



INTERNATIONAL CIVIL AVIATION ORGANIZATION

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Corrigendum No. 1

(English, French, Spanish,
Russian & Arabic)

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ASSEMBLY – 35TH SESSION

ADMINISTRATIVE COMMISSION

- Agenda Item 39: Budgets**
Agenda Item 39.1: Programme Budget – 2005, 2006, 2007
Agenda Item 39.2: Technical Cooperation Administrative and Operational Services Costs (AOSC)

DRAFT PROGRAMME BUDGET OF THE ORGANIZATION FOR 2005, 2006 AND 2007

CORRIGENDUM No. 1

Please replace by the attached the Letter of Transmittal of the Draft Programme Budget of the Organization for 2005, 2006 and 2007 from the President of the ICAO Council to the Thirty-Fifth Session of the Assembly.

LETTER OF TRANSMITTAL (REVISED)
OF THE
DRAFT PROGRAMME BUDGET 2005-2006-2007
FROM THE PRESIDENT OF THE ICAO COUNCIL
TO THE THIRTY-FIFTH SESSION OF THE ASSEMBLY

1. In accordance with Article 61 of the Convention, the Council's Programme Budget for the financial years 2005, 2006 and 2007 is submitted to the Assembly. Representatives of Council Member States of Australia, Canada, Japan, the United Kingdom, and the United States have reserved their positions on the Programme Budget.

2. The Programme Budget contains the detailed work programme of the Organization and the budget estimates for 2005, 2006 and 2007. The Council's Budget Message on the Draft Programme Budget for the years 2005, 2006 and 2007, on pages 1 to 11, provides an outline, *inter alia*, of the significant elements of the Programme Budget, including the main factors affecting its formulation.

3. The estimated budget and miscellaneous income for 2005, 2006 and 2007 are summarized on page 5 of the Council's Message. It would be noted from the Council's Message that the unfavourable exchange rates have given rise to an unavoidable significant increase in the budget in terms of United States dollars. The Council has taken appropriate measures to reduce cost increases to the maximum possible extent by taking into account cost savings due to efficiencies and cost reductions by delaying or deleting some lower priority tasks, but without affecting the long-term capacity of the Organization to deliver its overall work programme.

4. During the 1999-2001 and 2002-2004 triennia, the Organization was able to use accumulated cash surplus to fund the Regular Programme Budget and some elements of the Universal Safety Oversight Audit Programme (USOAP). However, the Organization has experienced a modest cash deficit in 2003 and, therefore, it is no longer possible to either use cash surplus for the budget or distribute any cash surplus to Contracting States, as was done in the past.

5. It will, however, be noted that in order to minimize the assessments on Contracting States, the Council is recommending that a sum of \$1 million from the balance in the Incentive Scheme for Long-Outstanding Arrears Account, first established under Assembly Resolution A32-27, be used to fund the Regular Programme Budget.

6. The absence of cash surplus as well as the unavoidable increases in the budget due to the adverse exchange rates necessitates an increase in assessments. As mentioned above, the Council has made significant efforts to minimize the increase so as to reduce the burden on Contracting States. Details of the total assessments on Contracting States are provided in paragraphs 25 to 29 of the Council's Message.

7. As indicated in the Council's Message, the Universal Safety Oversight Audit Programme (USOAP) and the Aviation Security (AVSEC) Plan of Action are now considered to be part of the core programmes of the Organization. While most of the requirements for USOAP are now incorporated into the Programme Budget, the same could not be done for the AVSEC Plan of Action due to budgetary constraints. Therefore, the Council is proposing that the AVSEC Plan of Action, including the Universal Security Audit Programme (USAP), continue to be funded by voluntary contributions from Contracting States in the 2005-2007 triennium, as in the 2002-2004 triennium. The resource requirements from voluntary contributions for the AVSEC Plan of Action are shown separately as extra-budgetary resources under the relevant Programmes. A summary of the requirements is shown on page 9.

8. Administrative and Operational Services Costs of Technical Cooperation are presented under Major Programme X – Technical Cooperation.

9. The Programme Budget estimates have been established at the United Nations Operational Rate of Exchange prevailing in June 2004. The estimates will be updated, if necessary, before the Assembly session to take into account the most recent economic data.

Assad Kotaite

6 August 2004