

High Level/Ministerial Meeting on Enhancing Air Transport Connectivity and Growth in West Africa

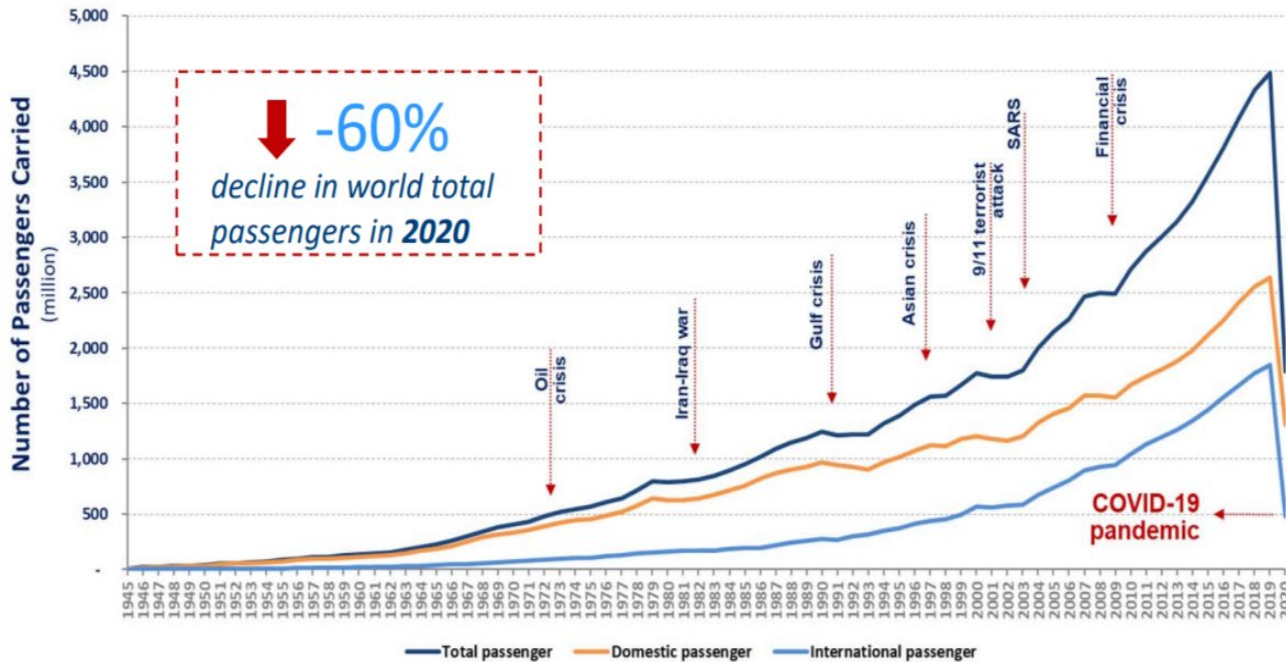
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WORLD BANK GROUP
Air Transport

2020- a year to forget or remember ?

World passenger traffic evolution
1945 – 2020



Source: ICAO 2021

The airline industry is forecast to make net losses of \$118 billion in 2020 ([IATA 2020](#)).

34 airlines ceased operation in 2020, many in client countries including SAA, Air Namibia. AVIANCA and LATAM filled for CH11

Airports are facing a loss of 64.2% of passenger traffic and 65% or over \$ 111.8 billion airport revenues in 2020 compared to business as usual ([ACI 2020](#)).

