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Report No: PAD544

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR16.3 MILLION
(US\$25.0 MILLION EQUIVALENT)

TO THE

INDEPENDENT STATE OF SAMOA

FOR A

SAMOA AVIATION INVESTMENT PROJECT

FEBRUARY 3, 2014

Timor-Leste, Papua New Guinea & the Pacific Islands
Sustainable Development Department
East Asia and Pacific Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective December 31, 2013)

Currency Unit	=	Western Samoa Tala (WST)
WST2.30256	=	US\$1
US\$1.54000	=	SDR1
€1.37665	=	US\$1

FISCAL YEAR

July 1 – June 30

ABBREVIATIONS AND ACRONYMS

ADSB	Automatic Dependent Surveillance-Broadcast
APW	Faleolo International Airport
AWOS	Automatic Weather Observation Stations
CAD	Civil Aviation Division
CCTV	Closed-Circuit Television
CPS	Country Partnership Strategy
CQS	Selection Based on Consultants Qualifications
DA	Designated Account
EA	Environmental Assessment
EIB	European Investment Bank
EIRR	Economic internal rate of return
EMP	Environmental Management Plan
ESMF	Environmental and Social Management Framework
FM	Financial Management
FS	Financial Statements
GoS	Government of Samoa
IA	Implementing Agency
IAM	Infrastructure Assets Management Project
IBRD	International Bank for Reconstruction and Development
ICAO	International Civil Aviation Organization
IDA	International Development Association
IFR	Interim Financial Reports
IP	Indigenous Peoples
MALIAT	Multilateral Agreements on the Liberalization of International Air Transport
MIS	Management Information System
MNRE	Ministry of Natural Resources and Environment
MOF	Ministry of Finance
MWCSD	Ministry of Women, Community and Social Development
MWTI	Ministry of Works, Transport and Infrastructure
NCB	National Competitive Bidding
NSC	National Steering Committee
NZ	New Zealand

NZCAA	New Zealand Civil Aviation Authority
PAIP	Pacific Aviation Investment Program
PASO	Pacific Aviation Safety Office
PIASA	Pacific Islands Air Services Agreement
PICASST	Pacific Islands Civil Aviation Safety and Security Treaty
PICs	Pacific Island Countries
POM	Program Operations Manual
PPA	Project Preparation Advance
PRIF	Pacific Regional Infrastructure Facility
PSC	Program Steering Committee
PST	Project Support Team
PUMA	Planning and Urban Management Agency
QBS	Quality Based Selection
QCBS	Quality and Cost Based Selection
RPEC	Regional Procurement Evaluation Committee
SAA	Samoa Airport Authority
SAO	Samoa Audit Office
SARPs	Standards and Recommended Practices
SBD	Standard Bidding Documents
SSS	Single-Source Selection
SUNGO	Samoa Umbrella Non-Governmental Organization
TAL	Tonga Airports, Ltd.
TFSU	Technical and Fiduciary Services Unit
USOAP	Universal Safety Oversight Audit Programme
VCSS	Voice Communication Switching System
VFR	Visiting Friends and Relatives
VSAT	Very Small Aperture Terminal

Regional Vice President:	Axel van Trotsenburg
Country Director:	Franz R. Drees-Gross
Sector Director:	John A. Roome
Sector Manager:	Michel Kerf
Task Team Leader:	Christopher J. De Serio

SAMOA
Samoa Aviation Investment Project

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PAD DATA SHEET*Samoa**Samoa Aviation Investment Project (P143408)***PROJECT APPRAISAL DOCUMENT***EAST ASIA AND PACIFIC**EASNS*

Report No.: PAD544

Basic Information			
Project ID P143408	EA Category B - Partial Assessment	Team Leader Christopher J. De Serio	
Lending Instrument	Fragile and/or Capacity Constraints []		
Investment Project Financing	Financial Intermediaries []		
	Series of Projects [X]		
Project Implementation Start Date 31-Mar-2014	Project Implementation End Date 30-Jun-2019		
Expected Effectiveness Date 30-Jun-2014	Expected Closing Date 30-Jun-2019		
Joint IFC No			
Sector Manager Michel Kerf	Sector Director John A. Roome	Country Director Franz R. Drees-Gross	Regional Vice President Axel van Trotsenburg
Borrower: Independent State of Samoa			
Responsible Agency: Samoa Airport Authority			
Contact: Mr. Hoe Jerome Viali Telephone (685) 23-201 No.:		Title: General Manager Email: hoe.jerome@airportssamoa.ws	
Project Financing Data(in USD Million)			
[] Loan	[X] Grant	[] Guarantee	
[] Credit	[X] IDA Grant	[] Other	
Total Project Cost:	38.64	Total Bank Financing:	25.00
Financing Gap:	0.00		

Financing Source	Amount
BORROWER/RECIPIENT	5.00
IDA Grant	25.00
EC European Investment Bank	8.34
Pacific Regional Infrastructure Facility Trust Fund	0.30
Total	38.64

Expected Disbursements (in USD Million)

Fiscal Year	2014	2015	2016	2017	2018	2019			
Annual	0.25	2.75	9.00	9.00	2.50	1.50			
Cumulative	0.25	3.00	12.00	21.00	23.50	25.00			

Proposed Development Objective(s)

The project development objective is to improve operational safety and oversight of international air transport and associated infrastructure.

Components

Component Name	Cost (USD Millions)
Component A: International Airport Infrastructure Investments	32.52
Component B: Strengthening Policy and Regulatory Capacity, and Training	1.57
Component C: Strengthening Airport Operations and Management Capacity	1.58
Component D: Project Support	2.97

Institutional Data

Sector Board

Transport

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Transportation	Aviation	85		
Public Administration, Law, and Justice	Public administration-Transportation	15		
Total		100		

☒ I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

Themes

Theme (Maximum 5 and total % must equal 100)

Major theme	Theme	%
Trade and integration	Regional integration	80
Public sector governance	Administrative and civil service reform	10
Social protection and risk management	Natural disaster management	5
Environment and natural resources management	Climate change	5
Total		100

Compliance

Policy

Does the project depart from the CAS in content or in other significant respects?	Yes []	No [X]
Does the project require any waivers of Bank policies?	Yes []	No [X]
Have these been approved by Bank management?	Yes []	No []
Is approval for any policy waiver sought from the Board?	Yes []	No [X]
Does the project meet the Regional criteria for readiness for implementation?	Yes [X]	No []

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	X	
Natural Habitats OP/BP 4.04		X
Forests OP/BP 4.36		X
Pest Management OP 4.09		X
Physical Cultural Resources OP/BP 4.11		X
Indigenous Peoples OP/BP 4.10	X	
Involuntary Resettlement OP/BP 4.12		X
Safety of Dams OP/BP 4.37		X
Projects on International Waterways OP/BP 7.50		X
Projects in Disputed Areas OP/BP 7.60		X

Legal Covenants

Name	Recurrent	Due Date	Frequency
National Steering Committee (NSC)	X		Continuous

Description of Covenant			
The Recipient shall establish, by not later than sixty (60) days after effectiveness of the project, and maintain at all times throughout the project implementation period, the NSC with powers and composition satisfactory to the Association.			
Name	Recurrent	Due Date	Frequency
Project Support Team	X		Continuous
Description of Covenant			
The SAA shall establish, and thereafter maintain throughout the project implementation period, the Project Support Team with powers and composition satisfactory to the Association.			
Name	Recurrent	Due Date	Frequency
Safety and Security Levy	X		Continuous
Description of Covenant			
The Recipient, through SAA, shall, not later than September 30, 2014, and thereafter at all times throughout the project implementation period, collect from departing international air passengers a levy in a minimum amount equivalent to five Australian Dollars (AU\$5) to recover aviation safety and security expenditures incurred by the Recipient.			
Conditions			
Name			Type
Project Implementation Agreement			Effectiveness
Description of Condition			
The Recipient has entered into a Project Implementation Agreement with SAA.			
Name			Type
Service Agreement			Effectiveness
Description of Condition			
The Recipient has entered into a Service Agreement with the SAA and Tonga Airports, Ltd. for engagement of the Technical Fiduciary Services Unit.			
Team Composition			
Bank Staff			
Name	Title	Specialization	Unit
Christopher J. De Serio	Transport Specialist	Task Team Leader	EASIN
Christopher R. Bennett	Senior Transport. Spec.	Co-Task Team Leader	EASNS
Ronald R. Allan	Consultant	Economist	EASNS
Penelope Ruth Ferguson	Consultant	Environmental Safeguards	EASIS
MacKenzie Fallow	Consultant	Legal	LEGES
Agnieszka Grudzinska	Consultant	Institutional Development	EASNS

Stephen Paul Hartung	Financial Management Specialist	Financial Management	EASFM		
Beverly Ann McLean	Consultant	Social Safeguards	EASNS		
Marjorie Mpundu	Senior Counsel	Senior Counsel	LEGES		
Cristiano Costa e Silva Nunes	Senior Procurement Specialist	Procurement	EASR1		
Shruti Pandya	E T Temporary	Administrative Core Services	EACNF		
Dominic Pasquale Patella	Transport Specialist	Financial Analysis	SASDT		
Megan Rose Schlotjes	E T Consultant	Pavement Engineer	EASNS		
Charles E. Schlumberger	Lead Air Transport Specialist	Air Transport	TWITR		
Jinan Shi	Senior Procurement Specialist	Procurement	EASR1		
Daniel Jason Toga	Junior Professional Associate	Infrastructure	EASNS		
Nora Weisskopf	Consultant	Air Transport	TWITR		
Non Bank Staff					
Name	Title	Office Phone	City		
Katrin Bock	Business Analyst				
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Samoa	Null	Faleolo	X	X	

I. STRATEGIC CONTEXT

A. Country Context

1. Samoa is a small South Pacific country comprised of the islands of Upolu, which hosts the capital Apia, Savai'i, and seven smaller islands. More than 75 percent of its population of 186,000 lives on Upolu, with 20 percent in Apia. Samoa's inhabitants are 90 percent Polynesian, around seven percent are Euronesian, and the balance are either European or of mixed Asian-Polynesian descent.

2. Samoa is located in the "cyclone belt" near the earthquake generating "Tonga Trench". The majority of the population (some 80 percent) lives on a narrow coastal strip surrounding the two main islands. Since 1990, there have been five extreme cyclone events (hurricane strength), four of which caused massive damage, and a major tsunami. In general, Samoa's small and compact surface area (total of 2,820 sq. km) makes it particularly vulnerable to natural disasters and the impact of each event is likely to affect a large proportion of the country and population.

3. Gross national income per capita (current US\$) in 2012 was US\$3,260. In 2012 the service sector contributed some 63.2 percent to the country's gross domestic product (GDP)¹, and the primary sector (agriculture) contributed 9.9 percent of GDP. In spite of its small size relative to GDP, one third of Samoa's employment base is in agriculture. Although it has the smallest Pacific exclusive economic zone, fishing is also an important source of employment and livelihood. Remittances, averaging around 24 percent of GDP over the last 10 years, are a key contributor to economic livelihoods.

4. At more than 20 percent of GDP, tourism makes a significant contribution to Samoa's economy. With the exception of 2009 and 2010, when arrivals dropped slightly due to the impacts of the September 2009 cyclone, international tourism arrivals have increased steadily over the past decade, and were 38 percent higher in 2011 than in 2000. The vast majority of these visitors arrive by air. In 2011, accommodation and restaurant services directly engaged almost six percent of the employed population in the island of Upolu, and almost four percent in Savai'i. Visitor demand for agricultural, fishing and other food products, crafts, internal transport and other services underline the importance of tourism to the country and its people, and thus of efficient and functional aviation services to facilitate tourism.

