

ICAO AIR TRANSPORT SYMPOSIUM

18 – 20 APRIL 2012



Financing Air Transport Development by the World Bank Group

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Strategies and Tools for
Sustainable Air Transport

Outline

- The World Bank Air Transport Portfolio
- Type of Financing by the World Bank Group
- Challenges for Financing Air Transport Projects

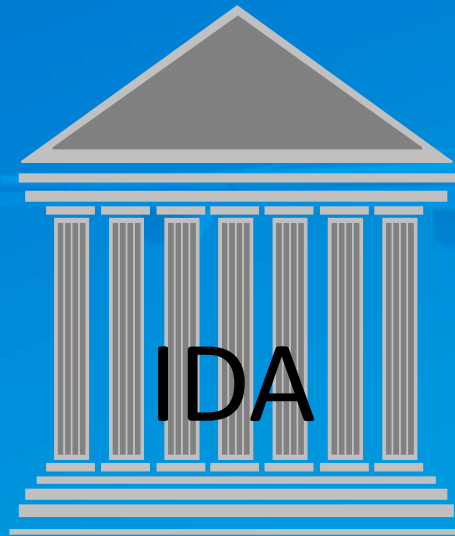


The World Bank Group



IBRD

1945



IDA

1960



IFC

1956



MIGA

1988



ICSID

1966



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ACTIVE PROJECTS COMMITMENTS

Active Projects (in millions USD)	IBRD			IDA			IFC			TOTAL		
	FY11	FY10	change	FY11	FY10	change	FY11	FY10	change	FY11	FY10	change
WB Group Total Active Portfolio	102,305	100,427	1.9%	69,450	62,111	11.8%	42,777	38,730	10.4%	214,532	201,268	6.6%
WB Group Active Portfolio-Transport	26,005	23,667	9.9%	13,156	10,486	25.5%	2,814	2,103	33.8%	41,975	36,256	15.8%
% of Total Active Portfolio	25.4%	23.6%	1.9%	18.9%	16.9%	2.1%	6.6%	5.4%	1.1%	19.6%	18.0%	1.6%
Air Transport Active Projects	285.0	281.8	1.1%	334.2	287.0	16.5%	685.5	649.7	5.5%	1,304.8	1,247.2	4.6%
% of Total Active Portfolio	0.3%	0.3%		0.5%	0.5%		1.6%	1.7%		0.6%	0.6%	
% of Total Transport Portfolio	1.1%	1.2%		2.5%	2.7%		24.4%	30.9%		3.1%	3.4%	



Current World Bank Group Air Transport Portfolio

The WGB FY11 Air Transport Portfolio includes:

- ➔ 30 major projects in all regions of IBRD and IDA
- ➔ 28 active IFC investments and several advisory mandates
- ➔ total public sector air transport portfolio financed by loans or grants of IBRD and IDA of US\$ 619 million
- ➔ IFC private sector air transport portfolio US\$ 685 million
- ➔ Overall, the WBG air transport portfolio of US\$ 1.3 billion



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Traditional Financing

Three main sources:

- ➔ Government funds from operational income and allocated general funds
- ➔ Financing by bilateral partners
- ➔ Financing by Multilateral Development Banks (MDB)



Traditional Financing

Government funds from operational income and allocated general funds

- ✈ Example Mongolia:
 - ✈ 40,000 overflights per year
 - ✈ Procedural ATC
 - ✈ US\$ 40 million





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Traditional Financing

Bilateral partners

- ✈ Financing of airport or air traffic management infrastructure
 - ✈ Dar-Es-Salaam airport in Tanzania
 - ✈ € 53 million grant / loan by the Dutch Government





Traditional Financing

- ❖ Financing by Multilateral Development Banks (MDB)
 - Regional Development Banks (e.g. Inter-American Development Bank)
 - Global Development Institutions (EBRD, The World Bank Group)



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IBRD/IDA Financing – Airport Infrastructure

- ✓ Runways, apron
- ✓ Lighting & navigation systems
- ✓ Power & water System
- ✓ Terminal improvements (for security & safety)
- Tools: Public-Private Partnerships





IBRD/IDA Financing – Example Egypt

❖ Airports Development Projects

- ✈ IBRD Financing US\$ 335 million
 - ✈ New Terminal 3 at Cairo International and at Sharm El Sheikh Airports
- ✈ IBRD Financing US\$ 280 million
 - ✈ Renovation of Terminal 2 in Cairo
 - ✈ Several technical assistance components





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IBRD/IDA Financing – Safety Infrastructure

