



A41-WP/627
AD/16
29/9/2022

ASSEMBLY — 41ST SESSION

ADMINISTRATIVE COMMISSION

**DRAFT TEXT FOR THE GENERAL SECTION OF THE ADMINISTRATIVE COMMISSION'S
REPORT AND FOR THE REPORT**

ON

AGENDA ITEMS 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55 and 56

(Presented by the Chairperson of the Administrative Commission)

The attached report on the General Section of its Report and Agenda Items 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55 and 56 has been approved by the Administrative Commission. Resolutions 45/1, 48/1, 49/1, 51/1, 52/4, and 53/1 are recommended for adoption by the Plenary.

Note. — After removal of this covering sheet, this paper should be inserted in the appropriate place in the Report Folder.

**REPORT OF THE ADMINISTRATIVE COMMISSION
TO THE ASSEMBLY**

1. The Administrative Commission held two meetings between Wednesday, 28 September 2022 and Monday, 3 October 2022.
2. Mr. Haitham Misto (Jordan) was elected Chairperson of the Administrative Commission at the Plenary Meeting of the Assembly held on 27 September 2022.
3. The Commission, at its first meeting, elected Mr. Fred Kanyangoga Bamwesigye (Uganda) as its First Vice-Chairperson and Mr. Datuk Captain Chester Voo (Malaysia) as its Second Vice-Chairperson as proposed by Ms. Ingeborg van Gasteren (Netherlands) and seconded by Mr. Cesar Bejarano (Colombia).
4. Representatives from at least 75 Member States attended one or more meetings of the Commission.
5. The President of the Council, Mr. Salvatore Sciacchitano, was present at the commencement of the first meeting of the Commission, gave an opening introductory statement and then proceeded to the Executive Committee. The Secretary General, Mr. Juan Carlos Salazar, attended the first meeting of the Commission during the consideration of Agenda Item 45 on the Budget.
6. The Secretary of the Commission was Ms. O. Nam, Chief, Finance Branch. Ms. X. Liu, Chief, Accounting Services Section; Ms. L. Lim, Chief, Financial Services Section; and Ms. T. Agiri, Deputy Director, Human Resources acted as Deputy Secretaries. Ms. R. Mosoci, Head, Regular Budget Unit and Ms. C. Jimenez Gonzalez, Head, General Ledger and Reporting Unit acted as Assistant Secretaries. Mr. F. Lastra, Treasury Officer and Mrs. Z. Amhal, Head Accounts Receivable Unit acted as Liaison Officers. Ms. A. Borsellino and Ms. S. Callaghan acted as Chief Clerks. In addition, Mr. Sylvain Lefoyer, Mr. Arie Jakob, Mr. Sousa Jossai and Mr. Samyith Seng were in attendance at the meeting.

Agenda

7. Items referred to the Commission by the Plenary and Executive Committee were considered.

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| Agenda Item 44: | Annual Reports of the Council to the Assembly for 2019, 2020 and 2021 |
| Agenda Item 45: | Budgets for 2023, 2024 and 2025 |
| Agenda Item 46: | Confirmation of Council action in assessing the contributions to the General Fund and determining advances to the Working Capital Fund of States which have adhered to the Convention |
| Agenda Item 47: | Contributions in arrears |
| Agenda Item 48: | Assessments to the General Fund for 2023, 2024 and 2025 |

- Agenda Item 49: Report on the Working Capital Fund
- Agenda Item 50: Disposition of cash surplus/deficit
- Agenda Item 51: Amendment of the Financial Regulations
- Agenda Item 52: Review of expenditures, approval of accounts and examination of Audit Reports for the financial years 2019, 2020 and 2021
- Agenda Item 53: Appointment of External Auditor
- Agenda Item 54: Status of ICAO Workforce and Human Resources Management
- Agenda Item 55: Developments regarding the ICAO Ethics Framework and Establishment of Rules of Procedures regarding the Secretary General and the President of the Council
- Agenda Item 56: Other issues for consideration by the Administrative Commission

8. The documents and working papers considered by the Commission are listed by Agenda Items in the Appendix to this report (see page *).

9. The action taken by the Commission in respect of each item is reported on separately in the paragraphs that follow. The material is arranged according to the numerical sequence of the agenda items considered by the Commission at the Second Meeting of the Administrative Commission on 3 October 2022.

Conclusion

10. The Chairperson thanked delegates and the Secretariat for the efficient manner in which proceedings were conducted, noting that the Agenda Items had been completed in a single meeting and the review of the Administrative Commission Reports in another short meeting, for a total of two meetings of the Administrative Commission during the 41st Session of the Assembly; and that this had been achieved in spite of the Commission having had a broader remit than in recent Assemblies.

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* Will be provided in final edition of the report.

Agenda Item 44: Annual Reports of the Council to the Assembly for 2019, 2020 and 2021

44.1 The Finances and Human Resources Management and Gender Equity sections of the Annual Reports of the Council to the Assembly for 2019, 2020 and 2021 and the supplementary report covering the first six months of 2022 falling within the Commission’s field of competence were referred by the Plenary, for the Commission’s review.

44.2 At its first meeting, the Commission noted the content and presentation of the sections entitled ‘Finances’ and “Human Resources Management and Gender Equity” for the years 2019, 2020 and 2021 and the supplementary report covering the first six months of 2022 of the Annual Reports ([Annual Report 2019 \(icao.int\)](https://www.icao.int/annual-report-2019) ; [Annual Report 2020 \(icao.int\)](https://www.icao.int/annual-report-2020); <https://www.icao.int/annual-report-2021> and [Supplement](#)).

Agenda Item 45: Budgets for 2023, 2024 and 2025

45.1 The Administrative Commission considered the working paper A41-WP/35, AD/7 related to the Draft Budget of the Organization for 2023, 2024 and 2025, submitted by the Council of ICAO.

45.2 At the first meeting of the Administrative Commission, held on 28 September 2022, the President of the Council presented the Draft Budget of the Organization for 2023, 2024 and 2025. The President started by mentioning that the Budget preparation coincided with, and was impacted by, unprecedented external economic factors, including the COVID-19 pandemic and an unforeseeable rapid inflation increase.

45.3 The President stated that this Draft Budget was a product of solid collaboration between the Council and the Secretariat involving a productive exchange of ideas and information over several Council sessions and meetings addressing the challenges and needs.

45.4 The President emphasized that, continuing with the current practice, the Draft Budget is presented in a results-based format, is based on the ICAO Business Plan for 2023-2024-2025, and continues to define the required financial and human resources for each Strategic Objective and Supporting Strategy. The President confirmed that the Zero Nominal Growth approach, using the assessments of the last year of the current triennium (i.e., 2022), has been used to identify the Member States' assessed contributions and has served as the baseline for the Budget preparation.

45.5 The President highlighted the introduction of the Transformational Objective in the ICAO Business Plan and as a result a proposed budget appropriation of CAD 18.0 million, resulting in a one-time increase to Member States' assessments of CAD 15.0 million for the triennium.

45.6 The President explained that in order to bridge the significant funding gap, mainly resulting from external factors outside of ICAO's control, the new funding source, the Operational Reserve, in the amount of CAD 7.1 million has been put aside during the current triennium in order to address key challenges and to support the implementation of the ICAO Business Plan, while not increasing Member States' assessments.

45.7 The President reiterated the Council's Message on the Budget which advised the Organization to focus on prioritization of its core business and specific priorities related to innovation and organizational transformation; promote the One-ICAO approach by streamlining activities within Headquarters and further enhancing synergies between Headquarters and the Regional Offices, and between Regional Offices, intensify efforts to mobilize alternative resources.

45.8 Further to the priorities mentioned above, the President noted the significant rise in inflation rates in 2022 and forecast for the next few years due to the unpredictable global situation going forward.

