



ASSEMBLY — 37TH SESSION

EXECUTIVE COMMITTEE

Agenda Item 12: International Financial Facility for Aviation Safety (IFFAS)

ACTIVITIES OF THE INTERNATIONAL FINANCIAL FACILITY
FOR AVIATION SAFETY (IFFAS)

(Presented by the Council of ICAO)

EXECUTIVE SUMMARY

Assembly Resolution A36-5, International Financial Facility for Aviation Safety (IFFAS), requires that the Council submit to the next ordinary session of the Assembly a report regarding IFFAS activities, including performance assessment and audited financial statements. Accordingly, this report includes financial statements for the years 2007, 2008 and 2009. It also contains information on contributions received up to 30 June 2010.

IFFAS was established by the Council of ICAO on 4 December 2002 and became operational on 18 June 2003. The objective of IFFAS is to assist Contracting States in financing safety-related projects to correct deficiencies primarily identified through ICAO's Universal Safety Oversight Audit Programme (USOAP) and for which such States cannot otherwise provide or obtain necessary financial resources. As of 30 June 2010, the contributions received totalled US\$4 351 407 and they have enabled IFFAS to continue implementing its funding mechanism.

Action: The Assembly is invited to note the content of this report on IFFAS activities.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective A.
<i>Financial implications:</i>	No financial implication for the ICAO Regular Programme Budget as IFFAS is an extra-budgetary activity.
<i>References:</i>	Doc 9902, <i>Assembly resolutions in Force (as of 28 September 2007)</i>

1. DEVELOPMENTS SINCE THE 36TH SESSION OF THE ASSEMBLY

1.1 The President of the Council appointed eleven members of the Governing Body of IFFAS for the triennium commencing 15 June 2009. The Governing Body of IFFAS has held six meetings as follows.

1.2 At its Tenth Meeting (7 February 2008), the Governing Body approved a grant of US\$94 500 for the project relating to the Development of Operational Safety and Continuing Airworthiness in the Commonwealth of Independent States (CIS). The Governing Body agreed to recommend that the Council amend the Administrative Charter of IFFAS in order for the Governing Body to approve grants and interest free loans, on a case by case basis as the Governing Body deemed fit. It also agreed that adoption of a dissolution policy was required in order to meet the legal responsibility outlined in the Administrative Charter of IFFAS.

1.3 At its Eleventh Meeting (26 June 2008), the Governing Body noted that the Council, at its 12th meeting of the 183rd Session on 20 March 2008, amended Article 4.5 of the Administrative Charter of IFFAS to provide more flexibility in the award of grants and loans and, in order to comply with Article 14.1 of the Administrative Charter, the Council also approved the principles concerning the disbursement of asset remaining in IFFAS in the event that IFFAS was dissolved. The Governing Body approved a grant of US\$200 000 and a zero interest loan of US\$102 100 for the project relating to the enhancement of safety oversight capability in Djibouti, as well as an additional grant of US\$52 000 for the Development of Operational Safety and Continuing Airworthiness in the CIS. The Governing Body also approved by correspondence, after its Eleventh Meeting, a grant of US\$85 438 for the Cooperative Development of Aviation Meteorological Services in the Western and Central African Region (CODEVMET WACAF).

1.4 At its Twelfth Meeting (26 February 2009), the Governing Body approved a grant of US\$178 000 for the project relating to the establishment of Regional Safety Oversight Organizations (RSOOs) for the Asian Cooperative Development of Operational Safety and Continuing Airworthiness Programmes (Asian COSCAPs). The Governing Body requested that the Secretariat prepare a draft Assembly working paper to be reviewed at the next ordinary session of the Assembly on the possibility of waiving some or all of the IFFAS administrative costs.

1.5 At its Thirteenth Meeting (2 July 2009), the Governing Body agreed to convert into grants the loan of US\$102 100 already approved for the project relating to the enhancement of safety oversight capability in Djibouti as well as the loan of US\$298 000 already approved for the COSCAP for the Banjul Accord Group of States. The Governing Body indicated that the decision to convert these loans into grants is an exceptional situation that would not necessarily apply to other loans in the future.

1.6 At its Fourteenth Meeting (25 February 2010), the Governing Body received an update on its request to amend the IFFAS Administrative Charter in order for the Regular Programme to absorb some or all of the IFFAS administrative costs. It noted that the Council referred this issue to the Finance Committee for its review. The Governing Body approved an additional grant of US\$36 020 for the Development of Operational Safety and Continuing Airworthiness in the CIS.

