



Papua New Guinea: Civil Aviation Development Investment Program - Tranche 2

Project Name	Civil Aviation Development Investment Program - Tranche 2								
Project Number	43141-043								
Country / Economy	Papua New Guinea								
Project Status	Closed								
Project Type / Modality of Assistance	Loan								
Source of Funding / Amount	<table border="1"><tr><td colspan="2">Loan 3069-PNG: Civil Aviation Development Investment Program, tranche 2</td></tr><tr><td>Ordinary capital resources</td><td>US\$ 115.00 million</td></tr><tr><td colspan="2">Loan 3070-PNG: Civil Aviation Development Investment Program, tranche 2</td></tr><tr><td>Asian Development Fund</td><td>US\$ 15.00 million</td></tr></table>	Loan 3069-PNG: Civil Aviation Development Investment Program, tranche 2		Ordinary capital resources	US\$ 115.00 million	Loan 3070-PNG: Civil Aviation Development Investment Program, tranche 2		Asian Development Fund	US\$ 15.00 million
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Loan 3070-PNG: Civil Aviation Development Investment Program, tranche 2									
Asian Development Fund	US\$ 15.00 million								
Strategic Agendas	Inclusive economic growth								
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development Private sector development								
Sector / Subsector	Transport / Air transport								
Gender	Effective gender mainstreaming								
Description	<p>The proposed Tranche 2 will establish a sustainable civil aviation network to support the economic growth of the country. The outcome will be safer, more secure, and more efficient all-weather access to air transport services in the project areas. There are three outputs: (i) reformed institutions to strengthen and sustain the operation of the National Airports Corporation (NAC), Papua New Guinea Air Services Limited (PNGASL), and Civil Aviation Safety Authority of Papua New Guinea (CASAPNG), which were established by 2011 under Tranche 1; (ii) improved infrastructure to improve airport infrastructure; and (iii) improved operations to provide air traffic management and navigation services in accordance with international best practices to meet the commercial needs of its customers and comply with domestic and international regulations. The executing agency (EA) for Tranche 2 will be NAC, which has experience in implementing the Investment Program, Tranche 1, and has been functioning efficiently in administering the current tranche. The EA will be responsible for design, supervision of civil works, and day-to-day implementation, financial management, and monitoring and evaluation. To complement EA's limited technical staff resources, consultants will be retained for these services. The government will form a project steering committee to oversee and monitor project implementation. The project implementation unit (PIU) will be integrated in the EA's management structure with NAC professional and technical staff as counterparts. The PIU continues its functionality in technical, procurement, financial, safeguards, monitoring, reporting. NAC has completed technical designs of civil works, including pavement rehabilitation and associated works, and security fencing and associated works, as part of advance action.</p>								
Project Rationale and Linkage to Country/Regional Strategy	<p>Civil aviation (i) supports the social and economic development of Papua New Guinea (PNG) by providing safe, efficient, reliable, sustainable, and affordable aviation services and infrastructure; (ii) gives all-weather access to the country and improves the mobility of communities; and (iii) provides access to noncommercial destinations, thereby meeting important service obligations to the community. Capacity constraints and deteriorating infrastructure, however, threaten the safety and security certification of airports and place these objectives at risk. The National Airports Corporation (NAC) has a well-articulated sector development plan for dealing with the risks but requires support to carry out the plan and meet its obligations. External funding to rehabilitate and upgrade the national airports and support their certification will advance the Medium Term Development Strategy objectives of economic growth, rural development, poverty reduction, and human resource development. Without the improvements, PNG's recent rapid economic growth may stall.</p>								
Impact	Economic growth and poverty reduction in project areas								
Project Outcome									
Description of Outcome	Safer, more efficient, and more accessible all-weather air transport services in the project areas								
Progress Toward Outcome	<p>Twelve (12) contract packages have been awarded as per the revised procurement plan (8 civil works and 4 goods contracts). Five (5) of the contracts are fully completed while 5 are over 80% (1 works and 4 goods) and nearing completion. ADB in July 2015 issued its approval for the major civil works contract package for Goroka Airport Upgrade and new Terminal Building. Contract was signed on 07 October 2015 and the project was physically completed in Q2, 2018. The airport upgrade and new terminal building was commissioned and opened for use in June 2018. A new Terminal Building contract package for Girua Airport signed on 04 Nov 14 was physically completed in March 2018 and also commissioned recently in May. ADB in February 2016 approved the Momote Airport Fencing. The fencing works was completed in July 2017. There were two additional packages added in the revised procurement plan to fully utilize the loan savings identified under the project due to low bids from contracts already awarded. This packages are the Tokua Airport Security Fencing and Tari Airport Upgrade. Tokua airport security fencing contract was signed on 24 May 2018 and works commenced in July, 2018. Tari airport upgrade was approved by ADB on 17 July 2018 and the contract was signed on 24 August 2018. The only remaining package under goods which is the Standby Gensets for Nazab/Tokua was approved by ADB on 19 September 2018. Contract signing is expected around October 2018. The Overall progress of the tranche is up to 78 percent complete. A revised procurement plan was approved by ADB in December 2017 and included the two additional works packages discussed above. A loan extension request for the tranche by the Borrower was approved in October 2017. The loan was extended by 15 months from the closing date of 30 September 2017 to 31 December 2018. A second loan extension was approved by ADB recently on 17 July 2018 extending the loan from 31 December 2018 to 24 November 2019.</p>								
Implementation Progress									
Description of Project Outputs	<ol style="list-style-type: none">1. Reformed Institutions<ol style="list-style-type: none">(i) Sustainable and focused operational units established for airports, air traffic services, property development, and regulatory oversight established.2. Improved Infrastructure<ol style="list-style-type: none">(i) Airside infrastructure meets safety and security certification requirements.3. Improved Operations<ol style="list-style-type: none">(i) Airport maintenance practices improved(ii) Runway lights for safe night landing operations introduced to meet airline safety requirements								

