

**COUNCIL RESOLUTION  
RELATING TO THE ESTABLISHMENT OF  
THE INTERNATIONAL FINANCIAL FACILITY FOR AVIATION SAFETY (IFFAS)**

*Whereas* Articles 69 to 76 of the *Convention on International Civil Aviation* provide that the Council may make arrangements as appropriate with a view to finding means for the improvement of air navigation facilities of Contracting States as required so as to ensure safe, regular, efficient and economical operation of international air services;

*Whereas*, under Article 70 of the Convention, the Council may, in the circumstances arising under the provision of Article 69, make arrangements with Contracting States relating to the financing of air navigation facilities;

*Considering* that, in some cases, Contracting States may not have access to the necessary resources for improvements to their air navigation facilities, in particular for the remedy of safety-related deficiencies identified through the ICAO Universal Safety Oversight Audit Programme (USOAP);

*Whereas* the ICAO Assembly, by Resolution A33-10, endorsed the concept of an International Financial Facility for Aviation Safety (IFFAS) independent from ICAO's Programme Budget and funded by voluntary contributions of Contracting States, international organizations and private parties associated with international civil aviation;

*Considering* that the ICAO Assembly, in Resolution A33-10, requested the Council to pursue the establishment of IFFAS as a matter of priority early in the 2002-2004 triennium on the basis, *inter alia*, of an administrative charter;

THE COUNCIL:

1. *Approves and adopts* the *Administrative Charter of the International Financial Facility for Aviation Safety* establishing IFFAS as set out in the Attachment hereto; and
2. *Urges* Contracting States, international organizations and public and private parties associated with international civil aviation to make voluntary contributions to IFFAS.

-----

**ATTACHMENT**

**ADMINISTRATIVE CHARTER**  
**OF THE**  
**INTERNATIONAL FINANCIAL FACILITY FOR AVIATION SAFETY (IFFAS)**

*Article I*  
**Establishment**

1.1 The Council of the International Civil Aviation Organization (ICAO), in approving and adopting the present Administrative Charter, establishes the International Financial Facility for Aviation Safety (IFFAS).

*Article II*  
**Objectives**

2.1 IFFAS shall be a not for profit fund, embodying a mechanism to provide financial assistance for safety-related projects for which States cannot otherwise provide or obtain the necessary financial resources. The principal area of application of assistance shall be to remedy or mitigate safety-related deficiencies identified through the ICAO Universal Safety Oversight Audit Programme (USOAP) as an element of the Global Aviation Safety Plan (GASP).

*Article III*  
**Status**

3.1 IFFAS shall be administered by a Governing Body established by the Council of ICAO and operating in accordance with Article VI below. The Governing Body will be supported by staff provided by the Secretary General of ICAO in accordance with Articles VII and VIII below.

3.2 IFFAS shall operate within the existing ICAO legal regime, and in accordance with the present Administrative Charter and the principles of Assembly Resolution A33-10 (*Establishment of an International Financial Facility for Aviation Safety*) (Appendix A), having regard to the applicable laws of Contracting States.

3.3 IFFAS shall operate with complete independence from ICAO's Regular Budget, and shall keep ICAO harmless with regard to all claims, demands or legal actions by third parties arising from or relating to the operation of IFFAS.

3.4 Subject to Article V, IFFAS shall derive its resources from voluntary contributions made by ICAO Contracting States, international organizations (public and private) working in the field of international aviation or associated with it, airlines, airports, air navigation services providers, manufacturers of airframes, engines, avionics and other aircraft components, other members of the aerospace industry, and civil society (hereinafter referred to as "other participating parties").

*Article IV*  
**Operation**

4.1 The operation of IFFAS shall be carried out in such a manner as to ensure proper, effective, transparent and efficient application of funds. Criteria for the provision of financial assistance shall be clear and consistent with good accounting practice, and shall be published.

4.2 Participation by States or other parties in IFFAS shall be on a voluntary basis.

4.3 All Contracting States of ICAO will be eligible to participate in IFFAS, subject to their meeting the conditions laid down in Article V below, and any additional criteria proposed by the Governing Body from time to time and approved by the Council of ICAO.