B. Sectoral and Institutional Context

5. Aviation plays a vital economic and social role in Samoa's development. Most visitors, tourists and the crucial VFR (visiting friends and relatives) segment, rely predominantly on air transport. Furthermore, air connectivity is essential to meeting Samoa's educational and medical needs, and enables effective regional integration with its Pacific neighbors. Its geographic distance from main markets means that efficient air services are integral to the Government of Samoa's (GoS) drive to increase exports, especially those of low volume and high value that depend on fast delivery.

¹ 2012 GDP (current) was US\$677 million.

6. Samoa's remoteness, limited size, coastal settlement patterns and susceptibility to a host of natural disasters, make aviation crucial for effective disaster risk management, particularly in the delivery of relief aid. In emergency situations, air transport can effectively and efficiently bring in humanitarian cargo and aid workers to reach cut-off communities. Aircraft and helicopters also have the advantage of being able to survey large areas, scan affected zones for victims and assess damage on the ground. Ensuring the availability of resilient and appropriate air transport infrastructure is therefore critical.

7. The Samoa Airport Authority (SAA) operates Faleolo International Airport, the main international gateway, and the Asau and Maota airports on Savai'i. In addition, SAA is currently in the process of acquiring another small international airport, Fagali'i, located in Apia, previously owned and operated by the state-owned airline Polynesian Airlines that primarily provided short-haul services to American Samoa, as well as a limited number of domestic flights. Aerodrome upgrades at Faleolo International Airport were completed in 2000 under the IDA-financed Samoa Infrastructure Assets Management Project (SIAM) to comply with International Civil Aviation Organization (ICAO) operational standards. The level of SIAM investment was anticipated to meet a 10-year service life before further rehabilitation would be required, and this 10-year life has now been exceeded.

8. Three national airlines operate scheduled and non-scheduled domestic and international air services: Polynesian Airlines; Virgin Samoa (which is a joint venture between GoS, Virgin Blue, Aggie Grey's Hotel, and Virgin Australia); and the privately owned Samoa Air. In addition, Air New Zealand, Fiji Airways (formerly Air Pacific) and Inter Island Airways have been granted Foreign Air Operator Certificates for flights to and from Samoa.

9. Air transport in Samoa suffers from the challenges facing all smaller Pacific island countries (PICs): long routes with thin traffic and low freight levels constrain airline and airport profitability, placing high demands on professional management and regulations in an environment where highly specialized human resources are not readily available.

10. Aviation sector regulatory oversight is carried out by the Civil Aviation Division (CAD) of the Ministry of Works, Transport and Infrastructure (MWTI). Although Samoa does not have a self-standing Civil Aviation Authority, it has been in the forefront of PICs in introducing sector reforms in the aviation sector that aim to strengthen aviation safety and security:

- As a signatory to the Pacific Islands Air Services Agreement (PIASA), Samoa's decision to ratify the agreement in 2007 demonstrates a commitment to fostering an enabling environment that can promote regional market competition through potential new service routes. Samoa is also a party to the Multilateral Agreements on the Liberalization of International Air Transport (MALIAT) and the Pacific Islands Civil Aviation Safety and Security Treaty (PICASST). Samoa has accepted the 2009 amendment to PICASST expanding the functional jurisdiction of the Pacific Aviation Safety Office (PASO).
- Pursuant to PICASST, in 2008, Samoa entered into a Service Level Agreement with PASO for safety and security oversight, in addition to the agreement with New Zealand Civil Aviation Authority (NZCAA) signed in 2006.
- Airport regulation and airport management were separated in 1984, with the CAD in MWTI and SAA performing these functions respectively. A comprehensive Airport

Authority Act was enacted in 2012, which confirms the separation of airport operations, air traffic control and aviation security provided by SAA from safety and security regulatory functions performed by CAD. This act grants SAA the right to impose and collect fees, charges and levies for the provision of services.

- A recent regional Technical Assistance project supported by the Asian Development Bank (ADB) focused on “Institutional Strengthening for Aviation Regulation”. CAD, in coordination with Samoa’s Law Reform Commission, has been working progressively towards addressing some of the key identified issues. An updated Civil Aviation Act is currently with the Attorney General’s Office for approval, prior to submission to Cabinet.
- Airport operations have been commercialized under SAA, with strengthened financial management, business planning and accounting systems. Despite an unfunded public service obligation to maintain and operate the two Sava’ii domestic airports, SAA was finally been able to turn a modest profit in 2012.

11. Nevertheless, the reform agenda is far from completed and some urgent investments are needed to prevent deterioration of key airport assets:

- The latest ICAO Universal Safety Oversight Audit Programme (USOAP) audit conducted in 2010 identified 59 findings and benchmarked Samoa below global average in six of the eight critical areas. Samoa has submitted a Corrective Action Plan to ICAO and CAD estimates that approximately 40 percent of the findings have been addressed, but further assistance from PASO and/or NZCAA will be required to address all findings. A follow-up mission by ICAO is expected to occur soon.
- Samoa’s civil aviation safety and security oversight capacity is still limited. The main constraints are availability of human resources with appropriate skills and experience and very limited funding. The safety and security levy to be introduced under the Pacific Aviation Investment Program (PAIP) and the expanded role of PASO as coordinator and training provider, currently under consideration, would help address these constraints.
- The aviation sector in Samoa is fairly complex for a country of its size, with several airline operators, both private and state-owned, and four airports of potentially international significance. Although some investment priorities are identified in the National Infrastructure Strategic Plan, there is no detailed aviation sector policy/strategy based on a thorough analysis of impact and interrelations with other key sectors such as tourism, maritime and road transport, disaster and medical emergency response. There is no analysis of the affordability and sustainability of investments or of explicit and implicit public sector obligations. MWTI’s Policy and Planning division has recently commissioned an overall national transport strategy, which is consolidating all modal strategies, including the aviation sector, but it lacks the details required to be the basis for effective development of the sector.

12. **Rationale for World Bank involvement.** The World Bank, along with other development partners, is supporting a regional Pacific Aviation Investment Program (PAIP) that aims to improve aviation infrastructure, oversight and operations in participating countries. The project is one of a Series of Projects under this investment program, delivered through a programmatic approach with clear regional benefits, addressing critical infrastructure investments to meet international air transport safety and security requirements, and instituting a sustainable financing mechanism for regulatory oversight.

C. Higher Level Objectives to which the Project Contributes

13. Improving transport infrastructure remains a priority of both the Government's Strategy for the Development of Samoa (2012-2016) and the Bank's Country Partnership Strategy (CPS) (2013-2016). The CPS acknowledges that the level of finance required for aviation investments exceeds the national IDA allocation. In view of the potential regional cross-country spill-over effects of investments under PAIP, additional IDA Regional funding resources are being mobilized to support financing of the project. Consistent with the Bank's strategy, the project approach also seeks to mobilize partner resources that can contribute to the regional development agenda.

14. Tourism and external remittances are both fundamental to Samoa's long-term economic development. Given the aviation sector's vital role in small island states, the project is aligned with the World Bank's twin goals of reducing poverty and boosting shared prosperity by ensuring access and connectivity to global and regional markets for both business and leisure travel. The sector is also critical to facilitating resiliency in the event of Samoa's frequent natural disasters. Furthermore, sector investments support regulatory reforms consistent with the regional objectives of aligning aviation safety and security standards across the Pacific, which are supported by the ADB, Australian Aid, the Pacific Regional Infrastructure Facility (PRIF), and the World Bank.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

15. The project development objective is to improve operational safety and oversight of international air transport and associated infrastructure.

Project Beneficiaries

16. The primary beneficiaries are air travelers throughout the PICs, which include tourists, travelers visiting friends and relatives, public administration and business travelers, seafarers and seasonal agriculture workers, and recipients of education, training and specialized health services. Based on the number of available passenger seats departing Faleolo International Airport, beneficiaries could total as many as 200,000 travelers annually. National and regional administrative bodies, as well as personnel involved in air transport management, will also benefit through implementation of new financial mechanisms dedicated to strengthen regulatory and operational oversight. Air services are critical to disaster and emergency response, and airports must be capable of serving as a base of operations for search and rescue efforts. Other indirect beneficiaries are tourism-related services and seasonal labor markets.

PDO Level Results Indicators

17. Project outcomes will be monitored through four indicators: (i) Regulatory Certification of Safety and Security at Faleolo Airport; (ii) State requirements for safety, measured by

Universal Safety Oversight Audit Programme (USOAP) reaching global ICAO average²; (iii) Modernization of air traffic management, as measured by installation of Automatic Dependent Surveillance-Broadcast (ADS-B) and a Very Small Aperture Terminal (VSAT) system; and (iv) Implementation of a regional safety and security levy for departing international passengers.

III. PROJECT DESCRIPTION

A. Project Components

18. The project will invest in key international aviation infrastructure, navigational and communication equipment, as well as provide technical assistance and support capacity development for regulatory oversight, and operation and management of Samoa's aerodromes.

19. **Component A: International Airport Infrastructure Investments (approx. US\$32.52 million – IDA US\$20.76 million; EIB US\$7.52 million; GoS US\$4.24 million).** Carrying out of aviation infrastructure investments at the Faleolo airport, including: rehabilitation of airport runways, taxiways, and aprons; installation of new navigation aids, automatic weather monitoring, safety and security equipment, and air traffic control equipment; upgrading of generator capacity and installation of energy efficient equipment such as terminal lighting; provision of water storage tanks; security improvements such as closed circuit television; upgrading of runway lighting; provision or upgrading of fire safety equipment; provision of the VSAT secure communications system; and provision of the design and supervision consulting services required for implementation of the infrastructure investments.

20. **Component B: Strengthening Policy and Regulatory Capacity, and Training (approx. US\$1.57 million – IDA US\$0.69 million; EIB US\$0.41 million; PRIF Grant US\$0.30 million; GoS US\$0.17 million).** Carrying out of technical assistance and training designed to improve aviation sector management, policy, safety and security oversight; development of a national aviation policy; and safety and security oversight audits.

21. **Component C: Strengthening airport operations and management capacity (approx. US\$1.58 million – IDA US\$0.97 million; EIB US\$0.41 million; GoS US\$0.21 million).** Carrying out of activities to strengthen airport operations and management capacity, including among other things: studies to assess the current conditions of the aviation sector and airports; development of a strategic business plan; and training on aviation policy, management, and operations.

22. **Component D: Project Support (approx. US\$2.97 million – IDA US\$2.58 million; GoS US\$0.39 million).** Provision of support required for the project, including, among other things: technical, advisory, and administrative support to the PAIP Technical and Fiduciary Services Unit (TFSU) and the Project Support Team; and annual subscriptions for the operation of the VSAT infrastructure during project implementation.

² In Samoa an audit was conducted in 2010, which yielded 59 findings and a resulting lack of compliance of 56.43%. Under the project Samoa is to reach the current global ICAO average of 41.38%.

B. Project Financing

23. The choice of lending instrument is Investment Project Finance, as part of a Series of Projects (see Section C. below). Project financing will require a combination of resources, including IDA national and regional grant resources, as well as co-financing from the European Investment Bank (EIB), and grant funding from PRIF.

