International Civil Aviation Organization

WORKING PAPER

SEVENTH WORLDWIDE AIR TRANSPORT CONFERENCE (ATCONF/7)

Montréal, HQ, 16 to 20 November 2026

Agenda Item 2: Fostering aviation growth and air connectivity through investments in infrastructure, human capital and partnerships

FINANCING FOR AVIATION INFRASTRUCTURE

(Presented by the Secretariat)

EXECUTIVE SUMMARY

This paper addresses the challenges in securing sufficient investments for the development and modernization of aviation infrastructure to meet current and future demands. It emphasizes the strategic importance of integrating aviation infrastructure planning into national development and investment frameworks to support economic growth, air connectivity and sustainable development. It further examines financing approaches that reinforce traditional funding mechanisms while expanding access to diversified sources of financing. The role of the International Civil Aviation Organization (ICAO) in supporting States in enhancing aviation infrastructure financing with the provision of policies, guidance, tools and capacity-building is also highlighted. The paper proposes a comprehensive set of actions to strengthen policy coherence, enhance coordination, foster a stable investment climate, and leverage innovative financing mechanisms.

Action: The Conference is invited to:

a) consider the approaches for financing aviation infrastructure as presented in paragraph 2;
b) note the role of ICAO in supporting aviation infrastructure financing; and
c) endorse the proposed recommendations for both States and ICAO in paragraph 4.

Strategic Goal:	This working paper relates to Strategic Goal: *The Economic Development of Air Transport Assures the Delivery of Economic Prosperity and Societal Well-Being for All*.
Financial implications:	The activities referred to in this paper will be undertaken subject to the resources available in the 2026–2028 Regular Budget and/or from extra budgetary contributions, including the Voluntary Air Transport Fund.
References:	Resolutions Adopted by the 42nd Session of the Assembly, Provisional Edition, October 2025 (ICAO Assembly Resolution A42-26) Doc 9082, *ICAO's Policies on Charges for Airports and Air Navigation Services* Doc 9562, *Airport Economics Manual* Doc 9161, *Manual on Air Navigation Services Economics* Doc 10170, *Manual on Economic and Financial Analyses for Aviation Infrastructure Projects* *Concluding Communiqué of the Third ICAO World Aviation Forum (IWAF/3)*

1. INTRODUCTION

1.1 Air traffic is projected to more than double by 2050, according to ICAO's long-term traffic forecasts. The expansion in traffic and air connectivity, together with the need to adapt to technological and environmental transitions, requires adequate aviation infrastructure, including supporting digital systems and human capital. It is essential that States develop quality infrastructure commensurate with traffic projections and aligned with ICAO Global Plans, to ensure that the growth is managed safely, securely and efficiently, while fully realizing its socio-economic benefits and environmental sustainability.

1.2 Addressing existing infrastructure gaps and accommodating future demand require substantial investment in the continued development and modernization of aviation infrastructure. However, meeting these requirements presents considerable financing challenges. This is due to the highly capital-intensive nature of aviation infrastructure and long development timelines, which make it difficult for many States to mobilize the necessary financial resources and establish enabling policy and regulatory frameworks to create a conducive environment to attract the required investment.

1.3 Integrated planning, good governance, and innovative financing approaches are critical to ensuring the long-term sustainability of aviation infrastructure development. The 42nd Session of the ICAO Assembly requested the ICAO Council *"to continue to develop and update, as required, guidance and tools on financing for the development and modernization of quality aviation infrastructure, including mechanisms to support operational improvements as described in the Aviation System Block Upgrades (ASBU) modules*" (A42-26, Appendix C refers).

2. FUNDING AND FINANCING APPROACHES FOR AVIATION INFRASTRUCTURE

2.1 The aviation sector faces a widening gap between current infrastructure capacity and future needs, with congestion at major hubs, limited connectivity in many regions, and widespread requirements for airport expansion and modernization, as well as implementation and upgrade of air navigation systems. At the same time, emerging operations such as unmanned aircraft systems (UAS) and advanced air mobility (AAM), along with growing environmental and digital technology-related requirements, are increasing infrastructure demands, compounded by human capital shortages and institutional capacity constraints.

