

ADB GEF PROJECT IMPLEMENTATION REPORT (PIR)

(This report covers implementation period from July 1, 2020 to June 30, 2021 including recently closed projects covering the reporting period)

ADB Official Project Title: Outer Island Renewable Energy Project (OIREP)
ADB Project Number: 43452-022/023/024 and 49450-006

I. GEF PROJECT SUMMARY

Project Ratings:

Development Objective Rating (DO): Highly Satisfactory (HS)

Implementation Progress Rating (IP): Highly Satisfactory (HS)

Risk Rating: Low Risk (L)

Information on Progress, challenges, and outcomes on project implementation activities

The GEF grant is cofinancing the building of a new mini-grid system on the outer island of Niuatoputapu and the upgrading of the existing electric service lines on the outer islands of Uiha, Nomuka, Ha'ano, and Ha'afeva in the Ha'apai Group.

As of 30 June 2021, the overall project continued to be rate 'on track' in ADB's project performance monitoring system. Of the \$2.64 million GEF grant, \$2.64 million contracts have already been awarded, of which \$0.59 million has been disbursed.

Due to the COVID-19 pandemic, delays were faced with the some of the shipment of materials to Tonga under Phase 4. The materials have since started arriving in Tonga, with the last due to arrive in September 2021. The works are expected to be completed before the grant closes on 31 July 2022.

The project manager resigned on 31 March 2021 and the Ministry of Meteorology, Energy, Information, Disaster Management, Environment, Climate Change and Communication (MEIDECC) handled the project management work, until a replacement commenced work on 9 August 2021.

Information on Progress, challenges, and outcomes on stakeholder engagement

Consultations and training by MEIDECC and Tonga Power Limited (TPL), with the communities in the outer islands, are ongoing.

A grievance redress mechanism (GRM) is in place which sets out the process for resolving concerns or complaints and provides guidance on how communities and other stakeholders can file complaints.

Some communities in the outer islands raised concerns that shelters were not provided for their old generators, so in May 2021, MEIDECC submitted a request for the project to fund a new procurement package to extend the existing power houses to store the old generators. The request was approved and after the procurement processes, a contract was signed in July 2021, with works due to start in August 2021.

The project steering committee meetings continue to be held quarterly and is chaired by the Minister of MEIDECC, co-chaired by CEO of MEIDECC, with members including CEOs of Ministry of Finance, Ministry of Public Enterprise, TPL; Director Energy of MEIDECC; Project Manager, PMU in MEIDECC. Observers are ADB, Government of Australia and the European Union.

Information on Progress on gender-responsive measures

In early June 2021, revisions were made to reporting on the gender action plan (GAP) and as of 30 June 2021, of the 17 targets in the GAP, 18% have already been achieved and 82% are on track to be achieved. Of the 11 activities, 45% have already been achieved and 55% are on track to be achieved. Gender training in the outer islands continued in 2020 and 2021.

Knowledge activities/ Products

1. Photo Essay on 6 April 2021 – ADB, How ADB is Helping Power the Pacific
<https://www.adb.org/news/photo-essays/how-adb-helping-power-pacific>
2. Publication of 19 January 2021 – Pacific Energy Update 2020
<https://www.adb.org/sites/default/files/institutional-document/671701/pacific-energy-update-2020.pdf>

