



Technical Assistance Report

Project Number: 53182-001
Transaction Technical Assistance Facility (F-TRTA)
April 2020

Preparing Projects to Enhance Transport Connectivity and Resilience in the Pacific

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
AACI	–	Airport Authority of the Cook Islands
DMC	–	Development Member Countries
FPCL	–	Fiji Ports Corporation Limited
FRA	–	Fiji Roads Authority
MOE	–	Ministry of Economy
MOI	–	Ministry of Infrastructure
TA	–	technical assistance

NOTE

In this report, “\$” refers to United States dollars unless otherwise stated.

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TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 53182-001	
Project Name	Preparing Projects to Enhance Transport Connectivity and Resilience in the Pacific	Department/Division	PARD/PATC
Nature of Activity Modality	Project Preparation Facility	Executing Agency	Asian Development Bank
Country	REG (COO, FIJ)		
2. Sector		Subsector(s)	
✓ Transport	Air transport	ADB Financing (\$ million)	
	Transport policies and institutional development		0.80
	Water transport (non-urban)		0.20
			1.00
		Total	2.00
3. Operational Priorities		Climate Change Information	
✓ Addressing remaining poverty and reducing inequalities		Climate Change impact on the Project	Low
✓ Accelerating progress in gender equality			
✓ Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability		ADB Financing	
✓ Strengthening governance and institutional capacity		Adaptation (\$ million)	0.75
✓ Fostering regional cooperation and integration		Mitigation (\$ million)	0.25
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 1.4, 1.5		Effective gender mainstreaming (EGM)	✓
SDG 5.c			
SDG 9.1, 9.4		Poverty Targeting	
SDG 10.3		Geographic Targeting	✓
SDG 11.2			
SDG 13.a			
4. Risk Categorization Low			
5. Safeguard Categorization Safeguard Policy Statement does not apply			
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		2.00	
Transaction technical assistance: Technical Assistance Special Fund		2.00	
Cofinancing		0.00	
None		0.00	
Counterpart		0.00	
None		0.00	
Total		2.00	
Currency of ADB Financing: US Dollar			

I. THE TECHNICAL ASSISTANCE FACILITY

A. Justification

1. The transaction TA facility will provide project preparation support to a series of ensuing projects comprising (i) the Suva Port Development Project in Fiji, and (ii) the Rarotonga Airport Infrastructure Upgrade Project in Cook Islands. All ensuing projects are in the transport sector. This TA is listed in the Regional Operations Business Plan for the Pacific in the period 2020-2022.¹

2. ADB's Pacific DMCs are scattered across 30 million km² of ocean – or one-third of the Earth's surface – while their combined landmass represents less than 2% of this total. The Pacific DMCs, with the exception of Papua New Guinea, can be characterized as small, remote, and fragmented island groups with limited resource bases, fairly undiversified economies, and dependent on imports. Pacific DMCs face severe constraints caused by geography, infrastructure, climate change impacts and increasingly frequent occurrences of disasters triggered by natural hazards.

3. The small size, isolation and high exposure to climate change and natural disasters of the Pacific DMCs make them extremely vulnerable. Six of these countries are classified as fragile, and all countries in the region exhibit multiple vulnerabilities.² These characteristics impede integration with regional and global markets and economic development. A safer, more efficient, and reliable transport, connecting people with essential goods, services, and opportunities – such as food, education, health care, and jobs – develops and improves quality of life.

4. The Pacific DMCs have made considerable progress toward increasing connectivity. However, there is still a pronounced need to increase connectivity across the region as a number of challenges remain to be addressed. Pacific DMCs need assistance to enhance transport connectivity and resilience of their transport through (i) maritime links between regions, countries and populations; (ii) airports and runways to link countries and communities; and (iii) road infrastructure and services to connect communities to key resources and economic opportunities. The TA will provide support to identify and prepare projects and provide policy advice for strategic planning with the aim of building strong, inclusive economies, while mitigating the key challenges that are associated with the geographic isolation and limited resources.

5. The ensuing projects are aligned with the operational priorities of Asian Development Bank's (ADB) Strategy 2030 of fostering regional cooperation and integration, by improving transport infrastructure in main transport gateways (airports, ports); building climate and disaster resilience by designing and constructing resilient transport infrastructure; and promoting rural development, by connecting rural populations to the resources they need.³ The TA facility modality enables more efficient TA management and greater flexibility in the range of solutions and support offered to Pacific DMCs under a single regional facility.

6. **Fiji.** The country of Fiji is an archipelagic nation with 110 inhabited island and a land area of about 18,300 km². Regionally, Fiji is one of the largest economies in the South Pacific and is centrally located, making it a natural regional hub for trade. The Port of Suva is Fiji's largest

¹ ADB. 2019. *Regional Operations Business Plan. Pacific. 2020-2022*. Manila. The six countries classified as fragile are Kiribati, the Marshall Islands, the Federated States of Micronesia, Nauru, Solomon Islands, and Tuvalu.

