

Financing of Aviation Development Projects by the Asian Development Bank

Presentation by
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ADB Activities in Civil Aviation (Loans)

ADB Transport Lending - Civil Aviation Sector As of September 2008

Loan No.	Country	Project Title	Region	Amount, \$Mn	Fund Source	Approval	
1	0025	SAM	Faleolo Airport and Road	PARD	2.400	ADF	16-Dec-69
2	0026	NEP	Air Transport Development	SARD	6.010	ADF	18-Dec-69
3	0043	SIN	Singapore International Airport Development	SERD	20.500	OCR	24-Nov-70
4	0101	MAL	Penang Airport Development	SERD	10.900	OCR	19-Oct-72
5	0164	PHI	Manila International Airport Development	SERD	29.600	OCR	11-Dec-73
6	0185	SAM	Faleolo Airport and Road (Supplementary)	PARD	0.555	ADF	27-Jun-74
7	0233	NEP	Tribhuvan International Airport	SARD	10.000	ADF	02-Oct-75
8	0353	INO	Domestic Airports	SERD	1.300	OCR	14-Sep-78
9	0388	NEP	Second Tribhuvan International Airport	SARD	11.000	ADF	22-Dec-78
10	0783	NEP	Second Tribhuvan International Airport (Supplementary)	SARD	10.250	ADF	10-Jul-86
11	0936	NEP	Second Tribhuvan International Airport (Second Supplementary Including Extension)	SARD	8.000	ADF	15-Dec-88
12	1220	INO	East Indonesia Airports	SERD	110.000	OCR	25-Mar-93
13	1256	MON	Ulaanbaatar Airport	EARD	36.000	ADF	12-Oct-93
14	1266	LAO	Airports Improvement	SERD	15.000	ADF	18-Nov-93
15	1333	PHI	Airport Development	SERD	41.000	OCR	24-Nov-94
16	1370	MON	National Air Navigation Development	EARD	24.000	ADF	5-Sep-95
17	1503	CAM	Siem Reap Airport	SERD	15.000	ADF	12-Dec-96
18	1512	NEP	Tribhuvan International Airport Improvement	SARD	27.000	ADF	23-Jan-97
19	1536	PHI	Third Airports Development (Southern Philippines)	SERD	93.000	OCR	16-Sep-97
20	1586	INO	Eastern Islands Air Transport Development	SERD	124.000	OCR	8-Dec-97
21	2105	AFG	Regional Airports Rehabilitation Project Phase I	CWRD	30.000	ADF	23-Nov-04
22	2183	REG	Establishment of the Pacific Aviation Safety Office	PARD	1.500	ADF	22-Sep-05
				Total	627.015		

ADB Activities in Civil Aviation (TAs)