45.9 As in the past, the Member States' assessments are complemented by the contribution from the Ancillary Revenue Generation Fund (ARGF), reimbursement from the Administrative and Operational

Services Cost (AOSC) fund, and miscellaneous income. The forecasted ARGF contribution to the Regular Budget relies heavily on the successful performance of the Organization in revenue generating activities.

45.10 The Organization will continue maintaining the pay-as-you-go funding for the After Service Health Insurance (ASHI). The issue of ASHI liability is common in the UN system but remains a potential risk to the Organization due to the increasing liability.

45.11 The President concluded his remarks by stating that the ability for the Organization to effectively fulfil its mission and responsibilities under the Chicago Convention relies on the continuing support and commitment of Member States in providing adequate levels of funding.

45.12 The Secretary General made a statement on the Organization's commitment to support the Council and respectfully requested the Council's support in relation to the Budget.

45.13 A presentation was delivered by the Secretary of the Commission on the proposed Budget of CAD 357.6 million as presented in the A41-WP/35, AD/7. The presentation reiterated the priorities considered during the budget preparation and highlighted main changes introduced. The Secretary presented a breakdown of the budget by Strategic Objectives and Supporting Strategies and highlighted that 70% of resources have been allocated to Strategic Objectives, 5% to the Transformational Objective, 12% for Support to Strategic Objectives and 12% for Management and Administration. The Secretary provided details on the funding for the new Transformational Objective.

45.14 A summary of the funding sources was presented reiterating that Member States' assessments were capped at the 2022 assessment level, as decided by Council, with a one-time increase to the Member States' assessments of CAD 15.0 million necessary to fund the newly-introduced Transformational Objective. To ensure that adequate funding was available without additional increases to the Member States' assessments, the Budget proposed to repurpose CAD 7.1 million from within the current triennium into the Operational Reserve as one of the funding sources for the next triennium. The Secretary highlighted the challenges relating to the composition and content of the funding sources, namely the reduction in the AOSC funding, inflation rate increases and the new funding requirements.

45.15 There was unanimous consensus to support the Draft Budget, as proposed, with the one-time increase in assessment for the important Transformational Objective, noting that this exceptional increase does not create a precedent for the future triennia. Delegations recognized the efforts made by the Organization to improve on governance, efficiency and transparency, and encouraged the Secretariat to continue in these efforts.

45.16 One Delegation noted the changes in distribution of States' assessments, encouraging timely and full contributions from all Member States.

45.17 Some Delegations recommended that the long term global aspirational goal (LTAG) and other priorities as identified and approved by the Assembly should be duly considered.

45.18 In conclusion, the Administrative Commission supported the Draft Budget and recommended the Plenary to a) note the Council's message to adopt the 2023-2024-2025 Budget; b) approve retaining Operational Reserve as one of the funding sources for the 2023-2024-2025 triennium and c) adopt the draft Resolution 45/1 relating to the Regular Budget of the Organization for 2023-2024-2025 and the Indicative Budget Estimates of the Administrative and Operational Services Costs (AOSC) of the Technical Cooperation Programme. Furthermore, the Administrative Commission agreed that any additional financial requirements, identified during the Assembly, in particular, for the LTAG, should be referred to the Council for further consideration, taking into account existing priorities funded through the 2023-2024-2025 Budget.

**RESOLUTION FRAMED BY THE ADMINISTRATIVE COMMISSION
AND RECOMMENDED FOR ADOPTION BY THE ASSEMBLY**

Resolution 45/1:

Budgets for 2023-2024-2025

A. *The Assembly*, with respect to the Budget 2023-2024-2025, *notes* that:

1. in accordance with Article 61 of the Convention, the Council has submitted and the Assembly has considered budget estimates for the Regular Budget and indicative budget estimates for the Administrative and Operational Services Costs (AOSC) Fund of the Technical Cooperation Programme for each of the financial years 2023, 2024 and 2025;

2. in accordance with Articles 49 (e) and 61 of the Convention, the Assembly approves the budgets of the Organization.

B. *The Assembly*, with respect to the **Regular Budget**:

Recognizes the importance of the new Transformational Objective and its initiatives.

Specifies that the funding through Assessments on States of an amount of CAD 14 977 000 for selected high priority Transformational Objective initiatives, for the 2023-2024-2025 triennium, is an extra-ordinary one-time contribution that shall be treated as a non-consolidated amount and shall not form part of the baseline used for preparing budget estimates for the 2026-2027-2028 triennium.

Resolves that: 1. amounts presented in the following table, in Canadian dollars (CAD) for the financial years 2023, 2024 and 2025 are hereby authorized for expenditure in accordance with the Financial Regulations, and subject to the provisions of this Resolution:

2023-2024-2025 Budget Estimates				
(in CAD)				
	2023	2024	2025	Total
Strategic Objective				
SAFETY	32,825,000	34,178,000	34,881,000	101,884,000
AIR NAVIGATION CAPACITY AND EFFICIENCY	21,460,000	22,241,000	22,630,000	66,331,000
SECURITY AND FACILITATION	14,906,000	15,491,000	16,064,000	46,461,000
ECONOMIC DEVELOPMENT OF AIR TRANSPORT	4,952,000	5,113,000	5,256,000	15,321,000
ENVIRONMENTAL PROTECTION	6,877,000	6,983,000	7,351,000	21,211,000
Transformational Objective	8,041,000	4,642,000	5,326,000	18,009,000
Support to Strategic Objectives	13,909,000	14,398,000	16,215,000	44,522,000
Management & Administration	14,062,000	14,658,000	15,101,000	43,821,000
TOTAL PROPOSED APPROPRIATION	117,032,000	117,704,000	122,824,000	357,560,000
Operational	116,413,000	117,116,000	122,225,000	355,754,000
Capital	619,000	588,000	599,000	1,806,000

2. the annual Total Authorized Appropriation be financed as presented in the table below, in accordance with the Financial Regulations:

2023-2024-2025 Funding Sources (in CAD)				
	2023	2024	2025	Total
a) Assessments from States	103,920,000	104,566,000	109,665,000	318,151,000
b) Transfer from ARGF Surplus	8,082,000	8,082,000	8,081,000	24,245,000
c) Operational Reserve	2,364,000	2,364,000	2,364,000	7,092,000
d) Reimbursement from AOSC Fund	1,829,000	1,856,000	1,877,000	5,562,000
e) Miscellaneous Income	780,000	780,000	780,000	2,340,000
f) Incentive Scheme	57,000	56,000	57,000	170,000
TOTAL:	117,032,000	117,704,000	122,824,000	357,560,000

C. *The Assembly*, with respect to the AOSC Fund indicative budget estimates for the **Technical Cooperation Programme**:

Recognizing that the Administrative and Operational Services Cost (AOSC) Fund is mainly financed by fees from implementation of projects assigned to ICAO for execution using funds from external funding sources such as Governments and other sources;

Recognizing that the Technical Cooperation Programme cannot be determined with a high degree of precision until such time as the Governments of donor and recipient countries have decided on the relevant projects and the amount to be implemented in a given year;

Recognizing that due to the situation cited above, the annual AOSC net budget figures shown below in Canadian dollars (CAD) for the years 2023, 2024 and 2025 represent indicative budget estimates only:

	2023	2024	2025
Estimated Expenditures	9,300,000	9,570,000	9,780,000

Recognizing that technical cooperation is an important means of fostering the development and safety, security, efficiency and sustainability of civil aviation;

Recognizing the circumstances facing the Technical Cooperation Programme of the Organization and the necessity to take continuing management measures; and

Recognizing that in the event that the AOSC operation for any given financial year ends in a financial deficit, such deficit should first be met from the accumulated surplus of the AOSC Fund, and a call for support from the Regular Budget would be the last resort.

Resolves that the Indicative budget estimates of the Administrative and Operational Services Costs of the Technical Cooperation Programme are hereby approved on the understanding that subsequent adjustments to the Indicative budget estimates shall be made within the framework of the annual AOSC budget estimates in accordance with the provisions of Article IX of the Financial Regulations.

