WORKING PAPER

INTERNATIONAL CIVIL AVIATION ORGANIZATION

A32-WP/46
AD/10
2/7/98

ASSEMBLY - 32ND SESSION

ADMINISTRATIVE COMMISSION

Agenda Item 36: **Budgets**
Agenda Item 36.1: **Programme Budget - 1999, 2000 and 2001**

DRAFT PROGRAMME BUDGET OF THE ORGANIZATION FOR 1999, 2000 AND 2001

SUMMARY

This paper presents the draft document of the Programme Budget of the Organization for 1999, 2000 and 2001. A draft resolution relating to the budget estimates for approval of the Assembly is contained on pages 7 to 10.

1. Attached is the draft document for the Programme Budget of the Organization for 1999, 2000 and 2001. Subsequent to consideration and approval by the Assembly, this working paper will be issued as a document.

(274 pages)

A32-WP/46
AD/10
Appendix

DRAFT PROGRAMME BUDGET OF THE ORGANIZATION

1999 - 2000 - 2001

INTERNATIONAL CIVIL AVIATION ORGANIZATION

LETTER OF TRANSMITTAL

OF THE

DRAFT PROGRAMME BUDGET 1999-2000-2001

FROM THE PRESIDENT OF THE ICAO COUNCIL

TO THE THIRTY-SECOND SESSION OF THE ASSEMBLY

1. In accordance with Article 61 of the Convention, the Council's Programme Budget for the financial years 1999, 2000 and 2001 is submitted to the Assembly. The Programme Budget contains the detailed work programme of the Organization and the cost estimates of the Organization's various programmes for 1999-2001.

2. A commentary on the proposed estimates for the years 1999, 2000 and 2001 is given in the Council's Message on the Programme Budget. This Message is designed to permit an understanding of the main features of the estimates in summary form.

3. As indicated in the Council's Message, the Council accords highest priority to the Universal Safety Oversight Audit Programme. To ensure timely delivery of this important programme and due to the limited funds available to finance the programme within the Regular Programme budget, the Council has recommended that Major Programme IX - Universal Safety Oversight Audit Programme be funded from the cash surplus.

4. The budgets and estimated Miscellaneous Income for each of the three years 1999, 2000 and 2001 are summarized on the fourth and sixth pages of the Council's Message, respectively.

5. A provision for future anticipated cost increases has been calculated within the limit of 1.5 per cent for the remaining period of 1998, and 2.0 per cent annually in 1999-2001 for Headquarters, and 3.0 per cent for the remaining period of 1998, and 4.0 per cent annually in 1999-2001 for the regional offices. However, the Programme Budget estimates will be updated just before the Assembly is held to take into account the most recent external economic data.

6. In terms of assessments on States, the estimates represent the following percentage changes:

		Percent of change over:	
	Assessments	Approved assessments for 1998 ($ 50 850 000)	Prior year's approved or estimated assessments
1999	$ 47 427 000	- 6.7%	- 6.7%
2000	$ 48 500 000	- 4.6%	2.3%
2001	$ 49 967 000	- 1.7%	3.0%

7. The above percentage changes do not take into account the distribution of \$ 1 076 000 of cash surplus on 1 January 1999 under the incentive scheme, in accordance with Assembly Resolution A26-23. Council has also recommended that the Assembly dispose of the balance of cash surplus of \$ 2 662 525 as credits to Contracting States on the same date. If the above distributions are approved and taken into account, the net assessments payable by Contracting States which are not in arrears would be reduced for 1999.

8. Administrative and Operational Services Costs of Technical Co-operation are presented under Major Programme X - Technical Co-operation.

Assad Kotaite

2 July 1998

PROGRAMME BUDGET OF THE ORGANIZATION FOR 1999, 2000 AND 2001

TABLE OF CONTENTS

Page

Page

— — — — — — — —

COUNCIL'S MESSAGE
ON THE
PROGRAMME BUDGET 1999-2000-2001

INTRODUCTION

1. In accordance with Article 61 of the Convention on International Civil Aviation, the Council submits its Programme Budget for the financial years 1999-2000-2001 to the Assembly. A summary of the Programme Budget estimates appears on page 4.