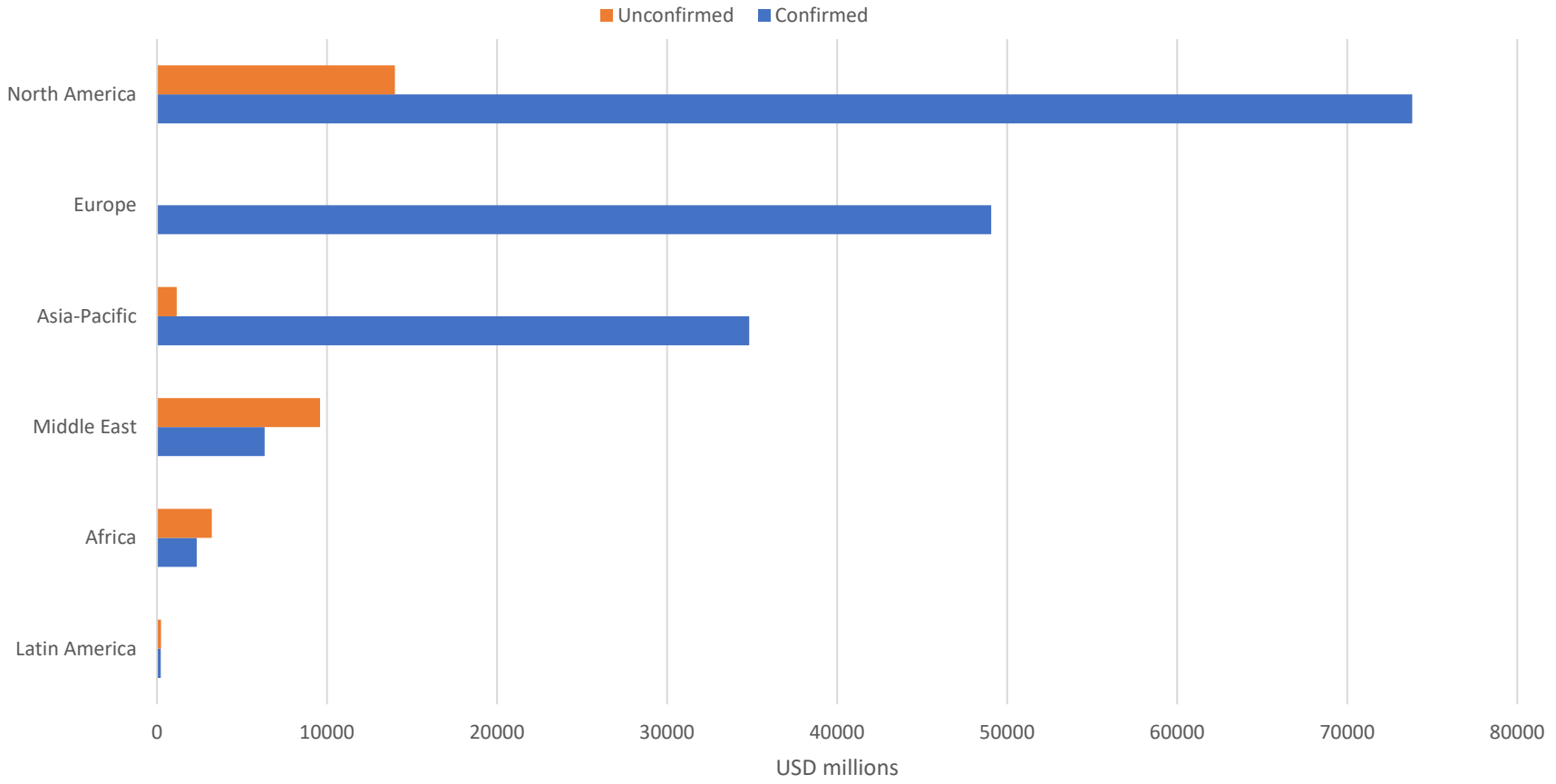
Air Navigations Service Providers lost \$ 13 billion globally or 61 % of their 2019 income ([ICAO 2021](#)).

Significant loss in city-pair connectivity. The number of unique city-pairs was 33% lower than its level a year ago (IATA 2020)

~ \$200 bn in confirmed (\$167 bn) or tentative (\$28 bn) state aid

~44% (\$73 bn) is for USA Carriers – Africa and LAC are left out

Covid-19 airline state aid by region (Updated 16th February 2021)

