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Report No: PAD1656

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL GRANT

IN THE AMOUNT OF SDR 0.5 MILLION
(US\$0.63 MILLION EQUIVALENT) AND A

PROPOSED ADDITIONAL CREDIT

IN THE AMOUNT OF SDR 4.9 MILLION
(US\$6.62 MILLION EQUIVALENT) AND A

PROPOSED ADDITIONAL PACIFIC REGION INFRASTRUCTURE FACILITY GRANT

IN THE AMOUNT OF US\$0.31 MILLION

AND RESTRUCTURING

TO THE

KINGDOM OF TONGA

FOR THE

TONGA AVIATION INVESTMENT PROJECT

FEBRUARY 16, 2016

Transport & ICT Global Practice
EAST ASIA AND PACIFIC REGION

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CURRENCY EQUIVALENTS

(Exchange Rate Effective November 30, 2015)

Currency Unit	=	Tongan Pa'anga
Pa'anga	=	US\$ 0.4323
US\$1	=	SDR 0.7287

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ADS-B	Automatic Dependent Surveillance-Broadcast
AF	Additional Financing
ATC	Air Traffic Control
CAS	Country Assistance Strategy
DO	Development Objectives
EIRR	Economic Internal Rate of Return
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FIR	Flight Information Region
FM	Financial Management
FOREX	Foreign Exchange
GDP	Gross Domestic Product
GoT	Government of Tonga
GRS	Grievance Redress Service
HPA	Ha'apai
ICAO	International Civil Aviation Organization
IDA	International Development Association
IP	Implementation Progress
ISR	Implementation Status and Results Report
NPV	Net Present Value
PAIP	Pacific Aviation Investment Program
PASO	Pacific Aviation Safety Office
PDO	Project Development Objectives
PRIF	Pacific Region Infrastructure Facility
RPF	Resettlement Policy Framework
SDR	Special Drawing Rights
TAIP	Tonga Aviation Investment Project
TAL	Tonga Airport Limited
TBU	Tongatapu
TFSU	Technical and Fiduciary Services Unit
TOP	Tongan Pa'anga
TSCP	Tonga Sector Consolidation Project
UN	United Nations
USD/US\$	United States Dollar
VAV	Vava'u
VSAT	Very Small Aperture Terminal

WB World Bank
WTTC World Travel & Tourism Council

Vice President:	Axel van Trotsenburg
Country Director:	Franz R. Drees-Gross
Senior Global Practice Director:	Pierre Guislain
Practice Manager/Manager:	Michel Kerf
Task Team Leader:	Julie Babinard

TONGA
ADDITIONAL FINANCING AND RESTRUCTURING FOR
TONGA AVIATION INVESTMENT PROJECT

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**ADDITIONAL FINANCING AND RESTRUCTURING FOR
TONGA AVIATION INVESTMENT PROJECT**

ADDITIONAL FINANCING DATA SHEET

Tonga

Tonga Aviation Investment Project - Additional Financing (P156018)

EAST ASIA AND PACIFIC

Transport & ICT Global Practice

Basic Information – Parent							
Parent Project ID:	P128939	Original EA Category:	B - Partial Assessment				
Current Closing Date:	31-Dec-2016						
Basic Information – Additional Financing (AF)							
Project ID:	P156018	Additional Financing Type (from AUS):	Scale up				
Regional Vice President:	Axel van Trotsenburg	Proposed EA Category:					
Country Director:	Franz R. Drees-Gross	Expected Effectiveness Date:	29-Apr-2016				
Senior Global Practice Director:	Pierre Guislain	Expected Closing Date:	31-Dec -2018				
Practice Manager/Manager:	Michel Kerf	Report No:	PAD1656				
Team Leader(s):	Julie Babinard						
Borrower							
Organization Name	Contact	Title	Telephone	Email			
Ministry of Finance and National Planning	Hon. Dr. 'Aisake Eke	Minister	676-26787	minister@finance.gov.to			
Project Financing Data - Parent (Pacific Aviation Investment - Tonga-P128939) (in USD Million)							
Key Dates							
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date
P128939	IDA-H7430	Effective	13-Dec-2011	17-Feb-2012	14-Mar-2012	31-Dec-2016	31-Dec-2016
P128939	TF-12702	Effective	11-Jul-2012	19-Jul-2012	10-Aug-2012	31-Dec-2016	31-Dec-2016
Disbursements							

Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P128939	IDA-H7430	Effective	USD	27.21	27.21	0.00	13.35	11.27	49.05
P128939	TF-12702	Effective	USD	1.32	1.32	0.00	1.28	0.04	97.07
Project Financing Data - Additional Financing Tonga Aviation Investment Project - Additional Financing (P156018)(in USD Million)									
<input type="checkbox"/> Loan <input checked="" type="checkbox"/> Grant <input checked="" type="checkbox"/> IDA Grant <input checked="" type="checkbox"/> Credit <input type="checkbox"/> Guarantee <input type="checkbox"/> Other									
Total Project Cost:		8.64		Total Bank Financing:		7.25			
Financing Gap:		0.00							
Financing Source – Additional Financing (AF)								Amount	
BORROWER/RECIPIENT								1.08	
IDA Grant								0.63	
IDA Credit								6.62	
Pacific Regional Infrastructure Facility Trust Fund								0.31	
Total								8.64	
Policy Waivers									
Does the project depart from the CAS in content or in other significant respects?							No		
Explanation									
Does the project require any policy waiver(s)?							No		
Explanation									
Team Composition									
Bank Staff									
Name		Role		Title		Specialization		Unit	
Julie Babinard		Team Leader (ADM Responsible)		Sr Transport. Spec.				GTIDR	
Pierre Graftieaux		Team Leader		Program Leader				GTIDR	
Cristiano Costa e Silva Nunes		Procurement Specialist		Senior Procurement Specialist				GGODR	

Stephen Paul Hartung	Financial Management Specialist	Financial Management Specialist		GGODR
Aldo Giovannitti	Team Member	Temporary		GTI02
Kanya Hilary Baratha Raj	Team Member	Temporary		EACNF
Marjorie Mpundu	Counsel	Senior Counsel		LEGES
Loren Atkins	Counsel	Associate Council		LEGES
Megan Rose Schlotjes	Team Member	E T Consultant	Civil Engineer/ Transport specialist	GTIDR
Nicholas John Valentine	Safeguards Advisor	Consultant		GENDR
Ross James Butler	Safeguards Specialist	Consultant		GSURR
Yohana Kristi	Team Member	Program Assistant		EACNF
Zhuo Yu	Team Member	Finance Officer		WFALN