2. ICAO, as a specialized technical agency within the UN system, provides a unique forum for consensus building on global priorities relating to civil aviation. To fulfil its mandate effectively and to reinforce its commitment of States, ICAO continues to focus on priorities, improve co-ordination, increase cost effectiveness and reduce overlap whenever necessary. Naturally, with the numerous important tasks which ICAO is expected and required to perform, the full support of all Contracting States is necessary.

3. To be able to perform these tasks efficiently, ICAO looks to its Member States to pay their assessed contributions at the beginning of the Organization's financial year. Over several triennia, the accumulation of contributions in arrears have hampered the execution of the work programme. In response to this serious situation, the Council is submitting a working paper (A32-WP/47, EX/16, AD/11) to the Assembly containing a number of measures to encourage States to pay their arrears.

PROGRAMME BUDGET 1999-2000-2001

4. Since the 1984-1986 triennium, the Organization has been following, on average, zero real growth budgets, while improving language services, progressively integrating the Technical Co-operation Programme into the regular budget as well as expanding tasks relating to CNS/ATM, flight safety and human factors, controlled flight into terrain, aviation security, evaluation and internal oversight, and the strengthening of the regional offices during the period. Against this background, the Council and the Secretariat have devoted considerable attention to the development of a Programme Budget for the forthcoming triennium which focuses on priorities and results.

5. The last session of the Assembly called for intensified efforts to develop the Strategic Action Plan in association with a systematic planning process to improve effectiveness, transparency and accountability. Since that time the Council has developed and endorsed a systematic planning process linking the Strategic Action Plan directly to the Programme Budget. Tasks which are directly linked with the Strategic Action Plan have been identified and both the target date and priority have been assigned whenever possible. The Council considers that this improvement will aid in the monitoring of the implementation of the programme. By focussing on results and measurable outputs rather than procedures, this approach will permit initiatives to flourish while providing greater emphasis on the ***setting and meeting deadlines*** at all levels.

6. The presentation of the Programme Budget has been considerably improved through changing to programme planning based on intended staff resources, rather than establishment. At the major programme level, information is included regarding the intended level of staffing as well as the intended level of vacancies within a major programme. At the programme level, staff numbers and costs are those which are actually expected to be used each year. This format is aimed to enhance the transparency relating to staff numbers and vacancy rates while maintaining the same level of budgetary flexibility currently afforded to the Secretary General.

7. The Council has undertaken a review of the decision-making process, working methods and procedures of the Council and subsidiary bodies, and working methods of the Organization have been considerably streamlined. Part of this reform requires that no new task should be added to the work programme without identification of the financial resources required and/or compensating economies.

8. When there are new and/or expanded tasks added to the Organization's work programme, the Council encourages efforts to prioritize tasks so that lower priority tasks are eliminated in order to provide sufficient resources to higher priority tasks without increasing the overall size of the budget.

9. To improve the Organization's ability to respond better to new requirements and unforseen tasks during the triennium, the Council is proposing amendment to the Financial Regulations regarding the use of excess miscellaneous income, as outlined in A32-WP/62, AD/12 which is submitted to the Assembly for approval.

HIGH PRIORITY PROGRAMMES

10. Major Programme II - Air Navigation includes high priority initiatives related to safety, which are converging under the umbrella of a Global Aviation Safety Programme (GASP). Most prominent among these initiatives is the Universal Safety Oversight Audit Programme. Under this programme, regular, mandatory, systematic and harmonized safety audits are to be carried out by ICAO. By the end of the year 2001, all Contracting States are to have been audited. The Council accords highest priority to this programme and as such sufficient funds need to be allocated for the implementation of the programme. To ensure the timely delivery of the important programme and due to the limited funds available to finance this programme within the Regular Programme budget, the Council recommends that Major Programme IX - Universal Safety Oversight Audit Programme be funded from the cash surplus.

