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# Papua New Guinea: Sustainable Highlands Highway Investment Program, Tranche 2

## Project Name

Sustainable Highlands Highway Investment Program, Tranche 2

## Project Number

48444-005

## Country / Economy

- Papua New Guinea

## Project Status

Active

## Project Type / Modality of Assistance

- Loan

## Source of Funding / Amount

Loan 4094-PNG: Sustainable Highlands Highway Investment Program, Tranche 2

| <b>Source</b> | <b>Amount</b> |
|---------------|---------------|
|---------------|---------------|

|                            |                     |
|----------------------------|---------------------|
| Ordinary capital resources | US\$ 285.00 million |
|----------------------------|---------------------|

Loan 4095-PNG: Sustainable Highlands Highway Investment Program, Tranche 2

| <b>Source</b> | <b>Amount</b> |
|---------------|---------------|
|---------------|---------------|

|   |                    |
|---|--------------------|
| Concessional ordinary capital resources lending | US\$ 40.00 million |
|---|--------------------|

Loan: Sustainable Highlands Highway Investment Program, Tranche 2

| <b>Source</b> | <b>Amount</b> |
|---------------|---------------|
|---------------|---------------|

|   |                    |
|---|--------------------|
| OPEC Fund for International Development | US\$ 50.00 million |
|---|--------------------|

## Operational Priorities

- OP1: Addressing remaining poverty and reducing inequalities
- OP2: Accelerating progress in gender equality
- OP3: Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability
- OP6: Strengthening governance and institutional capacity

## Sector / Subsector

- **Transport** / Road transport (non-urban) - Transport policies and institutional development

## Gender

Effective gender mainstreaming

## Description

The Highlands region of Papua New Guinea (PNG) consists of seven landlocked provinces where approximately 40% of the country's population resides, most of

whom are involved in rural smallholder agricultural production. Aside from abundant and underemployed labor resources, the region is endowed with agricultural and mineral resources that serve as an engine of growth for the national economy. Characterized by relative high levels of the national agricultural production of fresh produce and cash crops, mainly coffee, tea, and cocoa. The region contributes a third of gross domestic product, while the region's mineral and petroleum resources account for nearly 80% of national exports. The 430 kilometer (km) long 2-lane national Highlands Highway is the lifeline for the Highlands region connecting 1,800 km of regional and feeder roads and serving the region's people, particularly those in the rural hinterland. The highway traverses the Highlands region, connecting it to the coastal provinces and the country's main port in Lae.

#### Project Rationale and Linkage to Country/Regional Strategy

Access to basic services and the movement of goods and people is heavily reliant on the Highlands Highway. The mountainous terrain, poor highway conditions owing to a lack of systematic and consistent maintenance, coupled with washouts and landslides common during the rainy season make the highway unreliable and impassable at times. With climate change the frequency of extreme rain events are projected to increase. At present, more than 70% of the highway is in fair or poor condition, while for 90% of the road length, the safety rating for vehicle occupants and pedestrians is two star and below. In its current state, the road conditions pose serious road safety hazards to users and pedestrians, with levels of fatalities and injuries far in excess of comparable countries in Asia and the Pacific. High-potential agricultural products from the region bear high trade costs, limiting access to domestic and international markets. Poor road conditions and lack of adequate transport accessibility and services infrastructure such as bus stations and rest stops, and absence of logistic facilities for agricultural products restrict the development of value chains needed for perishable and high value products. Given the preponderance of rural population involved in agricultural livelihood activities, the present condition of the Highlands Highway is a major constraint hindering the region's future social and economic development and opportunities for sustainable and inclusive growth.

#### Impact

Opportunity for equality and prosperity in rural areas increased (Papua New Guinea Development Strategic Plan, 2010-2030)

Well-integrated, safe, affordable, and financially and environmentally sustainable transport systems attained that will efficiently serve the economy and people of PNG (National Transport Strategy: Volume 3-Detailed Strategy, 2013)

A safe, reliable, and sustainable national road network developed and maintained (National Road Network Strategy, 2018-2037)

## **Project Outcome**

### Description of Outcome

Efficiency and safe movement of people, goods, and services between the Highlands Region and markets increased

### Progress Toward Outcome

1. Contracts were awarded for 3 civil works packages. BCW1 and BCW2 were both signed on 30 June 2022. BCW3 was signed on 22 December 2022.

