## **Project Factsheet #3**

## **Project Funding**



Global experts are working together with the Solomon Island Government on the first large-scale infrastructure project of its kind.

- The Solomon Island Government, plus six (6) different financiers have been involved at various levels of investment.
- This unique combination of grants and loans provided for different project components completes a complex but highly governed model.
- Furthermore, to address the risks inherent in investing in a relatively untested investment environment with a recent history of political unrest, the sponsors have requested for insurance provided by the Multilateral Investment Guarantee Agency (MIGA).
- The total project cost is estimated at US\$240.48 million and covers four separate components detailed in the table below.

Financier	Amount in USD \$	Timeframe
Abu Dhabi Fund for Development (ADFD)	\$ 15 Million	Approved January 2017
The World Bank	\$ 34 Million	Approved August 2017
The Government of Australia	\$ 13 Million	Approved June 2017
Green Climate Fund (GCF)	\$ 86 Million	Approved April 2017
Korea-EX-IM Economic Development Cooperation Fund (ECDCF)	\$ 32 Million	Approved August 2017
Asian Development Bank	\$ 30 Million	Approved 26 September 2019

## Funding breakdown for components

Component 1



Hydro Power Facility (HPF) – USD \$185.66 million

- The largest cost item is the proposed Engineering-Procuremen t-Construction (EPC) price of US\$140.0 million excluding taxes (under negotiation with K-water and HEC).
- Other notable costs include development costs of US\$20.7 million and contingencies of US\$16.7 million. The development costs include PC operation cost and cost of advisors during the 4-year construction period, including the estimated cost of the Owner's Engineer currently at US\$3.5 million.

Component 2



Access Road – USD \$26.0 million

- This cost is based on the detailed design being executed by SIG's international consulting firm and ongoing negotiations with the sponsors.
- Component 2 is funded by the Australian Government and the Green Climate Fund.

Component 3



Transmission Line – USD \$22.82 million

 Based on estimates made by an international consulting firm contracted by SIEA to prepare a detailed concept design which included assessment of different routes and requirements to upgrade the connection point (i.e. Lungga Power Station) to accommodate the 66 kV voltage connection. This study was completed in November 2016.

Component 4



Technical Assistance - USD \$7.0 million.

• The TA component supports the operation of the Project Office under the Ministry of Mines, Energy and Rural Electrification (MMERE) to finance consultants to overseas the project and the deliverables of the components.