11. Another high priority initiative is the controlled flight into terrain (CFIT) prevention campaign, which aims to reduce such accidents by 50 per cent over eight years. Furthermore, an action plan to address shortcomings and deficiencies in the field of air navigation is under development. Regarding regularity and efficiency, this major programme is continuing to develop SARPs and guidance material for the new technology CNS components that will support a future global, seamless ATM system; these new CNS/ATM systems have safety benefits as well.

12. Major Programme III - Air Transport has been substantially restructured in response to the Strategic Action Plan, focussing to a much greater extent on support of airport and air navigation systems funding, planning and cost recovery, which benefits not only economy but safety. Other continued high priority areas include aviation security and environmental protection, the latter notably in the light of the Protocol adopted in Kyoto in December 1997 which calls on States to work through ICAO to pursue

limitation or reduction of emissions of greenhouse gases from aviation fuels used internationally. The Council wishes both to accommodate these highest priority activities and to maintain core activities in other important air transport fields such as facilitation, economic regulation and the provision of statistics. In order to achieve this at a time of reduced resources, some tasks in aviation security, statistics and economic analysis will be funded from increased revenue from the sale of publications and data to third parties. Continued development of automation will be an important factor in determining the success of this initiative.

13. Under Major Programme IV - Legal, the Council considers as having high priority, in the programme of development and codification of international air legislation, the subjects of the consideration of the establishment of a legal framework with regard to global navigation satellite systems (GNSS), the modernization and consolidation of the "Warsaw System" relating to liability of international air carriers, and the review of the question of the ratification of international air law instruments, in accordance with the General Work Programme of the Legal Committee.

14. Concerning Major Programme VI - Administrative Support, the Council considers the subject of language services to be highly important to the achievement of the Organization's objectives and reaffirms that parity and quality of service in all working languages of ICAO is the continuous objective of the Organization in line with UN Assembly Resolution A/50/11 of 2 November 1995 in respect of the linguistic rules in the United Nations organizations. Action is being taken to implement Assembly Resolutions A29-21 and A31-16 (Strengthening the use of Arabic and Chinese languages in ICAO) as well to maintain the adequate quality of service in the other working languages of the Organization pursuant to Assembly Resolution A31-17 (Level of Services Provided in the Working Languages of ICAO). To this effect, Council is submitting Assembly working papers concerning implementation of Assembly Resolutions A29-21, A31-16 and A31-17. Council also stresses the need for continuous efforts to be made at reducing the volume of documentation and achieving greater discipline in the timely submission of documentation. In addition, information on ICAO's web site on the Internet would be available in as many of the Organization's working languages as possible.

SUMMARY OF COST - MAJOR PROGRAMMES

	1999 Estimates	2000 Estimates	2001 Estimates	Total 1999-2001
	(expressed in thousands of U.S. dollars)			
REGULAR PROGRAMME BUDGET				
I. General Policy and Direction	814	835	1 355	3 004
II. Air Navigation	7 989	7 630	7 704	23 323
III. Air Transport	4 618	4 740	4 811	14 169
IV. Legal	722	726	738	2 186
V. Regional and Other Programmes	17 008	17 717	18 294	53 019
VI. Administrative Support	21 143	21 739	22 202	65 084
VII. Finance, External Relations/Public Information and Programmes Evaluation, Audit and Management Review	3 128	3 197	3 156	9 481
Reduction Factors:				
Vacancy Rates	(4 147)	(4 284)	(4 440)	(12 871)
Meetings	(132)	(68)	(106)	(306)
Total	51 143	52 232	53 714	157 089

Comparison to 1996-1998 triennium	$	%
Nominal growth	(38)	0.0
Real growth	(1 396)	(0.9)

	1999 Estimates	2000 Estimates	2001 Estimates	Total 1999-2001
IX. Universal Safety Oversight Audit Programme to be funded by cash surplus	1 540	1 591	1 645	4 776
Total Proposed Appropriation	52 683	53 823	55 359	161 865

15. Since the anticipated cost increases are necessarily based on assumptions[1] about the possible trend of economic developments in 1998 and during the period 1999-2001, as they affect ICAO cost levels, and in order to improve the transparency and the comparability of the budgetary presentation by budgeting with costs closer to the date of expenditure, the Programme Budget estimates will be updated just before the Assembly is held to take into account the most recent external economic data and will be finalized during the Assembly based on the exchange rate of U.S.$/Can.$ at that time.

