



The financing of airport expansion projects by multilateral development banks and tackling climate change: Fuel to the fire?

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Since COP21 in December 2015, financing of more than 200 airport-related projects has been approved by the major multilateral development banks (MDBs)¹ in developing countries and emerging markets and economies, including a total of at least 16 airport expansion projects (AEPs)². They are located in various geographical areas, from Rodrigues, in Mauritius³, the eastern part of the Indian Ocean near Madagascar, to Timor-Leste in South-East Asia⁴. These projects are worth more than 3.15 billion euros⁵, and are often co-financed⁶ with bilateral, multilateral and private donors. As these AEPs raise many questions in light of sustainable development, the purpose of this advocacy paper is to briefly underline the advantages and shortcomings of these AEPs. Then it will propose some insights on what the international climate change regime is, could and should be, if we want it to be part of the solution to tackle climate change, and not part of the problem.

On the one hand, these expansions are crucial to foster economic growth. In this way, they induce several positive, direct and indirect, social and economic effects.

Direct effects are, for example, job creation-temporary during the construction works as well as permanent when the works are finished-and enhanced mobility-because, by increasing capacities, more passengers can travel, as it becomes easier and often cheaper. Indirect effects are, for instance, spillover effects on the local economy and craftsmanship thanks to tourism, generated by easier access to transportation. In addition, these infrastructures are crucial for islands or landlocked territories, as they might be decisive tools to access prosperity⁷. These positive aspects of expansion projects are automatically highlighted in project documentation and press releases⁸.

On the other hand, AEPs are extremely sensitive projects, because they will generate huge greenhouse gas emissions and pollution, during the works and at the operational and functioning stage⁹. In this sense, they unambiguously threaten the +2°C goal commitment of the Paris Agreement (PA) - when EIAs mention it¹⁰.

Obviously, since expansion projects will substantially increase air traffic, they will have a terrible



effect on the environment. In particular, air pollution will contribute to global warming and affect air quality, which could result in public health issues in the medium-/long-term. They may even reinforce a vicious cycle, as illustrated by the Environmental Impact Assessment (EIA) of the Presidente Nicolau Lobato International Airport Expansion Project, in which specific concerns were raised about the risks of sea level rise to the infrastructure itself¹¹. In fact, even if airports and airline companies, as well as States, undertake to achieve goals such as carbon neutrality or carbon compensation, these efforts cannot escape the increased emissions these expansions will cause, and will not be sufficiently attenuated by research and development on energy efficiency in the sector¹².

Once again, we are confronted with the never-ending problem of reconciling the conflicting stakes encompassed in the paradigm of sustainable development¹³. So the question here is quite simple: How can the current international climate change regime help us to get out of this dead-end?

Airport expansions raise several legal issues concerning the fight against climate change, which cannot be fully covered in a short advocacy paper, but some are relevant regarding MDBs, States and international environmental law. In this regard, one of the core principles of contemporary international environmental law is relevant: the common but differentiated responsibilities principle.

Introduced in Stockholm, reinforced in the Rio Declaration on Environment and Development¹⁴, and integrated in many multilateral environmental agreements, this principle acknowledges the need for a differentiated treatment of developing countries¹⁵. Notably, it has historically been used as a means to modulate the international obligations of Parties to multilateral environment agreements, including technical and financial assistance, flexibility, presumed obligations or extended deadlines for developing countries. In contrast, this principle acknowledges the primary responsibility of developed countries for the occurrence of global warming. With this in mind, several treaties have included only obligations required of developed countries, which can be viewed as negative differentiation against developed countries. Therefore, an underlying rationale is to understand this principle as a means for positive differentiation and redistributive justice, in favor of developing countries.

