



International Civil Aviation Organization

WORKING PAPER

A42-WP/38

AD/7

23/06/25

ASSEMBLY — 42ND SESSION

ADMINISTRATIVE COMMISSION

Agenda Item 34: Report on the Working Capital Fund

REPORT ON THE WORKING CAPITAL FUND

(Presented by the Council of ICAO)

EXECUTIVE SUMMARY

This paper presents an update on the level of the Working Capital Fund (WCF) and the borrowing authority as at 31 December 2024 for review by the Assembly. Assembly Resolution A41-30 Resolving Clause 2 confirmed the level of the WCF at USD 8.0 million and the borrowing authority up to CAD 3.0 million. An increase of the level of the WCF or borrowing authority is not considered to be necessary at the present time.

Action: The Assembly is invited to:

- note the information and confirm that an increase in the level of the WCF is not needed at this time; and
- adopt the Assembly Resolution presented in the Appendix.

<i>Strategic Goals:</i>	This working paper relates to all Strategic Goals and High Priority Enablers.
<i>Financial implications:</i>	Not applicable.
<i>References:</i>	Doc 7515/17, <i>The ICAO Financial Regulations</i> Doc 10184, <i>Assembly Resolutions in Force</i> (as of 7 October 2022)

1. INTRODUCTION

1.1 The WCF and borrowing authority are two mechanisms, approved by the Assembly, to address risks related to liquidity needs in pursuit of the implementation of the Organization's objectives.

1.2 Resolving Clause 2 of Assembly Resolution A41-30 confirmed the level of the WCF at USD 8.0 million and the borrowing authority up to CAD 3.0 million. The Assembly resolved that the Council shall monitor the level of the WCF and, if the Council determine that it is warranted, the Council can increase the WCF at a level no higher than USD 10.0 million.

1.3 This working paper reports on the adequacy of the current level of the WCF and the borrowing authority, as requested by the Assembly.

2. FLOW OF RECEIPTS AND DISBURSEMENTS

2.1 The receipt of assessed contributions continues to fluctuate throughout the year and is challenging to predict. Table 1 below illustrates the monthly cash positions of the General Fund and WCF in 2024. Table 2 illustrates the cash position of the General Fund, including the WCF, at the end of each quarter during the period of 2019 to 2024.

TABLE 1

End of Month Cash Balances in 2024¹
(in millions of CAD)

	General	WCF²	Total
January	60.8	10.7	71.5
February	70.1	10.8	80.9
March	68.3	10.8	79.1
April	68.1	11.0	79.1
May	59.1	10.9	70.0
June	57.7	10.9	68.6
July	66.0	10.9	76.9
August	61.8	11.0	72.8
September	61.0	10.9	71.9
October	58.3	10.8	69.1
November	53.4	10.9	64.3
December	52.3	11.1	63.4 ³

¹ Excludes Revolving Fund

² The differences between the monthly balances of the WCF are due to exchange rate variance

³ The December 2024 cash balance is preliminary.

TABLE 2

Six Years' Actual Quarterly Cash Positions⁴
(in millions of CAD)

	Q1	Q2	Q3	Q4
2019	69.3	55.9	50.8	34.9
2020	28.0	55.1	50.4	59.0
2021	84.0	77.9	67.8	57.3
2022	73.3	82.9	72.6	62.5
2023	70.9	79.0	70.3	72.7
2024	79.1	68.6	71.9	63.4 ⁵

2.2 It should be noted that the quarterly positions do not reflect the wide fluctuations that may arise from month to month. Unless payments towards assessments are received from Member States on a timely basis in the year that they are due and in conformity with the Financial Regulations, pressures may be exerted on the finances of the Organization. Other than the WCF and the borrowing authority, there are no reserves in the General Fund to meet contingencies.

3. LEVEL OF THE WORKING CAPITAL FUND AND BORROWING AUTHORITY

3.1 Based on the approved Regular Budget for 2023, 2024 and 2025, the average monthly cash requirement is estimated at CAD 9.9 million. The current level of the WCF at USD 8.0 million, may cover about one month's cash requirement.

