

Joint ICAO/AFCAC Regional Symposium for African States on the
Economics of Airports and ANS

Kampala, Uganda, 17-19 August 2009

[1] Thank you for this invitation to speak. It is with some nostalgia that I stand before you today. I grew up on the African continent and, when I lived in Egypt some thirty years ago, I befriended a boy from Uganda, who turned out to be none other than the son of the Chairman of the National Civil Aviation Administration of Uganda - our host, Mr. Zev Baliddawa - at that time the regional representative for ICAO in Cairo!

It is indeed a small world; never did I think that we would meet up again after so many years. And, it is international civil aviation that makes it happens!

1. Introducing CANSO

[2] Ladies and gentlemen, allow me to quickly introduce CANSO – the Civil Air Navigation Services Organisation. A relatively young organisation, founded in 1997 and based in Amsterdam, we are the global Trade Association for air navigation services providers. It was only in October 2006 that CANSO was officially recognised by ICAO as an international organization that can be invited to attend ICAO meetings as Observer.

CANSO is an Association open to all aviation industry stakeholders with an interest in air traffic management and today our membership consists of 53 Full Members – the air navigation services providers - and 48 Associate Members who mostly consist of the manufacturers and suppliers to the industry.

[3] Still a growing association, in 2008 CANSO Member ANSPs served 71% of world airspace, controlled 84% of world air traffic and handled 44 million flights.

[4] On the African continent this includes NANSO-Egypt, OACA-Tunisia, NAMA-Nigeria, ATNS-South Africa, and of course, CAA Uganda. And, we can always do with more! (The lighter areas represent airspace controlled by CANSO Member ANSPs.)

[5] As an industry association, CANSO's main goals and objectives are to improve global ANS performance. We do this:

- Through the development and advocacy of industry Best Practice in ANS provision.
- By influencing the Global ATM Community - i.e. the regulators - ICAO, Regional & National Authorities; Customers of ANS - Civil & Military operators; and other Stakeholders - Staff, Suppliers, Airports, etc. – on issues of importance to ANSPs
- And by maintaining an efficient and effective organisation - we keep the Secretariat small, and rely on the support from Member experts.

[6] CANSO's Global Vision on the future of air navigation services is of a seamless airspace and a globally interoperable and efficient ATM, not dissimilar from ICAO Global ATM Operational Concept. However, realisation of this Vision requires new thinking as change is needed in the institutional and operational domains if we are to achieve a truly global system that will deliver the necessary capacity in a safe, efficient and environmentally-friendly manner.

2. *CEANS Recommendations & importance to aviation in Africa*

[7] Ladies and gentlemen, the aim of this Symposium is to bring to the attention of States the outcome of the ICAO *Conference on the Economics of Airports and Air Navigation Services* (CEANS), held in September last year, and promote the adherence to and implementation of ICAO's *Policies on Charges for Airports and Air Navigation Services*. CANSO supports this effort.

You will recall that the underlying theme of the *Conference on the Economics of Airports and ANS* was about enhancing and strengthening cooperation between providers and users, and improving the economic performance of airports and ANS.

It recommended that States recognize that adherence to ICAO's *Policies on Charges* promotes the efficient and cost-effective provision and operation of airports and air navigation services, as well as a sound relationship with users.

It also encouraged the adoption by States of the principles of non-discrimination, cost-relatedness, transparency and consultation with users through a variety of means, including legislation, regulation, policy and air services agreements.

[8] These conclusions and recommendations are of particular relevance to the Africa region.

The importance of aviation to economic development in Africa has long been recognised. Due to the terrain and distances involved, air transport is Africa's only practicable means to integrate its economies, be competitive in the global marketplace, and make a significant contribution to sustainable economic development and prosperity in the Region.

Here in Uganda, the government is focusing on the development of commercial agriculture as a means to boosting economic growth. Investments in infrastructure will be key to bringing this about. While roads will receive sizable funding, air transport can bring perishable produce and value-added goods to market in time, and in many cases, at a lower cost. And, there are other examples of how vital air transport links can help lift communities to new levels of prosperity.

[9] However, in order for aviation to grow in Africa and promote economic development of the continent, air transport in Africa needs to attain a safety level in line with the worldwide average. And, the necessary infrastructure needs to be provided in the most cost effective and efficient manner.

Safety performance is the principal success factor of a healthy air transport system, with the result that it can further boost air traffic growth. Appropriate institutional arrangements, and effective and sustainable safety oversight, are fundamental.

Good governance

[10] As US President Obama proclaimed in Ghana just last month, “development depends on good governance”; it is the ingredient that can unlock Africa's true potential. This equally holds true for the development of civil aviation.

