IFC International Finance Corporation
World Bank Group

Investing in Progress

with Experience, Innovation, and Partnership

Air Safety in Africa ICAO/ATAG/ WB

Addis Ababa

April 23-25 2007

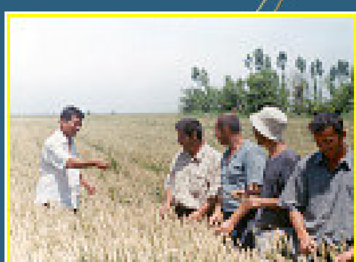
Ram Mahidhara
IFC

IFC: Part of the World Bank Group

IFC is owned by its 178 member countries, which collectively determine policies.

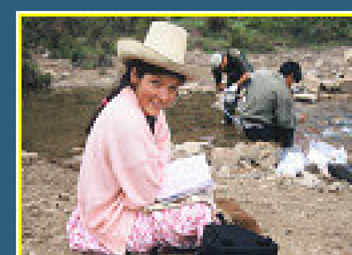
International Bank for Reconstruction and Development, 1945

International Finance Corporation, 1956



International Development Association, 1960

International Centre for Settlement of Investment Disputes, 1966



Multilateral Investment Guarantee Agency, 1988

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World Bank Group Institutional Roles

- IBRD lends to governments of middle-income developing countries
- IDA provides concessional loans to governments of the poorest developing countries
- ICSID facilitates the settlement of investment disputes between governments and foreign investors
- MIGA provides guarantees to foreign investors against noncommercial risk

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IFC's Mission

To promote sustainable private sector investment in developing countries, helping to reduce poverty and improve people's lives

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IFC'S Infrastructure Dept.

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Infrastructure

- Created in 1992 to address a market need
- Current portfolio: $ 3.2 bn
- FY06 Commitments: Approx $1 bn
- 70 professionals in Washington, DC and 6 international offices

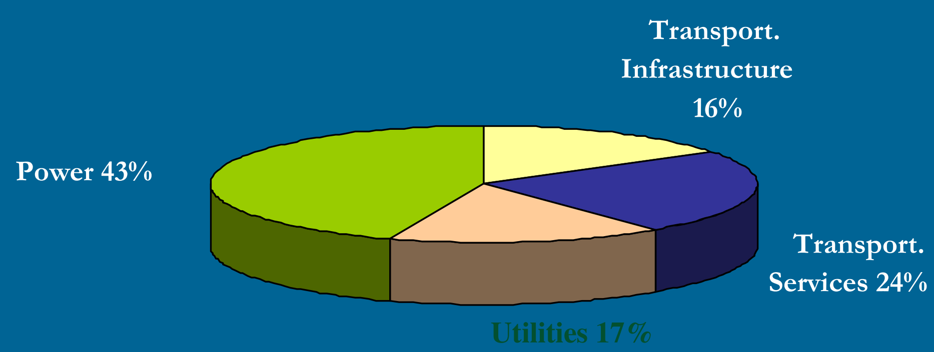
Transportation Infrastructure
Airports
Ports
Roads

Transportation Services
Logistics
Shipping
Airlines

Power
Generation, Transmission, Distribution

Renewable Energy

Utilities
Water, Waste, Gas Distribution, Privatized Public Services



IFC'S Infrastructure Dept. Services and Value

Industry knowledge
- In-House Industrial Staff
- WBG Contacts

Credibility vis-à-vis Government/Sensitivity to Government Priorities

Established Know-How on Environmental/Social Management

Significant Experience with Local Governments and Communities

Project Risk Assessment

- Technical/Commercial
- Financial/Economic/Legal
- Environmental/Social Impact Assessment/Management Plans

Structuring/Financing

-Equity/Quasi-Equity/Debt

-Mobilization/Coordination of Debt from Other Sources

-Credit Enhancement Products

-Other Risk Management Products

Local Development

-Local Economic Development

-Capacity Building Programs

IFC'S Infrastructure Dept. Services and Value

IFC combines the resources of a development bank with the flexibility of a merchant bank, reassuring investors and Governments

- Industry knowledge & contacts
- Sensitivity to Government priorities
- Commercial & technical skills in emerging markets