II. Project Profile

1. General Information	1	GEF ID	9355
	2	Focal Area(s):	Energy
	3	Region:	Pacific
	4	Country:	Tonga
	5	GEF Project Title:	Outer Island Renewable Energy Project
	6	Project Size (FSP; MSP)	FSP
	7	Trust Fund (GEFTF; SCCF; LDCF):	GEFTF
2. Milestone Dates	8	GEF CEO Endorsement Date (mm/dd/yy)	09/11/17
	9	ADB Approval Date if the GEF Fund (mm/dd/yy)	07/31/18
	10	GEF Grant Signing of the GEF Fund (mm/dd/yy)	08/08/18
	11	Implementation Start Date of the Project and of the GEF Component (mm/dd/yy)	09/20/18
	12	Date of 1st GEF Grant Disbursement (mm/dd/yy)	07/01/19
	13	Final date of GEF Grant Disbursement (mm/dd/yy)	Ongoing
	14	Proposed/Revised Implementation End (mm/dd/yy)	
	15	Actual Implementation End (mm/dd/yy)	Ongoing
3. Funding	16	Expected Financial Closure Date (mm/dd/yy)	11/30/22
	17	Actual Financial Closure Disbursement (mm/dd/yy)	Ongoing
	18	PPG/PDF Funding (USD)	N/A
	19	GEF Grant (USD)	2,639,269.00
	20	Total GEF Fund Disbursement as of 30 June 2021 (USD)	712,563.48
	21	Confirmed Co-Finance at CEO Endorsement (USD)	25,070,731.00
4. Evaluations	21	Materialized Co-Finance at project mid-term (USD)	27,236,840.37
	22	Materialized Co-Finance at project completion (USD)	N/A
	23	Proposed Mid-term date (mm/dd/yy)	N/A
	24	Actual Mid-Term date (mm/dd/yy)	18-23May15, 6-10Feb17, 24-28Sep18 & 24-30Mar21
	25	Proposed Terminal Evaluation date (mm/dd/yy)	11/30/23 (1yr after financial closure)
	26	Actual Terminal Evaluation Date (mm/dd/yy)	N/A
	27	Tracking Tools Required (Yes/No/ Focal Area TT)	N/A
	28	Tracking Tools Date - if applicable (mm/dd/yy) Midterm Tracking Tool Terminal Evaluation Tracking Tool	

III. Project Implementation

A. Project Description:

On 27 June 2013, ADB approved the original project comprising a grant of \$2.00 million from ADB's Special Funds resources (grant no. 0347) and the administration of a Government of Australia (GOA) grant cofinancing of \$4.50 million (grant no. 0348). Both grants were declared effective on 9 June 2014. On 20 October 2015, ADB approved a first additional financing comprising a grant of \$1.44 million from ADB's Special Funds resources (grant no. 0444) and the administration of a European Union (EU) grant of \$3.57 million (grant no. 0445) and a Second Danish Cooperation Fund for Renewable Energy and Energy Efficiency for Rural Areas (SDCF) grant of \$0.75 million (grant no. 0446), as additional cofinancing for the original project. The 3 grants became effective on 13 November 2015. On 14 December 2016, ADB approved a second additional financing of a loan of \$2.50 million (loan no. 3509) and a grant of \$2.50 million (grant no. 0528), from ADB's Special Funds resources. The loan and grant were declared effective on 28 March 2017. The 6 grants and loan will close on 31 March 2022. On 31 July 2018, ADB approved a third additional financing comprising a grant of \$5.50 million from ADB's Special Funds resources (grant no. 0586) and the administration of a Global Environment Facility (GEF) grant not exceeding \$2.64 million (grant no. 0587) and a GOA grant of \$0.74 million (grant no. 0588) as additional cofinancing for the original project. The 3 grants were declared effective on 20 September 2018 and will close on 31 July 2022. On 1 December 2020, ADB approved a fourth additional financing comprising the administration of a GOA grant of \$1.91 million (grant no. 0768) as additional cofinancing for the original project. The grant was declared effective on 16 December 2020 and will close on 31 July 2022.

The impact of the project is the reduction of Tonga's dependence on imported fossil fuel for power generation and the outcome of the project is the provision of on-grid and off-grid solar power generation at a reduced cost. The project has 3 major outputs: (i) construct and install solar power systems with a total capacity of 1.32 megawatt-peak (MWp) on 9 outer islands of Tonga and rehabilitate the existing electricity distribution network on the islands of Vava'u and 'Eua; (ii) operations and maintenance knowledge transferred through training; and (iii) project implemented and managed efficiently.

The Ministry of Finance (MOF) is the executing agency and is responsible for the overall implementation of the project. MEIDECC and TPL are the implementing agencies. Through the project management unit (PMU), MEIDECC is responsible for the overall implementation of the project, including day-to-day project activities, project administration, preparation of grant/loan withdrawal applications, and maintenance of records.