- ✓ Navigation aids (ILS,GNSS)
- ✓ Communication & surveillance (ADS-B)
- ✓ Fire & crash equipment
- ✓ CAA technical library
- ✓ Local capacity building
- Tool: Meet SARP & self-sustainable CAA





IBRD/IDA Financing – Security Infrastructure

- ✓ Passenger & cargo screening equipment
- ✓ Communication & CCTV
- ✓ Fencing & terminal improvements
- ✓ Local capacity building
- Objective: Meet SARP & self-sustainable (fees)





Private Public Partnerships

	Complete Government Control			Complete Private Sector Control
Ownership	Government	Government	Government	Private Sector
Investment	Government	Government	Private Sector	Private Sector
Management/ Operations	Government	Private Sector	Private Sector	Private Sector
PPI Options (commonly used)		<ul style="list-style-type: none"> ■ Service Concessions ■ Contracting-Out ■ Management Contracts ■ Multiple Concessions 	<ul style="list-style-type: none"> ■ BOT scheme (BOOT, BTO, etc.) ■ Long Term Leases (LDO, etc.) ■ Master Concession 	<ul style="list-style-type: none"> ■ Wraparound Additions ■ BOO ■ Strategic Buyout (e.g., MEBO, etc.) ■ Capital Markets

BOT=Build-Operate-Transfer; BOOT=Build-Own-Operate-Transfer; LDO=Lease-Develop-Operate
 BTO=Build-Transfer-Operate; BOO=Build-Own-Operate; MEBO=Management-Employee Buyout



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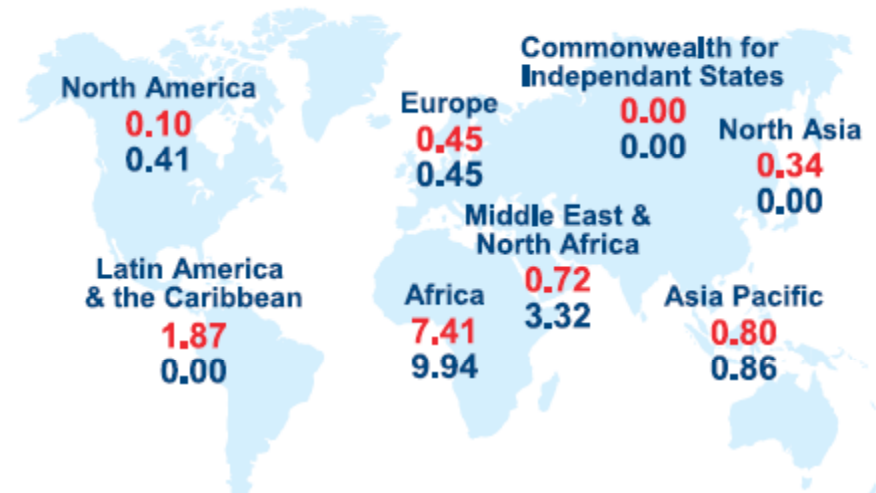
The Challenges - Air Transport Safety

	2001	2009	2010
Hull loss accidents (Western-built)	20	19	17
Accidents (all aircraft types)	104	90	94
Fatal accidents	25	18	23
Total fatalities	749	685	786
Passenger numbers	1.64 billion	2.27 billion	2.42 billion



Regional safety rate
(Industry Western-built jet hull losses per million sectors)