Agenda Item 46: Confirmation of Council action in assessing the contributions to the General Fund and determining advances to the Working Capital Fund of States which have adhered to the Convention

46.1 At its first meeting, the Commission noted that subsequent to the 40th Session of the Assembly, no new State adhered to the Convention and became a Member State of ICAO, therefore, this Item did not require any particular action.

Agenda Item 47: Contributions in arrears

47.1 At its first meeting, the Commission considered A41-WP/30, EX/18, AD/2, Revision No. 1, and Addendum No. 1 to Appendix C, which provide information on the financial aspects of the question of contributions in arrears as at 20 September 2022 and those Member States that had their voting rights deemed suspended as at 27 September 2022. The working paper has previously been considered by the Executive Committee at its first meeting (Item 10), during which the Executive Committee's oral report has been approved by the plenary.

47.2 The Commission noted the progress made in the collection of long-outstanding arrears, and the status of the Incentive Scheme Account and transfer of the residual surplus of CAD 0.2 million funds to finance the Regular Budget for 2023, 2024 and 2025.

Agenda Item 48: Assessments to the General Fund for 2023, 2024 and 2025

48.1 At its first meeting, the Administrative Commission examined A41-WP/33, AD/5, on the proposed draft scales of assessment for the triennium 2023, 2024 and 2025.

48.2 The Secretary summarized the methodology approved by the Assembly in its Resolution A36-31 and explained on the analysis performed to evaluate the potential impact of COVID-19 pandemic on the scales of assessment. Following the analysis and approval by the Council, there was no change to the methodology; therefore, the existing assessment principles will be maintained.

48.3 The Commission recommended that the Plenary approve and adopt the Scales of Assessment outlined in the Resolution 48/1.

**RESOLUTION FRAMED BY THE ADMINISTRATIVE COMMISSION
AND RECOMMENDED FOR ADOPTION BY THE ASSEMBLY**

Resolution 48/1: Assessments to the General Fund for 2023, 2024 and 2025

The Assembly resolves:

1. that the amounts to be assessed on Member States for 2023, 2024 and 2025 pursuant to Article 61, Chapter XII, of the Convention shall be determined in accordance with the scales set out below.

Member States	Draft Scales of Assessment 2023, 2024, 2025
	%
Afghanistan	0.06
Albania	0.06
Algeria	0.08
Andorra	0.06
Angola	0.06
Antigua and Barbuda	0.06
Argentina	0.52
Armenia	0.06
Australia	1.66
Austria	0.56
Azerbaijan	0.16
Bahamas	0.06
Bahrain	0.08
Bangladesh	0.12
Barbados	0.06
Belarus	0.06
Belgium	0.68
Belize	0.06
Benin	0.06
Bhutan	0.06
Bolivia (Plurinational State of)	0.06
Bosnia and Herzegovina	0.06
Botswana	0.06
Brazil	1.56
Brunei Darussalam	0.06
Bulgaria	0.06
Burkina Faso	0.06
Burundi	0.06
Cabo Verde	0.06
Cambodia	0.06

<u>Member States</u>	Draft Scales of Assessment 2023, 2024, 2025
Cameroon	0.06
Canada	2.17
Central African Republic	0.06
Chad	0.06
Chile	0.44
China	13.71
Colombia	0.30
Comoros	0.06
Congo	0.06
Cook Islands	0.06
Costa Rica	0.06
Côte d'Ivoire	0.06
Croatia	0.06
Cuba	0.07
Cyprus	0.06
Czechia	0.24
Democratic People's Republic of Korea	0.06
Democratic Republic of the Congo	0.06
Denmark	0.41
Djibouti	0.06
Dominica	0.06
Dominican Republic	0.06
Ecuador	0.06
Egypt	0.19
El Salvador	0.06
Equatorial Guinea	0.06
Eritrea	0.06
Estonia	0.06
Eswatini	0.06
Ethiopia	0.42

<u>Member States</u>	Draft Scales of Assessment 2023, 2024, 2025
Fiji	0.06
Finland	0.38
France	3.43
Gabon	0.06
Gambia	0.06
Georgia	0.06
Germany	4.78
Ghana	0.06
Greece	0.24
Grenada	0.06
Guatemala	0.06
Guinea	0.06
Guinea-Bissau	0.06
Guyana	0.06
Haiti	0.06
Honduras	0.06
Hungary	0.29
Iceland	0.06
India	0.99
Indonesia	0.51
Iran (Islamic Republic of)	0.32
Iraq	0.09
Ireland	0.64
Israel	0.47
Italy	2.28
Jamaica	0.06
Japan	6.26
Jordan	0.06
Kazakhstan	0.11
Kenya	0.07

<u>Member States</u>	Draft Scales of Assessment 2023, 2024, 2025
Kiribati	0.06
Kuwait	0.18
Kyrgyzstan	0.06
Lao People's Democratic Republic	0.06
Latvia	0.06
Lebanon	0.06
Lesotho	0.06
Liberia	0.06
Libya	0.06
Lithuania	0.06
Luxembourg	0.47
Madagascar	0.06
Malawi	0.06
Malaysia	0.42
Maldives	0.06
Mali	0.06
Malta	0.06
Marshall Islands	0.06
Mauritania	0.06
Mauritius	0.06
Mexico	1.05
Micronesia (Federated States of)	0.06
Monaco	0.06
Mongolia	0.06
Montenegro	0.06
Morocco	0.09
Mozambique	0.06
Myanmar	0.06
Namibia	0.06
Nauru	0.06

<u>Member States</u>	Draft Scales of Assessment 2023, 2024, 2025
Nepal	0.06
Netherlands	1.54
New Zealand	0.30
Nicaragua	0.06
Niger	0.06
Nigeria	0.13
North Macedonia	0.06
Norway	0.52
Oman	0.11
Pakistan	0.13
Palau	0.06
Panama	0.11
Papua New Guinea	0.06
Paraguay	0.06
Peru	0.15
Philippines	0.27
Poland	0.61
Portugal	0.34
Qatar	1.59
Republic of Korea	3.16
Republic of Moldova	0.06
Romania	0.23
Russian Federation	1.89
Rwanda	0.06
Saint Kitts and Nevis	0.06
Saint Lucia	0.06
Saint Vincent and the Grenadines	0.06
Samoa	0.06
San Marino	0.06
Sao Tome and Principe	0.06

<u>Member States</u>	Draft Scales of Assessment 2023, 2024, 2025
Saudi Arabia	1.07
Senegal	0.06
Serbia	0.06
Seychelles	0.06
Sierra Leone	0.06
Singapore	0.76
Slovakia	0.11
Slovenia	0.06
Solomon Islands	0.06
Somalia	0.06
South Africa	0.21
South Sudan	0.06
Spain	1.67
Sri Lanka	0.07
Sudan	0.06
Suriname	0.06
Sweden	0.61
Switzerland	0.96
Syrian Arab Republic	0.06
Tajikistan	0.06
Thailand	0.45
Timor-Leste	0.06
Togo	0.06
Tonga	0.06
Trinidad and Tobago	0.06
Tunisia	0.06
Türkiye	1.37
Turkmenistan	0.06
Tuvalu	0.06
Uganda	0.06

<u>Member States</u>	Draft Scales of Assessment 2023, 2024, 2025
Ukraine	0.06
United Arab Emirates	1.98
United Kingdom	3.37
United Republic of Tanzania	0.06
United States	21.70
Uruguay	0.06
Uzbekistan	0.06
Vanuatu	0.06
Venezuela (Bolivarian Republic of)	0.12
Viet Nam	0.17
Yemen	0.06
Zambia	0.06
Zimbabwe	<u>0.06</u>
	<u>100.00</u>

Agenda Item 49: Report on the Working Capital Fund

49.1 At its first meeting, the Administrative Commission examined A41-WP/31, AD/3, on the adequacy of the level of the Working Capital Fund. The Commission noted the recommendation to maintain the level of the Working Capital Fund at USD 8.0 million for the next triennium; the Council's authority to increase the Working Capital Fund at a level no higher than USD 10.0 million; and the borrowing authority at no time to exceed the current level of CAD 3.0 million for the next triennium.