B. Implementation Progress (IP) Rating:

As of 30 June 2021, the overall project was rated 'on track' in ADB's project performance monitoring system. Of the overall \$28.12 million project, \$24.69 million comprising 80 contracts have been awarded, of which \$18.17 million has been disbursed. Of the 80 contracts that have already been awarded: (i) 41 contracts totaling \$12.88 million have already been closed; and (ii) 39 contracts totaling \$11.81 million are ongoing. The procurement process of the remaining packages is ongoing and contracts will be awarded in Q3 2021.

Under Output 1 of the project, there are 4 phases:

- Phase 1: Install new solar photovoltaic generators and connect to the existing electricity distribution network on 'Eua, SCADA repair program on Vava'u – completed.
- Phase 2: Install new solar system for the Health Clinic, install solar home systems and batteries on Niuafu'ou – completed.

Install solar photovoltaic generators and batteries and connect to the existing mini-grids on 4 outer islands in the Ha'apai Group and on Niuatoputapu Islands – ongoing with 80% of the work completed. Due to the COVID-19 pandemic travel restrictions, the contractor has been facing issues returning to Tonga from Spain, after they left Tonga in October 2020. Discussions are ongoing between MEIDECC and contractor, on options to complete the remaining 20% works and commissioning, including whether the contractor's staff can still return to Tonga or have a remote arrangement or to engage international consultants who are already in Tonga to independently carry out the commissioning. Also, MEIDECC found defects with some of the contractor's work and that there had been some changes to the designs. After several discussions, the contractor agreed to repair the defects and discussions continue on the changes in design. The contractor's current schedule is to complete the remaining works and commissioning by December 2021.

- Phase 3: 100% electricity distribution network rehabilitation of 'Eua island and Vava'u island – 100% of 'Eua island was completed in May 2017 and 100% of Vava'u island is scheduled to be completed in December 2021.
- Phase 4: Upgrade of existing service lines on 4 Ha'apai Group outer islands and construction of new mini-grid on Niuatoputapu – some procurement processes were delayed as revisions were needed to several draft bidding documents, a force account works package needed to be changed to reduce the force account works amount and to include a new international competitive bidding (ICB) equipment package, a bid evaluation report needed to be revised to confirm quotations based on market assessments, and 2 ICB packages needed to be rebid, after the MEIDECC accepted emailed bids which ADB does not accept. Contracts for all these packages have since been awarded. Due to the COVID-19 pandemic, delays were faced with the some of the shipment of materials to Tonga but the materials have since been arriving in Tonga, with the last due to arrive in September 2021. The works are expected to be completed before the grants closing date of 31 July 2022.

Under Output 2, a manual for solar electric equipment has been completed and an operations and maintenance (O&M) consultant was recruited in February 2021, to conduct a review of the transfer of the MEIDECC mini-grids into the TPL concession contract and to consult, prepare and implement O&M arrangements.

Under Output 3, a project management consultant firm, continues to support the PMU with Phase 2 supervision work. The PMU, which was established in MEIDECC in 2016, comprises a project manager, a project accountant, a safeguards specialist, and the O&M consultant. The project manager resigned in March 2021 and a replacement will commence work in August 2021. A case of suspected fraud, against the project manager, was submitted to ADB's Office of Anticorruption and Integrity (OAI) in March 2021. The defects and change in design that the MEIDECC found under the Phase 2 works should have been noted earlier by the project manager, during his site visits. Upon checking with the communities in the outer islands, it was confirmed that the project manager had not visited the sites for several months and further checks on his claims revealed some discrepancies. A decision from ADB's OAI is expected in September 2021 and if fraud is confirmed, the project manager could be barred from working on ADB projects for 2-5 years. The project quarterly progress report, annual audit report and bi-annual safeguards report submissions, are up-to-date.

a. GEF Grant Disbursement

Due to the delays faced with the procurement processes and delivery of materials under Phase 4, disbursements from the GEF grant were slow. The last of the contracts for materials was signed in March 2021 and the shipment is scheduled to arrive in Tonga in September 2021, so disbursements will follow. Once all the materials arrive, works will commence on the new mini-grid on Niuatoputapu and the upgrade of the existing electric service lines on the outer islands of Uiha, Nomuka, Ha'ano, and Ha'afeva in the Ha'apai Group and more disbursements will follow.

b. Stakeholders Engagement

Consultations and training by MEIDECC and TPL, with the communities in the outer islands, continue.

