Marshall Islands: Energy Security Project

Project Name	Energy Security Project
Project Number	49450-011
Country	Marshall Islands
Project Status	Approved
Project Type / Modality of Assistance	Grant
Source of Funding / Amount	**Grant 0637-RMI: Energy Security Project** concessional ordinary capital resources lending / Asian Development Fund — US$ 12.70 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development
Sector / Subsector	**Energy** - Energy utility services
Gender Equity and Mainstreaming	No gender elements
Description	The tank-farm rehabilitation project (with its proposed new name _energy security project_) and the waste-to-energy project will both be processed under the Pacific Renewable Energy Investment Facility (49450 REG) (_the facility_).
Project Rationale and Linkage to Country/Regional Strategy	MEC operates a large diesel tank farm on Majuro. This tank farm comprises eight 750,000-gallon above-ground steel tanks and two smaller intermediate tanks for short-term storage during fuel transfers. The tank farm was designed to receive bulk diesel fuel delivery by ship for supply to the MEC power generation facilities located in immediate proximity to the tank farm, and to bunker fuel for delivery to commercial marine fleets (fishing) and other power generation facilities within the Marshall Islands (the largest of which is the Kwajalein Atoll Joint Utilities Resources company operating in Ebeye). The MEC tank farm's integrity and sustainability of operation is crucial for continued energy security in the Marshall Islands. Additionally, sales to commercial marine fleets is a significant source of revenue for MEC, which helps support its other operations (power generation and sales). The MEC tank farm was commissioned in 1981 and appears to have been designed and soundly constructed in compliance with applicable codes and standards. However, its current condition is very poor, a consequence of many years of inadequate maintenance in a harsh marine corrosive environment subject to atmospheric salt spray from all directions. All tanks and piping show significant signs of corrosion. The concrete bunding also exhibits deterioration, and there is significant erosion of concrete flooring under tanks, exacerbating corrosion and causing stress on the steel tanks' welding joints. Critical safety and security features, such as ladders, bannisters, and basic lighting have also deteriorated or are entirely absent. The risk of catastrophic failure of tanks and associated facilities (pumping equipment, piping, containment bunding, etc.) is significant. Such failure would be likely to result in an acute and perhaps prolonged shortage of fuel for power generation, significant environmental damage, and extraordinary high costs for remediation and interim alternative supply of fuel, as well as loss of revenue for MEC from fuel sales to commercial marine fleets. MEC and the RMI Government have requested ADB support for rehabilitation of the tank farm so bolster RMI's energy security and mitigate risks associated with potential catastrophic failure at this facility. The tank farm's condition was assessed under World Bank technical assistance in 2011. In 2014, with the intention of commencing partial rehabilitation on three of the tank farm's ten tanks (tanks 3, 6, and 9), MEC commissioned an updated technical assessment of the three subject tanks and prepared tender documents for works based on the assessment findings. For lack of funding, MEC was unable to proceed with the intended work, and has since only been able to perform urgent repairs to allow continued operation of the facility. The proposed RMI energy security project (RMI ESP) will restore the MEC fuel tank farm to acceptable condition for sustained operation in compliance with applicable norms and standards for safety and reliability.

Impact	Energy security for the Marshall Islands improved (National Energy Policy and Energy Action Plan) Safety and environmental risks associated with handling and storage of refined petroleum products reduced (National Energy Policy and Energy Action Plan)

Project Outcome	
Description of Outcome	Safe and reliable operation of the fuel tank farm sustained and supply of fuel to power generation facilities throughout the Marshall Islands continued.
Progress Toward Outcome	
Implementation Progress	
Description of Project Outputs	Majuro tank farm rehabilitated Majuro tank farm O&M program instituted
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	Nation-wide

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 ADB Officer	Trainor, James Michael
Responsible ADB Department	Pacific Department
Responsible ADB Division	Transport, Energy and Natural Resources Division, PARD
Executing Agencies	*Ministry of Finance* *P.O. Box D, Majuro* *MH 96960* *Republic of the Marshall Islands*

Timetable	
Concept Clearance	14 Dec 2019
Fact Finding	01 Oct 2018 to 05 Oct 2018
MRM	14 Nov 2018
Approval	06 Dec 2018
Last Review Mission	-
Last PDS Update	12 Dec 2018

Grant 0637-RMI

Financing Plan		**Grant Utilization**			
	Total (Amount in US$ million)	Date	ADB	Others	Net Percentage
Project Cost	16.79	Cumulative Contract Awards			

ADB	12.70	-	0.00	0.00	%
Counterpart	4.09	Cumulative Disbursements			
Cofinancing	0.00	-	0.00	0.00	%

Project Page	https://www.adb.org/projects/49450-011/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=49450-011
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