[1] Relevant forecasts of Statistics Canada, financial institutions, ICSC, etc. are used.

16. Should a favourable exchange rate prevail at the time of the Assembly and consequently savings be achieved, the Council recommends that the savings be used primarily to supplement Major Programme - Air Navigation and to a lesser degree other high priority programmes of the Organization as long as the overall size of the budget in U.S. dollars remains as presented above.

TECHNICAL CO-OPERATION PROGRAMME

17. During the 1996-1998 triennium, ICAO's technical co-operation activities continued to place greater emphasis on the global implementation of Standards and Recommended Practices and Air Navigation Plans and to reflect major shifts in funding opportunities of technical co-operation projects, from UNDP to Funds in trust provided by the countries themselves. However, in realizing that technical co-operation in the development of civil aviation within the economic and social development of countries is still an urgent requirement, the economic development-oriented objective was maintained as a priority activity in the implementation of the new policy on technical co-operation. Further measures were introduced to streamline compatible activities in the Technical Co-operation Bureau with those of the Regular Programme, and to reduce and redistribute staff to foster cost effectiveness without hindering the technical capability and the responsiveness of the Bureau.

18. In A32-WP/3, EX/1, the Council has presented the progress made in the implementation of the new policy on technical co-operation which included its funding mechanism. The Council has also reported on the progressive implementation of the core staff concept and the related further integration of the Technical Co-operation Bureau into the Organization's structure. As part of this integration, certain posts, which have stronger links with the operations of the Regional Offices have been transferred from the AOSC Fund and incorporated into the Regular Programme Budget. During the 1999-2001 triennium, the Council and the Secretary General will further implement the core staff concept and, being mindful of the restricted budgetary situation of both the regular and technical co-operation programme, will examine further measures to integrate the Technical Co-operation Bureau into the Organization's structure and report to the Assembly at its next ordinary session.

DISPOSITION OF CASH SURPLUS

19. Financial Regulation 6.2 states that, "To the extent that the total income actually collected under a), b), c) and d) of Regulation 6.1 and contributions in arrears actually collected in a given financial year exceed the obligations, including unliquidated obligations, of that year, this surplus shall be designated as cash surplus. The cash surplus may be used to meet obligations. Any balance of cash surplus at the end of the year prior to the year in which the Assembly is held shall be disposed of in the manner to be decided by the Assembly, ...".

20. The cash surplus available for distribution on 1 January 1998 amounts to $ 10 514 525.

21. In view of the delays it has experienced in receipt of contributions, ICAO cannot rely on assessments being paid even by the end of the year to which they relate. Therefore, the Council has recommended that the level of the Working Capital Fund be increased from $ 6 to $ 8 million. To minimize the effect on States' assessments, it recommends that this $ 2 million be financed from the cash surplus.

22. After distribution of $ 1 076 000 on 1 January 1999 as credits under the incentive scheme in accordance with Assembly Resolution A26-23, the proposed transfer of $ 4 776 000 ($ 1 540 000 on

1 January 1999, $ 1 591 000 on 1 January 2000 and $ 1 645 000 on 1 January 2001) to finance the appropriation for Major Programme - Universal Safety Oversight Audit Programme and the proposed application of $ 2 000 000 toward assessed advances to the Working Capital Fund, the Council invites the Assembly to approve the distribution of balance of cash surplus of $ 2 662 525 on 1 January 1999 as credit to Contracting States. Section B of the draft Assembly Resolution on page 9 contains text to this effect.