4.4 Financial assistance may be provided from IFFAS funds alone, as well as in association with financial institutions and other bodies, such as banks, trusts, cooperatives, whether in the private or public sector. All assistance shall be in accordance with a financial policy to be developed by the Governing Body, based on the guidelines in Appendix B and procedure as referred to in Article X. The policy will require the submission of a business plan with each project application, it will set out guidelines for judging appropriate repayment periods, indicate the goals for securing, maintaining, and increasing IFFAS funds, and lay down a lending, grant and liquidity strategy properly related to those goals.

4.5 Financial assistance shall be provided either by way of loans or by way of grants. Priority will be given to the requests for loans. If deemed appropriate, low interest or interest free loans may be awarded.

4.6 All projects considered for financial assistance shall be subject to detailed technical, financial and economic appraisal.

4.7 The Governing Body shall ensure that the procedures under which IFFAS is operated incorporates measures to assure quality control and assess effectiveness and efficiency, both in the consideration and selection of projects for assistance, and in implementing projects.

4.8 Each project implemented, whether fully or partially, shall be subject to independent audit of accounts, conducted at the conclusion of the project and annually if implementation extends beyond one year. Such audit may be carried out by an ICAO internal auditor, or by ICAO's external auditor or both, the costs in both cases to be met from IFFAS funds.

4.9 Each beneficiary State shall contribute in a meaningful, tangible and demonstrable way to its own IFFAS-assisted project.

*Article V*  
**Participation in IFFAS**

5.1 Participation in IFFAS shall be open to all Contracting States and other participating parties. In the case of Contracting States they may be contributors providing voluntary contributions or possible beneficiaries of IFFAS. In the case of other participating parties they shall be contributors and shall not receive benefits referred to in 5.3. below.

5.2 A participating State shall be entitled to financial and other assistance offered by IFFAS consequent upon a Governing Body being established and functioning in accordance with the principles of Article VI of this Charter and subject to that State satisfying criteria established by this Charter.

5.3 Eligibility of a participating State or a group of States to receive benefits from IFFAS shall be determined by the Governing Body on a case by case basis, and in accordance with the criteria specified in Appendix B.

5.4 Contributions made subject to conditions or requirements which may in any way contravene, prejudice, limit, impede, or which are otherwise incompatible with, the purposes, objectives, principles or functions of IFFAS, shall not be accepted, directly or indirectly. No participation shall be of a nature which causes concern to any ICAO Contracting State with respect to its sovereignty or other issues of political sensitivity. The acceptability of such other conditions as a prospective contributor may wish to attach to a contribution shall be referred by the Governing Body for determination by the ICAO Council.

5.5 Members of the Governing Body, members of the Staff of IFFAS and persons performing services for or under the authority and/or auspices of IFFAS shall not interfere in the political affairs of any participating State or other participating organization or entity.

5.6 Except as required by or provided for under the terms of this Charter, including any rules and regulations made pursuant thereto, in no case shall the Governing Body, the Staff of IFFAS or any person performing services for or under the authority and/or auspices of IFFAS, be influenced in the discharge of their duties or in the exercise of their powers by the political character of a participating State or other participating organization or entity.

## *Article VI* **Governing Body**

6.1 The Governing Body of IFFAS shall be composed of individuals nominated by participating States and other participating parties.

6.2 The Council of ICAO shall appoint the members of the Governing Body from among the candidates proposed by participating States and other participating parties. Members of the Governing Body shall be appointed for a term of three years, but any member may be removed from office by the ICAO Council if the Council, by vote of a statutory majority, considers them no longer fit to hold office.

6.3 The Governing Body shall elect its Chairman on an annual basis.

6.4 The maximum membership of the Governing Body shall be eleven and the minimum shall be eight. The contributions made by participating States and other participating parties and the need to cover the interests of potential beneficiary States will be taken into account in determining the membership of the Governing Body in an equitable and balanced manner. The President of the Council and the Secretary General shall have the right to participate in meetings of the Governing Body but without a right to vote. Members of the ICAO Council and the President of the Air Navigation Commission may attend meetings of the Governing Body as observers but may address such meetings only if invited to do so by the Governing Body.

6.5 The Chairman and members of the Governing Body shall not be remunerated by IFFAS or ICAO for their services to IFFAS.

