



Joint ICAO/AFCAC Symposium Kampala, 17-19 August 2009 Session 2

Introduction to ICAO's airport and air navigation economics manuals



Airport Economics Manual (Doc 9562)

- 1. ICAO policies on airport charges**
 - 2. Organizational structures of airports**
 - 3. Airport financial management**
 - 4. Cost basis for charging purposes**
 - 5. Charges on air traffic and their collection**
 - 6. Development and management of non-aeronautical activities**
 - 7. Financing airport infrastructure**
- Attachments (6)**





Airport Economics Manual (Doc 9562) (cont)

1. ICAO policies on airport charges

**1.A Main Principles: Article 15 of
the Chicago Convention**

1.B Main Policies in Doc 9082

1.C Assembly Resolutions

**1.D ICAO's Policies on
environmental charges**





Airport Economics Manual (Doc 9562) (cont)

2. Organizational structures of airports

2.A Organizational forms
(ownership, control, private participation, airport systems and networks)

2.B Economic oversight of service providers

2.C Internal organization



Airport Economics Manual (Doc 9562) (cont)

3. Airport financial management

3.A Basic aspects

3.B Accounting (financial statements, cost centres, service lines)

3.C Means of measuring performance and productivity (key areas, indicators, recommended practices)





Airport Economics Manual (Doc 9562) (cont)

- 4. Cost basis for charging purposes**
 - 4.A Cost basis for charges on air traffic (factors to be taken into account)**
 - 4.B Cost basis for individual charges**
 - 4.C Costs for concessions and other non-aeronautical activities**
 - 4.D Methods for attributing non-aeronautical revenues to the airport's cost base (single-till/dual-till/hybrid)**





Airport Economics Manual (Doc 9562) (cont)

5. Charges on air traffic and their collection

5.A Factors influencing the setting of charges on air traffic (economic pricing, differentials)

5.B Individual charges (TNC, landing, parking, aerobridge, PSC, security, etc)

5.C Collection of charges

5.D Consultation with users



Airport Economics Manual (Doc 9562) (cont)

6. Development and management of non-aeronautical activities

6.A Basic factors

6.B Types of non-aeronautical activities (concessions, rentals, free zones)

6.C Managerial aspects (planning, selection)

6.D Setting fees and rental charges for non-aeronautical activities

6.E Contractual aspects (contracts, leases)



Airport Economics Manual (Doc 9562) (cont)

7. Financing airport infrastructure

7.A Traffic forecasts

7.B Use of experts

**7.C Economic and financial
analyses (CBA, business case,
analysis)**

**7.D The financing plan (purpose,
currencies, repayments)**

**7.E Source of financing (domestic,
foreign, pre-financing of
projects)**



Airport Economics Manual (Doc 9562) (cont)

Attachments

- **Glossary of terms**
- **Extracts from Doc 9082**
- **Service level agreements**
- **Sample format for airport invoices**
- **Bilateral and international sources of financing**
- **Pre-funding of capital projects through charges**



Manual on Air Navigation Services Economics (Doc 9161)

- 1. ICAO policies on air navigation charges**
- 2. Organizational structures**
- 3. International cooperation**
- 4. Financial management**
- 5. Financing air navigation services infrastructure**
- 6. Cost basis for air navigation services charges**
- 7. Air navigation services charges and their collection**

Attachments (5)



Manual on Air Navigation Services Economics (Doc 9161) (cont)

1. ICAO policies on air navigation services charges

**1.A Main Principles: Article 15 of
the Chicago Convention**

1.B Main Policies in Doc 9082

1.C Assembly Resolutions

**1.D ICAO's Policies on
environmental charges**



Manual on Air Navigation Services Economics (Doc 9161) (cont)

2. Organizational structures

2.A General comments

2.B Organizational characteristics

**2.C Organizational structures
(government, autonomous
entities, private sector)**

**2.D Economic oversight of air
navigation services
provision**



Manual on Air Navigation Services Economics (Doc 9161) (cont)

3. International Cooperation

3.A General

**3.B International operating agencies
(ASECNA, COCESNA, EUROCONTROL)**

3.C Joint charges collection agencies

3.D Multinational facilities and services

3.E Joint financing arrangements

3.F Political cooperation

3.G CNS/ATM aspects



Manual on Air Navigation Services Economics (Doc 9161) (cont)

4. Financial management

- 4.A Basic aspects (best practices, business plan and budget)
- 4.B Accounting (financial statements, pre-funding)
- 4.C Measuring performance and productivity (targets, key areas, indicators, benchmarking)



Manual on Air Navigation Services Economics (Doc 9161) (cont)

5. Financing air navigation services infrastructure

5.A Traffic forecasts

5.B Use of experts

**5.C Economic and financial analysis
(CBA, business case)**

**5.D The financing plan (currencies,
repayments of loans)**

**5.E Sources of financing (domestic,
foreign institutions and banks)**

5.F Financing aspects of CNS/ATM



Manual on Air Navigation Services Economics (Doc 9161) (cont)

6. Cost basis for air navigation services charges

**6.A Inventory of the facilities and
services**

6.B Determining costs

**6.C Allocation of costs (route and
approach, categories of users)**

6.D Cost basis for individual charges

6.E Special considerations CNS/ATM



Manual on Air Navigation Services Economics (Doc 9161) (cont)

7. Air navigation services charges and their collection

7.A Basic factors

7.B Economic pricing principles

**7.C Individual charges (en-route,
approach/aerodrome)**

7.D Charges collection

7.E Consultation with users

7.F Cost recovery of CNS/ATM



Manual on Air Navigation Services Economics (Doc 9161) (cont)

Attachments

- **Extracts from Doc 9082**
- **Extract from Volume II, FASID, European Air Navigation Plan**
- **Costs of aeronautical meteorological services**
- **Pre-funding of capital projects through charges**
- **Bilateral and international sources of financing**



CEANS Recommendation #2: Economic Performance

- **Service providers to establish performance management systems**
- **Key Performance Areas (KPAs):**
 - **Safety**
 - **Quality of service**
 - **Productivity**
 - **Cost-effectiveness**



CEANS Recommendation #2: Economic Performance (cont)

- **Guidance in the economics manuals (under review)**
- **Airports: Doc 9562, Chapter 3, Section C – Means of measuring performance and productivity (paragraphs 3.85-3.105)**
- **Air navigation: Doc 9161, Chapter 4, Section C – Means of measuring performance and productivity (paragraphs 4.82-4.126)**



A practical example: ATM performance in Europe

Performance Review Commission (PRC)

- The PRC provides independent advice on European Air Traffic Management (ATM) Performance to the EUROCONTROL Commission, through the Provisional Council
- Objective: *"to introduce a strong, transparent and independent performance review and target setting system to facilitate more effective management of the European ATM system, encourage mutual accountability for system performance"*



A practical example: ATM performance in Europe (cont)

Performance Review Report

EUROCONTROL Member States

- Unit costs: down
- Traffic forecasts: decrease
- Objective: ANSPs to adjust plans



Economic performance and minimum reporting requirements

Requirements for performance management systems

- Reliable and appropriate data
- Realistic, achievable objectives
- Transparency is fundamental



ICAO Doc 9562 & Doc 9161

- The most recent versions of the airport and air navigation economics manuals are available in the six ICAO languages

- They can be downloaded for free from the ICAO website:

- > Airports – Doc 9562 (Second Edition)

- <http://www.icao.int/icaonet/dcs/9562/9562.html>

- > Air navigation – Doc 9161 (Fourth Edition)

- <http://www.icao.int/icaonet/dcs/9161/index.html>