49.2 After consideration, the Commission recommended the submission of the Resolution 49/1 for adoption by the Plenary.

**RESOLUTION FRAMED BY THE ADMINISTRATIVE COMMISSION
AND RECOMMENDED FOR ADOPTION BY THE ASSEMBLY**

(To supersede A40-31)

Resolution 49/1: Working Capital Fund

The Assembly:

I. Notes that:

- a) in accordance with Resolution A40-31, 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) on the adequacy of the level of the Working Capital Fund;
 - ii) whether the financial position of the General Fund and the Working Capital Fund would indicate the need for assessing Member States for cash deficits caused by arrears of contributions; and
 - iii) on the appropriateness of the level of the borrowing authority; and
- f) Resolution A40-31 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 A39-31.

Agenda Item 50: Disposition of cash surplus/deficit

50.1 At its first meeting, the Commission examined A41-WP/32, AD/4 dealing with the disposition of cash deficit.

50.2 The Commission noted the financial results for the year ended 31 December 2021, showing a cash deficit of CAD 11.0 million as at the end of December 2021. The Commission noted that this deficit is being considered as temporary and may be eliminated by the immediate payment of assessments in arrears by Member States. The Commission confirmed that there is no need to assess Member States to finance the deficit.

Agenda Item 51: Amendment of the Financial Regulations

51.1 At its first meeting, the Commission examined A41-WP/34, AD/6 that presents amendments to the Financial Regulations. The proposed amendments were the result of a comprehensive review of policies, guidelines, and frameworks that are in use at ICAO since the 2017 publication of the current edition of the Financial Regulations. Due consideration was also given to improving the completeness, clarity, and coherence of the Financial Regulations by benchmarking them against counterpart documents in five UN Organizations. The proposed revisions include the updating of six Article Headings; nineteen Regulations; and the addition of four new Regulations. It is also proposed that Annex A on definitions, be incorporated into a new Article XV, dedicated to definitions, in line with their presentation by other UN Organizations. Also, footnotes associated with several Articles have been integrated into the Regulations themselves for clarity and prominence.

51.2 In concluding the review of the proposed changes to the Financial Regulations, the Commission noted the comprehensive review and the proposed amendments. The Commission confirmed the amendments and recommended the adoption of Draft Resolution 55/1 by the Assembly as presented in Appendix B of Working Paper A41-WP/34, AD/6.

**RESOLUTION FRAMED BY THE ADMINISTRATIVE COMMISSION
AND RECOMMENDED FOR ADOPTION BY THE ASSEMBLY**

Resolution 55/1:

Amendment of the Financial Regulations

Whereas the Council is respectful of the position of the Assembly in approving the Budgets and Appropriations of the Organization;

Whereas the Council is able to meet on a regular basis to deal with exigencies and developments affecting the amounts appropriated;

Whereas the Council requires the flexibility between Assembly sessions to accommodate changes in the financing needs;

The Assembly resolves, that the amendments as set out below to the headings of Articles I, IV, V, VI, X, and XI; deletion of the footnotes of Doc 7515/16; revisions to Financial Regulations 1.1, 4.3, 4.4, 4.10, 5.6, 5.9, 6.6, 7.2, 7.3, 8.1, 9.1, 9.3, 10.1, 10.2, 10.3, 11.1, 12.1, 13.4, and 13.8; addition of new Financial Regulations 1.2, 1.3, 7.9, and 13.9; and the conversion of Annex A into a new Article XV Definitions; are confirmed pursuant to Financial Regulation 14.1.

Reg. No.	Edited changes	New revised text
Article I Applicability		
	Article I Applicability ¹ and Accountability Articles IV, V and VI govern the Regular Programme Budget, its formulation, approval, execution, and funding and do not apply to Technical Cooperation Programme Funds. Pertinent provisions apply to the Administrative and Operational Services Cost Fund, in particular Regulations 4.1, 4.2, 4.4 4.9 inclusive, 5.1, 5.5, 5.7 and 5.8. See also Article IX	Article 1 Applicability and Accountability
1.1	These Regulations ² shall govern the financial administration of the International Civil Aviation Organization. ²Annex A provides a Glossary of Terms to be used for the interpretation of these Regulations.	These Regulations shall govern the financial administration of the International Civil Aviation Organization.
1.2	New Regulation	The Secretary General is responsible and accountable to the Council for the financial management and operation of ICAO and may delegate authority for the implementation of specific aspects of the Financial Regulations, documented in the Financial Rules, in line with Article XI.
1.3	New Regulation	The definitions in respect of specific terms used in these Regulations are presented in Article XV.
Article IV The Budget		
	Article IV Regular Budget	Article IV Regular Budget
4.3	The Secretary General's Regular Budget Estimates shall present the resources necessary to meet the results required to comply with ICAO's obligations under the Chicago Convention and applicable Assembly Resolutions, as they have been incorporated into the Business Plan for which the estimates are presented.	The Secretary General's Regular Budget Estimates shall present the resources necessary to meet the results required to comply with ICAO's obligations under the Chicago Convention and applicable Assembly Resolutions, as they have been incorporated into the Business Plan.
4.4	The Secretary General's Regular Budget Estimates shall be subdivided into Programme, Programme Support, and Management and Administration. While Programme relates to Strategic Objectives, Programme Support and Management and Administration relate to Supporting Strategies. For each Strategic Result and Supporting Strategy, the budget estimates	The Secretary General's Regular Budget Estimates shall be subdivided into Strategic Objectives, Supporting Strategies. and may include any other objective or strategy related to the results-based management structure of the Business Plan.

	will contain required resources, and also expected results, outputs and key performance indicators to measure progress made towards the attainment of results. Strategic Objectives, Supporting Strategies, and may include any other objective or strategy related to the results-based management structure of the Business Plan.	
4.10	The budget resolution, as defined in Regulation 4.7 c), shall be voted and adopted by the Assembly by Strategic Objectives, and Supporting Strategies, and any other objective or strategy related to the results-based management structure of the Business Plan; and by Total Authorized Appropriation.	The budget resolution, as defined in Regulation 4.7 c), shall be voted and adopted by the Assembly by Strategic Objectives, Supporting Strategies and any other objective or strategy related to the results-based management structure of the Business Plan; and by Total Authorized Appropriation.
Article V Appropriations		
	Article V Regular Budget Appropriations³ ³Non cash expenditures not requiring an outlay of funds, such as depreciation, amortization and goods and services provided to the Organization without charges, are not included in the appropriations but are included in the estimates for authorization purposes.	Article V Regular Budget Appropriations
5.6	The unspent balance of appropriations in any financial year may be carried over to the following year under the authority of the Secretary General for up to 10 per cent per appropriation for each Strategic Objective, or Supporting Strategy or any other objective or strategy that has been voted and adopted by the Assembly, and for any amount above this percentage, under the authority of the Council, irrespective of its authority under Regulation 5.9 to effect transfers between Strategic Objectives or Supporting Strategies, may determine that any unspent balance of appropriations in any financial year be carried over to the following year. The total of expended and carried over appropriations shall not exceed the Total Authorized Appropriation plus amounts carried over from the previous year. Any balance of unspent appropriations and appropriations not carried over to the following year shall be cancelled.	The unspent balance of appropriations in any financial year may be carried over to the following year under the authority of the Secretary General for up to 10 per cent per appropriation for each Strategic Objective, Supporting Strategy, or any other objective or strategy that has been voted and adopted by the Assembly; and for any amount above this percentage, under the authority of the Council irrespective of its authority under Regulation 5.9. The total of expended and carried over appropriations shall not exceed the Total Authorized Appropriation plus amounts carried over from the previous year. Any balance of unspent appropriations and appropriations not carried over to the following year shall be cancelled.