Project Cost and Financing

24. The total estimated project cost is approximately US\$38.64 million, financed by:
- (i) an IDA grant contribution of US\$25 million equivalent³;
 - (ii) EIB concessional lending in an approximate amount of US\$8.34 million, which includes (a) an EIB loan⁴ in an amount of US\$7.52 million applied towards the runway and apron civil works under Component A, and (b) an additional EIB Grant for technical assistance in an amount of US\$0.82 million;
 - (iii) A PRIF grant contribution of US\$0.30 million for purchase of PASO oversight services; and
 - (iv) Counterpart contribution in the form of foregone taxes in an amount equivalent to approximately US\$5.00 million.

The indicative financing plan is presented below.

Table 1: Financing Plan

Project Components	Project cost (US\$ m)	IDA Financing (US\$ m)	IDA %	EIB Financing (US\$ m)	EIB %	PRIF Financing (US\$ m)	PRIF %	GOS Financing (US\$ m)	GOS %
A – Aviation Infrastructure Investments	32.52	20.76	64	7.52	23	-	-	4.24	13
B – Strengthening Policy & Regulatory Capacity, & Training	1.57	0.69	44	0.41	26	0.30	19	0.17	11
C – Strengthening Airport Operations & Management Capacity	1.58	0.97	61	0.41	26	-	-	0.21	13
D – Project Support	2.97	2.58	87	-	-	-	-	0.39	13
Total Financing Required	38.64	25.00	65	8.34	22	0.30	1	5.00	12

25. *Project Preparation Advance and Retroactive Financing.* The Project Preparation Facility mobilized US\$350,000 in initial resources for several preparatory activities, including: (i) mobilization of consultant services for detailed design; (ii) technical evaluation of the airport's fire tenders; and (iii) preparation of social and environmental safeguard documentation and associated public consultations.

26. GoS has also requested that retroactive financing of up to SDR0.13 million (approximately US\$0.20 million) be included for eligible expenses paid from July 1, 2013.

³ The US\$25 million grant comprises a US\$5 million contribution from Samoa's national IDA allocation, supplemented by an additional US\$20 million of Regional IDA funding for the regional aviation program.

⁴ The EIB loan will be complemented by a European Union (EU) Investment Facility for the Pacific (IFP) grant to ensure that the effective interest rate meets IDA non-concessional borrowing terms.

C. Series of Project Objective and Phases

27. The Samoa Aviation Investment Project (SAIP) is the second phase of the PAIP, which began with the December 2011 approval of the first phase of an Adaptable Program Loan that includes Kiribati, Tonga and Tuvalu. The project represents a set of physical aerodrome improvements and institutional strengthening activities that are consistent with the framework outlined in the regional program.

28. Participation in the PAIP regional program is contingent upon a commitment by each country to meeting the following criteria:

- (i) *Agreement to implement PASO's recommended minimum regular scheduled safety and security oversight program for the country.* Samoa has already showed its commitment by signing a Service Agreement for PASO services (in line with PICASST). Fulfillment of annual oversight programs will be monitored during supervision of the PASO Reform Project (P145057) being implemented under PAIP. Available grant funding from PRIF in the amount of US\$300,000 for Samoa to purchase services from PASO has been confirmed.
- (ii) *Agreement to implement the separation of policy/regulatory functions from airport operations.* The separation of policy/regulatory functions from airport operations has already been implemented, with the Civil Aviation Division (of the Ministry of Works, Transport and Infrastructure) and the Samoa Airport Authority (SAA) performing these functions, respectively.
- (iii) *Agreement to implement at least an AU\$5 equivalent departing international passenger 'safety and security levy' dedicated to covering the costs of safety and security oversight through PASO and the Civil Aviation Division (CAD), as well as other safety and security related activities within CAD and SAA.* As of January 1, 2013, Samoa requires that a departure tax be included in all passenger tickets, which facilitates the collection of the required levy. The grant agreement includes a dated legal covenant requiring the GoS to begin collecting the levy by September 30, 2014.

D. Lessons Learned and Reflected in the Project Design

29. The Series of Projects structure enables the replication and scaling up of a regional program across countries, within a common objective and framework, and builds upon the lessons learned from previous phases:

- *Efficacy of Program triggers to achieve policy changes.* In particular, the trigger related to implementing a departing international passenger 'safety and security levy' has created regional spillover benefits by garnering significant interest from several of the neighboring countries currently not participating in the program, and demonstrating that an effective mechanism for improving the financial sustainability of air transport sector regulatory regimes is attainable.
- *Introduction of regional Communications, Navigation and Surveillance (CNS) systems creates regional spillovers.* Introduction of regional VSAT ground-to-ground communications network, for example, has created regional spillover benefits, as highlighted by the keen interest from other island states and donors. Preliminary

discussions to extend the network to other jurisdictions currently not participating in PAIP are underway. With multiple countries using the same equipment, a pool of expertise will be developed thereby enhancing local support and sustainability.

- *Refurbishment of fire tenders.* An intermediate result indicator for the Program is the achievement of appropriate fire standards at project airports, and the project is financing the acquisition of fire tenders. Recent bids for new fire tenders in Kiribati and Tuvalu have proven that: (i) the cost of a new fire tender that meets proposed requirements is far higher than expected (by about 30 percent); (ii) technologies used in new fire tenders and their maintenance requirements are not suitable for the operating environment; and (iii) the low grade diesel used in many Pacific Islands is not suitable for newer fire tenders. In light of this experience, refurbishment of current fire tenders will be considered prior to purchase of new equipment.
- *Airfield Asset Management.* The regional program is considering opportunities for the installation of a commercially available, off-the-shelf airfield pavement management system. The cost of the software can be shared among program participants. The acquisition will support Airport Authorities with systematic pavement monitoring to better capture trends in pavement deterioration to determine the timing and scope of maintenance interventions.
- *Baseline Audits for Results Measurement.* At the onset of PAIP, airports under Phase 1 were audited by the International Civil Aviation Organization (ICAO). This was to be used as a benchmark to evaluate the airport's compliance at the end of the program. As ICAO primarily measures oversight rather than infrastructure compliance, the results framework has been modified to use the outcome of a detailed assessment of all project aerodromes based on New Zealand Civil Aviation Rule (NZCAR) Part 139, which will be undertaken by either a third party Civil Aviation Authority, (e.g., New Zealand) or the Pacific Aviation Safety Office (PASO). This will then be used as a baseline for the indicator on "Regulatory certification of safety and security".

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

30. The grant recipient will be the Ministry of Finance (MOF). Pursuant to the Project Implementation Agreement, the project will be carried out by the Samoa Airport Authority (SAA), which is a legally autonomous State-owned Enterprise under MOF. Other line Ministries (Ministry of Works, Transport and Infrastructure – MWTI; Ministry of Natural Resources and Environment – MNRE; and Ministry of Women, Community and Social Development – MWCSO; and potentially others) will be directly involved, performing roles and implementing activities within their respective mandates. A National Steering Committee (NSC), comprising these and other key government stakeholders, will oversee coordination and monitoring of project implementation, as well as advise GoS on any concerns or issues that may arise with regard to project implementation. To complement the existing capacity of SAA during the implementation period, a project support team (PST) will be in place to support project activities within the Ministries and SAA. As a minimum, the PST will provide the services of a project manager, a project accountant and a project assistant.

31. The project will also benefit from regional implementation arrangements that have already been established and operationalized in the first phase of the program. This includes a Program Steering Committee, which includes representatives from the National Steering Committees of participating countries. The TFSU based within Tonga Airports, Ltd. (TAL) will provide additional capacity to support project management, procurement and financial management, including expertise in the areas of planning and budgeting, engineering and equipment specification, contract management, World Bank safeguards policies, monitoring and evaluation, and reporting requirements. The TFSU is already providing these services in all countries currently participating in PAIP. The TFSU will coordinate directly with SAA to ensure that the proposed project is implemented efficiently and in accordance with program objectives. A Service Agreement between MOF, SAA and TAL that outlines the roles and responsibilities of TFSU will be signed prior to effectiveness.

B. Results Monitoring and Evaluation

32. SAA will be responsible for ensuring the timely and accurate collection of the requisite indicator data. TFSU, which is responsible for results reporting for the regional program, will coordinate with SAA to complete and submit quarterly Program and Project Reports. The majority of the data for monitoring and evaluation, including baseline data, will be gathered with the support of TFSU. Safety and security audits conducted in 2010 provide a baseline for the project, and represent a key outcome for the program's ability to elevate compliance ratings across the region. Historical data on departing passenger traffic will be collected to monitor direct project beneficiaries. The project will monitor the percentage of local employees within the project, disaggregated by gender, although not as a formal indicator. The main outcome indicators for the project, as well as the intermediate indicators for each component, are provided in the Results Framework in Annex 1. The implementing agency will use specific technical and financial indicators defined in this framework to assess project progress and effectiveness.

C. Sustainability

33. Failure to comply with ICAO's safety and security standards can lead to the interruption or cessation of services from international airlines, causing major economic and social disruption. Ensuring the continued operability of both hard and soft aerodrome infrastructure assets is a fundamental aspect of the project. The regional program is evaluating opportunities for cost sharing of an airfield asset management system that will better enable optimization of life-cycle costs and maximize pavement performance.

34. In coordination with EIB, the proposed technical assistance to support the development of a strategic framework and a business plan for SAA is intended to improve fiscal sustainability and inform decision making on the medium term revenue and expenditure requirements for airport operations and maintenance. The implementation of a safety and security levy of AU\$5 equivalent per departing international passenger will provide a dedicated revenue stream to CAD to meet ongoing ICAO safety and security oversight and management requirements, as well as funding to pay for regulatory oversight services provided through PASO.

V. KEY RISKS AND MITIGATION MEASURES

A. Risk Ratings Summary Table

Risk Category	Rating
Stakeholder Risk	Moderate
Implementing Agency Risk	
- Capacity	Moderate
- Governance	Low
Project Risk	
- Design	Moderate
- Social and Environmental	Moderate
- Program and Donor	Low
- Delivery Monitoring and Sustainability	Moderate
Overall Implementation Risk	Moderate

B. Overall Risk Rating Explanation

35. Moderate risks that could affect the overall outcome of the project relate to the Government's commitment to strengthening regulatory oversight and to providing adequate fiscal resources for airport operations and management. This in turn could prevent Samoa from maintaining aerodrome certification or from ensuring that regulatory arrangements measure up to ICAO's global averages. These factors will be mitigated through the provision of technical assistance and through the collection of a passenger safety and security levy to provide revenue to cover safety oversight and help finance regulatory compliance. Implementation risks associated with lack of capacity will be mitigated through the engagement of TFSU and through the application of lessons learned from PAIP to date. The financial and human resources required to support the implementing entity with project activities will also be made available.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

36. *Economic Analysis.* Consistent with the methodology adopted for PAIP, an economic welfare approach has been used for modeling the project's cost-benefit analysis. The World Trade and Tourism Council's (WTTC) simulated 2010 Tourism Satellite Account (TSA) by Oxford Economics⁵ estimates that travel makes up 32.5 percent⁶ of the national economies of several states in the Oceanic region. Cessation of jet operations due to safety and security deficiencies at Faelolo International Airport would result in the withdrawal of international air

⁵ World Travel & Tourism Council. *Methodology for producing the 2010 WTTC/OE Travel & Tourism Economic Impact Research using a simulated Tourism Satellite Account framework*, Oxford Economics, March 2010

⁶ <http://www.wttc.org/>

services, and therefore in considerable loss of travel and tourist related income, with significant impacts to the national economy.

