



**WORKING PAPER**

**ASSEMBLY — 37TH SESSION**

**ADMINISTRATIVE COMMISSION**

**Agenda Item 67: Contributions in arrears**

**APPLICATION OF FUNDS ARISING FROM INCENTIVE SCHEME  
FOR THE SETTLEMENT OF LONG-OUTSTANDING ARREARS  
(REPORT ON ASSEMBLY RESOLUTIONS A34-1 AND A35-27)**

(Presented by the Council of ICAO)

**EXECUTIVE SUMMARY**

This paper reports to the Assembly the action taken pursuant to Assembly Resolutions A34-1 and A35-27 with respect to the distribution of funds in the special account wherein receipts of long-outstanding arrears are retained in accordance with Resolving Clause 3 of Assembly Resolution A35-27 and utilized to finance expenditure on aviation security activities, and new and unforeseen projects related to aviation safety, and/or to the enhancement of the efficient delivery of ICAO programmes, as approved by the Council.

There exists in this account, as of 31 December 2009, an unreserved surplus of approximately \$ 0.3 million.

**Action:** The Assembly is invited to approve the carryover of the \$ 0.3 million to be used for new or unforeseen projects related to aviation safety.

<i>Strategic Objectives:</i>	This working paper relates to Supporting Implementation Strategy 4 and does not relate to any Strategic Objective.
<i>Financial implications:</i>	Use of the unreserved surplus of CAD \$ 0.3 million.
<i>References:</i>	A35-WP/25 A36-WP/43 Doc 9902, <i>Assembly Resolutions in Force</i> (as of 28 September 2007)

## 1. INTRODUCTION

1.1 Resolving Clause 1 of Assembly Resolution A34-1 agreed to apply, on a non-recurring basis, the funds presently held pursuant to Resolving Clause 3 of Assembly Resolution A33-27, to finance specific activities of the Organization.

1.2 Resolving Clause 3 of Assembly Resolution A35-27 stipulates that with effect from 1 January 2005, only that portion of a payment from a Contracting State that is in excess of the sum of the three preceding years' assessments and all instalments due under agreements entered into under Resolving Clause 4 of Assembly Resolution A35-26 shall be retained in a separate "special account" to finance expenditure on aviation security activities, and new and unforeseen projects related to aviation safety, and/or to the enhancement of the efficient delivery of ICAO programmes, such action to be under the control of the Council and reported to the next ordinary session of the Assembly.

1.3 This paper reports on the application of funds in the special account pursuant to Resolutions A33-27, A34-1 and A35-27.

## 2. APPLICATION OF FUNDS

2.1 At the 35th Session of the Assembly, it was reported in A35-WP/25 that pursuant to Assembly Resolution A34-1 an amount of \$ 1 055 190 was maintained as a reserve within the special account to finance the efficiency and effectiveness of the Organization. During the period 2004 to 2007, the Secretary General executed the approved expenditure plan aimed at increasing the efficiency and effectiveness of the Organization, and further transfers were received for the special account.

2.2 The balance in the special account as at 31 December 2006 was US \$ 3.1 million.

2.3 During the year 2007, contributions plus interest received amounted to US \$ 1.2 million and expenditures amounted to \$ 0.1 million including expenditures for safety oversight audits under the Technical Co-operation Programme (TCP). A transfer of US \$ 3.8 million under C-DEC 182/14 to the Comprehensive Regional Implementation Plan for Aviation Safety in Africa (AFI Plan) was effected at the end of 2007. The balance held in the special account as at 31 December 2007 amounted to US \$ 0.4 million.

2.4 During the year 2008 and 2009, expenditures funded from the special account and re-evaluation to Canadian currency amounted to CAD \$ 0.1 million (including expenditures for safety oversight audits under TCP) and a transfer of CAD \$ 0.6 million was made to fund the IRIS Project (Phase 3) as approved in C-DEC 188/8. Contributions plus interest amounted to CAD \$ 0.9 million. This resulted in a balance in the special account amounting to CAD \$ 0.6 million as at 31 December 2009 representing:

- a) CAD \$ 0.1 million for use as approved by the Council in C-DEC 160/10 for safety oversight audits;
- b) CAD \$ 0.2 million reserved for the enhancement of the efficient delivery of ICAO Programmes; and

c) CAD \$ 0.3 million as unreserved surplus.

3. **PROPOSAL FOR UTILIZATION OF UNRESERVED SURPLUS FUNDS**

3.1 It is proposed that the present unreserved surplus of approximately CAD \$ 0.3 million in the special account be retained and carried forward to be utilized for new or unforeseen projects related to aviation safety. This amount will be supplemented by additional accretions into the Incentive Fund in the future.

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