condition, and (ii) improve those HCRN roads that are in a poor condition and ensure that routine maintenance begins on these roads as soon as the improvement works are done. The current NTDP provides a framework of policies and strategies for a sustainable road system in PNG. It has led to the establishment of the National Road Authority (NRA) with responsibility for maintaining the road network and a road fund financed through road user charges to finance road maintenance. The NRA and the road fund are managed by an independent board, with representatives from road users, the private sector, and the Government. There is a need to translate these initiatives into a workable system by (i) strengthening the NRA's capacity to plan and manage road maintenance works, (ii) seeking more financing for the road fund by rationalizing road user charges, and (iii) awarding long-term performance-based road maintenance contracts. With a functioning board and staff recruitment for the NRA underway, the Government is keen to support the MFF. It will help to enable implementation of the NTDP and to ensure a sustainable road system in the Highlands region. This initiative could serve as model for other regions of PNG.								
Impact	The proposed Investment Program will establish a sustainable road system in the Highlands region that will enable maximum use of its natural, mineral, and human resources. It will contribute to the Government's MTDS, 2005-2010 objectives of (i) export-driven economic growth; (ii) rural development, and poverty reduction; (iii) good governance; and (iv) promotion of sustainable agriculture, forestry, fisheries and tourism.								

Project Outcome

Description of Outcome	Improved accessibility and reduced transport cost in the Highlands region.
Progress Toward Outcome	Project 1 Loans expired on revised date of 30 June 2016. PNRM expects final Project accounts closure in October 2016. EA's PCR received on 25 August 2016.

Implementation Progress

Description of Project Outputs	<ol style="list-style-type: none"> 1. Improved core road network in Highlands region. 2. Sustainable maintenance arrangements for core road network. 3. Improved capacity of NRA to plan and manage long-term road maintenance contracts. 4. More efficient DOW organization to deliver road improvements. 5. A new National Transport Development Plan for 2011 to 2020
Status of Implementation Progress (Outputs, Activities, and Issues)	<p>Total road length of 115kms comprising Laiagam-Porgera (65kms) and Mendi-Kandep (50kms) completed in Oct 2015. NRA will commence maintenance of the improved 115kms in September 2016. To be assessed after road improvements. Both DOW and NRA provided with technical and management support under each tranche. Under HRRIP, 346.5kms (25%) of the 1,400kms of HCRN to be improved taken up comprising Tranche 1: 115kms completed in October 2015; Tranche 2: 118kms awarded in October 2015 and under construction; and Tranche 3: 113.5kms to be awarded. NTDP (2011-2020) Approved and launched in July 2013.</p>
Geographical Location	Papua New Guinea

Safeguard Categories

Environment	B
Involuntary Resettlement	B
Indigenous Peoples	B

Summary of Environmental and Social Aspects

Environmental Aspects	Climate change may lead to higher rainfall, so roadside drainage will need to be carefully designed. Low traffic volumes mean that vehicle emissions will be minimal. All five roads under Project 1 include improvements within the existing road corridor. No road sections are located in or pass through any protected areas or ecologically sensitive environment. The environmental impacts of road during construction and operation have been assessed, and can be mitigated to acceptable levels
Involuntary Resettlement	A resettlement framework has been reviewed by the PNG Government to establish the policies and procedures for payment of compensation or lost or damaged assets. The land acquisition impacts, where they occur, will be minor. There will be no displacement of housing and the affected people will experience only small losses of crops, trees, fences or other secondary structures. Short resettlement plans have been prepared for Project 1 roads and these will be updated based on detailed engineering designs during loan implementation.
Indigenous Peoples	The resettlement framework and plans will address specific actions favorable to indigenous peoples, if necessary, in dealing with the customary land acquisition.