Extended Team

Name	Title	Location

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
Tonga	Vava`u	Vava`u		X	
Tonga	Tongatapu	Fua`amotu		X	

Institutional Data

Parent (Pacific Aviation Investment - Tonga-P128939)

Practice Area (Lead)

Transport & ICT

Contributing Practice Areas

Cross Cutting Topics

[X] Climate Change

[X] Fragile, Conflict & Violence

[] Gender

[] Jobs

Public Private Partnership

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Transportation	Aviation	77		
Public Administration, Law and Justice	Public administration-Transportation	23		
Total		100		

Themes

Theme (Maximum 5 and total % must equal 100)

Major theme	Theme	%
Trade and integration	Regional integration	39
Social protection and risk management	Natural disaster management	19
Public sector governance	Administrative and civil service reform	23
Environment and natural resources management	Climate change	19
Total		100

Additional Financing Tonga Aviation Investment Project - Additional Financing (P156018)

Practice Area (Lead)

Transport & ICT

Contributing Practice Areas

Cross Cutting Topics

- Climate Change
- Fragile, Conflict & Violence
- Gender
- Jobs
- Public Private Partnership

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Transportation	Aviation	100	10	
Themes				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Public sector governance	Administrative and civil service reform	20		
Trade and integration	Regional integration	60		
Social protection and risk management	Natural disaster management	10		
Environment and natural resources management	Climate change	10		
Total		100		

I. Introduction

1. This Project Paper seeks the approval of the Executive Directors to provide additional financing in an amount of SDR 5.4 million (US\$7.25 million equivalent) (consisting of a SDR 0.5 million (US\$0.63 million equivalent) IDA Grant and a SDR4.9 million (US\$6.62 million equivalent) IDA Credit)¹ and a Pacific Region Infrastructure Facility (PRIF) Grant in the amount of US\$0.31 million to Tonga Aviation Investment Project (P128939, IDA Grant H7430 and PRIF TF-12702).

2. The proposed additional grants and credit would be used to scale-up the benefits of the underlying project by financing: (i) further investments in airport operations and security compliance, beyond those identified in the original project design; (ii) priority investment activities in the aviation sector that cannot be completed under the existing project due to a financing gap and; (iii) provide a contingency fund to finance TFSU operating costs. The AF is in response to a request of the Ministry of Finance, dated September 15th 2015.

3. In addition, the following changes to the project are proposed through a Level 2 restructuring:

- Add an intermediate results indicator to the Results Framework
- Extend the project's closing date; and
- Reallocation between categories.

II. Background and Rationale for Additional Financing

4. Project Background. The Kingdom of Tonga consists of 169 islands and has a total population of around 120,000. The country lies in the South Pacific and stretches over a distance of about 800 kilometers from north to south, covering a total land area of 748 square kilometers with an Exclusive Economic Zone (EEZ) of about 700,000 square kilometers. The population is primarily Polynesian, with a literacy rate close to 99 percent and a relatively low incidence of poverty. However, its small size, geographic dispersion and isolation, and limited natural resources provide a narrow economic base.

5. With its remote location, small size, dispersed islands setting and other geographical factors, Tonga faces many challenges in developing and maintaining sustainable internal (intra- and interisland), regional and international transport and communication linkages, all of which are crucial to the economic development and social well-being of its population. The country is faced with limited capital resources and asset deterioration, combined with financial and administrative constraints typical of a small (micro) country, as well as increasingly onerous international transport security requirements. As is the case with other countries in the region, Tonga is uniquely vulnerable to natural disasters and climate change and general long-term sustainability issues.

¹ The IDA financing for this Project comprises SDR 4.26 million from regional IDA and SDR 1.14 million from Tonga's national allocation.

6. Tonga has a large expatriate community and the aviation sector provides the link between friends and relatives at home in Tonga and those living elsewhere. Some 40% of passengers are visiting friends and relatives. Tonga also plays a key role in search and rescue (SAR) covering the Cook Islands, Fiji, and Samoa.

7. In December 2011 the World Bank approved the Pacific Aviation Investment Program (PAIP), a regional, horizontal Adaptable Program Loan that consists of a series of projects designed to ensure that critical aviation infrastructure meets operational safety requirements, and to strengthen regulatory compliance of international air transport of participating countries in the region. Phase I includes projects in Kiribati, Tonga and Tuvalu. Phase II includes Samoa, and Phase III Vanuatu. PAIP is also supporting the reform of the Pacific Aviation Safety Office (PASO) to provide enhanced aviation oversight services in the region.

8. The Tonga Aviation Investment Project (TAIP) was approved by the Board of Executive Directors on December 13, 2011 and became effective on March 14, 2012, with total IDA financing of SDR 17.2 million (US\$27.21 million equivalent, comprised of a US\$3 million national IDA grant allocation and a US\$24.21 million regional IDA grant contribution). A PRIF grant of US\$1.32 million was also provided.

9. The parent project TAIP has the following four main components:

- **Component A: Aviation Infrastructure Improvements.** Investments in key aviation infrastructure at Fua'amotu (TBU) and Vava'u (VAV) international airports, including but not limited to runway resurfacing, terminal building improvements and communications, navigation and surveillance aids.
- **Component B: Aviation Sector Reform and Training.** Technical support to the ongoing sector reform process including but not limited to training for airport and regulatory staff, development of technical and legislative documentation and ongoing technical assistance in safety and security oversight through PASO. This component also includes support to the reform of PASO including preparation of a business plan and funding of restructuring costs.
- **Component C: Strengthening Airport Operations and Management Capacity.** This component includes: (i) a study into the options for regional aviation supply; (ii) a study to review the options for long-term sustainability of aviation infrastructure; and (iii) an analysis of Flight Information Region (FIR) to review the revenues received by the participating countries for access to the FIR and to consider options for improvements to the current approach.
- **Component D: Project Support.** Support required by various parties involved in the implementation of the project, primarily the Technical and Fiduciary Services Unit (TFSU) and the Project Manager for TAIP.

10. Project Performance. The Project is in its fourth year of implementation schedule. Implementation Status and Results report (ISR) ratings over the most recent 12 months,

including those for implementation progress (IP) and development objectives (DO), have been consistently rated as moderately satisfactory or better. To date TAIP has addressed a number of high priority safety and security requirements at TBU and VAV. These investments are required to meet International Civil Aviation Organization (ICAO) standards and recommended practices, as well as airline safety standards, ensuring that Tonga's access to international markets and tourism can be maintained.