The UNFCCC and the Kyoto Protocol, as the former climate change regime, embraced this principle. The Kyoto Protocol drew a clear distinction between Annex I and non-Annex I countries, because only the former - which included developed countries - had substantial obligations to reduce their greenhouse gas emissions by 5%, using 1990 as the year of reference. The modern climate change regime evolved from this simplistic differentiation between developed and developing countries to individual differentiation¹⁶ in the Paris Agreement, embodied in the Nationally Determined Contributions (NDCs), the voluntary promises of States to reduce their greenhouse gas emissions. This individual differentiation is deceptive, "since it strengthens the tendency of countries to negotiate on the basis of self-interest rather than in a spirit of partnership and collective bargaining"¹⁷. This evolution reflects the main problem with pursuing equity and fairness within the framework of the traditional concepts of public international law.

This framework has been built, and continues to rest, upon the sovereignty axiom, whereas “the nature of the challenge demands that States adopt a completely different perspective”¹⁸. But what could this perspective be, when applied to AEPs? Some might say that there are many options left to be considered.

One option is to go back to 1992 to Working Group III, and consider the second paragraph of the draft Rio Declaration Principle 7 that China and Pakistan supported but which was abandoned: “(...) The major cause of the continuing deterioration of the global environment is the unsustainable patterns of production and consumption, particularly in developed countries. All countries, particularly developed ones, shall make commitments to address their unsustainable patterns of production and consumption”¹⁹. The AEPs of already big airports are spectacular illustrations of unsustainable patterns of consumption. Therefore, the continued expansion of airport capacities by developed countries throughout the world also represents a triumph of self-interest that is endangering the fight against climate change. One can easily find examples of this. In 2022, Joseph Biden, President of the U.S.A., on the basis of a federal act, the Bipartisan Infrastructure Law, announced massive funding of approximately 5 billion US dollars for airport terminal development projects. This budget includes building new terminals and increasing capacities in more than 100 airports²⁰. In France, several projects have been funded by EIB to extend airports, for example ADP Orly Airport Development 2016-2020²¹. In the Netherlands, the Schipol Airport was granted a 175 million euro loan in 2017 to build a new terminal²², and it has been more or less the same in Denmark with Copenhagen Airport and in Iceland with the Keflavik Airport Extension. But the EIB changed its approach to civil aviation, and decided in its bold Roadmap to stop financing airport expansions²³. This brave but isolated deed reveals that the current climate change regime is not enough.

If we are considering the atmosphere as common heritage - or at a least common concern²⁴ - of humankind²⁵, it must be taken into account that proper management requires that the developmental needs of the international community be balanced in favor of developing countries, and that developed countries slow down their greenhouse gas emissions by halting new AEPs.

A second option is to use MDBs as agents for change. From an international relations point of view, we can conceive MDBs as vehicles that diffuse international law and practices, and in doing so, contribute to their effectiveness²⁶. This is especially relevant regarding the post-2015 climate change regime, since the environmental and social safeguards - designed to manage the environmental and social risks of development operations over the whole project cycle - include national obligations defined in ratified multilateral environmental agreements - such as the Paris Agreement - among the environmental requirements²⁷. This is a role that States give them and that they take on themselves, according to the Paris Agreement, to which they are not parties, in its article 2§1c): “making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development”. In this sense, MDBs worked together to develop recent Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment (PAA)²⁸ of New Operations²⁹. The assessment process for alignment with the mitigation goals is built on a two-step approach, initial screening and specific assessment. The first step is based on the identification of operations or activity types that are considered to be universally aligned or not aligned. AEPs do not fit into either category, so they have to go

through the specific criteria assessment. This step of the process asks five questions in parallel, related to the consistency of the project or economic activity with the Paris Agreement³⁰, and a negative answer results in a non-alignment. The linking of this assessment process with the commitment of the MDBs to align their activities with the Paris Agreement remains crucial. For example, AIIB³¹ and WB³² have committed that all new operations after July 1, 2023, will meet PAA requirements. However, there is cause for concern about the overall flexibility that the current methodology offers. Relying on the States' will to share information, their NDCs and Long-Term Strategies (LTS), might lead to a decrease of the usefulness of the process for AEPs³³. China, for example, is highly criticized for the lack of clarity of its commitments in its new NDC strategy³⁴. SC4 may become the safeguarding question, but it will also depend on how MDBs interpret the terms "prevent opportunities to transition".