A). BCW1 will replace 14 bridges and rehabilitate 21 bridges, a total of 35 bridges. The Designs for the 35 bridges have been completed and approved for rehabilitation and construction. 3 out of the 21 bridges for rehabilitation has commenced and is ongoing. Detour construction for 3 out of the 14 bridges for replacement is ongoing and the substructure and superstructure are yet to commence.

B). BCW2 will replace 14 bridges and rehabilitate 5 bridges, a total of 19 bridges. Designs for 13 out of the 19 bridges have been completed and approved for construction and rehabilitation. Rehabilitation for the 5 bridges are completed. For the replacement, detour construction completed for 8 out of the 14 bridges, substructure completed for 3 bridges and superstructures are yet to commence.

C). BCW3 will replace 17 bridges. Designs for 6 out of the 17 bridges have been completed and approved for construction. Detour construction is ongoing for 3 bridges and the substructure and superstructure are yet to commence.

2. Contract awarded for Consulting Services for Construction Supervision CS1 and CS2. CS1 Contract was signed on 5 July 2022 and CS2 contract signed on 26 July 2022.

3. BAMS Consulting Services contract signed on 29 June 2022. and commenced work. Bridge Inspection Trainings of DOWH staff are ongoing with the new BAMS for data input and analysis. 73 bridges inspection and data inputs and analysis has been completed out of 400 bridges.

## **Implementation Progress**

### Description of Project Outputs

71 bridges along the national Highlands Highway between Lae Nadzab Airport and Kagamuga Airport in Mount Hagen upgraded to meet current national design standards and mitigate climate change risks

capacity of the Department of Works and Implementation (DOW) to design, construct, and manage all bridges in the national highway network increased.

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

Included in civil works contracts.

To be assessed during implementation.

So far construction of the first new bridge has concrete steps

to the river for easy access. Contractor and EA have been reminded of this wash points.

Civil works contract packages awarded. To be conducted once construction commences and assessed during implementation. Contractor has been advised during recent review mission of this social responsibility and they plan to do awareness. We

expect some outcome in 2024.

1. Contracts were awarded for 3 civil works packages. BCW1 and BCW2 were both signed on 30 June 2022. BCW3 was signed on 22 December 2022.

Contractors for the 3 civil works have commenced works.

2. Items:

(i) designs for pedestrian walkways and barriers have been included in the bridge designs; and

(ii) to be assessed during implementation.

3. Contract awarded for consulting service package (CS1) and signed on 5 July 2022. Consulting Services package (CS2) and BAMS consulting services signed on 26th July and 28th June 2022 respectively.

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2. BCW2 will replace 14 bridges and rehabilitate 5 bridges, a total of 19 bridges. Designs for 13 out of the 19 bridges have been completed and approved for construction and rehabilitation. Rehabilitation for the 5 bridges are completed. For the replacement, detour construction completed for 8 out of the 14 bridges, substructure completed for 3 bridges and superstructures are yet to commence.

3. BCW3 will replace 17 bridges. Designs for 6 out of the 17 bridges have been completed and approved for construction. Detour construction is ongoing for 3 bridges and the substructure and superstructure are yet to commence.

2. Contract awarded for consulting service package (CS1) and signed on 5 July 2022. Consulting Services package (CS2) and BAMS consulting services signed on 26th July and 28th June 2022 respectively.

Travel time to be assessed later once bridge civil works are completed.

BAMS Consulting Services contract awarded on 29 June 2022.

Bridge asset management system operations to be assessed during implementation. Trainings have been conducted for the BAMS users in 2023 and will continue into 2024.

BAMS Consulting Services contract awarded on 29 June 2022.

This will be assessed once BAMS consultants commence work.

Trainings have been conducted for the BAMS users in 2023 and will continue into

2024.

Geographical Location  
Nation-wide

## **Safeguard Categories**

Environment

B

Involuntary Resettlement

B

Indigenous Peoples

C

## **Summary of Environmental and Social Aspects**

Environmental Aspects

The DOW has updated the environmental assessment and review framework prepared for the program. It has conducted an initial environmental examination (IEE), which confirms that tranche 2 activities have no adverse environmental impact, and any potential temporary impacts during construction can be mitigated. The IEE reports and environmental monitoring plans will be updated, if necessary, after the detailed designs are completed by the contractor, and ADB will review them to check their compliance with ADB's Safeguard Policy Statement. An updated framework and the IEE reports have been disclosed in ADB website.

