

**BUDGET
OF THE ORGANIZATION
2008 – 2009 – 2010**

APPROVED BY THE
THIRTY-SIXTH SESSION OF THE ASSEMBLY

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INTERNATIONAL CIVIL AVIATION ORGANIZATION

BUDGET OF THE ORGANIZATION FOR 2008, 2009 AND 2010

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MESSAGE¹ ON THE BUDGET OF THE ORGANIZATION FOR 2008-2009-2010

1. INTRODUCTION

1.1 In accordance with Article 61 of the *Convention on International Civil Aviation*, the 36th Session of the Assembly approved ICAO's Budget for the financial years 2008-2009-2010.

1.2 ICAO, as a specialized agency within the United Nations system, has set for itself a wide range of aims and objectives that cover almost every aspect of civil aviation. These are defined in Article 44 of the Convention and further elaborated by Assembly Resolutions. The ever changing technological, economic and political environment in which global civil aviation operates gives rise to new opportunities and challenges, which the Organization has to continually meet in order to satisfy the aspirations of Contracting States and to remain relevant. In December 2004, following a decision by the 35th Session of the Assembly, the Council of ICAO approved six Strategic Objectives for 2005-2010: 1) Safety; 2) Security; 3) Environmental Protection; 4) Efficiency; 5) Continuity; and 6) Rule of Law. These provided the framework for the development of the Business Plan of the Organization and the associated financial requirements for the Organization to implement its operational plans. The Business Plan for the coming three years will be adjusted to the funding envelope approved for the 2008-2010 triennium.

1.3 For the first time, a Budget for ICAO was prepared in a result-based budget (RBB) approach in compliance with a decision of the Council (C-DEC 178/14). The new RBB format is smaller in size and more strategic than previous budget documents. It focuses on high-level deliverables by which the Council and the Assembly can monitor the objectives and outcomes of all ICAO activities. The advantages of RBB include i) a more transparent representation of the elements of the budget since resource requirements are tied to expected results; ii) a better understanding of the Organization's strategy through the budget; and iii) enabling a more strategic dialogue between the Organization and its Governing Body because the focus is on achieving results through the allocated resources rather than focusing on budgetary inputs. This Budget introduces the distinction between "Programme", "Programme Support" and "Management and Administration" expenditures, while retaining the Bureau/Organizational structure. The Budget covers the resources of the whole Organization, thus including the assessed amounts for the Regular Budget, together with the indicative planning figures for the Technical Co-operation Programme, and other extra-budgetary funds.

1.4 The Council commenced its consideration of the budget issues during its 177th Session in February 2006. Several issues were initially taken up: the new Results Based Budget format; the impact of the implementation of the International Public Sector Accounting Standards (IPSAS); the establishment of an Ancillary Revenue Generation Fund (ARGF); the integration of the Aviation Security Plan of Action (AVSEC) into the Regular Budget; and mitigation of foreign exchange risk.

1.5 Overall, the framework for this Budget is the set of recommendations reflected in paragraph 3 of this message. These recommendations reflect the Council's strategy for the 2008-2010 Budget, in particular the need to a) contain the increase in appropriations *vis-à-vis* the 2005-2007 Budget; b) increase the share of resources in support of Strategic Objectives; and c) reduce the impact of adverse currency fluctuations on the Budget.

¹ This message is based on the Council's Message on the Budget 2008, 2009 and 2010 and reflects the decisions of the 36th Session of the Assembly.

2. BUDGET PROPOSALS

2.1 On 15 February 2007, the Secretary General submitted for Council's consideration, the Draft Budget of the Organization for 2008, 2009, and 2010 totalling USD236.0 million², prepared in RBB format.

2.2 The draft Budget proposal was referred to the Finance Committee (FIC) for consideration during the 180th Session of the Council. It considered the proposal a number of times both in formal and informal settings. Based on its review, the FIC requested the Secretariat to submit two Budget scenarios capped at USD197.0 million and USD213.5 million, equivalent to a Zero Nominal Growth (ZNG) in United States dollars and split United States dollar and Canadian dollar assessment, respectively.