Status of Implementation Progress (Outputs, Activities, and Issues)	<p>1. Ongoing. Three entities NAC, PNGASL and CASAPNG established. ADB is working closely with NAC on institutional capacity development for the three entities, which includes the ongoing funding support for training, support to PMIA PPP initiative and ongoing maintenance of airport facilities.</p> <p>2. The following contract packages are completed under the MFF program.</p> <p>Tranche 1- Hoskins Airport Pavement Upgrade and Runway Extension, Port Moresby Jacksons Airport Parking Apron and Mt. Hagen Airport New Terminal Building.</p> <p>Tranche 2 - Vanimo Airport pavement upgrade, Simbu Airport pavement upgrade, Girua Airport Pavement Upgrade and new Terminal Building and Goroka Airport Pavement Upgrade and Extension and New Terminal.</p> <p>Security fencing projects for Kavieng, Hoskins, Wewak and Goroka were completed under Tranche 1.</p> <p>Under tranche 2, the security fencing for Momote Airport is complete, while fencing for Buka Airport is still at 70% physical completion.</p> <p>3. Instrument Landing System (ILS) for Port Moresby Jacksons airport was completed under tranche 1. Work on the CNS/ATM contract package under tranche 2 is currently ongoing and up to 80% completion.</p>
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Geographical Location	Nation-wide, Buka Airport, Chimbu Airport, Goroka Airport, Momote Airport, Popondetta Airport, Vanimo Airport
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Safeguard Categories	
Environment	B
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	Proposed pavement improvements and security fencing works will not result in any significant adverse environmental impact. All potential environmental impacts can be adequately mitigated and managed, and will be monitored. An environment assessment and review framework prepared for the Multitranchise Financing Facility and an Initial Environmental Examination, incorporating an environmental management and monitoring plan, has been prepared for all the subproject sites. The assessment procedures comply with ADB Safeguards Policy Statement requirements (2009). The project is classified category B for environment.
Involuntary Resettlement	Tranche 2 is not expected to involve land acquisition and resettlement impacts, as all subproject works will be undertaken within NAC or state owned land and the engineering design has been revised, such as realignment of fencing at Buka, to avoid resettlement impacts. In case any unanticipated impacts are identified during construction, a resettlement plan will be prepared according to the resettlement framework. The project's involuntary resettlement classification is category C.
Indigenous Peoples	Tranche 2 works will be undertaken within existing airport locations on NAC or state owned land without any impacts on customary land and are not expected to have adverse impacts on or target any distinct or vulnerable ethnic or tribal group. All subprojects will be implemented in a culturally appropriate and participatory manner. The project's classification is category C on indigenous peoples.

