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Airport Development Concession Agreements

Global Approaches and Guidelines for Public-Private Partnerships

2025

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Airport Development Concession Agreements
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Copies of this publication are available from:
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1500-800 rue du Square Victoria
Montréal, Québec H3C 0B4 Canada
ISBN 978-1-990290-74-9
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Cover image: Shutterstock

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ACI World extends its gratitude to the following organizations for their invaluable support and contribution to the development of this document:

ADR Aeroporti di Roma Group
AENA Aeropuertos Españoles y Navegación Aérea
AENA International
Aeris CCR Aeris Companhia de Concessões Rodoviárias
Aerodom-Vinci
ADP - Aeroports de Paris
Aeropuertos Del Peru
ANA Aeroportos e Navegação Aérea Airports Portugal
ANAC C.A.
ANI Agencia Nacional de Infrastructura - Aerocivil
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Quiport
Schiphol International
TAV
Vantage
Vinci
Watson Farley & Williams
Willis
Zurich Airport

Foreword

Justin Erbacci
Image credit: ACI World

Dear readers,

Airports are vital to connectivity, trade, and social cohesion. They underpin national competitiveness and resilience, demanding long-term vision and sound governance. Worldwide, governments are increasingly turning to public–private partnerships (PPPs) and concession models to mobilize private investment, improve efficiency, and deliver world-class infrastructure. Nearly half of global passengers now travel through airports with private-sector participation—clear evidence that concessioning has entered the mainstream.

While this trend is undeniable, ACI World remains neutral on ownership structures. Whether airports are publicly, privately, or jointly owned is a decision for governments. What is equally clear, however, is that mounting fiscal pressures and rising debt are constraining public investment. Well-structured PPPs can help close this gap—bringing in private capital and expertise while safeguarding the public interest. Importantly, concessioning is not about short-term fiscal gains; it is about creating frameworks that deliver long-term value for passengers and airlines, foster innovation and sustainability, and enable airports to thrive.

This publication provides practical guidance for governments, regulators, investors, and operators on designing concessions that are financially viable, ESG-aligned, and operationally resilient. Drawing on three decades of global experience, the guidelines emphasize that while every concession is context-specific, the principles of transparency, balanced risk, and partnership are universal.

Grounded in evidence and informed by global consultation, these guidelines serve as both a practical toolkit and a policy compass for the future of airport development.

Justin Erbacci
ACI World Director General

Foreword

Rafael Echevarne
Image credit: ACI LAC

After more than three decades of global experience in airport concessions, the industry has accumulated a wealth of insights into the contractual frameworks that govern public-private partnerships. Across jurisdictions and individual concessions, recurring challenges have emerged—ranging from the attractiveness of the contract for private investors, to day-to-day operational and commercial matters, or the handling of "black swan" events. When not adequately addressed, these issues can have serious consequences for airport performance and for society at large.

Today, more than 800 airports worldwide operate with some form of private sector participation, underscoring the global relevance of these contractual arrangements. Yet operating under frameworks that may not fully reflect the particularities of the airport industry remains a persistent concern.

In response, several airport operator members of ACI Latin America and the Caribbean (ACI-LAC) requested that a study be undertaken to help improve the design and implementation of future concession agreements. The resulting analysis has evaluated the experience of airports worldwide, identifying lessons learned and recurring challenges across diverse regulatory and operational contexts. Indeed, this need is especially relevant in Latin America and the Caribbean—the world region with the highest percentage of air traffic managed through private sector participation and public-private partnerships, and where a broader mix of international airport operators is active than anywhere else globally. The region's leadership in this model brings both opportunity and responsibility: to ensure that contractual frameworks evolve in step with operational realities, technological innovation, and public interest.

This document responds to that request, offering insights and recommendations to support more resilient, adaptable, and effective partnerships between public authorities and private operators.

Rafael Echevarne
ACI LAC Director General

Acknowledgements

The successful completion of this study is the result of the combined expertise, cooperation, and commitment of all those who participated in its realization.

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This study represents the collective expertise and collaborative contributions of all participating stakeholders:

Airports Council International (ACI), the trade association of the world's airports, is a federated organization comprising ACI World, ACI Africa, ACI Asia-Pacific and Middle East, ACI EUROPE, ACI Latin America and the Caribbean and ACI North America. In representing the best interests of airports during key phases of policy development, ACI makes a significant contribution toward ensuring a global air transport system that is safe, secure, efficient, and environmentally sustainable. As of January 2025, ACI serves 830 members, operating 2,181 airports in 170 countries.

Mott MacDonald is a global engineering, management, and development consultancy with over 19,000 staff in 150 countries. The firm delivers aviation projects worldwide, offering services such as airport master planning, airfield and terminal design, air traffic forecasting, financial and surface access planning, environmental management, capital programs, and asset management. Its team also specializes in structuring and implementing airport development concessions, advising governments, regulators, operators, and investors on debt and equity finance.

Modalis Infrastructure Partners Inc. is a strategic investment advisory and professional services firm focused on international transport infrastructure, including privatization, investment, development, operations, customer experience, and talent solutions. Its Airport Investor Resource (IR) product delivers insight and analysis on private-sector airport transactions, offering database intelligence on deal pipelines, transaction statistics, and market trends, along with feature articles and in-depth analysis.

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Executive summary

The introduction of private sector finance and operational expertise into the ownership, development, and operation of airports has matured into an established practice worldwide. Today, more than 850 airports across over 90 countries involve some form of private sector participation, and investment continues to expand, with 132 transactions at various stages in the global pipeline as of January 2025.[1]

As illustrated in the diagram on the next page, private sector involvement takes multiple forms—ranging from traditional operational management contracts and the concessioning of operational assets under long-term agreements to full privatization through the divestiture of state ownership. Increasingly, the concessioning of airport assets has emerged as the predominant model for financing long-term infrastructure development and delivering major operational improvements across most regions.

ACI World and ACI Latin America-Caribbean commissioned this assessment to examine the current state of long-term airport concessioning. While there is extensive literature on infrastructure privatization and Public-Private Partnerships (PPPs/P3s) across various sectors, very few sources provide practical, airport-specific guidance on structuring and implementing concession agreements based on actual industry practice.

[1] Modalis. (2024, December). *Airport deal pipeline – global* [Industry report]. Modalis. Based on ACI data.

Risk and control retained by the government ← **Private sector participation** → **Risk and control transferred to private sector**

Operations and management contracts

- **Leading risks:** operational, implementation, and market risks;
- **Features**: limited in scope, often focused on specific terminals; no significant private sector capital investment;
- **Term**: service contracts: 1-3 years; management contracts: 3-5 years; lease contract: 5-15 years (9-year average)*;
- **Risk transfer**: transfer of operational and efficiency risk; the government retains market, financing, capacity, and capital investment risks;
- **Revenue and payments**: fixed fees, availability-based payments, or predetermined charges under the control of the asset owner;
- **Residual and political risks**: minimal, as the government retains strategic and financial responsibilities.

*Airports Council International. (2018). *ACI policy brief: Creating fertile grounds for private investment in airports.* Airports Council International.

Concession agreements

- **Leading risks:** contractual risks;
- **Features:** may cover an entire airport or selected facilities such as terminals; involves significant private sector investment and capital expenditure; can be structured through models such as Build-Operate-Transfer, Build-Own-Operate-Transfer, or long-term leases;
- **Term:** long-term arrangements, generally ranging from 25 to 40 years years, depending on investment recovery and financial return expectations (35-year average)*;
- **Risk transfer:** transfer of market, construction, financing, operational, capacity, and capital investment risks;
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- **Residual and political risks:** potential disputes over tariff levels, regulatory compliance, or interpretation of contract terms.

Asset trade sale or divestiture

- **Leading risks:** political and regulatory risks;
- **Features:** full and permanent transfer of land, operational, and financial ownership; government is permanently relieved of financial obligations;
- **Term:** typically indefinite, with ownership rights permanently transferred to the private sector. In some cases, a significant fixed-term arrangement may apply, depending on the legal and regulatory framework;
- **Risk transfer:** complete transfer of operational, financial, and investment risks to the private sector;
- **Revenue and payments:** not applicable, as ownership and revenue rights are fully transferred to the buyer;
- **Residual and political risks:** risks may arise around compliance with service standards, public perception of quality, or concerns regarding excessive private sector benefit.

The purpose of this publication is to provide evidence-based guidance for stakeholders involved in the financing and development of airports. The guidelines are addressed for a broad audience, including governments (grantors) aiming to improve or expand airport capacity and infrastructure; private sector debt financiers—primarily development and commercial banks as well as infrastructure funds; and corporate investors (sponsors) and providers of equity finance.

While ACI remains neutral regarding the specific decisions by governments and concession sponsors in the financing and development of airports, these guidelines highlight good practices and identify actions that should be avoided. The guidelines require thoughtful application and are not intended to serve as a one-size-fits-all blueprint.

The consensus view emerging from stakeholder consultations was that while there are lessons to be learned, "good practice" involves structuring the perceived benefits and risks of a concession in a way that best aligns with the local market and the financial, operational, and regulatory context in which the concession will operate.

Practical guidance from both sides of the table

To ensure that the guidelines are based on actual practice and that the voice of the airport investment and concessions industry was captured, an extensive process of industry consultations was undertaken, including formal interviews and survey responses across the regions of ACI's membership. This includes representatives of governments and regulators, leading airport groups, investment funds, commercial lenders and development banks with a wider economic and social remit.

In addition to the stakeholder consultation process, ACI engaged an expert panel drawn from Mott MacDonald's global aviation practice. The objective was to ensure that the assessment reflected lessons learned across a wide range of financial and regulatory jurisdictions, encompassing airports of different sizes and operating in diverse market contexts. This approach avoided reliance on the perspective of any single stakeholder group.

The contribution of the expert panel provided an independent and objective view of good practices. Mott MacDonald, as an internationally recognized advisor with experience on both sides of airport financing and concession transactions, brings a unique perspective informed by its advisory work with governments, airport operators, regulators, and providers of finance.

Taken together, the insights emerging from the stakeholder consultations and the experience of the expert panel provide a practical and actionable assessment of the actual practice of the concessioning of airport development and infrastructure from multiple perspectives.

The guidelines trace the typical sequencing of a concession and the allocation of risk

To provide a logical sequence to the consultation process and the insights emerging, the typical steps in developing airport concessions are followed.

This begins with the initial activities undertaken by the government to determine the objectives of the concession and to establish its legal and financial structure, before progressing to infrastructure development and construction, and ultimately to the delivery of the expected performance and outcomes.

Given recent experience of severe market disruption that fundamentally challenged the agreed financing of many airport concessions, the Guidelines consider the process of concession recovery and rebalancing in the light of changing circumstances.

A common feature across all stages of the concession process is the identification, allocation, and mitigation of risk.

The management of investment risk is therefore central to, and precedes, the release of a concession opportunity to the market. Although risk continues to be addressed throughout the bidding process, the financial structuring of the concession, and during construction and operation, these measures are ultimately anchored in the legal understandings established at the outset.

Such commitments are codified in the concession agreement originated by the airport owner—whether a government/grantor or a private sector entity.[2]

[2] While concession agreements are comprehensive, they are essentially forward-looking understandings based on assumptions 'informed' by historical factors and performance. They cannot anticipate and provide for every event which may occur during the life of a concession. To manage this uncertainty this requires two essential factors, the first, that they are constructed with a degree of flexibility, the second that there is a baseline level of trust between the grantor and the investing operator in sharing the sharing of unanticipated / unforeseeable risk.

Unless the government provides a substantial or potentially open-ended financial guarantee, a concession—beyond meeting the basic entry requirements of safety and security—must also comply with the more rigorous discipline of project finance.

The defining feature of this approach is that risk is borne by a special purpose vehicle (SPV) established specifically for the financing of the concession. The SPV structure limits, or in many cases eliminates, recourse to the balance sheets of the investing sponsors should the original expectations of financial performance not be met or debt-repayment capacity fail to materialize.

In simpler terms, the company running the concession is set up as a stand-alone entity, so if the project fails financially, losses stay within that entity and do not automatically fall back on the parent companies.

The fundamental principle is that an airport concession must be financially self-sustaining—able to support its own revenues and costs with a reasonable expectation of delivering a market-based return to providers of both debt and equity. If this test cannot be met with sufficient confidence, the concession is not considered investable.

While the initial responsibility for meeting this test rests with the government or grantor in structuring the offer for release to the market, it is subsequently and independently applied by investors providing equity (the investment test) and by lenders providing debt finance (the bankability test).

The structuring of a concession and its fundamental agreement must address the needs and expectations of three distinct parties, each with different drivers. For the government or grantor, the priority is the maximization of economic and social value. For the operating investor, it is the expectation of a market-based financial return with the potential for outperformance. For the providers of debt finance, it is the assurance of security and the repayment of principal and interest.

A concession can fail if the decision to proceed does not meet the threshold requirements of any one of these parties. The following section summarizes key lessons that must be considered in order to balance these interests effectively.

A summary of key issues and lessons

One of the principal conclusions emerging from stakeholder consultations in the development of these guidelines is that many of the challenges encountered during both the pre-close and post-close operational stages of a concession originate in its initial structuring by the government/grantor. These include:

Increased transaction costs and uncertainties

Complex bidding processes—characterized by limited access, unrealistic timelines, and restricted, incomplete, or contradictory market, financial, or operational information—heighten perceptions of risk. This, in turn, necessitates additional and costly due diligence, raising transaction costs and creating further uncertainty for both investors and the prospective concessionaire.

Such costs are borne on both sides of the process and must ultimately be approved by corporate investment committees that authorize concession bids. As a result, they can directly reduce the value of offers presented to governments or grantors. This represents bid approval and bankability risk.

Imposition of rigid terms and regulatory overreach or micromanagement

The adoption of an "I win/you lose" approach to agreement negotiation—rather than one founded on shared outcomes—or, in extreme cases, a "take it or leave it" stance, undermines the trust required for a collaborative long-term relationship. A lack of trust is frequently accompanied by regulatory micromanagement, such as requirements for continual approvals, which constrains the concessionaire's capacity to operate in a commercially responsive manner. This ultimately weakens one of the core rationales for awarding a concession, namely, to foster efficiency and innovation.

One example of the negative consequences of such control mechanisms was a concessionaire being made subject to public procurement rules. This resulted in delays, protracted negotiations over approvals, increased purchase costs, reduced supplier flexibility, and incompatibility with the concessionaire's existing systems. This represents relationship, operational, cost, and reputational risk.

Lack of a sufficiently empowered government counterparty

The absence of a single, clearly defined, and stable government counterparty—reporting directly to the highest possible level of government and vested with the authority to take timely, binding decisions across agencies—creates uncertainty and weakens the concession framework.

This includes the ability to monitor and, if necessary, directly intervene, with lower level/devolved state, regional and municipal authorities who are responsible for licenses and permits related to construction, design, public planning, environmental and other approvals. This was an area of concession development and implementation that was repeatedly identified as a source of delay and frustration, souring relationships and, in some cases introducing operational and commercial inefficiencies into the day-to-day operation of a concession. This represents delivery delay cost and efficiency risk.

Importance of government having respected, experienced international advisors

The appointment of internationally experienced advisors provides an early indicator of a grantor's intention to apply good practice and learn from international experience. The presence of respected advisors provides the prospective concessionaire and the providers of financing with a degree of assurance regarding the reasonableness of a grantor's market, financial and operational assessments, expectations of the concessionaire's commercial freedom to operate, and regulatory oversight. This represents bankability, reasonableness and relationship risk.

Ensuring concession design balances long-term sustainability with fiscal objectives

This was seen as taking two forms: the first, the use of offer 'maximizing auctions' with untested new entrants and potential overbidding; the second, the short-term maximization of upfront payments and maximization of concession revenue percentage bidding. Both introduce increased risks for government in the form of financial gaming by new entrants and least experienced or less financially stable bidders, overbidding to win.

Bidding processes perceived as high-risk or financially unsustainable tend to deter quality operators and can lead to cost-cutting measures and service-quality deterioration throughout the concession period. If sufficiently severe, such practices may create conditions for costly terminations or concession hand-backs, with reputational consequences for the government. This represents economic fragility, passenger/airline experience and concession failure risk.

Onerous micro commercial management and regulation

While government/grantors need to have effective mechanisms in place to promote good practice and protect public interests in the development and operation of a concession, monitoring should not undermine a concessionaire's ability to operate in a normal commercial manner. Examples quoted in the stakeholder consultations included requirements for approvals to make minor changes to commercial facilities and layouts, and the existence of large grantor oversight teams wishing to examine and approve matters of day-to-day operations. Both examples are indicative of a lack of trust in the concession relationship.

The consultations undertaken identified the use of light touch regulation as having benefits for both sides of a concession transaction in terms of relationship quality, avoidance of unnecessary costs and commercial responsiveness. The use of an open book approach with reserved powers that would only be applied in response to manifest abuse of a concessionaire's market position was identified as good practice.

Consultees identified that it was important to adopt approaches which avoid the creation of perverse or negative incentives for investment in improved services and offerings. For example, to encourage the concessionaire to invest in better commercial offerings, a reasonable revenue benefit is needed, within the framework of economic regulation.

Reducing potential sources of friction through links to existing independent economic and market measures

The consultation process revealed the need to minimize potential sources of friction and delay between the regulator and concessionaire when implementing normal commercial practice and responding to economic and market change.

An example of this would be the indexing of annual changes in aeronautical charges based on a recognized economic measure, such as national inflation rates produced by central Bank, or a respected international financial organization such as the World Bank.

The benefit of this approach was that recognized economic fundamentals provide a simple measure that is independent of a concessionaire's influence or actions and reduces unnecessary friction in the partnership relationship. Some consultees noted that the use of a general economic measure could underestimate specific industry costs but accepted that, on-balance, the reduction in unnecessary friction and diversion of management time and resources was a worthwhile benefit.

Recognition of a tri-party relationship and the "Go/No Go Decision"

Stakeholders emphasized that governments and grantors must recognize that, in addition to their immediate counterparty (the sponsors or concessionaire), there is a broader set of interested parties with the authority to make a go/no-go decision on the attractiveness and bankability of a proposed concession transaction. These include the investment committees of sponsors, which assess the long-term viability of participation, as well as lenders such as development banks, commercial banks, and infrastructure funds, which evaluate the project's financing prospects.

It was felt that in developing concession terms and structuring the risk profile of a concession, governments/grantors needed to give greater recognition to the requirements of lenders and the limitations they place on a potential concessionaire. On the positive side, this recognition would reduce uncertainty and the risk profile of a concession financing affecting both investment attractiveness and debt pricing, which from a government perspective, impacts on the scale of the best financial offer they could receive. There was no perceived downside.

The structure of what follows

This completes the short summary of key points and messages emerging from the consultation process and provides some immediate context for the more expansive Introduction and essential background section which follows.

This expands upon a number of the above findings, focusing attention on the types and categories of risk that are typically taken into account in the project-based financing of an airport development concession, which need to be addressed in a concession process and in the concession agreement that sits at the heart of that process.

This is followed by an outline of the current state of the airport concession industry, in terms of its scale and projected momentum, identifying the growth of international airport groups with a portfolio of multiple airports as a significant development.

A short outline of the process that was used to capture the voice of the industry on both sides of the table and its coverage is included, before turning to the detailed guidelines.

This document closes with a regional annex, which provides a data-driven summary of the current scale and scope of airport concessioning across global regions.

Introduction and essential background

01

Image credit: Shutterstock

Introduction and essential background

This publication was commissioned by ACI because of a need to bring together the experience of airport concessioning in different economic, market, and legal settings worldwide over the last thirty years.

In part, this has been driven by the growth in the number and scale of concession airports from what investors once described as a 'new or novel asset class', to the point where, as of 2024, some 49% of the world's passengers travel through airports with substantial private sector participation in the financing, development, and operation of airports.[3]

While these airports are distributed across all global regions, there remain substantial differences in take-up and the degree of market penetration. In Europe and Latin America and the Caribbean, 81% of passengers used airports with private sector participation, compared with 47% in Asia-Pacific and the Middle-East and only 7.3% in North America.

An evidenced trajectory

The trajectory and market opportunity for continued growth in airport private investments and concessions is substantial and is now based on actual evidence of success in delivering fiscal, economic, and wider social benefits.

[3] Airports Council International. (2025). *Inventory of airports with private sector participation*. Airports Council International.

These include reducing pressure on government budgets, delivering substantial improvements in the operating and commercial infrastructure of airports, enhancing the resilience and efficiency of operations, reducing environmental impacts, and improving levels of passenger experience.

While a small proportion of airports inevitably revert across the public–private boundary—whether due to the expiry of agreements, hand-backs, or politically or financially driven terminations—the broader trend remains clear. As of January 2025, 132 private-sector transactions are in the global pipeline.[4]

The trajectory is set to continue for the foreseeable future, subject to there being no catastrophic global shock events.

The risk profile facing governments has now been substantially reduced as there is extensive practical evidence of successful financing and operation in different settings for more than thirty years.

In addition, governments now have experienced delivery partners in the form of internationally experienced global airport groups as well as providers of commercial and development-based finance for concessioned airports. They also gained experience of severe market disruption arising from COVID-19 and regional conflicts.

The lessons of good practice that have emerged from both the consultation process and from the experience of the expert panel commissioned in the development of the guidelines constitute what is currently the most extensive set of practical guidance regarding good practice in the concessioning of airport development.

[4] Modalis. (2025, January). *Airport deal pipeline – global* [Industry report]. Modalis.

Emphasis on practical, action orientated guidelines

These guidelines are designed to provide stakeholders on both sides of a concession transaction with clear, practical direction. Their emphasis is on what must be addressed, or avoided, in structuring and implementing a successful concession. They do not focus on explaining the rationale behind why governments or grantors choose to pursue concessions. That said, for completeness, the high-level list below summarizes the justifications most commonly cited in support of introducing substantial private-sector investment in airports.

Justifications for private sector finance and concessioning

Freeing fiscal and budgetary headroom
Allows operational, investment, and development funding to be redirected to other competing economic, social, and environmental priorities.

Removing economic and market constraints
Lack of capacity to meet market demand, or to stimulate and accommodate future traffic growth, which can otherwise constrain connectivity and economic growth at a national, regional, or local level.

