



Papua New Guinea: Sustainable Highlands Highway Investment Program, Tranche 1

Project Name	Sustainable Highlands Highway Investment Program, Tranche 1
Project Number	48444-004
Country	Papua New Guinea
Project Status	Approved
Project Type / Modality of Assistance	Loan
Source of Funding / Amount	Grant 0538-PNG: Sustainable Highlands Highway Investment Program (formerly Land Transport Improvement Investment Program)
	Government of Australia US\$ 11.50 million
	Loan 3547-PNG: Sustainable Highlands Highway Investment Program (formerly Land Transport Improvement Investment Program)
	Ordinary capital resources US\$ 272.00 million
	Loan 3548-PNG: Sustainable Highlands Highway Investment Program (formerly Land Transport Improvement Investment Program)
	concessional ordinary capital resources lending / Asian Development Fund US\$ 30.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships
Sector / Subsector	Transport - Road transport (non-urban) - Transport policies and institutional development - Urban roads and traffic management
Gender Equity and Mainstreaming	Effective gender mainstreaming
Description	The Highlands region of Papua New Guinea (PNG) consists of seven landlocked provinces where approximately 40% of the 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 which serve as an engine of growth for the national economy. Characterized by relative high levels of agricultural production of fresh produce and cash crops, mainly coffee, tea, and cocoa, the region contributes a third of the national gross domestic product; while the region's mineral and petroleum resources account for nearly 80% of national exports. The 1,200 km long 2-lane national Highlands Highway is the lifeline for the Highlands region connecting 1,800 km of regional and feeder roads and servicing 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	Increased opportunity for equality and prosperity in rural areas (Development Strategic Plan, 2010-2030) Attainment of well-integrated, safe, affordable, and financially and environmentally sustainable transport systems that efficiently serve the economy and people of PNG (National Transport Strategy, 2014-2030) Improved access to health and education, and living standards of the people of PNG (National Strategy for Responsible Sustainable Development for Papua New Guinea)

Project Outcome

Description of Outcome	Increased efficiency and safe movement of people, goods, and services between the Highlands Region and markets
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Progress Toward Outcome

Implementation Progress

Description of Project Outputs	40% of the 430 km of the two-lane national Highlands Highway from Lae Nadzab airport to Kagamuga airport in Mt. Hagen will be rehabilitated, upgraded, and 430 km effectively maintained Road safety on the national Highlands Highway increased Institutional capacity of the DOW to deliver the investment program and sustain its benefits strengthened
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Status of Implementation Progress (Outputs, Activities, and Issues)

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

During Project Implementation

Responsible Staff

Responsible ADB Officer	Hill, David J.
Responsible ADB Department	Pacific Department
Responsible ADB Division	Transport, Energy and Natural Resources Division, PARD

Timetable

Concept Clearance	-
Fact Finding	-
MRM	21 Mar 2017
Approval	10 Jul 2017
Last Review Mission	-
Last PDS Update	18 Jul 2017

Grant 0538-PNG

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
10 Jul 2017	-	-	30 Jun 2022	-	-

Financing Plan			Grant Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	11.50		Cumulative Contract Awards			
ADB	0.00		10 Jul 2017	0.00	0.00	0%
Counterpart	0.00		Cumulative Disbursements			
Cofinancing	11.50		10 Jul 2017	0.00	0.00	0%

Loan 3547-PNG

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
10 Jul 2017	-	-	30 Jun 2022	-	-

Financing Plan			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	316.00		Cumulative Contract Awards			
ADB	272.00		10 Jul 2017	0.00	0.00	0%
Counterpart	44.00		Cumulative Disbursements			
Cofinancing	0.00		10 Jul 2017	0.00	0.00	0%

Loan 3548-PNG

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
10 Jul 2017	-	-	30 Jun 2022	-	-

Financing Plan			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage

Project Cost	30.00	Cumulative Contract Awards			
ADB	30.00	10 Jul 2017	0.00	0.00	0%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	10 Jul 2017	0.00	0.00	0%

Project Page	https://www.adb.org/projects/48444-004/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=48444-004
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