37. The analysis evaluated two scenarios in which jet operations cease either as early as 2018, or as late as 2023, and assumes a resultant loss of 25 percent of GDP. In the with-project case, the project is completed as soon as possible (by 2016) and with no recorded loss in GDP. In the without-project case, no action is taken until jet operations cease and the airport is forced to accelerate required investments to comply with ICAO standards. In addition, due to the rapidly deteriorating conditions of the apron, bi-annual emergency repairs are assumed to be executed to prolong its life. In both without-cases, it was assumed that once the disruption occurs, remedial work is immediately carried out in the following years and jet services resume by the end of year three. Further, it is assumed that half the lost travel GDP is regained in year four and all of it is regained in the fifth year.

38. Assuming that jet operations would cease in 2018 in the absence of the project, the economic internal rate of return (EIRR) is estimated at 85.9 percent and the net present value (NPV) of the project is US\$117 million at a 12 percent opportunity cost of resources. In case jet operations cease only in 2023 and remedial works are undertaken in 2024-25, the EIRR drops to 33.6 percent and the NPV to US\$72.4 million. Sensitivity analyses to account for variations regarding total project costs (upwards by 30 percent) and regarding impacts on travel GDP estimates confirm the project's economic viability as the EIRR remains close to 20 percent in the most conservative scenario.

Table 2: NPV and EIRR for without-project cases

	Year of Interruption to Traffic Due to Airport Condition	
	2018	2023
NPV @ 12%	117.0	72.4
EIRR %	85.9%	33.6%

39. *Financial.* A financial analysis of SAA was conducted on the basis of information derived from audited financial statements for 2009, 2010, and 2011, and unaudited financial statements for 2012. Conclusions of the analysis include the following:

- SAA's operating revenues have historically covered its operating expenses. Salaries and wages account for nearly 60 percent of SAA's operating expenditures. Political economy considerations may constrain SAA's ability to trim operating costs to a significant extent.
- SAA's historic level of capital investment appears insufficient to sustain the value of its assets. Though revenue generated from the AU\$5 departing passenger safety and security levy could potentially total between US\$0.8 – US\$0.9 million annually based on recent traveler trends, it is unlikely that the increase to SAA revenue streams can generate sufficient cash flows to fund the full cost of capital investment required to sustain the airport's assets.
- The weighted average age of the airport's asset base in 2012 was more than 25 years. The level of project financing has been calibrated to reflect the potential for substantive works, given the current runway and other aerodrome assets' lifecycle. Investments under

the proposed operation would rejuvenate SAA's asset base to an average asset age of 10-12 years.

40. *Fiscal Analysis.* SAA has historically received capital subsidies from MoF in the form of loans that were never serviced. Between 2009 and 2011, financing from MoF (approximately US\$1.48 million) was roughly equivalent to SAA's expenditures on plant property and equipment during the same period (approximately US\$1.39 million). In 2012 MoF converted earlier term loans to SAA into Government equity in a cumulative amount of WST31 million (approximately US\$13.9 million). Similar capital subsidies to SAA will likely be necessary in the medium to long term.

41. *Debt Sustainability.* Though the joint International Monetary Fund/World Bank (IMF-WB) debt sustainability analysis indicates that Samoa is currently at high risk of debt distress, the level of concessional project finance in the investment meets IMF-WB Debt Sustainability Framework for Low Income Countries and is consistent with the key targets identified in Samoa's Medium-Term Debt Management Strategy (2013-2015).

42. SAA executes an important public service that supports Samoa's development. There is therefore a compelling rationale for the central government to remain committed to ensuring that it can operate safe, sustainable, and cost effective airport services into the future.

B. Technical

43. Project investments will be made at the country's main international airport Faleolo (APW) located on Upolu Island. Faleolo airport has one asphalt runway (08/26) that is 3000 m long and 60 m wide. It was resurfaced in 2000 with transverse grooving in the overlay for the entire runway length to address hydroplaning issues. Longitudinal fatigue and circular cracking are visible at some locations on the runway, and particularly at the turning nodes. The pavement surface is dry and brittle. The apron and three taxiways also exhibit major distress and will require an overlay/rehabilitation. It is likely that without treatment the distressed areas will deteriorate faster, further adding to the break up and deterioration of the asphalt concrete (AC) layer. Premature failure of the apron and taxiways places increased emphasis on appropriate pavement design mix to ensure longer asset lifecycle. Pavement core sampling will provide a more rigorous initial analysis of the base condition to inform the pavement mix specifications for the detailed designs.

44. The regional rollout of ADS-B provides an appropriate low-cost technology solution that will improve aircraft monitoring and surveillance capabilities across the Pacific. As this is a new technology, a detailed roll-out study for all PAIP countries is currently underway, and is providing specifications for each country (e.g., numbers of ground stations and aircrafts to be equipped, etc.). Based on information provided in the study, appropriate equipment will be procured for Samoa.

45. Upgrading air traffic control tower and equipment, including the installation of a Voice Communications Switching System (VCSS), as well as the regional introduction of a ground-to-ground VSAT communication network, will modernize communication services to improve operational safety.

46. Other investments at Faleolo are consistent with relevant international standards⁷ on aerodrome safety and security, and include:

- Replacement of low intensity runway lighting with high intensity energy efficient LED runway lights to improve operational safety for night operations.
- Expanding CCTV coverage (which is currently limited to only the passenger screening area) to all parts of the Faleolo terminal building, thereby increasing the level of security.
- Potential refurbishment of fire tender vehicles (or investment in a new or refurbished vehicle), replacement of fire safety equipment (e.g., fire jackets), and advanced fire training (including live fire drills) will enable the aerodrome to meet emergency preparedness requirements under international regulations.

C. Financial Management

47. A Financial Management (FM) assessment of SAA has confirmed that the accounting system for project expenditures and underlying internal controls are adequate to meet fiduciary objectives and satisfy the Bank's OP/BP 10.00. The FM system has the capacity to produce timely, relevant and reliable financial information on project activities, and will allow the Bank to monitor compliance with agreed implementation procedures and appraise progress. Monitoring and management of Grant proceeds, including oversight of the associated Designated Account (DA), preparation of Statement of Expenditures for Withdrawal Applications, exercise of financial internal controls, review of interim financial reporting, and follow up of audit findings and mission findings will be handled by the Ministry of Finance jointly with SAA.

48. A Service Agreement with Tonga Airports, Ltd. to engage TFSU, which has been supporting the PAIP Program effectively, as well as providing country specific, project-level guidance on key implementation matters, will be in place prior to effectiveness. The Service Agreement defines the functions of TFSU in financial management, procurement, reporting and other activities. Reporting arrangements will be managed in coordination with TFSU, which has satisfactorily managed PAIP financial management to date and has sufficient capacity to manage these aspects under the project. The TFSU, which includes a Financial Manager and two experienced project accountants, is responsible for FM monitoring and consolidated reporting of the PAIP Program. The PAIP Program Operations Manual (POM) includes the Program FM Manual. Accounting software will be properly configured to meet accounting and reporting requirements.

D. Procurement

49. The procurement capacity assessment highlights risks related to accountability in evaluation and approval procedures, as well as adequacy of SAA staffing for effective oversight. SAA will put in place a project support team comprising at least three individual consultants, including a contract management or procurement officer. The use of simplified procurement procedures and templates, agreed with the Bank in January 2013 for the Pacific Region and in line with the Government's approval thresholds, will also help to mitigate procurement risks.

⁷ International Civil Aviation Organization and New Zealand Civil Aviation Regulations

50. SAA will be supported by TFSU, which has satisfactorily managed PAIP procurement activities to date and has sufficient capacity to manage these aspects under the project. TFSU, which includes a Lead Procurement Officer, two experienced procurement specialists, and a Contracts Management specialist, is responsible for procurement handling, monitoring and consolidated reporting of PAIP. The POM includes processes and procedures for handling procurement in accordance with World Bank policies. Annex 3 provides more details on project procurement arrangements, including an initial summary procurement plan.

E. Social (including Safeguards)

51. *Indigenous Peoples (OP/BP 4.10)*. Samoa is a homogeneous society with a predominantly Polynesian population, with the remainder mainly of mixed Polynesian/European/Asian descent. Ethnic groups are not distinguished in the Samoa Bureau of Statistics Population and Housing Census Report. Since the overwhelming majority of project beneficiaries in Samoa are Indigenous Peoples (IPs), no separate IP Plan will be prepared. There will be no new impacts on indigenous culture, language, customs, institutions or customary lands. As part of the social assessment was conducted, publicly consulted and disclosed both locally and through the World Bank InfoShop on November 18, 2013, and the results have influenced the design of the project in ensuring free and informed consultation and provision of social and economic benefits as a result of the improved airport infrastructure, for example potential income generation activities in reserved areas at and in the environs of the airport.

52. *Gender Aspects*. Samoa has 107 males for every 100 females. Women have higher levels of participation and achievement in post-primary education, but generally have considerably lower rates of participation than men in income generating occupations, with higher percentages only in professional and clerical categories. The Ministry of Women, Community, and Social Development (MWCSO), which is a member of NSC, is directly involved in the project, as it is generally considered to have the closest links to local communities through the Pulenu'u (Mayor) and Sui o le Malo (Women's Representative) who are the Government's points of contact in each village. MWCSO participated in consultations through its networks to ensure awareness of opportunities for participation, employment and income generation that the project may facilitate. As enhanced gender equality is not an intended direct outcome of the project, no specific project indicators are incorporated in the results framework, although gender participation in project activities such as training will be monitored.

F. Environment (including Safeguards)

53. The proposed project is Category B under Safeguard Policy OP4.01 Environmental Assessment. Project impacts are site-specific and none of them is irreversible; their mitigation is addressed in the Environmental Management Plan, which was disclosed both locally and through the World Bank InfoShop on November 18, 2013. Detailed design can avoid or mitigate many of the potential impacts, and there are standard practices and procedures that will satisfactorily mitigate impacts during construction and airport operation. The majority of environmental impacts will occur during the construction phase, particularly with the resurfacing of the Faleolo apron, runway and taxiway. Impacts during this phase include dust and noise emission, heavy traffic between the site and the quarry and landfill, disposal of milled material not reused in the project, management of storm water, and health and safety of workers and bystanders. Land

disturbances will occur within the footprint of the airport; however noise, dust and vibration may be experienced by those living and working at or near the airport and the transport route. Mitigation measures for construction impacts are addressed in the EMP and were discussed during public consultation. During operation, runway drainage will need to be managed. The source of aggregates is presently unknown, but there are at least six quarries on Upolu that could potentially provide appropriate materials. The EMP states that the identified quarry must have been issued development consent (similar to an environmental license) from the Planning and Urban Management Agency (PUMA).

54. The purpose of the proposed upgrades is not to increase the frequency of flights (although this may be an indirect impact). According to the Aeronautical Information Publication for Samoa, there are currently no curfews or noise abatement procedures. Although there are no operational controls in place, SAA has a Facilitation Committee for Faleolo Airport that convenes quarterly to consult airport stakeholders, and this forum could be used for raising and addressing noise issues. Local village residents are also employed in various roles at the airport, providing alternative communication channels to relevant authorities. MWCSO will play a lead role in convening communities during the consultative processes.