Addressing historic infrastructure deficiencies
Rundown facilities, inability to carry out maintenance at acceptable international standards.

International compliance
Addresses the need to address new safety, security, technology, and environmental demands that impose additional and substantial capital requirements.

Risk transfer
The transfer of market, financial, operational, and environmental risk.

Short-, medium-, and long-term financial benefits
Delivered through upfront payments, higher tax revenues from growth, and revenue sharing linked to enhanced commercial performance.

Asset and development optimization
Achieved through asset optimization, whole-life costing, and contractual guarantees that ensure predictable and transparent standards of asset maintenance, renewal, and replacement.

Improved asset utilization and operational efficiency
Enhances international and regional competitiveness, increases airline attractiveness, and improves cost efficiency.

Commercial development and enhanced passenger experience
Strengthens reputational standing, stimulates revenue growth, and promotes international acknowledgement of quality.

Innovation
Facilitates the introduction of international expertise in new technology, passenger and aircraft handling, security screening, and environmental mitigation and enhancements.

Recognition of the need to support critical economic networks at a local, regional, and state level
This principle is most clearly demonstrated in airport concessioning, where economically fragile airports are grouped with one or more major assets of sufficient financial strength. Such arrangements enable stronger airports to cross-subsidize those unable to finance essential infrastructure development from their own stand-alone resources.

These justifications have been included here as they point to the objectives of the originating stakeholder in structuring the legal agreements, investment requirements and organizational arrangements designed to achieve these objectives.

The use of the term *guidelines*

The use of the term *guidelines* rather than *recommendations* is deliberate, as airport concessioning takes place in very different political, economic and legal settings. While each country and airport has unique characteristics, there is a large degree of consistency and commonality in the process globally. In part, this is due to lessons learned in one process being transferred to others — both at a government/grantor level and through the use of experienced international advisors who bring with them a core of what can be described as good practice.

The guidelines do not attempt to address every issue or decision point that may arise in a development concession. Instead, they apply the Pareto Principle—the management insight that roughly 80% of critical outcomes stem from 20% of management effort and project structuring. The simple message is to focus on the 20% of core factors that must be right to maximize the likelihood of a successful outcome.

Like all guidelines, they require intelligent application and are not a blueprint that can simply be imposed to claim good practice. They provide core guidance based on practice across multiple regions and jurisdictions and leave ample scope for the nuances of settings to be considered.

Confusion in the language of private sector participation in airport concessions

In discussing private sector investment in airports, it is important to note that there is no single, internationally accepted definition of a *Public Private Partnership* (PPP) and how the term *concession* sits within it. The term *PPP* has been applied to a range of procurement/investment models involving the transfer of specific categories of assets and different degrees of investment/development risk allocated to private sector participants.

The terms *PPP* and *concession* have evolved into umbrella concepts encompassing a wide spectrum of private sector participation and investment—ranging from management or operating contracts, where most or all market and financial risk remains with the government or grantor, to full trade or asset sales, where an airport is transferred entirely to a private entity and the government or grantor, at least in theory, relinquishes all market, financial, development, and operating risk.[5]

Risk and control retained by the government ⟵ **Private sector participation** ⟶ **Risk and control transferred to private sector**

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- **Leading risks:** operational, implementation, and market risks;
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- **Revenue and payments:** not applicable, as ownership and revenue rights are fully transferred to the buyer;
- **Residual and political risks:** risks may arise around compliance with service standards, public perception of quality, or concerns regarding excessive private sector benefit.

[5] The term "at least in theory" is used here as government retains a continuation risk, where a major strategic asset is concerned. While it may be possible for a small regional airport to be allowed to fail, this is unlikely to be the case for a significant capital city airport or an airport that acts as the sole or a critically important national gateway for tourists or other forms of regional economic development. Here, the government retains an almost unavoidable, residual step-in obligation.

All these approaches fall under the heading of public private partnerships in the operation and management of airports and are summarized in the diagram on the previous page. The coloured bar from left to right indicates the increasing transfer of risk to the private sector participant as one moves from the limited risk transfer involved in management and operations contracts, through various forms of concessioning, to outright purchase and ownership. This risk allocation is something that is revisited when examining the close relationship between the definition of an airport concession and the nature and requirements of project finance.

Without clarification, labels such as PPP or a simple reference to a concession can be misleading, as their meaning varies across regions and often carries distinct political connotations. The confusion is compounded by the fact that these terms are also used to describe narrowly defined commercial concessions—such as retail, food and beverage, and other service outlets—commonly found at airports, shopping centers, and department stores.

The interchangeable use of these terms is further complicated by their application to a range of contract forms and public sector procurement and investment models involving the transfer of specific categories and degrees of market, investment, and development risk to the private sector. For airports, these include—but are not confined to—three principal models: *Build, Operate and Transfer (BOT), Build, Own, Operate and Transfer (BOOT)* and *Design, Build, Finance Operate (DBFO)* approaches.[6]

Given the overlapping and potentially confusing language and labelling, the focus here is on two key features of an *airport development concession* which, in the broadest terms, are:

"A long-term contract between a private party and a government entity for the provision of a public asset or service, under which the private party bears significant risk and management responsibility, and remuneration is linked to performance."

[6] Other procurement and investment approaches, such as traditional build and design contracts—which are sometimes found within airport concessions in the form of Engineering, Procurement, and Construction (EPC) contracts—fall outside the definition of airport concessions.

Based on a financing structure that:

"Relies on future cash flow from a specific development as the primary source of repayment, with that development's assets, rights, and interests legally held a collateral security." (Modalis, 2024)

For the purposes of these guidelines, airport development concessions (i.e., concession agreements) involve the transfer of operational and capital development responsibility for the whole of an airport as an operating system, or a significant part of that system, such as a terminal.

Implementation of airport concessioning and project finance

While an airport concession could conceivably be financed from the corporate resources of one or more private sector participants, this has not occurred at any large commercial passenger airport. Such an approach runs counter to standard corporate and project-finance practice, which relies on leveraging the scale and diversity of profitable investments while protecting the corporate balance sheet through the use of debt financing.

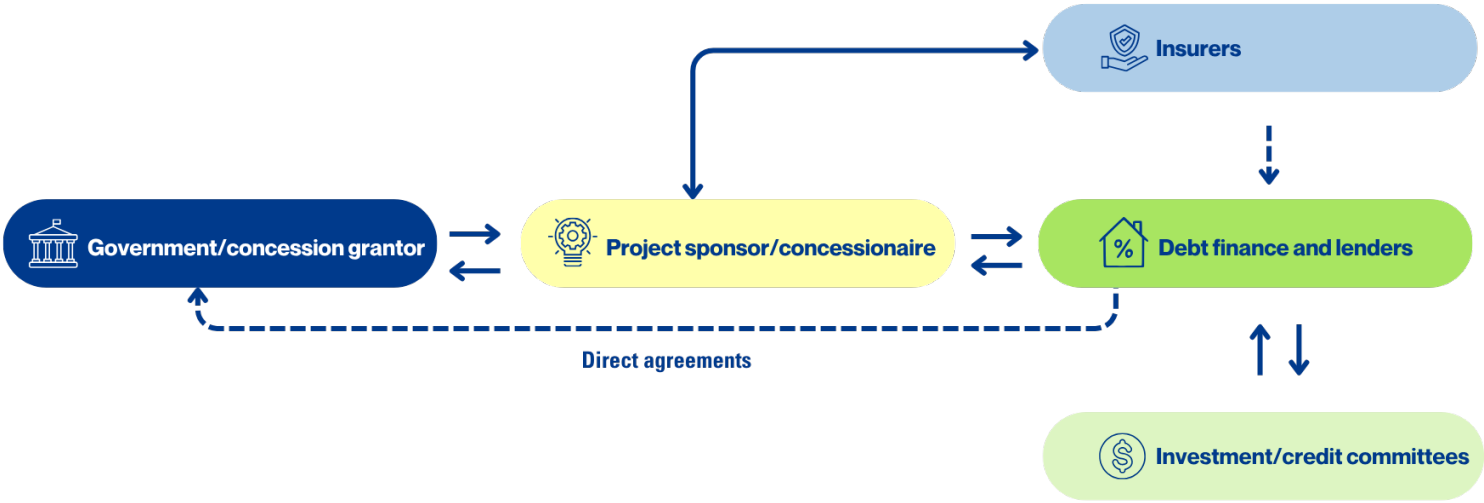
This has fundamental implications for the structuring and financing of an airport concession, as it brings an additional group of stakeholders into the process: commercial banks, multilateral development banks, and infrastructure funds. For governments, these actors are one step removed from day-to-day interactions with concession bidders and eventual concessionaires, yet they introduce very specific requirements—including the authority to make an approval or rejection decision regarding the provision of debt finance if those requirements are not satisfied.

Experience has shown that governments or public-sector grantors sometimes fail to look beyond the immediate bidder or concessionaire to the financial institutions standing behind them, with the relationship often viewed primarily from providers of equity finance.

While this focus is understandable, given the extensive documentary exchanges and the degree of face-to-face interaction that occurs between the bidder or prospective concessionaire and the government or grantor, there is often a tendency to assume that the prospective concessionaire has complete freedom in negotiating the terms of the concession and its financing.

In reality, the process involves additional layers of complexity, driven by the requirements of extensive finance-related documentation and the need to satisfy "bankability" criteria, as illustrated in the diagrams below.

Additional parties to the transaction



This leads to a fuller picture of the resulting structure and interrelationships in a typical concession, including the obligations and limitations placed on a preferred bidder or prospective concessionaire. Providers of debt finance may not become fully apparent until the later stages of bidding and concession negotiations.

Providers of debt will also undertake its own detailed due diligence of the offered concession, assessing both the associated risks and the degree of security and certainty required to provide debt finance.

While a government or grantor may not be directly involved in negotiating the network of financial contracts and agreements surrounding an SPV, it must understand the associated due diligence requirements, including how risks will be identified and perceived by providers of debt finance and their advisors.

These considerations need to be factored in at multiple stages: during the institutional structuring of the concession, in the detailed drafting of the concession agreement, and in the assembly and provision of the extensive information required for the due diligence process.

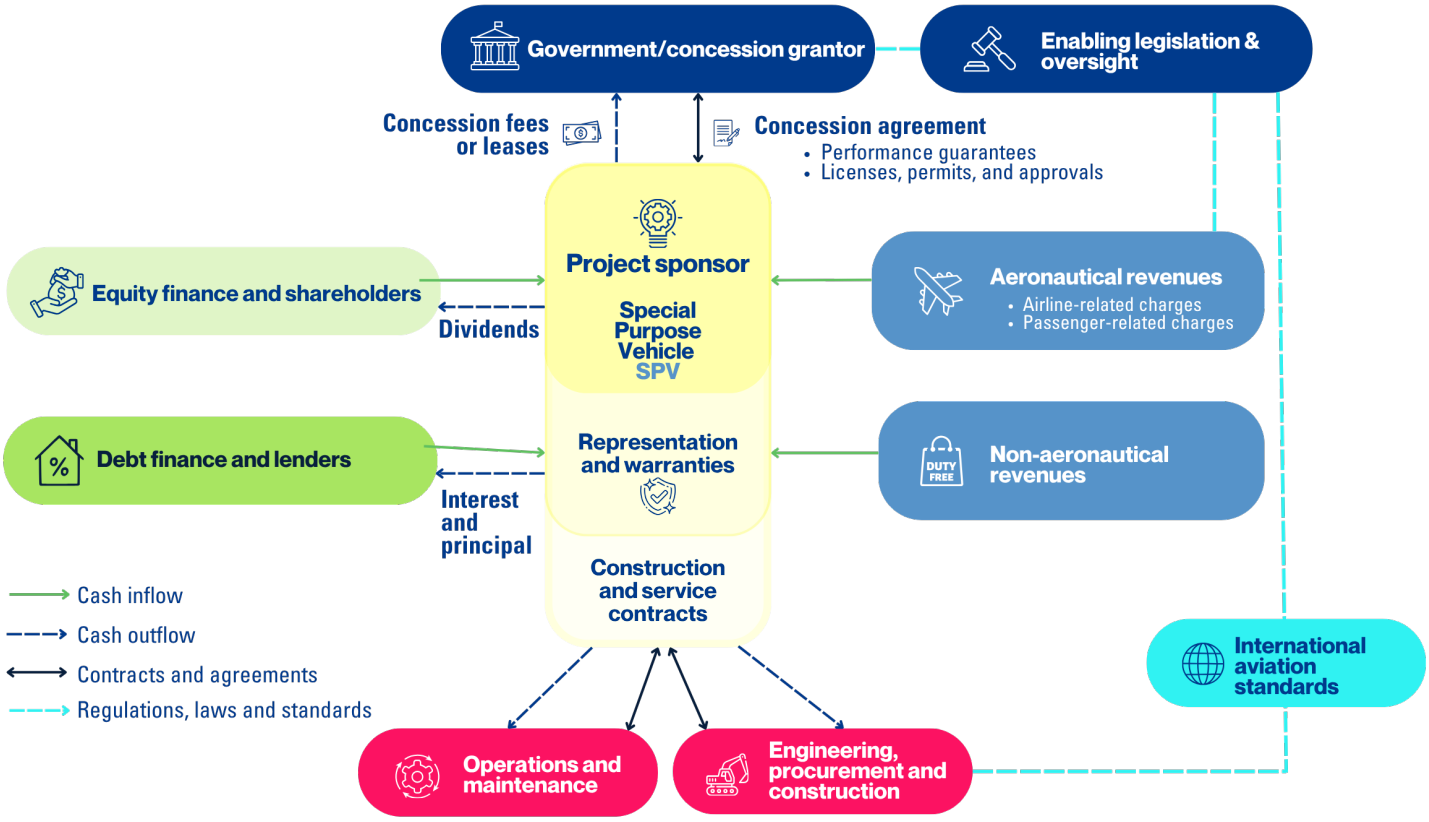
How typical airport concessions work: financial and institutional flows

This diagram shows how an airport concession is structured around a SPV, created to raise financing, manage contracts, and oversee operations under a government-granted concession agreement. The government sets the rules and receives concession fees, while compliance is ensured through national regulation and international aviation standards.

Funding comes from equity investors, who earn dividends, and lenders, who receive interest and principal. These resources are used to pay contractors for construction and operations, though the exact scope of these contracts may vary.

Depending on its expertise, the project sponsor or airport operator behind the SPV may directly manage some activities (such as O&M or commercial development) while outsourcing others to specialized firms. Once the airport is running, aeronautical revenues (airline and passenger charges) and non-aeronautical revenues (retail, parking, duty free) flow into the SPV.

From there, funds are distributed to service debt, pay fees to the government, sustain operations, and reward investors—closing the cycle of responsibilities and cash flows that underpin a concession.



This point is reinforced by one of the key findings to emerge from the industry consultations: many of the problems subsequently encountered in the delivery and implementation of concessions stem from decisions taken at the initial structuring stage by governments or public-sector grantors. In particular, overly rigid approaches or an "I win/you lose" perspective often undermine the long-term success of the concession.

Although governments are sovereign in their own domain and, as grantors, legally "own" the asset involved in an airport concession, they are not the sole decision-makers in determining the success of the concession.

As the above diagrams recognize, there are other decision makers in the process who determine whether a prospective private sector participant will be allowed to commit substantial resources to pursuing a bid and whether the projected outcome is acceptable— namely, a sponsor's corporate investment committee.

Beyond this stage, the credit committees of commercial and development banks—providing the bulk of debt financing—play a decisive role. Their financing requirements and broader lending principles may not be immediately apparent to governments or public sector grantors.[7]

A key lesson to emerge from the consultations was that, in the legitimate effort to protect the public interest and ensure that a concessionaire cannot abuse its market position, risks and limitations are often translated into a rigid and overly approval-bound concession framework. This can limit, delay, or significantly increase the costs of a concessionaire's commercial freedom to operate, and restrict its ability to apply the international expertise that was one of the key justifications for awarding the concession in the first place.[8]

The notion of "trust" was repeatedly emphasized, underscoring the need for a flexible, light-touch regulatory environment that minimizes opportunities for subsequent disagreements. One practical example, included in the guidelines, is the use of automatic mechanisms—such as linking charges to annual inflation—to avoid time-consuming, costly, and potentially hostile debates over a concessionaire's ability to adjust charges. Drawing on the consultations and the experience of an expert panel with representation from both the "buy-side" and "sell-side" of numerous airport development concessions across diverse geographies, legal frameworks, and regulatory regimes, the process identified a generic listing of concession-related risks that must be addressed – see *Guidelines* section.

[7] Corporate investment committees and lender credit committees play a crucial role in the sequence of decision-making and approvals by a) authorizing the submission of a bid by a corporate sponsor for the award of a concession and b) approving the loan of debt finance to a preferred bidder or prospective concessionaire, based on a satisfactory outcome of detailed due diligence, risk assessment, and compliance with internal lender criteria such as current levels of country and sector exposure.

[8] Mott MacDonald. (2024). *[Internal data on airport concession frameworks]*. Mott MacDonald.

State of the airport concessions industry

02

Image credit: Shutterstock

State of the airport concessions industry

Scale, scope, and global distribution of private sector participation

As of today, the aviation industry supports 86.6 million jobs globally, contributing USD4.1 trillion to global GDP and facilitating the movement of 9.4 billion passengers on an annual basis and for some smaller economies and island nations, airports are critical to economic growth, employment and the distribution of wider social benefits.

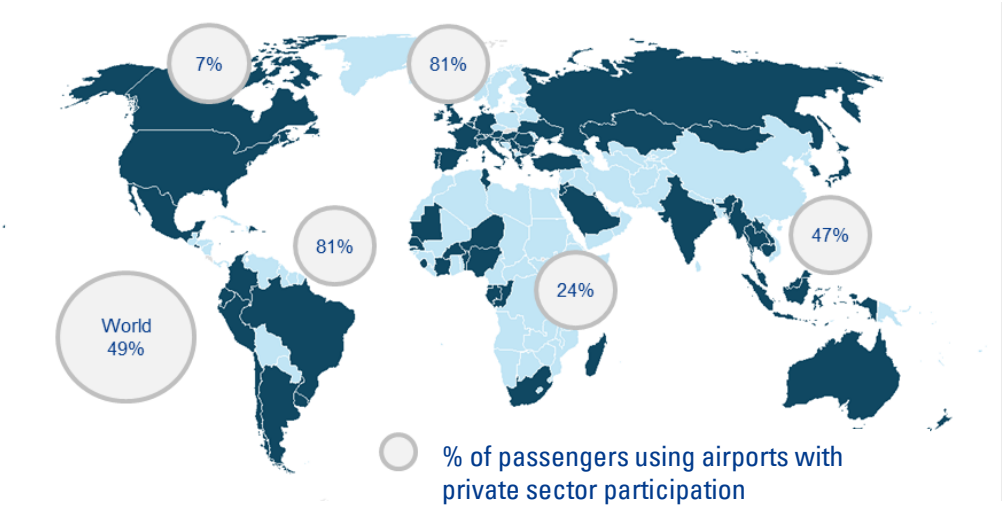
Despite the setbacks of COVID-19 and regional instability, airports have again demonstrated remarkable resilience, and while some airports had yet to fully recover their 2019 volumes in 2024, demand continues to grow and post-COVID-19 capital investment is forecast to reach USD2.4 trillion by 2040. This includes some USD731 billion for new greenfield airports.[9]

The map below summarize the current distribution of private sector participation in the financing, management and operation of airports across international regions.[10]

[9] Airports Council International. (2021). *Global outlook of airport capital expenditure*. ACI. Cheglatonyev, S. (2025, January). *Navigating airport ownership models to ensure growth and resilience*. *ACI Blog*. https://blog.aci.aero/airport-economics/navigating-airport-ownership-models-ensuring-growth-and-resilience/

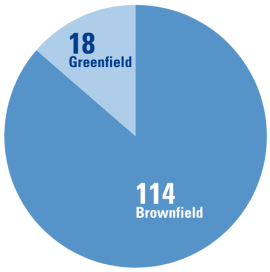
[10] Modalis. (2024, December). *Airport deal pipeline – global*. *Modalis airportIR*. Based on Airports Council International (ACI) data (2024) on the percentage of passengers using airports with private sector participation (ownership data from 2024; traffic data from 2019).

Regional distribution of private sector participation (2025)

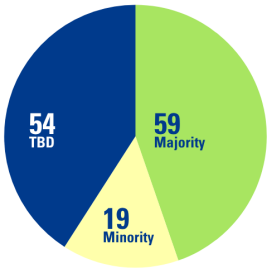


Characteristics of current deal pipeline (2025)

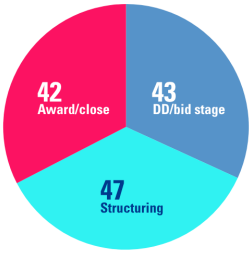
Brownfield vs Greenfield



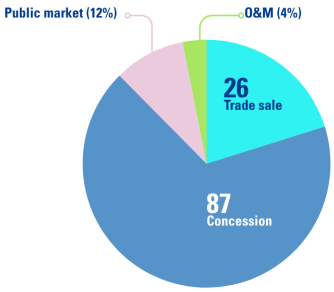
Majority vs Minority vs TBD



Structuring/sounding vs Due diligence (DD) vs Award/close



Trade sale vs Concession vs TBD/O&M



Currently, there are 82 countries worldwide with private sector participation. Private sector involvement in the financing, management and operation of airports is a growing trend. According to Modalis data in January 202, there was a pipeline of 132 airport transaction deals covering over 300 airports in 60 countries.[11]

The global airport public–private partnership (PPP) landscape is largely driven by brownfield projects—that is, the rehabilitation or expansion of existing airports—rather than greenfield developments, which involve building entirely new facilities.

Brownfield transactions dominate (86%) because they offer lower risk, established demand, and predictable cash flows, making them more attractive to investors and lenders. In certain jurisdictions, constraints on land availability also restrict the potential for capacity expansion. Greenfield projects, while critical for new capacity, tend to carry greater uncertainty in traffic forecasts and financing. In terms of ownership structure, PPPs show a mix of majority, minority, and TBD (to be determined) stakes.