Involuntary Resettlement

The alignment of some replacement bridges will be changed to improve traffic safety and bridge sustainability. This will trigger involuntary acquisition of land for permanent and temporary use. There will be some impacts on assets and improvements (crops, trees, and bamboo grooves). The DOW has prepared resettlement plans, which have been disclosed to the affected people and disclosed on the ADB website. Further updates to the plans, will be made after the detailed designs are completed and disclosed after ADB approval.

Indigenous Peoples

No person who can be defined as indigenous is in the project areas.

## **Stakeholder Communication, Participation, and Consultation**

During Project Design

The affected people, key stakeholder communities have been consulted during the project preparatory stage and the preparation of the resettlement plan. Such meaningful consultations shall continue throughout the project development cycle, including while updating the plan. All community members and clan leaders and their members, including women, have expressed their full support for the project implementation also during consultations undertaken as part of the project preparations and stakeholder consultation and participation plan.

During Project Implementation

The project will comply with both ADB safeguard requirements and PNG laws and regulations applicable to land acquisition and resettlement. To ensure that acquisition

of customary land and resettlement activities are carried out properly, DOW will follow the measures included in the overall Investment Program's land acquisition and resettlement framework (LARF), the tranche 1 due diligence, and the tranche 2 resettlement plans (2) including: entitlement and compensation policies, assessment of impacts and preparation/update of due diligence reports, consultation, disclosure and grievance redress, capacity building and support, and monitoring and reporting.

## **Business Opportunities**

### Consulting Services

Consultants will be recruited in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time)

### Procurement

All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines (2015, as amended from time to time). For the civil work contracts, the formula for abnormally low bid is included in ITB 11.3 (d) and a new ITB 38A in Section 2 of the bidding document, which explain details of the formula for abnormally low bid.

International competitive bidding procedure will be used for civil works contracts estimated to cost \$5,000,000 or more, and for goods contracts estimated at \$2,000,000 or more. National competitive bidding procedure will be used for civil works contracts estimated to cost up to or equal to \$5,000,000 and for goods up to or equal to \$2,000,000. Shopping will be used for contracts works and goods contracts worth less than \$300,000.

## **Contact**

Responsible ADB Officer

Ono, Masayoshi

Responsible ADB Department

Sectors Group

Responsible ADB Division

Transport Sector Office (SG-TRA)

Executing Agencies

*Department of Works and Highways*

## **Timetable**

Concept Clearance

-

Fact Finding

-

MRM

25 Nov 2020

Approval

06 Aug 2021

Last Review Mission

-

Last PDS Update  
03 May 2024

## Funding

### Loan 4094-PNG

#### Milestones

| Approval    | Signing Date | Effectivity Date | Closing     |                |   |
|-------------|--------------|------------------|-------------|----------------|---|
|             |              |                  | Original    | Revised Actual |   |
| 06 Aug 2021 | 14 Oct 2021  | 15 Dec 2021      | 30 Jun 2026 | -              | - |

#### Financing Plan

| Total (Amount in US\$ million) |        |
|--------------------------------|--------|
| Project Cost                   | 285.00 |
| ADB                            | 285.00 |
| Counterpart                    | 0.00   |
| Cofinancing                    | 0.00   |

#### Loan Utilization

|                            | Date        | ADB    | Others | Net Percentage |
|----------------------------|-------------|--------|--------|----------------|
| Cumulative Contract Awards | 06 Jun 2024 | 216.83 | 0.00   | 76%            |
| Cumulative Disbursements   | 06 Jun 2024 | 67.99  | 0.00   | 24%            |

### Loan 4095-PNG

#### Milestones

| Approval    | Signing Date | Effectivity Date | Closing     |                |   |
|-------------|--------------|------------------|-------------|----------------|---|
|             |              |                  | Original    | Revised Actual |   |
| 06 Aug 2021 | 14 Oct 2021  | 15 Dec 2021      | 30 Jun 2026 | -              | - |

#### Financing Plan

| Total (Amount in US\$ million) |       |
|--------------------------------|-------|
| Project Cost                   | 40.00 |
| ADB                            | 40.00 |
| Counterpart                    | 0.00  |
| Cofinancing                    | 0.00  |

#### Loan Utilization

|                            | Date        | ADB   | Others | Net Percentage |
|----------------------------|-------------|-------|--------|----------------|
| Cumulative Contract Awards | 06 Jun 2024 | 28.93 | 0.00   | 72%            |
| Cumulative Disbursements   | 06 Jun 2024 | 8.72  | 0.00   | 22%            |

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Project Page <https://www.adb.org/projects/48444-005/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=48444-005>

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