



International Civil Aviation Organization

South American Regional Office

Fift Virtual Meeting of Civil Aviation General Directors of the South American Region on the Response to COVID-19

(Lima, Peru, 1 August 2021)

RV5/DGCA - IP/08

05/08/2021

Agenda Item 04: Institutional strength to accompany innovation processes in aeronautical regulators in the post-COVID era

ICAO-OECD PROJECT ON AACS GOVERNANCE INDICATORS

(Prepared by Secretariat)

SUMMARY

This information paper presents the progress of an initiative on the governance of aeronautical regulators that is being carried out with the Organization for Economic Cooperation and Development (OECD) and ICAO.

1. INTRODUCTION

1.1 ICAO, within the **Fourth Global Aviation Forum (IWAF/4)** declaration framework, developed a project in conjunction with the Organisation for Economic Co-operation and Development (OECD) on the Extension of the OECD Indicators on the governance of sector regulators to the civil aviation authorities of the Caribbean, Central and South America.

1.2 Within the OECD organization, there is the Network of Economic Regulators (NER), which brings together more than 70 regulators from 30 different States and regions of the world. An open forum that promotes dialogue and sharing of best practices and guidelines for the governance of regulators in the world.

1.3 This forum works in the following cross-cutting areas:

1. Performance
2. Governance and independence
3. Behavioural knowledge
4. Market transformation
5. Emerging technologies

2. ANALYSIS

2.1 As one of the main actors in regulatory policy, regulators have an important and increasingly complex role in the implementation of regulatory regimes and elements. Governance arrangements for regulators are a key factor in a regulator's ability to operate effectively to achieve the social, environmental and economic results for which it is responsible.

OECD Best Practices for Regulatory Policy:

2.2 Regulatory governance details the key principles for the establishment and operation of regulatory agencies. They also provide more detailed considerations to ponder before applying the principles to different cultural and political contexts. The seven governance principles for regulators are:

1. Clarity of functions
2. Prevent undue influence and maintain trust
3. Structure of the governing and decision-making body
4. Accountability and transparency
5. Stakeholder participation
6. Financing
7. Performance evaluation

3. INDICATORS

3.1 The indicators provide a snapshot of the governance arrangements of regulators in three components:

1. Independence: Degree of independence from government and regulated industry
2. Accountability: Accountability to the government, parliament, industry and the general population
3. Range of action: Range of activities that a regulator can perform

3.2 The indicator allows authorities to compare themselves and identify areas of good practices and areas of opportunity.

3.3 The indicators capture the governance agreements of 163 economic regulators in 47 countries (OECD members and non-OECD members) and 5 sectors of the network.

4. Energy
5. Communications - "e"
6. Rail transport
7. Air transport
8. Water

3.4 Regarding Civil Aviation, the indicators will capture the governance agreements of 31 national civil aviation authorities in 29 countries, 1 regional authority from the ICAO CAR and SAM regions.

3.5 This project will lay the foundations for the development of guidance material for States on best practices for better governance of aviation regulators.