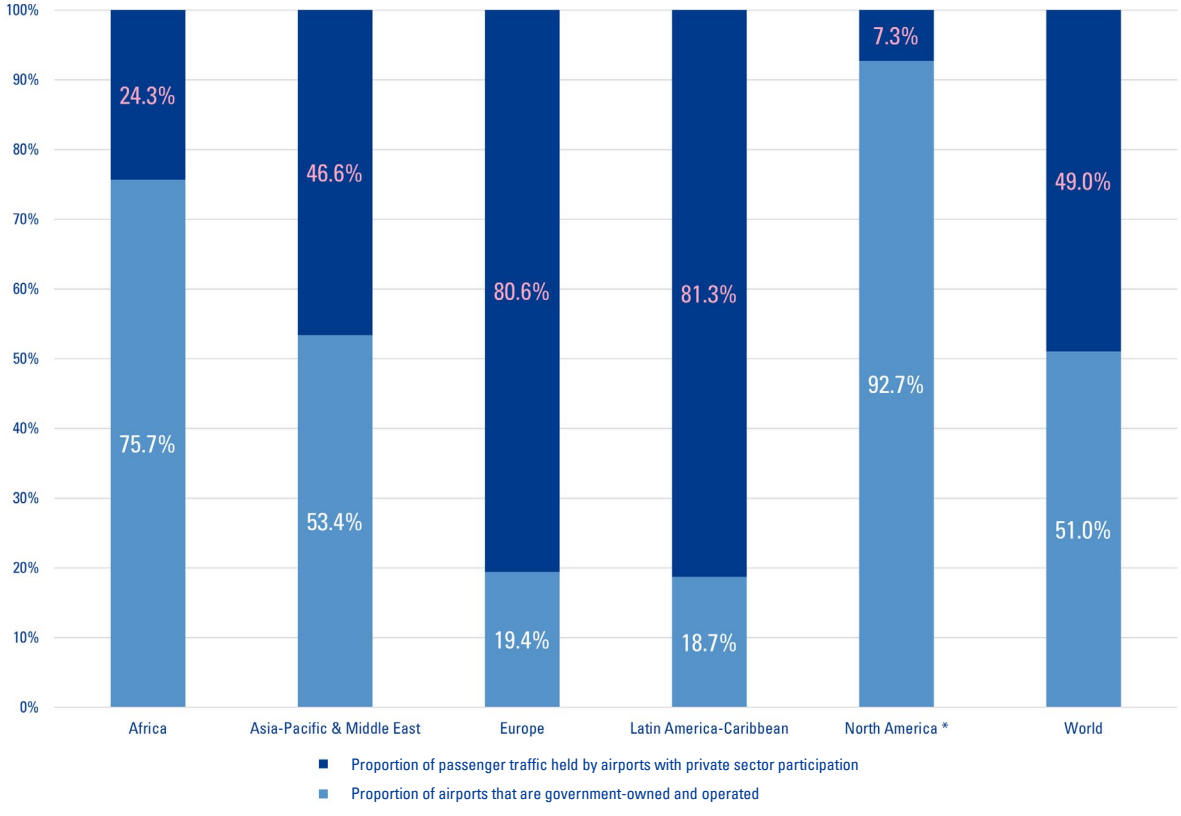
Majority control—where private investors hold more than 50%—signals strong investor confidence and appetite for long-term management. However, a large share of TBD projects reflects that many are still in the early structuring and negotiation phases, where governance arrangements are not yet finalized. Looking at the transaction lifecycle, projects are evenly distributed across key phases: structuring (concept design and market sounding), due diligence (DD) (risk and financial evaluation), and award/close (final selection and contract signing). This balanced distribution points to a steady and healthy project pipeline, ensuring momentum from early planning to closure. Finally, the dominant model remains the concession, in which a private partner operates and invests in an airport for a fixed term under public oversight.

Compared to trade sales (equity transfers) and operations and maintenance (O&M) contracts, concessions provide a sustainable balance between investment incentives and regulatory control—a hallmark of successful airport PPPs worldwide.

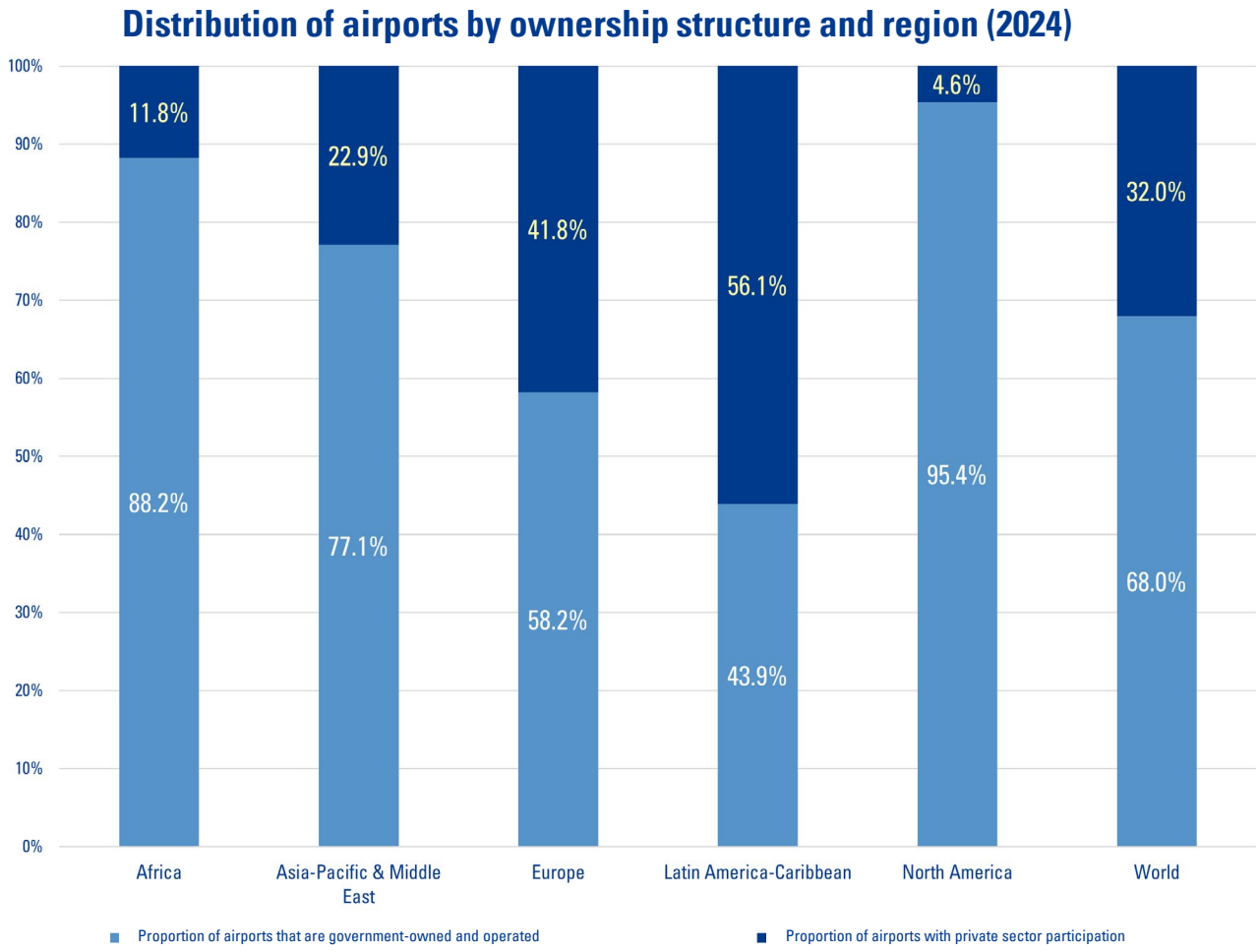
[11] Airports Council International. (2025). *Inventory of airports with private sector participation*. Airports Council International.

The first chart below shows the proportion of airports (by number of airports) in each world region that have private sector participation in the financing, management and operation of airports.[12] Overall, 32% of the world's commercial airports have private sector participation, but there is significant variation by region, with private sector penetration highest in Latin America and the Caribbean and Europe and lowest in the North America and the Middle East. The second chart on the next page shows the proportion of passengers flying through airports with private sector participation, and how this share has grown between 2016 and 2024. The global passenger share has grown from 41% to 49% over this period. The share of passengers using private-sector participation airports is higher than the share of airports because larger airports are likely to take advantage of private sector participation in their financing, management, and operation.

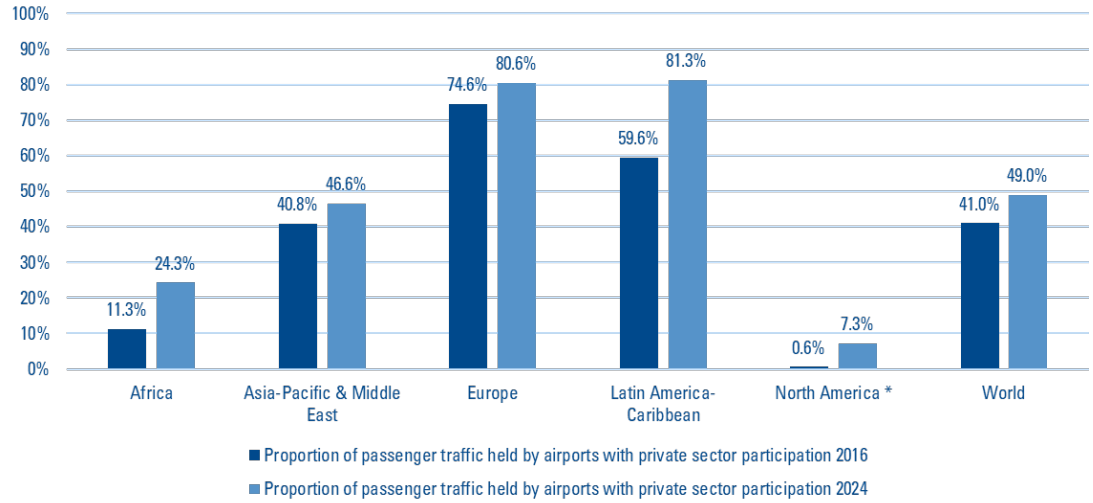
Distribution of passenger traffic by ownership structure and region (2024)



[12] Airports Council International (ACI) World. (2025). *Passenger percentages using airports with private sector participation: Based on 2016 and 2024 ownership structure and 2019 traffic statistics*. Airports Council International.


Distribution of airports by ownership structure and region (2024)
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
11.8%
88.2%
22.9%
77.1%
41.8%
58.2%
56.1%
43.9%
4.6%
95.4%
32.0%
68.0%
Africa
Asia-Pacific & Middle East
Europe
Latin America-Caribbean
North America
World
Proportion of airports that are government-owned and operated
Proportion of airports with private sector participation

Proportion of passengers using airports with private sector participation



The lower levels of private sector participation in airports in North America is notable. In the case of the US, this is due, in part, to the specific airport funding and financing model and the existence of preferential tax treatment, with local government agencies able to issue financially advantageous tax-exempt bonds.

There are two notable projects involving the Port Authority of New York & New Jersey (PANYNJ) at New York JFK and LaGuardia airports: a USD5.1 billion redevelopment of LaGuardia Terminal B, described as the largest public private partnership in US aviation history, and a USD4.2 billion project for the new Terminal 6 at JFK that is in construction under a public-private partnership between the PANYNJ and private sector partners.

Growth of multi-national airport groups

Globally, expectations of continued growth in the concessioning of airports are reinforced by the emergence of capable, multi-disciplinary airport groups, involved in the financing, developing and operating portfolios of airports across the world.

These are defined by ACI as an airport company that operates or has a controlling interest in at least two of the following, an airport network, an airport system or an Individual airport, exercising a controlling interest, with the group being either the largest shareholder or the shareholder responsible for the day-to-day operation of the airport or of a terminal.[13]

The list which follows has been taken from Modalis with minor amendments.[14] As the airport concession market is dynamic, the information in this document may change over time, and individual entries may differ depending on when it is read.

Airport group	Group name	N	Countries
AVPORTS	Afco Avports Management	13	3
adani Airports	Adani Airports	9	1
AECON	Aecon Group	3	2
AGUNSA	Agencias Universales	3	1
ASUR	Grupo Aeroportuario del Sureste	16	3
AIRPORTS COMPANY SOUTH AFRICA	Airport Corporation of South Africa	10	2
GROUPE ADP	Aéroports de Paris	20	11
aena	AENA SME	68	4
ARDIAN	Ardian Holdings SAS	8	1
AVIALLIANCE	AviAlliance	4	3

[13]Airports Council International (ACI) & Oxford Economics. (2022). *Value creation by airport groups: A study on the airport group operating model, its role in the aviation ecosystem and the benefits of the model* (p. 19). Airports Council International.

[14] Modalis. (2024, December). *Airport deal pipeline – global. Modalis airportIR.*

Airport group	Group name	N	Countries
	Bouygues Construction Airport Concessions	7	5
	Corporacion America Airports	49	6
	Changi Airports International	12	7
	CCR Airports	19	4
	daa International	5	2
	Egis Group	18	7
	Ferrovial SA	6	3
	Fraport AG	23	8
	Grupo Aeroportuario del Pacífico	14	2
	GMR Airports	8	4
	Korea Airports Corporation	15	2
	Limak Holdings	2	2
	Manchester Airports Group	3	1
	Macquarie Asset Management	14	5
	Malaysia Airport Holdings	21	2
	Munich Airport International	5	5
	Meridiam	5	4
	Mundys S.p.A	9	2
	Mitsubishi Corporation	10	3

Airport group	Group name	N	Countries
ODINSA	Odinsa SA	2	2
ONTARIO TEACHERS' PENSION PLAN	Ontario Teachers' Pension Plan	5	3
QIA QATAR INVESTMENT AUTHORITY	Qatar Investment Authority	4	4
Schiphol Group	Royal Schiphol Group	6	4
sojitz	Sojitz Corporation	7	6
TAV Airports A member of Groupe ADP	TAV Airport Holdings	14	6
VANTAGE AIRPORT GROUP	Vantage Group	9	5
VINCI AIRPORTS	Vinci Airports	76	14
VIE Vienna International Airport	Vienna Airport Group	4	3
Zurich Airport	Zurich Airport International	10	5

The guidelines

03

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Guidelines

The purpose of this section is to provide a comprehensive set of guidelines in the form of a practical toolkit to identify, define, and manage concession-related risks. The focus is primarily on project sponsors and airport operators, though insights from a wide range of stakeholders have been incorporated to ensure a balanced, holistic perspective.

The Toolkit draws on the findings and good-practice recommendations that emerged from stakeholder interviews, surveys, and direct engagement with ACI World, its Regional offices, members of the World Economics Standing Committee (WESC), and recognized global experts. It also reflects the buy- and sell-side experience of Mott MacDonald's expert aviation panel, together with established good-practice guides and references listed in the appendices.

The guidelines are grounded in interviews and/or written responses from 54 stakeholders, with representation across all ACI regions. In total, experiences and perspectives were drawn from 98 airports:

Stakeholder perspective	Number
Grantors/regulators	6
Investors/operators	34
Lenders	5
Insurers	1
Lawyers	2
Consultants	6

A full list of consultees is provided in the opening pages. Both individual airports and multi-airport groups were represented. To encourage open and candid contributions, all interviews and responses were conducted under Chatham House rules. This approach allowed stakeholders to highlight both good and poor practices without attribution.

To structure the analysis, a simple five-point framework was used, mirroring the key stages of a concession:

1. Conception by government and grantors
2. Financial structuring
3. Implementation
4. Operations and performance delivery
5. Recovery and economic rebalancing (a stage of growing relevance in recent years)

Although the scale and nature of concessions varied—for instance, multi-airport concessions in Latin America, Greece, and Portugal—the processes and challenges faced were broadly consistent across regions.

Six core risk areas

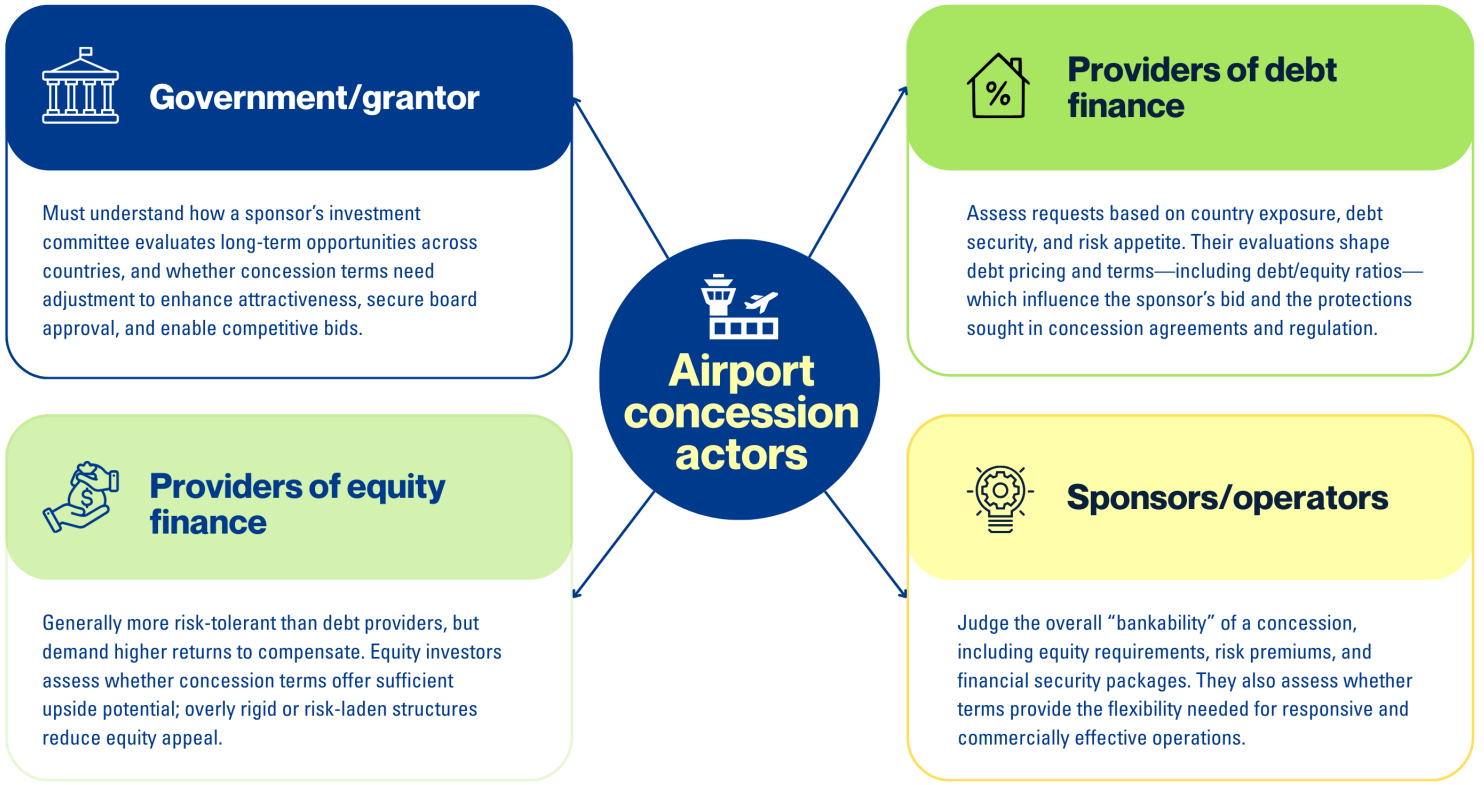
The Guidelines synthesize six core areas of concession-related risk:

1. **Political**
2. **Contractual**
3. **Market and financing**
4. **Regulatory**
5. **Implementation and delivery**
6. **Post-delivery performance**

For each, practical measures are offered to strengthen governance, ensure legal and operational clarity, secure sustainable financing, balance commercial and regulatory objectives, and maintain high service standards. Together, these form a robust framework to enhance transparency, resilience, and efficiency across the airport concession lifecycle. These risks influence the structuring, negotiation, and implementation of concessions—both in the due diligence phase before market launch and throughout subsequent negotiations and operational phases. While perceptions of risk, tolerance levels, and mitigation approaches differ among actors, recognition and assessment of these risks are essential for all principal parties.

The following diagram shows how government/grantor, providers of debt finance, providers of equity finance, and sponsors/operators each evaluate risks and returns, influencing the structure and viability of an airport concession.

Stylized representation of expectations and risks for selected concession actors



Political risk

Political risk encompasses strategic, legal, and institutional factors affecting airport concessions, including model choice, government alignment, legal clarity, governance, and partnership culture. It highlights the importance of clear concession scope, robust data rooms, adequate time for bidder due diligence, and maintaining process integrity. Recommendations aim to reduce uncertainty, improve transparency, and build investor confidence through unified objectives, empowered governance, and well-defined legal and operational frameworks.

Thematic area		Risk category	Risk issue	Good practice recommendations
1	**Country context**	1.1 Government stability	**Macroeconomic and fiscal** Currency depreciation and limits on convertibility, high or volatile inflation, sovereign default or fiscal crisis.	**Investor protection measures** • Hard-currency protection through partial dollarization of contracts and offshore escrow or Debt Service Reserve Accounts (DSRA); • Inflation-linked adjustments tied to Consumer Price Index (CPI) or Producer Price Index (PPI).

Thematic area		Risk category	Risk factor	Good practice recommendations
1	**Country context (continued)**	1.1 Government stability (continued)		• Political risk insurance from the Multilateral Investment Guarantee Agency (MIGA), Export Credit Agencies (ECAs), or private insurers; • Multilateral or Development Finance Institution (DFI) involvement, such as the International Finance Corporation (IFC), European Investment Bank (EIB), or Development Bank of Latin America (CAF).
		1.2 Material Adverse Government Action (MAGA)	**Unclear compensation for political or regulatory shocks** beyond force majeure (FM) – Political instability or regime change, expropriation or nationalization, breach of contract or arbitrary rule change.	**MAGA rebalancing mechanisms** • Define "Material Adverse Government Action" separately from FM; • Set clear formulas for tax/regulatory changes and mandated investments; • Include fast-track International arbitration via the International Centre for Settlement of Investment Disputes (ICSID) or United Nations Commission on International Trade Law (UNCITRAL), seated outside the host country; • Stability clauses covering taxation, labor, and investment rules.