A grievance redress mechanism (GRM) is in place which sets out the process for resolving concerns or complaints and provides guidance on how communities and other stakeholders can file complaints.

Some communities in the outer islands raised concerns that shelters were not provided for their old generators, so in May 2021, MEIDECC requested for the project to fund a new procurement package to extend the existing power houses to store the old generators. The request was approved and after the procurement processes, a contract was signed in July 2021, with works due to start in August 2021.

The project steering committee meetings are held monthly and is chaired by the Minister of MEIDECC, co-chaired by CEO of MEIDECC, with members including CEOs of Ministry of Finance, Ministry of Public Enterprise, TPL; Director Energy of MEIDECC; Project Manager, PMU in MEIDECC. Observers are ADB, Government of Australia and the European Union.

c. Gender Action Plan (GAP) Implementation Status

The monitoring of the GAP continues and in early June 2021, revisions were made to reporting on the gender action plan (GAP). As of 30 June 2021, of the 17 targets in the GAP, 18% have already been achieved and 82% are on track to be achieved. Of the 11 activities, 45% have already been achieved and 55% are on track to be achieved.

Gender training in the outer islands continued in 2020 and 2021.

Under Output 1, 2 targets have already been achieved, 6 targets are on track to be achieved, the 2 activities have already been achieved and 2 activities are on track to be achieved.

Under Output 2, 1 target has already been achieved and 5 targets are on track to be achieved.

Under Output 3, the 1 target has already been achieved, 5 activities have already been achieved and 2 activities are on track to be achieved.

Under Output 1, Target 5 is to provide services and meters to at least 20% of female-headed households (FHH). There was no record of the number of FHHs in the population census or with TPL, so the MEIDECC Team worked with the Town Officers to collect this information – 156 in the Ha'apai Group and 51 in the Niuatoputapu Group.

- GAP as of December 2020 is included in the Environmental and Social Monitoring Report for July-December 2020 - https://www.adb.org/sites/default/files/project-documents/43452/43452-022-esmr-en_6.pdf
- GAP as of June 2020 is included in the Environmental and Social Monitoring Report for January-June 2021 - https://www.adb.org/sites/default/files/project-documents/43452/43452-022-esmr-en_7.pdf

d. Social and Environmental Safeguard Plan Implementation Status

2) The monitoring work on the environmental and social safeguards is ongoing and the reports are up-to-date:

- Environmental and Social Monitoring Report July-December 2020 - https://www.adb.org/sites/default/files/project-documents/43452/43452-022-esmr-en_6.pdf
- Environmental and Social Monitoring Report January-June 2021 - https://www.adb.org/sites/default/files/project-documents/43452/43452-022-esmr-en_7.pdf

3) Safeguards covenants – there are 5 safeguards covenants, of which 2 are not applicable (involuntary resettlement and indigenous peoples) and 3 are being complied with (safeguards-related provisions in the bidding documents and civil works contracts; safeguards monitoring and reporting; and prohibited list of investments).

C. Global Environmental Benefits (GEB) Objective/ Development Objective (DO) Rating:

The project is expected to achieve all its major global environmental objective and yield substantial global environmental benefits, without major shortcomings. The project is on track to complete the construction and installation of solar power systems with a total capacity of 1.32 MWp on 9 outer islands in Tonga and to complete the rehabilitation of 100% of the electricity distribution network on the islands of 'Eua and Vava'u, by the overall project closing date of 31 July 2022. This will result in 2,310 tons of carbon dioxide emissions being avoided, on an annual basis.

D. Risk Rating:

Despite the delays faced with the contractor under Phase 2 and the procurement and delivery delays under Phases 3 and 4, some of which are due to the COVID-19 pandemic, the remaining works under Phases 2 and 3 are scheduled to be completed before their grants/loan closing date of 31 March 2022 and works under Phase 4 are scheduled to be completed before their grants closing date of 31 July 2022.

E. Overall Rating of the Project:

On track to achieve the project outputs.

