



INTERNATIONAL CIVIL AVIATION ORGANIZATION

A35-WP/332
EX/119
6/10/04

ASSEMBLY — 35TH SESSION

EXECUTIVE COMMITTEE

**DRAFT TEXT FOR THE REPORT
ON
AGENDA ITEMS 13.1 AND 13.2**

The attached material on Agenda Items 13.1 and 13.2 is submitted for consideration by the Executive Committee.

Agenda Item 13: Technical cooperation
13.1: Activities and policy on technical cooperation provided under the United Nations Development Programme (UNDP) and through Trust Fund (TF) arrangements during the period 2001 - 2003

13.1:1 At its tenth meeting, the Executive Committee considered Agenda Item 13.1 on the basis of A35-WP/6, which provided an overview of the activities of the Technical Co-operation Bureau in the past twenty-one years, as well as a report on the Technical Co-operation Programme for the years 2001, 2002 and 2003, including fellowship training, training by equipment suppliers, procurement of equipment and recruitment of international experts. This was illustrated by a series of tables attached to the paper, containing detailed information on the Technical Co-operation Programme's income and expenditure, and its size by type of funds.

13.1:2 The Committee noted that the estimated programme size for the year 2004 reported in paragraph 2.2.1 of A35-WP/6 should be updated to read US\$194 million instead of US\$110 million.

13.1:3 The Committee recognized the desirability to provide the Assembly with a more detailed description of technical cooperation activities implemented in the triennium. It was therefore recommended by the Committee that the Annual Report of the Council should, in future, be changed to take into account the outcome of technical cooperation projects, focussing on the achievement of project objectives.

13.1:4 In noting the importance of training for the continued development of human resources as the key elements for safety and security, the Committee expressed the need for Civil Aviation Administrations to be able to retain trained personnel so as to ensure the positive results of the training provided under technical cooperation projects.

13.1:5 Information paper A33-WP/262 presented by China was noted by the Executive Committee. The paper described the cooperation and financial support of the Government of China to ICAO's Co-operative Development of Operational Safety and Continuing Airworthiness Programme (COSCAP) under implementation by the Technical Co-operation Bureau in North Asia.

13.1:6 Completing its work on this Agenda Item, the Committee invited the Assembly to take the action as suggested in paragraph 3.1 of A35-WP/6.

Agenda Item 13: Technical cooperation
13.2: Transition to a new policy on technical cooperation

13.2:1 At its tenth meeting, the Executive Committee considered Agenda Item 13.2 on the basis of A35-WP/5, A35-WP/15 and A35-WP/224.

13.2:2 A35-WP/5 is a report on the follow-up action on Resolution A33-21, Update of the New Policy on Technical Co-operation. The paper provided an update on the progressive implementation of the core staff concept, the integration of the ICAO Technical Co-operation Bureau into the Organization's structure, and the operation of the ICAO Objectives Implementation Funding Mechanism in the 2001- 2003 triennium. The paper also provided information on the development of a quality assurance function as a service to be offered by the Technical Co-operation Bureau to Contracting States, and the progress of the development of a commercially oriented approach to the management and operation of the Bureau. In addition, the paper proposed to update the New Policy on Technical Co-operation, presenting a consolidated draft resolution for adoption by the Assembly.

13.2:3 A35-WP/15 provided information on the follow-up action taken by the Council on Resolving Clause 8 of Resolution A33-21, focussing on the need to accord greater operational flexibility to the Technical Co-operation Bureau within the rules and procedures of ICAO, while maintaining the appropriate controls and safeguarding the Organization against potential risks. The paper also proposed the expansion of the provision of ICAO assistance to non-State entities implementing projects on States, upon request, and presented a draft resolution to this effect.

13.2:4 A35-WP/224 presented by Spain described the nature and scope of the support provided by Government of Spain to the ICAO Technical Co-operation Programme since the 31st Session of the Assembly. In encouraging States to contribute to the ICAO Objectives Implementation Funding Mechanism, reference was made to Spain's contribution of over US\$4 million to technical cooperation projects in the past decade, in particular to those projects dedicated to the training of aeronautical personnel.