2.3 As a result, during the 181st Session, the Secretariat was requested to submit a new budget proposal based on a number of recommendations reflecting *inter alia* a) a funding envelope capped at USD213.5 million; b) a reallocation of resources to increase the share of resources budgeted for Strategic Objectives up to 60 per cent by 2010; and c) integration– within the funding envelope available – of as much as possible of the Aviation Security Plan of Action (AVSEC) budget with 50 per cent being the minimum integration target.

2.4 On 22 May 2007, the Secretariat submitted a new Draft Budget proposal which focused on meeting as many as possible of the recommendations mentioned in paragraph 2.3. Accordingly, it totals USD213.5 million of which the share in support of Business Plan activities for the Programme's strategic results is 59.6 per cent by 2010.

2.5 Upon discussing the second proposal, a broad agreement on a comprehensive package of recommendations was reached and brought before the Council for endorsement.

2.6 Strategic investments incorporated in this Budget translate in volume increases of USD30.0 million. These increases are more than offset by a) the establishment of an Ancillary Revenue Generation Fund (ARGF), b) a net reduction of 111 posts (52 of which are moved to ARGF) and c) the introduction of a vacancy rate of 2.2 per cent for all posts.

3. COUNCIL DISCUSSIONS AND DECISIONS

3.1 The Council focused on the criteria underpinning the new Draft Budget proposal. These include the establishment of a funding cap - due to the objective constraints faced by a number of Contracting States in supporting any proposal in excess of a ZNG budget; the reallocation of resources to increase the share of funds for Strategic Objectives; accordingly, a reduction of the budget for Supporting Implementation Strategies to be achieved through reductions across the board but particularly in the Language and Publications Branch (LPB), Information and Communications Technology Section (ICT) and Human Resources Branch (HRB) of the Bureau of Administration and Services; and the need to ensure that appropriate strategies be adopted (and related measures identified) to improve the current level of efficiency of the Secretariat.

3.2 Council discussions also focused extensively on the issue of identifying measures to protect the budget from exchange rate fluctuations and examined in depth the option of migrating to a budget in Canadian dollars. Thus far, the budget of the Organization has always been established in United States dollars, while nearly 75 per cent of the actual expenditures are directly or indirectly impacted by the Canadian dollar and currencies other than the United States dollar used in Regional Offices. Since the 2005-2007 triennium, the general depreciation of the U.S. dollar has resulted in a substantial increase in costs when valued in U.S. dollars.

² Equivalent to CAD 271.4 million at an exchange rate of 1.15.

3.3 On the issue of translation, several Council Members expressed concern on the aggressive increase in the outsourcing of services recommended in the area of languages, particularly with respect to the risk to quality, timeliness and confidentiality. The Secretariat highlighted in the Budget documents submitted to the Council that – given the level of cuts in LPB resources – efforts will be required to ensure the present level of quality and timeliness of services to the governing bodies.

3.4 Some delegations recalled that the linguistic regime of the Organization should be based on United Nations standards and expressed the view that languages are part of the Strategic Objectives of the Organization, inherent to Safety, Security, Environment and Efficiency.

3.5 Ultimately, the Council concluded its discussions by reaching consensus that the following recommendations should be endorsed as a comprehensive package:

- a) Funding envelope of USD213.5 million;
- b) Inflationary adjustments to be absorbed within the funding envelope;
- c) To mitigate the risk of possible future erosion of budget appropriations due to adverse exchange rate fluctuation, establishment of a Canadian Dollar (CAD) budget based on the funding envelope specified in a) above, converted at the exchange rate of 1.15 equivalent to a budget in CAD of 245.5 million. A few Council Members stated in this respect that - while they supported the consensus recommendations in principle - additional information would still be required to ensure the support of their governments;
- d) Reallocation of resources between Strategic Objectives and Supporting Implementation Strategies within the agreed funding envelope to increase the share of resources budgeted for Strategic Objectives up to 60 per cent by 2010. Cuts and efficiency gains greater in “Programme Support” and “Management and Administration”, particularly in Information Technology (IT), Human Resources (HR) and Languages. Resources to be reallocated in favour of Strategic Objectives “Safety”, “Security”, “Environment”, “Efficiency” and the Regional Offices;
- e) On the matter of outsourcing/off shoring, the following proposals were agreed to by the Council:
 - Languages: Secretary General to set goals for outsourcing of translation up to 60 per cent in the triennium without compromising quality and timeliness;
 - Information Technology: Consolidation and rationalization of IT activities and increased outsourcing of activities;
- f) Within the funding envelope available, integration in the 2008-2010 budget of as much as possible of AVSEC, with 50 per cent being the minimum integration target. Council members are cognizant that the actual 48.1 per cent in the Budget was as close as possible due to the funding cap;
- g) Support to Regional Offices, Strategic Objectives, and, without delay, the Comprehensive Regional Implementation Plan for Aviation Safety in Africa (AFI Plan) to be provided through additional funding mechanisms including i) earmarking part of the 2007 carry forward; and ii) using the balance of the Incentive Scheme for Long-Term Arrears account. These resources would be reserved in a dedicated fund totalling approximately USD6.0 million;

