



A36-WP/349
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ASSEMBLY — 36TH SESSION

REPORT OF THE ADMINISTRATIVE COMMISSION ON AGENDA ITEMS 49 AND 8

(Presented by the Chairman of the Administrative Commission)

The attached report on Agenda Items 49 and 8 has been approved by the Administrative Commission. Resolution 49/1 is recommended for adoption by the Plenary.

Note.— After removal of this covering sheet, this paper should be inserted in the appropriate place in the report folder.

(7 pages)

Agenda Item 49: Budgets for 2008, 2009 and 2010

49.1 The Administrative Commission had before it working paper A36-WP/23, AD/1 related to the Draft Budget of the Organization for 2008, 2009 and 2010, submitted by the Council, and A36-DP-AD/2, on Protecting the Purchasing Power of the ICAO Budget.

49.2 At the first meeting of the Administrative Commission, held on 20 September 2007, the President of the Council presented the Draft Budget of the Organization for 2008, 2009 and 2010 (A36-WP/23, AD/1). The President provided an overview of the factors that influenced the formulation of the Draft Budget and recalled that the Council reached consensus on a comprehensive package of recommendations, including the shift to a Canadian dollar budget to mitigate the risk of adverse currency appropriations. He highlighted that the Budget proposal totalling Canadian dollars \$245.5 million has 60 per cent of total resources in support of Strategic Objectives by 2010. He mentioned the reductions in volume planned to be achieved through post reductions, the establishment of the Ancillary Revenue Generation Fund (ARGF) and outsourcing. Finally, he highlighted the advantages of the Results Based Budget format presented by ICAO for the first time.

49.3 Based on the statements made by various Delegations, the Chairperson of the Commission confirmed that the following three points would guide the proceedings of the Budget Working Group: 1) support to a funding package of Canadian dollars \$245.5 million; 2) Delegations' interest in the forthcoming proposal from one Delegation on split assessment; and 3) the budget proposal is a consensus on a comprehensive package resulting from extensive deliberations on the budget and such consensus should prevail at the Budget Working Group.

49.4 On the matter of the funding package, one Delegation emphasized that while the policy of their government was one of Zero Nominal Growth (ZNG) for United Nations agencies, it did not wish to upset the delicate consensus reached in Council.

49.5 The Budget Working Group, established by the Administrative Commission, was asked to review the draft Budget for 2008, 2009 and 2010 in accordance with its terms of reference, and to make recommendations to the Administrative Commission.

49.6 At the first meeting the Budget Working Group discussed the following:

- a) the budget process, methodology, format and content, since this was the first Budget proposal in Results Based format;
- b) the issue of protecting the ICAO Budget from adverse currency fluctuations including a proposal by the Delegation referred to above in paragraph 49.3, that the Budget be assessed in Canadian and U.S. dollars, and specific text in this respect be added to the draft Resolution;
- c) the issue of outsourcing language services in the area of translation, which was previously managed in-house; and

- d) the issue of projected post terminations and appropriations in support of severance cost for affected staff.

49.7 Two Delegations expressed concerns with respect to the proposed post cuts in the area of translation highlighting that the strategy would limit the Organization's capacity to release documents in all languages which they argued not only is not consistent with the United Nations' recent provisions on the matter of languages but also undermines ICAO's effectiveness to achieve its Strategic Objectives.

49.8 After some discussion, the Budget Working Group reached a consensus to recommend that the Administrative Commission submit the proposed Budget of Canadian Dollars \$245.5 million as presented in A36-WP/23 AD/1 for adoption by the Assembly, with the addition to Draft Resolution 49/1 part C.

49.9 At its second meeting, the Secretariat informed the Working Group on questions raised at the first meeting, namely the number of envisaged early staff separations, the amounts appropriated in support of the same and the estimated amount of carry forward to 2008. The Group formally adopted its report reflected in A36-WP/305, AD/22 and agreed to submit it to the Administrative Commission.

49.10 The Administrative Commission approved the report of the Budget Working Group and recommends that the Assembly adopt the following draft Resolution 49/1 relating to the Indicative Budget Estimates of the Administrative and Operational Services Costs of the Technical Cooperation Programme and the Budget for the Regular Programme of the Organization for 2008, 2009 and 2010.