3.2 In addition to WCF, in 2007, the Assembly authorized the Secretary General, with the prior approval of the Finance Committee of the Council, to borrow externally amounts to finance regular and supplementary appropriations, provided that the outstanding total indebtedness of the Organization at no time exceeds CAD 3.0 million during the triennium. This avenue to fund temporary cash deficits should be regarded as the last resort and exercised only when no other options are available.

3.3 During the past three years (2022, 2023 and 2024), the Organization did not utilize WCF nor the borrowing authority. However, considering that assessed contributions are not always received when due, and that the liquidity crisis in 2020 highlighted ICAO's vulnerability in the event of unforeseen events, prudence must continue to be exercised in the projection of the cash position.

3.4 Taking into consideration the above, an increase in the level of the WCF and the borrowing authority is not requested at this time.

4. CONCLUSIONS

4.1 In conclusion, it is recommended to maintain the WCF and the borrowing authority at the current triennium level, i.e., at USD 8.0 million and CAD 3.0 million respectively. This conclusion is reflected in the Appendix attached herewith.

⁴ Excludes Revolving Fund

⁵ The December 2024 cash balance is preliminary.

APPENDIX

DRAFT ASSEMBLY RESOLUTION FOR ADOPTION BY THE 42nd SESSION OF THE ASSEMBLY (To supersede A41-30)

Resolution 34/1

Working Capital Fund

The Assembly:

1. *Notes that:*

- a) in accordance with Resolution A41-30, the Council has reported upon, and the Assembly has considered, the adequacy of the level of the Working Capital Fund and the related borrowing authority;
- b) the accumulation of contributions in arrears has constituted, together with the delays in payment of current year contributions, a growing obstacle to the implementation of the work programme while creating financial uncertainty;
- c) based on past trends, there is only a limited risk that the level of the Working Capital Fund may not be sufficient to cover the needs in the foreseeable future;
- d) experience has shown that in general payments are not made at the beginning of the year when contributions are due and that ICAO cannot rely on contributions being paid even by the end of the year to which they relate and that such detrimental delay in complying with their financial obligations under the Convention by some Member States is leading to a potential financial crisis within the Organization that could impact all Member States;
- e) as long as the cash flow remains uncertain, ICAO would need the Working Capital Fund as a buffer on which it could draw to meet its unavoidable cash commitments; and
- f) the Council periodically reviews the financial situation of the Organization and the level of the Working Capital Fund.

2. *Resolves that:*

- a) the level of the Working Capital Fund remain at USD 8.0 million;
- b) the Council shall continue to monitor the level of the Working Capital Fund to determine if an increase is urgently needed;
- c) if the Council determines that it is warranted, the level of the Working Capital Fund shall be established at a level no higher than USD 10.0 million, subject to increases resulting from advances paid by new States becoming members of the Organization after approval of the scales. Such adjustment to the Working Capital Fund will be based on the scales of assessment in effect for the year for which the increase in the level of the Working Capital Fund is approved;
- d) the Secretary General be authorized, with the prior approval of the Finance Committee of the Council, to finance regular and supplementary appropriations that cannot be financed from the General Fund and the Working Capital Fund, by borrowing externally amounts needed to meet immediate obligations of the Organization, and that the Secretary General be required to repay such amounts as rapidly as possible; the outstanding total of such indebtedness of the Organization at no time to exceed CAD 3.0 million during the triennium;
- e) the Council shall report during ordinary sessions of the Assembly:
 - i) instances of the Working Capital Fund or borrowing authority use;
 - ii) requirement to increase or decrease the level of the Working Capital Fund or borrowing authority; and
- f) Resolution A41-30 is no longer effective and is hereby superseded;
and

3. *Urges:*

- a) all Member States to pay their assessments as early as possible in the year in which they fall due in order to lessen the likelihood of the Organization having to draw on the Working Capital Fund and resort to external borrowing; and
- b) the Member States in arrears to meet their obligations to the Organization as promptly as possible, as called for by Resolution [A42-xx].

— END —