- h) Further efficiencies in travel to be sought through the implementation of revised travel policies;
- i) Establishment of a Working Group for the purpose of reviewing Regional Offices, their present location, terms of reference, effectiveness and efficiency;
- j) Post reduction to be managed as follows:
 - i) posts that are becoming vacant due to natural attrition;
 - ii) required competencies to be kept on board, in particular, positions linked to Strategic Objectives should be capably staffed and not left vacant;
 - iii) process to be monitored to ensure that it is handled equitably and fairly in accordance with the ICAO Service Code; and
 - iv) training to minimize job loss by enhancing redeployment opportunities;
- k) Ancillary Revenue Generation Fund (ARGF) net revenues should be maximized, whenever possible, through the following strategies:
 - i) Improve revenue sharing on ICAO intellectual property through licensing and collection of royalties;
 - ii) ICAO Journal to be self-sustainable or replaced by a less costly website publication; and
 - iii) Secretariat to explore which “core” activities could be included in ARGF thereby increasing revenue without adversely affecting the Organization’s focus on meeting its strategic goals.
- l) Council to consider options for more efficient proceedings, as these would reduce funding requirements of the Secretariat.

4. CONCLUSION

4.1 The Organization is clearly aware that the funding contained in this Budget reflects a fundamental change in how ICAO conducts its affairs. However, by increasing the funding available to support the Strategic Objectives and the Regional Offices, ICAO will be better placed to deal with existing and emerging needs in the areas of Aviation Safety, Security and the Environment. Contracting States will recognize that ICAO’s success, in meeting its strategic results, will depend on their support for the Regular Budget. To ensure the fiscal strength of the Organization, Contracting States should pay their assessed contributions as early in the ICAO financial year, which starts on 1 January each year, as possible.

Resolution A36 - 29

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.

ABBREVIATIONS

ACAC	Arab Civil Aviation Commission
ACR	Audit Coordination and Reporting Section
ADB	Administration and Services Bureau
AFCAC	African Civil Aviation Commission
AFDD	Audit Findings and Differences Database
ANB	Air Navigation Bureau
ANC	Air Navigation Commission
ANIP	Air Navigation Integrated Programme
ANP	Air Navigation Plans
ANSP	Air Navigation Service Provider
AOSC	Administrative and Operational Services Costs
AP/AR/GL	Accounts Payable/Accounts Receivable/General Ledger
APAC	Asia and Pacific
ARGF	Ancillary Revenue Generation Fund
ARRB	Audit Results Review Board
ASA	Aviation Security Audit Section
ATB	Air Transport Bureau
ATC	Air Transport Committee
ATM	Air Traffic Management
AVSEC	Aviation Security
CAD	Canadian dollars
CAEP	Committee on Aviation Environmental Protection
CNS	Communications, Navigation, and Surveillance
COPMOP	Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol
CSD	Commission on Sustainable Development
DEN/ICE	Denmark and Iceland
DG	Dangerous Goods
DGCA	Directors General of Civil Aviation
EAO	Programmes Evaluation, Audit and Management Review
ECAC	European Civil Aviation Conference
EGR	Equitable Geographical Representation
EPO	External Relations and Public Information
ERMS	Electronic Records Management System
ERP	Enterprise Resource Planning
ESAF	Eastern and Southern African
EUR/NAT	European and North Atlantic
FAL	Facilitation
FIC	Finance Committee
FIN	Finance
FSIX	Flight Safety Information Exchange
GASP	Global Aviation Safety Plan
GS	General Service Category
HQ	Headquarters
HRB	Human Resources Branch
IBD	ICAO Business Plan Database
ICAO	International Civil Aviation Organization
ICSC	International Civil Service Commission
ICT	Information and Communication Technology
IPCC	Intergovernmental Panel on Climate Change
IPSAS	International Public Sector Accounting Standards
ISO	International Organization for Standardization

