

Current Status of Airport PPP Projects

Presented by

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DEPARTMENT OF CIVIL AVIATION

MINISTRY OF TRANSPORT

Contents

1

Background

2

Condition and Requirements of Project Scheme

3

Current Status of Airport PPP Projects

4

Plan for Private Participation in the Domestic Airports

1. Background



Yangon International Airport



Mandalay International Airport



NAYPYITAW INTERNATIONAL AIRPORT

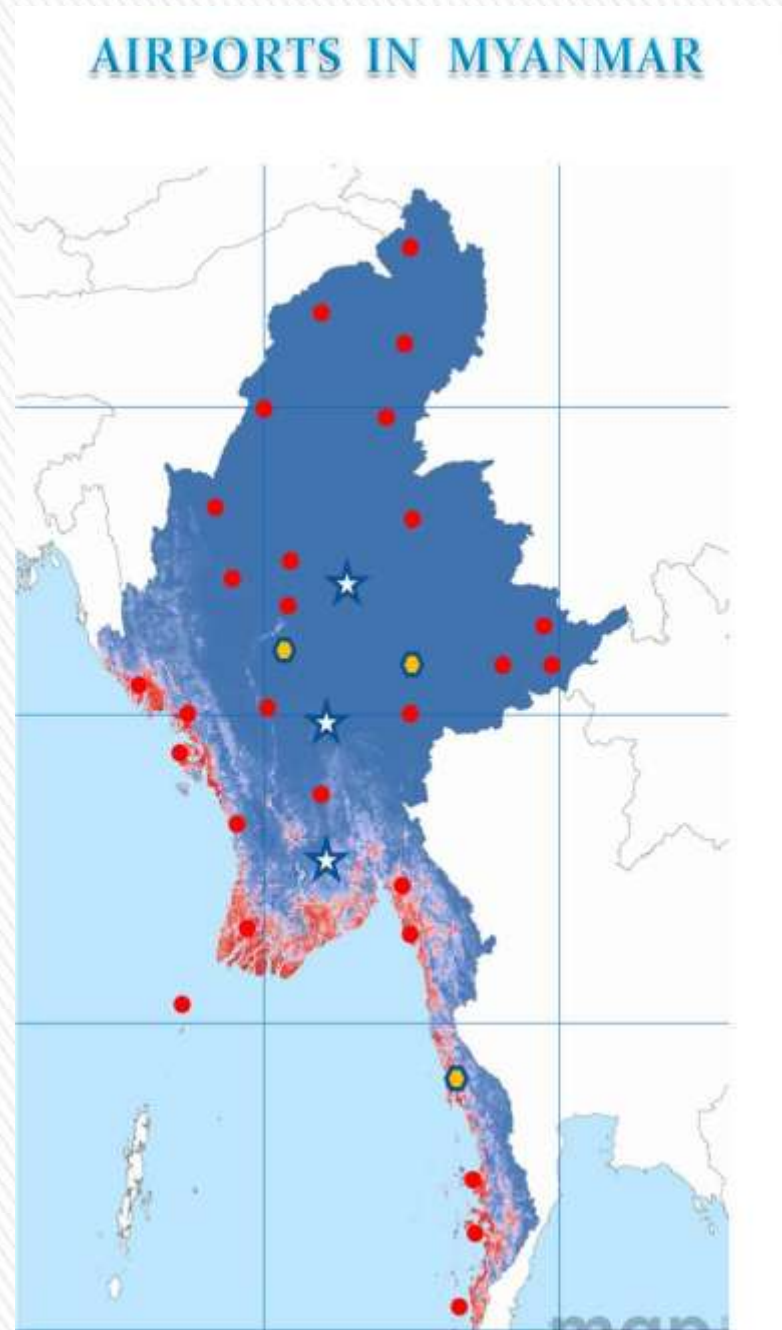
- ❑ Currently, 69 airports are provided in Myanmar
- ❑ 33 airports among them are operated under responsible by Department of Civil Aviation (DCA), Ministry of Transport.
- ❑ Yangon, Mandalay and Nay Pyi Taw are the international airports.
- ❑ The thirty domestic Airports are operated with domestic flights.
- ❑ Air traffic demand of international and domestic flights is increasing annually
- ❑ In Yangon Airport, number of international air passengers and cargo also rapidly increase.
- ❑ Department of Civil Aviation, Ministry of Transport, have announced invitations to international bids for three major airports (Yangon, Mandalay, Hanthawaddy) in 2012, to make more efficient airport infrastructure development by using private investment based on PPP scheme.



