

CIVIL AVIATION REFORM PHILIPPINES AIR TRANSPORT OFFICE

The Philippines Government sought financing from the Asian Development Bank for major airport and safety infrastructure development. As part of its appraisal the Bank identified the need for major institutional reform to place the Air Transportation Office on a stronger financial basis to support investment in infrastructure. An earlier study conducted by **Ambidji** identified corporatisation of the Air Transportation Office as an effective approach to this reform. **Ambidji** was selected through international competitive bidding to provide technical assistance for the first stages of this process.

PROJECT

This project involved advising and assisting the Philippines Department of Transport and Communications (DOTC) to establish the framework for corporatisation of the service provision functions of its Air Transportation Office (ATO). It also involved decreasing the extent of economic regulation and improving safety regulation of the air transport sector by restructuring and regrouping the regulatory functions of the ATO and the Civil Aeronautics Bureau.

SERVICES PROVIDED by **AMBIDJI**

Ambidji facilitated the development plan for the service provider addressing inter alia;

The roles and responsibilities of the new corporation particularly with respect to air traffic services provision, the progressive transfer of airport management responsibility to local government, major airport authorities, the private sector, or consortia thereof;

The preparation of a financial plan including foundation balance sheet with asset transfer strategy, and a charging regime aimed at establishing financial self sufficiency. Full due diligence upon the operational, technical, commercial and management aspects of all aviation related (i.e. non-property) aspects of the airport business;

Organisational design, including a definition of the level of service provision that entails rationalisation of the extent of air traffic services outlets, with an ongoing transition strategy to take advantage of productivity gains achievable through the introduction of CNS/ATM, at the same time as improving the level of safety.

Facilitating the development of a new policy framework aimed at lesser government involvement and greater private sector participation in the management of the sector, more open entry and exit of air service and infrastructure providers, and focussing the approach to international air services rights to achieve economically and socially desirable outcomes.

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