

# Pacific Aviation Safety Office

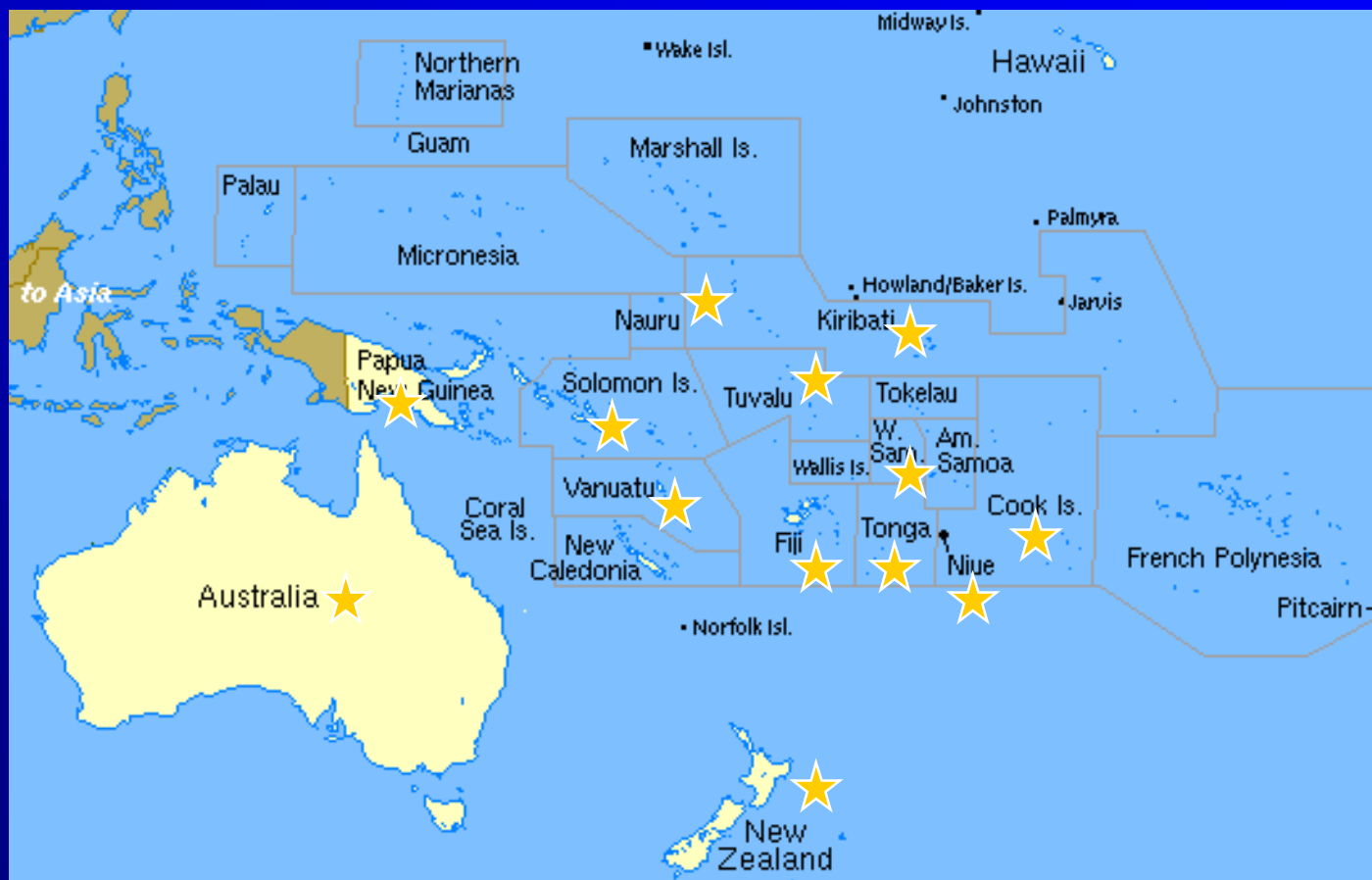


## Regional Cooperation for Improved Aviation Safety and Security

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ADB

# The Pacific Region



★ PASO Member Countries

## The Pacific islands context

- Geography - dispersion and isolation, creates a high dependence on aviation
- Population – scale and HR constraints
- Administration - resource constraints
- Industry - small and fragmented

**BUT**

- Required to meet exacting international aviation safety standards
- Non-compliance risks international isolation




# Options

1. Business as usual - a very risky option
2. Strengthen national aviation safety authorities
3. Contract out: nationally or regionally (with or without harmonization)
4. Create a regional approach and organization

## The PASO response

- Harmonization of regulations and standards
- Shared resources create economies of scale and lower unit costs
- Range of services allows varying levels of participation
- Integration with each State's CAA creates an improved operating environment and ensures commitment
- The financial impact is positive, self sustaining and pools risk
- Local control ensures policy independence, responsiveness and national commitment

## PASO Funding

-  PASO operates on a full cost-recovery basis and is intended to be financially self-sustaining
-  Sources include member governments, aviation industry, and bilateral and multilateral development partners.
-  Combination of national, industry, and external resources employed

## Financing structure

- Single loan to PASO, guaranteed by 4 member countries
- \$1.5 million ADF loan (=67% of public financing and 44% of initial PASO budget)
- \$650,000 TA grant cofinanced by FRTFSI and New Zealand
- Members not guaranteeing loan (for a range of reasons) will pay a 10% premium on services purchased.

## **ADB role in PASO proposal**

- **Technical and financial analysis from an early stage**
- **TA funds for feasibility study a critical and timely input**
- **An honest broker**
- **Facilitation of negotiation of membership terms and conditions**
- **Loan financing**

# Innovations

- For the Pacific Island Countries: multilateral loan and provision of loan guarantee
- Possible flow-on effects to other aspects of regional aviation through Governing Council
- For the regional aviation sector: treaty-based regulatory harmonization
- For ADB: first loan to an inter-governmental organization
- Also for ADB: first true multi-country loan

## Important lessons

- Cooperation and harmonization are mandated by treaty
- Performance is internationally mandated and audited
- Business case requires revenue stream, in this case from service fees
- Member countries were already paying for services, case built on cost efficiency
- Multilateralism takes a LONG time!

# For more information:

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