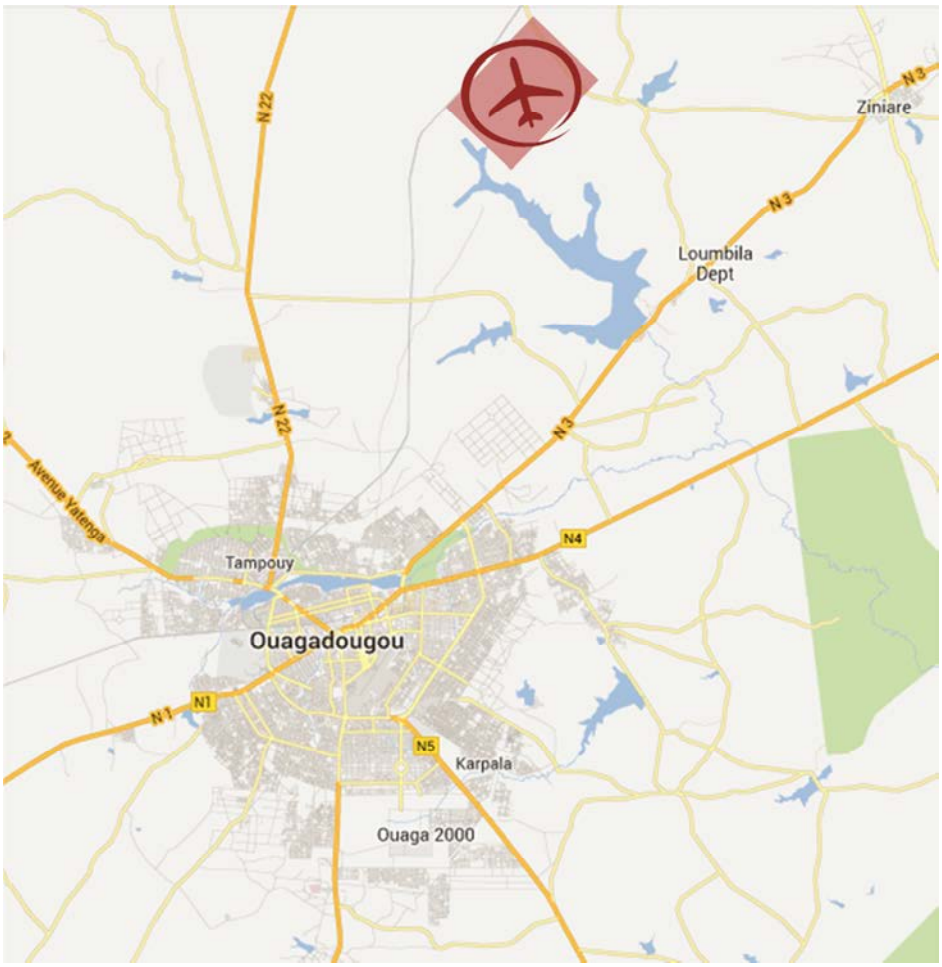
Ouagadougou-Donsin Airport

Burkina Faso

Introduction

The government of Burkina Faso began looking at building a new airport outside of the city several years ago when it hired Senegal-based architectural consultancy Bureau Africain d'Etudes et de Réalisations Aéronautiques (BAERA) to assist in the choice of a location for the airport. This study resulted in the choice of the Donsin location, approximately 35km north of Ouagadougou.