11. The Project's overall risk rating is 'Moderate.' The existing project has had no major implementation issues and is progressing smoothly and there are no changes to the implementation arrangements. The proposed activities are continuations of, or similar to, the existing activities and are expected to be within the capacity of Tonga Airport Limited (TAL) to implement.

12. The Project is in compliance with Bank procurement and financial management policies, as well as all legal covenants. There are no outstanding audits and no substantial audit qualifications. Compliance with safeguards requirements as described in the Environmental and Social Development Framework (ESMF) and the Environment and Social Development Plan (ESMP) has been satisfactory, and there have been no negative impacts in relation to the works financed to date. The ESMP has been revised to assess any risk and mitigation measures relevant to the proposed investments under the additional financing and will continue, along with the ESMF, to be used to guide the proposed AF-financed activities.

13. Rationale for Additional Financing. TAIP continues to progress well and is on track to meet its PDO. No changes to the PDO, project design and the results indicator are anticipated. All major activities under TAIP have either been awarded or are being procured. Commitment levels, reflecting signed contract value, are at nearly 80% of the IDA Grant, representing more than US\$ 22 million.

14. TAIP has made a number of critical contributions to the country's air transport safety and oversight, including the upgrading and rehabilitation of runway pavements at both the Fua'amotu (TBU) and the Vava'u International Airport (VAV) and the provision of navigational and communications equipment. Civil works on the runways will be completed by 2016. TAL, the implementing agency, now holds required airport and services certifications. The investments and operational enhancements also contributed to the introduction of Fiji Airways' direct regional services from Fiji to Vava'u, confirming the regional benefits from the investment program. Considerable progress towards strengthening regulatory oversight has also been achieved including the completion of a Training Needs Assessment (TNA), the drafting of the Tonga's Airport Authority Act and the recruitment of an Aviation Advisor to support institutional strengthening within the Civil Aviation Division.

15. The remaining key investments under TAIP include implementation of additional navigation aids and the terminal building renovation at Fua'amotu International Airport. The project is currently experiencing a shortfall due to cost overruns in the project, which have occurred due to a number of reasons including high mobilization cost for civil works contracts

due to the remoteness of the islands, and a funding gap that could hinder the completion of a number of project activities crucial to the PDO. The reasons for the gap include changes in exchange rates that resulted in less available funds as well as cost increases on a number of planned investments.

16. Nearly US\$4.5 million of the additional financing (AF) will be used to scale-up benefits under the project to finance investments in airport operations and security compliance, beyond those identified in the original project design. In addition, the AF will also finance a cost overrun of around US\$2 million. Without the AF, priority investments under the existing project cannot be completed. The AF will also provide for a contingency category to cover TFSU operating costs should the participating countries fail to meet their payment obligations. The closing date will also be extended by twenty-four months to December 31, 2018 to allow time for all activities to be completed.

17. High priority safety and security investments at Tonga’s main international airport — Tongatapu Fua’amotu International (TBU) are required to meet ICAO standards and recommended practices (SARP), as well as airline safety standards, ensuring that Tonga’s access to international markets and tourism can be maintained. Moreover, the proposed investments will preserve and extend the service life of existing infrastructure assets as well as reduce energy consumption, thus helping to reduce ongoing maintenance and operational costs and to improve environmental efficiency.

18. The Additional Financing would be consistent with the World Bank Group’s Country Assistance Strategy (CAS) for Tonga FY2011-2014 (Report 56630-TO), particularly with the second of the three themes, which includes generating opportunities through greater global and regional integration. Objectives include reducing the constraints of economic geography and helping the citizens of Tonga to make the most of opportunities. The importance of improving civil aviation is mentioned in the CAS particularly with respect to strengthening the management of infrastructure assets, improving civil aviation safety and meeting international aviation safety standards. The AF will continue to build on progress made in civil aviation safety in Tonga. Aviation plays a vital economic and social role for the country’s development by providing critical access to health care, education and regional import and export markets. As such, this project supports the World Bank Group’s strategic twin goals of reducing extreme poverty and boosting shared prosperity.

III. Proposed Changes

Summary of Proposed Changes	
The modifications proposed as part of the AF will not change the project development objective, there is no escalation of the safeguards rating or additional safeguards triggered, and there will be no impact to the fiduciary or implementation arrangements currently in place.	
Change in Implementing Agency	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]

Change in Project's Development Objectives	Yes [] No [X]
Change in Results Framework	Yes [X] No []
Change in Safeguard Policies Triggered	Yes [] No [X]
Change of EA category	Yes [] No [X]
Other Changes to Safeguards	Yes [] No [X]
Change in Legal Covenants	Yes [] No [X]
Change in Loan Closing Date(s)	Yes [X] No []
Cancellations Proposed	Yes [] No [X]
Change in Disbursement Arrangements	Yes [] No [X]
Reallocation between Disbursement Categories	Yes [X] No []
Change in Disbursement Estimates	Yes [] No [X]
Change to Components and Cost	Yes [X] No []
Change in Institutional Arrangements	Yes [] No [X]
Change in Financial Management	Yes [] No [X]
Change in Procurement	Yes [] No [X]
Change in Implementation Schedule	Yes [] No [X]
Other Change(s)	Yes [] No [X]

Development Objective/Results

Project's Development Objectives

Original PDO

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

Change in Results Framework

Explanation:

An intermediate indicator will be added to monitor the construction and operational aspects of the control tower at Fua'amotu (TBU) international airport proposed to be financed under component A. A definition of "PDO indicator 2: State requirements for safety and security reaches global ICAO average" and an explanation of how the indicator is to be calculated will be added.