13.2:5 In considering A35-WP/5 and A35-WP/15, there was widespread support by the Committee to the increased flexibility of the Technical Co-operation Bureau. However, the Committee noted that, in the effort to increase efficiency and effectiveness through the adoption of a commercially oriented approach, the Bureau should not be converted into a profit-driven enterprise. The Committee recommended that the Bureau's traditional role in providing support to States in the implementation of SARPs and Air Navigation Plans, as well as in the development of civil aviation infrastructure and human resources, on a cost-recovery basis, should continue to be given priority.

13.2:6 In considering the issue of increased flexibility, in view of the decrease in UNDP funding of technical cooperation, the Committee recognized the need for the Technical Co-operation Bureau to be able to adequately respond to specific requirements of recipient States and new development partners, including financial institutions, regional and sub-regional organizations and governments providing funds to technical cooperation projects. It was also noted that, in adopting commercially oriented practices, the Technical Co-operation Bureau shall strictly follow ICAO's rules, regulations and procedures, utilizing existing framework agreements, and that any necessary modification must be reviewed by the Legal Bureau and Finance Branch, on a case-by-case basis. In addition, the Organization will continue to be protected through the renewal of the Professional Liability Insurance contracted by the Technical Co-operation Bureau.

13.2:7 One delegation expressed its concern with regard to the proposal in A35-WP/5 for the increase of the permanent staffing level for the Technical Co-operation Bureau. This delegation called the attention of the Committee to the fact that paragraph 2.3.2 (b) of A35-WP/6 stated that one of the reasons for the surplus realized in the Administrative and Operational Services Cost (AOSC) Budget was the continued reduction in expenditures effected by the decrease in the number of staff, and therefore questioned whether a larger financial programme implied more services requiring an increase of staff.

13.2:8 One delegation requested clarification as to the potential impact on the efficiency and effectiveness of the Technical Co-operation Programme of maintaining the core staff at 40 instead of 60, as proposed. The Secretariat clarified that, in 1995, it was estimated that a core staff of 40 would be necessary for the implementation of a programme of US\$25 million. It was emphasized that this no longer corresponded to the reality of the Technical Co-operation Programme, and that an average programme implementation of US\$60 million would be considered low, when the programme for 2004 is estimated at around US\$194 million. The Secretariat further explained that the concept of the core staff is based on the establishment of a balance between number of staff and the actual programme size, with additional temporary staff to be hired to deal with a larger programme.

13.2:9 In considering the issue above, the Committee concluded that it was not necessary to increase staffing levels to 60. However, in view of the fluctuating nature of the Technical Co-operation Programme, the Committee agreed to leave the core staff level to be decided in accordance with supply and demand.

13.2:10 A number of delegations expressed a desire to review the proposal for the progressive transfer of the 15 staff in the Finance and Personnel Branches currently funded by the AOSC Fund to the Regular Programme Budget. Due to budgetary constraints in the Regular Programme Budget, these delegations felt it would not be feasible to implement Resolving Clause 7 of the draft Resolution 13.2/1 in the following triennia, and therefore requested that this clause be deleted.

13.2:11 Several delegations strongly supported the retention of Resolving Clause 7 as presented, considering that the transfer of any staff would proceed in a progressive way, subject to the availability of funds. One delegation pointed out that these 15 posts were funded with funds provided by developing countries, demonstrating the existing cooperation between developing and developed countries.

13.2:12 It was also noted that the Technical Co-operation Bureau provides procurement services to the Regular Programme, free of charge, and that part of the services provided by the 15 staff in the Regular Programme are in fact related to technical cooperation activities. At the suggestion of one delegation, the Committee recommended that a study be carried out to determine, with transparency, the respective costs for the AOSC Fund and the Regular Programme budget, to be presented to the Council.

13.2:13 Having noted that the Secretary General could, at any time, report to the Council on the financial integration of the Technical Co-operation Bureau, the Committee therefore agreed to the deletion of Resolving Clause 7 from the Resolution.

13.2:14 Concerns were expressed by the Committee with regard to paragraph 10.2 of A35-WP/5 which stated that, in case of a budget shortfall, financial support would be initially provided by the Regular Programme, and if required, the accumulated AOSC balance of funds. The Committee therefore requested

that Resolving Clause 11 of draft Resolution 13.2/1 be aligned with the text proposed by the Administrative Commission in this regard.