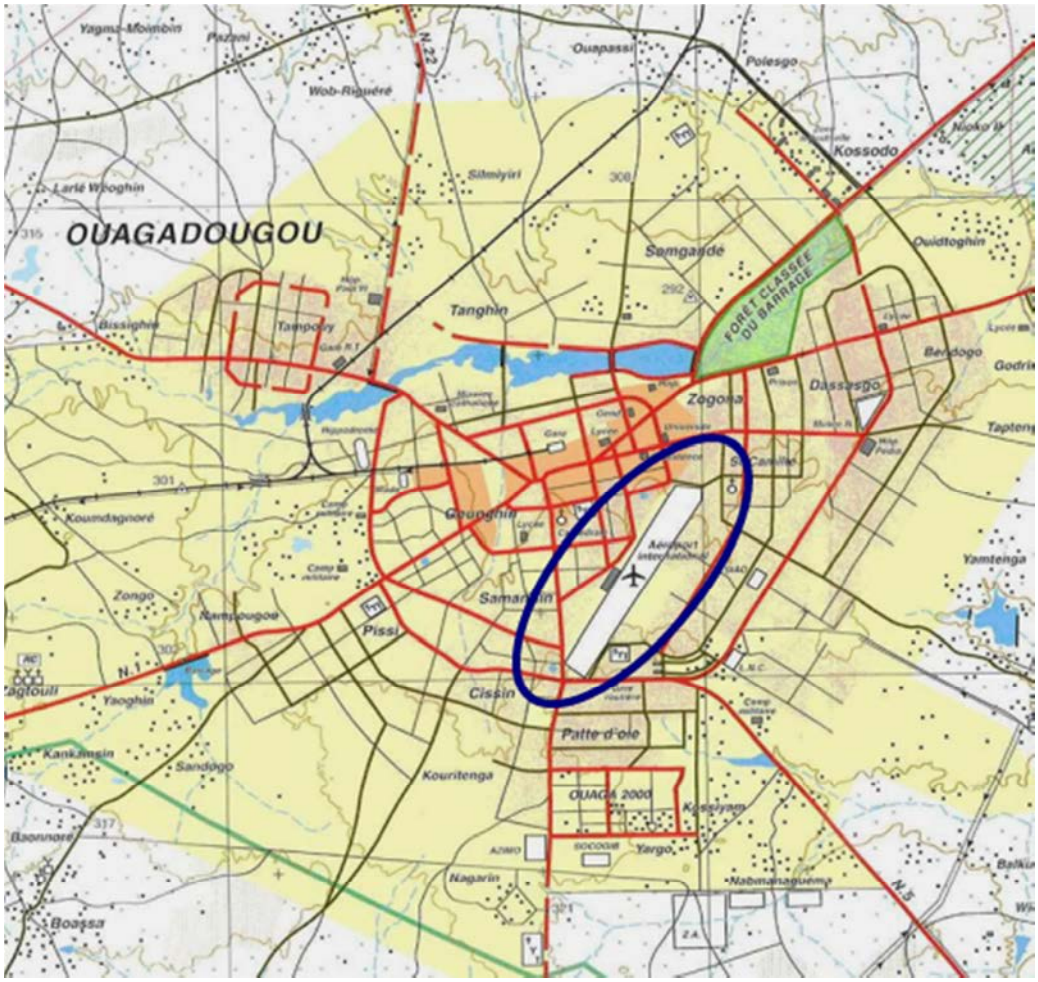
Source: Google Maps

The government next hired Lufthansa Consulting to develop a detailed technical and financial plan for the construction of the new airport. In seeking to raise finance for the next stage, the government then approached the World Bank who hired Mott McDonald to conduct an independent review of the conclusions reached by Lufthansa. As Mott McDonald validated the Lufthansa plans and conclusions, the World Bank and other donors then extended financing to begin the initial phase of building access roads to the new site. Construction of the airport and access routes to the airport is expected to begin in 2013 and be complete by 2018. The government has chosen to finance and manage the airport via a Public Private Partnership (PPP) and is also offering the concession of the existing airport's operations, as a prelude to taking over the new airport, to the special purpose public / private partnership (Société d'Economie Mixte, or SEM) that will be created for the sole purpose of holding the airport concession, as soon as 2014.

Ouagadougou International Airport

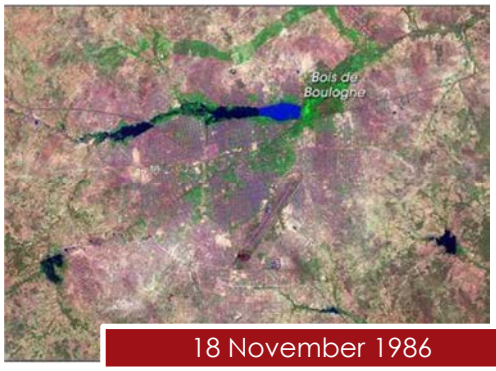
The existing airport was built in the 1960s and has almost certainly outgrown its capacity constraints. It is located in the center of the city, approximately 1.5km south east of the main commercial area. The airport site itself is approximately 4.8km in length, 0.5km in width at its narrowest point, and covers an area of approximately 426 hectares. Figure 1 provides a clear view of its centrality.

Figure 1: Map of Current Location



When the airport was originally built it was on the southern boundary of the city as it stood at that time. Ouagadougou has since experienced rapid urbanization and the airport is now surrounded by urban development, as may be seen in the below satellite photographs. The earliest (left) was taken in 1986 when the population of Ouagadougou was a mere 465,969, while the most recent image (right) was taken in 2006, when the population of the city had reached over a million.