Compliance

Covenants - Additional Financing (Tonga Aviation Investment Project - Additional Financing - P156018)

Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
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				<input type="checkbox"/>		
Conditions						
Source Of Fund						
IDA		Article V, 5.01 (a)		Condition of Effectiveness		
Description of Condition						
The Amended Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Agency						
Source Of Fund						
IDA		Article V, 5.01 (b)		Condition of Effectiveness		
Description of Condition						
The amendment letter to the PRIF Grant Agreement providing for the Additional PRIF Grant has been executed on behalf of the Recipient and the Association.						
Source Of Fund						
IDA		Article V, 5.02		Additional Legal Matter		
Description of Condition						
The Amended Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.						
Source Of Fund						
PRIF		PRIF Grant Amendment Letter		Condition of Disbursement		
Description of Condition						
No payments shall be made under Category (2) unless and until the Recipient has submitted evidence satisfactory to the Association that the Project Implementing Entity has not received payments in accordance with a Service Agreement for fulfilment of its obligations under Section 1 of the Schedule to the Project Agreement.						
Source Of Fund						
PRIF		Execution of PRIF Grant Agreement Amendment Letter		Condition of Effectiveness		
Description of Condition						
The Amendment Letter to the PRIF Grant Agreement has been countersigned by the Recipient, and a copy of the countersigned Amendment Letter has been received by the Association.						
Risk						
Risk Category				Rating (H, S, M, L)		
1. Political and Governance				Moderate		
2. Macroeconomic				Moderate		
3. Sector Strategies and Policies				Moderate		
4. Technical Design of Project or Program				Low		
5. Institutional Capacity for Implementation and Sustainability				Moderate		

6. Fiduciary	Low				
7. Environment and Social	Low				
8. Stakeholders	Moderate				
9. Other	Low				
OVERALL	Moderate				
Finance					
Loan Closing Date - Additional Financing (Tonga Aviation Investment Project - Additional Financing - P156018)					
Source of Funds	Proposed Additional Financing Loan Closing Date				
IDA Grant	31-Dec-2018				
New Zealand: Ministry of Foreign Affairs	31-Dec -2018				
Loan Closing Date(s) - Parent (Pacific Aviation Investment - Tonga - P128939)					
Explanation: The project closing date would be extended from December 31, 2016 to December 31, 2018 to allow time for all activities, including those new activities introduced to the project that would be financed under the AF as well as those activities continuing on, to be completed. The closing date of the current TAIP PRIF Trust Fund (TF-012702) to December 31, 2018 is also proposed.					
Ln/Cr/TF	Status	Original Closing Date	Current Closing Date	Proposed Closing Date	Previous Closing Date(s)
IDA-H7430	Effective	31-Dec-2016	31-Dec-2016	31-Dec -2018	
TF-012702	Effective	31-Dec-2016	31-Dec-2016	31-Dec -2018	
Allocations - Additional Financing (Tonga Aviation Investment Project - Additional Financing - P156018)					
Source of Fund	Currency	Category of Expenditure	Allocation	Disbursement %(Type Total)	
			Proposed	Proposed	
IDA Grant	SDR	Goods, works, Training, Operating Costs, TFSU Costs and consultants' services for all Parts of the Project other than for Parts B (e) through (g) and C thereof.	4,900,000	100	
IDA Credit	SDR	Goods, works, Training, Operating Costs, TFSU Costs and consultants' services	500,000	100	

		for all Parts of the Project other than for Parts B (e) through (g) and C thereof.		
	SDR	Total:	5,400,000	
PRIF	US\$	Goods, non-consultant services, consultants' services, and Operating Costs.	210,000.00	100
	US\$	TFSU Operating Costs.	100,000.00	100
		Total:	310,000.00	

Reallocation between Disbursement Categories

Explanation:

To reduce the financial risk of Tonga Airports Limited, an additional US\$100,000 would be made available through the PRIF Grant Agreement to cover payments to TFSU that any Program Country would fail to make in accordance with their Service Agreement. If the funds are not used, then they will be reimbursed to PRIF.

Ln/Cr/TF	Currency	Current Category of Expenditure	Allocation		Disbursement % (Type Total)	
			Current	Proposed	Current	Proposed
TF-12702	USD	GD, Non-CS, CS & IOC incl of taxes	1,320,000.00	1,320,000.00	100.00	100.00
TF-12702 Designated Account	0.00	0.00	0.00	0.00	0.00	
TF-12702	0.00	TFSU OC	0.00	100,000.00	100.00	100.00
		Total:	1,320,000.00	1,420,000.00		
IDA-H7430	XDR	GD, WK, Trng, OC, TFSU, CS exc B e-g & C	17,200,000.00	17,200,000.00	100.00	100.00
IDA-H7430 Designated	0.00	0.00	0.00	0.00	0.00	

Account						
		Total:	17,200,000.0 0	17,200,000. 00		

Components

Change to Components and Cost

Explanation:

The proposed additional financing will support the completion of activities under the existing project as well as the financing of a number of new aviation investments, including contingencies.

Retroactive Financing: An amount not to exceed SDR 590,000 (approximately US\$ 809,661) will be made available under the additional IDA grant and up to US\$ 62,000 of the PRIF grant for expenditures incurred prior to January 1, 2016 for Eligible Expenditures. The retroactive financing is to facilitate the start of the consulting services contract for the Design & Supervision of the ATC Tower; the start of terminal renovations; and the contracting of legal services as needed to support the safety and security oversight activities.

Under the proposed Additional Financing (AF), the project's four components would remain:

- Component A: Aviation Infrastructure Improvements.
- Component B: Aviation Sector Reform and Training.
- Component C: Strengthening Airport Operations and Management Capacity.
- Component D: Project Support.

The AF would continue to support Components A, B, and D, by including the following activities:

- **Component A (IDA US\$6.8 million, including 10% contingency).** The AF would continue to finance key aviation infrastructure investments that have been delayed pending resolution of the project's financing gap and include terminal building renovations at Fua'amotu International Airport.
- **Completion of the terminal of the Fua'amotu International Airport (US\$2.09 million).** The terminal building renovation works under TAIP are currently focused on the improvement of the Arrival and Baggage Collection area with the inclusion of a new and larger baggage carousel, toilet facilities and a re-design of the internal space to support an improved duty-free and retail layout as well as more efficient immigration, customs and quarantine processing. Works will also focus on reducing electrical consumption and promoting rainwater harvesting for usage in toilet facilities, both of which will contribute to reducing ongoing maintenance and operational costs and improving environmental efficiency.

In addition, under Component A, the project will finance the following new aviation investments (US\$4.68 million):

- **Air Traffic Control Tower (TBU) at Fua'amotu International Airport (IDA US\$4.40 million, including design and supervision and 30% contingency).** A new control tower will be constructed and centered on the runway to provide unhindered sightlines, which is key for

touchdown areas. When the original airport was developed, the runway was under 2000 meters in length, and was subsequently extended to just over 2600 meters in the late 1990's. New technologies such as ADS-B, upgraded airfield ground lighting and communications equipment in the current tower are also not compliant with the current positioning of the existing tower. The A3 Strategic Infrastructure Plan of the Tonga Transport Sector Consolidation Project outlined the optimal location for the tower, which meets the compliance requirements of the airport operations certificate.

