



DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
SAMOA AVIATION INVESTMENT PROJECT
APPROVED ON MARCH 6, 2014
TO

INDEPENDENT STATE OF SAMOA, MINISTRY OF FINANCE

TRANSPORT

EAST ASIA AND PACIFIC

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**I. BASIC DATA****Product Information**

Project ID P143408	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 06-Mar-2014	Current Closing Date 31-Mar-2020

Organizations

Borrower Independent State of Samoa, Ministry of Finance	Responsible Agency Samoa Airport Authority
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Project Development Objective (PDO)

Original PDO

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

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-D4570	09-May-2019	16-Jun-2019	26-Jun-2019	31-Mar-2020	2.20	2.00	.19
IDA-58050	03-Jun-2016	19-Aug-2016	28-Oct-2016	31-Mar-2020	16.62	14.51	2.39
IDA-H9140	06-Mar-2014	08-May-2014	06-Aug-2014	31-Mar-2020	25.00	22.68	.03
TF-17019	08-May-2014	08-May-2014	08-May-2014	30-Jun-2019	.30	.30	0



Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

1. This is the third restructuring proposed under the Samoa Aviation Investment Project (SAIP).
2. Rationale for Restructuring. On March 11, 2020, the Government of Samoa requested the extension of the closing date of the Samoa Aviation Investment Project (SAIP) by nine months, from March 31, 2020 to December 31, 2020. The main reason for the project's closing date extension is to allow the training program for Samoa Airport Authority (SAA) (under Component C) and Civil Aviation Division (CAD) staff (under Components B) to be completed. The implementation of this training program has been suspended following the declaration of travel restrictions by the Government of Samoa on January 24, 2020 due to the coronavirus (COVID-19) outbreak. This additional time would also allow the project to procure several new activities under all the four components, A to D) which are compliant with the PDO.
3. The proposed restructuring is within the scope of the project. There are no changes to the above-mentioned Project Development Objective (PDO) or Project Components. Project risk ratings remain the same. No additional safeguard policies will be triggered. No changes in the financial management arrangements are scheduled. There are no outstanding Interim unaudited Financial Reports (IFRs).
4. Project Background. On December 13, 2011, IDA 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. Samoa was included in Phase 2 of PAIP. SAIP was approved on March 6, 2014 and became effective on August 6, 2014, with a total of US\$25.3 million equivalent IDA grant (IDA Grant No. H9140), comprising of US\$5 million equivalent national IDA grant, US\$20 million equivalent regional IDA, and a US\$0.3 million equivalent grant from the Pacific Regional Infrastructure Facility (PRIF) (PRIF Grant TF17019). SAIP is implemented by SAA under a Project Implementation Agreement and consists of the following components:
 - a) Component A: Aviation Infrastructure Investments. This component consists of carrying out aviation infrastructure investments at the Faleolo airport.
 - b) Component B: Aviation Sector Reform and Training. This component consists of carrying out sector reform and training activities, including (a) provision of technical assistance and training designed to improve aviation sector management, policy, safety and security oversight; (b) development of a national aviation policy; and (c) safety and security oversight audits.
 - c) Component C: Strengthening Airport Operations and Management Capacity. This component consists of carrying out activities to strengthen airport operations and management capacity, including (a) studies to assess the current conditions of the aviation sector and airports; (b) development of a strategic business plan based on the studies referred to in (a); and (c) training on aviation policy, management and operations.
 - d) Component D: Project Management. This component consists of provision of technical, advisory and administrative support to the Project Support Team (within SAA).



5. An additional IDA credit of US\$16.62 million equivalent and an IDA grant of US\$2.2 million equivalent were provided respectively in 2016 and 2019. The objective of the first Additional Finance (AF1) (IDA Credit No. 58050) was: (a) to finance the costs related to the changes in the co-financing arrangements with the European Investment Bank (EIB), as the Government found IDA financial conditions more advantageous; and (b) an expanded scope of works (including an additional air side pavement works and incremental project management costs), required because of a new terminal investment financed by the Export-Import Bank of China (China EXIM Bank). The objective of the second additional financing (AF2) (IDA Grant No. D4570) was to address a funding shortfall which would allow the completion of key activities. As part of AF2 the project was also restructured to take into account changes in the implementation arrangements. The Technical and Fiduciary Services Unit (TFSU) within Tonga Airport Limited (TAL) provided support to the project through a service agreement between Samoa, SAA and Tonga Airport Limited. TFSU was hosted by TAL and provided project management, technical and fiduciary support services to SAIP in accordance with the Service Agreement between TAL and Samoa. With the Tonga Aviation Investment Project (TAIP) closing on December 31, 2019, the TFSU and Service Agreement have ended, and it was necessary to make alternate arrangements for the provision of project and contract management, technical and fiduciary support for SAIP until the proposed revised closing date. From January 1, 2020, the Transport and Infrastructure Sector Coordination Division (TISCD) and the Centralized Technical Services Support Unit (CTSSU) provide assistance to the Project Support Team (PST) on fiduciary and/or technical aspects of project implementation on an as-needed basis.
6. The project's closing date was extended first by 9 months, from June 30, 2019 to March 31, 2020, under AF2. This would be the second closing date extension by 9 additional months, from March 31, 2020 to December 31, 2020, bringing the total closing date extension to 18 months.
7. Current project performance. The project is in its final and ninth year of implementation schedule. The project is rated Satisfactory both for the progress towards the achievement of the PDO and for its Implementation Progress. All project's indicators have been achieved or even surpassed, except the project's Intermediate Indicator Four, "Successful implementation of agreed training plan" whose end target is "Training Plan completed". In parallel, the PDO Indicator Two, "State requirement for safety measured by Universal Safety Oversight Audit Program (USOAP) reaches global ICAO average", is under review by a USOAP consultant hired by the Pacific Aviation Safety Oversight (PASO) under its PASO Reform Project to estimate the extent of improvement of the Samoa compliance rate, based on the progress made under the project to date.
8. Key project activities (of which, the rehabilitation of Apia runway and apron for a total of US\$35.2 million is about 75% of the total project financing), have been completed in a satisfactory manner. As of early March 2020, all the scheduled activities (Airfield Ground Lighting (AGL) package, new water tanks, and the delivery of technical specifications design of navigation aids) are all scheduled to be completed by end of March 2020, except the Training Plan.
9. The project's Training Program. This activity is among the critical activities to help SAIP achieve its PDO and meet all its indicators. Approximately US\$463,000 remains unspent from the funds allocated to training, out of a total of USD990,000. Under the Project to date, new SAA staff have been trained to become certified Air Traffic Controllers (ATC's), and current Air Traffic Controllers (ATC) have become certified examiners. A first entry level of training for Rescue Fire Certificates was also completed together with recurrent trainings on Dangerous Goods, Lead Auditor, Safety Oversight trainings, and USOAP Online Framework workshops. The scheduled training program which includes training activities under Component B and Component C will include further trainings on terminal operations, aerodromes management and airport security exercises (to include other members of the Air Transport Community



