



AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
DE DÉVELOPPEMENT

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**The African Development Bank's Framework and guidelines to
support the aviation sector**

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Outline of the presentation

- I. Background
- II. Why a framework and guidelines document?
- III. Challenges and opportunities for the African aviation development
- IV. The Aviation framework and guidelines



I. BACKGROUND

Background



African Air Transport

15% of the global population...
3% of the global aviation

growth rates 4.8% ... **potential for double digit growth rate**

Major **challenges** ahead
large-scale of reforms of the aviation sector required



Impact

Trade investment and productivity

Employment generation

Tourism

Regional Integration

AfDB needs a comprehensive framework to contribute to the development of the sector in Africa



II. WHY A FRAMEWORK AND GUIDELINES DOCUMENT?

Why a framework and guidelines document?



Increasing demand from Airlines

e.g.: Air Cote d'Ivoire aircraft acquisition transaction



Aviation Market failure situation in Africa

Collapsing of most of the Airlines in West and Central Africa



Development of the Bank's Framework and Guidelines through a collaborative approach, with major African aviation stakeholders

*Consistency with the Bank's 10 Year Strategy
Support to High 5s, mainly "Integrate Africa" and "Industrialize"*



III. CHALLENGES AND OPPORTUNITIES FOR THE AFRICAN AVIATION DEVELOPMENT

Challenges and opportunities



Market Access-Low connectivity

Adoption of the **Single African Air Transport Market (SAATM)** in January 2018, one of the flagship projects of the AU Agenda 2063



Limited Access to finance

Development of the required capacity of **private and public sector actors**, as a key enabler



Poor safety and security

- ICAO, AFCAC, support to States and eligible airlines to meet the Abuja **Safety Targets**, the Windhoek Declaration Targets (**Security**);
- IATA and AFRAA to airlines to meet minimum **safety requirements**



Infrastructure capacity

Continuous support to infrastructure development within the framework of a **Continental master plan**



High fares and costs

ICAO and AFCAC efforts on aviation policies on **charges and taxes**, in view of their **reduction**

The Aviation framework and guidelines



Objectives for the sector

1. **Liberalizing** the African Air Transport Market
2. Improving the **operational efficiency and sustainability of African airlines**
3. Increasing **Private sector participation** and promoting air transport **infrastructure development**
4. Improving **Safety and Security** to meet ICAO requirements



The Bank's contributions

1. Financing for air transport to **SAATM Members only**
2. Financing for **African carriers' fleet restructuring needs**
3. Financing only for **critical and justified air transport infrastructure** development projects, with the **private sector** participation
4. Technical assistance to **Airlines** and to **Regional Safety Oversight Organizations**

The intervention areas of the framework and guidelines



ANSPs

1. Financially supporting ANSPs or Airports or governments for capital-intensive investments.
2. Advocate on the regional integration of African ANSPs



Policies and Institutional Framework

1. Broad support to the **implementation of SAATM**
2. Support **regional safety and security** organizations
3. Support **RECs** in establishing **regional economic oversight systems**



Airports

1. Mobilizing funds for airport infrastructure development and rehabilitation projects, attracting private sector PPPs
2. Solving **non-compliance and operational restrictions.**



Airlines

1. Easing African airlines' access to **finance and leasing options** for fleet expansion and renewal.
2. Coordination of **technical assistance**

The financing options

Aviation Component	AFDB Public Sector Loan	AFDB PRG/PCG	AFDB Private Sector Loan	ADF Loan	ADF Grant (RPG)	ADF PRG/PCG
Policy, Regulation, Institutions, Capacity Building	●			●	●	
Regional Safety Oversight	●			●	●	
Airport Infrastructure Air side	●		●	●		●
Airport Terminal and Transfer Facilities	●		●	●		●
Airport Land Access	●	●	●	●		●
Air Navigation Services infrastructure	●	●	●	●	●	●
Aircraft Acquisition		● PRG only	●			● PRG only
Airline Restructuring & Privatization (technical assistance)	●	●	●	●		●



- Most suited financing instrument
- Second best financing instrument

The financing options – Focus on Air navigation Services

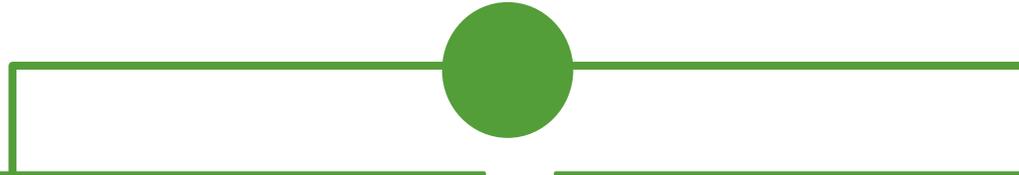
Aviation Component	AFDB Public Sector Loan	AFDB PRG/PCG	AFDB Private Sector Loan	ADF Loan	ADF Grant (RPG)	ADF PRG/PCG
Air Navigation Services infrastructure	●	●	●	●	●	●

ANS Component	AFDB Public Sector Loan	AFDB PRG/PCG	AFDB Private Sector Loan	ADF Loan	ADF Grant (RPG)	ADF PRG/PCG
Technical assistance/ Resolution of ANS safety deficiencies	●	●	●	●	●	●
ANS Infrastructure rehabilitation/ enhancement	●	●	●	●	●	●



- Most suited financing instrument
- Second most financing instrument

Financing guidelines - focus on Air Navigation services



Technical assistance/safety issues

- Public Sector window
- Request for financing by Government or REC
- Possibility of using trust funds subject to eligibility

Infrastructure development/rehabilitation

- Private sector window: corporate loan or project financing
- Backed by the borrower's balance sheet/assets/revenue generated

Criteria

- **Regional approach** preferred
- Involvement of **private sector** encouraged **through PPP**
- **Co-financing**
- Project included in a **Master Plan**

Bank's experience and plans

- COMESA Upper Airspace Integration project (Closed) (Cost: USD 8 millions)
- *Projet Prioritaire de Sécurité Aérienne* (PPSA) in DRC (Phase II on-going) (Cost: USD 120 millions)
- Continental Aviation Infrastructure Master Plan (pipeline) (Cost: Approx. USD 1 million)





**THANK YOU
FOR YOUR
ATTENTION**