13.2:15 In considering A35-WP/15, one delegation called the attention of the Committee to paragraphs 5 and 6 of Resolution A33-9, which requested the Secretary General to develop the concept of a quality assurance function with regard to large-scale ICAO technical cooperation projects, which is to be carried out by an independent office within ICAO, as opposed to quality assurance services to be provided by the Technical Co-operation Bureau to States with regard to projects implemented by third parties.

13.2:16 Having noted the existence of different levels of quality control over technical cooperation activities in the Organization, from the approval in principle of projects by the President of the Council, to project monitoring and follow-up, as well as audits conducted by the Internal and External Auditors of ICAO, the Secretariat clarified that Resolution A33-9 purported to create additional levels of quality control and that quality control services to be provided by the Technical Co-operation Bureau were in fact contemplated by Resolution A33-21, Resolving Clause 6. The Secretariat also explained that once a quality assurance policy is adopted by the Organization, this policy should be followed by the Technical Co-operation Bureau in the provision of quality assurance services to States.

13.2:17 The Committee therefore requested that the Council be asked, as a matter of urgency, to follow-up on the implementation of Resolving Clause 6 of Resolution A33-9.

13.2:18 The Committee also recommended that a preliminary report on new projects implemented pursuant to the proposed Resolution 13.2/2 be presented to the Council before incorporation into the Annual Report.

13.2:19 With reference to paragraph 3.5 of A35-WP/15, the Committee agreed to incorporate a paragraph in draft Resolution 13.2/2 to emphasize the need to maintain the good reputation of ICAO.

13.2:20 Having completed its consideration of Agenda Item 13.2, the Committee agreed to submit for adoption by the Assembly draft Resolution 13.2/1 to supersede Resolution A33-21, amended as indicated above. The Committee also decided to recommend the adoption by the Assembly of draft Resolution 13.2/2, as amended.

**RESOLUTION FRAMED BY THE EXECUTIVE COMMITTEE
AND RECOMMENDED FOR ADOPTION BY THE ASSEMBLY**

Resolution 13.2/1

Update of the New Policy on Technical Co-operation

Whereas transitional measures towards a new technical cooperation policy have been applied and A32-21 directed the Council to prepare for its consideration a consolidated Resolution regarding all technical cooperation activities and programmes;

Whereas measures towards a new technical cooperation policy have been applied and A33-21 directed the Council to prepare for its consideration a consolidated Resolution regarding all technical cooperation activities and programmes;

Whereas Contracting States increasingly call upon ICAO to provide advice and assistance to implement SARPs and develop their civil aviation through the strengthening of their administration, the modernization of their infrastructure and the development of their human resources;

Whereas funding institutions expect from those implementing the projects they finance, expedient and effective project execution as well as detailed and real-time information on project activities and finances;

Whereas UNDP funding is directed to development sectors other than civil aviation, and its financial contribution to civil aviation activities has considerably decreased to a level where it represents less than 3 per cent of the ICAO Technical Co-operation Programme;

Whereas civil aviation administrations of Least Developed Countries are, in particular, those who need the most support while, at the same time, they rely most on financial institutions and sector industry to fund their technical cooperation projects;

Whereas, over the 1996-1998, 1999-2001 and 2002-2004 Triennia, integration of the Technical Co-operation Bureau and the implementation of the core staff concept have been pursued and the financial position of the Technical Co-operation Bureau has consequently improved;

Whereas, on an urgent basis, there is a need for effective follow-up and remedial action on the ICAO Universal Safety Oversight Audit Programme (USOAP) and Universal Security Audit Programme (USAP) for providing support to States in addressing the identified deficiencies;

Whereas initial funding provided to the Technical Co-operation Programme from extra-budgetary resources has begun to support TCB in addressing the deficiencies identified in the USOAP and USAP audits;

The Assembly:

1. *Reaffirms* that the Technical Co-operation Programme is a permanent priority activity of ICAO that complements the role of the Regular Programme in providing support to States in the effective implementation of SARPS and ANPs as well as in the development of their civil aviation administration infrastructure and human resources;

2. *Reaffirms* that the Technical Co-operation Bureau is one of the main instruments of ICAO to assist States in remedying the deficiencies identified through ICAO's assessment and audit activities;

3. *Affirms* that further integration of ICAO's activities should be achieved through clear delimitation of each Bureau's mandate and activities, enhanced cooperation and coordination of their respective activities and avoidance of duplication and redundancy;