Thematic area		Risk category	Risk factor	Good practice recommendations
2	**Strategic and legal framework**	2.1 Choice of concession model	**Model selection** Multiple models exist for private sector participation in airports, each differing in risk allocation, control, and fiscal impact.	**Justify model choice (government)** • Evaluate the benefits and trade-offs of available models; • Ensure alignment with national objectives and fiscal capacity; • Communicate rationale and public value clearly to all stakeholders.
		2.2 Strategic direction and government objectives	**Objective misalignment** Unclear or conflicting objectives across ministries may lead to misalignment in implementation.	**Publish unified objectives** • Develop a unified, actionable statement of objectives; • Include in tender documents to guide bidders and ensure transparency; • Use objectives as a basis for bid evaluation criteria.
		2.3 Legal framework and institutional roles	**Legal uncertainty** Variability and mismatch of enabling legislation can introduce uncertainty and conflict.	**Clarify legal basis** • Ensure legislation is consistent with Civil Law and long-term stability; • Clarify how concession law interacts with sectoral and municipal rules; • Identify and explicitly define any legal exceptions or “carve-outs”.

Thematic area		Risk category	Risk factor	Good practice recommendations
3	**Institutional design and governance**	3.1 Relationship complexity of government counterparty	**Fragmented authority** Fragmented responsibilities and decision-making delays due to multiple agencies.	**Empower single counterparty** • Create a single empowered counterparty with authority and experience; • Ensure it reports to a senior government body (e.g., PM's office); • Mandate decision-making capacity to override internal disputes.
		3.2 Continuity of government counterparty	**Leadership turnover** Concession awards near end of government terms risk policy discontinuity.	**Ensure leadership continuity** • Appoint senior civil servants likely to span political transitions; • Ensure continuity in oversight and timely decision-making.
		3.3 Trust, partnership, and regulatory overreach	**Regulatory overreach** Micromanagement and shadow governance weaken concessionaire autonomy.	**Promote partnership culture** • Establish a clear transition from operator to regulator roles; • Avoid zero-sum mindset and regulatory overreach in agreements; • Promote joint public communication and partnership mechanisms; • Define operational autonomy to prevent inefficiencies (e.g., display approvals).

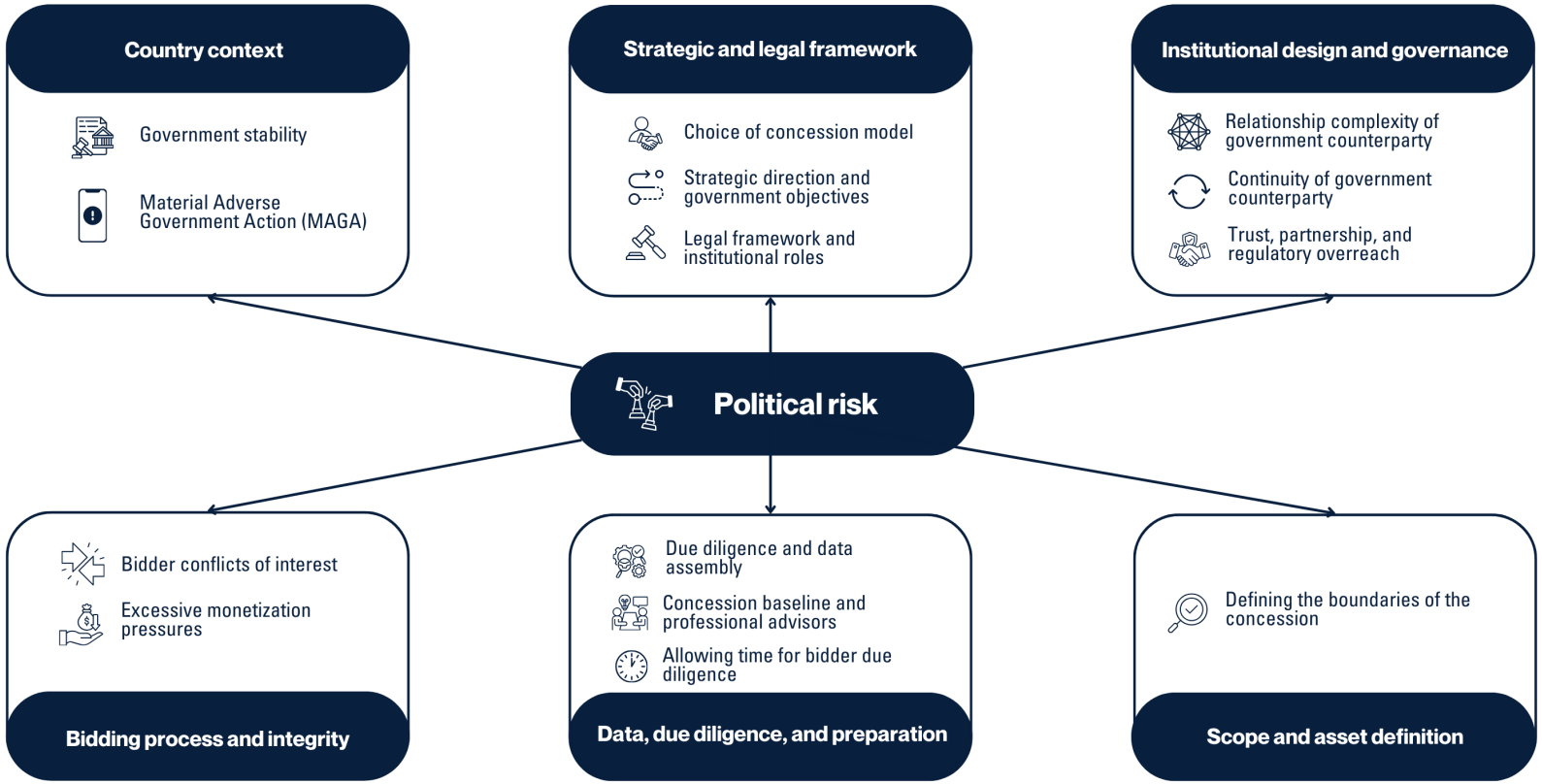
Thematic area		Risk category	Risk factor	Good practice recommendations
4	**Scope and asset definition**	4.1 Defining the boundaries of the concession	**Scope ambiguity** Lack of clarity on what airport assets are included may affect efficiency and investment.	**Define boundaries clearly** • Map organizational, approval, and physical boundaries clearly; • Bundle key assets (airside, terminal, landside) when possible, for operational coherence; • Adapt models appropriately for regional institutional contexts (e.g., U.S. terminals).
5	**Data, due diligence, and preparation**	5.1 Due diligence and data assembly	**Weak data** Incomplete data room increases bidder risk and delays the process.	**Build robust data room** • Conduct thorough internal due diligence on key transaction risks; • Use experienced advisors and secure, remote-accessible data rooms; • Avoid limiting access to physical data rooms.
		5.2 Concession baseline and professional advisors	**Baseline gaps** Lack of credible baselines, forecasts and business plans weakens bid evaluations and bankability.	**Set credible baselines** • Develop traffic forecasts and CAPEX plans with independent advisors; • Prepare an information memorandum through international financial advisors;

Thematic area		Risk category	Risk factor	Good practice recommendations
	Data, due diligence, and preparation (continued)	5.2 Concession baseline and professional advisors (continued)		• Demonstrate the grantor's capability to assess technical and financial viability.
		5.3. Allowing time for bidder due diligence	**Rushed timelines** Insufficient time for due diligence raises risks and weakens bid quality.	**Allow sufficient diligence** • Allow 3–8 months for due diligence depending on complexity; • Ensure timely site access, Q&A, and complete documentation; • Avoid politically driven compressed timelines (e.g., pre-election).
6	**Bidding process and integrity**	6.1 Bidder conflicts of interest	**Conflicts risk** Overlapping assets or affiliations can compromise fair competition.	**Define exclusions early** • Clearly define eligibility and exclusion criteria from the outset; • Exclude participants with overlapping catchments or integrity issues, such as involvement in competing airports or major surface access projects (e.g., high-speed rail); • Apply international lending standards (e.g., Equator Principles, IFC guidelines).

Thematic area		Risk category	Risk factor	Good practice recommendations
6	**Bidding process and integrity (continued)**	6.2 Excessive monetization pressures	**Over-monetization** Aggressive upfront payments may undermine long-term sustainability.	**Balance price and financial sustainability** • Model different monetization scenarios during internal due diligence; • Avoid maximizing upfront value at the expense of future reinvestment; • Ensure balance between financial return and affordability for users of infrastructure.

Political risk:

Thematic areas and risk categories overview



Contractual risk

Contractual risk covers the flexibility and clarity of concession agreements, operational autonomy, staffing rights, technical requirements, and infrastructure dependencies. It promotes output-based specifications, enforceable service-level agreements, streamlined approvals, and clear responsibilities across stakeholders. Guidance also addresses transitional protocols, land acquisition, state-related performance, and contractual mechanisms to protect operational efficiency and long-term viability.

Thematic area		Risk category	Risk issue	Good practice recommendations
1	**Contracting and administration**	1.1 Concession contract as a negotiation	**Contract rigidity** A non-negotiable or rigid contract undermines partnership, increases uncertainty, and delays resolution.	**Pragmatic amendments** • Enable pragmatic amendments within defined limits; avoid zero-sum stances; • Anchor any changes to clear government objectives and bankability tests; • Ensure the government counterparty can adjust terms without excessive process; • Use policy objectives as the yardstick for amendments;

Thematic area		Risk category	Risk issue	Good practice recommendations
1	**Contracting and administration (continued)**	1.1 Concession contract as a negotiation (continued)		• Account for constraints from lender/security/insurance documentation.
		1.2 Commercial freedom to operate	**Operational micromanagement** Over-approval and micro-controls reduce efficiency, responsiveness, and quality outcomes for users.	**Enable commercial autonomy** • Adopt a 'commercial freedom to operate' test in diligence and regulation; • State operational autonomy principles explicitly in the concession agreement; • Use these principles to guide investment, design, delivery, and operations; • Define how mandated costs by government will be assessed and compensated if material.
		1.3 Equal treatment and transitional protocols	**Transition uncertainty** Role changes post-concession can trigger strict, inconsistent enforcement or withdrawal of historic derogations.	**Set transition protocols** • Appoint a senior government representative to monitor counterparty relations;

Thematic area	Risk category	Risk issue	Good practice recommendations
	1.3 Equal treatment and transitional protocols (continued)		• Agree a transitional protocol to set expectations and reduce perceived legal jeopardy; • Audit shifts in relationships; intervene where enforcement becomes punitive; • Clarify the treatment of legacy approvals under the concession regime.
	1.4 Staffing autonomy and outsourcing	**Staffing constraints** Legacy staffing structures may impede efficiency, yet changes are politically sensitive.	**Protect staffing autonomy** • Affirm the concessionaire's right to set staffing levels and outsource functions over time; • Limit transitional constraints (1–2 years) and require good-faith retraining/transfer efforts; • Avoid clauses that permanently freeze inefficient structures; • Balance social considerations with performance imperatives.

Thematic area		Risk category	Risk issue	Good practice recommendations
2	**Technical scope and service delivery**	2.1 Masterplans, design criteria and output specifications	**Design rigidity** Mandated reference designs and rigid masterplans can misallocate risk and stifle innovation.	**Use output specs** • Prefer output-based specifications over rigid reference designs; • Use accepted guidance (e.g., IATA ADRM; safety/environmental benchmarks) as baselines; • Clarify how bids will be evaluated versus any reference design and value engineering; • Keep masterplans conceptual, acknowledging market/tech change over time; • Trigger later-phase CAPEX by demand/operational improvements; define early mandatory CAPEX separately.
		2.2 Operational boundaries and SLAs (Boundaries of the Business)	**Responsibility ambiguity** Ambiguity in responsibilities across state agencies and the concessionaire leads to performance gaps.	**Boundaries and SLAs** • Map physical/functional boundaries and embed enforceable SLAs for state entities; • Align KPI obligations across all parties influencing airport performance.

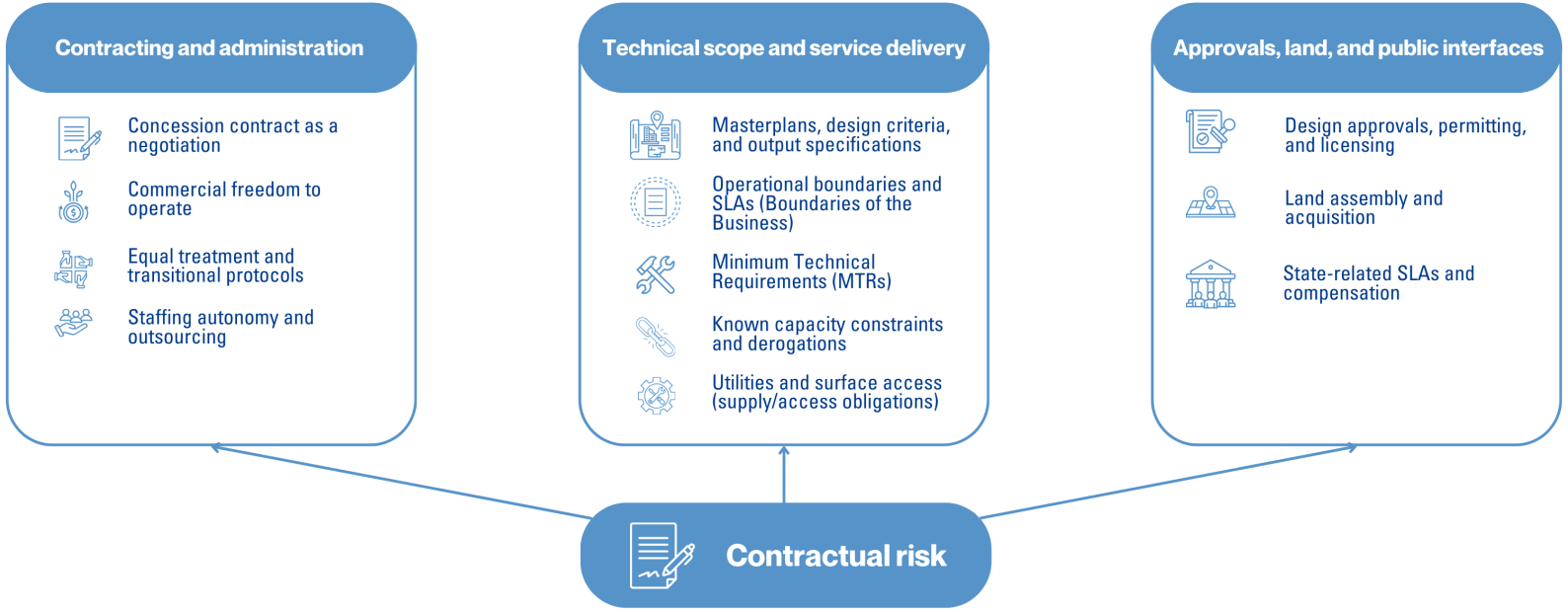
Thematic area		Risk category	Risk issue	Good practice recommendations
2	**Technical scope and service delivery (continued)**	2.3 Minimum Technical Requirements (MTRs)	**MTR ambiguity** Without clear output-based MTRs, bid comparability and bankability suffer.	**Output-based MTRs** • State technical/capacity/performance objectives clearly; build MTRs around outputs; • Standardize bid content/format and use compliance tables; • Draft MTRs consistent with lender technical adviser expectations; • Define mandatory expansion triggers and performance outcomes.
		2.4 Known capacity constraints and derogations	**Capacity derogations** Unaddressed constraints/derogations distort costs, timing, and stakeholder expectations.	**Quantify constraints early** • Identify and quantify constraints and required CAPEX in government due diligence; • Agree fair-treatment protocols with regulators for transition; • Share findings in the data room to align bidder and lender assessments; • Phase remedies realistically over the concession life.

Thematic area		Risk category	Risk issue	Good practice recommendations
	Technical scope and service delivery (continued)	2.5 Utilities and surface access (supply/access obligations)	**Infrastructure dependencies** Utility capacity and access projects often lag airport timelines and add risk.	**Fund utilities and access** • Commit sufficient budgets and programs to extend utility and access infrastructure to the concession boundaries; • Clearly record state obligations in MTRs and establish a binding implementation schedule; • Define specifications, phasing, responsibility assignments for power, water, wastewater, and surface access (road and rail); • Ensure that delivery of utilities and access works is aligned with airport CAPEX milestones to prevent delays.
3	**Approvals, land, and public Interfaces**	3.1 Design approvals, permitting, and licensing	**Approval delays** Approval timelines are often underestimated, causing 12–18-month delays and friction.	**Streamline approvals** • Empower a central government body to coordinate and escalate approvals; • Treat airport approvals as strategic and time-critical;

Thematic area		Risk category	Risk issue	Good practice recommendations
3	**Approvals, land, and public Interfaces (continued)**	3.1 Design approvals, permitting, and licensing (continued)		• Integrate national, regional, municipal, and environmental approvals in one track; • Set time standards and escalation routes to ministerial level when needed.
		3.2 Land assembly and acquisition	**Land risks** Uncertain land title/relocation drives disputes, cost overruns, and financing delays.	**Secure land assembly** • Publish a verified land assembly/relocation plan and enforceable timetable; • Provide full due-diligence packages (including spatial mapping) at tender launch; • Include contractual protections and risk-sharing where uncertainties remain; • Recognize heightened risks for greenfield sites and in weak title environments.

Thematic area		Risk category	Risk issue	Good practice recommendations
3	**Approvals, land, and public Interfaces (continued)**	3.3 State-related SLAs and compensation	**State performance** Performance by state entities can jeopardize concession KPIs without remedies.	**Enforce state SLAs** • Incorporate enforceable SLAs in the concession agreement for utilities, access providers, and state control authorities (immigration, customs, police, port health, etc.); • Establish fast-track mechanisms for compensation, corrective action, and cure where state service shortfalls affect concessionaire KPIs; • Allow remedies such as set-off, KPI adjustment, accelerated cure, or service restitution; • Apply SLA obligations consistently across all relevant state agencies and providers.

Contractual risk:
Thematic areas and risk categories overview



Market and financing risk

Market and financing risk focuses on structuring financial arrangements to ensure sustainability and resilience. It addresses balancing upfront monetization with future capacity for reinvestment, anticipating lender Environmental, Social and Governance (ESG) requirements, and securing sufficient private-sector equity. It also covers risk-sharing provisions for force majeure and economic rebalancing and stresses the need for early planning of asset hand-back to avoid disputes and value erosion at the end of the concession term.

Thematic area		Risk category	Risk issue	Good practice recommendations
1	**Financial structure and monetization**	1.1 Balancing upfront monetization with sustainability	**Excess monetization** Refers to when the concessionaire makes excessively high payments to the grantor (e.g., through over-bidding on the concession fee, revenue-share percentages, or upfront payments).	**Balance monetization** • In due diligence, model the impact of upfront monetization on concession fees, capital expenditure, and potential user charges; • Avoid bidding processes overly weighted to price or upfront payments, which can create fragility, limit investment, and raise charges for end users;

Thematic area		Risk category	Risk issue	Good practice recommendations
1	**Financial structure and monetization (continued)**	1.1 Balancing upfront monetization with sustainability (continued)		• Recognize that excessive fees or overbidding may force cuts to maintenance, CAPEX, or service quality, or even lead to default/termination; • Balance price with technical strength, financial robustness, and bidder reliability in evaluations.
		1.2 Lender ESG/lending requirements	**ESG obligations** ESG obligations from lenders can be extensive and time-consuming if not anticipated.	**Anticipate lender ESG requirements** • Assess applicable ESG frameworks likely to be required by lenders (e.g., Equator Principles, IFC, MDBs) before launch; • Budget sufficient time and resources for Environmental Impact Assessments, resettlement, and ESG reporting, in line with international standards; • Document ESG pathways in the information memorandum and data room; • Engage specialist advisers to calibrate feasibility and timelines.