Stakeholder Communication, Participation, and Consultation

During Project Design	Consultations were held with provincial administration in subproject sites. Since there are no village communities around the immediate proximity of subproject sites and since all civil works will be carried out within NAC owned land, consultations were not considered beyond the airport perimeter area.
During Project Implementation	<p>NAC shall ensure that projects financed under the Facility do not have any indigenous people's impacts within the meaning of the Safeguard Policy Statement. In the event that project(s) do have any such impacts, NAC shall take all steps required to ensure that the project complies with the applicable laws and regulations of Papua New Guinea and the SPS.</p> <p>Tranche 2 works will be undertaken within existing airport locations on NAC or state owned land without any impact on customary land and are not expected to have adverse impacts on or target any distinct or vulnerable ethnic or tribal group. All subprojects will be implemented in a culturally appropriate and participatory manner. The project's classification is category C on indigenous peoples.</p> <p>NAC will maintain a Social and Lands officer (36 person months) and engage a Social Safeguards and Gender Specialist (international consultant, 8 person months) to assist NAC to manage social safeguard aspects. They will (i) update the due diligence reports ensuring that subprojects do not involve social issues during construction, (ii) prepare safeguard plans, if any unanticipated impacts identified; (iii) develop and implement consultation, participation and communication plan or strategies; (iv) assist in setting up and managing grievance redress mechanism; (v) identify, assess and mitigate any adverse social impacts; and (vi) prepare monitoring reports and assist in disclosure of relevant documents in line with ADB requirements. NAC has maintained national overall safeguards officer from Tranche 1 to current Tranches 2 and 3.</p>

Business Opportunities

Consulting Services	The government will form a project steering committee to oversee and monitor project implementation, including policy guidance and coordination, technical design and tendering, progress reports and audited accounts. The EA will be responsible for design, supervision of civil works, and day-to-day implementation, financial management, and monitoring and evaluation. To complement EA's limited technical staff resources, consultants will be retained for these services, in accordance with ADB's Guidelines on the Use of Consultants (2010, as amended from time to time). The PIU will be integrated in the EA's management structure with NAC professional and technical staff as counterparts.
Procurement	NAC will procure civil works, goods and equipment under a number of procurement packages through international and national competitive bidding and shopping in accordance with ADB's Procurement Guidelines (2010, as amended from time to time).

Responsible ADB Officer	Villareal, Maria Theresa J.
Responsible ADB Department	Pacific Department
Responsible ADB Division	Papua New Guinea Resident Mission (PNRM)
Executing Agencies	National Airports Corporation

Timetable

Concept Clearance	-
Fact Finding	-
MRM	13 Jun 2013
Approval	25 Nov 2013
Last Review Mission	-
Last PDS Update	28 Sep 2018

Loan 3069-PNG

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
25 Nov 2013	25 Feb 2014	16 Apr 2014	30 Sep 2017	24 Nov 2021	10 Oct 2022

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	155.00	Cumulative Contract Awards			
ADB	115.00	27 Feb 2023	112.69	0.00	100%
Counterpart	40.00	Cumulative Disbursements			
Cofinancing	0.00	27 Feb 2023	112.69	0.00	100%

Loan 3070-PNG

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
25 Nov 2013	25 Feb 2014	16 Apr 2014	30 Sep 2017	18 Sep 2021	10 Oct 2022

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	15.00	Cumulative Contract Awards			
ADB	15.00	27 Feb 2023	13.22	0.00	100%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	27 Feb 2023	13.22	0.00	100%

Project Page <https://www.adb.org/projects/43141-043/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=43141-043>

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