

Asian Development Bank Business Opportunities Fair

Country Case Studies and Stories

Papua New Guinea

The Civil Aviation Development Investment Program



IBARRA AERO CHARGES

September 2026

Papua New Guinea

Aviation is how Papua New Guinea holds together

- For millions of people a national airport or a rural strip is the way to a hospital, a school term, a court date, a wage, a funeral, a vote or a bag of coffee.
- There are no road between Port Moresby and Lae; much of the highlands and almost all of the ~600 islands are reached only by air or sea.
- The 22 NAC airports plus the 150–200 airstrips that still operate on a given day connect provinces, language groups and islands into one economy and one public life.
- Families visiting, public servants rotating, medicines and teachers arriving — the ordinary movement that keeps communities in the same country.
- When Jacksons, Nadzab or a highland strip stays open in bad weather, it is not only cargo and tourists that move; it is the everyday links that stop PNG becoming a set of isolated valleys and islands.



Local entrepreneurship and women empowerment

CADIP is ADB's long-running aviation programme with Papua New Guinea's National Airports Corporation (NAC) and the civil aviation agencies that were split out of the old CAA after the 2010 reform (NAC, PNG Air Services Limited, CASA PNG).

What it does

Upgrade national airports to ICAO safety and security standards (runways, terminals, fencing, fire, towers, aprons).

Institutional reform: separate operator (NAC), air navigation (PNGASL) and regulator (CASA).

Capacity development, maintenance planning, and (in later phases) climate-resilient design and rural airstrips.

Phases

CADIP I - Three Tranches – Running from 2009 – 2021

CADIP II – Active follow up investments. Five national airports, POM power, weather/nav, four rural airstrip pilots

CADIP III – Targeted for 2026 approval



Air Niugini domestic route map. Source Air Niugini

Why Airport Charges matter

Airport charges (landing, passenger, other) represent 80%+ of total revenues for NAC. Only a handful (Port Moresby, Nadzab, Mt Hagen, Tokua) cover their costs.

All other regional airports exists so that a highland or island community can reach a hospital, a school term, a court, a market or a funeral.

↓ charges, or billed inappropriately, NAC cannot maintain runways, terminals, lighting, fencing or rescue services.

↑ or without a transparent consultation, airlines cut frequencies or pass the cost on — and the first routes to thin out are the non-commercial ones that hold the country together.



Transport of live chicks at Wewak Airport

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Turning donor/loan-built Infrastructure into quality services



CADIP builds airport infrastructure

Those assets only stay safe and open if NAC can recover enough revenue, justify the charges, and train its own staff to reset charges when traffic, fuel or climate costs change.

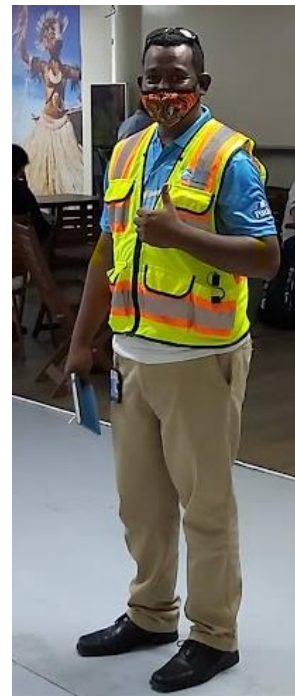
Technical capacity inside NAC is what turns donor-built infrastructure into a service that still flies in ten years.



New Goroka Airport Terminal. New ARFF and control tower at Mt. Hagen

Outcome of the consultancy included

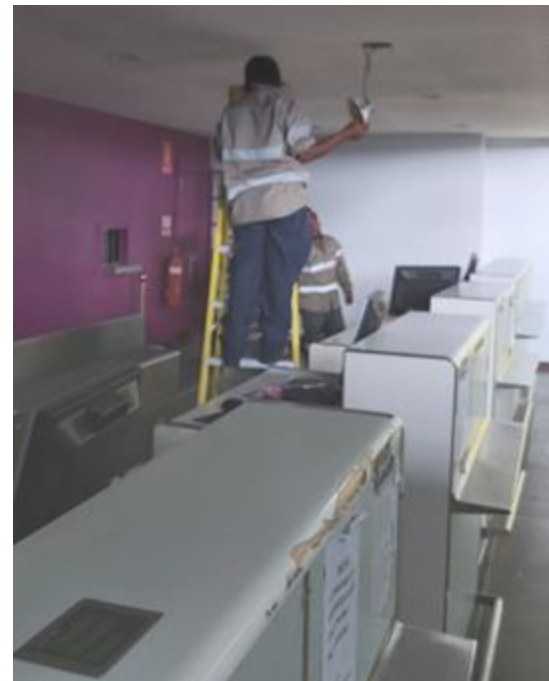
- ✓ **Due diligence** of current charges, policies, data collection systems, billing and invoicing procedures, conditions of use document and NAC operational and capital costs.
- ✓ **Benchmark study** of NAC aeronautical charges with other Asia Pacific airports.
- ✓ Review and comments for proposed **PNG Airports Act**.
- ✓ Preparation of **financial model**, including **cost allocation** strategies and proposals for various schemes of charges.
- ✓ Preparation **manuals, roadmap** for internal and external consultation process with NAC stakeholders.
- ✓ Preparation of **new Conditions of Use** document, justification document and aeronautical **charges terms and conditions**.
- ✓ Preparation of strategy and **road map for** stakeholders' consultation process.
- ✓ Capacity building and **training for NAC staff** in the establishment of airport charges.



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Key project challenges

CATEGORY	CHALLENGE / NOTE
Logistics	Originally scoped as a 12-month on-site project; extended to 16 months on/off-site Five separate approvals required to travel to Papua New Guinea Heavy ongoing use of remote communications Team members affected by COVID
Technical	NAC traffic fell 36% in 2020, but PNG's strong domestic market meant the drop was milder than at international-only airports (e.g. Singapore, Dubai, Heathrow) Stakeholders kept raising complaints about airport service quality Stakeholders controlled parts of airport operations (apron, passenger counting, ground handling)
Institutional	Two Acting CEOs, plus ongoing C-level and divisional changes CADIP PMU credited with keeping the project on track
Cultural	Different divisions and stakeholders; PNG is among the world's most diverse countries (800+ languages)



Social Impact of CADIP

The Civil Aviation Development Investment Program - CADIP-

- (i) supports the social and economic development of Papua New Guinea (PNG) by providing safe, efficient, reliable and sustainable aviation services and infrastructure;
- (ii) gives all-weather access to the country and improves the mobility of communities; and
- (iii) provides access to noncommercial destinations, thereby meeting important service obligations to the community.



Community in Wewak close to Sepik river

All-weather runways and terminals that remain certified.

An airport charge that is priced into airline tickets enough to keep safe, reliable and quality airport services.

We would like to thank all those NAC staff from line, to management to C-level, involved in this important project.

- ✓ Managing Director's Office, COO Office
- ✓ Finance and Commercial
- ✓ Operations, AVSEC, ICT and Engineering Services
- ✓ Regional Airports
- ✓ Legal, HR and CADIP PMU

Without their support, curiosity for learning and commitment this project would have not been possible to complete



Presentation to Management Committee, Loloata Island, November 2021



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