



**INTERNATIONAL  
CIVIL AVIATION  
ORGANIZATION**



# Amendments to the Procedural Handbook

## Review of Event Subsidy Criteria and Allocation

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Agenda Item 7

Presented by Secretariat

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# Event Subsidy

## Current Eligibility and Entitlements

- **Beneficiaries:** All project members except the United States.
- **Condition:** Must not be in arrears with payments to the project.
- **Subsidy Components:**
  - **Daily Subsistence Allowance (DSA):** Covers lodging and meals at UN rates for the event duration.
  - **Travel Expense Allowance:** A fixed flat rate of USD \$300 for outward and return travel.

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## Event Subsidy

### The Equity Gap and Financial Disparity

- **Lack of Duration Standards:** Currently, there is no minimum or maximum duration requirement for an activity to qualify for a subsidy.
- **Disparity in Benefit:** Under the "one subsidy per event" rule, a 1-day event consumes the same "unit" of a member's annual quota as a 5-day event, despite the latter providing nearly 5x more financial support to the attendee.
- **Resource Pressure:** This variability prevents an equitable distribution of funds across member States.

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## Event Subsidy

### Technical & Financial Baseline (2022–2025)

- **Average Event Duration:** 4.1 days/nights.
- **Average Daily Cost:** USD \$305 (based on UN DSA rates).
- **Total Average Unit Cost:** USD \$1,550 (Daily cost × 4.1 days + \$300 travel).
- **Current Practice Risk:** Allowing 10 subsidies per member per year creates a theoretical commitment of USD \$170,000 (62% of the total \$275,000 annual budget).

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## Event Subsidy

### Budgetary Impact and Resource Conflict

- **Total Annual Estimated Budget:** USD \$275,000 (based on standard member contributions).
- **Subsidies vs. Projects:**
  - **Subsidies:** Committing 10 units per member at an average cost of \$1,550 totals USD \$170,000 (62% of the budget).
  - **Projects/Activities:** Only USD \$105,000 remains for technical assistance missions, consultants, and regional safety/efficiency projects.
- **Operational Risk:** Relying on the current "one subsidy per event" rule without a financial cap risks over-committing funds to travel at the expense of substantive technical implementation.
- **Historical Context:** Records indicate that members typically do not exhaust their full 10-subsidy quota, creating "room for maneuver" and a more flexible financial outlook.

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## Event Subsidy

### Simulation 1 – Theoretical Maximum Exposure (Current Policy)

This simulation shows the impact if every member fully utilized their current entitlement.

- **Scenario:** 100% utilization of 10 subsidies per member.
- **Total Subsidy Cost: USD \$170,000** (Based on 11 members × 10 units × \$1,550 average cost).
- **Impact on Technical Budget:** Only **USD \$105,000** remains available for substantive projects and missions.
- **Risk Assessment:** This creates a **62% budget commitment** for travel subsidies, leaving the Project vulnerable to funding shortfalls for critical safety and efficiency activities.

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## Event Subsidy

### Actual Historical Consumption

- **Historical Spending Data:**
  - **2022:** USD \$13,590
  - **2023:** USD \$43,951
  - **2024:** USD \$24,278
  - **2025:** USD \$23,218
- **Analysis:** There is a high disparity between the "theoretical risk" of the current 10-subsidy rule (\$170,000) and actual member needs (average spend under \$50,000).

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## Event Subsidy

### Proposal for a Managed Subsidy Quota

- **Strategic Objective:** Rebalancing project resources to prioritize core missions of SARPs implementation and safety oversight
- **Financial Sustainability:** Establishing a clear **USD \$120,000 annual ceiling** for total subsidy expenditure
- **Regulatory Alignment:** Utilizing the PSC's authority to define the "monetary value approved on a yearly basis" for fiscal discipline
- **Budget Protection:** Capping the exposure to \$120,000 guarantees that at least **USD \$155,000** remains available for substantive technical projects

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## Event Subsidy

### Simulation 2: Sustainability Analysis

- **Proposed Annual Limit: USD \$120,000**
- **Peak Historical Spend (2023): USD \$43,951**
- **Safety Margin:** The proposed limit is **2.7x higher** than the highest consumption recorded since 2022.
- **Conclusion:** The limit is fiscally responsible while remaining generous enough to accommodate nearly triple the current peak demand.