5.9	<p>Transfers from one Strategic Objective, or Supporting Strategy, or any other objective or strategy voted and adopted by the Assembly, to another may be effected by the Secretary General up to an amount not exceeding 20 per cent of the annual appropriation for each of the Strategic Objectives, or Supporting Strategies, or other objective or strategy, to which the transfer is made. Above this percentage, transfers between among Strategic Objectives, or Supporting Strategies, or other objective or strategy, may be effected by the Secretary General, with the prior approval of the Council after obtaining the advice of the Finance Committee. All transfers, including those that fall within the authority of the Secretary General, shall be reported to the Assembly.</p>	<p>Transfers from one Strategic Objective, Supporting Strategy, or any other objective or strategy voted and adopted by the Assembly, to another may be effected by the Secretary General up to an amount not exceeding 20 per cent of the annual appropriation for each of the Strategic Objectives, Supporting Strategies, or other objective or strategy, to which the transfer is made. Above this percentage, transfers among Strategic Objectives, Supporting Strategies, or other objective or strategy, may be effected by the Secretary General, with the prior approval of the Council after obtaining the advice of the Finance Committee. All transfers, including those that fall within the authority of the Secretary General, shall be reported to the Assembly.</p>
Article VI Provision of Funds		
	<p>Article VI Provision of Regular Budget Funds</p>	<p>Article VI Provision of Regular Budget Funds</p>
6.6	<p>The contributions of Member States shall be payable in Canadian dollars assessed partly in Canadian dollars and partly in United States dollars, in a proportion determined by the requirements of the two currencies. To the extent that the Secretary General may find it possible to accept during the financial year other currencies, the Secretary General may invite certain Member States to remit a portion of their contributions in such currencies, of specified amounts, as the Secretary General may designate to the extent that contributions so assessed are fair and equitable.</p>	<p>The contributions of Member States shall be assessed partly in Canadian dollars and partly in United States dollars, in a proportion determined by the requirements of the two currencies. To the extent that the Secretary General may find it possible to accept during the financial year other currencies, the Secretary General may invite certain Member States to remit a portion of their contributions in such currencies, of specified amounts, as the Secretary General may designate to the extent that contributions so assessed are fair and equitable.</p>
Article VII Establishment and Administration of Funds		
7.2	<p>The Secretary General may establish create Funds or Special Accounts within the scope of the Ancillary Revenue Generation Fund referred to in Regulation 7.3 e for the purpose of efficient financial administration of those Funds, Reserves and Special Accounts, established as per Regulation 7.1.</p>	<p>The Secretary General may create Funds or Special Accounts for the purpose of efficient financial administration of those Funds, Reserves and Special Accounts, established as per the Regulation 7.1.</p>

<p>7.3</p>	<p>As far as the General Fund, the Working Capital Fund, and the Ancillary Revenue Generation Fund are concerned:</p> <p>a) the General Fund shall be credited with contributions (including any arrears thereof) from Member States, miscellaneous income and advances made from the Working Capital Fund and shall be debited with all general expenditures of the Organization and reimbursements to the Working Capital Fund.</p> <p>b) the Working Capital Fund shall be utilized to make advances as necessary:</p> <p>i) to the General Fund to finance temporary cash deficits as a result of delays in receipt of income, the sums so advanced to be reimbursed as soon as receipts are available for the purpose;</p> <p>ii) to the relevant Joint Financing Fund for the operation of projects under agreements concluded under Chapter XV of the Convention, for the purpose of defraying expenses pending receipt of contributions assessable to participating States by virtue of these agreements, the outstanding balance of the sums so advanced not to exceed \$100 000 at any time and to be reimbursed as soon as receipts from participating States are available for the purpose; and</p> <p>ii) in cases where the Council has approved appropriations under Regulation 5.2 a) and b), to the relevant special fund created under Regulation 8.4 subject to the limit therein specified.</p> <p>c) the Ancillary Revenue Generation Fund shall be used to record all revenues and expenditures relating to administer self-financing activities and revenue-generating products and services. In the event of a deficit at the end of a financial year, the deficit shall be funded by accumulated surplus or it shall be carried forward to the next year and offset by income in that period, and the deficit shall</p>	<p>As far as the General Fund, the Working Capital Fund, and the Ancillary Revenue Generation Fund are concerned:</p> <p>a) the General Fund shall be credited with contributions (including any arrears thereof) from Member States, miscellaneous income and advances made from the Working Capital Fund and shall be debited with all general expenditures of the Organization and reimbursements to the Working Capital Fund.</p> <p>b) the Working Capital Fund shall be utilized to make advances as necessary:</p> <p>i) to the General Fund to finance temporary cash deficits as a result of delays in receipt of income, the sums so advanced to be reimbursed as soon as receipts are available for the purpose; and</p> <p>ii) in cases where the Council has approved appropriations under Regulation 5.2 a) and b), to the relevant special fund created under Regulation 8.4 subject to the limit therein specified.</p> <p>c) the Ancillary Revenue Generation Fund shall be used to administer self-financing and revenue-generating products and services. In the event of a deficit at the end of a financial year, the deficit shall be funded by accumulated surplus or it shall be carried forward to the next year and offset by income in that period, and the deficit shall not be funded by the Regular Budget. Budgetary estimates for the Ancillary Revenue Generation Fund, showing income, expenditure and amounts estimated for transfers to the General Fund to finance the Regular Budget approved by the Council, shall be presented, together with the Regular Budget, to the Assembly for its review and approval. The Secretary General may make such adjustments to the budget estimates, approved by the Assembly, as may be required during the budgetary period concerned in order to further enhance revenue generation, and provide adequate administration and support services to the activities of the Organization, within the terms of these Financial Regulations and the</p>
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<p>not be funded by the Regular Budget. Budgetary estimates for the Ancillary Revenue Generation Fund, showing income, expenditure and amounts estimated for transfers to the General Fund to finance the Regular Budget approved by the Council, shall be presented, together with the Regular Budget, to the Assembly for its review and approval. The Secretary General may make such adjustments to the budget estimates, approved by the Assembly, as may be required during the budgetary period concerned in order to further enhance revenue generation, and provide adequate administration and support services to the activities of the Organization, within the terms of these Financial Regulations and the resources available in the Fund, but without reducing the amounts earmarked for transfer to the General Fund. Any surplus not projected to be committed or expensed may be transferred to the General Fund.</p> <p>d) within the Ancillary Revenue Generation Fund, the following an operational reserve shall be established, at levels set by the Council, — 1. an operational reserve, the purpose of which is to guarantee the financial viability and integrity of the Ancillary Revenue Generation Fund. The Reserve shall be fully funded and held in irrevocable and promptly available liquid assets. The decision to make a drawdown from the Operational Reserve shall rest with the Secretary General, who will report all drawdown to the Finance Committee at its next regular session. The elements to be compensated for and covered by the the Reserve shall be limited to:</p> <ul style="list-style-type: none"> i) downward fluctuations or shortfalls in resources; ii) uneven cash flows; iii) increases in actual costs as compared to planning estimates or fluctuations in delivery; and iv) other contingencies which result in a loss of resources for which the Ancillary 	<p>resources available in the Fund, but without reducing the amounts earmarked for transfer to the General Fund. Any surplus not projected to be committed or expensed may be transferred to the General Fund.</p> <p>d) within the Ancillary Revenue Generation Fund, an operational reserve shall be established, at levels set by the Council, to guarantee the financial viability and integrity of the Ancillary Revenue Generation Fund. The Reserve shall be fully funded and held in irrevocable and promptly available liquid assets. The decision to make a drawdown from the Operational Reserve shall rest with the Secretary General, who will report all drawdown to the Finance Committee at its next regular session. The elements to be compensated for and covered by the Reserve shall be limited to:</p> <ul style="list-style-type: none"> i) downward fluctuations or shortfalls in resources; ii) uneven cash flows; iii) increases in actual costs as compared to planning estimates or fluctuations in delivery; and iv) other contingencies which result in a loss of resources for which the Ancillary Revenue Generation Fund has made commitments.
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	<p>Revenue Generation Fund has made commitments.</p> <p>The decision to make a drawdown from the Operational Reserve shall rest with the Secretary General, who will report all drawdown to the Finance Committee at its next regular session.</p>	
7.9	New Regulation	<p>Voluntary contributions may be accepted by the Secretary General if the contributions made are consistent with the purposes, objectives, policies, principles or functions of the Organization. Such contributions shall be administered as Trust Funds and the status of Voluntary Contributions shall be periodically reported to the Finance Committee.</p>
Article VIII Joint Financing of Air Navigation Facilities and Services		
8.1	<p>Unless the Assembly makes specific provision therefor, projects requiring joint financing under Chapter XV of the Convention shall be financed not from the General Fund, but by assessed contributions or other means agreed to by the interested parties.</p>	<p>Unless the Assembly makes specific provision therefor, projects requiring joint financing under Chapter XV of the Convention shall be financed not from the General Fund, but by assessed contributions or other means agreed to by the interested parties.</p>
Article IX Technical Cooperation		
	<p>Article IX Technical Cooperation⁴</p> <p>⁴The Assembly has approved participation by the Organization in programmes of technical cooperation financed exclusively by extrabudgetary resources, such as those provided by the United Nations Development Programme and through Trust Funds provided by governments and other entities.</p>	<p>Article IX Technical Cooperation</p>
9.1	<p>The Assembly has approved participation by the Organization in programmes of technical cooperation financed exclusively by extra budgetary resources. In accordance with Article VII, Regulation 7.1, the Council authorizes the establishment of such Funds as may be necessary for the administration of programmes of technical cooperation. In line with Regulation 7.2, the Secretary General may establish create and shall administer such those Funds, in support of the Technical Cooperation Programme, in accordance with the applicable provisions of these Financial Regulations and with due regard to the</p>	<p>The Assembly has approved participation by the Organization in programmes of technical cooperation financed exclusively by extra budgetary resources. In accordance with Article VII, Regulation 7.1, the Council authorizes the establishment of such Funds as may be necessary for the administration of programmes of technical cooperation. In line with Regulation 7.2, the Secretary General may create and shall administer those Funds, in support of the Technical Cooperation Programme, in accordance with the applicable provisions of these Financial Regulations and with due regard to the requirements of the organizations,</p>