In the case of Air Traffic Management, the performance of air routes and ANS management need to be improved. Within CANSO we view Air Traffic Management as a global service industry and key enabling activity in the air transport value chain. We are all too often confronted with inefficiencies in the system, and our friends at IATA never cease to remind us of that.

Within CANSO we have been moving toward a strong performance focus. And, jointly with our other aviation partners, we are finding solutions to improved safety, efficiency and environmental performance.

[11] However, there exist plenty of barriers to improved ANS performance. Demand for air navigation services is basically the same everywhere. Each ANSP performs essentially the same role: they separate aircraft; facilitate communications; provide navigation and surveillance; and supply the required ancillary services. These homogenous requirements should result in a largely homogenous ANS service worldwide. An identical situation should have an identical solution.

But, this is not the case. Fragmentation in our industry has resulted in sub-optimal performance of the global ATM system as a whole. Adherence to globally accepted standards, recommended practices, policies and principles are essential to driving performance.

[12] During the CEANS Conference, CANSO pointed out that good ANSP performance depends on good governance. And, good governance in turn is attributable to good government policy-making. States can greatly influence ATM performance by appropriately applying six policy levers that will affect governance, namely through;

1. Appropriate institutional arrangements
2. A balanced ANSP governance structure
3. Independent and empowered management
4. Incentivised performance
5. Performance measurement
6. Meaningful customer and stakeholder relations

We believe that, with correct steering, these six policy levers will lead to optimised ANS performance. Manipulated wrongly, they will have a detrimental impact on performance.

Let us briefly consider each one.

[13] Firstly, you have institutional arrangements, the most important of these being the separation of provision from regulation. Experience has shown that separation of ANS provision from the State oversight function enhances ATM performance, and instils public confidence in the ANSP and the services it provides - the regulatory oversight function must be independent and transparent. Greater financial and operational autonomy for the ANSP has encouraged a business approach to service delivery and an improved quality of service.

To get the institutional arrangements right, government policy must address some fairly fundamental questions – "why does the ANS exist?"; "who is it to serve?" and "what is expected from the ANS?" The enabling legislation and regulation should specify the roles and responsibilities of the ANSP; its obligations in observance of international standards and agreements, especially in regards to setting fees and charges; and the regulatory oversight mechanism that can offer stakeholders the right of appeal in case of disagreements.

[14] Secondly, there is the ANSP governance structure that governs the relationships of the autonomous ANSP with its various stakeholders. For CANSO, actual ownership of the ANSP is not the issue. It's about how the ANSP is governed and controlled. The issue is whether the processes, policies, laws and regulations are correctly affecting the way the ANSP should behave, serving the best interests of all its stakeholders.

A professional, independent and unbiased supervisory board that comprises representation from the different stakeholder groups is key to the success of the air navigation service. The board should govern the overall direction of the ANSP, ensuring that its vision, mission, goals and objectives are in line with international obligations and expectations, and ensuring the management is responsible and held accountable.

[15] Thirdly, you have the opportunity to empower ANSP management, which is central to the success of any organisation. Management should be free to implement the business principles that deliver results, supported by a stable and robust funding model. Political interference in the operations of the ANSP, as we have witnessed so often, can be costly and has a negative impact on an ANSP's performance.

[16] Fourthly, you can incentivise ANSP performance through appropriate legislation or regulations. ANSPs fully accept that they are natural monopolies. The absence of in-built incentives in a cost recovery environment requires that management be incentivised in other ways through the governance structure to deliver superior performance, whether it is in the area of safety or economic efficiency. If regulations and the governance structure do not incentivise management, the ANSPs will not respond flexibly to the demands of the market place.

[17] Fifthly, you can place the focus on performance measurement. As the saying goes, "you cannot manage what you cannot measure." The State's insistence on a performance management

culture helps everyone's understanding of what drives good performance in ATM, and the setting of targets in line with expectations. Not only does performance measurement and benchmarking reveal best practice for the ANSP, it also provides policy-makers with the necessary feedback and understanding on the effectiveness of policy measures and initiatives.

[18] Sixthly, you can ensure that ANSPs have a correct relationship with their customers and other stakeholders. In fact, if you apply the first five policy levers correctly, there will be no need for prescriptive customer relations regulation as the ANSP will feel fully incentivised to engage its customers and stakeholders as best it can in a constructive, meaningful and collaborative way.

What can we conclude from these six levers? Policy-making is very influential in determining the quality of ATM performance. However, it is important to note that it is not necessary to pull all levers to full throttle – it's like flying, subtle adjustments at the controls to find the right balance; a little bit more trim and a little less thrust.