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## Event Subsidy

### Implementation: Phased Allocation Mechanism

- **Phase 1 (H1 Quota):** An initial allocation of **7 subsidies** per member State/Organization, representing a potential commitment of **USD \$119,000**.
- **Phase 2 (Mid-Year Review):** In July, the Secretariat evaluates the balance of unused subsidies from the first semester.
- **Phase 3 (H2 Adjustment):** Additional subsidies are released only if they do not exceed the total annual **\$120,000 financial limit**.
- **Operational Benefit:** Ensures budget availability for year-end technical priorities by redistributing unused capacity.

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## Event Subsidy

### Simulation 3: The H1 Financial Guardrail

- **Calculation:** 7 subsidies × \$1,550 average unit cost per member
- **Total H1 Commitment:** **USD \$119,350** (rounded to \$119,000)
- **Ceiling Alignment:** This initial phase fits safely within the proposed **USD \$120,000 annual limit.**
- **Security:** Prevents over-committing funds before the Secretariat can conduct the mid-year review to identify "room for maneuver."

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## Amendments to the Procedural Handbook - Event Subsidy

### Proposed Amendment – Section 9.2.1 (Equity & Duration)

- **Current Text:** Entitles members to "one event subsidy per event" with an "equal quantity" for each member.
- **Proposed Change:** Introduce a Standard Subsidy Unit based on the 4.1-day average duration.
- **Provision:** Activities included in the work plan or external requests will be evaluated against this duration baseline.
- **Equity Goal:** To ensure a 1-day event and a 5-day event do not consume the same fixed resource unit, maintaining a fair distribution of the Daily Subsistence Allowance (DSA).

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## Amendments to the Procedural Handbook - Event Subsidy

### Proposed Amendment – Section 9.2.4 (Financial Limits)

- **Current Text:** "The total monetary value should be the equivalent of the amount of allocated funds for event subsidies for the year."
- **Proposed Change:** Formalize a specific Annual Project Ceiling of USD \$120,000 for all member subsidies.
- **Budgetary Justification:** This cap is nearly 3x higher than the historical peak of \$43,951 (2023), ensuring member needs are met while protecting the technical budget.
- **Technical Impact:** Guarantees a minimum of USD \$155,000 remains available for substantive technical projects.

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# Amendments to the Procedural Handbook - Event Subsidy

## Proposed Amendment – Implementation Guidelines

- **New Provision:** Establishment of a Phased Allocation Mechanism.
- **Semester 1 (H1):** A limit of **7 subsidies** per member State/Organization (representing a maximum commitment of **USD \$119,000**).
- **Mid-Year Review:** A mandatory July evaluation by the Secretariat to assess unused H1 balances.
- **Semester 2 (H2):** The release of additional subsidies based on the identified "room for maneuver," provided the total **\$120,000 annual limit** is not exceeded.

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## Amendments to the Procedural Handbook - Event Subsidy

### Alignment with PSC Authority (Section 10.2.4)

- **Regulatory Clarification:** The PSC will continue to approve the "**monetary value... on a yearly basis**".
- **New Criteria:** For the current cycle, the approved monetary value for the project is capped at **USD \$120,000**.
- **Simplified Administration:** Requests for travel assistance that fall within these new standard duration and financial criteria will not require further individual approval, reducing bureaucracy.

This phased approach ensures fiscal discipline, maintains member training opportunities, and prioritizes the core mission of safety and SARP implementation

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# Thank You