Figure 2: Urbanisation – Ouagadougou



18 November 1986

16 October 2006

The central location coupled with the age and condition of the of the existing airport causes the following issues:

- The safety and security of airport operations is compromised as is compliance with international standards and inspection criteria;
- The airport has met or exceeded capacity limits on the terminal and apron infrastructure, which may prevent the airport from meeting forecast demand growth;
- The central location of the current airport has become a physical barrier to urban integration and the development of the city of Ouagadougou;
- The inefficiency and generally negative passenger experience at the existing airport;
- Environmental and quality of life issues for the adjacent residential and commercial communities: traffic congestion, noise pollution, and atmospheric pollution;
- Broader policy issues linked to economic reform, the creation of a mixed economy, decentralization, and the management of rapid urbanization.

The New Airport at Donsin

The first phase of construction of the new airport is planned for a five-year period beginning in 2013 and finishing in 2018. This phase will focus on the construction of infrastructure that is absolutely required to move the operations from Ouagadougou to Donsin. A second expansion phase is planned for 2026 -2030 to meet projected increases in demand. At this stage, however, the government of Burkina Faso is only seeking investors for Phase 1.

The plans call for a single runway 3,500m long, which is 500m longer than the runway at Ouagadougou, with an option to extend to 4,000m. Generally 3,000m is sufficient to land virtually any aircraft at sea level, but longer runways are often helpful for heavily loaded cargo planes. Space for a second runway and its accompanying infrastructure has been reserved for when growth in air traffic warrants it.

The design also calls for a three-storey passenger terminal with 13,400m^2 of operating space and a further 3,600m^2 of commercial space. The terminal is designed to handle up to 670 arriving or departing passengers per hour and will be equipped with two contact gates served by passenger boarding bridge and two bus gates. Further infrastructure and associated projects include:

- A 3,000m^2 cargo terminal, which is expected to cover demand to 2023 and then require a 1,500m^2 expansion;
- Road access: one road to Donsin site from the PK17 on N3 (a paved national highway) in Loumbila and at a later date a second road from the PK23 on N22 (also a paved national highway) in the town of Nioniogo;
- Airport ground multi-modal ground transport: A bus line is planned for passengers between Ouagadougou and the airport and the government is also considering using an abandoned but existing railroad that runs north of Ouagadougou and close to the Donsin site.

Table 1 provides a full summary of the Phase 1 costs of the Donsin Airport development:

Table 1: Donsin Project Costs

	Components	Total (US$ m)
	Engineering studies	13
	Compensation for displaced locals	20
Infrastructure	Access roads	97
	Runways	185
	Roads to nearby town	28
	Supply of freshwater for firefighting	35
	Interior power stations	11
	Telecommunications equipment	5
Buildings	Technical area (buildings & equipment)	35
	Administrative buildings	8
	Presidential pavilion (VIP area)	12
	Hangars & cargo area	29
	Passenger terminals-catering-restaurants	76
	Logistics building	10
Networks	Potable water supply	12
	Electric power supply	9
	Fiber optic telephone system	5
Project Mgmt	MOAD Operations	13
	Project steering committee	8
	Audit	2
	TOTAL	**US$613m**

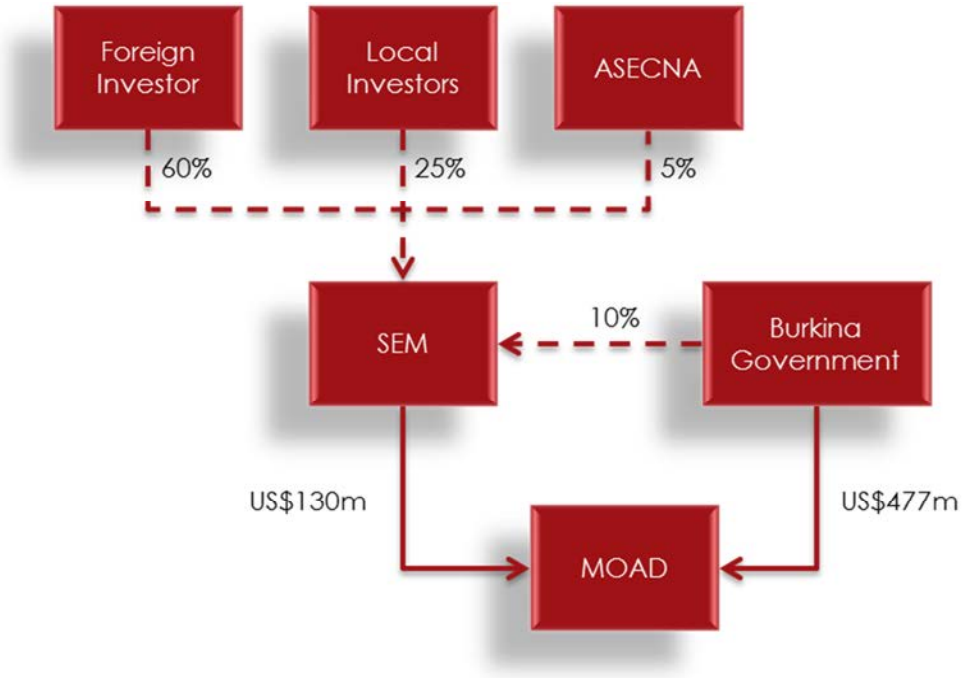
A Public Private Partnership (PPP)