F. Additional Comments – Good Practices And Lessons Learned:

Two ICB packages were approved under Phase 4 and during the original bidding process, MEIDECC accepted emailed bids, which ADB does not allow. When the two packages were rebid, an e-procurement system was used and no issues were faced.

G. Knowledge activities / products:

- a. Photo Essay on 6 April 2021 – ADB, How ADB is Helping Power the Pacific
<https://www.adb.org/news/photo-essays/how-adb-helping-power-pacific>
- b. Publication of 19 January 2021 – Pacific Energy Update 2020
<https://www.adb.org/sites/default/files/institutional-document/671701/pacific-energy-update-2020.pdf>

H. Location Data:

1. Phase 1 Lifuka, Ha'apai solar plant - 19.81451. -174.35045.
2. Phase 1 'Eua solar plant - 21.34908 - 174.95356.
3. Phase 1 Vava'u existing solar plant SCADA upgrade -18.64473. -173.97474.
4. Phase 2 Nomuka, Ha'apai solar plant - 20.25641. -174.79703.
5. Phase 2 Ha'afeva, Ha'apai solar plant - 19.94913. -174.70928.
6. Phase 2 'Uiha, Ha'apai solar plant - 19.89632. -174.40512.
7. Phase 2 Ha'ano, Ha'apai solar plant - 19.67435. -174.28358.
8. Phase 2 Niuatoputapu solar plant - 15.95669. -173.79001.
9. Phase 3 'Eua electrical network rehabilitation - 21.37439. -174.95384.
10. Phase 3 Vava'u electrical network rehabilitation - 18.64796. -173.98027.
11. Phase 4 Nomuka, Ha'apai electrical network rehabilitation - 20.25885. -174.79735.
12. Phase 4 Ha'afeva, Ha'apai electrical network rehabilitation - 19.94716. -174.70850.
13. Phase 4 'Uiha, Ha'apai electrical network rehabilitation - 19.89040. -174.40766.
14. Phase 4 Ha'ano, Ha'apai electrical network rehabilitation - 19.66159. -174.29226.
15. Phase 4 Niuatoputapu new electrical network - 15.95400. -173.79480.

IV. Midterm Review

Midterm Project Ratings:

Development Objective Rating at MTR (IP): Highly Satisfactory, (HS):

Implementation Progress Rating at MTR (DO): Highly Satisfactory, (HS)

Risk Rating at MTR: Low Risk (L):

Information on Progress, challenges, and outcomes on stakeholder engagement (based on the description of the Stakeholder engagement plan included at CEO Endorsement/Approval)

As of the MTR Mission on 24-30 March 2021, the Government of Tonga continues to be the grant/loan beneficiary, the MOF continues to be the executing agency, while TPL and MEIDECC, continue to be the implementing agencies.

Consultations and training by MEIDECC and TPL, with the communities in the outer islands, are ongoing. A grievance redress mechanism (GRM) is in place which sets out the process for resolving concerns or complaints and provides guidance on how communities and other stakeholders can file complaints.

The project steering committee meetings continue to be held quarterly and is chaired by the Minister of MEIDECC, co-chaired by CEO of MEIDECC, with members including CEOs of Ministry of Finance, Ministry of Public Enterprise, TPL; Director Energy of MEIDECC; Project Manager, PMU in MEIDECC. Observers are ADB, Government of Australia and the European Union.

Information on Progress on gender-responsive measures as documented at CEO Endorsement/ Approval in the gender action plan or equivalent

As of the MTR Mission on 24-30 March 2021, of the 17 targets in the GAP, 53% had already been achieved and 47% were on track to be achieved. Of the 11 activities, 91% had already been achieved and 9% were on track to be achieved. Details are provided in Annex 5 of the MOU of the MTR Mission. Gender training continued in the outer islands.