- **ATC equipment for new control tower at Fua'amotu International Airport (IDA US\$275,000).** The control tower equipment will be replaced with new technologies to meet safety standards and airport certification requirements.
- **Component B (PRIF US\$0.21 million).** Under the proposed AF, the project will continue to support Tonga with enhanced safety and security oversight activities from the Pacific Aviation Safety Office (PASO). The Government of New Zealand will make available a grant of approximately AU\$290,000 coordinated through the Pacific Region Infrastructure Facility (PRIF). This will be used to support a short term adviser —currently financed through TAIP—to assist the GoT with regulatory and policy work; finance PASO technical support through the Civil Aviation Authority of New Zealand (NZCAA); and finance technical support from PASO inspectors.
- **Component D (IDA US\$0.45 million and PRIF US\$0.10 million).** The proposed AF would continue to finance the Project Manager position, which is currently under procurement. In addition, the project manager for TFSU services will be financed as a cost share with the other countries participating in the PAIP program. An additional PRIF Grant will be allocated as a contingency for TAL to cover payments to TFSU that any Program Country would fail to make in accordance with their Service Agreement.

Current Component Name	Proposed Component Name	Current Cost (US\$M)	Proposed Cost (US\$M)	Action
Aviation Infrastructure Investments (Comp. A)	Aviation Infrastructure Investments (Comp. A)	28.09	34.89	Revised
Aviation Sector Reform and Training (Comp. B)	Aviation Sector Reform and Training (Comp. B)	1.96	2.17	Revised
Strengthening Airport Operations and Management Capacity (Comp. C)	Strengthening Airport Operations and Management Capacity (Comp. C)	0.63	0.63	No Change
Project Support and Training (Comp. D)	Project Support and Training (Comp. D)	2.13	2.68	Revised
Taxes (GoT)			1.08	Revised
	Total:	32.81	41.45	

Appraisal Summary

Economic and Financial Analysis

Explanation:

Economic Analysis. The economic evaluation of this project focuses on the additional financing of the

Tonga Aviation Investment Project (TAIP) in the amount of US\$7.56 million. The analysis was performed based on the additional financing's contribution to achieving the Project Development Objective of improving operational safety and oversight of international air transport infrastructure.

Given the unique geographical characteristics of Tonga, air connectivity plays a crucial role for the economy, providing economic benefits derived from the provision of services that support activities linked to tourism, trade of goods and services, investment, and remittances. While these economic benefits seem apparent, it is rather difficult to quantify many of them directly through transport connectivity. As the provision of air services to Tonga has been primarily for visitors coming to Tonga, the economic analysis primarily focuses on the potential impact on GDP of air transport services on the tourist and travel sectors.

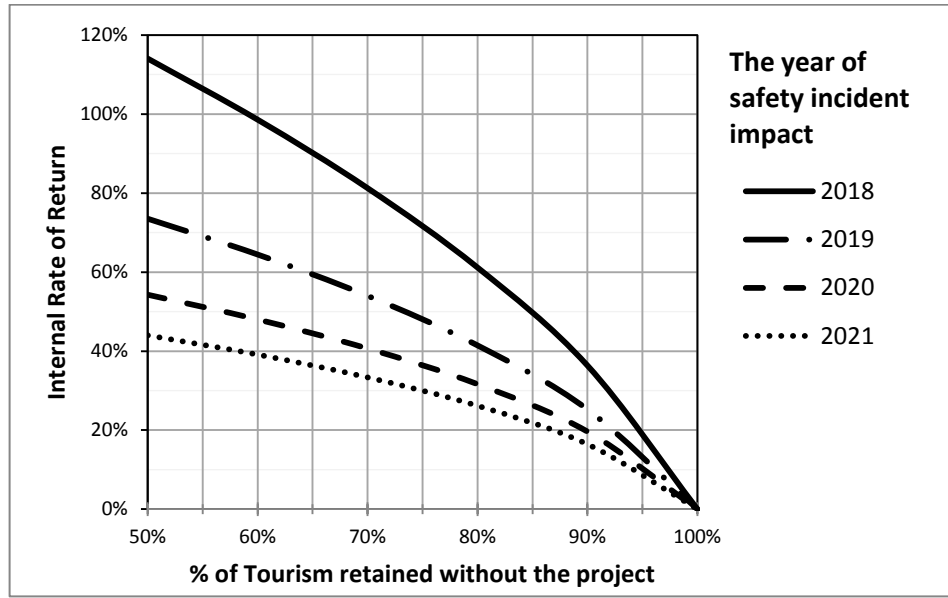
The World Travel & Tourism Council (WTTC) estimates the annual economic contribution of tourism to Tonga's GDP (in real 2014 US\$) up to 2025 based on the Tourism Satellite Accounting (TSA) methodology approved by the UN Statistics Division. In 2014, tourism's direct contribution was estimated to be US\$28 million (which is about 6.1% of total GDP), and travel's total contribution to GDP was estimated to be US\$80 million (17.2% of GDP). Both are expected to grow by approximately 5% real p.a. over the next 10 years.

If safety and security standards are not improved, airlines may stop flying to Fua'amotu airport using jet aircraft. Should this happen, it would take a significant amount of time before the necessary actions could be taken to enable jet services to resume, which would negatively impact tourism and travel to Tonga.

The time period which the economic analysis covers is a ten year period from 2016 to 2025. In the "with-project" scenario, investments made through the project allow jet services to continue normally with contributions to GDP as per WTTC's estimates. In the without project scenario, no actions would be taken until required by necessity. To operationalize changes and reinstate adequate service would require the planning and design of works, securing funding, a new procurement process, and works to be completed. It is therefore assumed that it would take about two years to implement any action necessary to resume safe air service without the additional investments proposed. During those two years, it is assumed that fewer flights would take place, resulting in a 25% reduction in contribution to GDP from travel and tourism activities.

The benefits of undertaking the project in 2016 would include: (a) proposed spending on safety and security is not postponed to a later date which could result in avoiding accidents; and, (b) no tourism & travel GDP is lost. The base-case assumes that, without the project, airlines would cease service by 2020 and that 75% of tourism GDP would still be retained for that year. This yields an economic internal rate of return (EIRR) of 36% and a net present value (NPV) of US\$11.23 million using a discount rate of 10%.

If the airlines were to cease services sooner, the EIRR would be higher than for the base case. Yet, since the end of services by airlines cannot be forecasted with certainty, it is likewise not possible to ascertain when the airlines would cease to provide services without the project, and how much tourism GDP would be affected. The EIRR sensitivity analysis regarding these two factors is illustrated in the figure below.



