



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

Project Name	Sustainable Highlands Highway Investment Program, Tranche 2												
Project Number	48444-005												
Country	Papua New Guinea												
Project Status	Approved												
Project Type / Modality of Assistance	Loan												
Source of Funding / Amount	<table><tr><td>Loan 4094-PNG: Sustainable Highlands Highway Investment Program, Tranche 2</td><td></td></tr><tr><td>Ordinary capital resources</td><td>US\$ 285.00 million</td></tr><tr><td>Loan 4095-PNG: Sustainable Highlands Highway Investment Program, Tranche 2</td><td></td></tr><tr><td>Concessional ordinary capital resources lending</td><td>US\$ 40.00 million</td></tr><tr><td>Loan: Sustainable Highlands Highway Investment Program, Tranche 2</td><td></td></tr><tr><td>OPEC Fund for International Development</td><td>US\$ 50.00 million</td></tr></table>	Loan 4094-PNG: Sustainable Highlands Highway Investment Program, Tranche 2		Ordinary capital resources	US\$ 285.00 million	Loan 4095-PNG: Sustainable Highlands Highway Investment Program, Tranche 2		Concessional ordinary capital resources lending	US\$ 40.00 million	Loan: Sustainable Highlands Highway Investment Program, Tranche 2		OPEC Fund for International Development	US\$ 50.00 million
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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												
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 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													
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)													
Geographical Location	Nation-wide												
Safeguard Categories													

Environment	B
Involuntary Resettlement	B
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 ADB Officer	Khpalwan, Bashirullah
Responsible ADB Department	Pacific Department
Responsible ADB Division	Papua New Guinea Resident Mission
Executing Agencies	Department of Works and Implementation Mr. Roy Mumu ANNIGGINS@ONLINE.NET.PG P.O. Box 1108 Boroko, NCD Papua New Guinea

Timetable	
Concept Clearance	-
Fact Finding	-
MRM	25 Nov 2020
Approval	06 Aug 2021
Last Review Mission	-
Last PDS Update	06 Aug 2021

## Loan 4094-PNG

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
06 Aug 2021	-	-	30 Jun 2026	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	355.00	Cumulative Contract Awards			
ADB	285.00	18 Oct 2021	0.00	0.00	0%
Counterpart	20.00	Cumulative Disbursements			
Cofinancing	50.00	18 Oct 2021	0.00	0.00	0%

## Loan 4095-PNG

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
06 Aug 2021	-	-	30 Jun 2026	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	40.00	Cumulative Contract Awards			
ADB	40.00	18 Oct 2021	0.00	0.00	0%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	18 Oct 2021	0.00	0.00	0%

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Project Page	<a href="https://www.adb.org/projects/48444-005/main">https://www.adb.org/projects/48444-005/main</a>
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Date Generated	03 November 2021

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