Airports in Myanmar

- ❑ Total 69 aerodromes
- ❑ 33 airports are operational
- ❑ Scheduled flights operated at 27 airports

★ International Airports (3)		
Yangon	Mandalay	Naypyitaw
Domestic Airports (30)		
Putao	Heho	Dawei
Myitkyina	Nyaung U	Myeik
Bamaw	Lashio	Kawthaung
Kalay	Magway	Boke Pyin
Khamti	Pakhokku	Mawlamyaing
Hommalin	Kyauk Tu	Pha-an
Loikaw	Ann	Anisakan
Monywa	Sittwe	Coco island
Kyaing Tong	Thandwe	
Tachileik	Kyauk Phyu	
Monghsat	Pathein	
Other Airports (36)		
Total Airport		(69)



2. Conditions and Requirements of Project Scheme

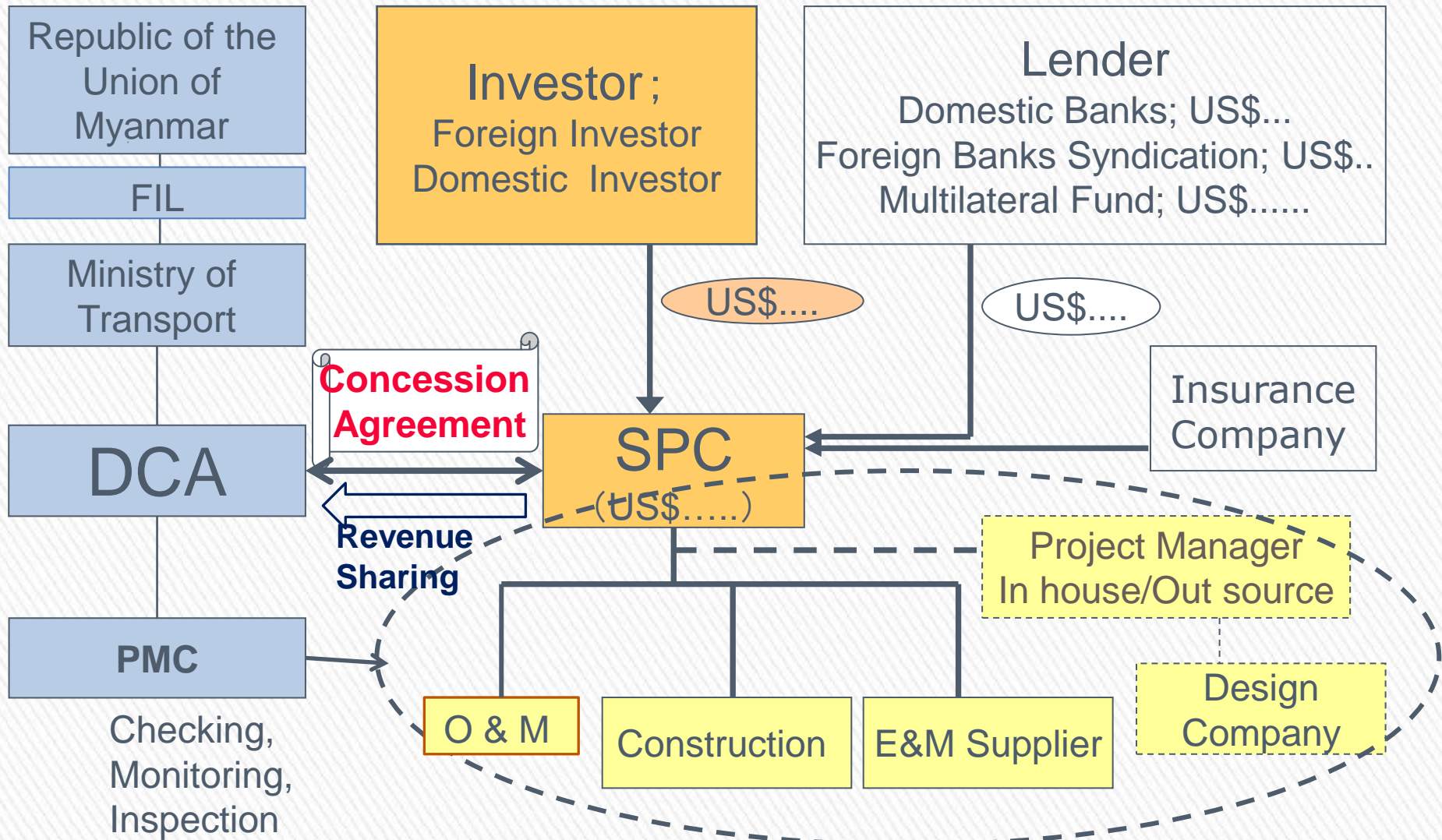
Department of Civil Aviation

- To deliver the Right of Way
- shall not make any grant or subsidy to the concessionaire
- To reserve the right to represent to the Board of Management of SPC
- To support possibly for the application for permit to Commission
- To retain PMC with the payment by SPC
- To grant the rights under FIL subject to the approval of Commission
- may provide assistance to the Concessionaire regarding electricity, water-supply, communications and telecommunications facilities
- To control, inspect and manage the aircraft and air traffic
- To operate CIQ, Air Traffic Control, Securities, Meteorological office, Emergency condition

Concessionaire

- To procure all the funds for construction, operation and maintenance of the project
- To reimburse the land utilization cost
- To present evidence of registered capital not less than 10% of Project Cost
- To be responsible for the quality of design, construction and operation including latent defect during the term
- To be responsible for environmental control
- To set up the tariff/fee and to collect them subject to DCA approval
- To be granted 30 years and possible extension of 10 x 2 years
- To perform Fire Fighting services with coordination of DCA
- may offer the transference of the part or whole of the share of SPC to any third parties subject to the prior approval of DCA and Commission
- To make payment for PMC upon invoice of DCA.

PPP Project-Stakeholder Chart for Airport Project



➤ Concession Period will be an initial period of thirty (30) years

3. Status of Airport PPP Projects



1. Yangon International Airport Development Project



- ◆ located approximately 18(eighteen) km northwest of the city center