Financial Analysis. The additional finance for the TAIP project will include US\$1.3 million from the IDA 17 national allocation, 50% of which is on credit terms, and US\$6 million from the Regional IDA allocation of which 100% is on credit terms. The IDA terms for small islands countries are standard - 40 years maturity including 10 years grace period, with principal repayable at 2% per annum for years 11-20 and 4% per annum for years 21-40. Thus the first repayment will not be until at least 2026 and the six monthly repayments will be approximately US\$66,500 until 2036 when they rise to six monthly payments of approximately US\$133,000 through to 2056. These estimates do not make allowance for currency fluctuations between the SDR rate at the time of the signing of the Legal Agreement and the USD/SDR rate at the time of the repayment. Given the long time frame for the repayments no reasonable prediction can be made on the relative value of the currencies in the SDR basket. Assuming a 3% inflation rate, a repayment of US\$66,500 will be equivalent to about US\$49K after 10 years, US\$36K after 20 years, US\$27K after 30 years and less than US\$20k after 40 years. The repayment rates do not take into account the commitment charge, ½ of 1% per year or the service charge of ¾ of 1%.

The review of TAL's ability to assure repayments of the IDA credits showed that TAL's present financial viability is sound. Based on the most recently available audited financial statements of TAL for the year ending June 30, 2014, there was no unusual results for the year 2013/4. TAL maintains a relatively high level of liquid assets with over \$1.3 million Tongan Pa'anga (TOP) in cash as of June 30, 2014, and over \$3.6 TOP in term deposits. One TOP is approximately 0.44 USD as of December 2015. Total current assets are more than three times current liabilities and there is no longer term debt disclosed in the financial statements. During 2013/4 TAL had a profit of \$1.372 million TOP (\$477K TOP 2012/13.) The audit report for the 2013/4 financial statements was unqualified. The notes to the accounts highlight three potential financial risk factors: The primary risk for TAL is linked to foreign exchange risks due to its operating internationally, with primary exposure against the New Zealand Dollar. TAL's risk is mitigated by prompt settlement of liabilities to minimize the exposure to foreign exchange rate losses. TAL has negotiated favorable rates with its bankers to minimize the losses and maximize the gains when receipts and payments become due. In addition, TAL is subject to credit risk, the risk of a debtor failing to meet its contractual obligations, through its provision of aeronautical services to its customers. As of June 30 2014, TAL had no significant concentrations of credit risk. Finally, TAL's Liquidity Risk, the risk that it be unable to meet its obligations due to insufficient cash flow, was low.

Projecting TAL's capacity to repay the IDA credit 10 years into the future is challenging. Circumstances

may change dramatically, airline services and visitors to Tonga could increase or decrease significantly, and there could also be currency realignments and natural disasters such as cyclones, earthquakes or a major epidemic that could severely impact TAL's future income stream. However, much of the infrastructure proposed in the additional financing would have to be undertaken regardless of this funding, in which case TAL would still be required to finance these costs to maintain compliance with international aviation requirements. Despite the prediction uncertainties, based on the estimated repayment schedule and current financial position of TAL, there is adequate evidence that TAL has the capacity to repay the IDA commitment.

Technical Analysis

Explanation:

The project design is straightforward and builds on the experience of the Tonga Aviation Investment Project (TAIP) as part of the Pacific Aviation Investment Program (PAIP). This is a regional series of projects designed to ensure that critical aviation infrastructure meets operational safety requirements, and to strengthen regulatory compliance of international air transport of participating countries in the region.

The project has financed a number of high priority safety and security requirements at the two main airports — Fua'amotu International Airport, Tongatapu (TBU) and Lupepau'u Airport Vava'u (VAV). These investments aim to meet ICAO standards and to ensure compliance with recommended practices, as well as airline safety standards, ensuring that Tonga's access to international markets and tourism can be maintained.

The proposed AF will support the completion of activities under the existing project as well as the financing of a number of new aviation investments, all of which include contingencies. The proposed AF responds to the request of the Government of Tonga's Ministry of Finance and assists GoT to: (i) finance priority investment activities in the aviation sector that were not completed under the existing project due to a financing gap; and (ii) finance further investments in airport operations and security compliance.

The AF funding has accounted for contingencies for the new activities to minimize the project's susceptibility to foreign exchange losses experienced under the parent project.

The proposed new activities were identified in the master planning study (A3 Strategic Infrastructure Plan) financed under TSCP, which assessed what future infrastructure enhancements were needed to support ongoing compliance requirements and the growth of the airport operation. These key investments include the construction of a new control tower at Fua'amotu International Airport and new equipment for the new tower.

The aviation advisor, funded under the proposed AF, will continue to support TAL and the GoT with technical and operational support to the aviation sector.

The project financial management will continue to be handled by TAL, through the Technical and Fiduciary Services Unit' (TFSU) under the guidance of a Project Manager.

Social Analysis

Explanation:

The project is expected to bring positive social impacts to both the local and regional communities by improving air transportation. Tonga has a large expatriate community and the aviation sector provides the link between friends and relatives at home in Tonga and those living elsewhere. Some 40% of passengers

are visiting friends and relatives, on average. Tonga also plays a key role in search and rescue (SAR) covering the Cook Islands, Fiji, and Samoa and reliance on air traffic services is paramount in this context.

Appropriate safeguards documentation was prepared in the context of the PAIP program and was revised in the context of the AF project preparation. A program level Environmental and Social Management Framework (ESMF) was prepared, explaining the processes for preparing, consulting, approving and disclosing each project's safeguard document relevant for project activities. The Program ESMF was revised and re-disclosed both in country and through the InfoShop.

The Environmental and Social Management Plan (ESMP) for the Tonga project is consistent with the ESMF of the PAIP. The ESMP was updated to reflect any risks and mitigation measures that could be anticipated with the Additional Financing and provides the necessary detail to reflect national requirements (legislative, cultural, etc).

The project will not have an impact on people's lands, assets, access to assets or livelihoods in any way. Investments are taking place on existing airports, and therefore no land acquisition or resettlement is envisioned. The airport lands are currently leased by TAL for fifty years up to 2063 in Fua'amotu from three owners and up to 2064 in Vava'u from one owner. Therefore OP 4.12 will not be triggered.

OP 4.10 Indigenous People is not triggered because Tongans are considered an ethnically homogenous population.

