



Papua New Guinea: Road Maintenance and Upgrading (Sector) Project (Supplementary Loans)

| | | | |
|--|--|--------------------|--|
| Project Name | Road Maintenance and Upgrading (Sector) Project (Supplementary Loans) | | |
| Project Number | 32124-023 | | |
| Country / Economy | Papua New Guinea | | |
| Project Status | Closed | | |
| Project Type / Modality of Assistance | Loan | | |
| Source of Funding / Amount | Loan 2242-PNG: Road Maintenance and Upgrading (Sector) Project (Supplementary Loans) | | |
| | Ordinary capital resources | US\$ 35.00 million | |
| | Loan 2243-PNG: Road Maintenance and Upgrading (Sector) Project (Supplementary Loans) | | |
| | Asian Development Fund | US\$ 18.00 million | |
| Strategic Agendas | Inclusive economic growth | | |
| Drivers of Change | Gender Equity and Mainstreaming Governance and capacity development | | |
| Sector / Subsector | Transport / Road transport (non-urban) | | |
| Gender | Some gender elements | | |
| Description | The supplementary financing is in line with the impact and outcome of the previous loan as approved by ADB. It aims at scaling up the impact of the Project on PNG economic development and social integration by financing more road sections to improve road access to the private sector and communities, reduce their travel cost and time to major commercial and service centers, and enable them to tap economic and social opportunities in the Highlands region. It will support the Government's efforts to enhance export-led economic growth, generate income for local communities, and reduce poverty. The outcome will be increased economic activities and social improvement in the region. | | |
| Project Rationale and Linkage to Country/Regional Strategy | <p>There are three main justifications for the supplementary financing of the Project. First, the Original Loan was able to finance only a total length of 305 km roads consisting of 130.75 km of road upgrading and 174.25 km of road rehabilitation. It constitutes only about 46% of the total length of the roads targeted in the original project scope (670 kilometers including 220 km for road upgrading and 450 km for road rehabilitation). The reduced project scope, if not remedied, will certainly compromise the achievement of the intended purposes and objectives as initially conceived in the Project. With the additional proposed subprojects (corresponding to road sections) financed by the Supplementary Loan, the total length of roads financed by ADB will reach 575 km (including 211.75 km for upgrading and 363.25 km for rehabilitation), enabling to achieve 86% of the originally targeted road length. The high cost of upgrading and rehabilitating works in PNG, the implementation capacity of the HRMG, and the capacity of PNG construction sector, are major constraints preventing the original target from being fully achieved.</p> <p>Secondly, the deteriorating transport infrastructure is a particular concern for PNG. The proposed financing of subprojects is in line with the Government Medium Term Development Strategy (2005-2010), according to which the improvement of transport infrastructure is a top priority expenditure area to achieve its overarching development strategy of export-driven economic growth, rural development and poverty reduction. The Highlands region is indeed strategically important for the country, as it is richly endowed with natural and tourism resources and eco-conditions for farming and is home to almost half of the population. The development of the infrastructure network in this region will have significant impact on PNG's overall economic and social performance. The country's most significant road-Highlands Highway runs through this region, bringing copper, coffee and tea which are the country's major export items to Lae port and distributing imports ranging from heavy machinery to food products to the region. The Government has set aside K225 million for the next four years to upgrade and rehabilitate the Highlands Highway. The Government is also planning to invest in Lae port and has officially requested ADB's assistance in expanding Lae port capacity. It would be timely for ADB to support the additional financing to upgrade and rehabilitate roads that connect major farming areas, resource and population centers, and tourist sites in the Highlands region to the Highlands Highway. The additional financing will also complement the Government and ADB's efforts, particularly with respect to the development of Lae Port.</p> <p>Thirdly, it has taken two years for the Project to set up a functional project implementation unit, HRMG. With on-the-job and formal trainings provided by international consultants, and learning by doing, HRMG has strengthened its capacity and has eventually become a fully fledged project implementation office consisting of a designing arm and construction supervision team. It is capable of implementing more subprojects, including engineering design, preparation of bidding documents, tendering and contract award, and construction supervision, without incurring substantial start-up cost. HRMG is currently implementing the Project efficiently. It is expected that it will be able to implement additional proposed subproject in the same fashion. This will result in start-up cost savings of minimum of \$2 million.</p> <p>In summary, the supplementary financing is necessary to maintain the original project scope, increase the road connectivity and impact on poverty. It is the most expedient and cost-effective way at this stage to support the Government's drive to improve road infrastructure. The Supplementary Loan will focus on road upgrading and rehabilitation, project implementation, and performance monitoring</p> <p>The supplementary financing is consistent with ADB's Country Strategy for PNG, as documented in the Country Strategy and Program Update 2005-2006 and in discussions on the Country Strategy and Program (CSP) 2006-2010, currently under preparation. Programming discussions have agreed the transport sector to be one of four priority sectors/themes for the upcoming CSP 2006-2010, with ADB support to focus on the roads and maritime sub-sectors.</p> | | |
| Impact | Increased economic activity and social improvement | | |
| Project Outcome | | | |
| Description of Outcome | Improved rural access to market centers | | |
| Progress Toward Outcome | Ongoing. DoW to assess impacts of subprojects during EA's PCR preparation. | | |
| Implementation Progress | | | |
| Description of Project Outputs | 1. Improved road conditions for villagers and businessmen to access market opportunities, social services, and imported daily necessities 2. Baseline data and performance monitoring and evaluation system for the Project established 3. Socioeconomic impacts of the Projects assessed | | |

