

ADB GEF PROJECT IMPLEMENTATION REPORT (PIR)

(This report covers implementation period from July 1, 2022 to June 30, 2023 including recently closed projects covering the reporting period)

ADB Official Project Title: Outer Island Renewable Energy Project (OIREP)

ADB Project Number: 43452-022/023/024/026 and 49450-006

I. GEF PROJECT SUMMARY**Project Ratings:**

Development Objective Rating (DO): Highly Satisfactory

Implementation Progress Rating (IP): Highly Satisfactory

Risk Rating: Low Risk

Information on Progress, challenges and outcomes on project implementation activities

The GEF grant is cofinancing the construction of a new mini-grid and service lines on the outer island of Niuatoputapu and the upgrading of the existing electric service lines and mini-grids on the outer islands of Uiha, Nomuka, Ha'ano, and Ha'afeva in the Ha'apai Group, under Phase 4 of the project.

As of 30 June 2023, the overall project continued to be rated 'on track' in ADB's project performance rating system. Of the \$2.639 million GEF grant, \$2.637 million in contracts have been awarded, of which \$2.55 million has been disbursed. The grant will be fully disbursed before the project closing date of 31 December 2023.

After local travel restrictions were lifted in May 2022, contractors returned to work in the outer islands and the remaining shipment of materials and equipment to the outer islands commenced in June 2022. His Majesty the King of Tonga commissioned Niuatoputapu in July 2023 and the 4 Ha'apai outer islands will be commissioned by October 2023.

ADB's Office of Anticorruption and Integrity is continuing its investigations into the (i) alleged fraud by the previous Project Manager which was raised in March 2021; and (ii) alleged conflict of interest, involving TPL's Project Manager which was raised in May 2022. TPL's Project Manager was a member of the Bid Evaluation Committee and, although the results of the evaluations would not have changed even if he had not participated, he did not declare that the owners of the 2 winning bidders were close relatives and that he was assisting them with their documentation. TPL conducted an investigation into the allegation and while seeking legal advice on the disciplinary actions to take, TPL's Project Manager submitted his resignation letter, which TPL accepted. TPL then ended their disciplinary procedures against the Project Manager in October 2022.

Information on Progress, challenges and outcomes on Environment and Social Safeguards

During the May 2023 Review Mission, ADB was updated that there are no unresolved safeguards issues and this continued to the end of the current reporting period of 30 June 2023.

The bi-annual safeguards monitoring reports are up-to-date with the latest received for the period January-June 2023. 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).

Information on Progress, challenges and outcomes on stakeholder engagement

Stakeholder engagements resumed after local travel restrictions were lifted in May 2022. The project steering committee meetings continue to be held and is chaired by the Prime Minister who is also 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

Of the 18 targets in the GAP, 22% have already been achieved and 78% will be achieved by the project closing date of 31 December 2023. Of the 10 activities, 50% have already been achieved and 50% will also be achieved by the project closing date of 31 December 2023. The Gender Consultant continued to conduct training and monitoring of the GAP throughout the year.

Knowledge activities/ Products

1. ADB News Release: [Tonga Opens Renewable Grid To Deliver Clean, Affordable Energy To Niuatoputapu](#)
2. The PMU prepared videos on the project, including for Gender awareness, which are publicly available on YouTube (links provided on page 9-10).

Grievances

A grievance redress mechanism (GRM), which sets out the process for resolving concerns or complaints and provides guidance on how communities and other stakeholders can file complaints, is working well. There are no unresolved grievances.