6.6 The Governing Body shall set down its proposed rules of procedure, based on the Rules of Procedure for the Standing Committees of the Council of ICAO. They shall take effect once the ICAO Council has approved them, and may be amended from time to time by the same procedure. The Governing Body shall meet as often as circumstances may require, but not less frequently than once a year.

6.7 The Governing Body shall:

- a) formulate the policy or policies for the activities of IFFAS taking account of the requirements of this Charter and the guidelines contained in Appendices B, C and D;
- b) approve the annual work programme and budget of IFFAS after consultations with the Council;
- c) receive, examine and approve the financial statements of IFFAS;
- d) monitor and evaluate the activities of IFFAS and review and report on them on an annual basis to the ICAO Council, participating States and other participating parties;
- e) actively promote participation in IFFAS by Contracting States and other participating parties;
- f) negotiate arrangements with the parties referred to in e) above regarding participation in IFFAS;
- g) propose to the ICAO Council from time to time ways and means of enhancing the financial resources of IFFAS, with a view to ensuring the effectiveness and continuity of its operation; and
- h) develop and keep up to date a compendium of the working procedures of IFFAS to serve as a procedural manual.

### *Article VII* **Expert Panel**

7.1 The Governing Body shall establish an Expert Panel (EP) and appoint members of the EP to perform technical, financial and economic assessments and evaluations of projects proposed for the receipt of IFFAS assistance. The EP shall be composed of persons of high competence, who together possess demonstrable expertise, qualifications and experience in relevant technical, financial and economic fields.

7.2 In response to a request from the Governing Body, the Secretary General of ICAO shall propose ICAO Secretariat personnel or outside experts to serve on the EP on a full cost-recovery basis.

7.3 The Governing Body shall establish the terms of reference for and the annual work programme of the EP.

*Article VIII*  
**Administrative Support**

8.1 In consultation with the Governing Body and the President of the Council of ICAO, the Secretary General of ICAO shall appoint:

- a) an ICAO official to act as Secretary to the Governing Body of IFFAS; and
- b) an ICAO official to act as Secretary to the EP.

In so far as it is practicable to do so, and so long as it does not give rise to any irreconcilable conflicts of interest, the same individual may be appointed to serve in both positions.

8.2 In consultation with the Governing Body and the President of the Council of ICAO, and in response to a request from the Governing Body, the Secretary General of ICAO may, in so far as it is practicable to do so, provide IFFAS with administrative assistance in addition to the appointments referred to in Article 8.1.

8.3 The assistance provided in accordance with 8.1 and 8.2. may be part or full-time, shall follow the guidelines contained in Appendix D, and shall be on a full cost-recovery basis.

8.4 In no case may an appointment or an assignment of the kind contemplated by Articles 7.2, 8.1 and 8.2 be made if it would adversely affect the ICAO work programme.

*Article IX*  
**Finances**

9.1 Subject to the applicable provisions of Article V, the sources of finances of IFFAS shall comprise:

- a) voluntary contributions from Contracting States and other contributing parties;
- b) interest earned on loans;
- c) miscellaneous income from bank deposits and investments;
- d) contributions resulting from the crediting of any amount of Contracting States' shares of any distributable surplus from the ICAO Regular Budget; or
- e) other voluntary contributions by way of pledge, loans from banks for reinvestment in projects based on the line of credit from international, regional and sub-regional development banks and financial institutions.

9.2 The budget of IFFAS shall be prepared and submitted to the Governing Body annually, by the Secretary to the Governing Body, in two parts: an Administrative Budget and an Operational Budget. The Administrative Budget shall reflect estimates of income and expenditure for day to day management. The Operational Budget shall reflect estimates of income and expenditures for the provision of assistance by financing projects.

9.3 The financial year of IFFAS shall be the period 1 January to 31 December.

9.4 Rules and regulations for the management and control of all funds and property contributed, donated or disbursed to, and held by, IFFAS, shall be governed by the applicable provisions of the ICAO Financial Regulations and such other United Nations rules and regulations as may apply. Funds received for financial assistance shall be administered in accordance with the ICAO Financial Regulations and Rules and the United Nations system accounting standards.