1.7 At its Fifteenth Meeting (15 June 2010), the Governing Body approved a grant of US\$252 063 for the COSCAP for the Southern African Development Community (COSCAP-SADC) and a grant of US\$154 400 for the project of the South West Pacific Small Islands States. At the request of the Council, the Governing Body reviewed the procedure to be followed if the Council decided to dissolve the IFFAS.

1.8 Since the 36th Session of the Assembly, IFFAS has funded 8 projects benefiting 64 States. To date, 22 grants totaling US\$2.8 million have been provided to projects for the benefit of 83 States. Only two loans have been approved and as indicated above, these were later converted into grants. The average grant amounts to approximately US\$126 000.

2. PERFORMANCE ASSESSMENT

2.1 Since its establishment on 4 December 2002, contributions to IFFAS have totaled approximately US\$4.4 million. The annual contributions have been decreasing since 2005 and amounted to only US\$135 691 in 2009 and US\$140 000 in 2010 as at 30 June 2010. At 30 June 2010, there was a balance of approximately US\$1.6 million available for financial assistance and administrative costs.

2.2 States and other interested parties have been encouraged to contribute to IFFAS by periodic State letters issued by the Secretary General of ICAO which have also encouraged States to apply for funding under IFFAS for safety-related projects. With regard to attracting funding, the Chairperson of the Governing Body has over the past years met with possible contributors and promoted IFFAS at various conferences.

2.3 The information available on the web increases the opportunities for potential applicants who are seeking information on IFFAS to have ready access to the relevant details as to how IFFAS funding could be obtained.

3. ADMINISTRATIVE COSTS

3.1 Presently IFFAS is an extra-budgetary activity and as such any costs relating to the involvement of the ICAO Secretariat is reimbursed by IFFAS to ICAO. Assistance rendered by the ICAO Secretariat in the consideration of applications by the Expert Panel, the conduct of meetings of the Governing Body and contract administration represents a significant cost to IFFAS and it has been determined that such costs should be minimized in order to enable IFFAS to provide more assistance with regard to safety-related projects.

3.2 The Governing Body is of the opinion that the IFFAS administrative costs are still too high and that the Assembly should agree to waive some or all of the IFFAS administrative costs. Any such decision might require amendment of Assembly Resolution A36-5 and of the Administrative Charter of IFFAS. The Governing Body submitted a proposal to the Council to amend the Administrative Charter to allow for ICAO's Regular Programme to be able to absorb some or all of the IFFAS administrative costs. The Council reviewed this proposal during its 188th Session and decided to refer it to the Finance Committee for its review. The Finance Committee acknowledged the high administrative costs and suggested that these costs could be reduced if the Governing Body meetings would be conducted in English language only. At its 190th Session, the Council concluded that, in accordance with the Assembly Resolution that created IFFAS, the Regular Programme Budget should not absorb any of the IFFAS administrative costs.

3.3 The IFFAS administrative costs since the beginning of IFFAS totaled approximately US\$0.4 million or approximately 17 percent of the financial assistance provided. For the year 2009 the administrative costs amounted to US\$58 579. The 2009 administrative costs include the preparation and participation in the IFFAS Governing Body meetings (2 meetings in 2009 for which 12 working papers were prepared); the interpretation at the two IFFAS Governing Body meetings, the preparation and participation in the Expert Panel meetings (4 meetings in 2009 plus numerous correspondence with the

Expert Panel Members); the preparation of the annual report to the Council; the preparation of a Council working paper on the amendment of the Administrative Charter of IFFAS; the review of applications for financial assistance under IFFAS (4 proposals were reviewed in 2009); the recording of the transactions in the accounts and the preparation of the annual financial statements.

4. FINANCIAL STATEMENTS FOR 2007, 2008 AND 2009

4.1 Appendices A to C include the IFFAS financial statements for the periods ending 31 December 2007, 31 December 2008 and 31 December 2009. Grants totaling US\$572 400, US\$ 94 500 and US\$464 338 were respectively disbursed in 2007, 2008 and 2009

4.2 Appendix D details the contributions received as at 30 June 2010. From 2002 to 30 June 2010, total contributions of US\$4 231 407 were received. In addition, interest revenues totalling US\$425 888 were received from 2002 to 31 December 2009.