If we are considering MDBs as essential actors in the fight against climate change³⁵, their tools and approaches must not be diluted in a "business as usual" continuity but reflect a paradigmatic shift. They could and should help developing countries to achieve their NDC and LTS goals with technical assistance and financing, aligned with the PA but also beyond.

To conclude, the most efficient way to tackle climate change may actually be to engage in some serious thinking about society and the consumption schemes underlying civil aviation uses. This is especially true when it comes to tourism, because the mutations of economic development relying on tourism lead to massive environmental damage³⁶, and deeply alter socio-cultural links³⁷.

References

1. *MDBs are intergovernmental organizations (IOs) that promote sustainable development and pursue the dual goal of ending extreme poverty and sharing prosperity. They provide technical assistance and financing in different ways (mainly grants, loans, guarantees, and equity) for development projects, policies and programs in developing countries. Without a universally recognized category for MDBs, scholars and policy-makers do not always agree on its precise scope. Nevertheless, this study will include samples and data from: the World Bank (WB), the Asian Infrastructure Investment Bank (AIIB), the New Development Bank (NB), the African Development Bank (AfDB), the Asian Development Bank (ADB), the Interamerican Development Bank (IDB), the European Investment Bank (EIB), and the European Bank for Reconstruction and Development (EBRD). The United Nations Development Program (UNDP), the Islamic Development Bank (IsDB) and the International Fund for Agricultural Development (IFAD) have not been included because the UNDP is not an independent IO, the IFAD does not fund aviation projects, and the IsDB project database is currently under maintenance.*
2. *This is based on data collected on the MDBs' websites (last checked on Thursday 16 November 2023). This number only includes expansion projects, that is, projects that will significantly increase airport capacities with new terminal buildings, or new taxiways and runways and new aprons. Nevertheless, it is quite clear that projects focusing on*

climate change resilience, safety and connectivity also pave the way for a substantial rise in air traffic. A good example of this is the Solomon Islands Roads and Aviation Project financed by the World Bank, which included extensive works on operational safety and infrastructure resilience to climate change, in order to boost tourism and mobility in the region. See, in this regard : World Bank, P166622 : Solomon Islands Roads and Aviation Project Summary, March 2019, online here : <https://projects.worldbank.org/en/projects-operations/project-detail/P166622> (last checked on Thursday 16 November 2023). The approach retained in this advocacy paper is to focus on projects that involve construction works, and not technical assistance or capacity building that support the development project.

3. World Bank, P180266 : Rodrigues Airport Project Summary, (Approbation process ongoing), online here : <https://projects.banquemondiale.org/fr/projects-operations/project-detail/P180266> (last checked on Thursday 16 November 2023).
4. Asian Development Bank, P52320-002 : Presidente Nicolau Lobato International Airport Expansion Project Overview, September 2021, online here : <https://www.adb.org/projects/52320-002/main> (last checked on Thursday 16 November 2023).
5. This number is approximate, and is only meant to give an order of magnitude, because of the various factors involved in calculating the equivalence between the currencies used by the various MDBs. AfDB often lends in Renminbi Yuan, EIB in Euros, WB in dollars, and AfDB does not even use a currency but emulates a unit from the evolving rate of a basket of currencies. Calculations were made with the exchange rates of Thursday 16 November 2023.
6. For example, the Rodrigues Airport Project is partly funded through a trust fund in which the European Commission, on behalf of the European Union, agreed to provide 16.1 million euros. World Bank, Administration Agreement between the European Commission, on behalf of the European Union, and the International Bank for Reconstruction and Development concerning the Mauritius Rodrigues Airport Project Single-Donor Trust Fund, September 2023, online here : <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099092923084537506/p180266022b6810360863001d287a9eeabf> (last checked on Thursday 16 November 2023).
7. Several projects are located on islands, such as the Rodrigues Airport Project in Mauritius, or in landlocked territories, such as the South Asia Subregional Economic Cooperation Airport Capacity Enhancement Project in Nepal. Moreover, the Paris Agreement evokes the particular situation of small island States in its article 4§6 : "The least developed countries and small island developing States may prepare and communicate strategies, plans and actions for low greenhouse gas emissions development reflecting their special circumstances".
8. For instance, see New Development Bank, Lanzhou Zhongchuan International Airport Phase III Expansion Project Summary for Public Disclosure, July 2022, online here : https://www.ndb.int/wp-content/uploads/2023/04/22CN01-Lanzhou-Airport-Project_Summary-for-Public-Disclosure-March-2023.pdf (last checked on Thursday 16 November 2023) : "Expected Benefits : The Project outcomes will be increase in annual passenger throughput by 30% (...) as compared to 2019 levels due to improved capacity (...). The