IFC's Products

Long Term Financing

•Corporate / Project

•Equity / Quasi-equity

Capital Mobilization

- Commercial bank lending - exempt from tax & provisioning requirements
- Export Credit Agency facilities possible
- Credit enhancement

Advisory Services

The IFC Advantage: resource mobilization

- **Solid financial structure**: AAA rating based on IFC's strong capitalization and sound financial management

- **Resource mobilization**: beyond its own investment limits, IFC can help mobilize financing from commercial banks (B-Loans), export credit agencies and bilaterals/ multilaterals

- **IFC Lender of record**: IFC presence plays a catalytic role by reassuring other investors and lenders

IFC's Air Transport Investments

- Airlines
- Airports and related infrastructure
- Advisory work (privatisation of above)

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IFC Airline Sector Investments

Fisical Year	Client	Country	IFC Account	Syndications	Quasi-Equity
2001	Jet Airways	India	15,000,000		
2002	Volga-Dnepr	Russia	13,500,000	13,000,000	3,400,000
2003	Kenya Airways	Kenya	15,000,000		
2003	LAN	Chile	30,000,000		
2004	Siberian Airlines	Russia	20,000,000		5,000,000
2005	Taca	El Salvador	30,000,000		
2005	Copa Airlines	Panama	15,000,000		
2005	Tam Airlines	Brazil	50,000,000		
2006	Gol	Brazil	50,000,000		
2006	Volaris	Mexico	30,000,000		10,000,000
2007	Air Taxi	Russia			15,000,000
			268,500,000	13,000,000	33,400,000
			Total:		314,900,000

IFC & AIRLINE INDUSTRY

wide range of tailored products and services,

- **Variety of products**: pre-delivery financing, working capital financing, spare parts financing, quasi-equity, SOAR (mismatch) loans of up to 15 years, partial credit guarantees on loans and bonds, securitization of future cash flows, etc.
- **Competitive maturity and pricing**: fixed/floating rates, currency of choice, commercial rates, repayment tailored to cash flow, long maturities (8-10 years), etc.
- **Political risk mitigation**: through our affiliation with the World Bank
- **Long-term partnership**: IFC works closely with partners and sponsors in each project to address issues

IFC's Airport Investments

- IFC's Infrastructure department has made a number of airport investments in:
- URUGUAY (CAISA), JAMAICA (Sangster Intl.), CAMBODIA (Phnom Penh, Siem Riep), DOMINICAN REPUBLIC (six airports), GEORGIA (Tbilisi),
- Working towards the financing of the LIMA (Peru) airport
- TOTAL IFC AIRPORT INVESTMENTS ARE IN THE US$200 – 250 MILLION RANGE

IFC's Air Transport: Advisory Services

- IFC's Advisory Services department has served as advisor on a number of air transport privatizations:

PROJECT	Year	Mandate/Result
Polynesian Airlines	2005	Sold to Virgin Blue
Kenya Airways	1996	Sold to KLM, Kenyan investors
Air Tanzania	2002	Sold to SAA
Rwandair Express	2006	Ongoing privatization
Cameroon Airlines	2005	Ongoing privatization
Nigeria Airports	2005	Ongoing concession
Madagascar Airports	2005	Ongoing concession
Nigeria Airways	2002	Strategic analysis
Air Botswana	2003	No market
Middle-East Airlines	2001	Cancelled after 9/11
Affretair (cargo)	1994	Evaluation of development options
Air Lanka	1992	Design of a privatization plan

