WORKING PAPER

INTERNATIONAL CIVIL AVIATION ORGANIZATION

A32-WP/46
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2/7/98
Addendum No. 2
18/9/98

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

ADDENDUM NO. 2

SUMMARY

The Council submitted its Programme Budget for 1999, 2000 and 2001 to the Assembly (A32-WP/46, AD/10) on 2 July 1998. Subsequently, the budget estimates have been updated to reflect the most recent economic factors and are presented in Addendum No. 1 related to A32-WP/46, AD/10. The updated estimates contained in Addendum No. 1 represent savings of about $ 5.5 million when compared with the estimates included in A32-WP/46, AD/10. The Council recommends the currency-related savings be used to supplement Air Navigation and to a lesser degree other high priority programmes. This paper describes the proposed use of the savings.

REFERENCES

A32-WP/46, AD/10
Addendum No. 1 related to A32-WP/46 AD/10

1. In accordance with Article 61 of the Convention, the Council has submitted its Programme Budget for the financial years 1999-2000-2001 to the Assembly (A32-WP/46, AD/10), which includes budget estimates for the Regular Programme amounting to $ 157 089 000 (excluding Miscellaneous Income and Major Programme IX - Universal Safety Oversight Audit Programme to be funded by cash surplus) for the 1999-2001 triennium.

(6 pages)

2. The Council's Message on the Programme Budget contained in A32-WP/46, AD/10 indicates that the Programme Budget estimates will be updated just before the Assembly is held to take into account the most recent external economic data. The Council also recommends in its Message that, should a favourable exchange rate prevail at the time of the Assembly and consequently savings be achieved, they 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 \$ 157 089 000.

3. Addendum No. 1 to A32-WP/46 AD/10 presents the updated budget estimates taking into account the most recent economic factors. The updated estimates amount to \$ 151 544 000, which represents savings of about \$ 5.5 million when compared with the estimates included in A32-WP/46 AD/10.

4. As recommended in its Message on the Programme Budget, the Council proposes to utilize these savings to supplement Major Programme - Air Navigation and other high priority programmes of the Organization. Paragraph 5 presents the proposed utilization of the savings by Major Programme. Provision for increased work months would be used for, as much as possible, hiring temporary short-term staff to provide flexibility in formulating the 2002-2003-2004 Programme Budget.

5. PROPOSED UTILIZATION OF THE SAVINGS OF \$ 5 520 000 FOR THE TRIENNIUM

5.1 Major Programme: Air Navigation (\$ 2 828 000 for the triennium)

5.1.1 For Major Programme: Air Navigation, an estimated annual average of \$ 942 000 is proposed to be used for the addition of approximately 108 Professional and 92 General Service work months per annum. These additional staff resources would complement the work months so as to provide the necessary staff resources required to accomplish the entire work programme indicated in A32-WP/46, AD/10.

5.2 Major Programme: Air Transport
Programme: Statistics and Economic Analysis (\$ 278 000 for the triennium)

5.2.1 Twelve Professional work months per annum are proposed to be added to Major Programme III: Air Transport. The resources concerned will be applied to economic and planning input to air navigation activities and notably to Programme 3.7: Statistics and Economic Analysis with a view to implementation to the extent possible of the Recommendations of the Ninth Session of the Statistics Division (September 1997) including those aimed at technological development, timeliness and responding to external enquiries.

5.3 Major Programme: Legal (\$ 75 000 for the triennium)

5.3.1 Provision for contractual services.

5.4 Major Programme: Regional and Other Programmes

Regional and Other Programmes ($ 1 425 000 for the triennium)

5.4.1 These funds will be used for contractual services to provide the additional resources necessary for the work of the regional offices in the air navigation field particularly with regard to safety-related matters where regional offices can be most effective in assisting States with implementation. In addition, it is expected that priority "regional" tasks identified in ICAO's Strategic Action Plan will be dealt with more expeditiously as a result of the provision of more resources by progressively adopting project-oriented working methods.

Western and Central African ($ 226 000 for the triennium)

5.4.2 Provision for the renovation of the Dakar Regional Office.

Middle East ($ 20 000 for the triennium)

5.4.3 Provision for telecommunications services at the Cairo Regional Office.

5.5 Major Programme: Administrative Support

Programme: Language and Publications ($ 203 000 for the triennium)

5.5.1 The amount requested is intended to be utilized for temporary assistance to reinforce the regular staff, as and when necessary, with a view to improving quality of documentation and ensuring its timely and simultaneous production, e.g. working papers for sessions of governing bodies, State Letters, pre-meeting documentation for other meetings, and publications.