Project will act as a catalyst in promoting economic and social development of the region by enhancing connectivity and access for trade, tourism, business, and other socio-economic activities (...)."

9. Environmental Impact Assessments (EIAs) always gather data and projections on the expected emissions of gases such as carbon monoxide and nitrogen oxide. For an example, see Asian Infrastructure Investment Bank, Environmental and Social Impact Assessment Report on Yunnan Kunming Changshui Green Airport Development Project, April 2023, §7.3 Atmospheric Environmental Impact Assessment and Mitigation Measures During Construction Period and §7.4 Atmospheric Environmental Impact Assessment and Mitigation During Operation Period, online here : https://www.aiib.org/en/projects/details/2022/_download/china/Environmental-and-Social-Impact-Assessment-ESIA-English-Draft-April-10-2023.pdf (last checked on Thursday 16 November 2023)
10. The analysis of EIAs reveals worrying gaps in the collection of the applicable legislation: in the Nepal AEP and in the Tanzania Msalato International Airport Construction Project, international law applicable to environmental requirements only refers to the United Nations Framework Convention on Climate Change of 1992, and not to the more recent Paris Agreement.
11. Asian Development Bank, Presidente Nicolau Lobato International Airport Expansion Project EIA, §365, p. 110, July 2021, online here : <https://www.adb.org/sites/default/files/project-documents/52320/52320-002-eia-en.PDF> (last checked on Thursday 16 November 2023). EIAs almost always include a whole chapter or section on a mandatory climate change risk assessment: another illustration of this can be found in Asian Infrastructure Investment Bank, Antalya Airport Expansion Project Environmental Impact Assessment Report, November 2022, Chapter 7 : Climate Change, online here : <https://www.antalya-airport.aero/expansion-project/reference-documents> (last checked on Thursday 16 November 2023).
12. European Investment Bank, 2021-2025 EIB Group Climate Bank Roadmap, 2020, online here : <https://www.eib.org/en/publications/the-eib-group-climate-bank-roadmap.htm> (last checked on Friday 17 November 2023): "4.26 The decarbonization pathway for the aviation sector remains less clear, a fact that has been underlined by multiple voices in response to the Climate Bank Roadmap stakeholder engagement process. The sector has three broad options to reduce emissions: demand management, efficiency improvements and the use of sustainable fuels such as battery electric, hydrogen fuel cells, sustainable biofuels or synthetic fuels. (...) In the short run, flying will remain a carbon-intensive activity", p. 40.
13. Sustainability is often described as "three interconnected pillars encompassing economic, social and environmental factors or goals". See Mao Y., Purvis B., et Robinson D., "Three pillars of sustainability: in search of conceptual origins", Sustainability Science, Volume 14, 2019, pp. 681-695, p. 681
14. Rio Declaration, Principle 7: "States shall cooperate in a spirit of global partnership to conserve, protect and restore the health and integrity of the Earth's ecosystem. In view of the different contributions to global environmental degradation, States have common but differentiated responsibilities. The developed countries acknowledge the

responsibility that they bear in the international pursuit of sustainable development in view of the pressures their societies place on the global environment and of the technologies and financial resources they command”.