Subsector, such as Border Police, Customs, etc.). It is being coordinated with the International Civil Aviation Organization (ICAO), the Airport Councils International (ACI) and other Aviation Provider Trainers in the South East Asia Region. There will be a heavy focus on online training, as well as in-country training by procuring certified trainers to deliver training as listed above and the plan should be completed within a 3 to 6 months period, assuming the current travel constraints are lifted by mid-2020. SAA and CAD demonstrated that they could rapidly implement the approved training program on January 16, 2020 as they completed training on aerodrome inspections, second level of rescue fire training, terminal operations, aerobridge trainings, and regulatory training (CAD continuing their USOAP Online Framework (OLF) training, aviation security, quality control and safety oversight) before the travels suspensions, and spent US\$97,300 within the limited time.

10. Other activities to be procured. Some activities, such as the PST staff contracts, and the payment of incremental operating costs (for the payment of broadband and telephone fees; office supplies; travel to PAIP Project Steering Committee meetings) under Component D of the Project will be extended until the project's proposed closing date. In parallel, other activities linked to the PDO under Component A for further aviation equipment procurement will be procured. These activities consist of the supply of slasher mowers, electronic/IT equipment, safety gear and new air conditioning units for SAA offices. Additional procurement for activities under Component B and C as part of the training program include funding of training resources for in-country trainings. The total amount of these proposed new activities is US\$180,000. A revised Procurement Plan and the relevant Project Procurement Strategy for Development (PPSD) has been submitted to the Bank through STEP on March 13, 2020 and the package is being reviewed by the Bank project team.

11. Project's financial situation. As of 31 January 2020, the current grant value is US\$46.8 million. A summary is shown in Table 1 below:

Table 1. Project's funding

Funding Source	Total Project Funding (millions)		
	SDR (millions)	Original Signed US\$ Amount	Current Value US\$ Amount
IDA H9140	16.30	\$25.00	\$22.71
IDA AF 58050	12.10	\$16.60	\$16.91
PRIF	0.20	\$ 0.30	\$ 0.30
IDA D457	1.60	\$ 2.20	\$ 2.19
Total IDA Project Funding	30.20	\$44.12	\$42.11
GOS Counterpart Funding	- \$ 4.65	\$ 4.66	
Total Project Funding	30.20	\$48.77	\$46.77

12. As of February 29, 2020, SAIP has spent US\$43.72 million (approximately 93%) of its current total project value, with a remaining unspent amount of US\$3.05 million. Of this amount, US\$2.10 million has already been committed to ongoing contracts that are all expected to be completed by the end of March 2020, as detailed in paragraph 10 above. This thereby leaves US\$946,537 of uncommitted funds which will remain unspent after the payments for contracts ending in March 2020 are paid. These uncommitted funds are inclusive of the US\$463,000 worth of suspended trainings. A summary of the financial status is shown in the table 2 below:

Table 2. Summary of the project's financial status

Financial Status (February 29, 2020)	USD (million)
Current Grant Value *	46.77
Disbursed amount	43.72



Remaining Balance		3.05
Committed Funds	2.10	
Uncommitted amount (to be disbursed until the end of project)		0.95

13. The uncommitted funds of US\$946,537 will be used as follows:

- Training activities for SAA, MWTI & Line Ministries – US\$463k;
- New proposed procurement activities – US\$180k;
- Variations to PST staff Contracts – US\$65k;
- Incremental Operational Costs up to 31 December 2020 – US\$53k;
- A contingency of US\$185k to cover for any foreign exchanges’ losses and/or costs overruns up to the end of the project.

14. Those expenses can be accommodated within the existing project funds. The Government of Samoa will be responsible for the expenses incurred beyond the project’s proposed new closing date, including the project’s final audit (for the period from July 1 to December 31, 2020). The Transport Infrastructure Sector Coordination Division (TISCD), under the aeg is of the Ministry of Economy, will be in charge of the final project reports (IFRs, withdrawal applications during the grace period).

II. DETAILED CHANGES

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-58050	Effective	30-Jun-2019	31-Mar-2020	31-Dec-2020	30-Apr-2021
IDA-D4570	Effective	31-Mar-2020		31-Dec-2020	30-Apr-2021
IDA-H9140	Effective	30-Jun-2019	31-Mar-2020	31-Dec-2020	30-Apr-2021
TF-17019	Closed	30-Jun-2019	10-Nov-2019		