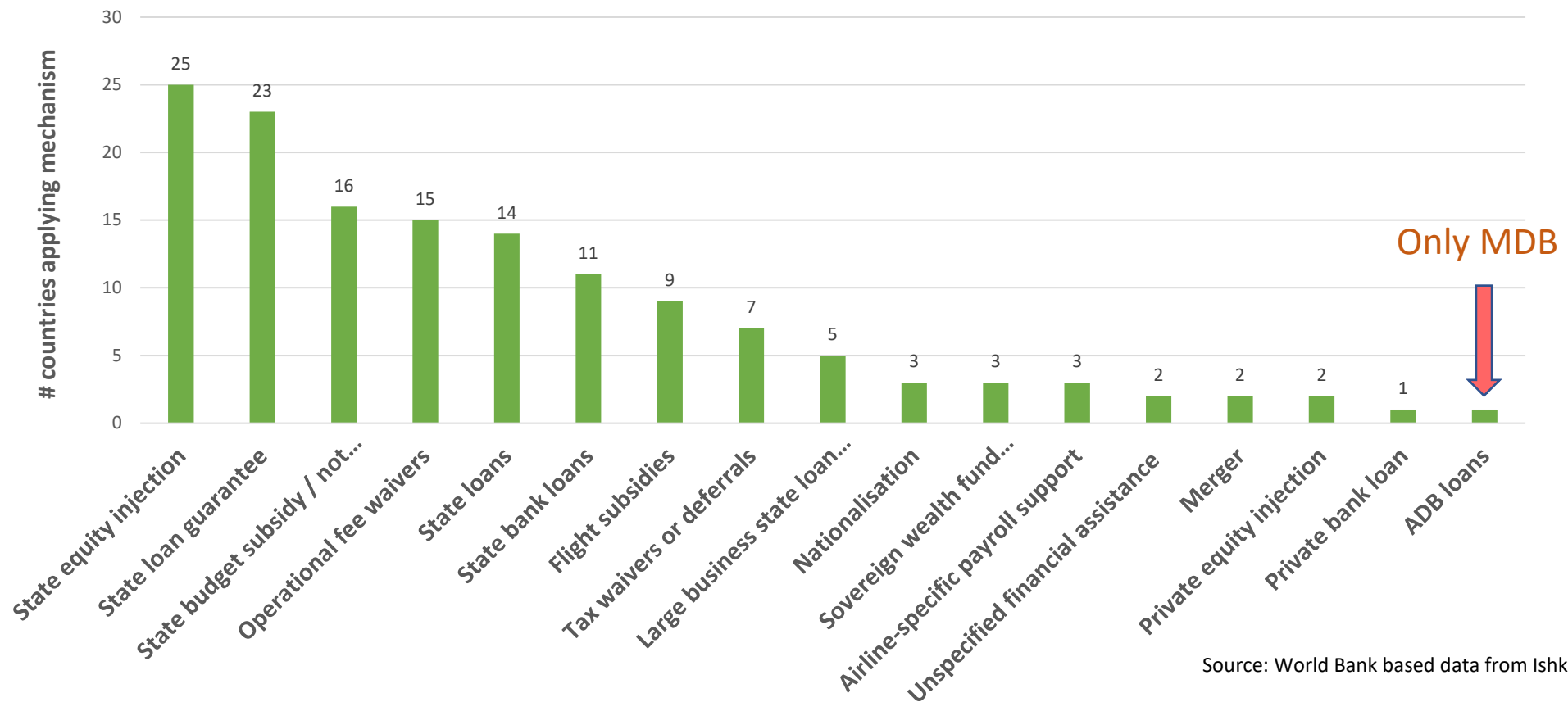


Source: World Bank based on data from Ishka (2021)

State Equity Injection – most common state aid mechanism

MDBs have been absent

Most common airline state aid mechanisms during Covid-19 crisis
(Updated 16th February 2021)




Source: World Bank based data from Ishka (2021)

But national development banks have been active

Call for EIB to expand from CAPEX to direct equity participation in airlines



Role  enhanced. The EIB instruments should be widened from only capital expenditure to direct equity participation, if relevant, or zero percent loans (beyond the current limit of 50% of Capex) and guarantees. For airlines the requirement for loans to be intermediated should be removed. It should also fully exploit its existing possibilities to financially support the recovery of the aviation sector.

COVID-19 related analytical works at the Bank



Journal of Air Transport Management

Volume 89, October 2020, 101931

Government support to airlines in the aftermath of the COVID-19 pandemic ☆

Megersa Abate [✉], Panayotis Christidis [✉], Alloysius Joko Purwanto [✉]

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Highlights

- Support to airlines and their implications on competition, liberalisation, airline ownership, & sustainability is analysed.
- A country's willingness to support airlines and its magnitude correlate with revenue loss and dependence on international market.
- It also depends on the number of domestic airlines and their employees, GDP, and airline ownership structure.
- While government support has been large, it has been uneven which might distort the playing field in the future.
- The market share of the main national airlines will probably become even higher, since smaller players may exit the market.

Covid-19 Pandemic and African Aviation: Policy Brief

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COVID-19 Pandemic and Air Transport: Analyzing Policy Responses for Quicker Economic Recovery(P175856)

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CONCEPT NOTE

COVID-19 Pandemic and Air Transport: Analyzing Policy Responses for Quicker Economic Recovery (ID: P175856)
World(OTHER)

Financing

- Financing of State-owned Airline
 - Last loan of \$22.1 million in 1957!
 - Not excluded, but alternatives need to be examined: liquidation, downsizing, MFD etc.
- Indirect financing?
 - DPO funding could be used in many sectors including aviation (conditions and triggers are key)
- Private Sector (IFC, MIGA)
 - Private airlines (commercial approach)
 - In connection with privatization

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

REPORT AND RECOMMENDATIONS
of the
PRESIDENT
to the
EXECUTIVE DIRECTORS
on the
PROPOSED LOAN
to
AIR-INDIA INTERNATIONAL CORPORATION

February 20, 1957

Support to Airlines



Decision Tree for supporting an Air Carrier