Knowledge activities / products (based on the Knowledge management approach approved at CEO Endorsement / Approval) and lessons learned (if available)

1. News Release on 24 July 2019 – ADB, Partners to Increase Access to Clean Energy in Tonga's Outer Islands <https://www.adb.org/news/adb-partners-increase-access-clean-energy-tongas-outer-islands>
2. Article on 16 September 2019 – Tonga: As Part of Renewable Energy and Gender Push, All-woman Crew Restores Powerlines <https://www.adb.org/news/features/all-woman-crew-restore-powerlines-haapai-tonga>
3. Video on 16 September 2019 – A Clean Energy Revolution is Lighting Up Tonga <https://www.adb.org/news/videos/clean-energy-revolution-lighting-tonga>
4. Photo Essay on 6 April 2021 – ADB, How ADB is Helping Power the Pacific <https://www.adb.org/news/photo-essays/how-adb-helping-power-pacific>
5. Publication of 19 January 2021 – Pacific Energy Update 2020 <https://www.adb.org/sites/default/files/institutional-document/671701/pacific-energy-update-2020.pdf>

Main Findings of the MTR

Under Phase 2, during MEIDECC's site visits, defects were found with some of the contractor's work and that there had been some changes to the designs. After several discussions, the contractor agreed to repair the defects and discussions continue on the changes in design. These issues should have been noted earlier by the project manager, during his site visits. Upon checking with the communities in the outer islands, it was confirmed that the project manager had not visited the sites for several months and further checks on his claims revealed some discrepancies. As such, a case of suspected fraud, against the project manager, was submitted to ADB's Office of Anticorruption and Integrity (OAI) in March 2021 and a decision is due in September 2021. The contractor's staff will travel to Tonga to complete the remaining works, including the commissioning and MEIDECC have provided a support letter to assist with their travel arrangements. The communities in the outer islands requested for shelters to be built to store their old generators and this has since been approved, with a contract signed in July 2021.

Under Phase 3, the rehabilitation works are continuing to complete 100% of the electricity distribution network on Vava'u, which is scheduled to be completed by 31 December 2021.

Under Phase 4, the procurement process for the bidding packages continue and all works will be completed by the grants closing date of 31 July 2022.

The project management services continue, although the project manager resigned on 31 March 2021 and MEIDECC handled the work until a replacement was recruited in August 2021.

V. Materialized Cofinancing

Co-financing Table

Materialized Co-financing

Sources of Co-financing	Name of Co-financer	Type of Co-financing	Amount Confirmed at CEO endorsement / approval	Actual Amount Materialized at Midterm
GEF Agency	ADB ¹	Grants and Loan	13,940,731.00	14,003,653.74
Recipient Government	Kingdom of Tonga	In-kind	1,570,000.00	1,761,186.63
Other	Government of Australia	Grants	5,240,000.00	7,152,000.00
Other	European Union ²	Grant	3,570,000.00	3,570,000.00
Other (The Fund is administered by ADB)	Second Danish Cooperation Fund for Renewable Energy and Energy Efficiency for Rural Areas ³	Grant	750,000.00	750,000.00
TOTAL			25,070,731.00	27,236,840.37

¹ ADB grant nos. 0444 and 0528, totaling \$1.44 million and \$2.50 million, respectively, were fully disbursed and financially closed on 8 March 2021.

² The European Union grant no. 0445 totaling \$3.57 million was fully disbursed and financially closed on 10 December 2020.

³ The Second Danish Cooperation Fund for Renewable Energy and Energy Efficiency for Rural Areas grant no. 0446 totaling \$0.75 million, was fully disbursed and financially closed on 10 December 2020.

VII. Project Contacts

ADB Project Officer: Ms. Grace King
Division and Department: Pacific Subregional Office, Pacific Department
Email: gking@adb.org

EA Project Officer
Name and Agency: Ms. Saane Lolo
Deputy Chief Executive Officer
Resilient Development and Financing Division
Ministry of Finance
Email: slolo@finance.gov.to

Co-Implementing Partner
Name and Agency: Mr. Paula Mau
Chief Executive Officer
Ministry of Meteorology, Energy, Information, Disaster Management,
Environment, Climate Change and Communication
Email: ttukunga@gmail.com

Project Manager
Name and Agency: Mr. Setitaia Chen
Project Management Unit - OIREP
MEIDECC
Email: setitaia.chen@gmail.com

Signature: 
Name of Project Officer: Ms. Grace King
Position: Senior Project Officer, Pacific Subregional Office
Date: 26 August 2021

Endorsed by: Mr. Masayuki Tachiiri
Regional Director, Pacific Subregional Office