15. For a comprehensive historical background study: Cullet P., “Common but Differentiated Responsibilities”, in Vinuales J.E., *The Rio Declaration on Environment and Development, a Commentary*, Oxford University Press, 2015, 994 pages
16. Cullet P., “Common but Differentiated Responsibilities”, in Brus M.M.T.A., Fitzmaurice M., and Merkouris Panos (eds.), *Research Handbook on International Environmental Law*, Edward Elgar, Cheltenham, 2021, 2nd edition, pp. 209-228, p. 212
17. *ibid.*, p. 212
18. *ibid.*, p. 215
19. *China and Pakistan, Principles on General Rights and Obligations*, Draft Decision, Preparatory Committee for the UN Conference on Environment and Development, 4th session, UN Doc A/CONF.151/PC/WG.III/L.20/Rev.I/1992
20. Federal Aviation Administration, *Bipartisan Infrastructure Law - Airport Terminals Program*, 2023, online here : <https://www.faa.gov/bil/airport-terminals> (last checked on Friday 17 November 2023)
21. European Investment Bank, *ADP Orly Airport Development 2016-2020*, 24 February 2016, online here : <https://www.eib.org/en/projects/pipelines/all/20150771> (last checked on Friday 17 November 2023)
22. EIB, Netherlands : *EIB supports extension of Schiphol Airport*, 2 Mars 2017, online here : <https://www.eib.org/en/press/all/2017-048-eib-supports-extension-of-schiphol-airport> (last checked on Thursday 16 November 2023).
23. European Investment Bank, *2021-2025 EIB Group Climate Bank Roadmap*, op. cit.: “4.28 In light of this uncertainty, it is proposed to focus EIB group support on improving existing airport capacity. (...) Support would therefore be withdrawn from airport capacity expansions and conventionally-fueled aircraft”, p. 40.
24. International Law Association, *New Delhi Declaration of Principles of International Law Relating to Sustainable Development*, Report of the Seventieth Conference 22, 2002, Annex I§3
25. This is a steady path for international environmental law, because it is an accepted principle in the law of international spaces. It can be found in Article 1(1) of the Law of the Sea Convention, applying to the seabed and ocean floor and subsoil beyond the limits of national jurisdiction, and Article 11 of the Moon Treaty (even if it is not universally adopted). The question of its potential application to atmosphere, or planet earth as a whole, raises tremendous legal issues as it would challenge, among other things, territorial sovereignty and sovereign equality. For a brief presentation of this principle, see Noyes J.E., “The Common Heritage of Mankind: Past, Present, and Future”, *Denver Journal of International Law and Policy*, Volume 40(1), January 2011, pp. 447-471
26. For instance, see Park S., “Norm diffusion within IOs, a case study of the World Bank”, *Journal of International Relations and Development*, Volume 8, 2005, pp. 111-141
27. Sometimes it is implicit: *Interamerican Development Bank, Environmental and Social Framework: IDB’s Commitment to Environmental and Social Sustainability*, September

2020, §1.6 : “The IDB (...) will not finance projects or projects components that would contravene ESPF standards, national law, or country obligations under relevant international treaties, conventions, and agreements.”; but it can also be explicit: Asian Infrastructure Investment Bank, Environmental and Social Framework : Environmental and Social Standard 1 : Environmental and Social Assessment and Management, May 2021 : “In order to support reporting on greenhouse gas (GHG) emissions for implementation of the Paris Agreement, the Bank may, at the Client’s request, finance measures for the Client to quantify and report to national authorities, in accordance with internationally recognized methodologies and good practice, direct and indirect emissions from Project-related facilities”.