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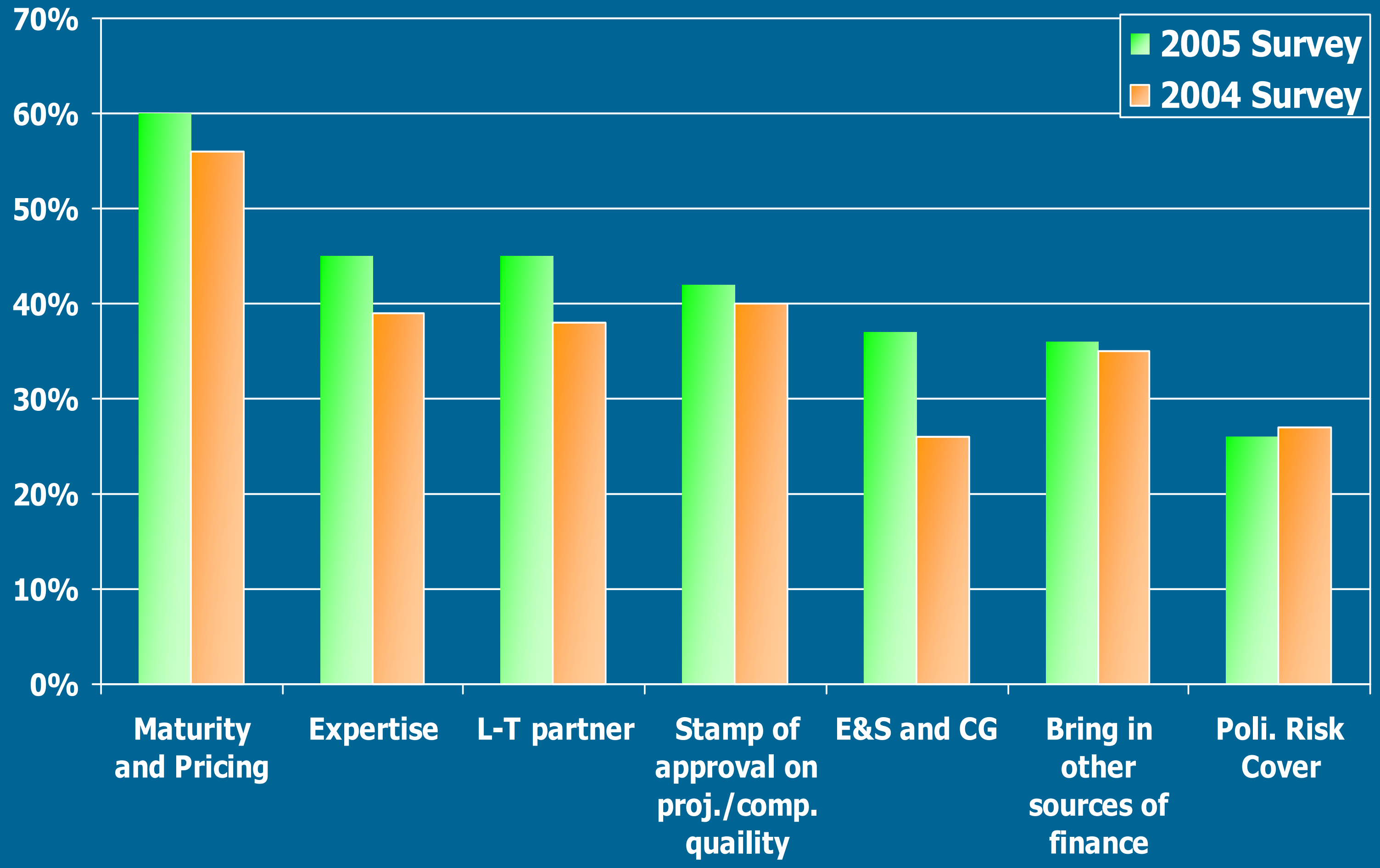
Why clients choose IFC*



* Percent who chose the category as one of top 4 reasons

IFC AIRLINE INVESTMENTS

INDIA: US$15 million quasi-equity investment

Volga-Dnepr Airlines

RUSSIA: US$30 million corporate loan to finance fleet expansion

KENYA: US$15 million pre-delivery financing

CHILE: US$30 million standby revolving credit facility

RUSSIA: US$25 million corporate loan

IFC's Airline Investments (contd)

El SALVADOR: US$30 million pre-delivery financing

PANAMA: US$15 million standby revolving credit facility

BRAZIL: US$33 million pre-delivery financing and US$17 million corporate loan

BRAZIL: US$50 million corporate loan

MEXICO: US$30 million pre-delivery financing and US$10 million corporate loan

HOW DO YOU CONTACT IFC FOR AVIATION RELATED FINANCING NEEDS?

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