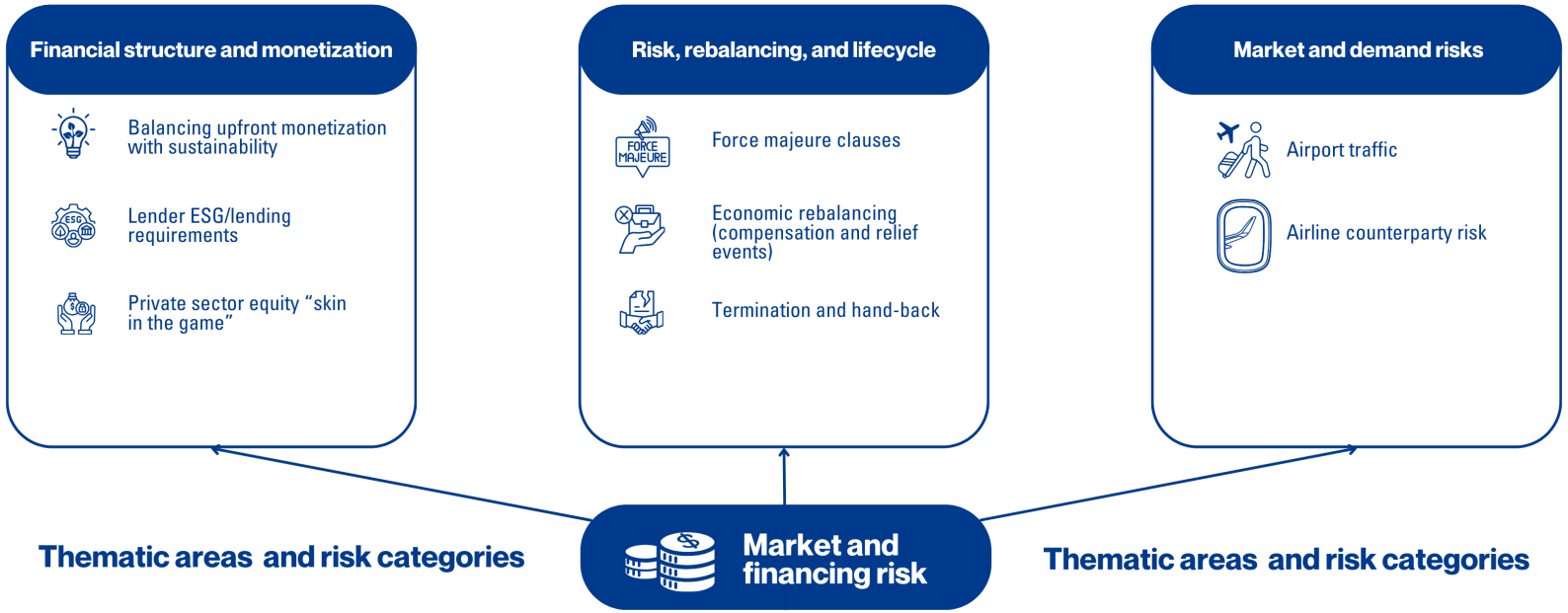
Thematic area		Risk category	Risk issue	Good practice recommendations
1	**Financial structure and monetization (continued)**	1.3 Private sector equity "skin in the game"	**Equity insufficiency** Low equity commitments can weaken alignment and resilience.	**Ensure equity commitment** • Set reasonable equity requirements aligned to risk and lender expectations; • Control dividend distributions during critical periods; • Ratios (e.g., ~30/70 equity/debt) are context-dependent, not prescriptive; • Where a sponsor-related Engineering, Procurement and Construction (EPC) is used, consider a modest equity stake during construction; allow exit post-warranty.
2	**Risk, rebalancing, and lifecycle**	2.1 Force majeure clauses	**Force-majeure uncertainty** COVID-19 era tests exposed drafting gaps and uncertainty around foreseeability and coverage.	**Tailor force majeure** • Tailor FM definitions and remedies; Clarify interplay with insurance and reserve funds; • Use experienced legal advisers to draft clauses that align with international and local law, avoiding exhaustive risk lists and focusing on practical triggers and outcomes; • Consider suspension of concession fee payments to government;

Thematic area		Risk category	Risk issue	Good practice recommendations
2	**Risk, rebalancing, and lifecycle (continued)**	2.1 Force majeure clauses (continued)		• Coordinate with economic rebalancing provisions.
		2.2 Economic rebalancing (compensation and relief events)	**Rebalancing mechanisms** Changes in law/MAGA and external shocks require predictable adjustment mechanisms.	**Define rebalancing mechanisms** • Define triggers, data requirements, and methodologies for rebalancing; • Consider an extension of a concession term as rebalancing mechanism; • Differentiate compensation events from the grantor, which restore the partner's position, from external relief events, where the partner bears financial risk but receives time or cure extensions; • Account for technology and energy transition costs, such as sustainable aviation fuel and hydrogen, with clear risk allocation in concession terms.
		2.3 Termination and hand-back	**Hand-back risks** Late attention to end-of-term mechanics risks value loss and disputes.	**Plan hand back early** • Codify formulas for asset valuation, debt discharge, and compensation; • Start hand-back at least two years pre-expiry; appoint independent experts;

Thematic area		Risk category	Risk issue	Good practice recommendations
2	**Risk, rebalancing, and lifecycle (continued)**	2.3 Termination and hand-back (continued)		• Define inspection standards, remediation scopes, and funding (e.g., maintenance reserves); • Confirm last-five-year CAPEX plans at least five years before end of term.
3	Market and demand risks	3.1 Airport traffic	**Traffic risk** Traffic demand and volume volatility	**Robust traffic forecasting** • Require independent traffic and sensitivity analyses, including downside/stress scenarios; • Avoid politically driven or overly optimistic forecasts; • Define mechanisms for re-forecasting and re-balancing tariff/CAPEX triggers if volumes diverge materially.
		3.2 Airline counterparty risk	**Airline risks** Airline financial stability and default risk.	**Airline credit monitoring** • Require ongoing monitoring of airline financial health; • Use payment-security instruments (e.g., prepayment, bank guarantees, IATA clearing); • Define slot/traffic reallocation protocols in case of airline collapse.

Market and financing risk

Thematic areas and risk categories overview



Regulatory risk

Regulatory risk examines oversight models, charging frameworks, and incentive structures to balance user interests with commercial efficiency. It advocates proportionate regulation, reserve powers, and dual or hybrid tills to encourage commercial development while maintaining fair access. It also calls for transparent, cost-related, non-discriminatory charging aligned with ICAO principles and supports automatic indexation to stabilize revenues, reduce disputes, and sustain reinvestment.

Thematic area		Risk category	Risk issue	Good practice recommendations
1	**Economic oversight and regulatory till**	1.1 Disproportionate economic regulation	**Regulatory burden** Heavy, frequent regulation raises costs, slows decisions, and increases risk premia.	**Proportionate regulation** • Calibrate regulatory intensity to market conditions and risk; • Prefer approaches that minimize process burden while balancing user interests; • Account for regulator setup and operator compliance costs; • Use good practice tools in 1.2, 1.3, 2.1, 2.2 (reserve powers, dual or hybrid tills, automatic indexation of airport charges).

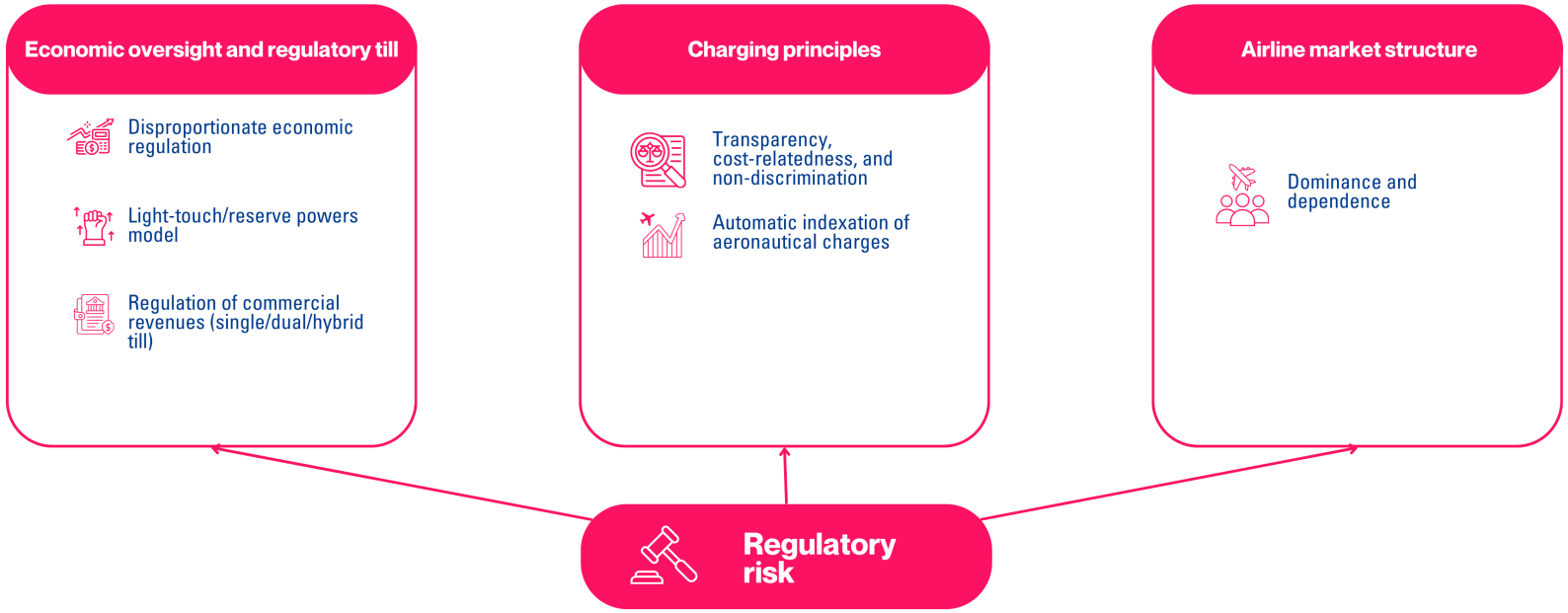
Thematic area		Risk category	Risk issue	Good practice recommendations
1	**Economic oversight and regulatory till (continued)**	1.2 Light-touch/reserve powers model	**Oversight model** Need to deter abuse without day-to-day micromanagement.	**Use reserve powers** • Adopt reserve powers triggered by evidenced, non-vexatious complaints; • Rely on light-touch annual disclosures to monitor concessionaire's financial returns; • Disclose shareholder loans/interest and dividends annually; • Enable targeted intervention only when thresholds are breached.
		1.3 Regulation of commercial revenues (single/dual/hybrid till)	**Till design** Single till can disincentivize commercial investment; hybrids can align incentives and share gains.	**Prefer dual or hybrid** • Favor dual till (preferred by investors and operator) or hybrid models with revenue-share floors/collars; • Use automatic revenue sharing (hybrid) above triggers to reduce approvals and disputes; • Define trigger levels and sharing slopes in the concession documents; • Maintain strong incentives for passenger-facing commercial development.

Thematic area		Risk category	Risk issue	Good practice recommendations
2	**Charging principles**	2.1 Transparency, cost-relatedness, and non-discrimination	**Charging ambiguity** Ambiguity on charging principles fuels disputes, especially with home carriers/LCCs.	**Apply ICAO principles** • Embed ICAO principles (transparency, cost-relatedness) and robust user consultation; • Permit incentive schemes with equal eligibility and clear criteria; • Clarify that non-discrimination does not mean 'equal treatment' in the sense of an airline or service provider having the same facilities or level of service and resultant pricing; • Link incentives to new routes, frequencies, changes in aircraft gauge, and season extensions.
		2.2 Automatic indexation of aeronautical charges	**Tariff uncertainty** Frequent tariff negotiations create friction and uncertainty	**Automate CPI indexation** • Index charges automatically to CPI (or similar), with normal periods of airline consultation; • Provide a separate mechanism to recover material under-recovery of aeronautical costs;

Thematic area		Subcategory	Risk issue	Good practice recommendations
2	**Charging principles**	2.2 Automatic indexation of aeronautical charges (continued)		• Do not delay indexation pending any under-recovery review; • Sustain debt service and reinvestment while reducing regulatory workload.
3	**Airline market structure**	3.1 Dominance and dependence	**Airline dependency** Over-reliance on a dominant airline or LCC strategy shifts	**Diversification safeguards** • Stress-test business plans against loss of a major carrier; • Include diversification incentives in concession framework; • Ensure fair and non-discriminatory treatment of all airlines in line with ICAO principles, while permitting transparent, objective incentive schemes (e.g., route development) open to all carriers.

Regulatory risk

Thematic areas and risk categories overview



Implementation and delivery risk

Implementation and delivery risk addresses procurement, contracting, live-airport construction, quality assurance, and readiness for operations. It recommends using recognized contract forms such as Fédération Internationale des Ingénieurs-Conseils (FIDIC), preferring single Engineering Procurement and Construction (EPC) delivery to reduce disputes, integrating live-operations planning into contracts, and appointing independent quality oversight. It also emphasizes robust testing, commissioning protocols, and early ORAT planning to ensure smooth, safe, and coordinated openings.

Thematic area		Risk category	Risk issue	Good practice recommendations
1	**Procurement and contracting**	1.1 Construction procurement strategy	**Procurement strategy** Various design–build contracting options affect claims risk and interface disputes; too many interfaces heighten uncertainty.	**Prefer single EPC** • Consolidate under a single EPC with fixed price and timeframe where feasible; • Minimize the number of contract interfaces outside the EPC to reduce disputes and improve price certainty; • If design is procured separately (e.g., iconic/reference designs), explicitly manage interfaces and risk allocation.

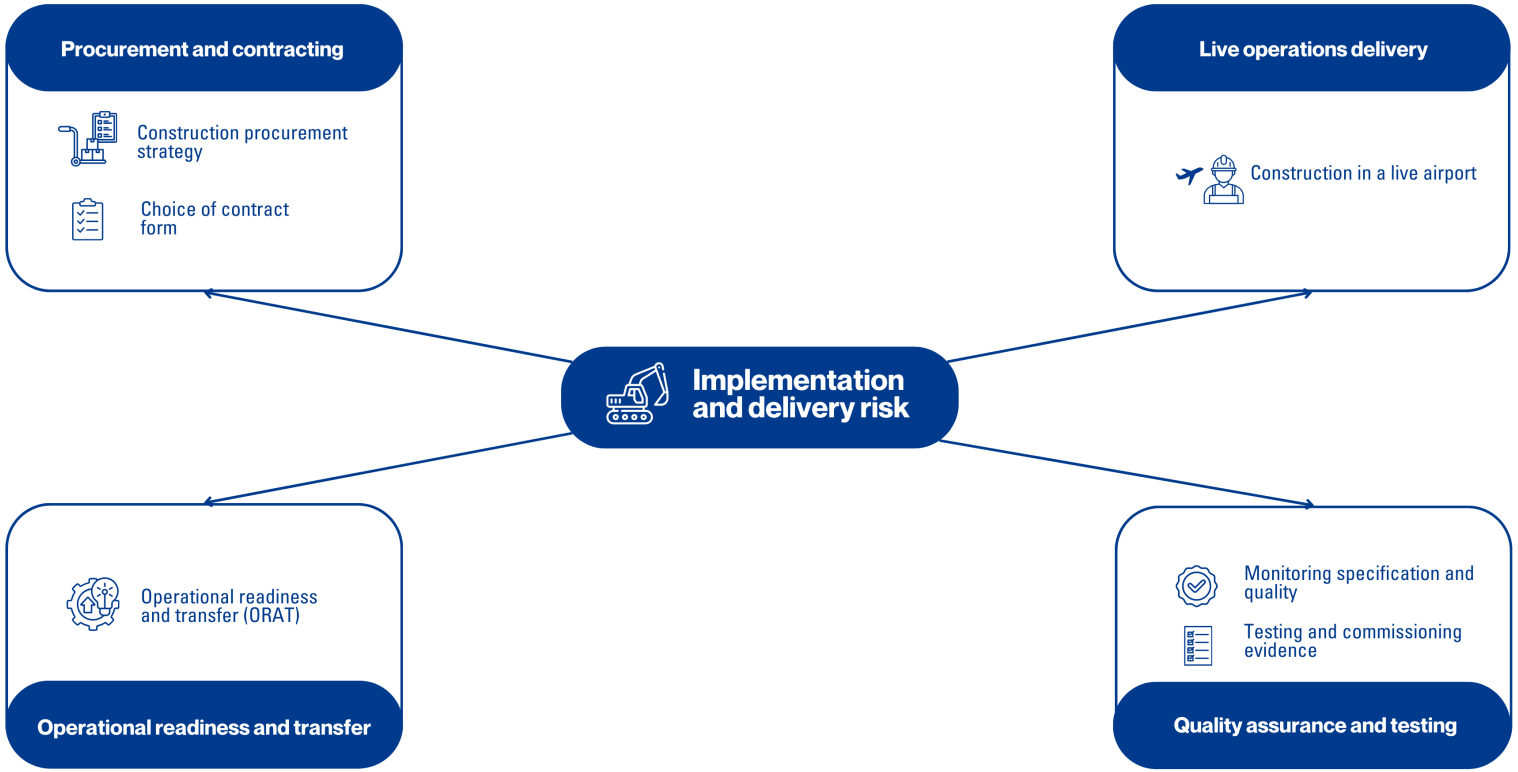
Thematic area		Risk category	Risk issue	Good practice recommendations
1	**Procurement and contracting**	1.2 Choice of contract form	**Contract form** Using bespoke or unfamiliar contract forms increases risk and weakens bankability versus internationally recognized standards.	**Adopt FIDIC baseline** • Require internationally recognized forms (e.g., FIDIC); avoid bespoke contracts, especially where a contractor is related to a shareholder; • Engage experienced international technical advisers to shape construction requirements in tender documents; • Have the grantor's technical adviser review the proposed EPC, particularly where in-house or bespoke forms are proposed; • Use FIDIC as a baseline to assess alternative forms for suitability and risk allocation.
2	**Live operations delivery**	2.1 Construction in a live airport	**Live operations** Working within live operations creates additional time, cost, safety, and disruption risks beyond standard contracts.	**Plan for live operating environment** • Flow live-environment requirements into EPC and major systems contracts; • Require bidders to explain live-airport delivery approach and evidence of prior success without material incident;

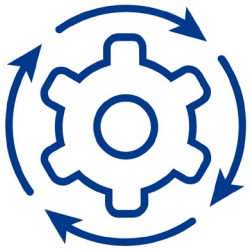
Thematic area		Risk category	Risk issue	Good practice recommendations
2	**Live operations delivery (continued)**	2.1 Construction in a live airport (continued)		• Include provisions for access, safety, phasing, and operational protection in contract terms.
3	**Quality assurance and testing**	3.1 Monitoring specification and quality	**Quality assurance** Periodic oversight by lenders or grantor staff may miss critical quality tests during fast-paced works.	**Appoint resident engineer** • Appoint an independent resident engineer for major works to monitor quality/specification adherence and witness critical tests; • Use resident engineer records to inform lenders' technical advisor monitoring (typically periodic); • Consider a joint appointment agreed by government, lenders, and concessionaire; treat the cost as a project cost.
		3.2 Testing and commissioning evidence	**Testing evidence** Regulatory sign-off may be insufficient without clear reliance evidence for lenders/insurers/courts after incidents.	**Define T&C evidence** • Define test/commissioning requirements, acceptance criteria, and evidence: as-built drawings, BIM models, test certificates, O&M manuals;

Thematic area		Risk category	Risk issue	Good practice recommendations
3	**Quality assurance and testing (continued)**	3.2 Testing and commissioning evidence (continued)		• Specify reliance documentation and roles to bridge regulator acceptance and lender/insurer expectations; • Assign the resident engineer a central role in monitoring, testing and evidential sign-off; LTA provides an additional check.
4	**Operational readiness and transfer**	4.1 Operational readiness and transfer (ORAT)	**ORAT readiness** Late or weak ORAT planning undermines integration of airlines, state entities, and third-party providers before opening.	**Require ORAT plan** • Require a detailed ORAT plan, timelines, and early integration processes (e.g. airlines, State entities, third parties, integrated systems, life-safety testing); • Stand up the ORAT function early during design/construction to influence decisions; scale effort to project size; • Coordinate operational trials and stakeholder readiness to ensure a safe, efficient opening.

Implementation and delivery risk

Thematic areas and risk categories overview





Performance and operational risk (post-delivery)

Performance and operational risk after delivery focuses on maintaining service quality, operational integration, and stakeholder collaboration. It calls for actionable and regularly reviewed KPIs, participation in independent Quality of Service (QoS) and ESG programs, integrated airport operations centers, and adoption of collaborative decision-making (ACDM). These measures aim to drive continuous improvement, optimize efficiency, and uphold high passenger experience standards.

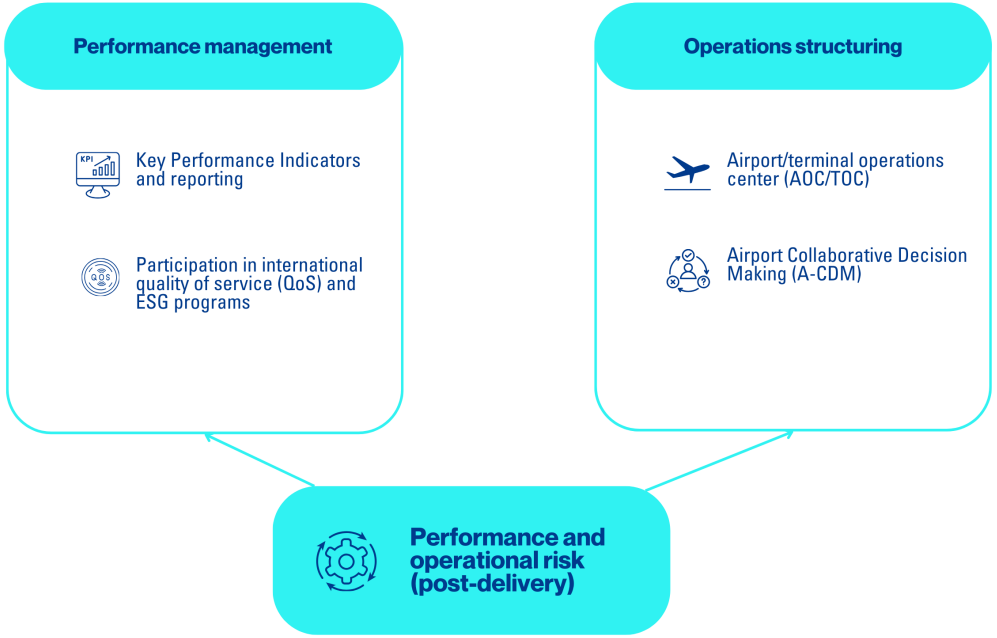
Thematic area		Risk category	Risk issue	Good practice recommendations
1	**Performance management**	1.1 Key Performance Indicators and reporting	**KPI utility** KPIs risk becoming static, compliance only obligations that don't drive action, and reporting can drift into intrusive, low value demands.	**Actionable KPIs** • Define KPIs that evidence concession obligations and core passenger and airline experience drivers; • Apply a "usefulness test" at least every three years and at major change points; amend KPIs accordingly;

Thematic area		Risk category	Risk issue	Good practice recommendations
1	**Performance management (continued)**	1.1 Key Performance Indicators and reporting (continued)		• Treat KPIs as management tools (not just legal obligations) for both concessionaire and regulator; • Participate in independent quality programs (e.g., ACI Airport Service Quality – ASQ) to complement contractual KPIs; • Specify reporting scope and format in concession schedules ensuring requirements are clear, streamlined, and supportive of efficient management rather than intrusive oversight.
		1.2 Participation in international quality of service (QoS) and ESG programs	**Benchmarking deficit** Lack of independent benchmarking reduces accountability and reputation.	**Adopt QoS and ESG** • Require participation in recognized programs (e.g., ACI ASQ, Airport Carbon Accreditation); • Flow-down obligations to State entities and third-party providers; • Commit to data provision and auditability of QoS/ESG metrics; • Use results to inform continuous improvement and public reporting.