DRAFT RESOLUTION FOR ADOPTION BY THE 36TH SESSION OF THE ASSEMBLY

Draft Resolution 49/1:

Budgets for 2008, 2009 and 2010

A. *The Assembly*, with respect to the Budget 2008-2009-2010, *notes* that:

1. in accordance with Article 61 of the Convention, the Council has submitted and the Assembly has considered annual budget estimates [indicative estimates for the Administrative and Operational Services Costs of the Technical Co-operation Programme (AOSC)] for each of the financial years 2008, 2009 and 2010;

2. in accordance with Articles 49 (e) and 61 of the Convention, the Assembly approves the budgets of the Organization.

B. *The Assembly*, with respect to the Technical Co-operation Programme:

Recognizing that the AOSC are mainly financed by fees from implementation of projects assigned to ICAO for execution by external funding sources such as Governments, the United Nations Development Programme and other sources;

Recognizing that the Technical Co-operation Programme cannot be determined with a high degree of precision until such time as the Governments of donor and recipient countries have decided on the relevant projects;

Recognizing that due to the situation cited above, the annual AOSC net budget figures shown below in Canadian dollars for the years 2008, 2009 and 2010 represent indicative budget estimates only:

| 2008 | 2009 | 2010 |
|-------------|-------------|-------------|
| 9,723,000 | 9,827,000 | 10,328,000 |

Recognizing that technical co-operation is an important means of fostering the development and safety of civil aviation;

Recognizing the circumstances facing the Technical Co-operation Programme of the Organization and the necessity to take continuing measures; and

Recognizing that in the event that the 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.

Resolves that the Indicative Budget Estimates of the Administrative and Operational Services Costs of the Technical Co-operation Programme are hereby approved on the understanding that subsequent adjustments to the Indicative Budget Estimates shall be made within the framework of the annual AOSC Budget Estimates in accordance with the provisions of Article IX of the Financial

Regulations, provided that the overall requirements shall not at any time exceed the funds placed at the disposal of the Organization for this purpose.

C. The Assembly, with respect to the Regular Programme:

Resolves that:

1. for the financial years 2008, 2009 and 2010, there are hereby authorized for expenditure in accordance with the Financial Regulations, and subject to the provisions of this Resolution, the following amounts in Canadian dollars for the Regular Programme, **separately** for the years stated:

| | 2008 | 2009 | 2010 |
|--|-------------------|-------------------|-------------------|
| Programme | | | |
| A - SAFETY | 14,415,000 | 15,014,000 | 16,185,000 |
| B - SECURITY | 5,019,000 | 6,532,000 | 8,778,000 |
| C - ENVIRONMENT | 1,674,000 | 1,672,000 | 1,755,000 |
| D - EFFICIENCY | 20,640,000 | 21,436,000 | 21,304,000 |
| E - CONTINUITY | 1,951,000 | 2,114,000 | 2,046,000 |
| F - LAW | 607,000 | 658,000 | 790,000 |
| Management & Administration | 18,670,000 | 18,582,000 | 19,638,000 |
| Programme Support | 14,086,000 | 14,001,000 | 14,871,000 |
| Organizational realignment | 2,889,000 | 76,000 | 140,000 |
| TOTAL AUTHORIZED APPROPRIATION | 79,951,000 | 80,085,000 | 85,507,000 |
| Operational | 79,386,000 | 79,692,000 | 85,371,000 |
| Capital | 565,000 | 393,000 | 136,000 |

2. the separate annual Total Authorized Appropriation be financed as follows in Canadian dollars, in accordance with the Financial Regulations:

| | 2008 | 2009 | 2010 |
|---|-------------------|-------------------|-------------------|
| a) by Assessments on Contracting States in accordance with Resolution on the Scale of Assessments | 74,184,000 | 74,060,000 | 79,204,000 |
| b) by Miscellaneous Income | 1,916,000 | 1,917,000 | 1,917,000 |
| c) Ancillary Revenue Generation Fund Surplus | 3,851,000 | 4,108,000 | 4,386,000 |
| TOTAL | 79,951,000 | 80,085,000 | 85,507,000 |

3. the Council shall review the method of assessing Contracting States, consistent with Financial Regulation 6.6, in order to determine whether the Secretary General should routinely seek contributions in more than one currency beginning in 2008, given the need to manage exchange rate risk effectively and also avoid imposing inordinate administrative burdens on either Contracting States or the Secretariat.

Agenda Item 8: Programme Budget for 2008, 2009 and 2010

8.1 The Draft Budget of the Organization for 2008, 2009 and 2010 was referred to the Commission, by the Plenary, for consideration and recommendation.

8.2 At its first meeting, the Commission noted the contents of the Draft Budget of the Organization for 2008, 2009 and 2010 which was referred to the Budget Working Group.

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