2.2 The modernization and expansion of aviation infrastructure are essential to support air connectivity and economic development. Despite this critical role, many States face persistent challenges in securing sufficient investments in the development of quality aviation infrastructure to meet current and future needs. The G20's Global Infrastructure Outlook projects that airport infrastructure investment requirement will total USD 2.6 trillion through 2040[1]. Mobilizing long-term financial resources has become increasingly difficult and represents a significant challenge for many States, especially in view of the strains on public finances and limited access to diversified financing sources, particularly in developing States.

2.3 Addressing the funding and financing challenges associated with aviation infrastructure development requires a comprehensive, holistic and coordinated approach, underpinned by coherent policies and good governance that strengthen traditional funding mechanisms, while expanding access to diversified and innovative sources of financing.

2.4 **Funding aviation infrastructure through user charges**

[1] Global Infrastructure Outlook – A G20 Initiative: https://outlook.gihub.org/

2.4.1 The aviation industry has financed a vast majority of its own infrastructure costs through revenues generated from user charges, rather than through public investments or subsidies. User charges for airports and air navigation services remain a fundamental mechanism for funding aviation infrastructure and ensuring its long-term sustainability. The effectiveness of user charge systems is directly affected by regulatory and institutional frameworks. Limited transparency, insufficient stakeholder consultation and weak economic regulatory oversight may undermine confidence in the charging framework and deter investment.

2.4.2 The appropriate design and application of charging strategies, consistent with Article 15 of the *Convention on International Civil Aviation* (Chicago, 1944 – the "Chicago Convention") and relevant ICAO policies and guidance, play a key role in ensuring that cost-recovery mechanisms provide a stable and predictable revenue stream, which is essential for infrastructure planning, financing and investment. Furthermore, sustainable revenues from user charges can support financial sustainability and investor confidence, thereby facilitating access to commercial financing, including loans and private investment.

2.5 Diversified and innovative financing approaches

2.5.1 Mobilizing the scale of investment required for aviation infrastructure development will require diversified and innovative financing approaches that combine public and private resources, supplementing funding through user charges. Private sector participation, including through private investment, business reform, public-private partnerships (PPPs) and private finance initiatives, represents a key avenue for diversifying financing sources. Blended finance mechanisms, involving multilateral development banks and other financial institutions, can further enhance project bankability, by mitigating risks and leveraging concessional funding. In addition, access to capital markets through instruments such as infrastructure or green bonds can expand financing options and attract long-term institutional investors.

2.5.2 The development of robust project pipelines, supported by sound feasibility studies and cost-benefit analyses, is essential to facilitate investment decisions. Furthermore, establishing a transparent, stable and predictable regulatory environment, as well as strengthening engagement with multilateral development banks and financial institutions are critical to attract private participation and expand access to long-term financing, technical expertise and risk mitigation instruments.

2.6 Integrating aviation infrastructure plans with national development frameworks

2.6.1 Despite its critical importance to socio-economic growth, aviation is not always sufficiently reflected in national development and investment plans, which has resulted in fragmented policy approaches, underinvestment, and missed economic opportunities. Integration of aviation into national planning frameworks is essential to ensure coherent policy development and efficient resource allocation. States should strengthen cross-sectoral coordination to ensure that aviation infrastructure development is effectively integrated into broader socio-economic strategies. This includes aligning aviation strategies with national priorities related to economic diversification, trade facilitation, tourism, regional development and sustainability, as well as consolidate planning and development efforts for these sectors.

2.6.2 Effective integration requires: a) improved recognition of aviation's role in supporting socio-economic development; b) strengthened cross-government coordination among transport, finance, planning and industry authorities; c) robust project identification and prioritization mechanisms based on socio-economic impact; and d) alignment with international commitments and ICAO policies and guidance. States should also develop national aviation infrastructure programmes and plans, as well as strategic infrastructure targets consistent with the ICAO Global Plans, based on robust business cases, gap analyses between forecasted demand and current capacity, cost-benefit assessments and full life cycle analyses.

