



# 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	<table><tr><td colspan="2">Loan 3544-PNG: Town Electrification Investment Program - Tranche 2</td></tr><tr><td>Ordinary capital resources</td><td>US\$ 55.90 million</td></tr><tr><td colspan="2">Loan 3545-PNG: Town Electrification Investment Program - Tranche 2</td></tr><tr><td>Concessional ordinary capital resources lending</td><td>US\$ 5.00 million</td></tr></table>	Loan 3544-PNG: Town Electrification Investment Program - Tranche 2		Ordinary capital resources	US\$ 55.90 million	Loan 3545-PNG: Town Electrification Investment Program - Tranche 2		Concessional ordinary capital resources lending	US\$ 5.00 million
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Loan 3545-PNG: Town Electrification Investment Program - Tranche 2									
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	<p>The components proposed for financing under the requested PFR are:</p> <p>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.</p> <p>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.</p>								
Project Rationale and Linkage to Country/Regional Strategy	<p>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.</p> <p>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.</p> <p>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.</p>								
Impact	The economic condition of the population in the targeted provincial centers has improved								
<strong>Project Outcome</strong>									
Description of Outcome	Improved utilization of reliable, clean power to two provincial urban centers								
Progress Toward Outcome	<p>2018 July: YTOD and Waronggoi contracts concluded and ready for signing.</p> <p>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.</p>								
<strong>Implementation Progress</strong>									
Description of Project Outputs	<p>PPL rehabilitates two aging hydropower plants to bring them back to their rated capacity of 28.0 MW</p> <p>Capacity building undertaken for implementing agency and project beneficiaries</p> <p>The PMU renders efficient project management services</p>								
Status of Implementation Progress (Outputs, Activities, and Issues)	<p>YTOD and Waronggoi contracts concluded and ready for signing.</p> <p>To be assessed later.</p> <p>To be assessed later.</p> <p>For the Romazaon contract, the JV issue has been resolved, but has delayed the signing.</p> <p>Too early to determine.</p> <p>Too early to determine.</p> <p>Too early to determine.</p> <p>Too early to determine.</p>								
Geographical Location									
<strong>Safeguard Categories</strong>									

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.

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

## 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			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	55.90		Cumulative Contract Awards			
ADB	55.90		15 Jan 2024	35.88	0.00	100%
Counterpart	0.00		Cumulative Disbursements			
Cofinancing	0.00		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			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	20.70		Cumulative Contract Awards			
ADB	5.00		15 Jan 2024	1.90	0.00	100%
Counterpart	15.70		Cumulative Disbursements			
Cofinancing	0.00		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	<a href="https://www.adb.org/projects/41504-025/main">https://www.adb.org/projects/41504-025/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=41504-025">http://www.adb.org/forms/request-information-form?subject=41504-025</a>
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