GEO LOCATION INFORMATION

| Location Name | Latitude (WGS84 Format) | Longitude (WGS84 Format) | GEO Name ID | Location Description | Activity Description |
|---------------------------|-------------------------|--------------------------|---|----------------------|------------------------------------|
| Phase 1 Lifuka | - 19.81451 | - 174.35045 | Lifuka Solar Plant | Solar plant | |
| Phase 1 'Eua | - 21.34908 | - 174.95356 | 'Eua Solar Plant | Solar plant | |
| Phase 1 Vava'u | - 18.64473 | - 173.97474 | Vava'u Solar Plant | Solar plant | Existing solar plant SCADA upgrade |
| Phase 2 Nomuka, Ha'apai | - 20.25641 | - 174.79703 | Nomuka Solar Plant | Solar plant | |
| Phase 2 Ha'afeva, Ha'apai | - 19.94913 | - 174.70928 | Ha'afeva Solar Plant | Solar plant | |
| Phase 2 'Uiha, Ha'apai | - 19.89632 | - 174.40512 | 'Uiha Solar Plant | Solar plant | |
| Phase 2 Ha'ano, Ha'apai | - 19.67435 | - 174.28358 | Ha'ano Solar Plant | Solar plant | |
| Phase 2 Niuatoputapu | - 15.95669 | - 173.79001 | Niuatoputapu Solar Plant | Solar plant | |
| Phase 3 'Eua | - 21.37439 | - 174.95384 | 'Eua Electrical Network Upgrade | Electrical Network | Electrical network rehabilitation |
| Phase 3 Vava'u | - 18.64796 | - 173.98027 | Vavau Electrical Network Upgrade | Electrical Network | Electrical network rehabilitation |
| Phase 4 Nomuka, Ha'apai | - 20.25885 | - 174.79735 | Nomuka Electrical Network Upgrade | Electrical Network | Electrical network rehabilitation |
| Phase 4 Ha'afeva, Ha'apai | - 19.94716 | - 174.70850 | Ha'afeva Electricity Network Rehabilitation | Electrical Network | Electrical network rehabilitation |
| Phase 4 'Uiha, Ha'apai | - 19.89040 | - 174.40766 | 'Uiha Electrical Network Rehabilitation | Electrical Network | Electrical network rehabilitation |
| Phase 4 Ha'ano, Ha'apai | - 19.66159 | - 174.29226 | Ha'ano Electrical Network Rehabilitation | Electrical Network | Electrical network rehabilitation |
| Phase 4 Niuatoputapu | - 15.95400 | - 173.79480 | Niuatoputapu New Electrical Network | Electrical Network | New electrical network |

PROJECT MINOR CHANGE IN SCOPE/MINOR AMMENDMENTS

- Results framework
- Components and cost
- Institutional and implementation arrangements
- Financial management
- Implementation schedule
- Executing Entity
- Executing Entity Category
- Minor project objective change

-
- Safeguards
 - Risk analysis
 - Increase of GEF project financing up to 5%
 - Co-financing
 - Location of project activity
 - Other

A minor change was approved in October 2022 to use savings of \$2.14 million to fund (i) additional institutional set-up arrangements, consultations, training and hand-over arrangements with the electricity cooperative societies in the 4 Ha'apai outer islands and on Niuatoputapu; (ii) additional materials, equipment, surveys, shipping and labour, for the upgrade of existing service lines and mini-grids on the four Ha'apai outer islands of 'Uiha, Ha'ano, Ha'afeva and Nomuka and the construction of new service lines and a mini-grid on Niuatoputapu; and (iii) additional equipment and labour for the 100% rehabilitation of the grid network on Vava'u. Of the \$2.14 million savings, \$0.028 million was from the GEF grant.

FOR SCCF/LDCF INDICATORS: N/A

| | |
|---|------------------|
| Total Number of Beneficiaries | Male: Female: |
| Area of land managed for climate resilience (ha) | |
| Total no. of policies/plans that will mainstream climate resilience | |
| No. of risk and vulnerability assessments, and other relevant scientific and technical assessments carried out and updated | |
| Total number of people trained | Male: Female: |
| No. of people trained to identify, prioritize, implement, monitor and/or evaluate adaptation strategies and measures | |
| No. of regional, national and sub-national institutions with strengthened capacities to identify, prioritize, implement, monitor and/or evaluate adaptation strategies and measures | |
| Contribute towards public awareness of climate change impacts, vulnerability and adaption (Tick if relevant) | |
| Expand access to improved climate information services (Tick if relevant) | |
| Expand access to improved climate related early-warning information (Tick if relevant) | |
| No. of regional, national and sector-wide policies, plans and processes developed or strengthened to identify, prioritize and integrate adaptation strategies and measures | |
| No. of sub-national plans and processes developed or strengthened to identify, prioritize and integrate adaptation strategies and measures | |