It was confirmed during preparation of TAIP that the location of airport investments is on leased or government land. The project undertook due diligence on the lease rates and was advised that they were being paid to all landowners by GoT. Since the leases were due to expire during the life of the project, the government renegotiated the leases, both to increase the rate and extend the life. The control tower proposed to be funded by the AF will be located adjacent to other airport infrastructure and within the security fenced airfield.

Environmental Analysis

Explanation:

The current safeguards ratings are satisfactory. The Project is rated as a Category B due to the limited environmental impact. This is reflected in the project ESMF which was produced during project preparation and is confirmed for the purpose of this AF given the minor impacts related to building a control tower within the existing airport land. There are no changes to the current Environmental Category B classification.

The project ESMF was drafted for the Pacific Aviation Investment Program (PAIP) and was assessed as also providing an adequate environmental safeguard framework for the Additional Financing project. The current ESMP for the project (Tonga Airports Limited and Ministry of Public Enterprises, February 22, 2011 - Environmental and Social Management Plan for Tonga Aviation Infrastructure Investment Project), originally drafted in 2011, continues to provide an adequate assessment and mitigation of impacts associated with the project, including the ATC tower.

This overarching ESMP is in compliance with WB Policy OP/BP 4.01 Environmental Assessment and with Tongan national legislation. The ESMP provides a framework for mitigation of the projects impacts and development of specific ESMPs for the detailed design and construction stages. Revisions from the original TAIP ESMP primarily focused on assessing and mitigating the impact of the control tower construction. Consultation and public disclosure (on InfoShop on December 3, 2015) were undertaken

during the project preparation with stakeholders and outcomes of consultations are included in the overarching ESMP. The ESMP was also revised to address the minor additional impacts associated with the proposed AF and included (i) removing reference that WB OP/BP 4.10 Indigenous People and WB OP/BP 4.12 Involuntary Resettlement apply for projects in Tonga when this is not the case; (ii) ensuring new consultations and in-country disclosures as the consultation section still referred to the 2011 consultation. All the construction materials will be made available from existing quarries within the country.

The updated ESMP summarizes all the anticipated environmental impacts and associated mitigation measures during the design, construction and operational phases. The ESMP documents impacts and mitigation associated with the parent project. The parent project's investments in physical infrastructure were more substantial and presented more risks than the proposed investments under the additional financing. The ESMP was updated to address impacts associated with the control tower. It makes reference to the relevant law and contract documents, approximate location, timeframe, mitigation costs, and the responsibility for its implementation and supervision. A field monitoring checklist has been prepared based on the ESMP and monitoring plan. The field monitoring checklist will be used by the supervising engineers. The signed checklists will be provided to TFSU and the implementing agencies that will be responsible for the appropriate follow-up and compliance reporting.

The main potential impacts identified in the overall project (including the parent project) are: (i) disturbance, including noise and dust arising from loading and unloading, and transportation of construction materials (aggregates and bitumen) by dump trucks; (ii) noise and dust arising during the scarifying of the existing runway and construction of the new surface; (iii) erosion and sedimentation from exposed surfaces that may affect the lagoon environment during the construction processes; (iv) risks from the use and disposal of hazardous materials such as used fuel and lubricants. All of these risks can be adequately managed through the contractor applying the provisions of the ESMP. Since the ESMP will form part of the contract, there will be consequences to the contractor for failure to comply with the ESMP.

Risk

Explanation:

The proposed overall "moderate" risk rating for the project is justified through the ratings of the different risk categories (most are low or moderate), as well as the satisfactory implementation until now, and the similarity between the new proposed activities and the original activities. The activities are expected to continue being within the implementation capacity of TAL.

There was a "substantial" risk associated with the indicator for "Sector Strategies and Policies". This is because a "substantial" FM risk rating was assigned to the PAIP Program, of which the TAIP project was part, at the appraisal stage. During preparation of the project, a financial assessment was done to review the financial capacity of TAL, the implementing agency, and the overall project management capacity of the TFSU, which will continue to be responsible for overall project financial management. No new FM risks were identified during this assessment and the existing FM arrangements will remain in place. It is therefore proposed to lower the risk for "Sector Strategies and Policies" from 'substantial' to 'moderate.'

Macroeconomic policies and institutions are generally adequate, but frequent and intense external shocks pose a significant short to medium term risk to macro-economic stability. While macroeconomic volatility can be high, the impact on project implementation should be limited given that financing has been secured, and given the long-term horizon of the loan repayment period which should provide enough buffer to macroeconomic shocks. The rating of the macro-economic risk to the project will be lowered from

‘substantial’ to ‘moderate.’

V. World Bank Grievance Redress

Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB’s Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB’s independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank’s attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank’s corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

Annex 1: Results Framework

Project Name:	Tonga Aviation Investment Project - Additional Financing (P156018)	Project Stage:	Additional Financing	Status:	DRAFT
Team Leader(s) :	Julie Babinard	Requesting Unit:	EACNF	Created by:	Julie Babinard on 13-Oct-2015
Product Line:	IBRD/IDA	Responsible Unit:	GTI02	Modified by:	Julie Babinard on 27-Dec-2016
Country:	Tonga	Approval FY:	2016		
Region:	EAST ASIA AND PACIFIC	Lending Instrument:	Investment Project Financing		
Parent Project ID:	P128939	Parent Project Name:	Pacific Aviation Investment - Tonga (P128939)		

Project Development Objectives

Original Project Development Objective - Parent:

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

Proposed Project Development Objective - Additional Financing (AF):

Results

Core sector indicators are considered: Yes

Results reporting level: Project Level

Project Development Objective Indicators

Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
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No Change	Indicator One: Regulatory certification of safety and security at project airports	<input type="checkbox"/>	Text	Value	Fua'amotu Airport (TBU) currently certified, Vava'u (VAV) is not.	TBU remains certified. VAV is expected to be certified in the coming months as it prepares for the regional international services to recommence.	Certification of both airports in accordance with ICAO standards.
				Date	13-Dec-2011	07-Oct-2015	31-Dec-2018
				Comment			
No Change	Indicator Two: State requirements for safety and security reaches global ICAO average	<input type="checkbox"/>	Percentage	Value	90.70	69.97	62.00
				Date	13-Dec-2011	07-Oct-2015	31-Dec-2018
				Comment	ICAO's Universal Safety Oversight Audit Programme (USOAP) was initially launched in January 1999, in response to widespread concerns about the adequacy of aviation safety oversight around the world. USOAP audits focus on a State's capability in providing safety oversight by assessing whether the State has effectively and	Runway civil works and supply and installation of navigation aids underway. Improvements are expected with the support of the Aviation Adviser, however progress on corrective action plans is not known. Works on the terminal and traffic control towers proposed to be funded by the AF.	