9.5 IFFAS shall be subject to audit by the ICAO Council appointed auditor in accordance with the Financial Regulations and Rules of ICAO.

*Article X*  
**Capital**

10.1 The start-up capital necessary for commencement of financing of projects shall be determined by the Governing Body.

10.2 The authorized ratio between expenditure for raising of funds and total expenditures of IFFAS shall be determined by Governing Body subject to approval of the ICAO Council.

*Article XI*  
**Criteria for providing assistance**

11.1 The Governing Body shall, based on principles contained in Appendix B and subject to consultation with and approval by the ICAO Council, determine and issue from time to time policy and procedures for the authorization of loans or other financial transactions and the conditions relating thereto.

*Article XII*  
**Dispute Resolution**

12.1 In the event of a disagreement or dispute either with respect to interpretation or application of this Administrative Charter, or with respect to a financial assistance agreement under the IFFAS, and such dispute cannot be settled at first instance by negotiations between the parties concerned, it shall be settled by arbitration in accordance with the UNCITRAL arbitration rules.

*Article XIII*  
**Location**

13.1 The seat of IFFAS shall be situated at ICAO Headquarters.

*Article XIV*  
**Dissolution**

14.1 If the Council takes the decision to dissolve IFFAS, the contributors shall be informed immediately by a communication from the President of the Council, copied to the Chairman of the Governing Body, the Secretary General and the Secretary of IFFAS.

14.2 The IFFAS secretariat shall determine the sums necessary to fulfil the commitments made by IFFAS (disbursements not yet made for projects already approved, administrative costs to be covered, etc.), which shall be removed from the available funds so as to calculate the final remaining assets.

14.3 Each voluntary contributor will be given the choice to recover a part of the remaining assets corresponding to the proportion of its contribution to the total amount of contributions received since the beginning of IFFAS, plus accrued interest, or only a fraction of this amount or to leave to IFFAS the funds it could recover.

14.4 Within a month from the Council's decision, IFFAS Secretariat will calculate, according to this rule, the sum to which each contributor is entitled, and inform the contributor.

14.5 Within 30 days of the receipt of this information, each contributor shall advise the President of the Council, the Chairman of the Governing Body, the Secretary General and the IFFAS Secretary of its decision on this point. Sums claimed by the contributors shall be repaid to them without delay.

14.6 Once these reimbursements have been made, a meeting of the Governing Body will be convened as soon as possible. If not all contributions have been reclaimed, the Governing Body will verify the amount of remaining assets in IFFAS accounts and will work out a proposal for their use.

14.7 Three possibilities will be open to the Governing Body:

- a) If there are at this moment some pending requests for IFFAS support, funds can, if appropriate, be used to finance these projects, but only in the form of grants; or
- b) Remaining assets can be transferred to an ICAO trust fund dedicated to assistance to Contracting States in the field of safety; or
- c) Remaining assets can be transferred to ICAO's regular programme budget and dedicated to the safety field.

14.8 Concerning loans previously granted by IFFAS which should bring reimbursements to IFFAS, the Governing Body shall decide in each case whether the beneficiary's debt will be cancelled, or the repayment obligation maintained and the proceeds transferred either to an ICAO trust fund or to ICAO's general programme budget and dedicated to safety.

14.9 The proposal agreed upon by the Governing Body shall be submitted as soon as possible to the Council (through the Finance Committee) which shall give its ruling thereabout.

14.10 The whole process, when completed, will be audited by the external auditor.



*Article XV*  
**Amendments**

15.1 Amendments to the present Administrative Charter may be made by the Council of ICAO.

*Article XVI*  
**Transitional Provisions**

16.1. The Governing Body shall be established and its members appointed by or before 13 June 2003. Until then, Transitional Rules to be adopted by the Council at the time IFFAS is established shall govern and control all matters and actions pertaining to IFFAS.

16.2 Notwithstanding 16.1 above, the Council may decide to extend the application of some or all of the Transitional Rules beyond 13 June 2003. Such Rules shall continue to apply, and shall prevail over corresponding provisions of this Charter, during the period of extension.

