Early Warning System

ADB-46044-003

Renewable Energy Development and Power Sector Rehabilitation Project - Additional Financing

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

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Quick Facts

Countries	Samoa
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	U
Voting Date	2015-11-18
Investment Amount (USD)	$ 5.06 million

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Project Description

DESCRIPTION

On 15 November 2013, the Board of Directors of the Asian Development Bank (ADB) approved grant financing of $18.21 million from ADB's Special Fund resources and the administration of a grant of $1.00 million provided by the Multi-Donor Clean Energy Fund under the Clean Energy Financing Partnership Facility for the Renewable Energy Development and Power Sector Rehabilitation Project. The Government of Samoa provided a contribution equivalent to $4.62 million to bring the total investment cost to $23.83 million. The grants became effective on 26 May 2014 and the inception mission was held from 21 to 29 July 2014. The ongoing grants are expected to close on 30 June 2019.

The impact of the current project will be increased energy security. The outcome will be that customers have access to a higher share of electricity generated by hydropower. The current project will: (i) rehabilitate three small hydropower plants (SHPs) on Upolu Island damaged by Cyclone Evan in 2012; (ii) construct three new SHPs on the islands of Upolu and Savai'i; (iii) help the implementing agency, the Electric Power Corporation (EPC), implement the project efficiently by recruiting the project owner's engineers; and (iv) provide training to the EPC on operation and maintenance of the SHPs for up to 2 years after plant commissioning.

PROJECT RATIONALE AND LINKAGE TO COUNTRY/REGIONAL STRATEGY

The European Union (EU) has agreed to provide a grant not exceeding 4.61 million ($6.16 million equivalent) and the Government of New Zealand has agreed to provide a grant not exceeding NZ$6.00 million ($5.07 million equivalent) to expand the scale of the current project and deliver greater benefits. A contribution agreement between ADB and the EU was concluded on 23 April 2014. The contribution agreement between ADB and the Government of New Zealand will be prepared, setting out the administration arrangements. Both grants will be fully administered by ADB as part of overall project administration.

The proposed additional financing will allow the building of two additional grid-connected SHPs with a total preliminary capacity of 1.11 megawatts (MW): the 0.68 MW Fuluasou plant and the 0.43 MW Tiapapata plant, both on Upolu Island. The proposed additional sites had been identified during project appraisal but were not included in the original project scope because cofinancing could not be confirmed at the time of project approval. These sites are proposed based on (i) their potential to add the largest amount of capacity and energy to the EPC, (ii) their technical and financial feasibility, and (iii) the readiness of ADB project processing.

The EU grant will be used to implement the new SHP on Fuluasou stream in accordance with the signed contribution agreement between ADB and the EU. The grant from the Government of New Zealand will be used for the implementation of the overall project. The proposed cost sharing by both cofinancing partners will be useful from cash-flow and risk management perspectives for the overall project as the amounts required for turnkey packages can be timely contributed by different financiers.

The proposed additional financing will support the government's efforts to reduce Samoa's reliance on imported fossil fuels for power generation by providing clean and reliable electricity. The government's Strategy for the Development of Samoa, 2012-2016; the Samoa Energy Sector Plan, 2013- 2016; and the EPC's corporate plan, 2013- 2015 all emphasize the development of indigenous and renewable energy resources as a high priority to reduce the economy's risk exposure to foreign exchange

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Investment Description

- Asian Development Bank (ADB)

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Contact Information

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

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Bank Documents

- Project Disclosure PDF [Original Source]

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Other Related Projects

- ADB-46044-002 Renewable Energy Development and Power Sector Rehabilitation Project