CONTRIBUTIONS BY CONTRACTING STATES

	1999	2000	2001	Total 1999-2001
	(in thousands of U.S. dollars)			
Total Proposed Appropriations	52 683	53 823	55 359	161 865
Less: Miscellaneous Income	(3 716)	(3 732)	(3 747)	(11 195)
Less: Cash Surplus	(1 540)	(1 591)	(1 645)	(4 776)
Total Assessments on States (net of Miscellaneous Income and Cash Surplus)	47 427	48 500	49 967	145 894

23. Total proposed appropriations for the 1999-2001 triennium amount to $ 161 865 000. After deduction of the estimate of Miscellaneous Income for the triennium of $ 11 195 000 and the cash surplus to finance Major Programme IX - Universal Safety Oversight Audit Programme estimated to be $ 4 776 000 for the triennium, total required contributions by Contracting States will amount to $ 145 894 000. To reduce the burden on all Contracting States, the Council has requested the Secretary General to continue to seek economies whenever they do not reduce efficiency.

CONCLUSION

24. The Council believes that world aviation is evolving more rapidly than ever and there is a key role to be played by ICAO. Contracting States will recognize that ICAO's success in meeting the challenges and serving the interests of international aviation will depend on their support for the proposed Programme Budget, followed by the prompt payment of assessments.

— — — — — — — —

Note.- All figures in this document are expressed in United States dollars unless specified otherwise.

DRAFT RESOLUTION FOR ADOPTION BY THE 32ND SESSION OF THE ASSEMBLY

Draft Resolution 36.1/1

Budgets 1999, 2000 and 2001

A. PROGRAMME BUDGET 1999-2000-2001

The Assembly notes that:

1. in accordance with Article 61 of the Convention, the Council has submitted and the Assembly has considered annual budget estimates (indicative for the AOSC figures) for each of the financial years 1999, 2000 and 2001;

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

Recognizing that the Administrative and Operational Services Costs (AOSC) of the Technical Co-operation Programme are mainly financed by income from implementation of projects assigned to ICAO for execution by external funding sources such as the United Nations Development Programme, Governments and other sources;

Recognizing that the Technical Co-operation 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;

Recognizing that due to the difficulties cited above, the annual AOSC net budget figures shown below for the years 1999, 2000 and 2001 represent indicative budget estimates only:

TECHNICAL CO-OPERATION PROGRAMME

1999	2000	2001

Recognizing that technical co-operation is an indispensable means of fostering the development and safety of civil aviation;

Recognizing the circumstances facing the Technical Co-operation Programme of the Organization and the necessity to take continuing measures;

The Assembly resolves:

1. that the Indicative Budget Estimates of the Administrative and Operational Services Costs of the Technical Co-operation 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, provided that the over-all requirements shall not at any time exceed the funds placed at the disposal of the Organization for this purpose.

2. that for the financial years 1999, 2000 and 2001, there are hereby authorized for expenditure in accordance with the Financial Regulations, and subject to the provisions of this Resolution, the following amounts for the Regular Programme, **separately** for the years stated:

REGULAR PROGRAMME

		1999	**2000**	**2001**
I.	General Policy and Direction			
II.	Air Navigation			
III.	Air Transport			
IV.	Legal			
V.	Regional and Other Programmes			
VI.	Administrative Support			
VII.	Finance, External Relations/ Public Information and Programmes Evaluation, Audit and Management Review			
TOTAL				
Reduction Factors:				
	Vacancy Rates			
	Meetings			
TOTAL				
IX.	Universal Safety Oversight Audit Programme to be funded by cash surplus			
TOTAL AUTHORIZED APPROPRIATION				

3. that the separate annual Total Authorized Appropriation in Clause (2) above be financed as follows, in accordance with the Financial Regulations:

		1999	2000	2001
a)	by Assessments on Contracting States in accordance with Resolution on the Scale of Assessments			
b)	by Miscellaneous Income			
c)	by Cash Surplus			
	TOTAL			

B. DISPOSITION OF CASH SURPLUS

The Assembly notes that:

1. Financial Regulation 6.2 provides that any balance of cash surplus available at the end of the year prior to the year in which the Assembly is held shall be disposed of in the manner to be decided by the Assembly;

2. on 1 January 1998 the amount of cash surplus available for distribution was $ 10 514 525; and

3. the Council has recommended the disposition of the cash surplus available for distribution as follows:

a) $ 1 076 000 on 1 January 1999 as credits to Contracting States under the incentive scheme in accordance with Assembly Resolution A26-23;

b) $, $ and $ to be transferred to the Universal Safety Oversight Audit Programme on 1 January 1999, 1 January 2000 and 1 January 2001;

c) $ 2 000 000 on 1 January 1999 as credits toward assessed advances to the Working Capital Fund; and

d) the balance of $ as credits to Contracting States on 1 January 1999.