ADB Technical Assistance - Civil Aviation Sector
As of September 2008

TA No.	Country	Project Title	Total	Date Approved
1	10	NEP Air Transport System Development	66,000	21-Nov-68
2	21	NEP Air Transport Development	350,000	18-Dec-69
3	153	NEP Tribhuvan International Airport	250,000	02-Oct-75
4	245	INO Domestic Airports	150,000	14-Sep-78
5	966	PHI Privatization Strategy Study For Philippine Airlines	350,000	04-Apr-88
6	1334	INO Introduction Of Private Sector Participation in The Pt Garuda Indonesia	0	10-Jul-90
7	1648	MON Ulaanbaatar Airport Feasibility Study	600,000	03-Jan-92
8	1708	INO East Indonesia Airports	100,000	01-Jun-92
9	1747	LAO Civil Aviation Master Plan	100,000	18-Aug-92
10	1899	LAO Pavement Evaluation Study At Vientiane Airport And Preparation of Base Plans For Domestic Airports	100,000	02-Jun-93
11	1963	MON Institutional Strengthening Of The Civil Aviation Sector and National Air Safety Master Plan	850,000	12-Oct-93
12	1986	LAO Institutional Strengthening Of The National Airports Authority And Lao Civil Aviation	475,000	18-Nov-93
13	2048	PHI Airports Development	100,000	29-Dec-93
14	2077	NEP Tribhuvan International Airport Improvement	550,000	11-Apr-94
15	2197	CAM Airports Improvement	500,000	03-Nov-94
16	2207	PHI Institutional Strengthening Of Civil Aviation Sector	592,000	24-Nov-94
17	2077	NEP Tribhuvan International Airport Improvement (Supplementary)	135,000	13-Jul-95
18	2374	INO Second Airports Development	600,000	15-Aug-95
19	2391	MON Phase Ii Institutional Strengthening Of The Civil Aviation Sector	592,000	05-Sep-95
20	2536	TUV Study On Domestic Civil Aviation	100,000	22-Feb-96
21	2559	PHI Second Airports	600,000	24-Apr-96
22	2706	CAM Institutional Strengthening Of The State Secretariat Of Civil Aviation	550,000	12-Dec-96
23	2749	NEP Institutional Strengthening Of The Department Of Civil Aviation	500,000	23-Jan-97
24	2929	INO Facilitating Limited Recourse Financing In The Civil Aviation Sector	975,000	08-Dec-97
25	3938	MON Civil Aviation Policy Development	300,000	10-Oct-02
26	3968	LAO Northern Airports Improvement	500,000	04-Nov-02
27	4099	FIJ Civil Aviation And Airports Improvement	710,000	28-Apr-03
28	4210	AFG Regional Airports Rehabilitation	1,000,000	05-Nov-03
29	4429	INO Social Development For The Interisland Transport Development	150,000	09-Nov-04
30	4594	AFG Capacity Strengthening Of The Civil Aviation Sector	1,000,000	10-Jun-05
31	4772	NEP Preparation Of Civil Aviation Sector Strategy	150,000	20-Mar-06
32	4913	LAO Greater Mekong Subregion Louangphrabang Airport Improvement	600,000	08-Dec-06
33	7031	NEP Civil Aviation Airport	750,000	14-Dec-07
			14,345,000	

ADB Activities in Civil Aviation (Regional TAs)

ADB Regional Technical Assistance - Civil Aviation Sector
As of September 2008

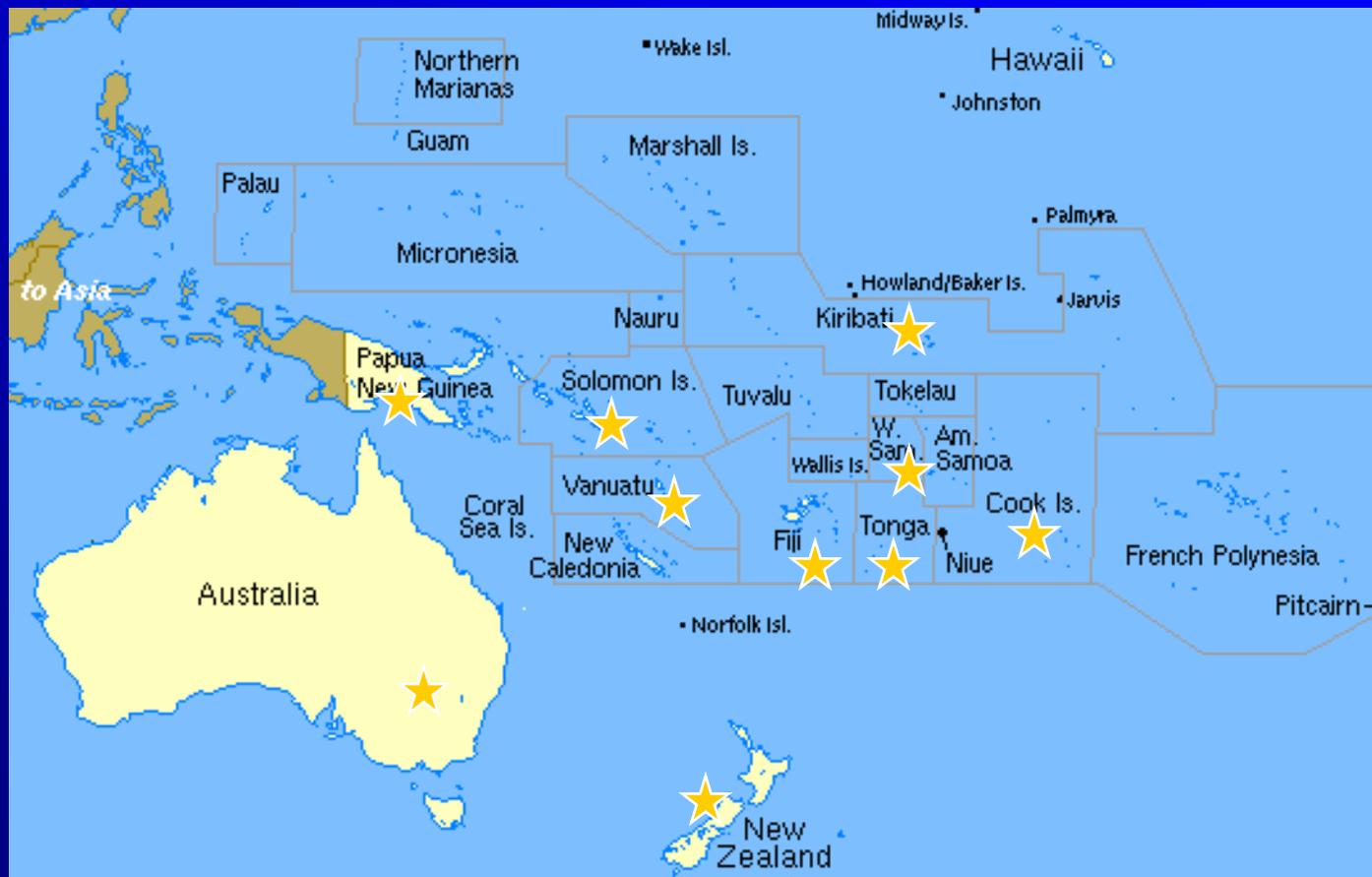
	TA No.	TA Title	Type	Total Amt.	Approval
1	5598	Regional Training Course on Airport Operations and Management	Training	190,000	07 Oct 1994
2	5610	Pacific Airports Project Facility	Study	600,000	21 Dec 1994
3	5682	Pacific Airlines Rationalization	Others	600,000	22 Apr 1996
4	5928	Cooperative Airspace Management in the Pacific Region	Study	350,000	25 Aug 2000
5	6119	Regional Civil Aviation Safety and Security	Study	150,000	25 Aug 2003
6	6259	Aviation Legislative and Regulatory Review	Others	450,000	22 Sep 2005
Total				2,340,000	

