



DIRECTORS GENERAL OF CIVIL AVIATION CONFERENCE ON A GLOBAL STRATEGY FOR AVIATION SAFETY

Montréal, 20 to 22 March 2006

Theme 2: Improving aviation safety

Topic 2.1: Transparency and sharing of safety information

THE WORLD BANK AND ITS INVOLVEMENT IN AIR TRANSPORT

(Presented by the World Bank)

SUMMARY

This paper presents an overview of the World Bank's involvement in air transport and in particular provides information on the Bank's interest in aviation safety and security.

Action by the Conference is in paragraph 4.

1. INTRODUCTION

1.1 The World Bank Group (World Bank), which is primarily composed of the International Bank for Reconstruction and Development (IDRB), the International Development Association (IDA), and the International Finance Corporation (IFC), recognizes air transportation as a key contributor for economic growth and social integration.

1.2 It therefore supports the development of safe, secure, reliable, cost-effective and environmentally responsible air transport services with loans and grants in order to improve accessibility and affordability for all sections of the population, in support of social and economic growth.

1.3 The World Bank, which is owned by 184 member countries, has made almost U.S.\$400 billion in loans with only U.S.\$11 billion from shareholders to IDRB. It supports and works in more than 100 developing economies. The current portfolio of the World Bank amounts to about U.S.\$238 billion of loans in many different sectors. Air transport related projects are maintaining a current portfolio of close to U.S.\$1 billion. Two thirds, about U.S.\$650 million, are loans or grants to governments of client countries, and one third to private sector partners of developing countries.

1.4 The thematic focus of air transport development of the World Bank can be grouped in four main categories: i) infrastructure; ii) civil aviation regulatory oversight; iii) economic policy and liberalization; and iv) private sector support.

1.5 In infrastructure projects, the World Bank aims at financing adequate (meeting ICAO Standards and Recommended Practices (SARPs)) air transport infrastructure, such as airport safety and security equipment, communications, navigation, and surveillance (CNS), global navigation satellite system (GNSS) and other infrastructure, which are seen as a necessary condition for development.

1.6 To help countries establishing an effective and compliant civil aviation regulatory oversight, the World Bank supports safety and security related projects. These range from capacity building and technical advice, legal and regulatory reform, to the procurement of necessary equipment. The objective again is compliance with ICAO SARPs, which are often used as agreed performance indicators between the World Bank and the client country.

1.7 The World Bank supports an economic policy which aims at liberalization and opening aviation markets in the developing world. It supports related projects, such as new regulation for liberalization, especially for dispute settlement and competition rules.

1.8 The IFC finances private sector projects in the aviation markets of client countries. These include aircraft acquisition for carriers or on demand operators, airport terminals, or others.

2. THE WORLD BANK AND ICAO

2.1 The World Bank has been working with ICAO since many years on different projects, mainly focusing on safety and security. This very fruitful and positive cooperation has evolved into a permanent working group, which unites every year Civil Aviation Authorities (CAAs), development partners and donors, and the industry at ICAO in Montreal. The aim is to further coordinate the development and support efforts, by aiming at supporting clients, which require urgent improvements and have demonstrated a required level of transparency and good governance.

3. SOME RECOMMENDATIONS

3.1 The World Bank is mandated by its shareholders and donors to adjust its allocation of supporting funds to the demonstrated level of good governance and transparency of each client country. This measurement is performed periodically by specialists of the Bank, after in depth research and consultations with the client. This is especially important to countries which benefit from support of IDA, with conditional credits (heavily discounted loans or grants).

3.2 With a view to supporting client countries on air transport related projects better, the World Bank encourages ICAO Contracting States to openly share safety and security information, such as audits, among States and participatory organizations. Such information will help donor organizations such as the World Bank to better decide which States are in urgent need of support. It is also felt that States in need of support will have quicker access to funds and grants from donor organizations if they were to be supported by good reports on governance and transparency.

3.3 In addition, the World Bank would like to encourage ICAO to prepare an annual report on aviation infrastructure and required improvements. Such a report would also serve to allocate support to client countries.

4. **ACTION BY THE CONFERENCE**

4.1 The Conference is invited to:

- a) note the contents of this paper;
- b) urge Contracting States to consider the recommendation contained in paragraph 3.2;
and
- c) urge ICAO to consider the recommendation in paragraph 3.3.

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