FINANCING MECHANISMS FOR SUSTAINABLE AVIATION IN COUNTRIES IN SPECIAL SITUATIONS

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Aviation Partnerships for Sustainable Development
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WORLD BANK GROUP MISSION
AIR TRANSPORT AS A DRIVER FOR DEVELOPMENT

• WBG supports large-scale transformational projects through the three principles of safer, cleaner and more affordable

  - WBG air transport portfolio in FY16: $1.24B
  - WBG no. of lending and non-lending projects in FY16: 72

IFC:
- Total aviation lending: $496.5M
- Lending projects: 22
- Non-lending projects: 17

IBRD:
- Total aviation lending: $325.2M
- Lending projects: 2
- Pipeline: 2
- IBRD/IDA non-lending projects: 10

IDA:
- Total aviation lending: $419.7M
- Lending projects: 22
- Pipeline: 3
IBRD AND IDA
- Infrastructure financing and economic regulation
- Policy dialogue on liberalization
- Improving safety and security oversight
- Private-Public Partnership (PPPs) of airlines at airports infrastructure

IFC
- Financing of private sector (airlines, airport infrastructure)
- Private-Public Partnership (PPPs) of airlines at airports infrastructure

MIGA
- Risk guarantees for airlines and airport infrastructure
THE “CASCADE” APPROACH

1. **Commercial Financing**
   - Can commercial financing be cost-effectively mobilized for sustainable investment? If not...

2. **Upstream Reforms & Market Failures**
   - Country and Sector Policies
   - Regulations and Pricing
   - Institutions and Capacity
   - Can upstream reforms be put in place to address market failures? If not...

3. **Public and Concessional Resources for Risk Instruments and Credit Enhancements**
   - Guarantees
   - First Loss
   - Can risk instruments & credit enhancements cost-effectively cover remaining risks? If not...

4. **Public and Concessional Financing, including Sub-Sovereign**
   - Public finance (incl. national development banks and domestic SWF)
   - MDBs and DFIs
   - Can development objectives be resolved with scarce public financing?
Leveraging Concessional Funding to Support Sustainable Aviation

IDA

- Infrastructure CAPEX
- Policy, strategy, and capacity building
- Technical Assistance

The Pacific Aviation Investment Program

Image: Map of the Pacific region with various airports and countries marked. Map legend indicates different phases of the investment program.
Innovative Approach to Sustainable Financing

Regional Safety and Security Levy

- All international departing passengers
- In ticket price
- Allocated:
  - 60% Regulator
  - 40% Operator
- Disbursement Framework
  - safety and security activities only

The Pacific Aviation Investment Program
Innovative Approach to Sustainable Infrastructure

Pacific Aviation Infrastructure Maintenance Support Contract

To provide local maintenance practitioners with supplementary technical support and training and to provide a mechanism for completing specialist and emergency repairs, all through a centralised contract and budget.

- Term of 5-10 years
- Develop a consolidated *preventive maintenance plan*
- Annual *corrective maintenance program* including priority, budget and sources of funding
- Periodic *specialist inspections*, calibrations and repairs
- *Emergency response* services (rapid mobilisation of technical support, spares and temporary equipment)
- Coordination of *specialist training* under a provisional budget.
- Access to *online technical support* (Skype/WebEx)
THANK YOU