² ADB. 2016. *Pacific Approach 2016-2020*. Manila.

³ ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

container and general port, providing the maritime gateway to the country's capital city. Fiji Ports Corporation Limited (FPCL) is the commercial port management company operating the port.

7. A condition assessment conducted in 2019 found that key infrastructure elements of the port are in a very advance state of deterioration requiring immediate upgrade or rehabilitation within 5 years to extend the service life. In 2018, the port served about 1,300 vessels, including container vessels (108,092 TEU), cruise liners, and international fishing vessels. The port also acts as transshipment hub for the region, estimated at around 13% of total imports, or 7,054 TEU. The FPCL throughput projections for 2025 are 132,000 TEU, with a 3.5% growth per year. However, the location of the port, next to the central market and bus station, limits the ability of the port to expand and generates significant traffic congestion in the central business district of Suva.

8. Improvement of Fiji's seaports is required to continue serving as the major gateway for passengers and cargo connecting the country internationally and increasing transshipment. The relocation of the port is a key priority for the Government of Fiji, which requested ADB's support to conduct strategic review of maritime operations to identify new sites to relocate the port or shift some of the key operations to a new location. The study will review existing maritime policy and regulatory framework, assess the existing port condition and operation, and will identify and prioritize sites for potential port relocation.

9. **Cook Islands.** Cook Islands, located in the South Pacific Ocean, comprises 15 islands with a total land area of 240 km². The Rarotonga Airport is the country's only international airport gateway and is critical to the tourism industry which accounts for around 60% of the Gross Domestic Product. The annual growth rate of visitor arrivals is strong, averaging 6.4% in the last 20 years (1989 -2018) from 48,600 to 168,800. The current airport facility is facing numerous operational challenges including capacity constraints, congestion, safety compliance, and limited options for expansion and development of its passenger terminal's current location.

10. The runway pavement was built 46 years ago and is approaching the end of its useful life. Despite the efforts of the Airport Authority of the Cook Islands (AACI) to maintain the runway condition, it is in deteriorating condition due to increased frequency of flights and the introduction of large aircrafts. In addition, the runway end safety area is too short and poses a risk and does not meet the required International Civil Aviation Organization standards. During peak hours, current demand for aircraft parking is higher than the existing capacity. Since the official opening of the terminal building in 1973, the terminal was expanded in 2006, further upgraded both the arrival and departure areas in 2010. Despite the terminal expansions, the terminal is congested.

11. The Master Plan for Rarotonga international airport of the Airport Authority of the Cook Islands (the Master Plan) proposes airport development for the airside and landside for a 20-year period to 2040, with the intention to address compliance with prevailing standards, maintenance and repair requirements of critical infrastructure to meet the forecasted increasing demand.

12. The Government of the Cook Islands has requested ADB's support to identify, formulate, and prepare an investment project covering four key priority areas for improvements at Rarotonga international airport: (i) construction of runway end safety area in accordance with international safety standards, (ii) repair of runway pavement, (iii) extension of aircraft apron area, and (iv) expansion of passenger terminal building. The study will also update the Rarotonga International Airport master plan, assessing the performance, problems and opportunities in the air transport subsector, and updating traffic forecast, reviewing current air infrastructure capacity.

B. Outputs and Activities

13. The major outputs and activities are summarized in Table 1.

Table 1: Summary of Major Outputs and Activities

Major Outputs	Delivery Dates	Key Activities with Milestones
1. Suva Port – Strategic Review of Development Options in Fiji	December 2021	1.1 Review of the existing policy, regulatory and operating frameworks (Q4 2020) 1.2 Assessment of existing Suva port condition and operations (Princes Wharf, King's Wharf and Walu Bay Wharf).(Q1 2021) 1.3 Port development options – scoping and identification of new site (Q3 2021), including: <ul style="list-style-type: none"> • Technical analysis • Economic analysis • Financial analysis • Environmental analysis • Social safeguards analysis • Risk analysis • Multicriteria analysis • Private sector participation • Stakeholder consultation 1.4 Project preparatory activities: development scenarios, implementation/construction schedule.
2. Rarotonga Airport Infrastructure Upgrade Project in Cook Islands	September 2022	2.1 Air transport sector assessment (Q4 2020) 2.2 Traffic assessment and airport planning (Q4 2020) 2.3 Institutional assessment (Q4 2020) 2.4 Project implementation capacity assessment (Q4 2020) 2.5 Priority improvements, preliminary engineering and cost estimate (Q1 2021) 2.6 Economic, financial and financial sustainability assessment (Q2 2021) 2.7 Maintenance assessment (Q2 2021)

Q = Quarter, DMC = Developing Member Country
 Source: Asian Development Bank

14. Outputs will include gender analysis and collection of sex disaggregated data where possible.

C. Cost and Financing

15. The TA facility is estimated to cost \$2.0 million, which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources). The key expenditure items are listed in Appendix 1. The governments of Fiji and Cook Islands will provide counterpart support in the form of counterpart staff, office accommodation, office supplies, secretarial assistance, and

other in-kind contributions. The governments were informed that approval of the TA does not commit ADB to finance any ensuing project.

