Privatization and Public Private Partnership Models at Airports Around the World

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The Role of Privatization… and Public/Private Partnerships (PPP)

- Capital investment for infrastructure development
- Air service development for business growth
- Commercial development for optimal sustainability
- Customer service improvement for competitiveness

In order to achieve...

- Enhanced competitiveness and growth
- Economic development benefits
What is the most suitable PPP model?
Example: Full privatization...

- Sale or IPO
- Full Government Divestiture
- Public Stock
- Limited Economic Regulation

Operation

Delegated

Direct

Governmental

Ownership

Private

London
Example: Concession to operate airport...

- **Concession**
  - Long-term Rights to Operate
  - “Ownership” of Revenues and Expenses
  - Financial and Investment Commitments to Government

- **Argentina**
Facility Privatization

- Long-term Rights to Develop and Operate
- “Ownership” of Revenues and Expenses
- Financial and Investment Commitments to Government

Example: Facility concession...
The most suitable PPP model should be chosen from among many alternatives.
More examples of airport PPP models
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Requires…

- Understanding your markets, the airline industry and related risk
- Comprehensive business planning, programming and implementation
- Holistic business relationships with airlines and the aviation community
Understanding your markets, the airline industry and related risk

- Macro-economic influences
- Air travel demand generators
- Traveler origins and destinations
- Traveler preferences
- Quantity and quality of air service
- Competitive climate
- Aviation industry trends
- Growth opportunities
Comprehensive business planning, programming and implementation

PPP embraces the “market model” rather than the “infrastructure model”

Focus on understanding and planning for customer needs and expectations.
Focus on delivering customer service and pursuing service improvement.

Understand customer expectations → Establish customer relationships → Plan and provide facilities → Operate & maintain the airport → Deliver the customer experience → Monitor customer experience

Result: sustainable business plan based on market conditions and customer expectations.
Successful PPP’s are structured to align the interests of all stakeholders.
A systematic approach to PPP planning

1. Market Analysis
2. Business Strategy
3. Business Planning
4. Infrastructure Scope and Financial Feasibility
5. Sustainable Commercial Development and Operation
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