4. *Affirms* that, within the existing financial means, the ICAO Technical Co-operation Programme should be strengthened, at Regional Office and field level, in order to allow the Technical Co-operation Bureau to play its role more efficiently and effectively;

5. *Recognizes* that, by providing funds from extra-budgetary resources, ICAO will allow the Technical Co-operation Programme to continue and expand its services to States in relation to safety, security and efficiency in civil aviation, thus further contributing to the implementation of SARP's and PIRG's recommendations;

6. *Encourages* States to make use of the quality assurance services offered by the Technical Co-operation Bureau, on a cost-recovery basis, for the supervision of projects implemented by third parties outside the Technical Co-operation Programme of ICAO;

~~7. *Reconfirms* Council Decision, which states that the integration into the Regular Programme Budget of the 15 staff members working in Finance and Personnel Branches and currently funded by the Administrative and Operational Services Cost (AOSC) Budget should proceed in a progressive way during following triennia, subject to the availability of funds;~~

87. *Recognizes* the need to expand the provision of technical cooperation by ICAO to the non-State entities (public or private) directly involved in civil aviation, in furtherance of ICAO objectives, to encompass, *inter alia*, those activities that were traditionally provided by national civil aviation administrations and are being privatized to some degree, where the State shall, nonetheless, continue to respond under the Chicago Convention for the quality of the services provided and their compliance with ICAO SARPs;

98. *Requests* UNDP to give more priority to the development of the air transport sub-sector in developing countries and requests the President, the Secretary General and the Secretariat to intensify their contacts with UNDP to increase its contribution to ICAO's technical cooperation projects;

109. *Encourages* States and other development partners, including the industry and the private sector, to contribute to the ICAO Objectives Implementation Funding Mechanism which allows them to participate in the implementation of ICAO's civil aviation development projects;

~~1110. *Approves* that, in case of a budget shortfall, the Regular Programme budget will continue to augment the support cost income earned from projects to support the Technical Co-operation Programme according to the proposal contained in the Programme Budget for the Organization for 2005, 2006 and 2007, subject to the availability of funds **in the event that the Administrative and Operational Services Cost (AOSC) operation for any given financial year ends in a financial deficit, such deficit should first be met from the accumulated surplus of the AOSC Fund and a call for support from the Regular Programme Budget would be the last resort;**~~

1211. *Directs* the Council to report to the next ordinary session of the Assembly regarding the implementation of this Resolution.

1312. *Decides* that this Resolution replaces and supersedes Resolution A33-21.

Resolution 13.2/2

Expansion of ICAO Technical Co-operation Activities

Whereas A33-21 affirmed that the Technical Co-operation Programme is a permanent priority activity of ICAO that complements the role of the Regular Programme in providing support to States in the effective implementation of Standards and Recommended Practices (SARPS) and Air Navigation Plans (ANPs) as well as in the development of their civil aviation administration infrastructure and human resources;

Whereas the Council agreed that greater operational flexibility should be accorded to the Technical Co-operation Bureau with the appropriate oversight and control over technical cooperation activities;

Whereas A33-21 encouraged the Council and the Secretary General to adopt a structure and mechanism that would use commercially oriented practices to allow fruitful partnerships with funding partners and recipient States;

Whereas in adopting commercially oriented practices, there is a need to ensure that the good reputation of ICAO is maintained;

Whereas harmonized and fully SARPs-compliant project implementation by TCB or any other third party outside ICAO results in substantially enhanced safety, security and efficiency of civil aviation worldwide;

Whereas non-State entities (public and private) implementing projects for Contracting States in the field of civil aviation increasingly call upon ICAO, through the Technical Co-operation Bureau, to provide advice and assistance in the traditional technical cooperation fields and ensure project compliance with ICAO SARPs;

The Assembly:

1. *Resolves* that ICAO should expand the provision of technical cooperation services, upon request, to non-State entities (public and private) implementing projects in Contracting States in the field of civil aviation that aim at enhancing the safety, security and efficiency of international air transport;

2. *Stresses* that the Technical Co-operation Programme should always operate within the rules, regulations and procedures of ICAO;

3. *Directs* the Secretary General to consider, on a case-by-case basis, the requests from non-State entities (public and private) implementing projects in Contracting States in the field of civil aviation for the provision of ICAO assistance in the traditional technical cooperation areas, with particular regard to project compliance with ICAO SARPs.

— END —