



WORKING PAPER

ASSEMBLY — 38TH SESSION

ADMINISTRATIVE COMMISSION

Agenda Item 53: Contributions in arrears

INCENTIVE SCHEME FOR THE SETTLEMENT OF LONG-OUTSTANDING ARREARS

(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 2012, an unreserved surplus of approximately CAD 0.5 million.

Action: The Assembly is invited to:

- a) approve the carryover of the unreserved surplus of CAD 0.5 million held in the special account as proposed in paragraph 3; and
- b) adopt the draft Assembly Resolution set forth in the Appendix.

<i>Strategic Objectives:</i>	This working paper relates to Supporting Implementation Strategy – Management and Administration – Budget and Financial Management.
<i>Financial implications:</i>	Not applicable at this time.
<i>References:</i>	A37-WP/56 A36-WP/43 A35-WP/25 Doc 9958, <i>Assembly Resolutions in Force</i> (as of 8 October 2010)

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 A35-27, 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 Member 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 A37-32 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 during the current triennium.

2. APPLICATION OF FUNDS

2.1 During the year 2010, contributions plus interest received amounted to CAD 2.2 million and expenditures amounted to CAD 0.1 million. The balance held in the special account as at 31 December 2010 amounted to CAD 2.7 million.

2.2 During the years 2011 to 2012, no additional contributions were made. As approved by the Assembly, a transfer in an amount of CAD 2.0 million was made from the unreserved surplus to the reserve to augment Safety activities in the African region. Expenditure from the reserve account has been CAD 1.0 million through the end of 2012. Therefore, the ending balance in the special account as at 31 December 2012 amounts to CAD 1.7 million which represents:

- a) CAD 0.1 million for use as approved by the Council in C-DEC 160/10 for safety oversight audits;
- b) CAD 0.1 million reserved for the enhancement of the efficient delivery of ICAO Programmes;
- c) CAD 1.0 million reserved to augment safety; and
- d) CAD 0.5 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 0.5 million in the special account be retained and carried forward to be utilized for new or unforeseen projects related to aviation safety, security and/or enhancement of the efficient delivery of ICAO programmes. This amount may be supplemented by additional accretions into the Incentive Fund in the future.

APPENDIX

DRAFT ASSEMBLY RESOLUTION FOR ADOPTION BY THE 38TH SESSION OF THE ASSEMBLY

(To supersede A35-27)

Resolution 53/1

Incentives for the settlement of long-outstanding arrears

The Assembly,

Recalling the concern expressed by previous Assemblies at the increase in the contributions in arrears;

Reiterating the necessity of all Member States to pay their contributions on the date on which they fall due;

Noting that a number of States have had their voting power suspended in the Assembly and the Council in accordance with Assembly Resolution [A38-xx];

Reaffirming the extreme importance of participation by all States in the activities of the Organization;

Noting that the cash surplus had traditionally been distributed to those Member States that have paid their contributions for the financial years for which the surpluses had been determined; and

Wishing to encourage States to liquidate their arrears and at the same time provide incentives for doing so;

Resolves that:

1. the distribution of cash surpluses be restricted to Member States that, at the date of the distribution of the surpluses, have paid their contributions for the financial years for which the surpluses had been determined and that the entitlement to the surpluses be terminated for States which have outstanding contributions for the years concerned, except for those States with agreements and which have complied with the terms of their agreements;
2. Member States with arrears of three full years or more and which either have existing agreements or enter into agreements for settlement of long-outstanding arrears, and which have complied with the terms of their agreements, shall have their share of cash surplus distributed even though they have not paid the assessments for the financial years for which the surpluses had been determined;
3. with effect from 1 January 2005, subject to cash surplus availability, only that portion of a payment from a Member State that is in excess of the sum of the three preceding years' assessments and all installments due under agreements entered into under Resolving Clause 4 of Assembly Resolution A37-32 shall be retained in a separate 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;
4. the Council be requested to closely monitor the question of outstanding contributions, and the effects of the incentive schemes on payment of arrears by States, and report to the next ordinary session of the Assembly on the results of their efforts including other measures to be considered; and
5. this Resolution supersedes Assembly Resolution A35-27.

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