*Article XVII*  
**Meaning of Expressions**

17.1 For purposes of this Administrative Charter, and except where a contrary intention is evident, all expressions and terminology used herein have the same meaning as in the *Convention on International Civil Aviation* and definitions given below:

**Concessionary interest rates:** Interest rates calculated below market lending rates.

**Regular budget:** Regular programme budget as referred to in Article IV of the ICAO Financial Regulations. The reference to a regular budget in this Charter provides, in addition to its application to the ICAO programme budget, for the application to a budget which may not be linked to programmes in a future context.

**UNCITRAL:** United Nations Commission on International Trade Law.

-----

**APPENDIX A****A33-10: Establishment of an International Financial Facility for Aviation Safety (IFFAS)**

*Whereas* under Article 44 of the Chicago Convention the aims and objectives of ICAO *inter alia* are to foster planning and development of international air transport so as to ensure the safe and orderly growth of international civil aviation, meet the needs of the people of the world for safe, regular and economical air transport, and promote safety of flight in international air navigation;

*Whereas* under Article 69 of the Chicago Convention, if the Council is of the opinion that the airports and air navigation facilities of a Contracting State are not reasonably adequate for the safe, regular, efficient and economical operation of international air services, the Council shall consult with the State directly concerned, and other States affected, with a view to finding means by which the situation may be remedied, and may make recommendations for that purpose;

*Whereas* in pursuance of Resolution A32-11, the Council has brought into effect, from 1 January 1999, a Universal Safety Oversight Audit Programme, and the results of the initial audits of almost all Contracting States under that Programme have been received;

*Whereas* these audits have revealed that a number of Contracting States have to draw on scarce resources from other national priorities in order to implement effective safety oversight and that these States will require various degrees of assistance to meet their safety oversight responsibilities;

*Whereas* most developing States experience difficulties in gaining access to many financial market sources, particularly foreign capital markets, for funding their airport and air navigation services infrastructure, including safety-related components of that infrastructure;

*Whereas* the 31st Session of the Assembly requested the Council to study a proposal submitted by a group of States for the establishment of an international aeronautical monetary fund to finance investments in airports and air navigation services infrastructure under conditions that would be more flexible and less onerous than the conditions usually applicable in financial markets;

*Considering* the study conducted in the present triennium on an International Financial Facility for Aviation Safety (IFFAS) and a survey of Contracting States on the results of this study, which demonstrated *inter alia* the existence of a real need for funding which may not, in many cases, be available from established sources and the strong support of Contracting States for the establishment of an IFFAS;

*Considering* that an IFFAS would provide financial support towards achieving the objectives of improving aviation safety, through the implementation of the necessary corrective measures identified in the ICAO Universal Safety Oversight Audit Programme (USOAP);

*The Assembly:*

1. *Expresses appreciation* to the Council and the Secretary General for the progress made in studying and developing an International Financial Facility for Aviation Safety (IFFAS);

2. *Endorses* the concept of an IFFAS with:

- a) the objective of financing safety-related projects for which States cannot otherwise provide or obtain the necessary financial resources, with the principal area of application being safety-related deficiencies identified through the ICAO Universal Safety Oversight Audit Programme (USOAP) as an element of the Global Aviation Safety Plan (GASP); and
- b) application of the following principles with regard to development, establishment and operation:
  - 1) voluntary participation by States;
  - 2) eligibility for benefits by a State dependent on contributions or other participation by that State;
  - 3) definition of a framework of common guidelines and operating rules at the global level to ensure consistency, with flexibility for implementation left to the discretion and initiative of regional groups of States;
  - 4) complete independence from ICAO's Programme Budget; and
  - 5) provision of any administrative or other services by ICAO only upon request of participating States and on a cost-recovery basis.

