International Civil Aviation Organization

WORKING PAPER

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ASSEMBLY — 42ND SESSION

ECONOMIC COMMISSION

Agenda Item 27: Other issues to be considered by the Economic Commission

AIRLINE HEALTH SCORE

(Presented by India)

EXECUTIVE SUMMARY

Airport operators extend critical services — including aeronautical and ground handling — often on credit. In the absence of an early warning system or creditworthiness indicator, operators are unable to proactively mitigate risks associated with airline financial distress or failure. Airports across India increasingly face financial exposure due to the delayed payments or defaults by airlines, especially in a dynamic aviation environment marked by frequent market entries and exits. Unlike other sectors, airport operators currently lack a structured mechanism to evaluate the financial reliability or operational sustainability of airline partners.

This paper proposes the development of a standardized **Airline Health Score (AHS)** framework using data analytics to assess the operational, financial, and safety performance of airline operators. Drawing from India's dynamic aviation sector and global best practices, the paper advocates for ICAO-led guidance to support States in adopting transparent, data-driven airline performance monitoring systems. Airline Health Score (AHS) would serve as a composite, standardized indicator reflecting the financial and operational soundness of an airline, drawing from a mix of public and regulatory data sources. Establishing an "Airline Health Score" is critical to protect airport infrastructure investments, ensure continuity of operations, and foster responsible aviation growth. It will be a key enabler for evidence-based risk management and operational planning by Global airport operators.

Action: The Assembly is invited to:

a) Take note of the concerns raised regarding financial exposure to airport operators due to unregulated credit-based airline operations.
b) Support the initiation of a global working group to study and develop a standardized Airline Credit Score Rating system.
c) Encourage all stakeholders, including States, airport operators, and industry associations, to cooperate in the creation and adoption of such a system under ICAO guidance.

Strategic Goals:	This Working Paper relates to Strategic Goals D — Economic Regulation of International Air Transport – Policy.
Financial implications:	Economics of Airports and Air Navigation Services and their digital transformation

References:	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

1. INTRODUCTION

1.1 The financial sustainability of airports is critical to maintaining uninterrupted and high-quality air transport infrastructure.

1.2 A significant proportion of revenue at most airports, particularly in developing States, comes from aeronautical charges that are often collected on a post-service (credit) basis.

1.3 While larger airlines may enjoy stable financials and timely payments, smaller or financially distressed carriers often accumulate dues, exposing airport operators to substantial financial risks. The absence of a globally accepted mechanism to assess the financial reliability of airline customers hampers proactive risk management by airports.

1.4 India's aviation sector is among the fastest-growing globally, with over 150 million domestic passengers annually and a diverse mix of full-service and low-cost carriers.

1.5 Despite this growth, there is no unified, transparent mechanism to assess the overall health of airline operators—a gap that affects regulatory oversight, investor confidence, and passenger trust.

1.6 India, like many other States, has observed increasing delays in payments by airline operators. Despite contractual safeguards, the reliance on credit has grown in both domestic and international operations.

1.7 Airports under the Airports Authority of India (AAI), as well as other public and private operators, are forced to manage high receivables and deploy manual or ad hoc credit control measures.

1.8 There is currently no standardized or universally accessible Airline Credit Score or rating system, which limits the ability of airport operators to differentiate between high-risk and low-risk carriers in real-time.

2. DISCUSSION:

2.1 ICAO's Statistics Programme and Big Data Analytics initiatives have emphasized the importance of data-driven decision-making in aviation.

2.2 Several jurisdictions have adopted performance dashboards:

a) **United States DOT** publishes monthly Air Travel Consumer Reports with metrics on delays, cancellations, and complaints.
b) **European Union** uses EASA's Safety Risk Portfolios and financial disclosures for oversight.
c) **India** has initiated airfare data-sharing norms and punctuality rankings but lacks a composite airline health index.

2.3 A standardized Airline Credit Score system could:

a) Be developed using a set of transparent and globally agreed financial indicators (e.g., liquidity ratio, payment history, IATA clearing house status, bankruptcy risk, insurance backing).

b) Include real-time updates and alerts to all registered airport operators on changes in financial status.

c) Be hosted either through ICAO in partnership with IATA, or through a trusted third-party agency with global access rights.

2.4 This system would allow for:

a) Tiered risk-based payment terms (e.g., pre-payment for low-rated carriers, extended credit for high-rated carriers).

b) Better negotiation and contract management by airport operators.
c) Enhanced safety of public sector finances in developing countries where state-owned infrastructure is at higher risk.

2.5 The credit score should not act as a barrier to entry but as a risk-awareness tool. ICAO can also provide a platform for dispute resolution and transitional support for financially stressed airlines.

3. CONCLUSION:

3.1 India proposes that ICAO develop a standardized Airline Health Score (AHS) framework based on the following pillars:

- **Operational Metrics**: On-time performance, cancellations, load factor, fleet age, Aircraft Flying Hours, Aircraft on Ground Hours.
- **Financial Metrics**: Revenue per available seat kilometer (RASK), cost per ASK (CASK), liquidity ratios.
- **Safety Metrics**: Incident/accident rates, audit findings, SMS maturity.
- **Customer Experience**: Complaint resolution rate, baggage handling, digital adoption.

3.2 The AHS should be:

- **Data-driven**: Leveraging ICAO eTools, airline filings, and national databases.
- **Scalable**: Applicable to both domestic and international operators.
- **Transparent**: With periodic public disclosures and benchmarking.

3.3 India urges ICAO to recognize the need for a standardized creditworthiness evaluation system for airlines, and to begin a formal study with contributions from IATA, ACI, States, and relevant financial institutions.

3.4 ICAO may consider forming a **working group** with States, IATA, ACI, and academic partners to refine the methodology.

3.5 Such a measure would strengthen financial resilience across the aviation value chain and assist States in ensuring fair, non-discriminatory, and economically sound use of airport infrastructure.

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