The Assembly resolves that:

1. the Organization, from the balance of cash surplus, dispose of the amount of $ 1 076 000 as credits to Contracting States in respect of the incentive scheme on 1 January 1999 in accordance with Assembly Resolution A26-23; such credits to be applied in the usual order, first to any advances due to the Working Capital Fund, second to any contributions in arrears beginning with the earliest, and third to current year contributions;

2. the Organization, to transfer the amount of $, $ and $ to the Universal Safety Oversight Audit Programme on 1 January 1999, 1 January 2000 and 1 January 2001 respectively;

3. $ 2 000 000 on 1 January 1999 as credits towards assessed advances to the Working Capital Fund in accordance with Assembly Resolution A32-___; and

4. the Organization, to dispose as credits to Contracting States, inasmuch as they have paid their contributions for the financial year for which the surplus has been determined, the balance of $ on 1 January 1999; such credits to be applied in the usual order, first to any advances due to the Working Capital Fund, second to any contributions in arrears beginning with the earliest, and third to current year contributions; and

5. exceptionally, Contracting States that entered into agreements, or have existing agreements, shall have their share of cash surplus credited to them in accordance with Assembly Resolution ____.

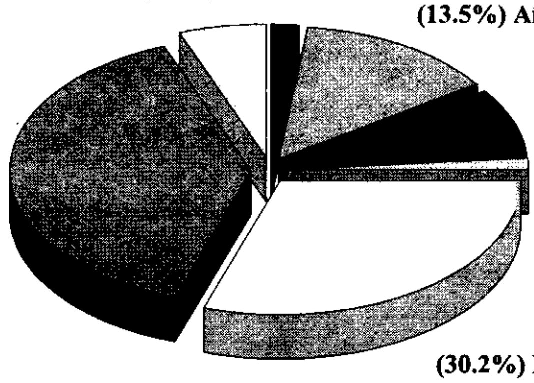
— — — — — — — —

INTERNATIONAL CIVIL AVIATION ORGANIZATION
PROGRAMME BUDGET 1999-2000-2001

SUMMARY OF COST - MAJOR PROGRAMMES

	1999 Estimates	2000 Estimates	2001 Estimates	Total 1999-2001
	(expressed in thousands of U.S. dollars)			
REGULAR PROGRAMME BUDGET				
I. General Policy and Direction	814	835	1 355	3 004
II. Air Navigation	7 989	7 630	7 704	23 323
III. Air Transport	4 618	4 740	4 811	14 169
IV. Legal	722	726	738	2 186
V. Regional and Other Programmes	17 008	17 717	18 294	53 019
VI. Administrative Support	21 143	21 739	22 202	65 084
VII. Finance, External Relations/ Public Information and Programmes Evaluation, Audit and Management Review	3 128	3 197	3 156	9 481
Total	55 422	56 584	58 260	170 266
Reduction Factors:				
Vacancy Rates	(4 147)	(4 284)	(4 440)	(12 871)
Meetings	(132)	(68)	(106)	(306)
Total Appropriation	51 143	52 232	53 714	157 089
VIII. Miscellaneous Income	(3 716)	(3 732)	(3 747)	(11 195)
Total Assessed Budget	47 427	48 500	49 967	145 894
IX. Universal Safety Oversight Audit Programme to be funded by cash surplus	1 540	1 591	1 645	4 776

EXTRABUDGETARY RESOURCES	Indicative Estimates			Total
	1999	2000	2001	1999-2001
III. Air Transport				
3.5 Joint Financing	355	362	368	1 085
X. Technical Co-operation Programme	4 275	4 293	4 455	13 023



