



## Connecting to Growth:

### Sustainable Economic Development of Air Transport

#### Development Assistance for Air transport

Aviation is a powerful engine of economic and social development. It directly contributes to the creation of 8.5 million jobs and to around 700 billion dollars to global gross domestic product (GDP). Because of its cross-cutting nature and multiple links to other economic sectors, the total economic impact of aviation reaches some 3.5 per cent of GDP —2.4 trillion dollars—with the creation of 58.1 million jobs, nearly the same size of Italy's population.

Despite being a high impact economic activity, aviation has so far received limited attention regarding official development assistance (ODA).

ODA is defined as government aid designed to promote the economic development and welfare of developing countries. Whether disbursed bilaterally or through a multilateral development agency such as the United Nations or the World Bank, ODA in the form of grants, “soft” loans with a substantial grant component, or technical assistance plays a key role in eradicating poverty and forming the foundation for sustainable growth.

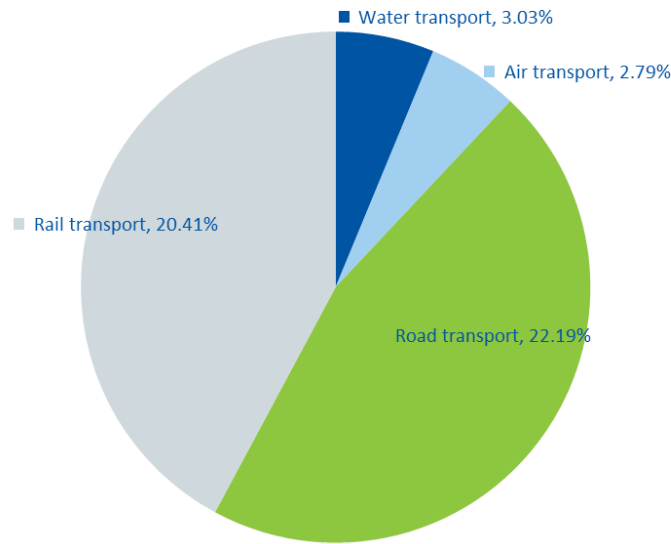
The international community has repeatedly pledged to contribute 0.7 per cent of their gross national income (GNI) to support low and middle income countries.

The air transport sector received a mere 2.8 per cent (USD 3.1 billion) of the total ODA provided by the Development Assistance Committee (DAC) countries for economic infrastructure and services for the past decade (2005-2013). In comparison, road transport was allocated a share of 22.1 per cent which amounts to USD 24.7 billion.

DAC Countries, Total in million \$		
<b>Air Transport</b>	3110.60	2.79%
<b>Road Transport</b>	24705.66	22.19%
<b>Rail Transport</b>	22719.26	20.41%
<b>Water Transport</b>	3370.99	3.03%
Total	53906.51	
<b>Total ODA to transport sector 2003-2013</b>	111338.65	

\*Multilateral, Non DAC Countries and private donor contribution as well as the Storage, Transport policy and administrative management are included in the total ODA to transport sector.

### ODA countries contribution to Transport Sectors 2005 - 2013



As air traffic is now projected to double by 2030, States and the international community should use aviation as an effective tool to foster sustainable economic development and ultimately to achieve the UN Sustainable Development Goals (SDGs) [\[more information here\]](#).

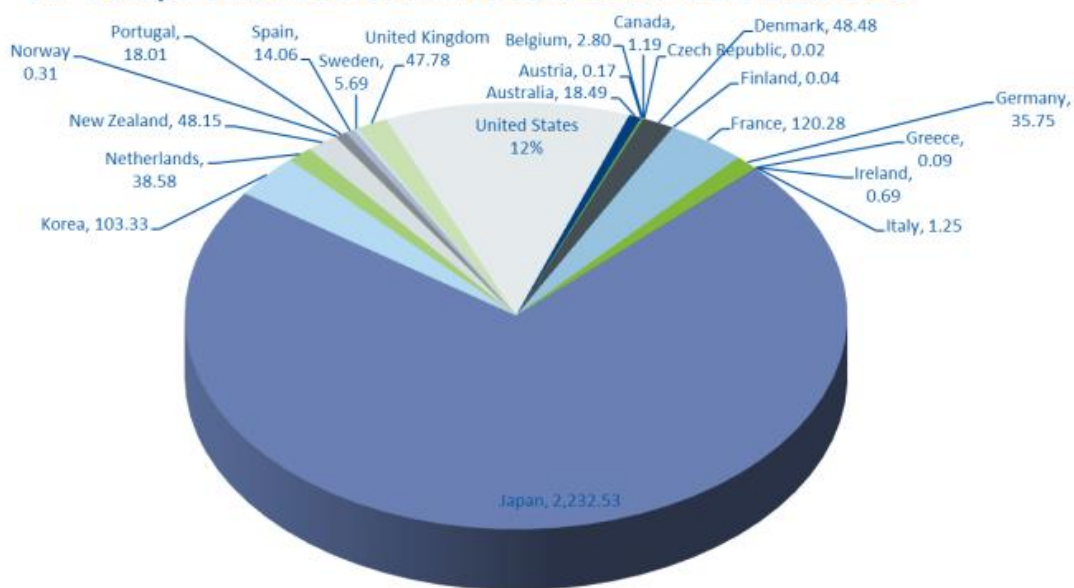
For Landlocked Developing Countries (LLDCs) and Small Island Developing States (SIDS) especially, aviation

represents an essential lifeline to enhance connectivity, which in turn promotes greater tourism, trade and other vital business activities.

