



Papua New Guinea: Town Electrification Investment Program - Tranche 2

Project Name

Town Electrification Investment Program - Tranche 2

Project Number

41504-025

Country / Economy

- Papua New Guinea

Project Status

Closed

Project Type / Modality of Assistance

- Loan

Source of Funding / Amount

Loan 3544-PNG: Town Electrification Investment Program - Tranche 2

Source

Amount

Ordinary capital resources US\$ 55.90 million

Loan 3545-PNG: Town Electrification Investment Program - Tranche 2

Source

Amount

Concessional ordinary capital resources lending US\$ 5.00 million

Strategic Agendas

- Environmentally sustainable growth
- Inclusive economic growth

Drivers of Change

- Gender Equity and Mainstreaming
- Governance and capacity development
- Knowledge solutions
- Partnerships
- Private sector development

Sector / Subsector

- **Energy** / Electricity transmission and distribution

Gender

Some gender elements

Description

The components proposed for financing under the requested PFR are:

Component 1: Rehabilitation of two hydropower plants: (i) Yonki Toe of Dam (YTOD)

hydropower plant, and (ii) Warangoi hydropower plant, which are currently operating below their full capacities. After rehabilitation, these plants will be capable of operating at their rated capacity of 28.0 MW-18 MW YTOD, and the 10 MW Warangoi plant. Moreover, the proposed rehabilitation will extend the economic life of these plants by another 20 to 25 years and ensure that they are brought to current standards.

Component 2: Construction of Ramazon run-of-river small hydropower plant with a preliminary capacity of 3 MW. The project will include construction of a (i) concrete weir, (ii) 5 km pipeline, (iii) penstock, (iv) powerhouse, and (v) new access road from the existing road to the powerhouse and internal roads within the project area.

Project Rationale and Linkage to Country/Regional Strategy

In PNG, grid-connected power is still largely restricted to the main urban areas. By the end of 2015, approximately 12% of the overall population had access to electricity. The majority of provincial centers are supplied entirely through diesel generation, resulting in high generation costs but still with a low quality of power supply. Lack of access to affordable and reliable power is limiting economic growth in provincial centers.

PNG has significant underutilized indigenous renewable energy sources, particularly hydropower and solar, for which the generation costs of energy are considerably lower than that of diesel. The TEIP is assisting PNG to meet the MFF outcome of improved utilization of reliable and clean power in provincial urban centers by supporting the development of least-cost renewable energy sources to (i) improve the reliability and quality of power supply in order to stimulate economic growth; and (ii) replace diesel generation, thereby reducing power-generation costs and creating incentives to improve access rates. The TEIP also supports the extension of the distribution grid to increase access to electricity in the provinces.

Under tranche 2, the government seeks ADB financing for (i) refurbishment of two existing hydropower plants; and (ii) construction of the Ramazon hydropower plant, consisting of a 3 megawatt (MW) run-of-river hydropower plant.

Impact

The economic condition of the population in the targeted provincial centers has improved

Project Outcome

Description of Outcome

Improved utilization of reliable, clean power to two provincial urban centers

Progress Toward Outcome

2018 July: YTOD and Waronggoi contracts concluded and ready for signing.

2018 September: The implementation progress of the Project is slow. Since

effectiveness of the Project, a construction supervision consultant contract, with a value of about \$1.89 million has been signed. Moreover, two out of three small hydro power turnkey contracts under the Project, with a total value of \$32.95 million are ready for signing. However, no disbursement has been made and the two award-ready contracts have not been able to be signed, because the SLA has not been signed, which is the condition for disbursement of loan proceeds.

Implementation Progress

Description of Project Outputs

PPL rehabilitates two aging hydropower plants to bring them back to their rated capacity of 28.0 MW

Capacity building undertaken for implementing agency and project beneficiaries

The PMU renders efficient project management services

Status of Implementation Progress (Outputs, Activities, and Issues)

YTOD and Warongoi contracts concluded and ready for signing.

To be assessed later.

To be assessed later.

For the Romazaon contract, the JV issue has been resolved, but has delayed the signing.

Too early to determine.

Too early to determine.

Too early to determine.

Too early to determine.

Geographical Location

Safeguard Categories

Environment

B

Involuntary Resettlement

C

Indigenous Peoples

C

Summary of Environmental and Social Aspects

Environmental Aspects
Involuntary Resettlement
Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

Broad stakeholder consultation was undertaken during project design, including Government officials (national, provincial, and local), landowners, development partners and NGOs.

During Project Implementation

Stakeholder consultation will continue during project implementation.

Contact

Responsible ADB Officer

Villareal, Maria Theresa J.

Responsible ADB Department

Pacific Department

Responsible ADB Division

Papua New Guinea Resident Mission (PNRM)

Executing Agencies

Energy Division of the Department of Petroleum and Energy

Timetable

Concept Clearance

-

Fact Finding

-

MRM

28 Sep 2016

Approval

04 Jul 2017

Last Review Mission

-

Last PDS Update

26 Sep 2018

Funding

Loan 3544-PNG

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
04 Jul 2017	19 Jul 2017	12 Oct 2017	30 Jun 2020	24 Nov 2020	28 Feb 2022

Financing Plan

Total (Amount in US\$ million)

Project Cost	55.90
ADB	55.90
Counterpart	0.00
Cofinancing	0.00

Loan Utilization

	Date	ADB	Others	Net Percentage
Cumulative Contract Awards	15 Jan 2024	35.88	0.00	100%
Cumulative Disbursements	15 Jan 2024	35.88	0.00	100%

Status of Covenants

Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	Satisfactory	Partly satisfactory	-	Satisfactory

Loan 3545-PNG

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
04 Jul 2017	19 Jul 2017	12 Oct 2017	30 Jun 2020	24 Nov 2020	28 Feb 2022

Financing Plan

Total (Amount in US\$ million)

Project Cost	20.70
ADB	5.00
Counterpart	15.70
Cofinancing	0.00

Loan Utilization

	Date	ADB	Others	Net Percentage
Cumulative Contract Awards	15 Jan 2024	1.90	0.00	100%
Cumulative Disbursements	15 Jan 2024	1.90	0.00	100%

Status of Covenants

Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	Satisfactory	Partly satisfactory	-	Satisfactory

Project Page <https://www.adb.org/projects/41504-025/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=41504-025>

Date Generated 12 June 2024

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.

Source URL: <https://www.adb.org/projects/41504-025/main>