| | |
|---|--|
| Status of Implementation Progress (Outputs, Activities, and Issues) | <p>(1) Total 107.1 kms of both priority national and provincial feeder roads improved providing access for major rural population areas. Remaining 46 kms of work in progress and uncontracted 107.7 kms of road length have been transferred to the government for financing using its resources.</p> <p>(2) Full loan utilization expected by close of loan on 30 June 2012.</p> <p>(3) Project impact assessments expected to be done during preparation of final project completion reports by EA and ADB.</p> |
| Geographical Location | Banz, Chimbu Province, Chuave District, Eastern Highlands Province, Enga Province, Gembogl, Goro, Goroka, Goroka District, Gumine District, Henganofi District, Ialibu District, Jimi District, Kagua District, Kainantu District, Kandep District, Kendeng, Kerowagi, Kerowagi District, Kompam District, Kotna, Kundiawa, Kundiawa District, Kundiawa-Gembogl District, Lagaip District, Laiagam, Lufa, Lufa District, Mendi District, Meriamanda, Mount Ambra, Mount Hagen, Movi, Mul-Baiyer District, Nipa, North Wahgi District, Nupuru Number 1, Nupuru Number 2, Ogelbeng, Okapa District, Pangia District, Wabag, Wabag District, Western Highlands Province |

| Safeguard Categories | |
|--------------------------|---|
| Environment | B |
| Involuntary Resettlement | C |
| Indigenous Peoples | C |

| Summary of Environmental and Social Aspects | |
|--|--|
| Environmental Aspects | None. |
| Involuntary Resettlement | None. |
| Indigenous Peoples | None. |
| Stakeholder Communication, Participation, and Consultation | |
| During Project Design | |
| During Project Implementation | The Project is carried out in consultation with and with the participation of the key government departments of National Planning & Monitoring, Finance & Treasury, Works, Transportation, Provincial Governments and administrations, Provincial Police, Provincial AIDS Councils, local NGO & FBO, local suppliers and contractors, and local roadside villages and communities. |

| Business Opportunities | |
|------------------------|--|
| Consulting Services | The services of Renardet SA engaged under Loans 1709 was retained under the supplementary loan to undertake detailed engineering designs, preconstruction activities, construction supervision and project performance monitoring and evaluation and training on road safety, maintenance, and STI/HIV/AIDS prevention. The services of the current project implementation consultants was retained to ensure continuity and save project costs. |
| Procurement | The supplementary loans will finance upgrading and rehabilitation of approximately 270 kilometers of road sections: Raipinka-Okapa, Goroka-Lahame, Kamaliki-Move, Kindeng-Kondopina, Banz-Dona, Gewa-Gembogl, Kerowagi-Dona, Korinige-Kerowagi, Warumanda-Laiagam, Ialibu-Kagua, and Ialibu-Pangia. |

| | |
|----------------------------|--|
| Responsible ADB Officer | Ingratubun, Muhammad Amir |
| Responsible ADB Department | Pacific Department |
| Responsible ADB Division | Papua New Guinea Resident Mission |
| Executing Agencies | Department of Works and Highways Joel Luma jluma@daltron.com.pg PO Box 1108, BOROKO, NCD, PNG |

| Timetable | |
|---------------------|----------------------------|
| Concept Clearance | 30 Jun 2006 |
| Fact Finding | 26 Feb 2006 to 13 Mar 2006 |
| MRM | 31 Mar 2006 |
| Approval | 29 Jun 2006 |
| Last Review Mission | - |
| PDS Creation Date | 12 Apr 2006 |
| Last PDS Update | 05 Oct 2012 |

Loan 2242-PNG

| Milestones | | | | | |
|-------------|--------------|------------------|-------------|-------------|-------------|
| Approval | Signing Date | Effectivity Date | Closing | | |
| | | | Original | Revised | Actual |
| 29 Jun 2006 | 13 Sep 2006 | 09 Nov 2006 | 30 Jun 2010 | 30 Jun 2012 | 07 Feb 2013 |

| Financing Plan | | | Loan Utilization | | | |
|----------------|--------------------------------|--|----------------------------|-------|--------|----------------|
| | Total (Amount in US\$ million) | | Date | ADB | Others | Net Percentage |
| Project Cost | 45.00 | | Cumulative Contract Awards | | | |
| ADB | 35.00 | | 17 Jun 2022 | 34.42 | 0.00 | 100% |
| Counterpart | 10.00 | | Cumulative Disbursements | | | |
| Cofinancing | 0.00 | | 17 Jun 2022 | 34.42 | 0.00 | 100% |

Loan 2243-PNG

| Milestones | | | | | |
|-------------|--------------|------------------|-------------|-------------|-------------|
| Approval | Signing Date | Effectivity Date | Closing | | |
| | | | Original | Revised | Actual |
| 29 Jun 2006 | 13 Sep 2006 | 09 Nov 2006 | 30 Jun 2010 | 30 Jun 2012 | 07 Feb 2013 |

| Financing Plan | | | Loan Utilization | | | |
|----------------|--------------------------------|--|----------------------------|-------|--------|----------------|
| | Total (Amount in US\$ million) | | Date | ADB | Others | Net Percentage |
| Project Cost | 18.00 | | Cumulative Contract Awards | | | |
| ADB | 18.00 | | 17 Jun 2022 | 17.55 | 0.00 | 100% |
| Counterpart | 0.00 | | Cumulative Disbursements | | | |
| Cofinancing | 0.00 | | 17 Jun 2022 | 17.55 | 0.00 | 100% |

| | |
|-------------------------|---|
| Project Page | https://www.adb.org/projects/32124-023/main |
| Request for Information | http://www.adb.org/forms/request-information-form?subject=32124-023 |
| Date Generated | 06 June 2023 |

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided "as is" without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.