- ◆ can handle 2.7 million per annum
- ◆ the airport handled 3.08 million passengers in 2012, 3.70 million passengers in 2013 and 4.38 million passengers in 2014.

Scope of Project

- to upgrade capacity of airport to be accommodated 6 Million Passenger Per Annum (MPPA).
- Includes design, construction, procurement, commissioning of all necessary facilities including supply of equipment and procurement of all finance for the Project.
- further includes operation and maintenance of the airport.





Yangon International Airport Development Project

Invitation to Tender

- ◆ Invite private firms - foreign and local
- ◆ Public-private partnership (PPP) or any system of Contractual Agreement under the Foreign Investment Law.
- ◆ PPP Law has not been promulgated in Myanmar
- ◆ Reference shall be made to the Foreign Investment Law and Rules. In addition to FIL/ (RR), Tenderer(s) shall refer to any related laws for the investment in YIA Project.
- ◆ YIA Project has been selected for a Public Private Partnership (PPP) Project by DCA / the Government.





Yangon International Airport Development Project

Tender Process

- ◆ Conducted by 2 stages - prequalification / tender
- ◆ Prequalification Stage - 11 firms (Prequalified)
- ◆ Tender Stage - 7 Firms
- ◆ Tender Selection - Successful & Back-up Tenderer

Negotiation

- ◆ Negotiation for Draft Concession Agreement
- ◆ Submitted Attorney General Office, Economic Committee and Union Cabinet.
- ◆ Application to Myanmar Investment Commission
- ◆ Concession Agreement has been signed





Yangon International Airport Development Project

Outline of Project

- ◆ Form of Investment - Concessional Agreement and Land Lease Agreement between the DCA and Concessionaire
- ◆ Concession Period - 30 Years (Initial) and extension 10 years with 2 consecutive times
- ◆ Revenue Sharing - 5% (first 10 years), 10% (Subsequent 10 years) , 15%(Remaining 10 years)





2. Mandalay International Airport Development Project



- ◆ Located 30km southwest of the second largest city, Mandalay.
- ◆ Second gateway to Myanmar.
- ◆ Accommodate B747-400 aircraft and 3 million annual passenger capacities.
- ◆ The airport handled 0.75 million passenger in 2013 and 0.90 million passenger in 2014.

