

**Agenda Item 7.5 - Financial Sustainability of the Network**

*(Presented by ATNS)*

**19<sup>th</sup> NAFISAT Supervisory Board Meeting**

***Mogadishu, Somalia, 14 – 17 October 2024***

<b>SUMMARY</b>
This paper aims to demonstrate the challenges faced by the Network Service Provider in the collection of charges and cost recovery, and further suggests the mitigation to address these challenges.
<b>REFERENCES</b>
<ul style="list-style-type: none"><li>• MoU between NAFISAT States and ATNS &amp; IATA</li><li>• NAFISAT Annual Financial Reports</li><li>• Convention on International Civil Aviation (Article 28)</li><li>• APIRG/18</li><li>• APIRG/19</li><li>• Fourteenth Meeting of the NAFISAT Supervisory Board</li></ul>

**1. INTRODUCTION**

- 1.1. The NAFISAT Member States recognized the improved reliability of aeronautical fixed service telecommunications network (AFTN) and air traffic service direct speech (ATS/DS) communications in the North-Eastern part of the Africa-Indian Ocean (AFI) Region and in the interface with adjoining regions during the first phase of the NAFISAT network operation that commenced in 2007. Through this recognition, the NAFISAT States expressed their wish to continue with the services for another seven-year period from December 2022 to November 2029.
- 1.2. Article 4 of the NAFISAT MoU recognizes the legal responsibilities of the NAFISAT States as per Article 28 of the Convention on International Aviation, that each Contracting State undertakes to provide, in its territory, airports, radio services, meteorological services and other air navigation facilities to facilitate international air navigation and adopt and put into operation the appropriate standard systems of communications procedure.

- 1.3. Section 2 of Article 7 of the NAFISAT MoU requires that Member States will publish appropriate aeronautical information to inform the airspace users of the charges and that the same will be collected directly by the Network Service Provider

## **2. DISCUSSION**

- 2.1. The ability of ATNS and IATA to collect the charges for certain categories of operators is to a large extent limited. This limitation has put some dent on the financial position of the network, and this is threatening the ability of the network to be financially sustainable. This outstanding debt (bad debt) has not improved over the years and remains a challenge. The most common and dominant users of the NAFISAT services are traditional commercial aircraft operators. The other categories of users include state aircraft, military operators as well as operators under the United Nations banner. Included in the military operators is some militaries of NAFISAT States
- 2.2. A standardized framework under which Member States are to publish the aeronautical information related to the NAFISAT Network was established during the 14<sup>th</sup> NAFISAT Supervisory Board Meeting held in Egypt in 2019. The intention of the framework was to address the gap resulting from the lack of recognition of the service by some aircraft operators. Furthermore, it was to ensure that all aircraft operators are continuously made aware of the service and their financial obligation. For ease of reference, the template is attached hereby as **Annexure A**.
- 2.3. In resolving the current bad debt position of the NAFISAT network, the following intervention are suggested:
  - 2.3.1. Member States to submit to ATNS any agreement(s) in place with any operator that is exempted from paying Air Navigation Service charges within their territory.
  - 2.3.2. Member States to regularly update this information by submitting any changes in the status of the agreements with operators to ATNS.
  - 2.3.3. Member States to appoint Focal Points in the Finance and Aeronautical Information Management disciplines and submit their names and contact details to ATNS by no later than 15 November 2024.
  - 2.3.4. Member States to assist ATNS in the collection of the outstanding debt through the facilitation of engagements with the operators within their territory

## **3. ACTION BY THE MEETING**

- 3.1 The meeting is invited to approve that:
  - 3.1.1 Member States commit to regularly update their aeronautical publication in relation to the NAFISAT Network service and in line with the NAFISAT MoU.
  - 3.1.2 Member States commit to submit any agreement(s) in place with any operator that is exempt from paying Air Navigation Services charges within their territory.
  - 3.1.3 Member States commit to regularly updating the aeronautical publication and submit a copy to ATNS for record keeping and presentation to the aircraft operators.

- 3.1.4 Member States shall appoint Focal Points in the Finance and Aeronautical Information Management disciplines, and submit their names and contact details to ATNS by no later than 15 November 2024
- 3.1.5 Member States commit to assist ATNS in the collection of the outstanding debt through the facilitation of engagements with the aircraft operators

#### **ANNEXURE A**

The *Name of ANSP* and Air Traffic and Navigation Services (ATNS) South Africa have entered into a Memorandum of Understanding for the provision of the NAFISAT Network to facilitate the provision of aeronautical telecommunication services by the *Name of ANSP*. In relation to the provision of this service, the *Name of ANSP* has authorized ATNS to collect a charge of USD \$10 for all international flights crossing, terminating, exiting, or departing from the ZZZZ FIR with effect from 01 December 2022.