	requirements of the organizations, governments and other entities providing the respective funds.	governments and other entities providing the respective funds.
9.3	The cost of administration and operation of the Organization's programmes of technical cooperation shall be met by the organizations, governments and other entities providing the funds for technical cooperation and managed through a consolidated an Administrative and Operational Services Cost (AOSC) Fund. For United Nations Development Programme (UNDP) projects, administrative charges shall be determined in coordination with the UNDP, and for all other projects, Administrative charges shall be determined on the basis of the estimated costs to be incurred by the Organization for the implementation of the project, subject to Regulation 7.7.	The cost of administration and operation of the Organization's programmes of technical cooperation shall be met by the organizations, governments and other entities providing the funds for technical cooperation and managed through an Administrative and Operational Services Cost (AOSC) Fund. Administrative charges shall be determined on the basis of the estimated costs to be incurred by the Organization for the implementation of the project, subject to Regulation 7.7.
Article X Depositories and Investments		
	Article X Depositories Banking and Investments	Article X Banking and Investments
10.1	The Secretary General shall designate the bank(s) or other financial institution(s) in which the funds of the Organization shall be kept. The Secretary General shall be accountable for effective cash and investment management in accordance with criteria and standards elaborated in the Financial Rules and any applicable policies.	The Secretary General shall designate the bank(s) or other financial institution(s) in which the funds of the Organization shall be kept. The Secretary General shall be accountable for effective cash and investment management in accordance with criteria and standards elaborated in the Financial Rules and any applicable policies.
10.2	The Secretary General, with the approval of the Finance Committee, shall from time to time designate trustee securities for investment purposes. may make short-term investment of funds in excess of immediate requirements and shall periodically inform the Finance Committee on the status of such investments. Long term investment of funds shall require approval by the Finance Committee.	The Secretary General may make short-term investment of funds in excess of immediate requirements and shall periodically inform the Finance Committee on the status of such investments. Long-term investment of funds shall require approval by the Finance Committee.
10.3	The Secretary General may make investments in such designated trustee securities and shall inform the Finance Committee periodically of such investments. The selection of banking partners and the management of relationships with financial	The selection of banking partners and the management of relationships with financial institutions shall be in accordance with criteria and standards elaborated in the Financial Rules and in ICAO guidelines established for cash and investment management.

	institutions shall be in accordance with criteria and standards elaborated in the Financial Rules and in ICAO guidelines established for cash and investment management.	
Article XI Internal Control and Internal Audit		
	Article XI Internal Control and Internal Audit Oversight	Article XI Internal Control and Internal Oversight
11.1	<p>The Secretary General shall:</p> <p>a) establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy;</p> <p>b) establish and enforce a Procurement Code that regulates the conduct of all procurement activities, including solicitation, evaluations, and approval of all procurement for goods and services, including third party procurement;</p> <p>b) c) c) cause all payments to be made on the basis of supporting documents which ensure that the services or goods have been received and have not already been paid for;</p> <p>e) d) d) designate the officers who may receive monies and, subject to Regulation 11.2, may incur expenditures and make payments on behalf of the Organization; and;</p> <p>e) ensure that refunds of any contributed funds and applicable interest, if any, shall only be made to the original donor entity or a legally administered trust fund on behalf of the entity;</p> <p>e) f) f) maintain a system of internal controls, in line with the Organization's Enterprise Risk Management and Internal Control Framework and a separate internal audit oversight function, as described in the OIO Charter., which shall assess and contribute to the improvement of governance, risk management, and control processes; and to</p>	<p>The Secretary General shall:</p> <p>a) establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy;</p> <p>b) establish and enforce a Procurement Code that regulates the conduct of all procurement activities, including solicitation, evaluations, and approval of all procurement for goods and services, including third party procurement;</p> <p>c) cause all payments to be made on the basis of supporting documents which ensure that the services or goods have been received and have not already been paid for;</p> <p>d) designate the officers who may receive monies and, subject to Regulation 11.2, may incur expenditures and make payments on behalf of the Organization;</p> <p>e) ensure that refunds of any contributed funds and applicable interest, if any, shall only be made to the original donor entity or a legally administered trust fund on behalf of the entity;</p> <p>f) maintain a system of internal controls, in line with the Organization's Enterprise Risk Management and Internal Control Framework and a separate internal oversight function as described in the OIO Charter.</p>

