

Signing of Japanese ODA Loan Agreement with the Independent State of Papua New Guinea: Strengthening the capacity of Nadzab Airport at the country's second largest city, supporting further regional economic activities

On October 14, the Japan International Cooperation Agency (JICA) signed a loan agreement with the Government of the Independent State of Papua New Guinea in Tokyo to provide a Japanese ODA loan of up to 26.942 billion yen for the Nadzab Airport Redevelopment Project.

By building a new passenger terminal building and making improvements to the runway at Nadzab Airport on the outskirts of Lae, a hub for industry and transportation in Papua New Guinea, this project will address the on-going rise in demand for passenger air travel, improve safety and convenience for air transportation at Nadzab Airport as an alternative to Port Moresby (Jacksons) International Airport in the country's capital, and thereby promote long-term economic growth in the northern part of the country. The loan funds for this project will be allocated to public works at Nadzab Airport, including the construction of a new passenger terminal building, widening and pavement improvements to the runway and taxiway, to the procurement of equipment, to consulting services (including bidding assistance, overall project management and construction monitoring) and the like.

Special Terms for Economic Partnership (STEP) will apply to the Japanese ODA loan for this project, and it is expected that Japanese technology such as LED illumination and energy-saving air conditioning and water systems that reduce the burden on the environment will be utilized.

The project target area, Lae, is a city with the second largest population (approximately 120,000 people) in the country after Port Moresby, the capital. Serving as a collection point for crops harvested in Morobe Province and the Highlands as well as being home to the Port of Lae that boasts the largest cargo volume of any port in the country, Lae has a dense population and flourishing industries, is connected by a major road to the highland region where a number of natural resource development projects are in progress, and serves as a base for regional industry and goods transportation. The number of travelers passing through Nadzab Airport increases each year, putting pressure on the existing facilities. As more than forty years have passed since the existing passenger terminal building was built and there are no modern facilities, carry-on baggage and safety inspections are done manually, resulting in severe congestion, and the deteriorating facilities hinder efficient airport operations.

In the Papua New Guinea Development Strategic Plan, 2010–2030, and the Papua New Guinea Medium Term Development Plan, 2011–2015, the Government of Papua New Guinea establishes domestic airports improvements to meet international safety standards as an urgent priority and emphasizes the need to strengthen airport functionality particularly in the Lae-Nadzab region, which is a hub for industry in the country and is undergoing growth. In addition, the National Transport Strategy 2011–2030, which is a long-term strategy for the transportation sector, specifies making improvements to Nadzab Airport as a nearby airport that aircraft using Port Moresby International Airport can use as an alternative. This project will contribute to such goals. It is expected that strengthening the functionality of Nadzab Airport as an alternative will increase the efficiency of flight routes, reduce air fuel use, and cut greenhouse gas emissions.

In addition to this project, JICA has provided assistance for the flight sector with an ODA loan of approximately 12.6 billion yen for the Port Moresby International Airport Redevelopment Project (I) and (II) and participated in providing grant aid for the Tokua Airport Improvement Project from 1995 to 1997. Through technical cooperation, JICA has also carried out a status survey on major airports, including Nadzab Airport in 2011, and provided support to revise the existing master plans for the Port Moresby International and Nadzab Airports in 2013. JICA will continue to provide support for efforts to achieve sustainable economic growth in Papua New Guinea.

Reference

1. Terms and Amount of Loan

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
Nadzab Airport Redevelopment Project	26,942	0.10*	0.01	40	10	Japan tied

Special Terms for Economic Partnership (STEP) apply.

2. Executing Agency

National Airports Corporation

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Phone: +675-324-4536, fax: +675-325-0870

3. Planned Implementation Schedule

(1) Completion of project: November 2020 – when all of the facilities are put into service

(2) Issuing of letters of invitation for consulting services: November 2015

(3) Tender announcement of initial procurement package for international competitive bidding on project construction:

Procurement package title: Main Construction (one package)

Public release date: January 2017

4. JICA Contact Information

For further information about the procurement schedule, please contact the party listed below.

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Signing ceremony