

Pacific Aviation Investment Program

The Pacific Aviation Investment Program (PAIP) is a regional aviation program funded by The World Bank (WB). The Program will be implemented in four phases over a five to ten year period with Kiribati, Tonga and Tuvalu in Phase 1 and Samoa in Phase 2. The Solomon Islands and Vanuatu may be added later.

The total investment for the Program is approximately US\$114 mil; commencing with Phase 1 investments of US\$ 22.91 mil for Kiribati with an additional funding of approximately US\$18 mil funded by the Government of Taiwan; US\$ 27.2 mil for Tonga; US\$17.85 mil for Tuvalu and US\$ 20 mil for Samoa with an additional US\$ 8.02 mil through the European Investment Bank (EIB).

PAIP will focus on three main categories;

1. Infrastructure investments;
2. Aviation sector reform; and,
3. Strengthening the operations and management of regional airports.

All three areas are vital to the accomplishment of this development objective. Each of these three areas forms components of the Program.

1. Component A: Aviation Infrastructure Investments

This component will help in the investment of airport infrastructure so the international airports will be able to meet the ICAO safety and security standards, while preserving and extending the existing airport fee structure. The introduction of improved regional navigation and communication technologies will contribute to the regional safety and security process. The main goal will be improving safety and security as well as operational efficiency.

2. Component B: Aviation Sector Reform and Training

The Aviation Sector Reform and training will support sector reform both regionally and in the participating countries, although the projects for each country will be driven by the current status of reform efforts and local conditions. There will be financing from the Government of Australia (GoA) through the Pacific Regional Infrastructure Facility (PRIF), the regional reform activities will include preparation of a business plan for PASO, which will focus on its ability to meet its objective of improving regional aviation safety and security, and then financing PASO services for participating countries. There is a strong training/capacity building program:

- (i) Support to the Line Ministries and CAAs;
- (ii) Training programs will include regional training activities to capitalize on the benefits;
- (iii) Industry training through secondments.

3. Component C: Strengthening Airport Operations and Management Capacity

This component will aid the participating countries to manage and operate their airports, given domestic capacity restriction. Getting finances from the GoA through PRIF, it will also commence regional studies into:

- (i) Aviation supply;
- (ii) How to sustain regional aviation infrastructure;
- (iii) Managing revenue from the upper air space.

4. Component D: Project Support

This component will finance the support required by the various parties involved in the Program. This will include:

- (i) Incremental operating costs (IOC) for the Program countries to implement their project;

(ii) The costs of Project Support Teams (PSTs) in each country;

A key feature of PAIP is its unique implementation structure which focuses on the establishment of a centralized Technical and Fiduciary Services Unit (TFSU) based in Tonga which leads Program implementation across the Region. Inaugurated in 2012 with its Phase 1 countries, PAIP is currently in Year 2; in addition to that, the actual infrastructure works for runway overlays, terminal buildings, installation and upgrade of navigational aids and satellite communication networks are expected to commence tendering at various states in FY 13/14, with civil works planned to roll out through FY 13/14 and 14/15.

The PAIP program and investments have also attracted the attention of the wider Pacific Island region and other development partners. It is anticipated that this will result in wider regional investments in the sector designed to match the initiatives underway in the PAIP countries and to provide a further boost in the operational and regulatory safety and security levels across the Pacific Island region as a whole.