Annex 1: Results Framework and Monitoring

Samoa Aviation Investment Project (P143408)

Results Framework

Project Development Objectives

PDO Statement

The project development objective is to improve operational safety and oversight of international air transport and associated infrastructure.

These results are at | Project Level

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	End Target			
Regulatory certification of safety and security at project airport	<input type="checkbox"/>	Text	APW certified					Re-validation of certification of APW in accordance with CAR-Part 139.	Aligned with PASO oversight schedule.	CAR-Part 139 as adopted by CAD, which conforms to applicable portions of ICAO Annex 14.	CAD/TFSU
State requirements for safety measured by Universal Safety Oversight Audit Programme (USOAP) reaches global ICAO average	<input type="checkbox"/>	Percentage	56.43					41.38	End of Project	ICAO Audit	CAD/TFSU

Modernization of air traffic management	<input type="checkbox"/>	Text	No VSAT or ADS-B					VSAT or ADS-B operational	Once	Implementing Agency	SAA/TFSU
Implementation of a regional safety and security levy for departing international passengers	<input type="checkbox"/>	Text	No levy		AU\$5 collected	AU\$5 collected	AU\$5 collected	AU\$5 collected from each departing international passenger	Once	Executing Agency	MOF/MWTI/TFSU

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	End Target			
Navigation and safety aids fully operational	<input type="checkbox"/>	Percentage	0.00	50.00	100.00			100.00	Annual through completion	Implementing Agency	CAD/TFSU
Rehabilitation of APW pavement	<input type="checkbox"/>	Percentage	0.00	25.00	50.00	100.00		100.00	Annual through completion	CAD	CAD/TFSU
Achievement of Fire Standards at APW	<input type="checkbox"/>	Text	Category 8			Category 9		Category 9	once	CAD	CAD/TFSU
Successful implementation of agreed training plan	<input type="checkbox"/>	Text	No Training Plan					Training Plan completed	End-of-Project	CAD/SAA	CAD/TFSU

Project Development Objective Indicators	
Indicator Name	Description (indicator definition etc.)
Regulatory certification of safety and security at project airports	Although Faleolo airport is currently certified, Samoa Civil Aviation Division, with the support of Pacific Aviation Safety Office (PASO), will undertake a detailed assessment of Faleolo Aerodrome at the end of the project in accordance with Samoa Civil Aviation Rules (Part 139), which conforms to both NZCAR 139 and applicable portions of ICAO Annex 14 (international standards for aerodrome design and operations). If compliance is achieved, the Civil Aviation Division will issue certification of the aerodrome to Samoa Airport Authority (SAA).
State requirements for safety measured by Universal Safety Oversight Audit Programme (USOAP) reaches global ICAO average	USOAP audits focus on the State's capability for providing safety oversight by assessing whether critical elements of a safety oversight system have been implemented effectively. Audit teams also determine the State's level of implementation of safety-relevant International Civil Aviation Organization (ICAO) Standards and Recommended Practices (SARPs), associated procedures, guidance material and practices. The audit protocol is a comprehensive checklist, covering all elements of the State's safety oversight program subject to the audit. These audit protocols are used as the primary tool for conducting the audit. The extent (in percentage) of lack of compliance is determined based on the findings of the audit.
Modernization of air traffic management	The results indicator measures the completed and successful installation of Automatic Dependent Surveillance-Broadcast (ADS-B), an improved aircraft location monitoring system, and a Very Small Aperture Terminal (VSAT) system, a dedicated communications network, neither of which is currently available.
Implementation of a regional safety and security levy for departing international passengers	The result indicator will measure the successful introduction, collection, and expenditure accounting of the departing international passengers levy to cover costs associated with (a) services from the Pacific Aviation Safety Office, (b) maintenance of security and safety equipment, and (c) any expenditure to ensure effective safety oversight by the Civil Aviation Division and/or Samoa Airport Authority.
Intermediate Results Indicators	
Indicator Name	Description (indicator definition etc.)
Navigation and safety aids fully operational	Improved operational safety
Rehabilitation of APW pavement	Improved operational safety
Achievement of Fire Standards at APW	Improved operational safety
Successful implementation of agreed training plan	Capacity Development

Annex 2: Detailed Project Description

Samoa Aviation Investment Project (P143408)

1. The Project will focus on three main areas: (i) infrastructure investments; (ii) regulatory strengthening of the aviation sector; and, (iii) strengthening the operations and management of airports. All three areas are essential to the achievement of the development objective. Investments identified for inclusion will depend on the most pressing priorities and the availability of alternative sources of finance.

2. **Component A: International Airport Infrastructure Investments (approx. US\$32.52 million – IDA US\$20.76 million; EIB US\$7.52 million; GOS US\$4.24 million).** This component will invest in aviation infrastructure to enable Faleolo airport to meet ICAO safety and security standards, while preserving and extending the service life of existing airport assets. The focus will be on improving safety and security on the one hand, and operating efficiency on the other. Some of the equipment purchases will be coordinated between program countries, which will generate a regional public good of reduced servicing and replacement costs. Investment activities will be carefully planned and organized so as to avoid service disruption.

3. Specific activities will include:

- ***Resurfacing of Airport Pavements.*** Faleolo Airport runway shows numerous cracks, primarily in the touchdown zone, and turning nodes and both aprons and taxiways have been significantly damaged. As a matter of urgency, apron, taxi and the turning nodes at the end of the east runway will be renewed under the project. Localized repairs will be completed at the runway and the entire surface will be rejuvenated. Runways will also receive new markings. EIB will contribute concessional co-financing towards the runway and apron civil works.
- ***Upgrading of runway lighting.*** Faleolo currently uses low intensity runway lighting. As the airport operates precision instrument approaches, these will be upgraded to high intensity energy efficient LED lighting.
- ***Air Traffic Control Equipment.*** Provision of ceilometers, signal lamps, radios, backup generators/improved power supplies, along with the necessary communication and surveillance equipment.
- ***Air Navigation Aids.*** Provision of Automatic Dependent Surveillance-Broadcast (ADS-B)⁸, including ground stations and equipping of aircraft. Specifications will be based on a detailed ADS-B roll out study that is currently underway.
- ***Secure Communications.*** Provision of VSAT secure communications system. This will allow for voice and data communications on safety and security via a full-mesh closed network connecting regional CAAs, airports and air service providers. The activity

⁸ ADS-B is a new technology, which is part of ICAO's strategic plan for the Pacific. It allows for more efficient aircraft operations, as well as providing continuous location data, which is of value in case of emergency. All PAIP countries are introducing ADS-B.

includes procurement and installation of the network and a three year management contract for its operation. Design of the VSAT network is under way.

- **Power Supply and Operations.** Upgrading of generator capacity for disaster resiliency, as well as energy efficiency measures, such as LED runway lighting.
- **Fire Safety.** The airport currently operates with four fire tenders, with two not being fully functional. The project will either finance one refurbished replacement vehicle⁹ for the two inoperative vehicles or the refurbishment of the two vehicles. Sustainability of either option is being evaluated through a separate assessment financed as part of the Project Preparation Advance. Other necessary equipment and protective clothing for firefighters will also be provided.
- **Water Tanks.** Provision of two 100,000 liter water tanks for airport facilities.
- **Security Improvements.** Provision of closed circuit television (CCTV) equipment for the terminal and baggage handling areas.
- **Consulting Services.** Procurement of Design and Supervision consultants for aviation investments in two packages: (i) Design and Supervision for Runway works; and (ii) Design and Supervision for other key aviation infrastructure investments (e.g., navigation aids, communication systems, etc.).

4. **Component B: Strengthening Policy and Regulatory Capacity, and Training (US\$1.57 million including contingencies - IDA US\$0.69 million; EIB US\$0.41 million; PRIF US\$0.30 million; GoS US\$0.17 million).** This component will finance technical assistance to CAD to strengthen its capacity to provide effective safety and security oversight. This component may assist GoS in developing overall policy for the sector, particularly with regard to utilization of existing aerodromes, SAA's community service obligations, and air transport impacts and interrelations with other key sectors such tourism, maritime and road transport, disaster and medical emergency response. It will include, but will not necessarily be limited to, the following activities:

- **Samoa National Aviation Strategy.** This study will be financed by a grant from EIB. It will take stock of existing conditions in Samoa's aviation sector (e.g., policy, organization, infrastructure and external conditions). Based on this assessment and findings from the SAA Strategy and Business Plan, a list of recommendations will be formulated to support GoS in the development of a National Aviation Policy.
- **Support to CAD and Line Ministries.** The project will provide support to CAD and Line Ministries to improve various aspects of managing aviation infrastructure and operations, as well as civil aviation oversight, which may include, but not be limited to: (i) Advisory Services; (ii) Support with the negotiation of Air Service Agreements; and (iii) Implementation of agreed corrective action plans following ICAO audits.
- **PASO Oversight Programs.** On-going safety and security oversight functions in Samoa that are undertaken with assistance from PASO will be financed with support from a

⁹ According to ICAO Annex 14 the airport needs three vehicles with a total capacity of 18,200 liters. (The fire fighters operate with Performance Level B Aqueous film forming foams.)

PRIF Grant. The grant provides interim funding until such time that the Safety and Security Levy revenues provide a sustainable financing mechanism for payment of PASO oversight services.

- ***Training for CAD.*** The project will finance a training program to address project support needs, as necessary. This will also include industry training which would see staff seconded to similar agencies overseas. Training needs will be determined on the basis of a Training Needs Assessment.

5. **Component C: Strengthening Airport Operations and Management Capacity (US\$1.58 million including contingencies - IDA US\$0.97 million; EIB US\$0.41 million; GoS US\$0.21 million).** Airport management poses unique challenges for smaller island states, as they have limited human resources. In particular, there is an acute lack of local specialized management capacity to ensure consistent compliance with ICAO safety and security standards, as well as to develop long-term strategies for the sustainability of the main and secondary airports of the country. This component will help strengthen SAA through training in priority areas and the development of an integrated MIS system. Technical assistance may also be provided in areas such as the development of non-aeronautical revenues. The project will support activities designed to strengthen Samoa's airport operations and management capacity, which will include, but will not be limited to:

- ***Airfield Asset Management System.*** This activity will support regional procurement for the installation of a commercially available, off-the-shelf airfield pavement management system. This acquisition will provide software and requisite licenses to each of the Airport Authorities participating in the PAIP program for systematic monitoring of pavement conditions to determine the timing and requirements for maintenance interventions.
- ***Samoa Airport Authority Strategy (SAA) and Business Plan.*** This study will be financed by a grant from EIB. It will entail an assessment of current conditions at SAA Airports and will, in light of capacity constraints and traffic forecasts, develop a strategy as well as a business plan for SAA. The findings will also be used to update SAA's current Airport Master Plan.
- ***Training Needs Assessment and Training for SAA.*** A Training Needs Assessment will be conducted for both CAD and SAA. Training programs will address project support needs, as necessary, as well as industry training.

6. **Component D: Project Support (approx. US\$2.97 million – IDA US\$2.58 million; GoS US\$0.39 million).** This component will finance the support required by various parties involved in the Program:

- ***Project Preparation.*** A PPA has mobilized initial resources for several preparatory activities, including the development of a Social Assessment and preparation of the Environmental Management Plan.
- ***Support to the Technical and Fiduciary Services Unit (TFSU).*** TFSU will be responsible for preparing regional bid documents, supporting countries in the award and

management of contracts, and processing payments. It will provide overall support and guidance for the Project.