REGULAR BUDGET
PERCENT OF ESTIMATES* BY MAJOR PROGRAMME

		1999–2001 Estimates ($ 000)	% of Estimates
I.	General Policy and Direction	3 004	1.9%
II.	Air Navigation	21 207	13.5%
III.	Air Transport	12 792	8.1%
IV.	Legal	2 186	1.4%
V.	Regional and Other Programmes	47 502	30.2%
VI.	Administrative Support	61 466	39.0%
VII.	Finance, External Relations/Public Information and Programmes Evaluation, Audit and Management Review	9 238	5.9%
TOTAL		157 395	100.0%

* After deduction for vacant posts; does not include Reduction Factors for Meetings or Miscellaneous Income

Note: Estimates after allocation of support costs are presented in Exhibit 4.

1. INTRODUCTION

1.1 The work programme which is submitted in the form of a programme budget sets forth the proposed programme of activities for the Organization to be carried out during the years 1999, 2000 and 2001 and provides estimated cost of such a programme. The programme budget concentrates upon the work of the international Secretariat and the operation of ICAO, the participation of National Representatives and experts in the work of the Organization being at national expense. This programme budget statement covers both the activities of the Regular Programme, financed by the ICAO appropriations made by the Assembly after consideration of the budget estimates, and the activities of the ICAO Technical Co-operation Prógramme, financed mainly by extrabudgetary resources through the Administrative and Operational Services Cost (AOSC) Fund.

1.2 The ICAO programme budget focuses upon the work proposed to be undertaken and the objectives sought through that work. It emphasizes the ends to be achieved and translates them into the costs required for their implementation. Decisions relate both to resource levels and to results to be achieved.

1.3 The structure of the programme budget follows hierarchical arrangements of programmes: major programmes, programmes, sub-programmes and programme elements. Objectives are indicated for the programmes and sub-programmes of the Organization. A direct and transparent linkage is established with the Strategic Action Plan by listing relevant key activities at the level of the sub-programme and programme element.

1.4 In all substantive programmes, programme elements are itemized and priorities are indicated. Priorities are categorized as follows:

> **Category "A"** are elements of high priority on which work will be expedited.
>
> **Category "B"** are elements of a medium priority on which work will be undertaken as soon as possible but not to the detriment of Category A tasks.
>
> **Category "C"** are elements of a lower priority on which work will be undertaken as time and resources permit but not to the detriment of Category A and B tasks.

Programme elements indicated with the letter "R" refer to items of an ongoing and/or recurring nature.

1.5 In the tables under programmes in Major Programme II (Air Navigation), two types of work months are indicated, separated by an oblique stroke. The first number shows the number of work months required to undertake a programme. Whereas, the second number represents the number of work months expected to be available, i.e. intended number of work months during the next triennium. The costing contained in the tables is based upon the intended numbers of work months.

1.6 The principal means used by ICAO to accomplish its regular work objectives are meetings of the Assembly, the permanent bodies, conferences, divisional meetings, regional meetings, panels and study groups; and issuance of documentation, including publications. These two principal means are reciprocal and mutually supporting, in that virtually all meetings are conducted on the basis of documentation prepared in advance by the Secretariat (and by States), and the results and decisions of the meetings are communicated to States by publications. Both meetings within the regions (such as seminars and workshops) and publications (such as technical manuals and circulars) are utilized for implementation purposes and in provision of guidance and assistance to States. Other means include, of course, correspondence with and official missions to States. These means are used in accomplishing the objectives within the air navigation, air transport and legal fields.

1.7 The programme budget statement which follows, for the period 1999-2000-2001, may be read in conjunction with the Annual Reports of the Council for the immediately preceding years. The descriptions in the Annual Reports of concrete accomplishments provide pertinent background for the statements of anticipated work activity for the future.

1.8 The programme budget for 1999 to 2001 has been formulated in terms which leave the Council, after adoption of the programme by the Assembly, with a degree of latitude in the method and rate of implementation. Within the three-year period, the pace and emphasis to be applied to each of the specialized activities or disciplines within the air navigation, air transport and legal fields will vary depending upon the needs of States, rate of technological change, and other factors. The Council will determine from time to time the priority to be accorded to individual activities, including the possibility of new activities, having regard to budgetary considerations.