As demonstrated above, the government is seeking US$613 million in total funding for the project. Of this amount, the government will contribute US$483 million directly, which it is the process of sourcing from the World Bank, other donors, and from its own funds.

The remaining US$130 million will need to come from the SEM that will hold the concession to operate the Donsin Airport. This company will be owned and funded 10% by the Burkinabè government, 5% by ASECNA (pan-national African air traffic control organization responsible for ensuring air traffic safety and regulation of flights within 18 member states), 25% by local Burkinabè investors, and the final 60% by a foreign investor. Each of the equity holders will be expected to contribute their portion of equity capital to cover the costs of Phase 1.

The 60% allocated for a foreign investor equates to US$78 million and would make the investor the controlling shareholder in the SEM that holds the Donsin Airport concession. Burkina Faso seeks not only an investor with the funds for this role but an experienced international operator who can bring world-class best practices to the new airport.

The funds raised by both parties will be invested in the financing of the new airport. The government has created MOAD to manage the development, construction, and financing of the new airport at Donsin.



KEY:

SEM: Société Economique Mixte

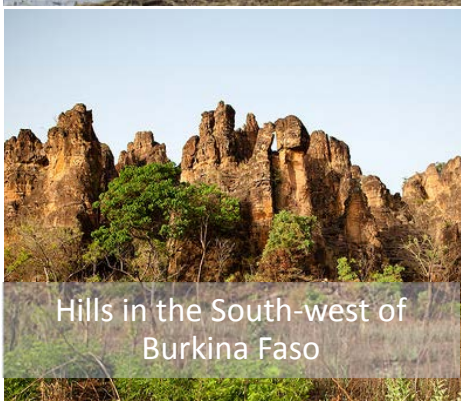
MOAD: Maitrise d'Ouvrage de l'Aéroport de Donsin

ASECNA: Agence pour la Sécurité de la Navigation Aérienne en Afrique et a Madagascar

Tourism in Burkina Faso

Between 2005 and 2009, the number of air passengers arriving at Ouagadougou Airport increased by a compound annual growth rate of 8% per year. At this pace, the airport will welcome over a million passengers a year by 2022, nearly three times as many as it did in 2005. The recent conflicts in Mali and Niger have only served to increase the flights in and out of Ouagadougou.

Elephant at the National Reserve of Nazinga



Hills in the South-west of Burkina Faso

Tourism can be a key catalytic impact of new airports, particularly in an economy such as Burkina Faso's. Air transport provides the most immediate, safe, and effective access to Burkina's national parks and wildlife areas, but the growth in visitors to these attractions depends on the efficient transfer of tourist passengers from the national gateway at Ouagadougou to local airfields around the country.

According to the Mott MacDonald study, there may even be a case for examining the possibility and benefit of having the SEM concessionaire of the new airport take responsibility for one or two of the regional airfields as part of a wider socio-economic role in spreading the benefits of the Donsin airport project. Tourism in Burkina Faso is growing – in 2011 the country welcomed over 433,778 tourists and tourism visits grew by 5.25% per year between 2008 and 2011.

The Investment Opportunity

The government of Burkina Faso is prepared to offer majority ownership in one of its flagship investment projects – the construction of a new international airport at Donsin. The government is specifically interested in an international operator who can bring not only the funds for investment in the airport but the expertise to bring the airport operations up to international best practices, particularly given the importance of the new airport a as potential regional hub and catalyst to the growth of the tourism industry in Burkina Faso.

The SEM envisaged to run the concession would have extensive support from the Burkinabè government. While the government has done significant work on the PPP structure intended for use at Donsin, the government is open to discussion as to the finer points of the structure. Full financial models, feasibility studies, and relevant legal documentation can be made available in short order for interested bidders, as this project is very advanced.