	<p>the improvement of programme management and the achievement of results provide for an effective current examination and <i>ex post facto</i> review of the operation of the system of internal control. These two measures being provided to shall ensure, <i>inter alia</i>:</p> <p>i) the regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization;</p> <p>ii) the conformity of expenditures with the appropriations or other financial provisions, or with the purposes and rules relating to Funds, Reserves and Special Accounts; and</p> <p>iii) the economical use of the resources of the Organization.</p>	
Article XII Accounts and Financial Statements		
12.1	<p>The Secretary General shall maintain such accounting records as are necessary and shall submit annual financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) accounting standards adopted by the United Nations Organizations. The statements shall also include:</p> <p>a) the status of appropriations including:</p> <p>i) the appropriations voted by the Assembly;</p> <p>ii) the said appropriations as modified by any transfers and any new appropriations made under Regulation 5.2, and</p> <p>iii) the amounts charged against the appropriations; and</p> <p>b) credits not budgeted for by the Assembly.</p>	<p>The Secretary General shall maintain such accounting records as are necessary and shall submit annual financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) adopted by the United Nations Organizations. The statements shall also include:</p> <p>a) the status of appropriations including:</p> <p>i) the appropriations voted by the Assembly;</p> <p>ii) the said appropriations as modified by any transfers and any new appropriations made under Regulation 5.2, and</p> <p>iii) the amounts charged against the appropriations; and</p> <p>b) credits not budgeted for by the Assembly.</p>
Article XIII External Audit		
13.4	<p>The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special direction of the Assembly, in accordance with the additional terms of reference set out in the Annex B to the present Regulations.</p>	<p>The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special direction of the Assembly, in accordance with the additional terms of reference set out in the Annex to the present Regulations.</p>
13.8	<p>The report of the External Auditor on the audit of the financial statements and relevant schedules relating to the accounts for the financial period shall include such information as the External Auditor deems necessary with regard to matters referred to in</p>	<p>The report of the External Auditor on the audit of the financial statements and relevant schedules relating to the accounts for the financial period shall include such information as the External Auditor deems necessary with regard to matters</p>

	Regulation 13.5 and in the additional terms of reference in the <i>Annex B</i> .	referred to in Regulation 13.5 and in the additional terms of reference in the <i>Annex</i> .
13.9	New Regulation	As part of a common internal control and audit framework in the United Nations system organizations, the Single Audit Principle shall apply.
	Annex B Additional Terms of Reference Governing the External Audit	Annex Additional Terms of Reference Governing the External Audit
Annex A Glossary of Terms		
	Annex A Glossary of Terms Article XV Definitions	Article XV Definitions
1	“Allotment” or “allocation of funds”: a) when used in respect to the Regular Budget, shall mean the document, electronic or otherwise, which enables and authorizes expenditures against Regular Budget Funds. b) when used with all other Funds, Reserves and Special Accounts, shall mean that funds are available and received by the Organization, thus allowing expenditures to occur.	Allotment” or “allocation of funds”: a) when used in respect to the Regular Budget, shall mean the document, electronic or otherwise, which enables and authorizes expenditures against Regular Budget Funds. b) when used with all other Funds, Reserves and Special Accounts, shall mean that funds are available and received by the Organization, thus allowing expenditures to occur.
2	“Business Plan” shall mean the document that sets the overall direction and provides the framework for guiding ICAO to achieve objectives and strategies. the Business Plan of the Organization, representing the operational plan for implementing the Strategic Objectives of the Organization.	“Business Plan” shall mean the document that sets the overall direction and provides the framework for guiding ICAO to achieve objectives and strategies.
3	“Capital Expenditures” shall mean tangible assets, such as property, plant and equipment, and capitalized intangible assets (also called fixed assets), which are held by the Organization and have a useful life of more than one year.	
4	“Commitment” shall mean an engagement or an obligation to conclude a transaction with a third party, by contract or other means, during the current year or subsequent years.	“Commitment” shall mean an engagement or an obligation to conclude a transaction with a third party, by contract or other means, during the current year or subsequent years.
		“ <i>Ex gratia</i> payment” shall mean a payment made where there is no legal liability but the moral obligation to make such payment is justifiable.
5	“Expenditure” shall mean the sum of disbursements and unliquidated commitments where “disbursement” shall mean the amount paid and shall be used interchangeably with the term “payments”.	“Expenditure” shall mean the sum of disbursements and unliquidated commitments where “disbursement” shall mean the amount paid and shall be used interchangeably with the term “payments”.

	the use of funds by the Organization or a commitment to pay at a later date cash or equivalent for the acquisition of goods and services, that will generally translate into the operating expenses or capital spending of the Organization.	
6	“Expenses” shall mean decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets/equity, other than those relating to distributions to owners.	“Expenses” shall mean decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets/equity, other than those relating to distributions to owners.
7	“Fixed assets” shall mean property, plant and equipment, and intangible assets capitalized under IPSAS and the Organization’s policy.	“Fixed assets” shall mean property, plant and equipment, and intangible assets capitalized under IPSAS and the Organization’s policy.
8	“Full cost” shall mean all direct and indirect costs attributable to the administration, operation and support of the Organization’s activities.	“Full cost” shall mean all direct and indirect costs attributable to the administration, operation and support of the Organization’s activities.
9	“Fund” or “Special Account” shall mean an account or accounts set aside for a specific purpose the set of accounting records established to record and report on the financial transactions, and the terms may be used interchangeably. Funds may be restricted internally by the Secretariat or externally by a contributor, a Member State, the Council, or the Assembly.	“Fund” or “Special Account” shall mean the set of accounting records established to record and report on the financial transactions, and the terms may be used interchangeably. Funds may be restricted internally by the Secretariat or externally by a contributor, a Member State, the Council, or the Assembly.
10	“Income” relates to funding sources and includes proceeds from the sale of fixed assets.	
11	“Liabilities” shall mean present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential	“Liabilities” shall mean present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential
12	“Miscellaneous Income” shall mean any funds earned by the Organization as a result of interest revenue, fees charged for services and indirect costs, and other sundry receipts.	“Miscellaneous Income” shall mean any funds earned by the Organization as a result of interest revenue, fees charged for services and indirect costs, and other sundry receipts.
13	“Revenue” shall mean the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets/equity, other	

	than increases relating to contributions from owners.	
		“Revenue” and “Income” shall mean the increase in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity. “Revenue” and “Income” are used inter-changeably in this document.
14	“Revolving Fund” shall mean a Fund established under the Financial Regulations for a particular purpose and financed by an ongoing basis by various sources of funding such as transfers and current operations from other Funds. It may be used to finance specific expenditures, deficits and accumulated deficits in whole or in part.	“Revolving Fund” shall mean a Fund established under the Financial Regulations for a particular purpose and financed by an ongoing basis by various sources of funding such as transfers and current operations from other Funds. It may be used to finance specific expenditures, deficits and accumulated deficits in whole or in part.
		“Single Audit Principle” shall mean that, given a control system where the control and audit functions are based on common methods, they enable auditors of one institution to rely on the work of auditors from another institution instead of re-performing the audit themselves.
15	“Strategic Objectives” shall mean the units into which the programmatic elements of the Business Plan shall be subdivided.	“Strategic Objectives” shall mean the units into which the programmatic elements of the Business Plan shall be subdivided.
16	“Supporting document” shall mean a document justifying a transaction, which is used for control and recording purposes. It also includes electronic forms used for these purposes.	“Supporting document” shall mean a document justifying a transaction, which is used for control and recording purposes. It also includes electronic forms used for these purposes.
17	“Supporting Strategies” shall refer to all management and administrative activities included in the Regular Budget.	“Supporting Strategies” shall refer to all management and administrative activities included in the Regular Budget.
		“Third Party Procurement” shall mean procurement conducted by ICAO at the request of and on behalf of third-parties.
18	“Trustee Security” shall mean those financial instruments approved by the Finance Committee for use in investing the Organization’s funds other than term deposits in the banks and institutions referred to in Regulation 10.1.	
		“Triennium” shall mean a period of three consecutive financial years reflecting the Organization’s planning and budget cycle.

		“Trust Fund” shall mean a Fund established to administer moneys received by ICAO on behalf of and for purposes specified by the contributor. While they are considered extra-budgetary resources, their use must be consistent with the policies, aims, and activities of ICAO.
		“Voluntary contribution” shall mean resources in cash or in kind provided by a donor in support of ICAO's mandate.
		“Write-Off” shall mean an accounting action that reduces the value of an asset including cash, inventories, receivables or other assets.

Agenda Item 52: Review of expenditures, approval of accounts and examination of Audit Reports for the financial years 2019, 2020 and 2021

52.1 At its first meeting, the Commission considered the Audited Financial Statements of the Organization and the corresponding audit reports presented as A41-WP/36, AD/8 and Document 10167 for 2019; A41-WP/37, AD/9 and Document 10168 for 2020; A41-WP/38, AD/10 and Document 10175 for 2021.