Thematic area		Risk category	Risk issue	Good practice recommendations
2	**Operations structuring**	2.1 Airport/terminal operations center (AOC/TOC)	**Siloed operations** Partial or siloed operations centers reduce integration, slow incident response, and weaken day to day coordination.	**Integrated AOC** • Require participation of all passenger facing functions in a single AOC/TOC (airport police, security, maintenance, access/parking, rail/metro); • Co-locate representatives and duplicate key management systems/data feeds for real time sharing and decisions; • Mandate state/control authorities' participation through concession and regulatory requirements; • Include explicit obligations for operational data sharing in all relevant contracts and agreements.
		2.2 Airport Collaborative Decision Making (A-CDM)	**Coordination gaps** Absent or weak collaborative processes hinder demand/capacity balancing and efficiency during normal and constrained operations.	**Mandate A-CDM** • Adopt A-CDM to improve turnaround and stand allocation; involve airlines, ground handlers, and ATC;

Thematic area		Risk category	Risk issue	Good practice recommendations
2	**Operations structuring (continued)**	2.2 Airport Collaborative Decision Making (A-CDM) (continued)		• Scale practice to airport size and capacity constraints; essential during major developments; • Embed participation requirements in the concession agreement, sub agreements, leases, and conditions of use; • Require operational data sharing across stakeholders; align with good practices and guidance under ICAO/IATA/ACI and other major government aviation bodies (e.g. FAA).

Performance and operational risk (post-delivery): Thematic areas and risk categories overview

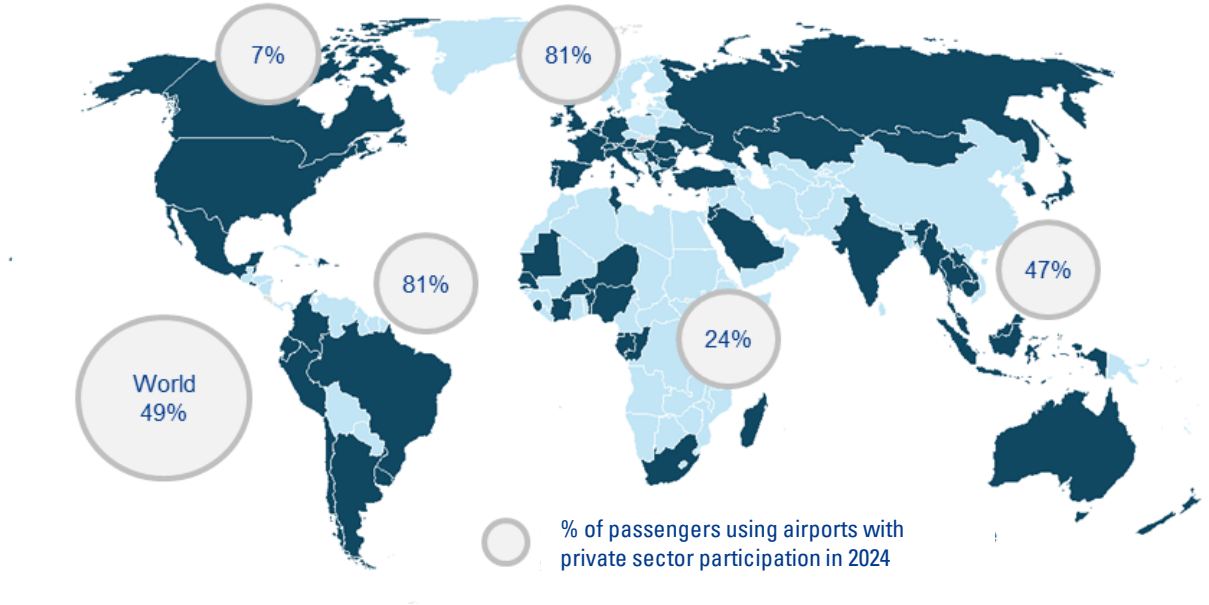


Regional annexes: airport concessioning

These annexes provide details of the distribution and use of private sector participation in the financing, management and operation of airports around the world as a snapshot at the end of 2024. It highlights the range of uses of private sector participation and the types of transaction undertaken. Also provided are case studies relating to Canadian airports commercialization, Mexican airport regulation, Brazil airport concessions process, and Australia/New Zealand airport privatization and light touch regulation approach. Based on the information provided by Modalis airportIR.

Image credit: Shutterstock

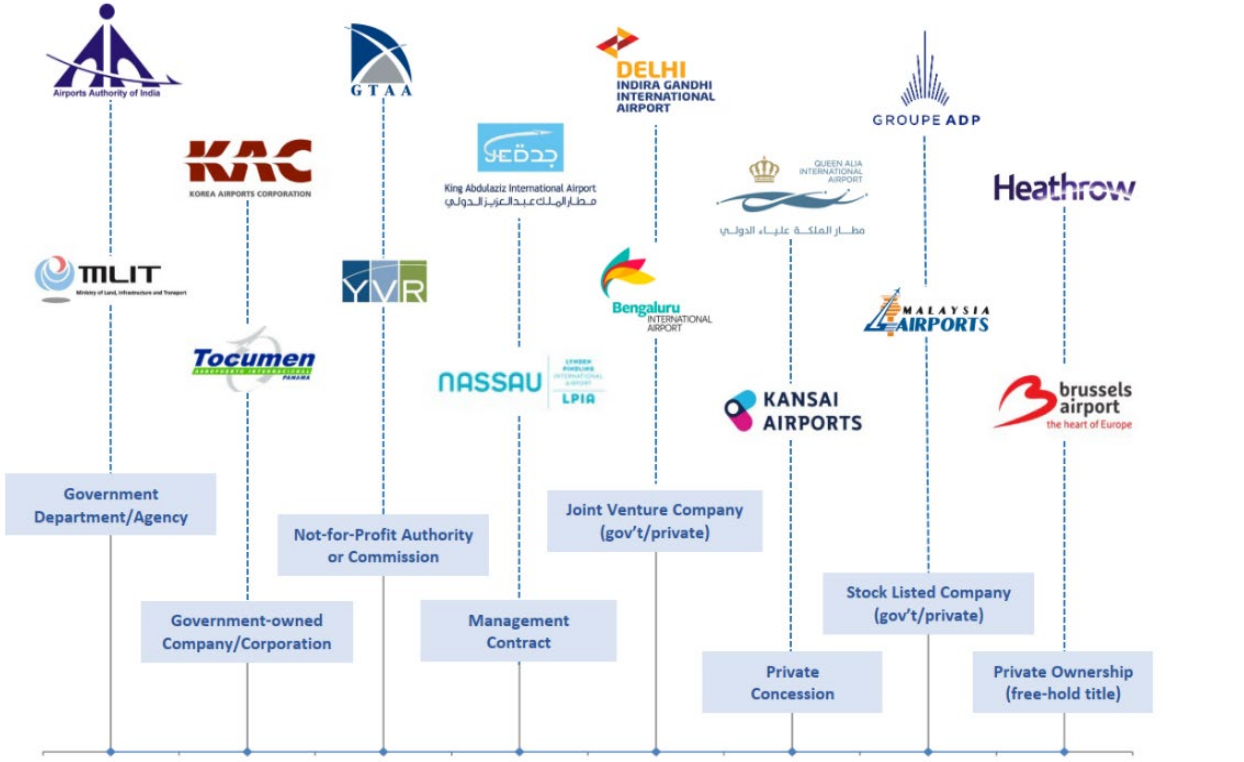
Global context
Forms of private sector participation



Globally, private sector participation in the financing, management and operation of airports can take many forms, as illustrated in the diagram on the next page.

The first level is moving from direct management of airports by a government department or agency towards corporatization in a state-owned company. Another model is the management of airports by not-for-profit airport authorities as adopted for the major Canadian airports (discussed in the North America Regional Annex).

Airport governance and development model continuum



Source: Modalis / airportIR

Airports may remain under state ownership, with government agencies retaining responsibility for development and financing, while drawing on private sector expertise through a management contract.

The most common form of private sector participation is the concession or public–private partnership (PPP) model. Under this structure, the government grants the private sector the right to manage and develop the airport for a fixed period, after which ownership reverts to the state.

Another approach is partial privatization, where airports are listed as stock companies with mixed government and private shareholdings. Finally, some airports undergo full privatization, with freehold title transferred either through public listing or direct ownership by private investors.


Image credit: Shutterstock

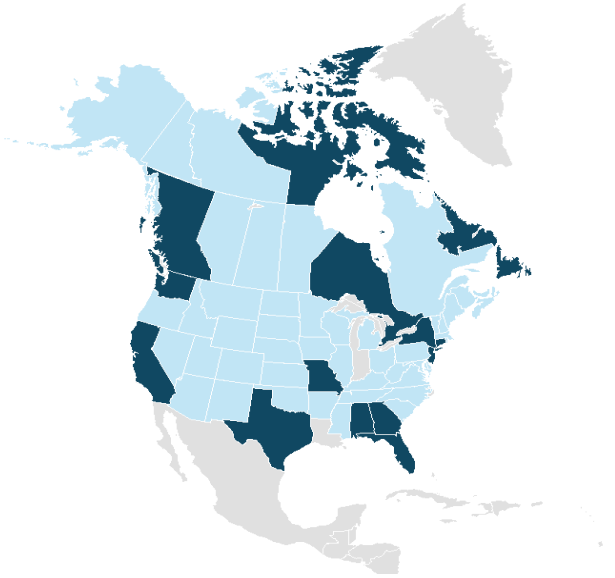
Region overview
North America

The United States and Canada both maintain predominantly public ownership of airports, but they differ significantly in how private sector involvement is structured and implemented. These differences stem from distinct policy frameworks and historical approaches to infrastructure governance.

In the United States, commercial airports are almost entirely publicly owned, typically by city, county, or state authorities. The Federal Aviation Administration (FAA) provides regulatory oversight and funding through programs like the Airport Improvement Program (AIP). While full privatization is rare, the U.S. has increasingly embraced public-private partnerships (PPPs) to modernize airport infrastructure. These PPPs allow private entities to finance, build, and operate specific airport components—most notably terminals—under long-term agreements.

A key example is the redevelopment of Terminal B at LaGuardia Airport in New York, a USD5.1 billion PPP led by LaGuardia Gateway Partners, and a USD4.2 billion PPP project for the new Terminal 6 at JFK. Similarly, Los Angeles International Airport (LAX) has engaged private firms in constructing its Automated People Mover and Consolidated Rent-A-Car Center.

Current private sector participation



The FAA's Airport Investment Partnership Program (AIPP) also permits full or partial privatization, though uptake has been limited. The most notable case is Luis Muñoz Marín International Airport in San Juan, Puerto Rico, which was leased to Aerostar Airport Holdings in 2013.

Canada's model is fundamentally different. Under the National Airports Policy introduced in 1994, the Federal Government retained ownership of major airport lands and infrastructure but transferred operational control to not-for-profit airport authorities.

These authorities operate under long-term leases and are responsible for managing and developing airport facilities. Examples include Toronto Pearson, Vancouver International, and Calgary International airports.

While Canada has not pursued full privatization, private sector involvement is present in retail, services, and infrastructure projects. A unique case is Billy Bishop Toronto City Airport, where the passenger terminal is privately owned and operated by Nieuport Aviation, although the airport itself remains publicly owned by PortsToronto.

In summary, the U.S. favours project-based privatization through PPPs, while Canada has institutionalized a system-wide commercialization model.

Both approaches aim to balance public oversight with private sector efficiency, but they reflect different philosophies in infrastructure governance. The U.S. model offers flexibility and innovation, while Canada's ensures reinvestment and public accountability through its not-for-profit structure.

Case study Canadian airports commercialization

Early governance and the push for reform

Until the 1980s, Canadian airports were owned and operated by the federal government through Transport Canada. However, growing air traffic, infrastructure demands, and fiscal constraints led policymakers to explore alternative governance models. Inspired by global trends in utility privatization, Canada began to consider more business-like approaches to airport management.[15]

Not-for-profit commercialization model

The National Airports Policy (NAP) was introduced in 1994. Rather than outright privatization, the policy transferred the operation of major airports to not-for-profit airport authorities under long-term leases. Ownership remained with the federal government, but local authorities gained control over operations, planning, and revenue generation.

This model was designed to:

- Improve responsiveness to local needs;
- Encourage financial self-sufficiency;
- Enable reinvestment of profits into airport infrastructure;
- Private sector involvement;
- Create a dividend for the Canadian Federal Government through land lease rental.

[15] Chong, J. (2017, May 4). *Airport governance reform in Canada and abroad* (Publication No. 2017-17-E). Library of Parliament, Parliamentary Information and Research Service. https://lop.parl.ca/sites/PublicWebsite/default/en_CA/ResearchPublications/201717E

Although airports remained publicly owned, the NAP model opened the door to private sector participation in several key areas:

- Construction and infrastructure development through public-private partnerships (PPPs);
- Retail and concessions within terminals;
- Ground handling and maintenance services;
- IT and security systems management.

This hybrid model allowed Canadian airports to benefit from private sector innovation and efficiency without relinquishing public control.

Lease terms with the Federal Government

- The Federal Government owns the land and leases it to airport authorities under long-term ground leases;
- These leases typically span 60 years, with options for renewal;
- Authorities are responsible for operating, maintaining, and developing the airports per lease terms.

Fees paid to the Government:

- Airport authorities pay ground rent to the federal government;
- Rent is calculated based on gross revenues, with a tiered formula starting at 1% for revenues over USD5 million and increasing progressively to 12% for revenues over USD250 million;
- These payments are a significant cost and have been criticized for contributing to high airport fees.[16]

[16] Transport Canada. (2025, March 7). *Policy statement on investment at National Airports System airports operated by airport authorities* [Backgrounder]. Government of Canada. https://www.canada.ca/en/transport-canada/news/2025/03/policy-statement-on-investment-at-national-airports-system-airports-operated-by-airport-authorities.html

Airport improvement fees (AIFs):

- Authorities also charge airport improvement fees to passengers;
- Typically, USD25–USD38 per departing passenger;
- Used to fund infrastructure upgrades and capital projects.

Canadian airport authorities

There are 21 Canadian airport authorities and the airports they operate under the National Airports System (NAS):

Airport authority	Airports operated	Province/territory
Greater Toronto Airports Authority	Toronto Pearson International (YYZ)	Ontario
Vancouver Airport Authority	Vancouver International (YVR)	British Columbia
Calgary Airport Authority	Calgary International (YYC)	Alberta

Airport authority	Airports operated	Province/territory
Edmonton Regional Airports Authority	Edmonton International (YEG)	Alberta
Winnipeg Airports Authority	Winnipeg James Armstrong Richardson International (YWG)	Manitoba
Ottawa Macdonald–Cartier International Airport Authority	Ottawa International (YOW)	Ontario
Halifax International Airport Authority	Halifax Stanfield International (YHZ)	Nova Scotia
St. John's International Airport Authority	St. John's International (YYT)	Newfoundland and Labrador
Gander International Airport Authority	Gander International (YQX)	Newfoundland and Labrador
Victoria Airport Authority	Victoria International (YYJ)	British Columbia
Prince George Airport Authority	Prince George Airport (YXS)	British Columbia
Thunder Bay International Airports Authority	Thunder Bay International (YQT)	Ontario
Greater Moncton International Airport Authority	Greater Moncton Roméo LeBlanc International (YQM)	New Brunswick
Fredericton International Airport Authority	Fredericton International (YFC)	New Brunswick
Saint John Airport Inc.	Saint John Airport (YSJ)	New Brunswick
Greater London International Airport Authority	London International (YXU)	Ontario
Québec City Jean Lesage International Airport Authority	Québec City Jean Lesage International (YQB)	Quebec
Saskatoon Airport Authority	Saskatoon John G. Diefenbaker International (YXE)	Saskatchewan
Regina Airport Authority	Regina International (YQR)	Saskatchewan

Airport authority	Airports operated	Province/territory
Charlottetown Airport Authority	Charlottetown Airport (YYG)	Prince Edward Island
Iqaluit Airport (Nunavut Airport Services Ltd.)	Iqaluit Airport (YFB)	Nunavut

Comparison with peer countries

The Canadian not-for-profit commercialization model avoids the sale of airport assets to private investors, and contrasts with privatization models adopted in peer countries like the UK or Australia.[17] The table below summarizes the characteristics of the airport management models adopted in these three countries:

Feature	Canada	Australia	UK
Ownership	Public	Public (land), private (ops)	Private
Operator Type	Not-for-profit authorities	Private consortia	For-profit companies
Privatization Type	Commercialization	Long-term lease privatization	Full privatization
Private Sector Role	Services and infrastructure only	Full operation under lease	Full ownership and operation
Revenue Use	Reinvested in airports	Profits to private operators	Profits to shareholders
Key Airports	Toronto Pearson, Vancouver	Sydney, Melbourne, Brisbane	Heathrow, Gatwick, London City

[17] Chong, J. (2017, May 4). *Airport governance reform in Canada and abroad* (Background Paper No. 2017-17-E). Library of Parliament, Parliamentary Information and Research Service. https://lop.parl.ca/sites/PublicWebsite/default/en_CA/ResearchPublications/201717E

Regional breakdown North America

Breakdown of the airports with private sector participation:

USA, Austin South Terminal, TX, Oaktree, concession;
Canada, Boundary Bay, BC, Alpha Aviation, long-term lease;
Chilliwack, BC, Magnum Management, O&M;
Cranbrook, BC, Elevate Airports, O&M;
Ft. St. John, BC, Vantage, O&M;
USA, Gulf Shores Passenger Terminal, AL, VINCI/TBI, O&M;
Canada, Hamilton, ON, Vantage, PPP;
Iqaluit, NU, Bouygues, Winnipeg Airport Services, PFI;
Kamloops, BC, Vantage, O&M;
Moncton, NB, Vantage, O&M;
USA, New York, JFK, Terminal 1, NY, Ferrovial, PPP;
New York, JFK, Terminal 4, NY, Schiphol, PPP;
New York, JFK, Terminal 6, NY, Vantage/JetBlue/RXR, PPP;
New York, LGA, Terminal B, NY (Vantage/Meridiam, PPP;
Newark Liberty, Terminal A, NJ (Munich, O&M;
Paine Field Terminal, WA, Propeller/GIP/WSPF, private;
USA, regional Airports (x5), VINCI - AWW/TBI, SFB-PPP and four O&Ms;
Regional (x12), Avports SWF w/ ADP Americas, O&M, HVN PPP;
Canada, Stephenville, NL, Dymond Group, private sale;
Toronto City, Billy Bishop Terminal, JP Morgan, Nieuport, PPP;
Vancouver Harbour, BC, Vancouver Harbour Flt. Ctr, private;
Victoria Harbour, BC, Harbour Air Seaplane Terminal, private.

Additional private sector participation:

USA, Los Angeles International Airport (LAX) – specific private sector infrastructure development
USA, Luis Muñoz Marín International Airport in San Juan, Puerto Rico, leased in 2013

Region overview
Latin America and the Caribbean

Latin America and the Caribbean has been a global leader in airport privatization and concession models since the 1990s. Driven by the need for infrastructure investment, improved efficiency, and fiscal constraints, many countries in the region have adopted public-private partnerships (PPPs) and concession agreements to modernize their airport systems. These models typically involve long-term contracts where private operators manage airports, invest in infrastructure, and share revenues with governments.[18]

Countries in region have very high levels of private sector participation in the financing, management and operation of airports. In 2024, 56% of the airports in 17 countries, handling 81% of the passenger traffic had private sector participation. This is the highest level of private sector involvement in airports in the world.

Current private sector participation

[18] Valdes, V., & Ülkü, T. (2023). Private participation and economic regulation of airports in Latin America. In P. Forsyth, J. Müller, H.-M. Niemeier, & E. Pels (Eds.), *Economic regulation of urban and regional airports: Incentives, efficiency and benchmarking* (pp. 423–441). *Advances in Spatial Science*. Springer International Publishing. https://doi.org/10.1007/978-3-031-20341-1_18

Mexico

Mexico pioneered airport privatization in Latin America. In 1998, the government divided its airports into regional groups and awarded long-term concessions to private consortia. The three main groups – Grupo Aeroportuario del Pacífico (GAP), Grupo Aeroportuario del Sureste (ASUR), and Grupo Aeroportuario del Centro Norte (OMA) – operate most of the country's commercial airports.

These concessions have led to significant private investment in terminals, runways, and passenger services. Mexico's model is often cited for its transparency and effectiveness. A case study of Mexican airport regulation is provided in this annex.

Central America

Privatization in Central America has been more selective. Costa Rica concessioned San Jose airport in 2001 followed by Liberia-Guanacaste in 2008. Honduras has experimented with concessions, particularly for their main international airports. In Honduras, the Palmerola International Airport was developed under a PPP model, replacing the older Toncontín Airport in Tegucigalpa.

Challenges in the region include political instability, regulatory capacity, and limited market size, which can deter private investment. However, successful projects have demonstrated the potential for PPPs to provide improved infrastructure and service quality.

Caribbean

The Caribbean has embraced airport concessions primarily to boost tourism infrastructure. Jamaica, Dominican Republic, and Bahamas have all engaged private operators to manage and upgrade key airports.

For example, the two main airports in Jamaica operate under concession agreements. The Dominican Republic has seen extensive private sector involvement, with all commercial airports operated either under concession agreements or as freehold private assets, serving as a model of efficiency and profitability.

Island nations face unique challenges such as vulnerability to climate events and limited economies of scale, but concessions have generally improved airport capacity and passenger experience.

South America

South America has seen widespread adoption of airport concessions, particularly in Argentina, Brazil, Chile, Colombia, Ecuador, Uruguay and Peru.

Brazil launched multiple rounds of airport concessions starting in 2011, transferring major hubs like São Paulo-Guarulhos and Brasília to private operators. These deals have attracted billions in investment and improved service standards.

Chile was an early adopter, with Santiago's Arturo Merino Benítez Airport under private management since the late 1990s.

Colombia, Peru and Ecuador have also used PPPs to modernize key airports, including Bogotá's El Dorado, Lima's Jorge Chávez International Airport, and the development of Quito's new Mariscal Sucre International Airport.