APPENDIX A
INTERNATIONAL CIVIL AVIATION ORGANIZATION
INTERNATIONAL FINANCIAL FACILITY FOR AVIATION SAFETY FUND
SCHEDULE OF INCOME, EXPENDITURE, ASSETS, LIABILITIES AND FUND BALANCES
FOR THE PERIOD ENDING 31 DECEMBER 2007

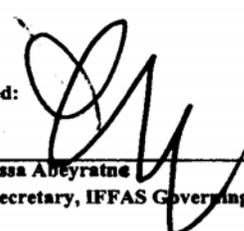
(in thousands United States dollars)

INCOME AND EXPENDITURE	GENERAL FUND	ASSOCIATE EXPERT SCHEME	TOTAL	
			2007	2006
INCOME				
Contributions	419		419	685
Other income				
Interest income	135	3	138	122
TOTAL INCOME	554	3	557	807
EXPENDITURE				
Salaries and common staff costs		9	9	31
General operating expenses	36		36	40
Grants	572		572	95
Other	7		7	8
TOTAL EXPENDITURE	615	9	624	174
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(61)	(6)	(67)	633
BALANCE OF FUNDS				
Refund of Contributions		(60)	(60)	
Fund balances, beginning of period	2 752	66	2 818	2 185
BALANCE OF FUNDS, END OF PERIOD	2 691		2 691	2 818
ASSETS, LIABILITIES AND FUND BALANCES				
ASSETS				
Cash and term deposits	2 733		2 733	2 858
TOTAL ASSETS	2 733		2 733	2 858
LIABILITIES				
Inter-fund balances	42		42	40
TOTAL LIABILITIES	42		42	40
BALANCE OF FUNDS				
Represented by:				
Cumulative surplus	2 691		2 691	2 818
TOTAL BALANCE OF FUNDS	2 691		2 691	2 818
TOTAL LIABILITIES AND BALANCE OF FUNDS	2 733		2 733	2 858

Certified


Carlo Reitano
Acting Chief, Finance Branch

Approved:


Ruwantissa Abeyratne
Acting Secretary, IFFAS Governing Body

APPENDIX B
INTERNATIONAL CIVIL AVIATION ORGANIZATION

INTERNATIONAL FINANCIAL FACILITY FOR AVIATION SAFETY FUND
SCHEDULE OF INCOME, EXPENDITURE, ASSETS, LIABILITIES AND FUND BALANCES
FOR THE PERIOD ENDING 31 DECEMBER 2008

(in thousands of Canadian dollars)

	<u>2008</u>	<u>2007</u>
INCOME AND EXPENDITURE		
INCOME		
Voluntary Contributions	287	453
Interest income	72	149
TOTAL INCOME	<u>359</u>	<u>602</u>
EXPENDITURE		
Staff/Expert Salaries and Costs	58	10
Grants and Other Transfers	96	619
Other expenses		46
TOTAL EXPENDITURE	<u>154</u>	<u>675</u>
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	<u>204</u>	<u>(73)</u>
Foreign currency revaluation gain / (loss)	637	
SURPLUS/DEFICIT FOR PERIOD	<u>841</u>	<u>(73)</u>
ASSETS, LIABILITIES, AND NET ASSETS/EQUITY		
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	3,532	8
Inter-fund Balances		2,633
TOTAL CURRENT ASSETS	<u>3,532</u>	<u>2,640</u>
TOTAL ASSETS	<u>3,532</u>	<u>2,640</u>
LIABILITIES		
CURRENT LIABILITIES		
Inter-fund Balances	51	
TOTAL CURRENT LIABILITIES	<u>51</u>	
TOTAL LIABILITIES	<u>51</u>	
NET ASSETS/EQUITY		
Accumulated Surplus/(Deficit)	3,481	2,640
TOTAL NET ASSETS/EQUITY	<u>3,481</u>	<u>2,640</u>
TOTAL LIABILITIES AND NET ASSETS/EQUITY	<u>3,532</u>	<u>2,640</u>

Certified

Rahul Bhalla

Rahul Bhalla
Chief, Finance Branch

Approved:

Walter Amaro
25/05/09

Walter Amaro
Secretary, IFFAS Governing Body

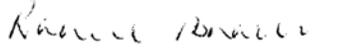
APPENDIX C
INTERNATIONAL CIVIL AVIATION ORGANIZATION

INTERNATIONAL FINANCIAL FACILITY FOR AVIATION SAFETY FUND
SCHEDULE OF INCOME, EXPENDITURE, ASSETS, LIABILITIES AND FUND BALANCES
FOR THE PERIOD ENDING 31 DECEMBER 2009

(in thousands of Canadian dollars)