3. *Requests* the Council to pursue the establishment of an IFFAS as a matter of priority early in the 2002-2004 triennium, having regard to the applicable laws of Contracting States and on the basis of:

- a) an administrative charter or memorandum for signature by participating parties;
- b) a structure including:
  - 1) a governing body incorporating adequate representation from amongst the States and other contributing parties; and
  - 2) staffing to support this body and to cover daily executive and administrative functions;
- c) a management strategy developed on the principles of, and in conformity with, the existing ICAO legal regime;
- d) a transparent and simple management mechanism with special attention paid to:
  - 1) clear administrative guidelines;
  - 2) clear guidance as to how overall financial requirements are to be estimated and budgeted for each year;

- 3) clear criteria and procedures for the granting of loans and conducting any other financial transactions, including: consistency with ICAO Standards and Recommended Practices, Procedures for Air Navigation Services, Air Navigation Plans and ICAO's policies on charges and taxes; accounting system requirements; presentation of business cases; and prioritization of projects;
  - 4) safeguards to ensure the proper, effective and efficient application of funds;
  - 5) measures to assure quality control and to assess effectiveness and efficiency at all levels; and
  - 6) provisions for the auditing of accounts; and
- e) initial implementation within the 2002-2004 triennium;
4. *Requests* the Council to remain available to advise Member States with respect to proposals for financing their voluntary contributions to the IFFAS and to ensure that such proposals are in conformity with the Chicago Convention and ICAO policies;
5. *Encourages* Contracting States to consider:
- a) voluntary contributions to finance the preparatory work in development of the IFFAS;
  - b) voluntary participation in the IFFAS; and
  - c) to the extent their national policy permits, contribution of capital to the IFFAS by crediting any amount of their share of any distributable surplus from the ICAO Programme Budget to the IFFAS account which will be held in trust by ICAO;
6. *Encourages* international organizations (private and public) having association with international aviation, airlines, airports, providers of air navigation services, manufacturers of airframes, engines and avionics, other members of the aerospace industry, and civil society, to make voluntary contributions to the IFFAS; and
7. *Requests* the Council to submit to the next ordinary session of the Assembly a report regarding IFFAS activities, including performance assessment and audited financial statements.
-

**APPENDIX B****General Guidelines for the Provision of Loans and Grants From IFFAS****1. Selection of Projects**

1.1. Projects for which IFFAS assistance may be provided will be selected only from applications for such assistance lodged with the Governing Body by a participating State or a group of participating States (hereafter the Applicant) in a form and manner prescribed by the Governing Body.

1.2. Applications for assistance must contain a clear reference to the relevant findings of the applicable ICAO Safety Oversight Audit (or Follow-Up Audit) of the Applicant State or States, and the expected remedial benefits of the project for which IFFAS assistance is sought in respect of those findings. In reaching a decision on whether to select a project for financing under IFFAS, the Governing Body shall consider the need for each project under review in relation to the ICAO Universal Safety Oversight Audit Programme (IUSOAP) and the objectives of the ICAO Global Aviation Safety Plan (GASP).

1.3. In deciding the order in which to consider applications, the Governing Body shall give priority to applications from those States which are included in the lowest per capita income range as identified by the International Bank for Reconstruction and Development for the purpose of granting loans, and also provide facilities for air navigation.

1.4. Projects must reflect national and regional priorities for aviation safety, and be consistent with the global aviation safety objectives set out in Clauses 2, 3, 5 and 6 of Resolution A33-16. In selecting projects for IFFAS assistance, the Governing Body shall give higher priority to regional, sub-regional, or inter regional projects, where it is demonstrated that such projects will produce greater benefit than country-specific projects.

1.5. Projects selected for funding shall, when completed, enhance compliance by the beneficiary State or States with ICAO Standards and Recommended Practices and the applicable Air Navigation Plans. Projects must respect the objectives of relevant international environmental conventions.

1.6. The eligibility of a project for funding shall also be determined on the cost-effectiveness of its implementation.

**2. Provision of Loans**

2.1. The primary form of assistance shall be by way of loans. Interest charged on IFFAS loans shall be at concessionary rates. The Governing Body may decide to extend loans at no (0%) interest provided justification for doing so has been demonstrated and the reasons for doing so are recorded in writing and made available on demand to the ICAO Council and to IFFAS participants.

2.2. Loans shall be awarded only to States which have demonstrated that they are unable to finance the aviation project concerned through conventional means.

2.3. An applicant State shall contribute a minimum of 5% of the estimated cost of a project for which financial assistance is to be provided by IFFAS, by way of material, human resources or financial input. In exceptional circumstances, the Governing Body may decide to reduce this percentage or waive it entirely, provided the reasons for such decisions are recorded in writing and made available on demand to the ICAO Council and to IFFAS participants.