28. PAA is an approach established by MDBs to ensure that they are involved and that they involve their partners, States and other stakeholders, in the fight against climate change. It features a methodology to screen development operations and track alignment with the overall mitigation goals and adaptation goals of the Paris agreement. For further information, see Asian Infrastructure Investment Bank, Methodology for assessing the alignment of AIIB investment operations with the Paris agreement, July 2023, online here : <https://www.aiib.org/en/news-events/news/2023/AIIB-Announces-Paris-Alignment-of-New-Investment-Operations.html> (last checked on Thursday 16 November 2023)
29. The first version was published in June 2023. AIIB acknowledges that it is still “at an early stage and will evolve”. AIIB, AIIB and Paris Alignment Overview, November 2023, online here : <https://www.aiib.org/en/how-we-work/paris-alignment/overview.html> (last checked on Friday 17 November 2023)
30. The five questions are: SC1. Is it inconsistent with the NDC of the country in which it takes place? SC2. Is it inconsistent with a national economy-wide/sectoral/regional low-GHG strategy that is compatible with the mitigation goals of the PA over its lifetime? SC3. Is it inconsistent with sector specific PA criteria considering the differentiated responsibilities and capabilities of countries? SC4. Does it prevent opportunities to transition to PA-aligned activities or support misaligned activities in a specific country/sectoral context? SC5. Is it unviable taking into account stranded asset/transition risks in the national/sectoral context?
31. Asian Infrastructure Investment Bank, AIIB to fully align with Paris Agreement goals by mid-2023, Beijing, October 26, 2021 (online here : <https://www.aiib.org/en/news-events/news/2021/AIIB-to-Fully-Align-with-Paris-Agreement-Goals-by-Mid-2023.html>)
32. World Bank, Climate Action Plan 2021-2025, 2023, p. 15, online here : <https://openknowledge.worldbank.org/server/api/core/bitstreams/19f8b285-7c5b-5312-8acd-d9628bac9e8e/content> (last checked on Friday 17 November 2023)
33. China’s Achievements, New Goals and New Measures for Nationally Determined Contributions, the latest Chinese NDC, does not contain any specific measure or commitment related to air transportation. On the other hand, Chinese Action Plan for Carbon Dioxide Peaking Before 2030 expresses the will to upgrade the efficiency of civil aviation, but not to slow down AEPs: “We will boost application of advanced and applicable technologies so as to make operation and management of civil aviation more efficient. We will guide businesses in the aviation sector in making their operations

smarter and saving energy and reducing carbon emissions in a systematic manner". Therefore, in the current state of available technologies, the aviation sector in China will inevitably cause an increase of GHG emissions, as it is clearly stated in China's 14th Five-Year Plan for the Development of Civil Aviation that the number of runways in transport airports will increase from 265 in 2020 to 305 in 2025.

34. Climate Action Tracker, an independent scientific project focusing on the States' action to tackle climate change, gives China an overall rating of HIGHLY INSUFFICIENT. Two recommendations are interesting in this sense : "Control and reduce energy demand and fossil fuel dependence (...) Improve the formulation and coverage of its climate targets". Climate Action Tracker, China 6th June 2023 update, 2023, online here : <https://climateactiontracker.org/countries/china/> (last checked on Friday 17 November 2023)
35. It is now commonly accepted that they must pursue reforms to adapt to modern challenges, and Paris alignment is part of this process. This was highlighted by several stakeholders during the workshop on the evolution of MDBs and the challenges of the 21st century held at the Paris Summit for a New Global Financial Pact, 22 and 23 June, 2023.
36. See, for example, Nowak J-J and Sahli M., "Le tourisme, un danger pour les pays en développement", Revue Secteur Privé et Développement, Number 7, 2010, online here : <https://www.proparco.fr/fr/article/le-tourisme-un-danger-pour-les-pays-en-developpement> (last checked on Friday 17 November 2023)
37. For a brief but excellent overview of the topic : Christin R., L'usure du monde, critique de la déraison touristique, L'échappée, 2014, 112 pages.