Scope of Project



Aerial view from landside

- ◆ to upgrade Mandalay International Airport is to be the main logistic hub of cargo transport
- ◆ handing of Cargo 4000 ton (4 thousand ton per year) in 2015, 8000 ton (8 thousand ton per year) in 2023.
- ◆ includes design, construction , management , operation and maintenance of the airport.





Mandalay International Airport Development Project

- ❑ MIA Project has been selected for a Public Private Partnership (PPP) Project by DCA / the Government.

Tender Process

- ◆ Conducted by 2 stages - prequalification / tender
- ◆ Prequalification Stage - 2 firms (Prequalified)
- ◆ Tender Stage - 2 Firms
- ◆ Tender Selection - Successful & Back-up Tenderer

Negotiation

- ◆ Negotiation for Draft Concession Agreement
- ◆ Submitted Attorney General Office, Economic Committee and Union Cabinet.
- ◆ Application to Myanmar Investment Commission
- ◆ Concession Agreement has been signed





Mandalay International Airport Development Project

Outline of Project

- ◆ Form of Investment - Concessional Agreement and Land Lease Agreement between the DCA and Concessionaire
- ◆ Concession Period - 30 Years (Initial) and extension 10 years with 2 consecutive times
- ◆ Revenue Sharing - *5% (first 10 years), *7.5% (Subsequent 10 years), *10%(Remaining 10 years)



* (percentage share for the relevant Concession Year determined by reference to the total number of domestic and international passengers)





3. Hanthawaddy International Airport Project



- Annual numbers of passengers in Yangon International Airport rapidly increased since 2011.
- expansion of the airport is really hard
- ◆ Construction of a new international airport (Hanthawaddy) is strongly required
- ◆ Located 80km north of the Yangon city.
- ◆ the airport to be Major Gate Way and Regional Hub Airport of Myanmar.
- ◆ Green Field Project.
- ◆ Designed for handling of 12 million passenger per annum for Phase 1 and 30 million passenger per annum for Phase 2 (Master Plan).





Hanthawaddy International Airport Development Project

- ❑ HIA Project has been selected for a Public Private Partnership (PPP) Project by DCA / the Government.

Tender Process

- ◆ Conducted by 2 stages - prequalification / tender
- ◆ Prequalification Stage - 7 firms (Prequalified)
- ◆ Tender Stage - 4 Firms
- ◆ Tender Selection - Successful & Back-up Tenderer

Negotiation

- ◆ could not achieve mutual understanding on some major issues, both parties agreed to temporarily suspend the negotiations.
 - such as Demand Forecast, Government Guarantee, Traffic Allocation





Hanthawaddy International Airport Development Project

Amendment to The RFP

- ❖ Based on the result of negotiation, DCA amended Request for Proposal in financial portion

Amendment to the Request for Proposal for Hanthawaddy International Airport Project

Request for Proposal (RFP) Clause 4.3.2 1) is amended as follows;

“The Concessionaire shall be responsible for procuring funds for construction, procurement, and installation of equipment for operation and maintenance of the HIA Project. DCA / the Government shall not guarantee any loans and its repayment for the Concessionaire except for ODA loans which amount shall not exceed 50% of the project cost, and which repayment (principle and interest) shall be the responsibility of the Concessionaire.”

- ◆ The design and construction for the the ODA portion shall be undertaken by the DCA.
- ◆ The Consortium shall undertake the design and construction other than the ODA portion by its own procurement of finance.