#### ODA Donors and recipients

Major ODA contributions to the air transport sector in the last decade came from Japan (47.9 per cent), followed by the

#### Air Transport Individual Countries Contribution ODA 2005-2013



\*data from CRS OECD: values in USD million

United States (7.9 per cent), France (4 per cent), Republic of Korea (2.2 per cent) and Denmark (1 per cent).

The table below shows the countries' contribution of ODA to the different transport sectors: Air, Road, Rail and Water<sup>1</sup>.

Table 1: ODA by country to Air Transport

The table furthermore illustrates that the total contributions to road transportation were nearly eight times higher than the funds allocated to the air transport sector.

Its largest donor was Japan with 24.1 per cent, followed by the United States with 5.7 per cent. The second largest recipient sector was rail transportation, having received USD 22.7 billion in the last decade.

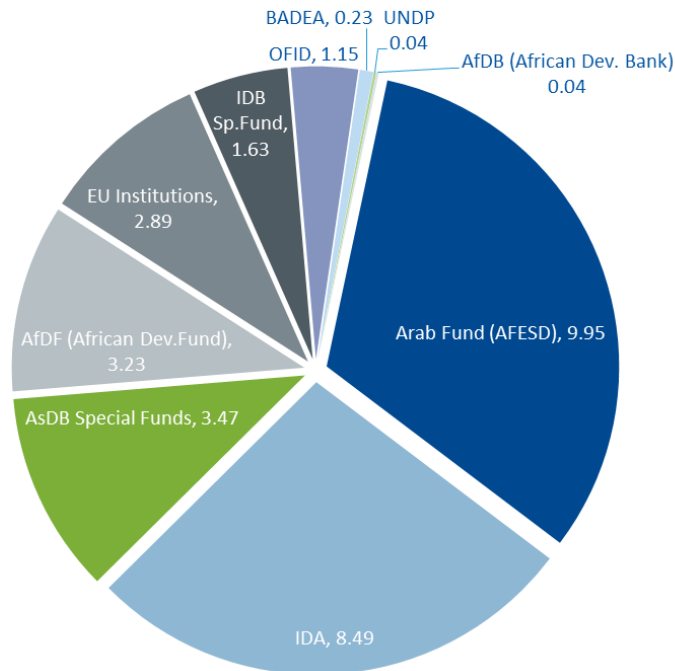
Unit: US Dollar, millions (2005-2013)				
	Air	Road	Rail	Water
Australia	18.49	665.60	42.84	80.26
Austria	0.17	44.25	48.85	4.72
Belgium	2.80	242.24	16.37	88.77
Canada	1.19	148.03	2.27	0.62
Czech Republic	0.02	0.07	1.25	0.00
Denmark	48.48	349.91	0.00	45.16
Finland	0.04	23.16	0.11	0.22
France	120.28	931.93	5245.93	263.22
Germany	35.75	422.85	1196.01	161.66
Greece	0.09	76.21	0.00	0.34
Iceland	0.00	0.00	0.00	0.00
Ireland	0.69	11.24	0.00	0.00
Italy	1.25	310.52	9.26	52.30
Japan	2232.53	14690.91	14791.43	2144.32
Korea	103.33	2157.91	203.06	126.28
Luxembourg	0.00	11.33	0.00	0.00
Netherlands	38.58	36.60	15.69	47.37
New Zealand	48.15	27.81	0.00	94.03
Norway	0.31	89.14	1.15	14.46
Poland	0.00	0.00	0.00	0.00
Portugal	18.01	195.86	11.00	1.17
Slovak Republic	0.00	0.01	0.00	0.00
Slovenia	0.00	0.00	0.00	0.00
Spain	14.06	87.46	814.33	53.52
Sweden	5.69	215.63	1.64	3.06
Switzerland	0.00	13.43	1.66	0.00
United Kingdom	47.78	476.80	0.00	17.61
United States	372.88	3476.78	316.41	171.91
Total	3110.60	24705.66	22719.26	3370.99

<sup>1</sup> Storage, Transport policy and administrative management are not considered.

On a multilateral scale, the top donors were the Arab Fund (AFESD) with 9.9 per cent, the International Development Association (IDA) with 8.5 per cent,

followed by the Asian Development Bank's (AsDB) Special Funds with 3.5 per cent and the African Development Fund (AfDF) with 3.2 per cent.

### Top Ten Multilateral Donors for Air Transport 2005-2013



\*data from CRS OECD: bilateral aid not included

On the recipient side, Viet Nam received the major portion of ODA dedicated to air transport with a share of around 15 per cent. Sri Lanka was allocated 8 percent and Thailand 7 per cent.

Nearly one third of ODA disbursed to air transport infrastructure projects was therefore distributed to 3 South/South-East Asian countries.

**Top 20 Recipients - 2005 -2013  
(ODA - All Type of Aid)**