- ***Project Support Team.*** Funding will be used for the retention of a project support team responsible for managing all project activities in Samoa.
- ***Operating Costs.*** This activity will also finance incremental operating costs including office space and equipment for both PST and TFSU roles during implementation.
- ***VSAT Annual Subscription.*** The cost of annual subscriptions for the operation of VSAT infrastructure will be financed by this activity.

Annex 3: Implementation Arrangements

Samoa Aviation Investment Project (P143408)

Project Institutional and Implementation Arrangements

1. The executing agency, the Ministry of Finance (MOF), will establish and chair a National Steering Committee (NSC), with representation acceptable to IDA, to monitor and advise on implementation. NSC's key role will be to advise the Government of Samoa and respective Ministries on issues or concerns affecting project implementation and propose remedial actions accordingly.
2. Samoa Airport Authority (SAA) will be responsible for managing all project activities within its jurisdiction, signing contracts, monitoring implementation progress, providing authorization for contract payments, ensuring environmental and social safeguards compliance in accordance with World Bank policies, and reporting on progress. A Project Implementation Agreement between MOF and SAA will include obligations to be carried out during implementation, including but not limited to: establishing the Project Support Team; providing the required resources for implementation of project activities; and maintaining a Service Agreement between MOF, SAA and Tonga Airports, Ltd. (TAL) for support from the Technical and Fiduciary Service Unit (TFSU).
3. A Project Support Team (PST) comprised of (i) a full-time Project Manager with experience of large, complex infrastructure operations, (ii) a part-time project accountant, and (iii) a part-time administrative assistant (either hired by SAA or from existing staff) will be put in place to assist the SAA project team.

Regional Institutional and Implementation Arrangements

4. The PAIP program is led by a Program Steering Committee (PSC), comprising the Chairperson of NSC (or a designated representative) from each of the participating countries, a designated representative of PASO, the PAIP Director of TFSU, and others as appropriate. It meets on a quarterly basis to review and evaluate Program implementation progress. The PAIP Director chairs the PSC and the PAIP Program Manager acts as Secretariat.
5. TFSU has been established within TAL for coordinating regional program activities and supporting project-level implementation. TFSU will work closely with SAA and PST, in accordance with the Service Agreement, to ensure that efficient and effective management and administrative practices are followed throughout project implementation.
6. TFSU consists of the following full-time consultants:
 - (a) *Program Director*, responsible for coordinating the Program between participating countries and helping to manage resources and timing of the Program;
 - (b) *Program Manager*, responsible for day to day management of the Program and TFSU;

- (c) *Financial Manager*, responsible for managing, coordinating, and overseeing the Program's financial management systems and procedures, in accordance with the Financial Management Manual (FMM) and other framework documents;
- (d) *Project Accountants*, responsible for supporting the Project on procedural requirements for day to day payment processing, accounting and financial reporting and for providing financial management training, support and advice to the Project;
- (e) *Contracts Manager*, responsible for day to day contract management support for the Program;
- (f) *Contracts Administration Officer*, to provide assistance to the Contracts Manager in managing contracts;
- (g) *Lead Procurement Specialist*, responsible for management of the Program procurement process;
- (h) *Procurement Officers*, to provide assistance to the Lead Procurement Specialist in managing procurement; and
- (i) *Team Assistant/Coordinator*, responsible for supporting the administration/co-ordination of the Program.

7. Part-time consultants will be periodically utilized in the following roles to provide a qualified cadre of experts to advise the Program Director and PSTs on relevant aspects of the project:

- (a) Financial Advisor;
- (b) Aviation Procurement Specialist;
- (c) Aviation Technical Specialist/s;
- (d) Environmental/Safeguards Specialist;
- (e) Electrical Engineer;
- (f) Building/ Structural Engineer; and
- (g) Pavement Engineer.

8. To accommodate the additional workload expected with the Program's expansion into Phase 2, TFSU will likely add three new staff: an additional project accountant; an additional procurement officer; and a contracts administrator. The TFSU Program Manager role, which was previously responsible for the Tonga project management, has been split such that there will be a TFSU Program Manager and a Tonga Project Manager. The Program Manager role will be financed through TFSU cost-sharing, and the Tonga Project Manager role will be financed by the Tonga grant.

Program Administration Mechanisms

9. A Regional Procurement Evaluation Committee (RPEC) convenes to conduct bid/proposal evaluation and makes civil works contract award recommendations for bid packages that will be tendered for activities involving more than one country. The committee consists of a TFSU representative and a technical specialist from each implementing agency. For this project, a technical specialist/representative appointed by SAA will participate in the committee to advise on technical requirements and to conduct the evaluation of bids/proposals

for related Program activities. RPEC is chaired by the PAIP Director, with the TFSU as Secretariat.

10. A Service Agreement between MOF, SAA and TAL sets forth the relationship between TAL (through TFSU) and SAA (and PST) regarding project and program implementation. The share to be financed out of grant proceeds by each signatory will be specified and will be the basis for disbursements under the Grant.

11. A Program Operations Manual (POM), which includes the Financial Management Manual, has been developed by TFSU to guide all implementation participants, particularly implementing agencies, in the management of project activities. Terms of Reference for TFSU positions are included in the POM. The POM has been updated to reflect the Samoa project, and provides details on institutional roles and responsibilities for safeguards procedures, monitoring and evaluation for reporting, contract management, and scheduling. It describes the operating principles for the Steering Committees. The FM Manual and Procurement Plan requirements will guide fiduciary oversight.

Financial Management, Disbursements and Procurement

Financial Management

12. The financial management assessment was carried out in accordance with the “Principles Based Financial Management Practice Manual” issued by the Board on March 1, 2010. Overall, the financial management arrangements satisfy the financial management requirements stipulated in OP/BP 10.00, subject to implementation of agreed actions and mitigating measures. Financial management risk is rated “Moderate.” The main financial management risks relate to SAA’s lack of experience in working with Bank-financed projects, and potential coordination issues between SAA, TFSU and MOF. To mitigate against these risks: (i) a Program FM Manual (as a part of the POM) detailing the roles and responsibilities of all parties concerned and specifying FM procedures and regulations of the Program will be adopted; (ii) a Service Agreement between MOF, SAA and TAL will be signed, which outlines FM roles and responsibilities of the parties and enables TFSU to provide support to SAA, including oversight of project FM arrangements; and, (iii) an accountant will be hired to maintain project financial records within SAA. Accounting software has been installed, is operational and is capable of producing requisite reports.

13. Budgeting Arrangements. In consultation with MOF and NSC, SAA will prepare and submit a project budget covering the life of the project, for consolidation by TFSU. Based on this annualized budget, an annual procurement plan, works schedule, and disbursement plan will be prepared to detail how the budget will be managed and expended. Details will be provided in the Program FM Manual.

14. Accounting and Staff Arrangements. TFSU will provide oversight of accounting services for the entire Program. The Samoa project funds will be managed through MOF; however the preparation and reporting will be completed by SAA. SAA will maintain a set of reports and the transactions will be reconciled back to the payments made by MOF on a monthly basis. TFSU

uses QuickBooks accounting software and project accounts at SAA will be required to be maintained with Quick Books or a compatible package (agreed to by the parties) which has sufficient functionality to: (i) record all financial payments under the Program; (ii) report in formats acceptable to IDA; and (iii) perform bank reconciliations. A contracts commitments register will also be maintained.

15. TFSU includes a Financial Manager and two experienced accountants. SAA's PST will also include a project accountant. The Financial Manager, with support from the Accountant in TFSU, will provide guidance to, and coordinate with the PST accountant.

16. Internal Controls. The POM outlines project processes and procedures. These will incorporate any specific requirements for the arrangements in Samoa. Internal controls for the processing of payments through MOF will be governed by the Public Finance Management Act and other MOF regulations and practice.

17. Fund Flow. A pooled designated account (DA) will be opened at the Central Bank of Samoa to include both the IDA and EIB funds. MOF, which will be responsible for managing the DA, has extensive experience in managing Designated Accounts. As part of the IFR reporting requirements, a breakdown of DA funds between IDA and EIB will be required. Withdrawal applications will be prepared by SAA and MOF, and submitted to the Bank, with a copy to TFSU for program oversight. The project will be able to use any of the four disbursement methods: (i) direct payment; (ii) replenishment; (iii) reimbursement; and (iv) special commitment. The DA will be used for relatively small disbursements related to local purchases of goods and services, project management support and operating costs.

18. Reporting Requirements. Quarterly Interim Unaudited Financial Reports (IFRs) will be submitted to IDA not later than 45 days after the end of each reporting quarter. The report will be prepared by SAA and reviewed by TFSU and MOF; MOF will submit the final report to the Bank. The current accounting software will be configured to produce IFRs in the format to be agreed during initial stages of implementation. The format will enable any tax payments to be segregated and will show both receipts and payments for each source of funding. A consolidated report may also be produced to meet management needs.

19. Annual Project Financial Statements (FS). FS will cover all transactions of project components and activities. FS will be prepared on a modified cash basis in accordance with international and national accounting standards. FS will consist of:

- A Statement of Sources and Uses of Funds that includes all Cash Receipts and Payments, and payments by third parties on behalf of the entity.
- The Accounting Policies Adopted and Explanatory Notes. Explanatory notes should be presented in a systematic manner with items on the Statement of Cash Receipts and Payments being cross referenced to any related information in the notes. Examples of this information include a summary of fixed assets by category of assets, and a schedule of grant withdrawals, listing individual withdrawal applications.
- A Management Assertion that IDA funds have been spent in accordance with the intended purposes as specified in the IDA Grant Agreement.

20. External Audit Arrangements. Audit of Project Financial Statements will be conducted by the Samoa Audit Office (SAO), which is the auditor for all government agencies and World Bank projects managed by government agencies in Samoa. Annual audits of the project's financial statements will be required for the life of the Project and are required to be received by the World Bank within six months of the end of the fiscal year for which the reports have been audited. In addition, a copy of the SAO management letter outlining matters that have arisen during the audit should also be provided to the World Bank. The annual FS and audit reports will be made publicly available through the project web sites.

Disbursements

21. It is anticipated that the majority of disbursements will be made through direct payment to suppliers, contractors and consultants for eligible expenditures incurred. The minimum application level for direct payment is set in the disbursement letter. The DA will have an authorized ceiling as stated in the Disbursement Letter. Replenishment applications will be submitted monthly or when the DA is drawn by one-third of the authorized ceiling, whichever occurs first.

22. Project Preparation Advance (PPA). A PPA in the amount of US\$350,000 (less than one percent of the IDA grant) is in place to enable SAA to undertake activities supporting project preparation that are consistent with the PDO, and which have been procured in accordance with applicable Bank procurement procedures. PPA funded activities include: (i) advance procurement of detailed engineering and supervision services for runway works, which include preliminary engineering investigations (e.g., pavement core sampling and test pits for the Faleolo runway and apron); (ii) engagement of social and environmental specialists to coordinate safeguard compliance; and (iii) a fire tender evaluation to determine estimates for refurbishing vehicles and safety equipment condition review.