D. Implementation Arrangements

16. ADB will administer the TA. The implementation arrangements are summarized in Table 2.

Table 2: Implementation Arrangements

Aspects	Arrangements		
Implementation period	May 2020 – April 2025		
Executing agency	ADB		
Implementing agencies	MOE/FPCL, Fiji AACI, Cook Islands		
Consultants	To be selected and engaged by ADB		
	QCBS (90:10)	Suva Port – Strategic Review of Development Options in Fiji (30 person-months)	\$1.00 million
	QCBS (90:10)	Rarotonga Airport Infrastructure Upgrade Project in Cook Islands (28 person-months)	\$0.75 million
	ICS	(5 person-months)	\$0.25 million
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		
Asset turnover or disposal arrangement upon TA completion	Assets will be handed over to the respective government in each country upon TA completion.		

ADB = Asian Development Bank, TA = Technical Assistance, QCBS = Quality and Cost Based Selection, ICS = Individual Consultant Selection, MOE = Ministry of Economy, FPCL = Fiji Ports Corporation Limited, FRA = Fiji Roads Authority, AACI = Airport Authority of the Cook Islands.

Source: Asian Development Bank

17. **Consulting services.** ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated staff instructions.⁴ The TA will require the recruitment of two consulting firms, which will be selected and engaged by ADB using quality and cost-based selection (90:10). Selection of consultants commenced in February 2020 as an advance action in parallel to the TA processing. Mobilization of consultants is targeted for July 2020.

18. The TA will also require the recruitment of individual consultants to identify and prepare investment proposals in the countries covered by the TA. Individual consultants, international and national, with expertise in transport project preparation and ADB's due diligence, such as transport planning, roads and traffic engineering, maritime and air transport, economic and financial analysis, financial management, social and environment safeguards, or procurement will also be required. The individuals will be selected by ADB using Individual Consultant Selection. Inputs are indicative and may be realigned to the TA's requirements.

E. Governance

19. Since ADB is the executing agency, the financial management, procurement, and integrity risks during TA implementation are assessed to be low. However, thorough risk assessments for financial management, procurement, and integrity for ensuing investment projects implemented in the target countries will be conducted under the TA.

⁴ Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 3).

II. THE PRESIDENT'S DECISION

20. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$2,000,000 on a grant basis for Preparing Projects to Enhance Transport Connectivity and Resilience in the Pacific, and hereby reports this action to the Board.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
A. Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	1,200
ii. National consultants	125
b. Out-of-pocket expenditures	
i. International and local travel	250
ii. Surveys	150
iii. Training, seminars, and conferences ^b	50
iv. Reports and communications	25
v. Printed external publications	25
vi. Miscellaneous administration and support costs	50
2. Training, seminars, and conferences	
a. Venue rental and related facilities	25
3. Contingencies	100
Total	2,000

Note: The technical assistance (TA) is estimated to cost \$2,000,000, of which contributions from the Asian Development Bank are presented in the table. The government will provide counterpart support in the form of counterpart staff, office accommodation, office supplies, secretarial assistance, and other in-kind contributions. The value of the government contribution is estimated to account for 10% of the total TA cost.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-other sources).

^b Includes travel cost for staff acting as resource persons.

Source: Asian Development Bank estimates.

PROJECTS UNDER TECHNICAL ASSISTANCE FACILITY

Table A2.1: Indicative Consultants' Inputs Allocation
(person-month)

Item	Total	Suva Port – Strategic Review of Development Options in Fiji	Rarotonga Airport Infrastructure Upgrade Project in Cook Islands
		low risk	low risk
Maritime port operations specialist	8.0	8.0	0.0
Maritime structure specialist	6.0	6.0	0.0
Airport planner	6.0	0.0	6.0
Airport terminal architect	3.0	0.0	3.0
Airport pavement specialist	3.0	0.0	3.0
Civil engineer	8.0	2.0	6.0
Cost specialist	6.0	0.0	6.0
Civil aviation management/institutional specialist	1.0	0.0	1.0
Road and traffic engineering specialist	1.0	1.0	0.0
Transport economist	4.5	3.0	1.5
Financial specialist	4.5	3.0	1.5
Environment specialist	5.5	3.5	2.0
Marine ecologist	3.0	3.0	0.0
Gender and social development specialist	3.5	2.0	1.5

Source: Asian Development Bank

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=53182-001-TARreport>

1. Terms of Reference for Consultants - Rarotonga Airport Infrastructure Upgrade Project
2. Terms of Reference for Consultants - Suva Port Site Selection.pdf