2.4. The process by which applications for loans are assessed, and by which decisions to extend or to refuse to extend such assistance are taken, shall be transparent and impartial. The Governing Body shall ensure that written records are kept of the entire process followed in the case, including the application submitted, supporting documentation, and relevant correspondence, and it shall ensure that those records are provided to the Council of ICAO on demand, and to any other person or organization on request, so long as the person or organization making such a request can demonstrate a legitimate and bona fide purpose.

2.5. After the Governing Body has approved a loan, no funds may be disbursed until the Governing Body is satisfied that all relevant documentation has been provided, and that all of the necessary agreements and other instruments have been completed and executed as required.

2.6. A standard form document will be used in the case of all loans granted through the IFFAS process. Where necessary special clauses may be added, but they must be clearly marked as such, and their inclusion must be agreed by the Governing Body.

2.7. The timing of repayment of loans by a beneficiary State shall be set out in a schedule, which shall form part of one of the agreements referred to in paragraph 2.5 above.

### 3. **Grants**

3.1. If, in a particular case, the Governing Body decides that the circumstances warrant the provision of assistance by way of grant rather than loan, it may proceed accordingly. The exclusive reason for reaching this conclusion shall be the demonstrable inability of the State concerned to repay even a zero-interest loan. In support of its decision to award a grant in such cases, the Governing Body must have in its possession evidence that the State concerned is unable to do so, have recorded the justification in writing and make this available on demand to the ICAO Council and to IFFAS participants.

3.2. Grants should not normally cover the entire cost of a project, but should be awarded, subject to 3.1 above, where there is reasonable expectation that doing so will attract additional financing and thereby conduce to the successful implementation of the whole project.

3.3. Paragraphs 2.3, 2.4, 2.5 and 2.6 above will apply, substituting “grant” for “loan” where it appears.

-----

**APPENDIX C**

**Investment Management policy of IFFAS**

1. The Governing Body shall draw up an investment management policy for IFFAS which shall be submitted to the Council for approval. The Governing Body may amend the investment management policy from time to time, subject to the approval of the Council.
2. The IFFAS investment management policy shall identify the appropriate investment horizon, level of acceptable risk and the liquidity required in the intervening period during which funds shall be available in IFFAS prior to their disbursement.
3. The Governing Body shall determine the nature, structure and composition of the IFFAS portfolio.
4. When the size of the funds to be invested warrants it, the Governing Body shall obtain appropriate expert advice. At the request of the Governing Body, the Secretary General may engage the services of an independent expert for the purpose of providing such advice on a full cost-recovery basis.
5. The accounts of IFFAS shall be subject to audit in the same way as the regular programme of ICAO.

-----

**APPENDIX D****Guidelines In Respect of ICAO Administrative Assistance to IFFAS**

1. The Secretary of the Governing Body of IFFAS, referred to in Article 8.1 a) of the Charter shall be accountable to the Governing Body and shall, in consultation, as appropriate, with the Expert Panel, inter alia:

- a) submit the draft work programme and budget of IFFAS to the Governing Body for its consideration;
- b) oversee the execution of the work programme and the budget of IFFAS;
- c) submit to the Governing Body annual and ad hoc reports on the activities of IFFAS and the execution of its work programme;
- d) manage the staff of IFFAS in accordance with ICAO Staff Rules and Regulations; the Rules of the United Nations; and the terms of the present Charter;
- e) coordinate the work of IFFAS with that of related organs of the United Nations and the relevant aviation institutions outside the system;
- f) assist the Governing Body in actively promoting the participation in IFFAS to member states and other institutions in order to seek appropriate funding for the implementation of the work programme of IFFAS; and
- g) assist the Governing Body in negotiating arrangements and conditions where necessary with participating parties who wish to contribute to IFFAS.

2. The terms and conditions of the service of the Secretary and the staff shall be those provided for in the ICAO Staff Rules and Regulations and Staff Rules of the United Nations as applicable, subject to such administrative arrangements as are approved by the Council.

3. The Secretary and the staff of IFFAS shall be officials of the United Nations within the meaning of Article 105 of the Charter of the United Nations.

— END —