	<u>2009</u>	<u>2008</u>
INCOME AND EXPENDITURE		
INCOME		
Voluntary Contributions	155	287
Interest Income	10	72
TOTAL INCOME	<u>166</u>	<u>359</u>
EXPENDITURE		
Staff/Expert Salaries and Costs	67	58
Grants and Other Transfers	552	96
TOTAL EXPENDITURE	<u>619</u>	<u>154</u>
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	<u>(453)</u>	<u>204</u>
Foreign currency revaluation gain / (loss)	(452)	637
SURPLUS/(DEFICIT) FOR PERIOD	<u>(906)</u>	<u>841</u>
ASSETS, LIABILITIES, AND NET ASSETS/EQUITY		
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	2 555	3 532
TOTAL CURRENT ASSETS	<u>2 555</u>	<u>3 532</u>
TOTAL ASSETS	<u>2 555</u>	<u>3 532</u>
LIABILITIES		
CURRENT LIABILITIES		
Inter-fund Balances		51
TOTAL CURRENT LIABILITIES		<u>51</u>
TOTAL LIABILITIES		<u>51</u>
NET ASSETS/EQUITY		
Accumulated Surplus/(Deficit)	2 555	3 481
TOTAL NET ASSETS/EQUITY	<u>2 555</u>	<u>3 481</u>
TOTAL LIABILITIES AND NET ASSETS/EQUITY	<u>2 555</u>	<u>3 532</u>

Certified



Bhalla Rahul
Chief, Finance Branch

Approved:


Walter Amarg
Secretary, IFFAS Governing Body

APPENDIX D

IFFAS Contributions Received as at 30 June 2010
(in United States dollars)

	2002 (Note 1)	2003	2004	2005	2006	2007	2008 (Note 3)	2009 (Note 3)	2010	Total
Contracting States:										
Algeria	4 105	25 000	75 000							104 105
Angola	565									565
Argentina	6 715							3 200		9 915
Benin	256									256
Bolivia	517									517
Brunei Darussalam	662									662
Bulgaria	1 094									1 094
Cameroon	237									237
Chile		4 891		14 000		10 000	9 891			38 782
China	10 000			300 000						310 000
Congo	253									253
Cook Islands	552									552
Democratic People's Republic of Korea	225									225
Egypt	2 732			20 000				9 253		31 985
Estonia	1 100									1 100
Ethiopia	484									484
France	90 790			260 080	379 191					730 061
Gabon	253									253
Georgia								3 238		3 238
Germany			50 000		50 000	50 000				150 000
Guinea	383									383
Hungary	680									680
India	6 877					34 000	16 000			56 877
Italy	26 101									26 101
Jordan	884									884
Kenya	820									820
Kuwait	2 129									2 129
Lesotho	188									188
Madagascar	708									708
Malawi	581									581
Mauritius	441									441
Monaco	501									501
Mongolia	1 070									1 070
Netherlands, Kingdom of the	27 500	25 000		58 030		36 260				146 790
New Zealand						25 000	25 432			50 432
Nigeria		250 100				50 000			20 000	320 100
Oman	1 381									1 381
Pakistan	1 754		7 000			10 000				18 754
Paraguay	249									249
Peru	175									175
Poland	3 384									3 384
Republic of Korea	10 480					100 000	100 000	100 000		310 480
Russian Federation			120 000	120 000	120 000	120 000	120 000	120 000	120 000	840 000
Samoa	785									785
Saudi Arabia			100 000							100 000
Senegal	55									55
Singapore	7 236									7 236
South Africa	5 461									5 461
Sudan	259									259
Swaziland	441									441
The former Yugoslav Republic of Macedonia	130									130
Togo	291									291
Tonga				7 124						7 124
Tunisia						2 000				2 000
Uganda	725									725
United Republic of Tanzania	500									500
Other contributors:										
Fund transfer (Assembly Resolution 34-1) (including accrued interest)		1 055 190								1 055 190
Airports Council International			2 000							2 000
ABIS Group					1 818					1 818
Sub-total	222 709	1 360 181	354 000	779 234	685 009	419 260	255 323	135 691	140 000	4 351 407
Interest (note 2)	3 435	3 596	21 998	66 027	119 123	134 658	68 148	8 903	0	425 888
Total	226 144	1 363 777	375 998	845 261	804 132	553 918	323 471	144 594	140 000	4 777 295

Note 1: Distribution of Cash Surplus on 1 January 2002 (A33-23).

Note 2: The amounts of interest for 2008 and 2009 are converted from CAD to US\$ at the average exchange rate of each year.

Note 3: The contributions received in Canadian dollars are shown in US dollars converted at the UN rate of exchange at the time of receipt.