Regional breakdown Latin America – Mexico

Grupo Aeroportuario del Pacífico PPP, 12 airports	Grupo Aeroportuario Centro Norte PPP, 13 airports	Grupo Aeroportuario del Sureste PPP, 9 airports
Aguascalientes - AGU	Acapulco - ACA	Cancun - CUN
Guadalajara - GDL	Ciudad Juárez - CJS	Cozumel - CZM
Hermosillo - HMO	Chihuahua - CUU	Huatulco - HUX
La Paz - LAP	Culiacán - CUL	Merida - MID
Los Cabos (San José del Cabo) - SJD	Durango - DGO	Minatitlán/Coatzacoalcos - MTT
Guanajuato (Bajío) - BJX	Ixtapa-Zihuatanejo- ZIH	Oaxaca - OAX
Mexicali - MXL	Mazatlán - MZT	Tapachula – TAP
Morelia - MLM	Monterrey - MTY	Veracruz – VER
Puerto Vallarta - PVR	Reynosa - REX	Villahermosa- VSA
Tijuana - TIJ	San Luis Potosí - SLP	
	Tampico - TAM	
	Torreón - TRC	
	Zacatecas - ZCL	

Case study Mexico airport regulation

Overview of the Mexico concessioning history

Since the 1960s, Mexican airports were managed by a state-owned entity Aeropuertos y Servicios Auxiliares (ASA), under the supervision of the Secretaría de Comunicaciones y Transportes (SCT). In 1995, the Airports Law (Ley de Aeropuertos) was enacted, enabling private sector participation through concessions.

Concession model

ASA-managed airports were offered to the private sector under a Build-Operate-Transfer (BOT) model with 50-year renewable concessions (covering 35 of the 58 airports).

Airports were grouped into four regional clusters.

Each group was anchored by a major airport (handling over 5 million passengers annually).

- Grupo Aeroportuario del Pacífico (GAP)
- Grupo Aeroportuario del Centro Norte (OMA)
- Aeropuertos del Sureste (ASUR)
- Mexico City International Airport (AICM)

A two-stage privatization was used (for the first three groups as the government decided to retain AICM): first, 15% of shares and operational control were sold to a strategic partner (including a Mexican stakeholder and an experienced airport operator), and later, shares were floated on the stock market.

Concessions are regulated by the Agencia Federal de Aviación Civil (AFAC) and the Secretaría de Infraestructura, Comunicaciones y Transportes (SICT). Concessionaires must:

- Submit Master Development Programs (MDPs) outlining planned investments;
- Maintain service quality and infrastructure standards;
- Historically set at a 5% concession fee on gross revenues, it was proposed to increase this to 9%.

The airports' economic regulation takes the form of a price cap system, reviewed every five years, operating a dual-till model:

- Aeronautical revenues (e.g., landing fees, passenger charges, security fees) are regulated;
- Non-aeronautical revenues (e.g., retail, parking, advertising) are not regulated and can be freely set by the airport operator.

This separation encourages airports to develop commercial activities without regulatory constraints, while still safeguarding user interests in essential services

A price cap is set on the total aeronautical revenue per passenger. Airports can set individual tariffs (e.g., landing fees or terminal passenger charges) as long as the average revenue per passenger stays within the cap.

These caps are reviewed every 5 years and adjusted for inflation and other factors like traffic forecasts and investment commitments.

Flexibility and transparency

The price cap system with regular (5-yearly) reviews has proven to be a fair and flexible approach to airport economic regulation. It provides airports with commercial freedom to develop non-aeronautical revenues and provide enhanced services for their airlines, passengers and other customers.

It also allows airports to change the structure of aeronautical charges within the overall cap, for example to incentivize efficient use of infrastructure or capacity, or to improve environmental performance such as encouraging use of quieter aircraft.

Comparison with UK airport regulation

The Mexican model with quinquennial reviews is similar to the UK's scheme of airport regulation introduced by the Civil Aviation Authority (CAA) with the privatization of the British Airport's Authority in 1987 (the airports group that owned of Heathrow, Gatwick and Stansted airports at the time).

The key difference between the Mexican and UK models is that UK airport regulation uses a single-till model whereby both aeronautical and non-aeronautical revenues are considered together when setting price caps for airport services. Combined revenues are pooled into a single "till", and profits from non-aeronautical activities are used to subsidize aeronautical charges, potentially lowering costs for airlines and passengers. A comparison between single and dual-till models is provide in the table below.

On balance, a dual-till model provides transparency and incentives for the airport operator to invest in commercial activities and services to customers without the effect of cross-subsidization.

Feature	Single till model	Dual till model
Revenue base	Combines aeronautical and non-aeronautical revenues	Separates aeronautical and non-aeronautical revenues
Regulated charges	Based on total airport revenues	Based only on aeronautical revenues
Cross-subsidization	Yes – commercial profits can subsidise aeronautical charges	No – each revenue stream is treated independently
Incentive for commercial growth	Lower – profits may reduce regulated charges	Higher – commercial profits are retained by the operator
Transparency	Lower – harder to track aeronautical costs	Higher – clearer separation of regulated and unregulated
Impact on users	May result in lower charges for airlines and passengers	Charges may be higher, but reflect actual aeronautical costs
Common in	Heathrow, (UK); Dublin (Ireland); Amsterdam Schiphol (Netherlands); Arlanda (Sweden), some Asian airports	Mexico, Australia, parts of Europe

Privatization in Central America has been more selective. El Salvador and Honduras have experimented with concessions, particularly for their main international airports. In Honduras, the Palmerola International Airport was developed under a PPP model, replacing the older Toncontin Airport in Tegucigalpa. San José's Juan Santamaría International Airport (SJO) stands as a success story of private sector involvement, where concessioning has driven major investments, improved efficiency, and elevated the passenger experience.

Regional breakdown Caribbean and Central America

Dominican Republic, Aerodom Airports (x6), VINCI, concession;
Bahamas, Bimini, Avports/Plenary/Phoenix, concession;
Curaçao, Hato, Zurich/CCR, concession;
Jamaica, Kingston, GAP, concession;
Bermuda, L.F. Wade, Aecon, concession;
Dominican Republic, La Romano, Central Romana Corp., freehold;
Costa Rica, Liberia-Guanacaste, VINCI, concession;
Jamaica, Montego Bay, GAP/Vantage, concession;
St. Vincent & the Grenadines, Mustique, Mustique Company concession;

Bahamas, Nassau, Vantage, O&M;
Belize, Philip Goldson, BACCL, concession;
Dominican Republic, Punta Cana, Grupo Puntacana, freehold
Costa Rica, San Jose, Costa Rica CCR, concession
Puerto Rico, San Juan ASUR/PSP, concession
El Salvador, San Salvador, San Óscar Arnulfo Romero y Galdámez Cargo Terminal (Munich), concession
Dominican Republic, Santiago, El Cibao (Private Investors), freehold

Regional breakdown South America*

*** Brazil separate**

Argentina, hub and regional airports (x35): Corporación América, concession;
Brazil*, airports (x59) in 7 concession rounds, various operators, concession;
Colombia, Bogotá, Odinsa/Zurich/Macquarie, concession;
Colombia, Airplan, regional airports (x6), ASUR, concession;
Colombia, Aeropuertos de Oriente, regional airports (x6), infrastructure funds, concession;
Colombia, Cartagena, OINAC Termotecnica, concession;
Chile, Santiago, Nuevo Pudahuel, VINCI, ADP, Astaldi, concession;
Chile, Antofagasta, Sociedad Concesionaria Aeropuerto Antofagasta, concession;
Chile, Arica, Sociedad Concesionaria Aeropuerto de Arica (Sacyr, Agunsa), concession;
Chile, Iquique, Aeropuertos Norte (Zürich Airport, Gestión e Ingeniería), concession;
Chile, Calama, Sociedad Concesionaria Aeropuerto Calama, concession;
Chile, La Serena, Sociedad Concesionaria Aeropuerto La Serena, concession;
Chile, Copiapó, Sociedad Concesionaria Aeropuerto Atacama, concession;
Chile, Concepción, Sociedad Concesionaria Aerosur, concession;
Chile, Temuco, Sociedad Concesionaria Aeropuerto Araucanía, concession;
Chile, Puerto Montt, Sociedad Concesionaria Aeropuerto Puerto Montt, concession;
Chile, Balmaceda, Aeropuertos Australes S.A., concession;
Chile, Punta Arenas, Aeropuertos Australes S.A., concession;
Chile, Puerto Natales, Aeropuertos Australes S.A., concession;
Ecuador, Guayaquil, Corporación América, concession;
Ecuador, Galapagos Airport, ECOGAL owned by Corporación América, concession;
Ecuador, Quito Mariscal, Motiva Aeroportos/Odinsa/HAS/Macquarie, concession;
French Guiana, Cayenne, EGIS and CDC, concession;
Guyana, Ogle Airport, Ogle Airport Inc., concession;
Suriname, EAG Airport, is a privately built and owned airport (freehold) owned by GUM Air NV;
Peru, Lima, Fraport, IFC, concession;
Peru, regional airports (x12), Aeropuertos del Peru, concession;
Peru, regional airports (x5), Aeropuertos Andinos del Peru), concession;
Uruguay, regional airports (x7), Aeropuerto Uruguay owned by Corporacion America, concession.

Case Study Brazil airport concessions

Overview of the Brazil concessioning history

Between 2011 and 2022, Brazil conducted seven rounds of airport concessions, transforming its aviation infrastructure and attracting significant private investment. Below is a summary of how the process unfolded and evolved:

Rounds 1–4 (2011–2017): focus on major airports

- Privatizations were mostly single-airport concessions;
- Included major international hubs like São Paulo's Guarulhos (GRU) and Rio de Janeiro's Galeão (GIG);
- These early rounds aimed to quickly expand infrastructure and improve passenger service in preparation for the FIFA 2014 World Cup and the 2016 Rio Olympic Games.

Round 5 onward: grouping strategy

The government began bundling airports into clusters, mixing profitable and less profitable ones. This strategy ensured regional airports received investment by pairing them with high-traffic hubs.

Round 7 (2022): maturity and peak

- Marked by the largest and most competitive auction, including an 11-airport cluster led by São Paulo's Congonhas (CGH), Brazil's second-busiest airport;
- Demonstrated the success of the clustering model and the growing confidence of international investors.[19]

[19] airportIR. (2025, May). *Brazil's airport privatizations: Evolution and achievements*. *airportIR*. https://airportir.com/investor-spotlight/the-evolution-and-achievements-of-brazils-airport-privatizations

Challenges and evolution of the process

Brazil's airport concessioning process between 2011 and 2022 was largely successful, but it faced several challenges that shaped its evolution. These challenges can be grouped into economic, regulatory, operational, and strategic categories as detailed below:

Economic and financial challenges

Overestimated traffic forecasts

Early concession rounds were based on overly optimistic passenger traffic projections, leading all operators to financial strains, including the devolution of one contract and the need to renegotiate other contracts.

Economic instability

Brazil experienced recessions and currency volatility, which affected investor confidence and the financial viability of some concessions.

COVID-19

The aviation sector was hit hard, causing sharp declines in passenger numbers and forcing the government to financially rebalance the contracts.

Regulatory and legal hurdles

Complex bureaucracy

Navigating Brazil's regulatory environment was difficult for foreign investors, especially in the early rounds.

Contract renegotiations

All airports from the first three rounds required renegotiation due to underperformance or unmet expectations, such as Campinas Viracopos Airport.

Operational and infrastructure issues

Infrastructure

Many airports required significant upgrades, which increased upfront investment costs.

Transition from Infraero

The handover from the state operator Infraero to private concessionaires was not always smooth, especially in terms of operational continuity.

Strategic and market challenges

Balancing profitability and public service

Ensuring that regional and less profitable airports received investment was a major concern. The government addressed this by bundling airports in later rounds.

Attracting diverse bidders

Initially, foreign participation in bidding raised concerns about local participation. Later rounds saw Brazilian companies entering the market in rounds 2-3.

How Brazil addressed these challenges

Key improvements over time

Auction model refinement

Brazil adopted a progressively more sophisticated bidding process, including upfront payments and investment commitments and yearly royalties based on a variable gross revenue scale, easing financial pressure during the initial CAPEX intensive years.

More realistic bidding assumptions
The auction model was also adapted to include more realistic traffic and revenue assumptions to increase the probability that the concession would be financially successful.

Cluster bidding
to balance profitable and unprofitable airports was used from Round 5 onwards.

Attraction of world class investors
By 2022, global operators like AENA, VINCI, Fraport, Zurich as well as Brazilian logistics operator Motiva had become deeply involved, often forming local subsidiaries.

Regulatory oversight
ANAC (Brazil's civil aviation agency) ensured transparency and compliance.

Re-concessions and flexibility
One underperforming airport was re-bid with improved terms, showing adaptability in the model, and there were some contract renegotiations and extensions to encourage reinvestment.[20]

[20] CAPA – Centre for Aviation. (2024, November 3). *All change in Brazil: Investment, new and re-bid concessions and a further 50 airports to be offered* [Analysis report]. https://centreforaviation.com/analysis/reports/all-change-in-brazil-investment-new-and-re-bid-concessions-and-a-further-50-airports-to-be-offered-700372

Impact and legacy

The impact and legacy of the multi-round airport concession process has been:

Financial gains

The government raised billions in concession fees and reduced public spending on airport operations.

Infrastructure modernization

Airports saw upgraded terminals, better services, and increased commercial revenue.

Regional development

The bundling strategy helped sustain smaller airports, crucial for regional connectivity and economic inclusion.

Regional breakdown South America (Brazil)

Round 1 (2011)
Corporación América – Natal.

Round 2 (2012)
Corporación América – Brasilia;
ACSA – Guarulhos;
Egis – Viracopos.

Round 3 (2013)
Zurich, CCR – Belo Horizonte, Confins;
Changi – Rio de Janeiro, Galeão.

Round 4 (2017)
Zurich – Florianopolis;
Fraport – Porto Allegre, Forteleza;
VINCI – Salvador.

Round 5 (2019)
AENA – Florianopolis, Recife, Maceió, João Pessoa, Aracaju, Juazeiro do Norte, Campina Grande Socicam-Cuiabá, Sinop, Rondonópolis, Alta Floresta;
Zurich – Vitória, Macaé.

Round 6 (2021)
VINCI –Manaus, Tabatinga, Tefé, Rio Branco, Cruzeiro do Sul, Porto Velho, Boa Vista;
CCR – Curitiba, Foz do Iguaçu, Londrina, Bacacheri, Navegantes, Joinville, Pelotas, Uruguaiana, Bagé;
CCR – Goiânia, Palmas, Teresina, Petrolina, São Luís, Imperatriz.

Round 7 (2022)
AENA – São Paulo – Congonhas, Campo Grande, Corumbá, Punta Pará, Santarém, Montes Carlos, Marabá, Carajás, Altamira, Uberlândia, and Uberaba;
Egis – Campo de Marte, Jacarepaguá;
CCR – Belém, Macapá.

(2025)
GRU: Invepar holds 80% of the private capital.
Viracopos: UTC Participações (45%) and Triunfo (45%) of private capital;
Galeão: Vinci Compass hold 70% of the private capital;
CCR is now called Motiva
Campo de Marte and Jacarepaguá are owned by XP Investimentos
Belem and Macapá: Norte da Amazônia Airports (NOA)

Region overview
Europe, Russia, and CIS

There is extensive private sector involvement in airports in Europe, with 42% of airports handling 81% of passengers in 2024. Airport privatization in Europe and the Russia/CIS region has evolved significantly since the 1990s, driven by liberalization, infrastructure needs, and fiscal pressures.

Current private sector participation

While the UK pioneered full privatization, most other countries adopted concession-based models or public-private partnerships (PPPs), balancing public ownership with private sector efficiency.

United Kingdom: airport privatization pioneer

The UK is unique in having fully privatized several major airports. The landmark case was the privatization of the British Airports Authority (BAA) in 1987 as part of a broader program of UK privatizations in the 1980s. BAA, which operated Heathrow, Gatwick, Stansted and other major airports, was floated on the stock market as a publicly listed company. becoming a fully private entity. The BAA airport group was later acquired by Ferrovial and taken private. In 2009, the group was required to sell Gatwick and Stansted airports to foster airport competition within the London market.

Key features of the UK model:

- Full ownership transfer to private investors;
- Market-driven investment and operations;
- Strong economic regulation by the Civil Aviation Authority (CAA) using a single-till model;
- Promotion of airport competition through separate ownership of the London airports.

Western Europe: concessions and mixed ownership

Most Western European countries opted for partial privatization or long-term concessions rather than full divestment. Examples include:

France
Aéroports de Paris (ADP) is publicly listed but majority-owned by the French state. Regional airports are often operated under concessions by private firms like Vinci Airports.

Germany
Airports like Frankfurt and Munich are run by mixed public-private entities, with local governments retaining significant stakes.

Italy, Spain and Portugal Adopted concession models for major airports, with private operators managing infrastructure under long-term agreements.

private capital and expertise. Concessions typically last 20–40 years and include investment obligations and performance targets .

Eastern and Southern Europe

Privatization in Eastern Europe accelerated in the 2000s, often supported by EU accession and infrastructure funding. Key examples include:

Poland
Warsaw Chopin Airport remains state-owned, but regional airports have seen private investment.

Croatia and Serbia
Used concession models for Zagreb and Belgrade airports, attracting major global operators.

Greece
In 2015, a 40-year concession for 14 regional airports was awarded to Fraport, marking one of the largest privatization deals in the region.

These deals have improved airport infrastructure and service quality, though some faced public opposition due to concerns over foreign control.

Russia and CIS countries

In Russia and the CIS, airport privatization has been more limited and often politically sensitive. However, notable developments include:

Russia
Moscow's Sheremetyevo and Domodedovo airports operate under mixed ownership, with significant private investment in terminals and logistics.

Kazakhstan and Uzbekistan
Have begun exploring PPPs for airport modernization, often with support from international financial institutions.

Challenges in the region include regulatory uncertainty and political risk that can impact on investor confidence.

Conclusion: contrasting models

The UK's full privatization model is rare globally.

Most European and Russia/CIS countries prefer concession-based frameworks, which offer a balance of public oversight and private efficiency.

While the UK model provides full market exposure, it also requires robust regulation to prevent monopolistic practices. Concessions allow governments to retain ownership while benefiting from private sector innovation and investment.

Image credit: Shutterstock

Regional breakdown Europe

Romania, Alexeni, Avant, concession;
Turkey, Ankara, Esenboğa, TAV, concession;
Turkey, Antalya, TAV/Fraport, concession;
Greece, Athens, AIA/AviAlliance, concession;
Serbia, Belgrade, VINCI, concession;
United Kingdom, Birmingham, Bristol, London City, OTPP/others, concession;
Belgium, Brussels, OTPP/Macquarie, freehold;
Hungary, Budapest, VINCI, concession;
Portugal, hub/regional airports (x10), VINCI, concession;
Spain, hub/regional airports (48), AENA, concession;
Turkey, Istanbul, Sabiha Gökçen, MAHB, concession;
Kazakhstan, regional airports (x2), TAV, private;
Russia, Khabarovsk Novy,Sojitz/JAT Co. JV, concession
Cyprus, Larnaca, Paphos, Hermes, concession;
Slovenia, Ljubljana, Fraport, concession;
United Kingdom, London, Gatwick, VINCI/GIP, freehold;
United Kingdom, London, Heathrow, Ardian/others, freehold;
United Kingdom, Aberdeen, Glasgow, Southampton, Ferrovial/others, freehold;
United Kingdom, Luton, Aena/AMP Capital, concession;
United Kingdom, Manchester, London Stansted Airport, East Midlands Airport, Manchester Group, freehold;
Kosovo, Prishtina, Limak, concession;
Russia, Khabarovsk Novy, Sojitz/JAT Co. JV, concession;
Cyprus, Larnaca, Paphos, Hermes, concession;
Slovenia, Ljubljana, Fraport, concession;
United Kingdom, London, Gatwick, VINCI, GIP, freehold;
United Kingdom, London, Heathrow, Ardian and others, freehold;
United Kingdom, Aberdeen, Glasgow, Southampton, Ferrovial/others, freehold;
United Kingdom, Luton, Aena/AMP Capital, concession;
Russia, Pulkovo, Northern Capital Gateway – Fraport, concession;
Greece, regional airports (x14), Greece (Fraport), concession;
France, regional airports (x4), France (EGIS), concession;
France, regional airports (x12), VINCI, concession;
Turkey, regional airports (x3), TAV, concession;
Russia, regional Airports (x4), Changi Group/Transport AMD-2 Ltd JV, concession;
Bulgaria, Sofia, Munich Airport, O&M;
Albania, Tirana, Kastrati, concession;
Bulgaria, Varna, Burgas, Fraport AG, concession;
Malta, Valletta, Vienna, concession;
Croatia, Zagreb, Groupe ADP, concession;
Turkey, Dalaman, YDA/Ferrovial, concession.

Region overview
Africa

Airport privatization in Africa has been relatively limited compared to other regions. However, there has been a growing trend toward concessions and public-private partnerships (PPPs), driven by the need for infrastructure investment, improved service delivery, and reduced public sector financial burden. In 2024, 12% of airports handling 24% of passengers had some form of private sector participation.

Countries in region have very high levels of private sector participation in the financing, management and operation of airports. In 2024, 56% of the airports in 17 countries, handling 81% of the passenger traffic had private sector participation. This is the highest level of private sector involvement in airports in the world.

Concession model approach

African countries typically use long-term lease or concession agreements. These arrangements involve the temporary transfer of airport operations and development responsibilities to private entities, while ownership remains with the state. At the end of the concession period, the airport reverts to public control unless extended.

Current private sector participation

Key examples

Several African countries have adopted a corporatized or concession this model for their major airports:

South Africa
Operates under a corporatized model with Airports Company South Africa (ACSA), which is a state company but with pension fund and employee shareholders. It manages key airports like Johannesburg, Cape Town ad Durban as well as regional airports. The airports are subject to price regulation on a single-till, capping aeronautical charges.

Ivory Coast, Gabon, Cameroon, and Madagascar
Have leased their largest airports to private or semi-public companies, often transitioning from management by the regional aviation authority ASECNA.[21]

Nigeria
Has launched concession plans for major airports including Lagos and Abuja, aiming to attract private investment for terminal upgrades and service improvements.

Senegal
Blaise Diagne International Airport was developed under a PPP model and is operated by a private consortium.