Hanthawaddy International Airport Development Project

Retender Stage

- ◆ The two consortium were submitted revised proposal
- ◆ The Tender Selection Committee selected successful tenderer
- ◆ Negotiation is underway to obtain Frame Work Agreement and HIA Agreement.
- ◆ JICA feasibility Study is being conducted to prepare suitable reports for appraisals of ODA Loan as well as JICA PSIF.
- ◆ FS report will be finished Feb 2016.
- ◆ Expected to be concluded HIAA at the end of 2016



4. Plan for Private Sector Participation in the Domestic Airports

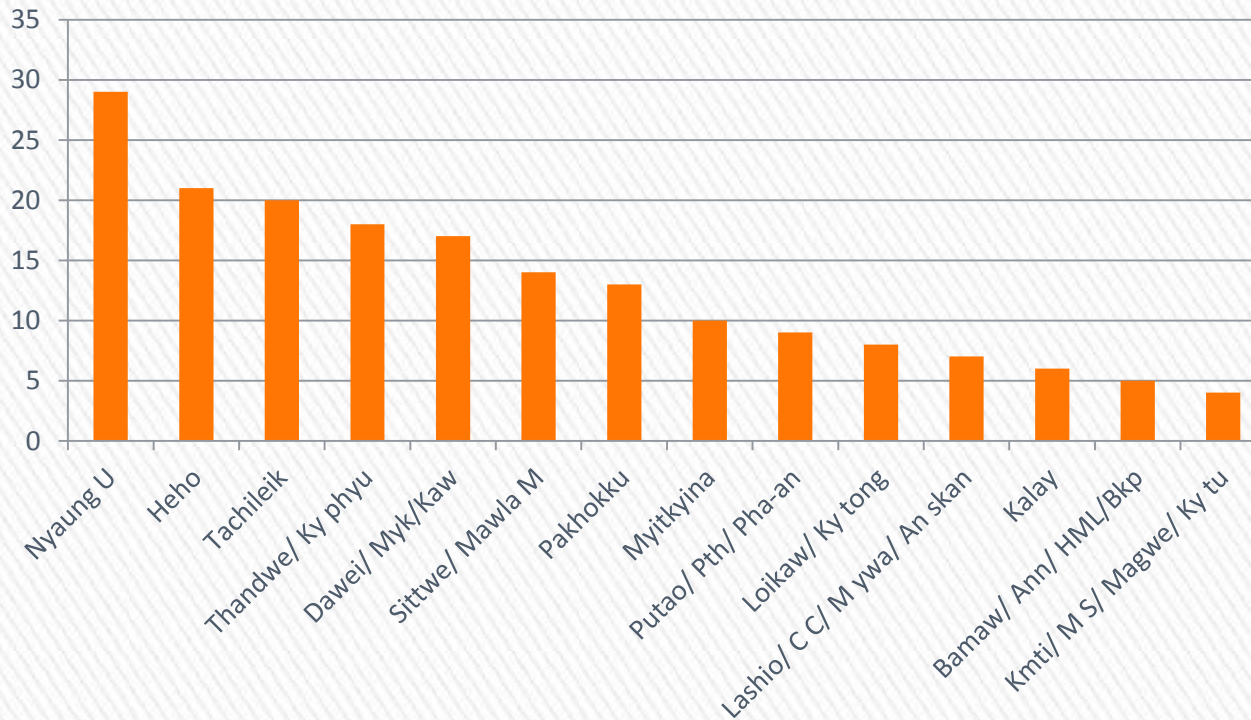


Request for Registration of Interest (ROI)

- ✓ Invitation ROI for 30 Domestic Airports (from 1 to 31 January 2014)
- ✓ Received 46 Firms
- ✓ Tender will be carried out phase by phase

Registered Firms in terms of Airport

No. of Registered Firms



Conclusion

- The aviation industry is expected to grow rapidly due to Myanmar's newly opened doors
- Civil aviation infrastructures including the airports developments and modernization are essential
- Inviting private investors to upgrade 30 of its 69 domestic airports to improve its air transport capacity and infrastructure
- Changes of its administrative and business form in line with international development are important for the development and modernization of airports of a country
- Will have a better civil air transport environment by allowing foreign investment and participation in Airport development and operation

Thank You!

