



Papua New Guinea: Civil Aviation Development Investment Program

Project Name	Civil Aviation Development Investment Program	
Project Number	43141-013	
Country / Economy	Papua New Guinea	
Project Status	Closed	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	MFF Facility Concept 0039-PNG: Civil Aviation Development Investment Program	
	Ordinary capital resources	US\$ 360.00 million
	Asian Development Fund	US\$ 120.00 million
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development Private sector development	
Sector / Subsector	Transport /	
Gender	Effective gender mainstreaming	
Description	The program involves upgrading and rehabilitation of airports identified under project 1: (i) Wewak, (ii) Hoskins, (iii) Gurney, (iv) Mt. Hagen, and (v) Jackson's domestic airport. The first tranche will finance the following under project 1: (i) Improvements in pavements and fencing identified as requiring emergency works to comply with ICAO safety and security standards; (ii) Support for (a) engineering design, preparation of bid documents, and procurement by the NAC; and (b) preparation by the NAC of investment proposals for subsequent projects and tranches for ADB approval; and (iii) Consulting services to NAC for the supervision of (a) airport improvement contracts for the five project 1 airports, and (b) long-term maintenance contracts for these five airports. In addition to the five airports, two others (Kavieng and Goroka) will have new security fences installed.	
Project Rationale and Linkage to Country/Regional Strategy	Civil aviation (i) supports the socioeconomic development of the country by providing safe, efficient, reliable, sustainable, and affordable aviation services and infrastructure; (ii) gives all weather access to the country and increases the mobility of communities; and (iii) serves important community needs by making noncommercial destinations more accessible. Capacity constraints and deteriorating infrastructure, however, threaten the safety certification of the airports and place these socioeconomic objectives at risk. The CAA's well articulated sector development plan (Civil Aviation Authority, 2008. Strategic Investment Plan. Port Moresby) addresses the risks, but the agency needs help in carrying out the plan and meeting obligations. External funding to rehabilitate and upgrade the national airports will support the Government's Medium Term Development Strategy (MTDS) objectives of economic growth, rural development, poverty reduction, and human resource development.	
Impact	The investment program will establish a sustainable civil aviation network to support the economic growth of the country. In that way, it will help meet the objectives of ADB's country strategy and program, particularly those for the transport sector, and the Government's MTDS objectives of (i) economic growth, (ii) rural development, (iii) poverty reduction, and (iv) human resource development.	
Project Outcome		
Description of Outcome	The investment program will result in safer, more secure, and more efficient all-weather access to air transport services in the project areas through (i) better airport facilities; (ii) safer and more secure air travel; (iii) more accessible markets, natural resource and mineral sites, and livelihood opportunities; and (iv) reduced costs of air travel to all the project areas. It will help achieve the Government's goal of securing and maintaining ICAO certification for the safety and security standards at its airport operations and facilities	
Progress Toward Outcome	NAC is implementing work in all three Tranche/Project 1 output areas, i.e: i) reformed institutions, ii) improved infrastructure and iii) improved operations, and is set to complete them by 2014. The Design Supervision Consultants (DSC) and individual consultants are assisting the Project Implementation Unit (PIU) and strengthening NAC's capacity to implement Project 1 and also subsequent projects.	
Implementation Progress		
Description of Project Outputs	The investment program will concentrate first of all on carrying out priority actions to comply with ICAO security and safety standards, and then on increasing capacity for growth in services. The outputs will be as follows: (i) rehabilitated airport infrastructure, including runways, taxiways, and aprons; (ii) upgraded runways and passenger terminals that can accommodate larger aircraft; (iii) communication, navigation, surveillance, and firefighting equipment; (iv) better maintained facilities; and (v) an institutionally strengthened and reformed CAA and its operational units. The inputs will comprise financing for civil works and consulting services in program administration, construction supervision, and support for the ongoing institutional reforms.	
Status of Implementation Progress (Outputs, Activities, and Issues)	Restructuring of former CAA is completed. Three separate entities - National Airports Corporation, PNG Air Services Ltd and Civil Aviation Safety Authority - have been established. The three institutions are fully operational. Security fencing construction work in Kavieng is completed as at June 2012. NAC signed the Port Moresby airport apron extension contract in May 2012 and work is ongoing. NAC also signed the contract for security fencing work at Hoskins, Goroka, Wewak and Gurney airport in August 2012 and contractor has now commenced work. NAC issued bids for Hoskins Airport Upgrade of the runway on 02 March 2012 and bids closed on 11 May 2012. PC approved award of contract on 18 January 2013 and No objection letter for award issued to NAC on 21 January 2013. NAC issued bids for Mt. Hagen terminal construction on 15 February 2012 and bids closed on 16 May 2012. PC paper approved Feb 12, 2013 and awaiting Govt approval for award. NAC is formulating initial work for asset management. Port Moresby Instrument Landing System (ILS) completed. PNG Air Services Ltd commissioned the ILS on 19 April 2011. ADB approved the contract award for the three fire equipment on 3 February 2012. NAC signed this contract on 27 April 2012. Shipment of the 3 Fire equipments is expected in March 2013.	
Geographical Location	Nation-wide	
Safeguard Categories		
Environment	B	

Involuntary Resettlement	B
Indigenous Peoples	B

Summary of Environmental and Social Aspects

Environmental Aspects	Measures taken as identified in the Initial Environmental Examination (IEE).
Involuntary Resettlement	Consultation with parties likely to be affected ongoing.
Indigenous Peoples	None.

Stakeholder Communication, Participation, and Consultation

During Project Design	An initial extensive program of consultation has taken place. During the PPTA fact-finding stage, a stakeholder analysis was carried out to identify the major important stakeholders, their interests in the proposed Program, their perceptions of current problems related to safety and security associated with aerodrome operations, passenger terminal logistics and civil aviation services, and the resources they could bring to the achievement of goals and objectives of the program. Meetings have been held at the national level with CAA, Ministry of Transport (MOT), Dept of National Planning and Monitoring, Dept of Treasury, Air Niugini Airlines, Airlines of PNG, PNG Air Services Ltd, PNG Airports Ltd, Australian Aid for International Development (AusAID), Transport Sector Support Program (TSSP).
During Project Implementation	There is continuing dialogue and consultation with all stakeholders through the Project Steering Committee Meetings held semi-annually. Regular monthly meetings are also held between the Executing Agency and PIU staff of ADB Country Office parallel to consultations held at higher level and lower levels of the Government bureaucracy associated with the project.

Business Opportunities

Consulting Services	Supervising consultants for detailed design and construction supervision -- Beca International was engaged as successful bidder and are supervising design for Tranche 2 of the MFF program.
Procurement	<ol style="list-style-type: none"> Jackson Domestic Airport Parking Apron extension: Construction underway. Security fences - Kavieng Security Fencing completed. Other Security Fencing (Gurney, Hoskins, Goroka and Wewak) currently under construction. Equipment: ILS for Port Moresby Jacksons International Airport completed and commissioned.

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

Timetable

Concept Clearance	28 May 2009
Fact Finding	18 May 2009 to 03 Jun 2009
MRM	15 Jul 2009
Approval	24 Nov 2009
Last Review Mission	-
Last PDS Update	21 Mar 2013

MFF Facility Concept 0039-PNG

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	565.00	Cumulative Contract Awards			
ADB	480.00	-	0.00	0.00	%
Counterpart	85.00	Cumulative Disbursements			
Cofinancing	0.00	-	0.00	0.00	%

Project Page	https://www.adb.org/projects/43141-013/main
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