[21] ASECNA is short for Agence pour la Sécurité de la Navigation Aérienne en Afrique et à Madagascar (English: Agency for Aerial Navigation Safety in Africa and Madagascar). It is a multinational air navigation service provider (ANSP) that oversees air traffic control and aviation safety services across much of Africa, covering multiple member states and oceanic airspace.

Challenges and opportunities

While private investment has improved infrastructure and service quality in some cases, challenges remain:

Regulatory capacity
Many countries lack strong, independent regulators to oversee concession agreements and ensure fair pricing.

Political and economic risk
Uncertainty can deter long-term investment.

Limited scale
Smaller markets may not attract sufficient private interest without bundling or regional cooperation.

Despite these challenges, Africa presents a significant opportunity for future airport concessions, especially as air traffic grows and governments seek alternative funding sources.[22]

[22] Clyde & Co. (2025, June 5). *Legal aspects of airport projects in Africa* [Insight article]. Clyde & Co. https://www.clydeco.com/en/insights/2025/06/legal-aspects-of-airport-projects-in-africa

Regional breakdown Africa

Ivory Coast, Abidjan, Aeria/Egis, concession;
Nigeria, Asaba, AAC/Menzies, O&M;
Republic of the Congo, Brazzaville, Pointe Noire, Ollombo, SEGAP/EGIS, concession;
Cape Verde, 7 Airports, VINCI, concession;
Benin, Cotonou, AdP, O&M;
Senegal, Dakar, Blaise Diagne, Limak/Summa, concession;
Sierra Leone, Freetown, Summa, management contract;
Madagascar, Ivato & Nosy Be, Meridiam/AdP, concession;
Rwanda, Kigali, Qatar Airways, joint venture;
Gabon, Libreville, OLAM, concession;
Equatorial Guinea, Malabo, Terminal Holdings, concession;
France (Mayotte), Mayotte, EDEIS, O&M;
Tunisia, Monastir & Enfidah, TAV, concession;
Comoros, Moroni, Terminal Holdings, concession;
Niger, Niamey, Summa, concession;
Mauritania, Nouakchott, Afroport, concession;
Burkina Faso, Ouagadougou, Meridian, concession;
Mauritius, Seewoosagur Ramgoolam, ALM/AdP, concession.

Region overview
Asia Pacific and Middle East

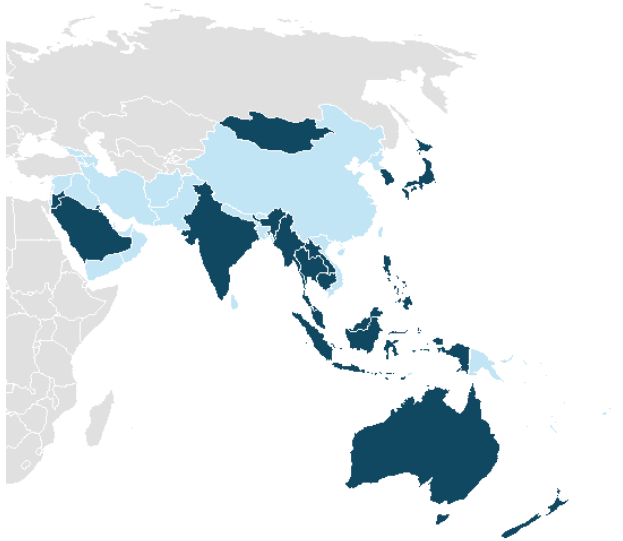
The Asia-Pacific and Middle East regions have seen significant growth in air travel, prompting governments to seek private sector participation in airport development and operations. While models vary – from full privatization to public-private partnerships (PPPs) and long-term concessions – the goal is consistent: to expand capacity, improve service quality, and attract investment without overburdening public budgets.

Private sector involvement typically includes financing, construction, terminal operations, retail, and logistics. The following sections outline how different countries and regions have approached airport privatization and concessions.

Middle East

In the Middle East, airports are generally state-owned, but private sector participation is increasing through concessions and management contracts.

Current private sector participation



UAE

Dubai and Abu Dhabi airports are government-owned but operate commercially. Private firms are involved in construction, retail, and logistics.

Saudi Arabia

The General Authority of Civil Aviation (GACA) has launched a major privatization program. Airports like Riyadh and Jeddah are now managed by the Matarat Holding Company, with private operators such as DAA International and Changi Airports International under concession agreements.

Qatar

Hamad International Airport is operated by Qatar Airways, with private sector involvement in non-aeronautical services.

India

India has embraced airport concessions under a PPP model, where the Airports Authority of India (AAI) retains ownership while private firms operate and develop airports.

- The Adani Group operates seven major airports under 50-year concessions, including Mumbai and Ahmedabad, and is the major shareholder of the new Navi Mumbai airport via its interest in Mumbai airport;
- GMR Group operates Delhi, Hyderabad and Goa airports;
- Fairfax India operates Bangalore airport.

The Airports Authority of India (AAI) typically holds a minority shareholding in the airport operating company.

China

China retains state ownership of airports but is increasingly embracing commercialization and mixed-ownership reforms.

- Major airports like Beijing Capital and Shanghai Pudong are operated by state-owned enterprises, with private firms involved in terminal development and services;
- The government encourages private investment in regional airports, especially in less-developed areas

Japan and South Korea

Both Japan and South Korea have adopted semi-private models using long-term concessions.

In Japan, airports like Kansai and Osaka Itami are operated by consortia led by Vinci Airports and ORIX Corporation. These concessions have improved efficiency and attracted investment.

South Korea

Incheon International Airport remains state-owned but operates with commercial autonomy. Private firms are active in terminal services and retail.

Southeast Asia

Southeast Asia has a mix of state-led development and private concessions.

Philippines
Mactan-Cebu International Airport is operated by GMR-Megawide, and the New Manila International Airport is being developed by San Miguel Corporation under a PPP.

Indonesia
State operators Angkasa Pura I and II have partnered with private firms for upgrades at airports like Bali's Ngurah Rai.

Vietnam and Thailand
Airports are mostly state-run, but private firms are involved in construction and services. Vietnam is exploring PPPs for new projects like Long Thanh International Airport.

Singapore
Changi Airport is state-owned and operated by Changi Airport Group, known for its world-class service.

Malaysia
Malaysia Airports Holdings Berhad (MAHB) operates most airports under a long-term lease and is publicly listed.

Australia and New Zealand
These countries are among the few in the region to adopt full or partial privatization.

In Australia, major airports in Sydney, Melbourne, and Brisbane were privatized in the late 1990s through long-term leases. Ownership is now held by consortia of pension funds and infrastructure investors.

In New Zealand, Auckland Airport is publicly listed with mixed ownership. Wellington and Christchurch airports are corporatized with local government and private shareholders.

Case Study
Australia and New Zealand airport privatization and "light touch" regulation

Australia and New Zealand are among the few countries globally to have fully or partially privatized their major airports. This shift, which began in the late 1990s, was driven by the need for infrastructure investment, improved efficiency, and reduced public sector burden.

Both countries adopted a distinctive regulatory approach known as "light-handed regulation", which relies on transparency and monitoring rather than direct price controls. This case study explores the privatization process, its outcomes, and the regulatory frameworks governing airport charges.

Privatization in Australia

Australia began privatizing its major airports in 1997–1998, selling long-term leases (up to 99 years) for airports including Sydney, Melbourne, Brisbane, and Perth. These assets were transferred to private consortia composed of infrastructure investors, pension funds, and sovereign wealth funds.[23]

Initially, the government imposed price caps on aeronautical charges for five years. However, in 2002, these controls were removed, and the country shifted to a light-handed regulatory model. Under this system, airports are required to report financial and operational data to the Australian Competition and Consumer Commission (ACCC), which monitors performance and publishes annual reports. If an airport is found to be misusing market power, the government retains the right to reintroduce formal regulation.

[23] Littlechild, S. C. (2012). Australian airport regulation: Exploring the frontier. *Journal of Air Transport Management, 21,* 50–62. https://doi.org/10.1016/j.jairtraman.2011.12.013

Privatization has led to significant investment in terminal upgrades, runway expansions, and passenger amenities. The ACCC has expressed concerns that Sydney, Melbourne and Brisbane airports may be capable of exercising monopoly power, however.[24]

Privatization in New Zealand

New Zealand followed a similar path, corporatizing and partially privatizing its major airports in the late 1990s. Auckland Airport is publicly listed, with a mix of private and public shareholders. Wellington and Christchurch airports are corporatized, with ownership shared between local governments and private investors. Like Australia, New Zealand adopted a light-handed regulatory approach, overseen by the Commerce Commission. Airports are required to disclose pricing methodologies, financial performance, and investment plans. The Commission assesses whether airports are earning excessive profits or misusing market power, but it does not directly set prices.

This model has encouraged private investment and operational efficiency. However, similar to Australia, concerns exist about the effectiveness of regulation in curbing excessive charges and ensuring fair access for airlines and consumers.

[24]Australian Competition and Consumer Commission. (2025, March 17). *Airport monitoring report 2023–24* [Annual report]. https://www.accc.gov.au/system/files/accc-airport-monitoring-report-2023-24.pdf

Regulation of airport charges

Both countries treat airports as natural monopolies, meaning competition is limited due to geographic and infrastructure constraints. As such, regulation aims to mimic competitive market outcomes without imposing rigid controls.

Australia's approach

Monitoring by ACCC
Airports must submit annual reports detailing costs, revenues, and service quality.

Transparency and accountability
The ACCC publishes performance reports, highlighting trends and potential concerns.

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Threat of re-regulation
If an airport is found to be abusing market power, the government can reintroduce formal price controls.

New Zealand's approach

Disclosure regime
Airports must disclose pricing and performance data to the Commerce Commission.

Performance assessments
The Commission evaluates whether airports are earning excessive returns or failing to meet efficiency standards.

No direct price setting
Regulation relies on transparency and reputational pressure rather than intervention.

Conclusion

Australia and New Zealand offer valuable case studies in airport privatization and regulation. Their experiences highlight the benefits of private investment and commercial efficiency, and how light touch regulation combined with the threat of formal regulation if potential market power was abused, can work in practice. As air travel continues to grow, ensuring fair pricing and access will be critical to maintaining competitive and consumer-friendly aviation sectors.

other PSP airports include Johor Senai airport and Kerteh airport.

Regional breakdown

Middle East

Jordan, Amman, Meridiam/ASMA/AdP/Edgo, concession;
Saudi Arabia, Jeddah, Hajj Terminal, AdP/SBG-PPMDC, concession;
Saudi Arabia, Jeddah, Terminal 1, North Terminal, daai, management contract;
Kuwait, Kuwait City, Terminal 4, O&M;
Saudi Arabia, Medina, Tiibah JV (TAV/Al Rajhi), concession;
Saudi Arabia, Red Sea, Riyadh (Terminal 5), daai, O&M.

India

India, Mumbai, Adani JV, PPP;
India, Navi Mumbai, Adani & Mumbai JV, PPP;
India, New Goa Mopa, GMR JV, PPP;
India, regional airports (x6), Adani JV, PPP.

Southeast Asia

Philippines, regional airports (x3), Aboitiz, concession;
Philippines, Manila, Bulacan, SMC, concession;
Philippines, Manila, NAIA, SMC, concession;
Philippines, Sangley Point, Samsung C&T/CAVITEX, concession;
Cambodia, New Siem Reap & Phnom Penh, concession;
Thailand, U-tapao, BBS Consortium, PPP;
Thailand, Airports of Thailand (AOT), state-controlled stock company (~70%), public;
Laos, Bokeo, Greater Bay Area Invest. & Dev. (HK) Ltd./Dok Ngiew Kham Group, concession;
Cambodia, regional airports (x3), VINCI JV, private;
Malaysia, MAHB (38 airports), state-controlled stock company (~60%), public. Other PSP airports include Johor Senai airport and Kerteh airport;
Myanmar, national/regional airports (x3), various, private.

Japan

Osaka, VINCI, PPP;
Sendai, Local JV, private;
Fukuoka, Changi/Mitsubishi JV, PPP;
Hokkaido Group (7 airports), Local JV, PPP;
Kansai, VINCI, PPP;
Kobe, VINCI, PPP.

Australia and New Zealand

New Zealand, Auckland, local council/funds, freehold;
Australia, Brisbane, funds, freehold;
Australia, Cairns & Mackay, funds, freehold;
Australia, Gold Coast, Townsville, Mount Isa, Longreach, funds, freehold;
Australia, Melbourne, Launceston, funds, freehold;
Australia, Perth, funds, freehold;
New Zealand, Wellington, local council/funds, freehold.

Glossary

This glossary is not exhaustive. It includes selected terms from existing ACI glossaries as well as additional terms identified as particularly relevant to these guidelines or in need of further clarification. Brief expanded descriptions are provided where appropriate.

ACM AND A-CDM (AIRPORT-COLLABORATIVE DECISION MAKING AND AIRPORT COORDINATED MANAGEMENT)
Collaborative efforts of various stakeholders, including airlines, air traffic control, and ground handling services, to enhance the efficiency and safety of airport operations. A-CDM aims to streamline decision-making processes and improve coordination among all involved parties. It typically involves organizational processes and systems for distributing real-time operational data to key stakeholders and operational service providers, establishing a single source of real-time data for collaborative decision-making.

AOP
Airport Operations Plan

ANSP
Air Navigation Service Provider

AOC
Airport Operations Centre

BOT INFRASTRUCTURE PROCUREMENT ROUTE
Build, Operate, and Transfer is used in public-private partnerships where a private sector entity designs, builds, and operates infrastructure for an asset owner over a specified period before transferring it back to a government or private sector owner. Distinguishing features include financing is provided by the asset owner; design, construction, and operational risks are transferred to the private entity; and the facility is operated by the private partner for the agreed period.

BOOT INFRASTRUCTURE PROCUREMENT ROUTE

Build, Own, Operate and Transfer is used in public/private partnerships where a private sector entity, builds and operates infrastructure for an asset 'owner' for a specified period before transferring it back to a government or private sector owner. Like a BOT the distinguishing features being that the majority, if not all the financing is provided by the private sector entity. The degree of design risk transfer can vary between a provided / mandated design provided by the asset owner (government) and one where the private sector entity accepts design responsibility or assumes some element of it through the value engineering of the provided design.

BOO INFRASTRUCTURE PROCUREMENT ROUTE

Build, Own, Operate used in more arm's length in public/private relationships where a private sector entity designs, builds and operates infrastructure as the asset 'owner'. While the resulting asset may deliver government objectives, it is not transferred to the government or the public sector. Like a BOOT in terms of risk allocation, the distinguishing feature being that the financing is provided by the private sector entity but with no subsequent transfer obligation.

CAA

Civil Aviation Authority

CANSO

Civil Air Navigation Services Organization

CC (CREDIT COMMITTEE)

A group of senior executives in a bank or investment fund that meets to assess proposed commitments of funds—typically in the form of loans, and occasionally equity—to a borrower for a specific project. This can be a multi-stage process, with even the intention to submit a non-binding bid subject to approval. It is a critical independent decision point with the authority to issue a final Go/No-Go decision.

CDM

Collaborative Decision Making

COLLATERAL SECURITY

An asset that a borrower pledges as security for a loan. In the case of an airport concession, the rights awarded to the sponsor/concessionaire to operate the airport for an extended period and derive sufficient cashflows to fund operations and the repayments of loans.

CONCESSION
In the context of this document – an infrastructure procurement route where an airport "owner", typically a government/public sector entity, grants the rights to operate, control and economically exploit the whole of an airport's operating infrastructure, or a significant part of it, such as a terminal, for a specific period, typically 15-70+ years depending upon the scale and risk profile of the asset. Distinguishing feature: concessionaire takes market, financial, operational risk and commercial risk, during the concession period. The degree of commercial freedom to operate and reward may be subject to limitations and approvals related to elements such are aeronautical and non-aeronautical charges and other matters defined in the concession agreement.

CONOPS (CONCEPT OF OPERATIONS)
A detailed description of the intended purpose and outputs of a specific operational system or systems. In the airport context, this relates to elements such as airfield operations, terminal operations, aircraft handling, and major safety and security incidents. A CONOPS typically includes a statement of goals and objectives, identified policies and performance standards, and the relationships and responsibilities assigned to specific participants and stakeholders. *See also: Operational Concept, related to airport master planning.*

DBFO INFRASTRUCTURE PROCUREMENT ROUTE
Design, Build, Finance, Operate – a model used in public-private partnerships where a private sector entity designs, builds, finances, and operates infrastructure that provides a public service, such as an airport. Distinguishing features include the transfer of design, construction, operational risk, and financing to the private sector entity. The economic return is typically provided through a public subvention, such as availability payments, which remove or mitigate market and commercial risk. The asset may or may not be transferred back to the government or public sector entity at the end of a specified period.

DFT
Department for Transport (UK)

DGCA
Director General of Civil Aviation

DUE DILIGENCE
A comprehensive appraisal of a business undertaken by a prospective 'buyer', or concessionaire, to identify, quantify and mitigate market, legal, technical, financial and operational risks and capital expenditure requirements. Seeks to establish its assets and liabilities and evaluate its commercial potential.

EASA
European Aviation Safety Agency

EC
European Commission

EEA
European Economic Area

EP
European Parliament

EQUITY
Money provided by an investor for its own resources or ongoing business activities rather than from bank or other loan providers. Unlike debt it does not receive a defined level of debt repayment (principal) and interest and relies solely on the financial performance of its invested asset, after debt obligations have been satisfied.

EP EQUATOR PRINCIPLES
A financial industry benchmark for determining, assessing and managing environmental and social risk in projects. They serve as a common baseline and risk management framework for financial institutions to identify, assess and manage environmental and social risks when financing projects. Typically referenced in financing agreements as a condition of a loan and frequently referred to in concession agreements as contract requirements of good practice.

ERA
European Regional Airlines Association

EU
European Union

EUROCONTROL
European Organization for Safety of Air Navigation

FAA
Federal Aviation Administration (USA)

FISCAL
Relates to government raising and use of public money from taxation and associated national allocation and budgeting of public expenditure.

HBS
Hold Baggage Screening

IATA
International Air Transport Association

ICAO
International Civil Aviation Organization

IC (INVESTMENT COMMITTEE)
A multi-stage process involving senior executives in a corporate business meeting to assess internal requests to commit resources to become involved in a bid process of scale, typically authorizing the commitment of funds to carry out necessary due diligence, which can be a multi-million-dollar exercise, involving significant staff and advisory resources. It is a critical 'internal' decision point assessing the final outcome of due diligence and has the power to issue a final Go/No Go decision.

IFCPS (IFC PERFORMANCE STANDARDS)
IFC is the private-sector lending arm of the World Bank Group. The IFC's mission is to promote sustainable private sector investment in developing and transitioning countries, help reduce poverty and improve people's lives. Meeting the performance standards are mandatory condition of IFC finance and they for part of its overall Sustainability Framework. They are obligations placed on borrowers and to some extent on Governments, providing guidance on how to identify risks and impacts, and are designed to help avoid, mitigate, and manage risks and impacts as a way of doing business in a sustainable way, including stakeholder engagement and disclosure obligations.

INDEPENDENT/RESIDENT ENGINEER
An independent engineer, also known as a *lender's engineer*, is a term often given to the engineering representative of the lender, or financier, of a large capital project. The key is to be independent so that opinions on the technical aspects of the project from contract implementation, testing, quality and commissioning are not biased either in favour of the lenders or the developer/owners. To maintain independence, the independent engineer is typically selected by the lender but paid by the developer/owner.

KPI
Key Performance Indicators

MCON (MANAGEMENT CONTRACT (AIRPORTS)
a specified services agreement between a government/grantor or investors as the "owners" of an asset or service and a specialist management company hired for coordinating and overseeing the delivery of airport related services in a safe and security manner, to defined quality and service standards. Defining features: the asset owner provides the necessary finance and retains market / commercial risk. The obligations on the private sector entity are typically confined to the delivery of availability and service standards, subject to the owner's provision of appropriate operational capacity and capital investment.

MOU/MOA (MEMORANDUM OF UNDERSTANDING/AGREEMENT)
A nonbinding agreement that states each party's intentions to take action, conduct a business transaction, or form a relationship. Often the first step towards a binding contractual relationship, laying out how the parties will work together, expectations, responsibilities, and time-to-agreement limits. This type of agreement may also be referred to as a letter of intent (LOI) or memorandum of agreement (MOA). Care is required regarding the level of binding commitment, as in some legal jurisdictions all three are effectively interchangeable.

NASP
National Civil Aviation Security Program

NGA
National Governmental Authority

PAXe (PASSENGER EXPERIENCE)
Shared by airlines and airport operations – refers to the process, touchpoints, and quality/service expectations of a passenger throughout their journey from initial booking, airport arrival, check-in, terminal facilities and commercial services, boarding, and departure. Defined in various service quality standards and formally monitored for airport operators under ACI ASQ – Airport Quality Service program and performance survey.

PEMG
Passenger Experience Management Group (IATA)

PPP (PUBLIC PRIVATE PARTNERSHIP)
A long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance.

PRM
Person with Reduced Mobility

RESA
Runway End Safety Area

SAF
Sustainable Aviation Fuels

SARP
Standards and Recommended Practices (ICAO)

SES
Single European Skies

SLA/LOS (SERVICE LEVEL AGREEMENT)
A statement of shared responsibilities for the delivery of defined output performance, applied in airports in two important respects. They are found in industry-level design guides such as IATA's Aerodrome Design Reference Guide (ADRM), setting out desired quantitative performance measures such as passenger process/waiting times and qualitative measures such as wayfinding and walking distances. Typically referenced in concession agreements as required minimum performance standards. Additionally, they are found as binding or non-binding obligations on public and private sector service providers at an operational level, recognizing that the delivery of passenger and airline experience is dependent on multiple stakeholders acting in unison to deliver agreed levels of service.

SOP
Standard Operating Procedure

SPV (SPECIAL PURPOSE VEHICLE)
A separate legal entity created by an organization or group of organizations to pursue a specific project, such as a concession. The SPV is a distinct company with its own assets and liabilities, as well as its own legal status. It is created to isolate financial risk, insulating, as far as possible, the balance sheets and cash flows of its shareholder participants from the specific risks associated with the project. Sometimes referred to as non-recourse, off balance sheet financing and play a central role on project finance.

SRA
Security Restricted Area

SRM
Safety Risk Management

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