



ASSEMBLY - 35TH SESSION

ADMINISTRATIVE COMMISSION

Agenda Item 41: Financial Questions

Agenda Item 41.2: Incentive schemes for settlement of long-outstanding arrears

**INCENTIVE SCHEME FOR SETTLEMENT OF LONG-OUTSTANDING ARREARS
(REPORT ON ASSEMBLY RESOLUTION A34-1)**

SUMMARY

This paper reports to the Assembly the action taken pursuant to Assembly Resolution A34-1 with respect to the distribution of funds in the special account wherein receipts of long-outstanding arrears are retained in accordance with Resolving Clause 3 of Assembly Resolution A33-27.

Action by the Assembly: Paragraph 5

REFERENCES

Doc 9820, A34-Res., Min., *Resolution and Minutes of the Plenary Meetings*
Doc 9790, *Assembly Resolutions in Force (as at 5 October 2001)*

1. INTRODUCTION

1.1 Resolving Clause 3 of Assembly Resolution A33-27 stipulates that payments from Contracting States in arrears of three full years or more will be retained in a separate account to finance expenditure on aviation security activities and new and unforeseen projects related to aviation safety, and/or to the enhancement of the efficient delivery of ICAO programmes, such action to be under the control of the Council and reported to the next ordinary session of the Assembly.

1.2 Immediately prior to the 34th Session (Extraordinary) of the Assembly, the balance available in the special account amounted to approximately U.S.\$ 3.14 million.

1.3 At its 34th Session (Extraordinary), the Assembly approved the disbursement of the funds held pursuant to Resolving Clause 3 of Assembly Resolution A33-27, amounting to U.S.\$ 3.14 million plus accrued interest, as follows:

- a) one third of the total amount so held to finance aviation security activities of a general nature and intended to benefit all or a substantial number of Contracting States;

- b) one third of the total amount so held to finance the enhancement of the efficient delivery of ICAO programmes including USOAP; and
- c) one third of the total amount so held to finance IFFAS-related activities involving the establishment, operation and administration of IFFAS, including pilot projects, in whole or in part, which are to be carried out under the auspices of IFFAS for the benefit of a specified group or groups of States at the regional or sub-regional level, but in no case to be made available to any single State as a sole borrower or grantee under IFFAS.

1.4. The Assembly affirmed that the action would be under the control of the Council and would be reported to the next ordinary session of the Assembly. It was also agreed to review the matter at the next ordinary session of the Assembly. This working paper reports on the actions taken.

2. ACTION TAKEN ON THE APPLICATION OF FUNDS

2.1 Pursuant to Assembly Resolution A34-1, the following transfers were effected in 2003 from the special account relating to Settlement of Arrears held pursuant to A33-37:

- a) \$ 1 055 190, representing one third of the balance of \$ 3.14 million, plus interest of \$ 8 523, to the Aviation Security Plan of Action to finance aviation security activities;
- b) \$ 1 055 190, including interest of \$ 8 523, to the International Financial Facility for Aviation Safety (IFFAS) to finance IFFAS-related activities involving the establishment, operation and administration of IFFAS; and
- c) \$ 1 055 190, including interest of \$ 8 523, to a reserve within the special account (A33-27) to finance the enhancement of the efficient delivery of ICAO programmes including USOAP.

2.2 Taking into consideration the amounts transferred as noted in paragraph 2.1 above and the amount authorized but not spent for safety oversight audits approved by the Council at the 160th Session, the balance available in the special account held pursuant to Clause 3 of Assembly Resolution A33-27 was \$ 1.68 million as at 31 May 2004.

3. USE OF FUNDS HELD IN RESERVE FOR ENHANCEMENT OF EFFICIENT DELIVERY OF ICAO PROGRAMMES, INCLUDING USOAP

3.1 During its 171st Session, the Council considered five projects submitted by the Secretary General aimed at increasing the efficiency and effectiveness of the Organization, and approved the use of \$ 995 869 of the funds reserved by Assembly Resolution A34-1 for such purposes. The approved projects in the plan of action aim to re-engineer the document production process, standardize and automate workflow, upgrade the databases of the Organization, and provide training to management in performance management and strategic thinking.

3.2 The uncommitted balance held in reserve for the enhancement of efficiency and effectiveness amounts to \$ 59 321 as at 31 May 2004.

4. **FINANCIAL IMPACT**

4.1 There is no future financial impact as the paper only reports on action already completed by the Council.

5. **ACTION BY THE ASSEMBLY**

5.1 The Assembly is invited to note the actions taken pursuant to Assembly Resolution A34-1.

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