Project Withdrawal Categories

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (exclusive of Taxes)
Goods, works, non-consulting services, consultants' services, Training, TFSU Costs and Operating Costs for the Project, excluding Components B.2 and C.2	16,070,000	100
Refinancing of PPA	230,000	Amount payable pursuant to Section 2.07 of the General Conditions
TOTAL AMOUNT	16,300,000	

Procurement

23. The procurement capacity assessment identified risks related to institutional capacity and decision making process in handling contracting procedures. The project's overall procurement risk is rated as *substantial*. A key Program-level mitigation measure that addresses identified capacity constraints and supports regional harmonization includes the utilization of TFSU, which will be responsible for coordinating and handling all procurement activities up to contract signing, as well as support with contract management during implementation. Contract signing will be the responsibility of SAA.

24. The following measures were agreed with SAA:

- *Measures completed during preparation.* A Service Agreement between TFSU and SAA, outlining the roles and responsibilities in procurement and contracting processes, has been signed and supported preparation activities financed from the PPA.
- *Measures to be completed at the start of the project.* Procurement training will be provided by TFSU procurement specialists at the launch workshop.
- *Measures to be carried out throughout project implementation.* TFSU will be responsible for managing the procurement process, but procurement recommendations for award and other procurement decisions will be made either by RPEC (for regional packages) or SAA (for country specific packages). SAA will be responsible for managing all project activities within its jurisdiction, including contract award and signature, monitoring implementation progress, providing authorization for contract payments and providing progress reports for consolidation by TFSU. All procurement processes and documents will be handled by SAA, with the support of TFSU, in accordance with World Bank procurement guidelines. SAA will liaise directly with the Office of the Attorney General, Tenders Board and the Cabinet, for all goods, works and services valued above WST200,000 (Tenders Board) and WST500,000 (Cabinet), respectively, to inform and/or seek endorsement of relevant procurement outcomes during various stages, as may be required. An appropriate procurement record keeping and monitoring system (including adequate document storage) will be established, operated and managed by TFSU.

25. Procurement will be carried out in accordance with: World Bank's "Guidelines: Procurement Under IBRD Loans and IDA Credits" dated January 2011; "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011; and the specific provisions stipulated in the Grant Agreement.

Table A3.1 – Procurement Methods and Review Thresholds

Procurement Methods	Procurement Thresholds	Prior Review Thresholds
Goods:		
International Competitive Bidding	≥US\$500,000	All contracts subject to prior review
Shopping	<US\$500,000	First shopping contract subject to prior review
Direct Contracting		All contracts subject to prior review

Procurement Methods	Procurement Thresholds	Prior Review Thresholds
Works:		
International Competitive Bidding	≥US\$1,000,000	All contracts subject to prior review
Shopping	<US\$1,000,000	First shopping contract subject to prior review
Force Account (FA)	Applies only to emergency repair works, with the total amount not exceeding US\$50,000.	All FA works subject to prior review
Selection of Consultants:		
Selection Methods	Applicability	Prior Review Thresholds
Firms (QCBS, QBS, LCS, CQS and SSS)	In accordance with the World Bank's Consultant Guidelines	≥US\$100,000 (exception made to SSS, where all contracts under SSS subject to prior review)
Individuals		≥US\$50,000 (exception made to SSS, legal and procurement related assignments, where all contracts are subject to prior review)

26. Procurement of Works. Works will be procured through International Competitive Bidding (ICB) by using the World Bank's Standard Bidding Documents (SBD). Works costing less than US\$1,000,000 may be procured through Shopping. Because of a lack of contracting capacity, no National Competitive Bidding (NCB) procurement is planned, so NCB provisions are not included under the Program. Civil works to be procured are shown in Table A3.2.

27. Procurement of Goods. Goods estimated to cost US\$500,000 equivalent or more would be procured through ICB procedures. All ICB procurement will be done using the appropriate World Bank Standard Bidding Document (SBD). Off-the-shelf goods with value of less than US\$500,000 may be procured through Shopping. Direct Contracting may be used in exceptional circumstances, as stated in paragraph 3.7 of the Procurement Guidelines. Goods to be procured are shown in Table A3.2.

Table A3.2 – Summary of Procurement of Works and Goods

Description	Procurement Package Number	Procurement Method	Prequal.	Review by Bank	Expected Bid Opening Date	Estimated Cost (US\$)
Works						
Resurface Runway, Apron and Markings	S-A15.4	ICB	N	Prior	14-Nov-14	\$20,100,000**
Maintenance Equipment Building	S-A19	SHP	N	Post	18-Feb-15	\$150,000
Sub-Total						\$22,150,000
Goods						
Automatic dependent surveillance-broadcast (ADS-B)	S-A03	ICB	N	Prior	20-Mar-15	\$400,000
Air Traffic Control Equipment (incl VCSS)	S-A05	ICB	N	Prior	20-Mar-15	\$470,000
VSAT	S-A06.1	SHP	N	Prior	16-Oct-14	\$120,000
Improved Power Supply	S-A07	ICB	N	Prior	10-Apr-15	\$1,270,000

Description	Procurement Package Number	Procurement Method	Prequal.	Review by Bank	Expected Bid Opening Date	Estimated Cost (US\$)
Fire Tender Vehicle	S-A08	ICB	N	Prior	21-Oct-14	\$920,000
Fire Safety Equipment for Fire Crews	S-A09	SHP	N	Post	10-Oct-14	\$100,000
Airfield lighting and cabling	S-A13	ICB	N	Prior	20-Mar-15	\$600,000
Water Tanks (2 x 100,000L)	S-A31	SHP	N	Post	15-Apr-14	\$100,000
Closed-Circuit Television (CCTV)	S-A32	SHP	N	Post	15-Sep-14	\$50,000
Asset Management System (ASM)	S-C06	ICB	N	Prior	11-Jun-15	\$500,000
Sub-Total						\$4,530,000

ICB=International Competitive Bidding; SHP=Shopping

** - Jointly-financed by IDA and EIB

28. Selection of Consultant Firms. Consulting contracts expected to cost more than US\$300,000 equivalent per contract would use the Quality and Cost Based Selection (QCBS) or Quality Based Selection (QBS) in conformity with the Consultant Guidelines. Consulting services estimated under US\$300,000 equivalent per contract may follow Selection Based on Consultants Qualifications (CQS). Under the circumstances described in paragraph 3.9 of the Consultant Guidelines, consultants may be selected and awarded on a Single-Source Selection (SSS), subject to IDA's prior approval. Consultants to be procured are shown in Table A3.2.

29. Selection of Individual Consultants. Individual consultants will be selected and contracts awarded in accordance with the provisions of Para. 5.1 through 5.5 of the Consultant Guidelines. Under the circumstances described in Para. 5.6 of the Consultant Guidelines, individual consultants may be selected and awarded on a Single-Source basis, subject to IDA's prior approval.

Table A3.2 –Summary of Consultant Selections

Description	Selection Method	Review by Bank	Expected Proposal Submission Date	Estimated Cost (US\$ m)
Consultant Services				
Design and Supervision Aviation Investments (Runway)	QCBS	Prior	11-Apr-14	\$500,000
Design and Supervision Aviation Investments (Other key infrastructure)	QCBS	Prior	1-Sep-14	\$850,000
VSAT (D & S plus management of system for 3 yrs contract)	SSS	Prior	15-Jun-14	\$80,000
Development of a Training Needs Analysis (TNA) for SAA and CAD	CQS	Prior	17-July-14	\$100,000
PST Project Manager	IC	Post	21-Feb-14	\$200,000
PST Contracts / Procurement Officer / Project Accountant	IC	Prior	15-Mar-14	\$120,000
PST Administrative Assistant	IC	Post	15-Mar-14	\$60,000
Sub-Total				\$1,910,000

30. Procurement Plan. The agreed overall procurement plan is available on the Program's website as well as on the World Bank's external website. The procurement plan will be updated in agreement with IDA annually, or as required, to reflect project implementation needs. The

Procurement Plan excludes training activities, operating costs, and consultant services that have been previously engaged as part of the program and/or project.

31. Advanced Procurement and Retroactive Financing. All advance procurement was conducted in accordance with the World Bank's Procurement Guidelines and the Consultant Guidelines and was subject to IDA prior review. The following activities in a total amount not to exceed US\$200,000 equivalent (or less than one percent of the Grant) include advance procurement: (i) training needs assessment to more accurately define SAA and CAS training programs; (ii) individual consultant selections to establish the project support team; (iii) acquisition of spare parts for fire truck maintenance to ensure that SAA continues to meet requirements of Category 8 Airport Rescue and Fire Fighting standards; and (iv) remedial repairs to apron and runway defects.

Environmental and Social (Including Safeguards)

32. The project triggers two World Bank safeguard policies: (i) Environmental Assessment (OP4.01); and (ii) Indigenous Peoples (OP4.10). The regional program has developed safeguards tools applicable to all PAIP participants, including an Environmental and Social Management Framework (ESMF) and a Program Operations Manual (POM), whose provisions are included in the documentation of each project partner. The ESMF outlines the necessary safeguard protocols, including involuntary resettlement, and is consistent with World Bank safeguards policies and procedures.

33. Samoa does not have a separate EA legislation, but EIA requirements are stipulated in legislation covering different sectors. In past Samoa projects general maintenance and small works have been undertaken under the National Codes of Environment Practice. The Environmental Management Plan (EMP) prepared in accordance with the PAIP ESMF has been adapted to meet IDA and Samoa requirements. TSFU will assist SAA to implement the EMP. A concise social assessment, which is proportional to the expected impacts, has also been prepared.

34. An HIV/AIDS education program will be conducted based on the World Bank's 'The Road to Good Health' toolkit, as the civil works activity exceeds US\$10 million. The project will also ensure that "universal access" provisions are included in all designs to ensure that people with disabilities are not disadvantaged.

35. The Ministry of Natural Resources and Environment (MNRE) consists of 13 divisions covering different aspects of environment and sustainable development. One of these divisions, the Planning and Urban Management Agency (PUMA) is the anchor point for Environmental Assessments and the PUMA board is responsible for reviewing EAs. The PUMA board consists of 11 members and is chaired by the Minister of Natural Resources and Environment. In addition to five government members (Environment, Finance, Works, Attorney General's office and Women, Community and Social Development), the Board also includes three members representing affected communities, one from the private sector (Chamber of Commerce) and one from civil society, which is represented by the national Samoa NGO organization (SUNGO - Samoa Umbrella NGO).

36. The National Steering Committee will enable cross-ministerial coordination for engaging in public consultations with local communities. In addressing implementation requirements related to social safeguards, the Ministry of Women, Community and Social Development is directly involved as it is generally considered to have the closest links to local communities through the Pulenu'u (Mayor) and Sui o le Malo (Women's Representative) who are the Government's points of contact in each village. SAA also convenes quarterly a Facilitation Committee comprising tenants, government stakeholders and airlines, which address issues arising from airport operation. The project has been discussed at this forum and SAA will continue to do so through project implementation. Other *ad hoc* consultations will be announced in the media as required.

Monitoring & Evaluation

37. SAA will monitor overall project implementation and performance. This includes: (i) extent to which project objectives are being achieved; (ii) administrative, physical and financial progress of project components; and (iii) compliance with the PAIP ESMF and SAIP EMP. These monitoring and reporting arrangements are described in the POM. Monitoring will continue for three years after completion of the construction program and annual reports of the results of the survey program will be prepared. TFSU will submit to IDA: (i) quarterly contractor/consultant reports; and, (ii) quarterly progress reports in a format acceptable to IDA; and (iii) annual financial audit reports.