52.2 The Commission noted Auditor's Reports for 2019, 2020 and 2021, recommended the approval of the audited accounts of the Organizations for the financial years 2019, 2020 and 2021 and adoption of the consolidated draft Resolution 52/4 included in the Appendix to A41-WP/39, AD/11.

**CONSOLIDATED RESOLUTION FRAMED BY THE ADMINISTRATIVE COMMISSION
AND RECOMMENDED FOR ADOPTION BY THE ASSEMBLY**

Resolution 52/4

Approval of the accounts of the Organization for the financial years 2019, 2020 and 2021 and examination of the Audit Reports thereon

Whereas the Council examined the Financial Statements of the Organization and Reports of the External Auditor for the financial years 2019, 2020 and 2021, and submitted them to the Assembly for its review and approval;

Whereas in accordance with Chapter VIII, Article 49 (f) of the Convention, expenditures have been reviewed;

The Assembly:

1. *Notes* the unqualified Report of the External Auditor on the Financial Statements as well as the Secretary General's Comments to the Report of the External Auditor for the financial year 2019;
2. *Notes* the unqualified Report of the External Auditor on the Financial Statements as well as the Secretary General's Comments to the Report of the External Auditor for the financial year 2020;
3. *Notes* the unqualified Report of the External Auditor on the Financial Statements as well as the Secretary General's Comments to the Report of the External Auditor for the financial year 2021;
4. *Approves* the audited Financial Statements for the financial year 2019;
5. *Approves* the audited Financial Statements for the financial year 2020; and
6. *Approves* the audited Financial Statements for the financial year 2021.

Agenda Item 53: Appointment of External Auditor

53.1 At its first meeting, the Commission noted A41-WP/6, AD/1, Revision No.1, reporting on action taken by the Council to re-appoint the External Auditor to audit the accounts of the Organization for the next triennium and seeking confirmation by the Assembly of the action taken by the Council, in accordance with Article XIII of the Financial Regulations.

53.2 In conclusion, the Commission recommended and requested the Assembly to confirm the re-appointment of the President of the Swiss Federal Audit Office (SFAO) as ICAO's External Auditor for the accounts of the financial years 2023, 2024 and 2025.

53.3 Accordingly, the following Draft Resolution 53/1 was recommended for adoption by the Assembly.

**RESOLUTION FRAMED BY THE ADMINISTRATIVE COMMISSION
AND RECOMMENDED FOR ADOPTION BY THE ASSEMBLY**

Resolution 53/1: Appointment of the External Auditor

The Assembly:

1. *Notes that:*

- a) the Financial Regulations provide that, subject to confirmation by the Assembly, the Council shall appoint an External Auditor to the Organization; and
- b) the Council approved the extension of the appointment of the President of the Swiss Federal Audit Office (SFAO) (Switzerland) as External Auditor of ICAO for 2023, 2024, and 2025.

2. *Confirms* the action taken by the Council in appointing the President of the Swiss Federal Audit Office (SFAO) (Switzerland) as the External Auditor of ICAO for the financial years 2023, 2024 and 2025.

Agenda Item 54: Status of ICAO Workforce and Human Resources Management: Human Resources Management

54.1 The Commission, considered A41-WP/51, presented by the Secretariat, outlining ongoing initiatives and future actions to improve the human resources management of the Organization in attracting, retaining and motivating a competent, mobile and diverse workforce while promoting fairness, equity, integrity, efficiency, effectiveness, transparency, and ethics throughout the Organization. This paper presented a progress report on the ongoing reform and modernization of the Organization's human resources management, as well as future actions for further enhancement. Staff is the most valuable asset for ICAO and are therefore placed at the centre of development, policies and strategies.

54.2 The Secretariat emphasised efforts and improvements made in various strategic areas of its human resources management. ICAO has continued with reforms in the management of its human resources to align itself with relevant best practices identified throughout the United Nations (UN) system.

54.3 The progress and achievements detailed in this paper have contributed to the overall improvement of human resources management and reflect the Organization's new focus on building a more engaged workforce that is based on a culture of trust, teamwork, and performance.

54.4 The priority initiatives and future actions to further improve human resources management in the next triennium, most notably the development of a modern People Strategy and implementation of innovative HR practices, will enable the Organization to attract and retain a competent and diverse workforce, with the highest level of integrity, which are required to implement ICAO Strategic Objectives.

54.5 In light of the discussion, the Administrative Commission invited the Assembly to:

- a) note the reforms undertaken and achievements made by the Organization to enhance the management of its human resources; and
- b) note the priority initiatives and future actions identified for human resources management for the next triennium as presented in paragraph 10.1 of this working paper and in accordance with the operating plan for human resources management and its associated deliverables.

Agenda Item 54: Status of ICAO Workforce and Human Resources Management: Status of ICAO Workforce

54.6 The Commission considered A41-WP/49, outlining the status of the ICAO Workforce as at 31 December for the years 2019, 2020, and 2021, including the status of Equitable Geographical Representation (EGR) and Gender, together with an analysis of the Professional and higher categories appointments and their impact on EGR and Gender, as well as Human Resources data on age, length of service and retirement projections. It also provides observations based on the statistics.

54.7 During the discussion it was noted that some progress had been made, but that results in terms of redressing the imbalance, particularly in the professional and higher categories remained slow. The Commission was advised that while at the end of 2021, women occupied 33% of all posts in the Professional and higher categories, the current status as of date, reflects a positive growth, in the percentage of women occupying positions in these categories, when compared with the status at 2019: D2 – no change, D1 – from 20% to 19%, P5 – from 31% to 25%, P4 – no change, P3 – increase from 40% to 42%, and P2 – from 52% to 62%. The overall percentage of women in the Professional and higher categories has increased from 31 percent in 2019 to 33 percent in 2021. These movements were attributed to outreach activities and the commitment of the Secretariat towards the achievement of Resolution A39-30. Noting the progress made, the Commission acknowledged the importance of the Secretariat and Member States to work together in attainment of gender quality and equitable geographic representation.

54.8 The Commission also considered A41-WP/491 presented by the Russian Federation on measures of appropriate EUR/NAT Workforce management for Aviation Security that proposed the creation of two positions funded by the 2023-2025 Regular Budget and one additional position in the 2026-2028 Regular Budget. The Commission did not support the proposal as outlined in A41-WP/491.

54.9 The Administrative Commission invites the Assembly to endorse future actions related to:

- a) enhancing outreach efforts and actively seeking new ways aimed at improving Equitable Geographical Representation (EGR) and Gender equality in the ICAO Secretariat;
- b) leveraging networks within the aviation community in order to identify trends and successes in increasing the interest and development of women in aviation; and
- c) encouraging Member States to promote female candidates who meet the requirements for advertised posts and secondment positions.

Agenda Item 55: Developments regarding the ICAO Ethics Framework and Establishment of Rules of Procedures regarding the Secretary General and the President of the Council

55.1 The Commission considered A41-WP/50, reports on the status of the implementation of the revised ICAO Framework on Ethics, including the updates to existing rules and procedures set out in the Staff Rules and Personnel Instructions, the implementation of the Appendices G, H, and I to the Rules of Procedure for the Council (Doc 7559), the roll-out of training and outreach initiatives for staff members, actions taken to address sexual harassment in the organization, as well as the establishment of a mechanism for the reporting and handling of all cases of misconduct with an investigative entity and a mechanism for the direct reporting and handling of complaints of retaliation that the Ethics Officer cannot handle as per the ICAO Service Code.

55.2 The Administrative Commission invited the Assembly to take note of the progress made on the implementation of the revised ICAO Framework on Ethics and the implementation of the Appendices G, H and I to the Rules of Procedure for the Council.

Agenda Item 56: Other issues to be considered by the Administrative Commission

56.1 No other issues or items were required to have been considered by the Administrative Commission.

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