



International Civil Aviation Organization

Joint ICAO/AFCAC Regional Symposium on Airport and Air Navigation Services Infrastructure Financing

Maputo, Mozambique

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International Civil Aviation Organization

Session 1

ICAO's Policies and Guidance on Airport and Air Navigation Services Infrastructure Financing



References

- **ICAO's Policies on Charges for Airports and Air Navigation Services (Doc 9082)**
- **Economics Manuals (Doc 9562 – Airports, and Doc 9161 – Air Navigation Services)**
- **Global Air Navigation Plan for CNS/ATM Systems (Doc 9750)**



ICAO's Policies on Charges (Doc 9082)

- **Reasonable return on assets**
- **Pre-funding of projects**
- **Consultations with users before finalization of plans for projects**

Reasonable Return on Assets

[Doc 9082 - § 30 & 44]



- **Airports: Sufficient level to secure financing on favourable terms in capital markets**
- **ANSPs: Sufficient level to contribute towards necessary capital investments**

Pre-funding of Projects

[Doc 9082 - § 32 & 48]



- **May be accepted in specific circumstances involving long-term, large-scale investments**
- **Safeguards required:**
 - ✓ **economic oversight**
 - ✓ **transparent accounting**
 - ✓ **consultation/agreement with users**
 - ✓ **application for a limited period of time**

Consultation with Users

[Doc 9082 - § 24]



- **Scope: capacity development and investment plans**
- **Purpose: meet the needs of users and enhance users' awareness of financial implications**
- **Responsibility of users: provide advance planning data**

Guidance on Some Key Issues (Doc 9562 & 9161)



- **Economic analysis**
 - **Economic impact analysis**
 - **Cost/benefit analysis**
- **Financial evaluation (Business case)**
- **Financing plan**
 - **Repayment of loans**
 - **Sources of funds**



Anonymous Quote

“Without data, all you are is just another person with an opinion”



Economic Impact Analysis

- **Purpose: identify direct, indirect and induced effects on economy**
- **Scope: national, regional and local economy**
- **Positive: increase employment, personal income, business revenues, tax revenues, capital investment, etc.**
- **Negative: delaying of other projects, environment effects, changing demand for other services, etc.**



Cost/Benefit Analysis (CBA)

- **Purpose: identify investment option that achieves maximum net benefits**
- **Scope: benefits and costs of all parties involved**
- **Positive: improve efficiency, time-savings, productivity gains, etc.**
- **Negative: environment effects, increased charges, etc.**

Financial Evaluation (Business Case)



- **Purpose: demonstrate to financial markets viability of the investment**
- **Scope: project's financial accounts and cash flow**
- **Cost side: initial capital investment and incremental operational costs throughout the useful life of assets**
- **Revenue side: sources of revenues and the associated risks**



Financing Plan

- **Estimates of component costs**
- **Funds required**
- **Currency**
- **Sources of funds**
 - **Self-generated**
 - **Other**



Repayment of Loans

- **Need to assess on future ability of providers to service loan obligations**
- **Emphasize on providers assuming responsibility for debt incurred**
- **Delegate to autonomous bodies the authority to negotiate and secure their funding requirements and service loan obligations**



Domestic Sources of Financing

- **Government sources**
- **Domestic banks**
- **Credit extended by contractors**



Foreign Sources of Financing

- **Bilateral institutions**
- **Development banks and funds**
- **United Nations Development Programme**
- **Commercial sources**



Other Means of Financing

- **Debt financing (through bonds)**
- **Sell equity capital**
- **Leasing**
- **Pre-funding**



Other Considerations

- **Recognition of international cost recovery policy**
- **Existence of an effective cost and revenue accounting system**
- **A sound methodology for determining the cost basis for charges**
- **An effective mechanism for the collection of charges**



Discussion

How are airports and air navigation services financed in your States?

What mechanisms are available?