



International Civil Aviation Organization

**EIGHTEENTH MEETING OF THE COMMUNICATIONS/NAVIGATION
AND SURVEILLANCE SUB-GROUP (CNS SG/18) OF APANPIRG**

Asia and Pacific Regional Sub-Office, Beijing, China
(21 – 25 July 2014)

Agenda Item 4: Aeronautical Fixed Services (AFS)

4.1) Review report of the First Meeting of the Aeronautical Communication Services Implementation Coordination Group (ACSICG/1) including development by CRV Task Force

**PROPOSAL FOR THE PROVISION OF A SAME PROJECT BUDGET FOR EACH
STATE/ADMINISTRATION PARTICIPATING IN THE STAGE 1 OF THE CRV PROJECT**

(Presented by Australia, Fiji, India, New Zealand, Singapore, Thailand and USA)

SUMMARY

This working paper presents the proposal for each State/Administration participating in the Stage 1 of the CRV (Common Regional Virtual Private Network) project to provide a same project budget. It will discuss the merits of having such provision for the meeting's consideration.

1. INTRODUCTION

1.1 As discussed in the Information Paper 11 under Agenda Item 4.1, on the Draft Management Service Agreement (MSA) of the CRV project, nine States/Administrations, namely Australia, Fiji, Hong Kong China, India, Japan, New Zealand, Singapore, Thailand, and the USA, have already committed to become CRV Pioneer Parties and fund together a common procurement process.

1.2 Furthermore, the First Meeting of Aeronautical Communication Services Implementation Coordination Group (ACSICG/1) held in Seoul from 13-16 June 2014 agreed to continue promoting the widest commitment possible to CRV Procurement by urging the rest of the States/Administrations in APAC Region to become Pioneer Parties. All the States/Administrations in the APAC Region not listed above, will have to consider the costs and benefits of joining as Pioneer Parties and make their decision before 14 November 2014.

Cost of the procurement management by ICAO Technical Cooperation Bureau (TCB)

1.3 During CRV Task Force/1 in December 2013, discussions were held to use the ICAO TCB services for selecting the single regional Communication Service Provider (CSP) for the CRV Project. TCB estimated the services to be rendered at a total cost of USD 109,300. As such, based on nine States/Administrations participating as the Pioneer Parties, the individual share of the Pioneer Parties will

amount to approximately USD 12,145. If more than nine States join as the Pioneer Parties, this share would be accordingly reduced.

1.4 The amount quoted by TCB is only for the Stage 1 of the CRV project. Thus, the States/Administrations signing the MSA commit only to the procurement phase (Stage 1), and not to the implementation of the network (Stage 2).

2. DISCUSSION

2.1 The total estimated cost of USD 109,300 covers only the services listed in the MSA and was derived based on the estimated efforts required. It does not include any unforeseen works, eventually required to be performed by TCB in Stage 1, including additional meetings and retendering, if necessary. Any unforeseen works should be covered by additional funds, to be provided by each participating State/Administration.

2.2 The CRV Task Force has requested ICAO TCB to provide a “capped amount” for its cost of the specified services and the final cost should not exceed this “capped amount” so long as the work is within the scope of the services, regardless of the number of meetings and tenders, if necessary. This is in view that some States/Administrations may have tedious approval process to secure additional project budgets/funds when the TCB’s cost exceeds the estimated cost. However, ICAO TCB is unable to accede to this request as it is contrary to ICAO Financial Regulations and Rules.

2.3 Although TCB re-assured that additional works required will still need the consensus of all the participating States/Administrations, we foresee that should the initial budget be insufficient, participating States/Administrations may need to seek additional budget approval, which may require lengthy time. This will cause project delay and should the worse happen, the project may even be stalled because one or more States could not secure the additional budgets.

2.4 Furthermore, the estimated cost of USD 12,145 per participating State/Administration was based on the assumption that there will be 9 participating States/Administrations. In the event that the number of participating States/Administrations is less than 9, for whatever reasons, the share of each participating State/Administration will be much higher. For example, if the number of participating States/Administrations is reduced to 6, the share of each participating State/Administration will be USD 18,217. To avoid project delay due to securing additional project budgets, participating States/Administrations should cater for sufficient contingency sums for such unlikely but possible event.

2.5 Since ICAO TCB is unable to provide a “capped amount” for States/Administrations, we propose that each participating State/Administration secure a budget of USD 20,000 for the TCB services under the MSA. Any additional TCB works approved by the CRV Task Force are deemed to be agreeable by the participating States/Administrations so long as the revised project cost, after inclusion of the additional works, is still within the approved budget of USD 20,000 per participating State/Administration. This will minimize the risk of project delay due to additional budget approval processes of participating States/Administrations. In this case, the “capped amount” of nine participating States/Administrations will add up to USD 180,000. This does not mean that ICAO TCB will claim this amount as the actual amount payable to ICAO TCB will be based on the actual works it has been contracted and delivered.

2.6 In spite of this proposal, the total budget will not be sufficient if there are less than six (6) participating States/Administrations. In this case, the CRV Task Force will need to review the viability of this project in view of the poor response.

Merits of the proposal

2.7 Participating States/Administrations need to seek budget approval (of USD 20,000) only once. Should there be any need for additional funds above the TCB's estimated cost; the additional funds can be released quickly by all Participating States/Administrations without causing any delay due to seeking additional budget approval.

2.8 In view of the difficulty in securing additional budgets, the CRV Task Force and TCB have to work within the proposed budget of USD 20,000 per participating State/Administration. Hence, with this proposal, the risks of project delay and unknown financial commitment are mitigated.

2.9 With the clear financial commitment, it will be easier to convince States/Administrations in the APAC Region to become the Pioneer Parties before 14 November 2014.

3. ACTIONS BY THE MEETING

3.1 The meeting is invited to:

- a) consider the proposal of providing a same project budget of USD 20,000 per participating State/Administration for the TCB services in Stage 1 of the CRV project;
- b) propose a Draft Conclusion of the proposal for APANPIRG's approval; and
- c) discuss any relevant matters as appropriate.
