WORKING PAPER

INTERNATIONAL CIVIL AVIATION ORGANIZATION

A32-WP/28
P/10
23/7/98

# ASSEMBLY — 32ND SESSION

## PLENARY

**Agenda Item 7: Annual Reports of the Council to the Assembly for 1995, 1996 and 1997**

## TRANSITIONAL ARRANGEMENTS BETWEEN ICAO AND THE AFRICAN CIVIL AVIATION COMMISSION (AFCAC)

**SUMMARY**

The Council proposes that the transition period leading to AFCAC's becoming financially independent be extended for three more years (until 31 December 2001) and that new transitional arrangements be concluded between ICAO and AFCAC to cover that period. Action by the Assembly is proposed in paragraph 4.

**REFERENCES**

Doc 9662, *Assembly Resolutions in Force*
Doc 9659, A31-EX
Doc 9545, A27-EX

## 1. PRESENT TRANSITIONAL ARRANGEMENTS BETWEEN ICAO AND THE AFRICAN CIVIL AVIATION COMMISSION (AFCAC)

1.1 In 1989, the 27th Session of the Assembly reviewed ICAO's financial relationship with the regional civil aviation bodies. A particular concern was that ICAO was making substantial advances for the operation of these bodies but such advances were not always fully reimbursed to ICAO by the Member States of those bodies. The Assembly concluded that the system of advances of funds by ICAO should be discontinued following a suitable transition period, which it envisaged should continue until 31 December 1995 (Doc 9545, A27-EX, para. 16:9).

1.2 The 27th Session also adopted Resolution A27-17 which, *inter alia*:

a) re-affirms that "the Organization supports the work and activities of any existing or future regional civil aviation bodies wherever such support is requested by the regional body concerned and duly approved ..." and that "any financial support ... such as in continued



(3 pages)

provision of Secretariat services, should be approved by the Assembly as part of the Organization's Regular Programme budgets ..."; and

b) directs the Council "to conclude with each regional civil aviation body appropriate working arrangements that reflect the above principles ...".

1.3 In pursuance of Resolution A27-17, the Council approved a draft agreement between ICAO and AFCAC on transitional arrangements which took effect on 1 January 1991 and remained in place until 31 December 1995.

1.4 In 1995, the 31st Session of the Assembly approved the extension of the transition period for three more years until 31 December 1998 (Doc 9659, A31-EX, para. 7:30) and the Council subsequently drew up new transitional arrangements with AFCAC to cover this three-year period. In so doing, the Council also instructed the Secretary General to exercise the utmost prudence in advancing funds to AFCAC in order to comply with the decision of the 31st Session of the Assembly to limit the arrears to U.S.$ 2 144 000 (their level as at 31 December 1990).

## 2. IMPLEMENTATION OF THE TRANSITIONAL ARRANGEMENTS

2.1 During the extension of the transition period, AFCAC expenditures have continued to be closely monitored by the ICAO Secretariat to ensure that they are broadly consistent with the amounts received from AFCAC Member States and that there is no increase in arrears. At the end of 1997, the cumulative amount advanced to AFCAC (taking into account amounts recoverable as well as excess of assessments over actual expenses) was $ 2 134 205. While this figure is below the limit of $ 2 144 000 set by the 31st Session of the Assembly, it also indicates that little real progress has been made by States in reducing these arrears.

2.2 AFCAC has been continuing to prepare itself for the transfer of responsibility for financial management and control of AFCAC finances from ICAO to AFCAC. In 1992 it adopted its own Financial Regulations (suspended for the period of the transitional arrangements) and in 1995 it created a General Fund and a Working Capital Fund. More recently, since the 31st Session of the Assembly, AFCAC has seen a number of important changes. AFCAC has redefined its priorities so as to focus on realistic and achievable targets, with increased emphasis on co-operating with ICAO and on avoiding duplication of efforts. One such priority is a revision of the AFCAC Constitution, which is being prepared for finalization in 1999 and will facilitate AFCAC's financial autonomy. In addition, AFCAC is promoting more active participation by African States (both existing and new members) and is also encouraging Member States to pay outstanding advances to ICAO.

## 3. PROPOSAL TO EXTEND THE TRANSITION PERIOD

3.1 Consultations have been taking place with AFCAC on the evolution of the transitional arrangements, finally focussing on a request from AFCAC that the transition period be extended for three more years (until 31 December 2001).

3.2 The Council has considered the request from AFCAC in the light of the original intentions of the Assembly at its 27th Session and of the progress made by AFCAC in preparing itself for the transfer of responsibility for financial management and control of AFCAC finances from ICAO to AFCAC. It has concluded that such an extension is acceptable, provided that:

a) these arrangements will conclude on 31 December 2001;

b) any financial risk to ICAO is minimized and monitored closely by ICAO; and

c) progress is made in reducing the cumulative amount of advance of U.S.$ 2 144 000 due to ICAO, for example either through more AFCAC Member States paying their arrears or committing to reduce outstanding obligations in annual instalments over a mutually agreed time period.

3.3 In order to achieve this, the Council envisages that the present transitional arrangements between ICAO and AFCAC need to be revised.

## 4. ACTION BY THE ASSEMBLY

4.1 The Assembly is invited to:

a) approve the extension of the transition period to conclude on 31 December 2001; and

b) request the Council to draw up revised transitional arrangements with AFCAC to cover this three-year period, including provisions to ensure that any financial risk to ICAO is minimized and monitored closely by ICAO and that the cumulative amount of advances due to ICAO is reduced over a mutually agreed time period.

- END -