

Action Plan for Civil Aviation

Overview

Introduction

The Action Plan for Civil Aviation comprises:

- 7 consultation and policy papers (see Background Document)
- An Investment Plan for urgent investments at Afghan airports.

The Consultation and Policy Papers are attached to this Overview. The Investment Plan, entitled *Airport Development* is in an annex to this Overview document.

The Investment Plan does not include Kabul International Airport (investments are already ongoing) and Kandahar (the airport is under military control). The Plan does not include investments in the air traffic management (ATM) system either as the government must first decide on the concept of operations.

Summary of Policy and Consultation Papers

The Policy and Consultation Papers elaborate on, and make practical proposals for the implementation of, the policy recommendations made in the civil aviation section of the Background Document to the Policy Statement for the Transport Sector.

Consultation Paper 3.1: Support for MCAT in the Negotiation of Bilaterals

This proposal stems from the following policy recommendation:

International civil aviation markets are governed by bilateral agreements based on the sovereignty of a government over its airspace. The Afghan government should use the facility provided by this system and the valuable traffic rights created under it to afford Ariana on international routes the means necessary for it to re-establish itself and build up its competitive position. The objective is thus to enable the government to take a rational decision in due course on its privatisation and to facilitate the international connections necessary for the reestablishment of the economy.

In consequence a second Afghan airline should be authorised by the licensing authority (see next Paper) only on routes where its competition would not significantly detract from the above objective.

To support the implementation of this policy, MCAT should be temporarily strengthened by the addition of expertise from abroad on bilateral negotiations and route analysis.

Consultation Paper 3.2: Principles of a System of Route Licensing for Aviation Traffic

This proposal stems from the following policy recommendation:

At least for a number of years, the provision of domestic services should be separate from the provision of international services. For domestic services the overriding criteria should be the re-development of the economy, the needs of the regions and accessibility for the people. Some services should be commercially viable, but many will not, at least initially. A licensing system to cover both eventualities will be necessary.

A licensing system should be created with the two-fold function:

- On domestic routes:
 - To approve, or to choose between, applications to operate commercial services.
 - To invite tenders, and to decide the allocation of contracts, for services on which commercial services are not viable.
- On international routes:
 - To decide on applications from airlines other than Ariana to operate on international routes.

Applications to operate both commercial and non-commercial services on domestic routes should be invited from Ariana, Afghan private sector operators and non-Afghan operators established in Afghanistan.

Consultation Paper 3.2 discusses options for the sort of system that a licensing authority might seek to develop. It also makes recommendations for how to take the proposed route licensing system forward and how it should be implemented.

Policy Paper 3.3: The Relationship between Ariana and the Government of Afghanistan

In terms of the recommendations of this Policy Paper, the relationship between Ariana and the government should be clarified to give the government adequate control over substantive financial issues and Ariana freedom to decide on commercial and operational issues. This will involve changes to Ariana's Articles of Incorporation and a contract between it and the government.

Consultation Paper 3.4: Approaches to Corporatisation of Airports Management

This Paper argues that airports should be managed by a single corporate entity analogous to a private sector company for a number of years until they have been brought up to operational fitness and the traffic has built up enough to create the potential of profitable operation.

The structure of the company and its relationship with the government should be similar to that proposed for Ariana. The regions should be fully represented on the Board of the company; and as many as possible of the operational functions should be devolved to the regions. Possible approaches and the outline of a proposed contract between the company and the government are presented in the Consultation Paper.

A decision on whether to devolve policy and financial responsibility to five separate companies at regional centres should be taken when the potential of profitable operation exists.

There should be no regulation of the charges made by the airports but the government should have a power to intervene in the case of an abuse of a monopoly position.

Consultation Paper 3.5: The Modernisation of the Air Traffic Management System

The ATM system should be modernised as rapidly as possible. As a first step a decision should be taken on the concept of operations which the government wishes to follow. To achieve this, an external expert should be recruited to provide rapidly an analysis of the costs and benefits of the various concepts of operations which are possible and a recommendation of that which Afghanistan should adopt for its future ATM system.

This could then lead quite rapidly to a second stage which would comprise the implementation of this recommendation. Proposals for implementing this are at Paper 3.5. It would be keeping with NDT objectives if at some point, the system were transferred to an independent agency or corporate entity. This should follow on the achievement of the primary objective of modernisation.

Consultation Paper 3.6: The Regulation of Aviation Safety

The government should begin urgently the re-building of the aviation safety regulatory system. This should be done by a two-stage approach:

- The first designed to bring about immediate improvements and assess the longer-term needs. This would involve training for 20 people.
- The second designed to bring the system up to a condition which will enable it, without outside help, to pass an ICAO audit.

Proposals for achieving the first stage and thus setting out the plan for the second are in the Consultation Paper. As with ATM, the primary objectives should be the improvement of the system; but it would be in keeping with NDF objectives in due course to transfer the ATM system to an independent agency.

Consultation Paper 3.7: Reform, Restructuring and Strengthening of the Ministry of Civil Aviation and Tourism

The Ministry of Civil Aviation and Tourism is facing a number of fundamental challenges in the coming years. First, as for other parts of the government, MCAT's functions have been significantly disrupted in recent years. Second, the MCAT is envisaged to undergo organisational change in response to suggestions made in the other Papers forming part of the Action Plan for Civil Aviation. And third, the MCAT will be involved in a number of projects to upgrade the airports and the Air Traffic Management system (ATM) of the country.

This Paper proposes a strategy for how to move forward to overcome these challenges, consisting of:

- A proposal for how the MCAT should be organised during the process and at the end of its reform and restructuring.
- An approach for how to drive the reform and restructuring process

- The provision of capacity to manage the reform and restructuring process, but also to provide project management support for the implementation of capital and TA projects.

To be able to manage the reform and restructuring process, it is proposed that MCAT decides on the implementation of a new organisational structure in the coming years. This would not be the final organisational arrangements in the civil aviation sector, but should be put in place to facilitate the later transformation of the sector in terms of the proposals made in the Policy Statement and elsewhere in the Action Plan.

The approach proposed to be used to reform and restructure MCAT is based on the one outlined in Information Paper 4.1. It is repeated in this Paper and adapted to the needs of MCAT.

Airports Investment Plan

Practical proposals to improve the infrastructure at airports other than Kabul and Kandahar are at the Annex (Airport Development). These are divided into two consecutive stages, each of three years, the total cost of which is USD 22 million.

The details are as follows :

Airport	Stage 1 (USD)	Stage (USD)	Total (USD)
Mazar-I-Sharif	2,910,798	2,330,000	5,240,798
Kunduz	2,177,418	1,680,000	3,857,418
Heart	3,420,990	1,930,000	5,350,990
Jalalabad	2,160,898	1,830,000	3,990,898
Faizabad	1,151,375	50,000	1,201,375
Bamyan	354,395	728,000	1,082,395
Chaghcharan	653,250	140,000	793,250
Lal	Not available	Not available	Not available
Yakawlang	583,500	239,000	822,500
Maymana	Not available	Not available	Not available
Total	13,412,624	8,927,000	22,339,624

In due course, provision should be made for the modernisation of the ATM system but the costs of this will depend on the concept of operations selected.

ANNEX TO CIVIL AVIATION OVERVIEW