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) | Ongoing |
| | 15 | Actual Implementation End (mm/dd/yy) | Ongoing |
| 3. Funding | 16 | Expected Financial Closure Date (mm/dd/yy) | 04/30/24 |
| | 17 | Actual Financial Closure Date (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 2023(USD) | 2,552,291.93 |
| | 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 - if applicable (mm/dd/yy) | 18-23May15, 6-10Feb17, 24-28Sep18 & 24-30Mar21 |
| | 25 | Proposed Terminal Evaluation date (mm/dd/yy) | 12/31/23 |
| | 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) | N/A |
| | | 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 0347) and the administration of a Government of Australia (GOA) grant cofinancing of \$4.50 million (grant 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 0444) and the administration of a European Union (EU) grant of \$3.57 million (grant 0445) and a Second Danish Cooperation Fund for Renewable Energy and Energy Efficiency for Rural Areas (SDCF) grant of \$0.75 million (grant 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 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. On 31 July 2018, ADB approved a third additional financing comprising a grant of \$5.50 million from ADB's Special Funds resources (grant 0586) and the administration of a Global Environment Facility (GEF) grant not exceeding \$2.64 million (grant 0587) and a GOA grant of \$0.74 million (grant 0588) as additional cofinancing for the original project. The 3 grants were declared effective on 20 September 2018. On 1 December 2020, ADB approved a fourth additional financing comprising the administration of a GOA grant of \$1.91 million (grant 0768) as additional cofinancing for the original project. The grant was declared effective on 16 December 2020.

Grants 0445 (EU) and 0446 (SDCF) were financially closed on 10 December 2020, Grants 0444 and 0528 (ADB) were financially closed on 8 March 2021 and GOA Grant 0588 was financially closed on 30 May 2023. GOA Grants 0348 and 0768 will close on 31 October 2023, while Grants 0347 and 0586 and Loan 3509 (ADB), along with Grant 0587 (GEF), will close on 31 December 2023.

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 2023, the overall project was rated 'on track' in ADB's project performance monitoring system. Of the overall \$28.07 million project, \$26.83 million comprising 85 contracts have been awarded, of which \$23.80 million has been disbursed. Of the 85 contracts that have already been awarded: (i) 67 contracts totaling \$16.51 million have already been closed; and (ii) 18 contracts totaling \$9.87 million are ongoing and will be closed by 31 December 2023.

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

(a) Phase 1 funded by Grants 0347/0348:

- (i) installation and connection of new solar photovoltaic generators to the existing TPL-owned/managed generation plants in 'Eua and Ha'apai – completed; and
- (ii) repair of the supervisory control and data acquisition program in Vava'u – completed.

(b) Phase 2 funded by Grants 0347/0348/0768:

- (i) installation of a new solar system for the Health Clinic in Niuafu'ou, and installation of batteries across 130 solar home systems in Niuafu'ou – completed;
 - (ii) installation and connection of new solar photovoltaic generators to the existing community-owned/managed generation plants in Niuatoputapu and 4 Ha'apai outer islands – His Majesty the King of Tonga commissioned Niuatoputapu on 26 July 2023 and the revised completion date for the remaining 4 Ha'apai outer islands is 31 October 2023.
 - (iii) international project management consultant firm that is facilitating project management and implementation, as well as strengthening operational capacity of the EA/IAs – work is ongoing and the revised completion date will be 31 December 2023; and
 - (iv) institutional setup activities in Niuatoputapu and 4 Ha'apai outer islands by MEIDECC – these activities have resumed and will be completed by 31 December 2023.
- (c) *Phase 3 funded by Grants 0444/0445/0528/0768 and Loan 3509:*
- (i) rehabilitation of 100% of the 'Eua grid network – completed; and
 - (ii) rehabilitation of the Vava'u grid network – work is continuing and the revised completion date is 31 October 2023.
- (d) *Phase 4 funded by Grants 0586/0587:* upgrading of existing service lines and mini-grids on 4 Ha'apai outer islands and construction of new service lines and a mini-grid in Niuatoputapu – the work is continuing and the revised completion date is 31 October 2023.
- (e) *Contracts for 4 PMU consultants funded by Grants 0446/0588/0768:* contracts for the (i) project manager; (ii) project accountant; (iii) project safeguards specialist; and (iv) operations and maintenance specialist – revised completion date is 31 October 2023 and funding for the 2 months, to the overall project closing date of 31 December 2023, will be from ADB TA6765-REG.

Under Output 2, a manual for solar electric equipment has been completed. The transfer of operations and maintenance (O&M) knowledge through training will form part of the MEIDECC-TPL contract for the O&M work of the Phase 2 and 4 assets, which will be handled by the O&M consultant, after the commissioning of these assets by June 2023. The O&M consultant is required to produce 8 reports and has completed the (i) Status and Assessment Report; (ii) Interim Report; and (iii) draft of the Final Report (design and performance-based contract), where consultations are continuing. The (i) Final Report (design and performance-based contract); (ii) Final Performance-based Contract; and the (iii) Implementation Report are being prepared and will be completed by 31 October 2023. The last 2 Reports (iv) Stakeholders Report; and (v) Training Report will be completed after the commissioning of the Phase 2 and 4 assets by 31 December 2023.