3. ICAO'S ROLE IN SUPPORTING AVIATION INFRASTRUCTURE FINANCING

3.1 ICAO plays a central role in supporting States in funding and financing for aviation infrastructure through providing a comprehensive global policy framework, guidance material and tools, capacity building and technical assistance.

3.2 Through its policies and guidance, ICAO establishes internationally-agreed principles for the economic regulation and funding of airports and air navigation services. In particular, the ICAO policies in Doc 9082 set out principles to support infrastructure cost recovery. Guidance on infrastructure financing is also provided in the *Airport Economics Manual* (Doc 9562), the *Manual on Air Navigation Services Economics* (Doc 9161), and in the *Manual on Economic and Financial Analyses for Aviation Infrastructure Projects* (Doc 10170). Furthermore, in the context of innovation, ICAO also assists States in addressing emerging financing needs to accommodate new technologies and operations, including UAS, AAM and commercial space activities.

3.3 Through capacity-building and technical assistance, ICAO supports States in strengthening institutional, regulatory and technical capabilities related to infrastructure development and financing as well as human capital to manage increasingly complex aviation systems. The Civil Aviation Master Planning (CAMP) training programme equips States and aviation stakeholders with the competencies required to develop and implement civil aviation master plans that align with national development plans, and are in accordance with the relevant ICAO provisions. Furthermore, initiatives such as the Next Generation of Aviation Professionals (NGAP) along with a range of in-person and online training courses, help address workforce and skills gaps related to infrastructure development and management.

3.4 ICAO further facilitates cooperation and partnerships among States, industry stakeholders and international financial institutions. By providing a neutral global platform, ICAO promotes the exchange of best practices and encourages the development of innovative financing approaches, including PPPs and blended finance mechanisms.

4. RECOMMENDATIONS

4.1 In aspiring towards no constraints of infrastructure capacity, technology and financial resources for aviation development, States and ICAO have complementary roles in strengthening aviation infrastructure financing through the combination of sound policy frameworks and practical implementation measures. The following recommendations are proposed for consideration by the Conference:

(1) States should take a comprehensive, holistic and coordinated approach in addressing the infrastructure financing needs. This includes:

a) establishing good governance through creating enabling institutional and regulatory frameworks that attract and sustain investment, including the implementation of ICAO policies and guidance, and ensuring effective economic oversight;

b) establishing a transparent, stable and predictable investment climate by engaging multi-stakeholders, diversifying financing sources and elevating the role of the private sector, including through PPPs, blended finance and capital market instruments;

c) developing aviation infrastructure programmes and plans consistent with the ICAO Global Plans, based on robust business cases, gap analyses between forecasted demand and current capacity, cost-benefit assessments and full life cycle analyses; and

d) aligning aviation with broader socio-economic objectives and integrating aviation infrastructure programmes and plans with an appropriately balanced development of transport modes, including multi-modal and urban planning initiatives, and linking them with national and/or regional development plans and strategies.

(2) ICAO will continue its leadership in the development of policy and guidance, operational tools, and capacity-building. This includes:

a) keeping existing ICAO policies and guidance current, forward-looking and responsive to the evolving needs, while continuing to enhance their implementation by States in support of strengthening aviation infrastructure financing policy framework;

b) developing an aviation infrastructure project preparation toolkit to provide States with practical methodologies for feasibility studies and cost-benefit analysis, thereby enhancing informed decision-making and facilitating the preparation of bankable infrastructure projects;

c) fostering effective partnerships between multilateral financial institutions, donors, investors and States in need, and considering establishing a global infrastructure project pipeline support mechanism to facilitate matching of infrastructure projects with development partners and financial institutions; and

d) identifying, coordinating and providing assistance to States in need, under the *No Country Left Behind* (NCLB) Strategic Goal, while enhancing capacity-building to address workforce and skills gaps, including through the initiative of NGAP.

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