Stakeholder Communication, Participation, and Consultation

During Project Design	An extensive program of consultation has taken place. At the inception stage, a stakeholder analysis was carried out to identify the primary and secondary stakeholders; their interests in the proposed project, their perceptions of current problems related to road accessibility, mobility and transport services; and, the resources they could bring to the achievement of the goals and objectives of the project. Meetings have been held at the national level with DOW, Ministry of Transport (MOT), NRA, Department of National Planning and Monitoring (DNPM), Department of Land and Physical Planning (DLPP), Department of Community Development (DCD), National Aids Council (NAC) and National Council of Women (NCW); relevant development partners and international organizations such as Australian Aid for International Development (AusAID), UNDP, UNICEF, WHO, Population Services International (PSI), CAREAustralia; and consultants engaged in ADB, AusAID and other donor-funded projects relevant to the Program. Provincial and district authorities in Enga and Southern Highlands provinces have been actively consulted including provincial and district administrators; national and provincial works departments; provincial community development, health and education advisors; provincial AIDS Councils; and, provincial and district women's networks. Other regional stakeholders that have been met with include civil work contractors, trucking companies and representatives of major development enclaves in the Highlands region, e.g., Porgera JV and Oil Search. These provincial, district and regional stakeholders participated in consultation workshops held in the provinces along with other local stakeholders including representatives of the community sector (local NGOs, health institutions, radio stations, etc.) and the private sector (local business houses, bus/truck drivers, etc.). Along each road section, the views of the local population have been sought through surveys of households, market sellers, trade store owners, road users and vehicle operators, as well a program of community consultations and focus groups with village women.
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During Project Implementation	The government through the Dept of Works is coordinating and working closely with other key depts and lined agencies for a smooth implementation of the Project subprojects. The provincial authorities (provincial governments and administrations) in the Project affected provinces, together with important provincial stakeholders are part of the project steering committee (PSC). The PSC meets every quarter to address and resolve issues related to the Project. The HRMG comprising staff of the DoW and consultants supervise and communicate directly with the contractor and roadside communities to maintain subprojects implementation progress.
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Business Opportunities

Consulting Services	Consulting services will be required for Investment Program implementation support and capacity development. Key tasks include (i) design of road improvement works; (ii) preparation of bid documents, procurement support, and supervision of road improvement and long-term maintenance contracts; (iii) Investment Program performance management; (iv) preparation of subsequent projects; (v) capacity development; and (vi) socio economic monitoring. The capacity development component will involve the strengthening of HRMG, establishment of PIU in NRA, financial/road maintenance contracting/road user charges for NRA, and road safety for NRSC. Project 1 will require a total of 1,266 person-months (362 international and 904 national) of services from consulting firms. Additional consulting services, if necessary, will be procured under subsequent projects. The consulting services will be financed from the ADB loans. DOW will select and engage the consultants in accordance with ADB's Guidelines on the Use of Consultants (2007, as amended from time to time) using the quality- and cost-based selection method.
Procurement	All ADB-financed procurement for goods and services will be carried out in accordance with ADB's Procurement Guidelines (2007, as amended from time to time). International competitive bidding procedures will be followed for all contracts over \$3 million for civil works and \$0.5 million for goods. National competitive bidding will be used for contracts under these thresholds. Shopping can be used for goods with contract values lower than \$100,000, as appropriate. Contracts have been packaged to attract international contractors as well as promote the national contractors.

Responsible Staff

Responsible ADB Officer	Hill, David J.
Responsible ADB Department	Pacific Department
Responsible ADB Division	Papua New Guinea Resident Mission
Executing Agencies	<i>Department of Works Joel Luma PO Box 1108, Boroko, NCD, Papua New Guinea</i>

Timetable

Concept Clearance	13 Jun 2008
Fact Finding	16 Jun 2008 to 30 Jun 2008
MRM	15 Aug 2008
Approval	22 Dec 2008
Last Review Mission	-
PDS Creation Date	27 Jan 2010
Last PDS Update	30 Sep 2016

Loan 2496-PNG

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
22 Dec 2008	19 Feb 2009	18 May 2009	30 Jun 2013	30 Jun 2016	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	71.20	Cumulative Contract Awards			
ADB	71.20	22 Dec 2008	70.49	0.00	100%
Counterpart	0.00	Cumulative Disbursements			

Cofinancing		0.00	22 Dec 2008	70.49	0.00	100%
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Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

Loan 2497-PNG

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
22 Dec 2008	19 Feb 2009	18 May 2009	30 Jun 2013	30 Jun 2016	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	28.80	Cumulative Contract Awards			
ADB	28.80	22 Dec 2008	28.14	0.00	97%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	22 Dec 2008	28.93	0.00	100%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

Project Page <https://www.adb.org/projects/40173-023/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=40173-023>

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