Source: IATA GSIC



World	IATA Members
0.61	0.25
0.71	0.62

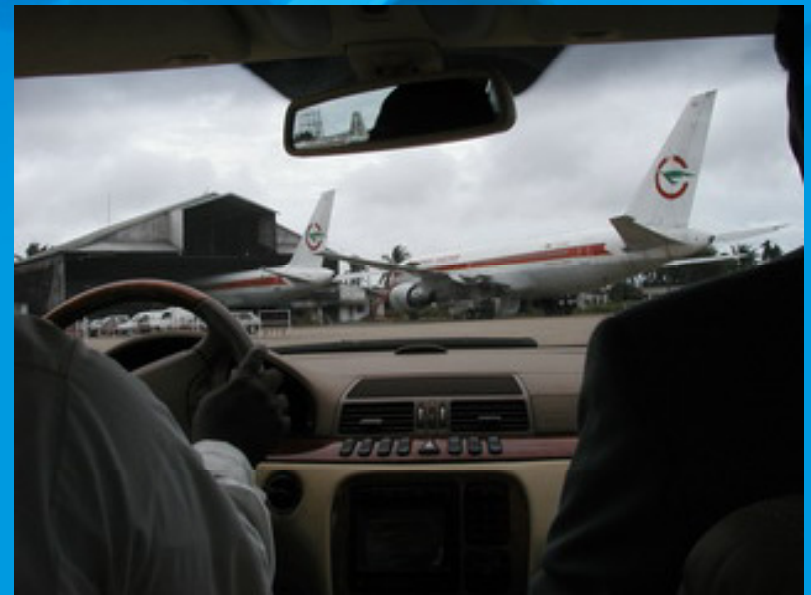
Red = 2010
Blue = 2009



The Challenges – Governance Poor Safety Oversight

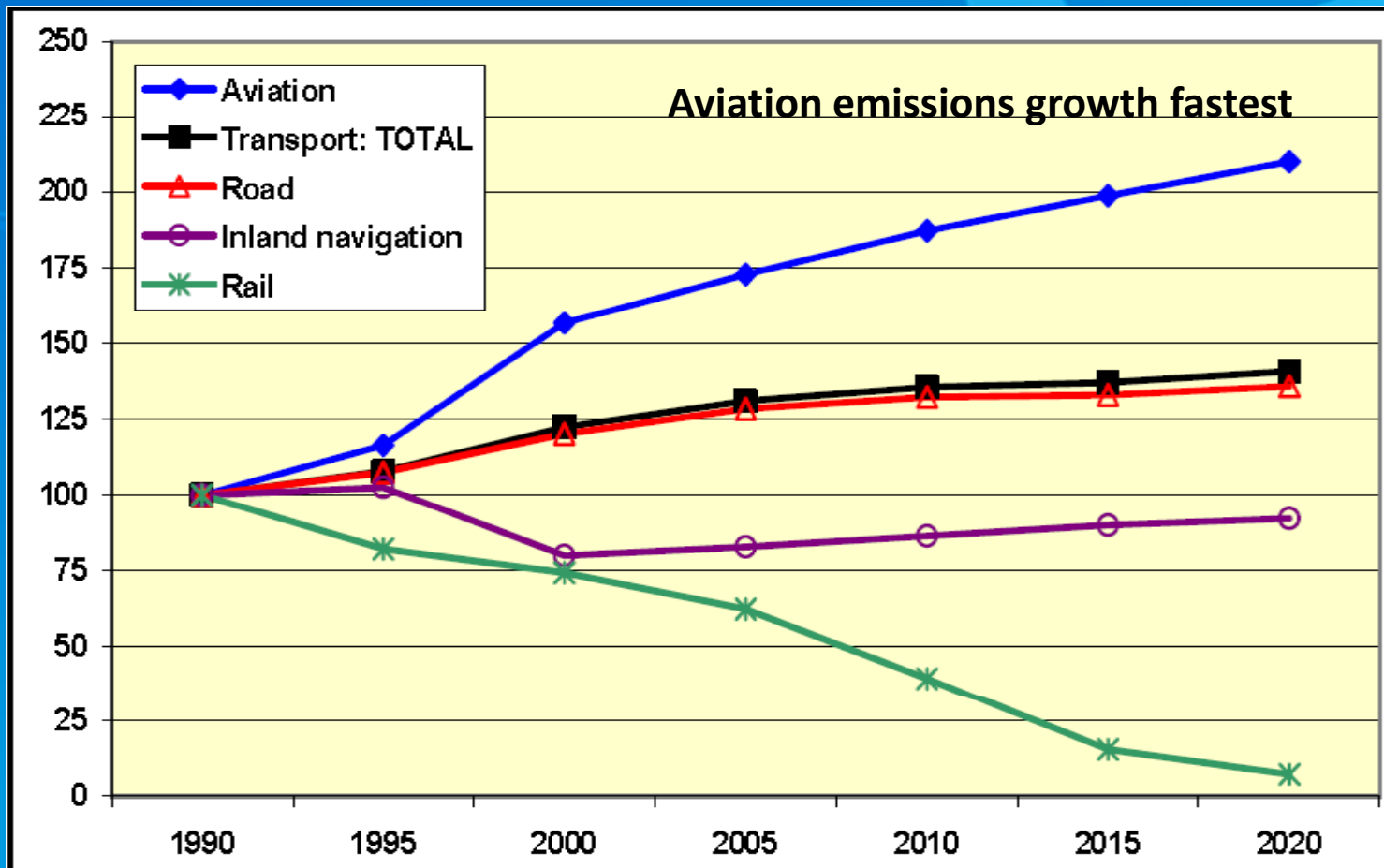
❖ Good Governance is key, Money is not the reason for poor safety oversight:

- ✓ Training available from various partners
- ✓ Pooling of resources
- ✓ Partnerships (airlines)
- ✓ Regional agencies
- ✓ Long-term sustainability is key for development





The Challenges – Environmental Sustainability “Green Growth”





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THANK YOU!

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