



Egypt Airports Development Project

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The Project

- **Capacity Development and Strengthening of the Airport Sector**
 - Cairo Terminal 3 (TB3) – US\$415 mios est.
 - Sharm El Sheikh Terminal 2 – US\$66 mios (est)
 - Strengthening sector operations - US\$8.3 mios
 - National Airport Master Plan
 - Plan for Gradual Air Transport Liberalization
 - National Strategy Development Air Cargo
 - Airport Management Capacity Building
 - Environment supervision and equipment
- **Loan US\$335 + 40 million**
 - March 31, 2004 - 9 months after request
 - Closing date June 30, 2009 will be met

Project objectives

- **Address capacity bottlenecks to air traffic growth**
- **Raise airports quality of service**
- **Promote efficient private participation**

- **Underlying higher objectives**
 - **Employment generation**
 - **Foreign exchange earnings from tourism**
 - **Developing agricultural exports**

Why a Bank Loan

- **Sector wide scope: two terminals, capacity strengthening program**
- **Bank could make a difference:**
 - Experience in complex infrastructure projects
 - Consideration to environment issues
 - Higher visibility and transparent procurement
 - Speed
 - Technical expertise
- **Private financing was not an option**
 - Unfavorable climate for private investment by then
 - Unsupportive legal and regulatory framework
 - Management contracts preferred by GOE.

Results on the Ground: TB3



TB3 Terminal is Completed

- **Capacity: 11 million passengers p.a.**
 - Doubling prior capacity of 10 million passengers
 - 164,000 square meters
- **Inauguration December 2008**
 - Commercial operations March – April 2009
- **Main events during construction**
 - Main contract + Contract ITS
 - Completion delayed by 36 months (from 03/06 to 03/09) vs initial estimate at 30 months
 - Cost overruns: about 24 percent





29-Jan-09 - Finger A L2, Completed Finishing Works

(P411-14)



Results on the Ground: SSH



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The Terminal is Running

- **Capacity: 4.5 million passengers p.a.**
 - Prior capacity : 2.5 million passengers
- **Commercial operations: June 2007**
- **Main events during construction**
 - Single contract civil works + ITS
 - Delays : completion in 03/2007 vs 06/2006
 - Multiple closings of the construction site
 - Cost overruns : 3 % only



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Results on the Ground: Capacity Program

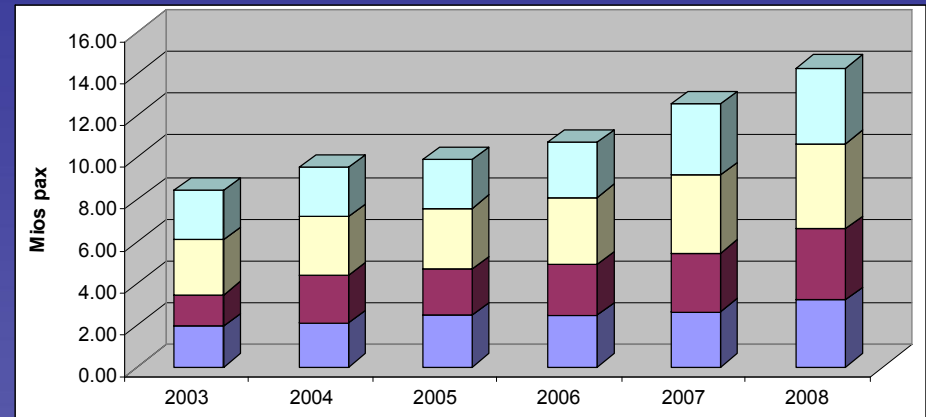
- **All studies completed by June 2008**
- **Recommendations taken into consideration / implemented**
 - **Cargo facilities and master plan at CAI based on the air cargo strategy**
 - **Environment Units in place and running at CAC and EAC**
 - **Noise and pollution measuring system in Cairo and SSH**

Outcomes

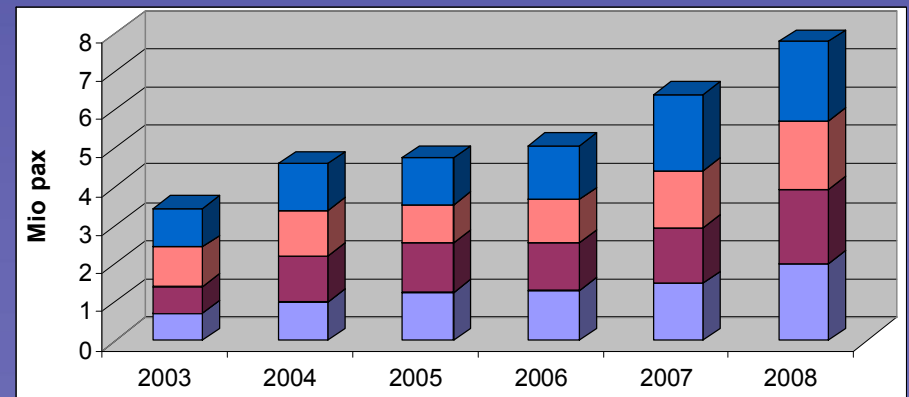
- **Foreign exchange earnings in % of traffic**
- **Job creation**
 - CAI: Egypt Air
 - SSH: twice planned private jobs
- **Letter of Sector Policy commitments met**
 - Private management of airports
 - Pricing flexibility and oversight body regulating tariffs
 - Accounting modernization
 - Air cargo development plan
 - Liberalization of air transport ?

Favorable Passenger Traffic Trend

- **CAI: + 9 % annual average since 2003**
 - vs + 4.5 % planned
 - - 5 to -8 % in Jan-Feb 2009



- **SSH: + 18 % annual**
 - vs 4.7 % planned
 - - 15 to - 20 % in Jan-Feb 2009



Reasons for Success

- **Committed Client**
 - Strong support by Minister of Civil Aviation
 - Oversight by a business minded Airport holding
- **PMU very efficient**
 - Organization fully implemented
 - Skilled staff hired on the market
- **Excellent relationship with the Bank**
- **Value added of Bank' s methods recognized**
 - Environment awareness and knowledge transfer
 - Competitive and thoroughly managed procurement

Lessons

- **Commitment, commitment, commitment**
- **Policy framework for economic impact**
 - Job creation
 - Issue in Egypt with financing of TA
- **Cost overruns**
 - The “Contractor” factor ?
- **Bank is (was ?) able to swiftly deliver**

Thank You