			<p>consistently implemented the critical elements of a safety oversight system and determining the State's level of implementation of ICAO's safety-related Standards and Recommended Practices (SARPs) and associated procedures and guidance material. The Effective Implementation (EI) of each Audit Area is rated from 0% to 100%, with 0% being "Not Implemented" and 100% being "Fully Implemented". The EI score represents the percentage of satisfactory USOAP protocol questions applicable for a given State. According to the 2015 ICAO Safety Report p7 the 2015 USOAP global average for effective</p>			
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				implementation was 62%. Tonga was last audited in 2010 and had a lack of effective implementation of 69.97% (or an EI of around 40%), at the time the global average for lack of effective implementation was 41.24% (or 60% EI).			
No Change	Indicator Three: Modernization of air traffic management	<input type="checkbox"/>	Text	Value	Very Small Aperture Terminal (VSAT) (previously PASnet) only at Fua'amotu Airport (TBU). No Automatic Dependent Surveillance-Broadcast (ADS-B)	Very Small Aperture Terminal (VSAT) (previously PASnet) only at TBU. No Automatic Dependent Surveillance-Broadcast (ADS-B).	Very Small Aperture Terminal (VSAT) (previously PASnet) and Automatic Dependent Surveillance-Broadcast (ADS-B) operational at Fua'amotu Airport and Vava'u Airport
				Date	13-Dec-2011	07-Oct-2015	31-Dec-2018
				Comment		NavAids contract has been signed and this indicator will be satisfied as these investments are installed. The ADS-B roll out that will	

						satisfy this indicator is expected to be installed over 2015/16.	
No Change	Indicator Four: Implementation of a regional safety and security levy for departing international passengers	<input type="checkbox"/>	Text	Value	No Levy	Levy implemented and returning revenue to Tonga.	AU\$ 5 collected from each departing international passenger
				Date	13-Dec-2011	07-Oct-2015	31-Dec-2018
				Comment		Implemented in 2013 and collection is progressing well. Disbursement framework was agreed this quarter and the levy will be audited from the current financial year onwards.	
Intermediate Results Indicators							
Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
New	Construction and Operation of Air Traffic Control Tower (TBU)	<input type="checkbox"/>	Date	Value	09-Nov-2015	09-Nov-2015	31-Dec -2018
				Date	09-Nov-2015	09-Nov-2015	31-Dec -2018
				Comment	Existing tower needs to be replaced with new tower at different location with new technologies and equipment	Existing tower needs to be replaced with new tower at different location with new technologies and equipment installed..	The control tower is built, equipment installed and tower is operational.

					installed.		
No Change	Component A: Intermediate Result indicator One: Navigation and safety aids fully operational	<input type="checkbox"/>	Percentage	Value	0.00	20.00	100.00
				Date	13-Dec-2011	07-Oct-2015	31-Dec-2018
				Comment		NavAids contract has been signed and this indicator will be satisfied as these investments are installed.	
No Change	Component A: Intermediate Result indicator Three: Energy efficient runway lighting fully operational and compliant at TBU	<input type="checkbox"/>	Text	Value	Lighting not upgraded.	Lighting not upgraded.	Lighting fully operational.
				Date	13-Dec-2011	07-Oct-2015	31-Dec -2018
				Comment		To be installed with the NavAids contract which has been signed and installation expected later in 2015.	
No Change	Component A: Intermediate Result indicator Two: Rehabilitation of Fua'amotu and Vava'u runways	<input type="checkbox"/>	Percentage	Value	0.00	20.00	100.00
				Date	13-Dec-2011	07-Oct-2015	31 Dec -2018
				Comment		Under progress in both TBU and VAV. Current completion date is according to schedule with no delays.	
No Change	Component B: Intermediate Result indicator One: Preparation of necessary legislation for establishment of Tonga Airports Authority	<input type="checkbox"/>	Text	Value	No legislation	Legislation drafted	Legislation prepared
				Date	13-Dec-2011	07-Oct-2015	31-Dec-2018
				Comment		Legislation is drafted however has not been	

						enacted. This will need to be pursued further.	
No Change	Component B: Intermediate Result indicator Two: Successful implementation of agreed training plan	<input type="checkbox"/>	Text	Value	No training plan	Training plan under implementation.	Training plan completed
				Date	13-Dec-2011	07-Oct-2015	31-Dec-2018
				Comment		Currently underway. An annual training program will be included in future quarterly reports.	
New	Citizen Engagement	<input type="checkbox"/>	Percentage	Value	0.00	0.00	100.00
				Date	13-Nov-2015	13-Nov-2015	31-Dec-2018
				Comment	New indicator for citizen engagement. The target is to resolve all grievances on the project, across all years of implementation.	There are no known grievances on the project.	There are no known grievances on the project.

Annex 2: Proposed Procurement Plan (dated December 15, 2015)

WORKS	Ref.	Description	Budget / Cost Est (US\$ M)	Proc Method	Prior/Post review	Commence Procurement	Contract Signing	Duration	Practical Completion
Remaining Activities under parent project	A14	Supervision of revised upgrade works for terminal	0.20	SSS - LOV to AECOM under existing contract	PRIOR				
	A17.1.A	TBU Terminal Building renovations – Customs Hall and Baggage processing area	0.20	SHP - Works	POST	March-16	June-16	6 months	Dec-16
	A17.1.B	TBU Terminal Building renovations – Baggage processing area (Baggage Carousel)	0.60	SHP - Works	POST	May-16	Oct-16	8 months	Jul-17
	A17.1.C	TBU Terminal Building renovations – Check in Area upgrade	0.90	SHP - Works	POST	Sep-16	Jan-17	8 months	Oct-17
		Total remaining activities	1.9						
	New Activities		Air Traffic Control Tower (TBU) construction	4	ICB - Works	PRIOR	July-16	Apr-17	12 months

		Design & Supervision of the Air Traffic Control (ATC) Tower	0.40	CQS	POST	Feb-16	Avril-16	15 months	Nov 18
		ATC Equipment	0.28	SHP - Goods	POST	Nov-16	Feb-17	6 months	Aug-17
		Total new activities	4.68						
		Sub-total Works	6.58						
		Contingency on Works, 10% (across activities except ATC Tower)	0.26						
		Sub-total Works with contingency	6.84						
Services		Project Manager	.20	ICS	POST	Jan-17			June 18
		Sub-Total Services	.20						
		TOTAL, incl. contingency	7.04						