

## New Heights: Bank Stepping up Support for Air Transport

**June 7, 2005**—Air transport may not readily come to mind when one thinks about infrastructure development. It has, though, become an essential vehicle of economic development throughout the globe, and the Bank is making it an integral part of its infrastructure initiatives.

President Paul Wolfowitz made clear that he intends to keep infrastructure a priority for the institution. “Infrastructure is key to economic growth”, he said in his June 1 Townhall meeting with staff. “Development is about a lot more than pouring concrete”— a reference to the Bank’s old approach to financing infrastructure — “It is hard to have development without roads, electricity and other fundamental infrastructure, so it’s got to be part of the picture.”



Maryvonne Plessis-Fraissard addressing the Montreal conference on Monday.

That idea fits with the renewed emphasis on infrastructure at the Bank. “Clearly, ensuring people’s access to basic services like roads, water, electricity, and telecommunication will be paramount. Yet, at the same time, we must be mindful of the importance of air transport to development,” says Director of Transport & Urban Development, Maryvonne Plessis-Fraissard. “Air transport is a key to economic integration since 40 percent of world goods by value are transported by air. A country without air transport cannot have the investment it needs, and this is very important if it is to be an integral part of the international system.”



Andre Ryba, Lead Financial Sector Specialist (left) with Yves-Michel Fotso, former CEO of Cameroon Airlines.

### An essential method of travel

The impact of air transport worldwide is quite clear. Beyond the benefits of fast and inexpensive transcontinental travel, air cargo has become the essential mode of transportation for high value and perishable goods that need to come to market quickly. Many developing countries depend heavily on air cargo for their exports, as other means of transport are often unreliable or non-existent.

The Bank has been working closely with the International Civil Aviation Organization (ICAO) and the Air Transport Action Group (ATAG). All three organizations are jointly hosting a key workshop in Montreal this week (from June 6-8) to maximize civil aviation's economic contribution to development. ([www.icao.int/ATWorkshop](http://www.icao.int/ATWorkshop))

The workshop brings together prominent members of the air transport industry, academics, representatives from development institutions, regulatory agencies, and others. ICAO Council President, Dr. Assad Kotaite, opened the workshop on Monday, noting that “air transport generates millions of jobs and supports many more millions in associated industries.” Yet many states, he said “face considerable difficulties in performing safety oversight, primarily due to the lack of adequate human, technical and financial resources”.

### Robust growth world wide

In 2003, the world’s airlines transported 1.6 billion passengers, roughly 25 percent of the world’s population. By 2010, the worldwide number of people traveling by air could exceed 2.3 billion. Both worldwide growth of air travel and growth in air freight are expected to be 6 percent in the foreseeable future, notably from 2005 to 2008. In Africa alone, revenue-passengers per kilometer, a statistic used to determine actual paying passengers carried, grew 10.1 percent in 2004. South America has seen a growth rate of 10.4 percent, and the Middle East 14.7 percent. These figures far exceed overall economic growth rates for these regions.

A staggering 29 million tons of freight are transported by air annually. Meanwhile, the air transport industry employs

4 million people worldwide.

In earlier days, the Bank financed equipment for state-owned airlines. With the liberalization of the air transport sector worldwide, and the privatization of many state-owned airlines, the Bank shifted its pure investment focus to a more policy and regulatory support function. While it still occasionally finances some large airport projects, such as Egypt's Terminal III, the International Finance Corporation (IFC) has engaged in financing private air carriers in developing countries.

### Helping with liberalization of markets

Certain regions of the Bank have continued to support partner countries in air-transport related projects, specifically the Africa region, where the Bank's main focus in the last 10 years has been the gradual liberalization of the air transport sector continent-wide. An increased focus on trade facilitation and the development of the private sector, which in many countries includes the tourism industry as a significant player, has identified air transport as a crucial element. In many countries, however, the air transport infrastructure, regulatory framework, and safety and security oversight systems are inefficient.

The traveling public's demand for high safety and the events of September 11 have put significant pressure on regulatory agencies to establish and maintain acceptable global standards for aviation safety and security. "Countries that do not comply with these standards will find that they will become isolated from the international air transport network. This would have serious negative implications for development," says Charles Schlumberger, in charge of the Air Transport Office of the Ports, Railroads, Air Transport, and Logistics thematic group, or PRAL by its acronym ([World Bank Air Transport Knowledge Base](#)).

The Bank set up PRAL to help partner countries establish a safe, secure, cost efficient, available and reliable air transport network. It provides operations support for Bank-funded transport related projects, and economic sector work and support on air transport related matters. It also deals with Bank internal knowledge dissemination and capacity building, as well as external relations with international air transport related organizations. Overall, PRAL helps define priorities and offer policy advice on the Bank's air transport business.

Both Schlumberger and transport colleague Heinrich Bofinger are skilled pilots and play a key role in the evolving air transport initiatives of the Bank. They occasionally perform pro bono air transport community service by flying sick children from families in need to hospitals.

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Heinrich Bofinger (l.) and Charles Schlumberger with Carolyn Cox and daughter Tabatha. The men recently flew the two women from Virginia to Ohio for the girl's medical treatment.