Programme: Office Automation ($ 120 000 for the triennium)

5.5.2 The additional funds will be used to ensure that all computer systems in the Organization will be year-2000 compliant in a timely manner.

5.6 Major Programme: Finance, External Relations/Public Information and Programmes Evaluation, Audit and Management Review

Programme: Finance ($ 270 000 for the triennium)

5.6.1 Provision for improvement of the accounting and management information system.

Programme: Programmes Evaluation, Audit and Management Review ($ 75 000 for the triennium)

5.6.2 Provision for contractual services.

6. Table 1 presents by Major Programme the summary of estimates presented in A32-WP/46 AD/10 and Addendum No. 1, proposed increases and proposed revised estimates incorporating the proposed increases.

TABLE 1
SUMMARY OF ESTIMATES BY MAJOR PROGRAMME

		(1)		(2)		(3)	(4)	
		A32-WP/46 AD/10 1999-2001 Estimates		Addendum No.1 Updated Estimates		Proposed Increase	(2)+(3) Proposed Revised Estimates	
		(expressed in thousands of U.S. dollar)						
I.	General Policy and Direction	3 004		2 902		–	2 902	
II.	Air Navigation	23 323		21 982		922	22 904	
III.	Air Transport	14 169		13 736		–	13 736	
IV.	Legal	2 186		2 119		75	2 194	
V.	Regional and Other Programmes	53 019		52 786		1 671	54 457	
VI.	Administrative Support	65 084		61 764		323	62 087	
VII.	Finance, External Relations/Public Information and Programmes Evaluation, Audit and Management Review	9 481		8 997		345	9 342	
Reduction Factors:								
	Vacancy Rates	(12 871)		(12 442)		2 184	(10 258)	
	Meetings	(306)		(300)		–	(300)	
Total		157 089		151 544		5 520	157 064	
Comparison to 1996-1998 triennium								
		$	%	$	%		$	%
Nominal growth		(38)	0.0	(5 583)	(3.6)		(63)	0.0

7. As indicated in the above table, the proposed revised budget estimates amount to $ 157 064 000, which represents negative nominal growth of $ 63 000 when compared to the approved budget for 1996-1997-1998. The strength reflected in the proposed revised estimates totals approximately 645 staff per annum (i.e. 279 Professional and 366 General Service) compared with approximately 627 staff (i.e. 268 Professional and 359 General Service) included in the A32-WP/46 AD/10. (In order to

accommodate these higher level of strength without substantially increasing the number of established posts, vacancy rates would be temporarily reduced during the triennium from 12 per cent to approximately 10 per cent for Professional staff and from 6 per cent to about 5 per cent for General Service staff.)

8. Table 2 presents proposed revised estimates by Major Programme and total assessments on Contracting States for each year. Total assessments on Contracting States amount to $ 145 970 000, which represents a reduction of $ 280 000 compared with the total assessments approved by the last Session of the Assembly for the 1996-1997-1998 triennium.

TABLE 2
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	785	804	1 313	2 902
II. Air Navigation	7 674	7 575	7 655	22 904
III. Air Transport	4 623	4 523	4 590	13 736
IV. Legal	751	716	727	2 194
V. Regional and Other Programmes	17 527	18 243	18 687	54 457
VI. Administrative Support	20 249	20 703	21 135	62 087
VII. Finance, External Relations/ Public Information and Programmes Evaluation, Audit and Management Review	3 083	3 148	3 111	9 342
Total	54 692	55 712	57 218	167 622
Reduction Factors:				
Vacancy Rates	(3 364)	(3 407)	(3 487)	(10 258)
Meetings	(130)	(66)	(104)	(300)
Total Appropriation	51 198	52 239	53 627	157 064
VIII. Miscellaneous Income	(3 678)	(3 699)	(3 717)	(11 094)
Total Assessed Budget	47 520	48 540	49 910	145 970
IX. Universal Safety Oversight Audit Programme to be funded by cash surplus	1 452	1 484	1 517	4 453

9. As indicated in the Council's Message on the Programme Budget 1999-2000-2001, the budget estimates will be finalized during the Assembly based on the exchange rate of U.S. dollars vs. Can. dollars prevailing at that time. If Canadian dollars were to depreciate compared to the U.S. dollar from the estimates in the paper, the estimates would be reduced, i.e. appropriations and assessments would be reduced. On the other hand, if Canadian dollars were to appreciate compared to the U.S. dollar and the updated estimates increases, some of the items proposed to be included as described in paragraph 5 would have to be adjusted for the total size of the budget to remain within the amount of $ 157 089 000.

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