

# Innovative Project Story

## Marshall Islands – Power Network Strengthening Project – Phase One

### – Day 2 group session

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# Power Network Strengthening – *Phase One*

## 1. Innovation

- ADB's engagement with Marshalls Energy Company is *strategic*, and exists essentially as a *program*, and not a series of stand-alone projects;
- RMI's grant-only status limits resource availability for investment in any single funding cycle;
- Individual projects, such as this one (approved in November 2017), deliver immediate discrete benefits, but incorporate focus on sector sustainability;
- Reform of MEC's business processes, financial performance, and sector governance (regulatory and corporate) remain distinct features of each sector investment project;
- The current Energy Security Project (approved December 2018) builds on MEC reform foundations prepared under the Power Network Strengthening project.

## 2. Issues

- Slow compliance with grant conditions and covenants – in part due to the very capacity limitations of MEC itself that reform efforts are intended to address;
- MEC's challenges are in part internal, but are also symptoms of public sector (government) capacity limitations.



## 2. Issues (continued)

- Small project size and remote location diminish market interest (for consultants and goods/works packages alike)
- Project management for MEC's small team requires substantial direct ADB backstopping

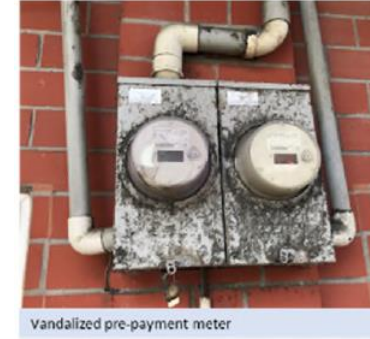
## 3. Approach/Solutions

- Separate TA-funded consultants to support reform program preparation;
- Focus on MEC achievement of existing reform goals and targets, and informing successive reform targets and measures;
- Use of *project* grant resources for reform measures' implementation, part and parcel of investment projects (e.g. the planned Power Network Strengthening – Phase Two)

## 4. Story behind the story

- One-off projects are easy; strategic partnership with MEC requires constant and deep engagement, and continuity to inform views of needs and expectations, and to build shared commitment.

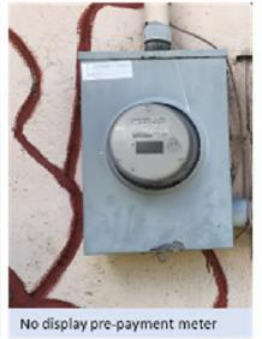




Vandalized pre-payment meter



Vandalized and tampered three phase meter



No display pre-payment meter



Jumbled service drops



Lightning arrester

Missing lightning arrestors



Un-fenced and open pad-mounted transformer



Un-fenced and open pad-mounted transformer

# Capacity Constraints - Real-World Consequences