38. The following reports will also be used for purposes of monitoring and evaluation:

- Quarterly/Annual progress reports submitted to PSC, NSCs, IDA and Program donors on the fourth week after the end of a fiscal quarter/calendar year to report on completed work, work to be done in the next quarter/year-end results of implementation of the previous annual work program and plan, and recommendations, if any;
- Implementation Completion and Results Report; and,
- Reports on particular topics prepared as may be necessary.

39. Data on compliance with the EMP will be required of, and collected by, the prime contractor, as part of their regular duties. The costs of data collection are included in their TOR. The EMP and the project contracts contain clear remedies for actions to be taken in the event of the contractor's non-compliance with the EMP.

40. Documentation assuring compliance with any unforeseen resettlement requirements will also be compiled by the Design and Supervision Consultant, and handled in accordance with the ESMF. This will include the preparation of Resettlement Plans (RPs), as applicable, details of payments of entitlements, and reports on grievances. If an RP is required, the Ministry of Natural Resources and Environment and the Ministry Women, Community and Social Development will receive reports and oversee compliance, as appropriate.

Role of Partners

41. European Investment Bank. EIB is mobilizing concessional loan resources to support the major investment in aerodrome improvements, as well as grant funding for key technical assistance to both MWTI and SAA that will develop a national aviation strategy, and strategy and business plan aimed respectively at strengthening SAAs operational and managerial capacity.

42. Pacific Regional Infrastructure Facility (PRIF). PRIF is a multi-donor co-ordination mechanism through which grant resources are administered by the World Bank. Funding from the Government of Australia is being provided to PAIP for financing aviation safety and security oversight for Samoa, to be conducted by the Pacific Aviation Safety Office.

Annex 4
Operational Risk Assessment Framework (ORAF)
Samoa Aviation Investment Project (P143408)

Project Stakeholder Risks						
Stakeholder Risk	Rating	Moderate				
Risk Description: Lack of community support for the improvement of the airport. Air service operators and passengers object to potential disruptions during implementation. Sector reforms to consolidate all airport operations and management with Samoa Airport Authority may result in pushback from current owner/operator, Polynesian Airlines, at Fagalii airport.	Risk Management: Samoa Airport Authority (SAA) will convene bi-annual Facilitation Committees comprising tenants, government stakeholders and airlines, to address any issues arising from airport operation. The project will be discussed through this forum, and other <i>ad hoc</i> consultations will be announced in the media as required.					
	Resp: Client	Status: In Progress	Stage: Implementation	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency: Yearly
	Risk Management: Investments are on land currently under the airports’ control so limited additional disruptions to local communities are anticipated. Contractor to identify implementation schedule that minimizes potential disruptions to air service operators.					
	Resp: Client	Status: Not Yet Due	Stage: Implementation	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:
Implementing Agency (IA) Risks (including Fiduciary Risks)						
Capacity	Rating	Moderate				
Risk Description: SAA and MWTI have experience with previous World Bank financed projects and in monitoring project impacts. Implementing agency does not have effective processes and controls to meet IDA procurement and FM standards.	Risk Management: The PAIP Program Operations Manual that includes a FM Manual with agreed FM reporting formats has already been developed and successfully implemented. It will be adapted to reflect Samoa's implementation arrangements.					
	Resp: Client	Status: Not Yet Due	Stage: Both	Recurrent: <input type="checkbox"/>	Due Date: 30-Sep-2014	Frequency:

	Risk Management: A ‘Service Agreement’ between MOF, SAA and TAL will facilitate project management support on fiduciary aspects. Project management services will be provided through a consulting firm with requisite experience and human resources to support the implementing agency.					
	Resp: Client	Status: Not Yet Due	Stage: Implementation	Recurrent: <input type="checkbox"/>	Due Date: 30-Sep-2014	Frequency:
	Risk Management: Bank implementation support missions will monitor the effectiveness of the above arrangements, and provide guidance and support as necessary.					
	Resp: Both	Status: In Progress	Stage: Implementation	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:
Governance	Rating	Low				
Risk Description: Government may fail to deliver on strengthening sector policy and regulatory oversight and/or on providing adequate fiscal resources for airport operations and management. The implementing agency may not take full ownership of all components of the project.	Risk Management: Technical assistance to develop a SAA Business Strategy and a National Aviation Strategy are included in the project design.					
	Resp: Client	Status: Completed	Stage: Preparation	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:
	Risk Management: Safety and security levy to be implemented under PAIP will help ensure adequate funding for safety and security oversight.					
	Resp: Client	Status: Not Yet Due	Stage: Implementation	Recurrent: <input type="checkbox"/>	Due Date: 30-Sep-2014	Frequency:
	Risk Management: A National Steering Committee will be established to monitor and advise SAA on the project and to ensure coordination of inter-agency issues.					
	Resp: Client	Status: Not Yet Due	Stage: Implementation	Recurrent: <input type="checkbox"/>	Due Date: 30-Sep-2014	Frequency:
	Risk Management:					

		Centralized procurement of works and equipment through TFSU and the Regional Procurement Evaluation Committee will reduce the risk of fraud and corruption in project procurement. Detailed complaints handling mechanism is included in the TFSU Services Agreement.					
		Resp: Client	Status: Completed	Stage: Implementation	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:
Project Risks							
Design		Rating	Moderate				
Risk Description: The project is part of PAIP, and project design builds on experience of on-going projects. The project involves sizable civil works investments for pavement rehabilitation, navigation aids, and other specialized equipment.		Risk Management: The project will hire an international consulting firm with experience in the design and supervision of airports. Specialized consultant services are available as part of TFSU’s advisory role.					
		Resp: Client	Status: Not Yet Due	Stage:	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:
Social and Environmental		Rating	Moderate				
Risk Description: The PAIP Environmental and Social Monitoring Framework (ESMF) has been prepared and has been adapted to meet the requirements of the project. The Project is contained within existing boundaries of Government-controlled land at the airports. No new land or land-based assets will be acquired. Environmental. Possible contamination from hazardous substances and milled waste. Some impacts are expected due to traffic disruption, noise and vibration from transportation of materials and laying of resurfacing material.		Risk Management: Runway and apron resurfacing impacts, and any additional operational impacts, will be managed through an Environmental Management Plan incorporating relevant government and Bank policies, and prepared in accordance with the PAIP ESMF. The EMP will be incorporated in contract documents and made binding on contractors for all works, to be monitored by the Ministry of Natural Resources and Environment.					
		Resp: Both	Status: In Progress	Stage: Implementation	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:
		Risk Management: Bank implementation support missions will review implementation of the ESMF and the EMP through site visits, review of reports, discussions with officials and consultants, and provide guidance and support, as required, to ensure compliance.					
		Resp: Both	Status: Not Yet Due	Stage: Implementation	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:

Program and Donor	Rating	Low				
Risk Description: There is some risk regarding timely availability of funds from EIB.	Risk Management: Close donor coordination will continue throughout project implementation. EIB will participate in joint missions.					
	Resp: Both	Status: In Progress	Stage: Implementation	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:
Delivery Monitoring and Sustainability	Rating	Moderate				
Risk Description: Project airport may not meet ICAO certification. Regulatory capacity may not reach global ICAO averages. Adequate funds may not be generated by the passenger safety and security levy.	Risk Management: The quality of the physical investments will be assured by: (i) using the same firm for design and supervision to ensure consistency and quality; and (ii) having a 24 month defect liability period on pavement repairs, as well as for other key technologies. Bank implementation support missions will inspect the quality of works through site visits and discuss remedial measures required with officials and consultants.					
	Resp: Both	Status: Not Yet Due	Stage: Implementation	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:
	Risk Management: Passenger safety and security levy will provide income to cover safety oversight and help finance regulatory compliance. Bank implementation support missions will monitor the adequacy of revenues generated by the levy.					
	Resp: Both	Status: Not Yet Due	Stage: Implementation	Recurrent: <input type="checkbox"/>	Due Date: 30-Sep-2014	Frequency:
Overall Risk						
Overall Implementation Risk:	Rating	Moderate				
Risk Description: The proposed infrastructure investments are technically straightforward and consistent with investments already planned or under way in other PAIP countries. Specialized consulting services will be made available through support from TFSU. Fiduciary constraints will be alleviated through the TFSU Service Agreement, as well as engagement of individual consultants to support project management in Samoa.						

Annex 5: Implementation Support Plan

Samoa Aviation Investment Project (P143408)

Strategy and Approach for Implementation Support

1. The strategy for implementation support is based on the regional Program features and the risk profile of the participating agencies in Samoa. Risks considered to be moderate relate to capacity constraints within the implementing agency, commitment to institutional reforms and the quality of infrastructure to be built. Proposed mitigation measures to contain these risks are integrated into various Program-level design features and targeted technical assistance packages. Specifically, the strategic approach for implementation support includes the following measures:

- **Capacity Constraints.** The Service Agreement between TAL and SAA clearly defines the roles and responsibilities of each, and the coordination mechanisms that have been defined for the overarching program. A Project Support Team comprising at least three individual consultants will be engaged directly with SAA, including (i) a project manager, (ii) a contract management or procurement officer, and (iii) a project accountant or administrative assistant.
- **Commitment to the regional approach to regulatory oversight.** A vital Program outcome aligns the establishment of a departing passenger safety and security levy dedicated to financing CAD safety and security oversight expenses and SAA aerodrome improvements related to safety and security with a mechanism to support financial sustainability for the purchase of PASO services.

Implementation Support Plan

2. Project implementation will be supported by the Bank Task Team Leader based in the World Bank's Washington D.C. office, supported by the co-Task Team Leader from the Sydney office. This will ensure that it is possible to rapidly organize field missions should the need arise, as well as mobilize international expertise to bring global best practice for more complex activities. Formal missions will be conducted at least three times a year during the first two years of implementation, and at least semi-annually thereafter.

3. IDA's implementation support plan will include a series of technical reviews and capacity building activities. In addition to periodic reviews by team leaders, procurement, FM, and safeguards specialists, the plan identifies appropriate technical expertise to be retained during critical implementation periods.

Time	Focus	Skills Needed	Resource Estimate (Staff Weeks)
First 18 Months	Technical review of runway bidding documents	Civil Engineer	4
		Building Engineer	2
		Pavement Specialist	2
		Procurement Specialist	4
	Technical review of aviation equipment bidding documents	Aviation Specialists	4
	Institutional Reforms/Capacity Development	Institutional Specialist	4
	Environmental Monitoring	Environmental Specialist	4
	Social Safeguard Monitoring	Social Specialist	2
	Review of financial management	Financial Specialist	2
	Implementation Support	ACS	8
18-56 Months	Runway Rehabilitation/Airport Upgrades	TTLs	20
		Civil Engineer	4
	Aviation Equipment Installation	Aviation Specialist	12
	Technical Reviews of TA Outputs	Technical Specialists	20
	Environmental Monitoring	Environ. Specialist	12
	Resettlement Monitoring	Social Specialist	12
	Review of procurement documents	Procurement Specialist	12
	Review of financial management	Financial Specialist	8
	Implementation Support	ACS	32
	Team Leadership	TTLs	60

I. Skills Mix Required

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
ACS	40	4	
Aviation Specialist	16	4	
Building Engineer	1	2	
Civil Engineer	22	8	
Environ. Specialist	16	4	
Financial Specialist	10	5	
Pavement Specialist	2	1	
Procurement Specialist	16	5	
Social Specialist	15	4	
Technical Specialists	24	8	In various disciplines
TTL	82	16	

II. Partners

Name	Institution/Country	Role
Ms. Katrin Bock	European Investment Bank	Business Analyst