Pacific Aviation Safety Office



**Regional Cooperation through
Intergovernmental Finance**

The Pacific Region



★ PASO Member Countries

The Pacific islands context

- Geography - dispersion and isolation, creates a high dependence on aviation
- Population – scale and HR constraints
- Administration - resource constraints
- Industry - small and fragmented

BUT

- Required to meet exacting international aviation safety standards
- Non-compliance risks international isolation

Options

- 1. Business as usual - a very risky option**
- 2. Strengthen national aviation safety authorities**
- 3. Contract out: nationally or regionally (with or without harmonization)**
- 4. Create a regional approach and organization**

The PASO response

- Harmonization of regulations and standards
- Shared resources create economies of scale and lower unit costs
- Range of services allows varying levels of participation
- Integration with each State's CAA creates an improved operating environment and ensures commitment
- The financial impact is positive, self sustaining and pools risk
- Local control ensures policy independence, responsiveness and national commitment

PASO Funding

-  PASO will eventually operate on a full cost-recovery basis and be financially self-sustaining
-  Inception phase, however, requires external assistance.
-  Sources include member governments, aviation industry, and bilateral and multilateral development partners.
-  Combination of national, industry, and external resources employed

Financing structure

- Single loan to PASO, guaranteed by 4 member countries
- \$1.5 million ADF loan (=67% of public financing and 44% of initial PASO budget)
- \$650,000 TA grant cofinanced by FRTFSI and New Zealand
- Three members not guaranteeing loan (for a range of reasons) will be a 10% premium on services purchased.

ADB role in PASO proposal

- **Technical and financial analysis from an early stage**
- **TA funds for feasibility study a critical and timely input**
- **An honest broker**
- **Facilitation of negotiation of membership terms and conditions**
- **Loan financing**

Innovations

- For the Pacific Island Countries: multilateral loan and provision of loan guarantee
- Possible flow-on effects to other aspects of regional aviation through Governing Council
- For the regional aviation sector: treaty-based regulatory harmonization
- For ADB: first loan to an inter-governmental organization
- Also for ADB: first true multi-country loan

Important lessons

- **Cooperation and harmonization are mandated by treaty**
- **Performance is internationally mandated and audited**
- **Business case requires revenue stream, in this case from service fees**
- **Member countries were already paying for services, case built on cost efficiency**
- **Multilateralism takes a LONG time!**

For more information:

www.paso.aero