Papua New Guinea: Civil Aviation Development Investment Program

Project Name: Civil Aviation Development Investment Program

Country / Economy: Papua New Guinea

Project Number: 43141-013

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

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 branch 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 services and 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 safety and security 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.

Geographical Location: Nation-wide

Safeguard Categories

Environment: B
Involuntary Resettlement

Indigenous Peoples

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
3. 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

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<tr>
<td>Concept Clearance</td>
<td>28 May 2009</td>
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<tr>
<td>Fact Finding</td>
<td>18 May 2009 to 03 Jun 2009</td>
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<td>MRM</td>
<td>15 Jul 2009</td>
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<td>Approval</td>
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MFF Facility Concept 0039-PNG

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<th>Financing Plan</th>
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