[19] Ladies and Gentlemen, to improve the performance of ATM we need to think about developing the right incentives and putting the right checks and balances in place. By doing so, you will be able to support ANSPs in delivering an optimised performance without having to resort to heavy-handed State interventions or new prescriptive regulation.

We firmly believe the delivery of ANS needs to be based on business principles, just like any other service industry. Fundamental to improved ANS performance is an appropriate governance framework that will make this happen. Government policy-making plays an important role and ICAO's *Policies on Charges* provide a solid foundation for such policy-making, as they have for States whose ANSPs have an enviable performance record.

Transparency and Consultation

Let's take a closer look at some of the principles contained in these Policies. One of these is transparency and meaningful consultation.

[20] It is important that customers are provided transparent and adequate financial, operational and other information so that they can gauge the value for money in the services they are receiving. As I mentioned earlier, CANSO's strategic goals are focused on improving global ANS performance. ANS performance measurement and global benchmarking lie at the heart of this objective. CANSO therefore launched its global benchmarking programme several years ago to gain an in-depth understanding of ANS performance across a number of domains.

Our three key aims for this work are:

- To improve transparency of ANS performance;
- To grant visibility of our performance to others; and
- To promote understanding of what drives good performance

We are presently measuring and exchanging best practices on safety, economic efficiency, environmental performance, and Human Resource management. I will talk more about this during tomorrow's session.

[21] We also believe that excellent customer relations lie at the heart of superior performance. Understanding customer requirements and catering to their needs is the basis for a more productive provider-customer relationship. When the customer is satisfied the State need not have to regulate performance or interfere with day-to-day operations of the ANSP.

It is for this reason that CANSO formed a Customer Relations Workgroup (CRWG), the purpose of which was to guide and support an effective customer relations management by providing a platform for Member ANSPs to exchange views and develop an understanding of best practice in customer relations and consultation.

Regionalisation

[22] Ladies and gentlemen, there is one other recommendation contained in the ICAO Policies on Charges that is particularly relevant to the Africa region – international cooperation in the provision and operation of ANS. ASECNA is of course a good example of such regional cooperation.

The operational requirements that are needed to improve the safety and efficiency of the air navigation system in Africa through the implementation of new CNS systems are relatively expensive and can best be achieved in partnership, and through regional cooperative structures.

The ambitious objective of the 1999 Yamoussoukro Decision on the liberalisation of air transport markets in Africa remains a priority. The AU Conference of Ministers for Transport last year reaffirmed the commitment to this objective, as well as the development of a common African Civil Aviation Policy, and the strengthening of aviation safety, security and inter-African and international cooperation. Cooperation in air traffic management and navigation will become ever more important as air traffic growth will demand higher levels of performance.

During the High-level Meeting on a Comprehensive Regional Implementation Plan for Aviation Safety in Africa held just prior to the 2007 Assembly, CANSO offered its support in seminars on ANS performance and management best practice. CANSO is further providing its support to the AFI Comprehensive Implementation Plan (ACIP) as a member of the Industry Safety Strategy Group (ISSG) and the series of workshops that have been held on the Global Aviation Safety Plan (GASP) and Roadmap to its implementation.

Likewise, the creation of regional agencies for the supervision of aviation safety performance is necessary. The political will for this is essential - the pooling of resources and the reduction of costs in today's competitive environment makes eminent sense for developing States with lower levels of aviation activity.

Africa needs strong and sustainable institutions, and regional cooperation and integration at the regional and sub-regional levels can greatly benefit the performance of aviation. However, this responsibility can only be met by Africans. It is not up to the rest of the world to tell Africa what to do.

As president Obama declared, “Africa's future is up to Africans.” At the same time, CANSO and others stand ready to provide support and information on best practice; on what works and what doesn't, based on the experience of its member ANSPs the world over.

Concluding remarks

[23] In conclusion, if we are to promote the adherence to and implementation of the ICAO Policies on Charges with a view to improving the overall performance of airports and ANS, then we must first realise that good ANSP performance rests with good governance, and that good governance, in turn, rests with good policy-making by governments. The ICAO Policies on Charges provide a solid foundation for such policy-making.

Many Governments are looking at ways to improve their national ANS framework to meet today's high performance expectations in aviation. And, governments can improve ATM performance by appropriately applying the six policy levers I have outlined:

- By implementing appropriate institutional arrangements;
- By ensuring a balanced ANSP governance structure exists;
- By empowering independent management;
- By incentivising performance through the governance structure;
- By focusing on performance measurement; and
- By ensuring meaningful customer and stakeholder relations.

[24]Thank you.