

**58th CONFERENCE OF
DIRECTORS GENERAL OF CIVIL AVIATION
ASIA AND PACIFIC REGIONS**

*Dhaka, Bangladesh
15 to 19 October 2023*

**AGENDA ITEM 6: ECONOMIC DEVELOPMENT OF
AIR TRANSPORT**

OUTSOURCING OF AIRPORTS

(Presented by Pakistan)

INFORMATION PAPER

SUMMARY

This information paper highlights the importance of best practices adopted around the World regarding outsourcing of bigger airports to achieve the desired objectives.

OUTSOURCING OF AIRPORTS

1. INTRODUCTION

1.1 Pakistan Civil Aviation Authority has taken a decision to outsource three of its major airports in the first phase. In this regard, necessary approval from the Government of Pakistan has also been obtained. The decision has been taken to implement the global best practice of outsourcing of bigger airports to achieve the following objectives:

1. Improving service quality and passenger experience.
2. Monetizing airport assets to lessen the burden on the public sector organizations of the government.
3. Optimizing and unlocking the potential through commercial exploitation and maximizing the Passenger Terminal Building and land-side revenue.
4. Mobilizing private sector finance for airport expansion and upgrading to meet future passenger demand.
5. Effective and efficient operations, maintenance and management of airports through professional airport operator companies.

1.2 The bigger airports in majority of the countries around the World have assumed the role of self-contained cities, which are operated and managed by Airport Operators having typical high specialization in that particular field. The results are optimum utilization and commercialization of the airports, along with appreciable enhancement in the quality of services.

2. DISCUSSION

2.1 Pakistan Civil Aviation Authority has taken following measure regarding outsourcing of major airports in Pakistan:

1. Outsourcing of airports in Islamabad, Karachi, Lahore and Islamabad has been planned in the first phase.
2. The outsourcing involves public-private partnerships for which Government of Pakistan established a Public-Private Partnership Authority (P3A) through P3A Act.
3. Necessary action is being taken in accordance with the Public Private Partnership Authority (P3A) Act and its relevant regulations.
4. International Finance Corporation (IFC), part of the World Bank group, has been selected as Transaction Advisor for the outsourcing of these three airports.
5. IFC brings along a rich experience of outsourcing of airports as it has been involved in successfully providing transaction advisory services to more than 40 international airports around the World.
6. The Transaction Advisory Services Agreement (TASA) with IFC is based on combination of milestone fee and success fee model.
7. The hiring of Transaction Advisor was not only scrutinized by the Pakistan Civil Aviation Authority Board but thoroughly examined and cleared by ECC (Economic Coordination Committee) and subsequently endorsed/ratified by the Federal Cabinet, Government of Pakistan.

8. The entire process is being managed and monitored at three different levels, i.e. at the Ministry of Aviation level, at the PCAA Board level and at the level of DGCAA, who has constituted a committee on outsourcing headed by Additional DGCAA and another outsourcing Project Team reporting to this committee comprising of experts from Pakistan Civil Aviation Authority from all relevant fields. Necessary guidance is also being acquired from P3A (Public Private Partnership Authority) on a regular basis, whenever needed.
 9. IFC, with its team of legal, financial, aviation, environmental and other advisors, is fully focused on its task and on the basis of Inception report submitted by IFC, it was decided to first outsource Islamabad International Airport, followed by outsourcing of remaining two airports one by one in a sequence.
 10. Detailed Transaction structure for Islamabad International Airport has been prepared. RFP (Request For Proposal) along with the bidding documents, have been advertised and published in the International and leading local newspapers of Pakistan, with the tender opening expected in November 2023.
 11. The award of concession of Islamabad International Airport is expected to be finalized by June 2024.
 12. IFC shall subsequently be submitting transaction structure of the other two airports along with full details, also giving recommendations for the type of model that would be required to be adopted at these airports.
- 3. ACTION BY THE CONFERENCE**
- 3.1 The Conference is invited to note the information contained in this Paper.

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