Under Output 3, a project management consultant firm, continues to support the PMU with supervising the Phase 2 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 annual audited financial statements and the bi-annual safeguards reports are up-to-date but only the quarterly progress reports are outstanding and will be submitted in Q3 2023.

a. GEF Grant Disbursement

As of 30 June 2023, 97% of the \$2,639,269 GEF grant has been disbursed and the remaining 3% will be fully disbursed and the grant financially closed, before the project closing date of 31 December 2023.

b. Stakeholders Engagement

Stakeholder engagements resumed after local travel restrictions were lifted in May 2022.

A grievance redress mechanism (GRM), which continues to be in place, 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 and are chaired by the Prime Minister who is also 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 Implementation Status

Gender training and the monitoring of the GAP resumed, after local travel restrictions were lifted in May 2022. As of 30 June 2023, of the 18 targets in the GAP, 22% have already been achieved and 78% are on track to be achieved. Of the 10 activities, 50% have already been achieved and 50% are on track to be achieved.

Under Output 1, 1 target have already been achieved, 6 targets are on track to be 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, 1 target has already been achieved, 1 target is on track to be achieved, 5 activities have already been achieved and 1 activity is on track to be achieved.

Under Output 4, 1 target has already been achieved, 2 targets are on track to be achieved, and 2 activities are on track to be achieved.

d. Social and Environmental Safeguard Plan Implementation Status

Social and environmental safeguards monitoring continued throughout the year and there were no unresolved safeguards issues at the end of the reporting period.

The bi-annual safeguards monitoring reports are up-to-date, with the latest available on ADB's website - [Outer Island Renewable Energy Project: Environmental and Social Monitoring Report \(January-June 2023\) | Asian Development Bank \(adb.org\)](#)

There are 5 safeguards covenants, of which (i) 2 are not applicable (involuntary resettlement and indigenous peoples); and (ii) 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 objectives 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 December 2023. This will result in 2,310 tons of carbon dioxide emissions being avoided, on an annual basis.

D. Risk Rating:

The remaining works under Phases 2-4 will be completed by the project closing date of 31 December 2023.

E. Overall Rating of the Project:

Overall Rating: On track to achieve all project outputs.

F. Additional Comments – Good Practices and Lessons Learned:

Travel to the outer islands is very difficult as there is only one local airline with one plane in working order, so flights can be cancelled at short notice. Also, sea travel to Niutoputapu is not reliable and passengers have been stranded on the island for 2 months or more. During the Review Mission of May 2023, site visits could only be conducted to Vava'u and the outer islands of Ha'apai – not Niutoputapu. Despite all the challenges, it was good to see to the actual progress of works and how important this project is to people on those outer islands of Tonga.

G. Knowledge activities / products:

During the year, the PMU produced 6 videos which are available on You Tube:

1. [Ha'ano Solar and Batteries are connected to the Grid](#)
2. ['Uiha Solar and Batteries are connected to the Grid](#)
3. [Ha'afeva Solar and Batteries are connected to the Grid](#)
4. Gender Action Plan Activity 9 – Raising Awareness – [OIREP Video #1](#)
5. Gender Action Plan Activity 9 – Raising Awareness – [OIREP Video #2](#)
6. Gender Action Plan Activity 9 – Raising Awareness – [OIREP Video #3](#)

ADB released a news release when the Niuatoputapu subproject was commissioned by His Majesty the King of Tonga in July 2023 - [Tonga Opens Renewable Grid To Deliver Clean, Affordable Energy To Niuatoputapu](#)

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.
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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.

A handwritten signature in cursive script, appearing to read 'G King'.

Signature:
Name of Project Officer: Grace King
Position: Senior Project Officer
Date: 17 August 2023

ANNEX A. Project Contacts

ADB Project Officer
Division and Department
Email

Ms. Grace King
PARD and SPSO
gking@adb.org

EA Project Officer
Name and Agency

Email

Ms. Saane Lolo, Deputy CEO, Resilient Development and Financing Division,
Ministry of Finance
slolo@finance.gov.to

Co-Implementing Partner
Name and Agency

Email

Mr. Paula Ma'u, Acting CEO, Ministry of Meteorology, Energy, Information,
Disaster Management, Environment, Climate Change and Communication
paulm@mic.gov.to

Project Manager
Name and Agency

Email

Mr. Setitaia Chen
Project Management Unit, OIREP
Ministry of Meteorology, Energy, Information, Disaster Management,
Environment, Climate Change and Communication
setitaia.chen@gmail.com