



# THE JOINT FINANCING ARRANGEMENTS ADMINISTERED BY ICAO

**Maputo Symposium on  
Infrastructure Financing  
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Session 2**



## Three types of joint financing arrangements:

- 1) Air Navigation Services in Greenland and Iceland (DEN/ICE)**
- 2) North Atlantic Height Monitoring System (HMS)**
- 3) Sharing of Costs of the Satellite Distribution System for information relating to Air Navigation (SADIS)**

# 1. DEN-ICE

## Joint Financing of Certain Air Navigation Services in Greenland and Iceland

- **Signed in 1956, amended in 1982 and 2008**
- **Operation and financing of facilities and services provided by Denmark and Iceland for civil aircraft in the North Atlantic**
- **Services covered: air traffic control, communications and meteorology in the Sondrestrom and Reykjavik FIRs**



## 1) DEN-ICE (cont.)

- **Financing and cost sharing through user charges collected by the United Kingdom**
- **An administrative fee covers the costs of the Joint Financing Agreements by ICAO**
- **UK authorized to charge a fee not exceeding 5% of the user charges to cover B&C costs**
- **Adjustment mechanism for over/under-recovery to ensure that users pay no more or no less than they should**



## 1) DEN/ICE (cont.)

- **Responsibility for the administration: ICAO Council and the Secretary General**
  - **ICAO Council, assisted by the Joint Support Committee, approves costs, user charges and large projects**
  - **ICAO Secretariat is responsible for liaising with the provider States, day-to-day management of the Agreements, billing and collecting the assessments of Contracting Governments, and preparation of the work of the Council and the Joint Support Committee**



## 1) DEN-ICE (cont.)

- **Methodology: each year, Denmark and Iceland provide estimates of costs for the following year**
- **Estimates are reviewed by the ICAO Secretariat and then presented to the Joint Support Committee**
- **If the Committee is satisfied with the estimates, it recommends their approval to the Council**



## 1) DEN-ICE (cont.)

- **Annual User Consultation Meeting with IATA before estimated costs are presented to the Joint Support Committee**
- **Council subsequently approves the assessment of the Contracting Governments and the user charges levels, taking into account adjustments for over/under-recovery for the previous years and the forecast number of crossings for the year concerned**



## 1) DEN-ICE (cont.)

- **Total estimated costs of the jointly financed services for 2011: approximately US\$36 million**
  - **US\$9 million under the Danish Agreement**
  - **US\$27 million under the Icelandic Agreement**





## 2. HMS

### Joint Financing of a North Atlantic Height Monitoring System

- **Requested by the six provider States of ANS for the North Atlantic (Canada, Iceland, Ireland, Portugal, United Kingdom and United States), ICAO has been administering the Arrangement on HMS since 1996**
- **Designed to provide verification and monitoring of height-keeping performance required for the introduction of the reduced vertical separation minimum (RVSM)**



## 2. HMS (cont.)

- **UKNATS is billing and collecting agent**
- **ICAO acts as administrator**
- **ICAO Council only involved if disputes on the interpretation or application of the Arrangement**
- **Total costs for 2011 are estimated at US\$1 million**

### 3. SADIS

## Sharing of Costs of the Satellite Distribution System for Information relating to Air Navigation (SADIS)

- **By request of a number of States, ICAO developed the Satellite Distribution System Cost Allocation and Recovery (SCAR) arrangement and provides support to the SADIS Cost Recovery Administrative Group (SCRAG)**
- **Revised SADIS Agreement approved by the ICAO Council on 24 November 2000**



### 3) SADIS (cont.)

- **SADIS: communications system designed to provide MET data from the WAFC, across a satellite footprint that extends from Eastern Atlantic (20°W) to Central Australia (140°E).**
- **It covers Europe, Africa, Middle-East and West-Asia**
- **The United Kingdom operates SADIS**



### 3) SADIS (cont.)

- **Participation in SCAR is mandatory for States receiving the SADIS service**
- **Cost share of each Party determined on the basis of available tonnes-kilometres in scheduled services of air carriers based in the territory of the State concerned**
- **Each Party to the SADIS Agreement can recover its cost share from users**



### 3) SADIS (cont.)

- **SCAR arrangement is administered by the SADIS Cost Recovery Administrative Group (SCRAG)**
- **Annual meetings to assess the annual cost-share attributable to each Party and audit the costs of the provision of SADIS and any related financial activities**
- **SCRAG is composed of one Party from each Region (Europe, Africa, Middle-East and Asia), nominated by the ICAO PIRGs**

### 3) SADIS (cont.)

- **Observers: UK (SADIS provider), IATA (representative of the users' interests), and Chairman of the SADIS Operations Group**
- **ICAO provides support to SCRAG (costs are included in the costs to be shared amongst the Parties participating in the Arrangement)**
- **Approximately 100 States receive the SADIS service**
- **Total costs for 2011 are estimated at US\$1 million**



# CONCLUSION

- **Substantial differences in administration and involvement of ICAO in the three applications of the joint financing concept (variances in facilities or services concerned and circumstances involved)**
- **Requests for assistance in joint financing programmes are considered by ICAO on a case by case basis**





## CONCLUSION (cont.)

**Requests and subsequent arrangements should include:**

- **clear description of projects and objectives**
- **identification of facilities and services to be jointly financed**
- **definition of the responsibilities of the different partners**
- **simplicity and flexibility of the arrangements**
- **equitable recovery of costs through charges consistent with ICAO's policies on charges**