

# Forum

## On Regional Safety Oversight Organisations (RSOOs) For Global Aviation Safety

### FINANCING & SUSTAINABILITY

**Presented By: Mr Ambrose Akandonda**

22 – 24 March 2017  
Ezulwini, Swaziland

# FINANCING AND SUSTAINABILITY

- The 35<sup>th</sup> Session of the ICAO General Assembly held in Montréal in 2004 recommended that Contracting States in their efforts to meet the ICAO Standards and Recommended Practices (SARPs) should pool their resources together to form Regional Safety Oversight Organisations (RSOOs) in order to increase their Regulatory and Oversight capabilities.

- In pursuit of this recommendation the founding East African Community (EAC) of Kenya, Uganda & Tanzania established the Civil Aviation Safety & Security Oversight Agency (CASSOA) on April 18, 2007. Rwanda & Burundi have since joined the regional body. The purpose of CASSOA is to help Partner States (PSs) meet the requirements of ICAO which establishes international standards & regulations for safe Civil Aviation.

- The African Union (AU) which is responsible for formulating policies for the aviation industry in Africa recognises that RSOOs are cost effective & efficient mechanisms for regulatory & oversight due to inherent economies of scale in the use of resources. It encourages Member States at a regional level to establish RSOOs that are adequately funded to carry out their regulatory oversight activities efficiently.

# START UP PROCESS

- Prior to the formal establishment of EAC-CASSOA in 2007, it took painstaking preparatory period of several years involving multiple agencies and stakeholders.
- The EAC Secretariat in Arusha drove the process supported by Governments of PSs. The main project funder was the US Department of Transportation Agency (TDA), through the Federal Aviation Administration (FAA) which provided a fund of US\$3.5million to drive the project. ICAO through the Technical Cooperation Bureau provided technical experts to advise the team.



- The PSs CAAs released Legal, Technical, Financial & HR experts who formed Working Groups (WGs) to formulate Guidance Materials & Aviation Regulations that have become the backbone of the success of CASSOA.
- To ensure adoption of best practices, the US TDA financed a trip for the team in 2005 to visit San Jose, Costa Rica to benchmark with ACSA (Central American Regional Oversight Agency) which had already been formed. To show his support for the project, the EAC Secretary General was part of the visiting team.

# FINANCING

- According to the Protocol establishing the Agency, the main sources of financing the CASSOA activities are:
  - I. Contributions from PSs through their CAAs
  - II. Resource mobilised by the EAC Secretariat
  - III. Grants & Loans from Regional & International bodies
  - IV. Revenues from the activities of the Agency
  - V. Any other sources as can be approved by the EAC Council of Ministers
- Currently, Kenya, Uganda & Tanzania each make an annual contribution of US\$437,485 while Rwanda contributes US\$352,471 & Burundi US\$246,730.

- This formula however is under review in order to comply with the EAC Treaty's principle of equal treatment of PSs. Revenues from other three sources of funds are negligible.

## BUDGET SHORTFALL

- The total annual contribution of approximates US \$1,911,657 does not meet the total CASSOA annual budgetary requirements. There is always a budget shortfall.
- It is unrealistic to expect CASSOA to become self-sufficient through funds contributed by the CAAs.

- The national CAAs have their own competing demands on their budgets such as staff salaries, regulatory activities, equipment acquisition, training etc. In addition, some of the CAAs such as KCAA & TCAA are separated from Airports which impedes on their aggregate sources of funds.
- The separated Airports Authorities are not part of the CASSOA funding mechanism. Efforts are underway to incorporate them through amendments of the Protocol.

# SUSTAINABLE FUNDING MECHANISM

- The EAC-CASSOA Management & Board have explored various other sources of funding with a view to coming up with the most efficient & sustainable source funding for the Agency.
- The best financing option recommended is the one from a fee charged on embarking passengers in the PSs.
- It is proposed that each embarking passenger shall be charged a minimal amount on the ticket which will be remitted to the CAAs for onward transfer to CASSOA.



- An average charge of US\$0.70 (seventy US cents) per embarking passenger has been recommended. Considering the passenger traffic, for the FY2014/2015 this approach would generate a sum of US\$3,869,126. The Business Plan budget for the same FY was estimated at US\$3,642,912. While the current contributory method generated a total sum US\$1,757,375 thus leaving a budgetary deficit of US\$1,885,537. Similarly in FY 2015/2016 the passenger fee would generate US \$3,451,212 & the actual received was US\$1,944,535 leaving a deficit of US\$1,506,677.

| <b>DETAILS</b>                                     | <b>FY2014/2015</b>  | <b>FY2015/2016</b>  |
|--|---------------------|---------------------|
| <b>Actual Revenue</b>                              | <b>\$ 1,757,375</b> | <b>\$ 1,944,535</b> |
| <b>Projected Revenue<br/>(from Passenger Levy)</b> | <b>\$ 3,642,912</b> | <b>\$ 3,451,212</b> |
| <b>DEFICIT</b>                                     | <b>\$ 1,885,537</b> | <b>\$ 1,506,677</b> |

## UNFAVOURABLE RESPONSE

- The proposed sustainable funding mechanism has not received positive response from various stakeholders especially the regional operators claiming that the fee is placing an additional burden on the carriers. The argument is not valid since the carriers would be acting as collecting agents similar to what is being done with the aviation security levy. It should be emphasised that aviation safety & security being crucial to sound aviation development should be accorded the same importance by the industry & be financially supported adequately.

- Airport Authorities should be encouraged to adopt “Single Till” revenue policy so that funding of aviation activities, including safety oversight, is holistic & all embracing.

## WAY FORWARD

- The recommendation for States to come together & establish RSOOs to facilitate pooling of resources & to achieve economies of scale should be embraced by various Regional Economic Blocks.
- In order to make them efficient the following strategies should be adopted:



- I. Funding through levying a fee charged on embarking passengers in Partner States to fund Safety and Security Oversight activities
  - II. Airport Authorities should participate in the funding of Safety Oversight activities through establishing the “Single Till” revenue policy
  - III. RSOOs should command respect, recognition and acceptability so that documents issued by them should attract regional recognition
- In conclusion, EAC-CASSOA is an Agency that is increasingly shaping the aviation industry in the East African Sub-region by advancing Aviation Safety and Security for the people of East Africa and its regular visitors.



**THANK YOU**



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