IT	Information Technology
JSC	Joint Support Committee
KPA	Key Performance Areas
KPI	Key Performance Indicator
LACAC	Latin American Civil Commission
LEB	Legal Bureau
M&A	Management and Administration
MET	Aeronautical Meteorology
MID	Middle East
MP	Major Programme
MRP	Machine Readable Passport
MRTD	Machine Readable Travel Document
NACC	North American, Central American and Caribbean
OAG	Official Airline Guide
OPMET	Operational Meteorological
P	Professional Category
PACE	Performance and Competency Enhancement
PANS	Procedures for Air Navigation Services
PCO	Planning and Global Coordination Office
PIRG	Planning and Implementation Regional Group
PS	Programme Support
RAO	Regional Affairs Office
RBB	Results-based Budgeting
RBM	Results-based Management
SADIS	Satellite Distribution System
SAM	South American
SARPs	Standard and Recommended Practices
SBSTA	Subsidiary Body for Scientific and Technological Advice
SIS	Supporting Implementation Strategies
SMS	Safety Management Systems
SOA	Safety Oversight Audit
SSA	Safety and Security Audits Branch
STP	Standardized Training Packages
TCB	Technical Co-operation Bureau
TCC	Technical Co-operation Committee
TI	Technical Instructions
UIC	Committee on Unlawful Interference
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
USAP	Universal Security Audit Programme
USD	United States dollars
USOAP	Universal Safety Oversight Audit Programme
USP	Unified Strategy Programme
WACAF	Western and Central African
WAFS	World Area Forecast System
WTO	World Trade Organization
ZNG	Zero Nominal Growth
ZRG	Zero Real Growth

FRAMEWORK OF THE 2008-2009-2010 BUDGET

1. In accordance with Article 61 of the Convention on International Civil Aviation, the 36th Session of the Assembly approved the Budget of the International Civil Aviation Organization (ICAO) for the 2008-2010 triennium.

2. This Budget was developed keeping in mind the set of recommendations endorsed by the Council reflecting the strategy for the 2008-2010 Budget, in particular the need to

- Contain the increase in appropriations *vis-à-vis* the 2005-2007 Budget;
- Increase the share of Budget resources in support of Strategic Objectives;
- Mitigate the risk of currency fluctuations adversely affecting the Budget.

3. The Budget totals Canadian dollars 245.5 million which reflects the funding envelope of USD213.5 million of the Budget converted at the exchange rate of CAD1.15 to USD1.00.

4. The deliberation to shift to a Canadian dollar Budget is the outcome of the Council's focus on identifying measures to defend from exchange rate fluctuations a budget established in United States dollars, but directly or indirectly impacted by the Canadian dollar and currencies other than the United States dollar. The estimated expenditures in the 2005 - 2007 Regular Budget are 31 per cent Canadian dollar, 47 per cent US dollar and the balance of 22 per cent other currencies. This makes the ICAO Budget, when denominated in US dollars, vulnerable to fluctuations between the Canadian and US dollars.

5. After consultations with the International Civil Service Commission (ICSC), which is the United Nations body which oversees the UN system of common salaries and entitlements, it was determined that International Professional staff at Headquarters in Montreal could be paid in Canadian dollars with no impact on their take-home pay. Further, it was determined that the new Enterprise Resource Planning (ERP) would be able to accommodate a change to Canadian dollar accounting and payroll. If staff members at Headquarters are paid in Canadian dollars and ICAO also changes the currency of the Regular Budget and Financial Statements to the same currency, the impact of the Canadian - US exchange rate will be reduced as much as is possible.

6. With respect to its content, the Budget includes the following strategic investments:

- An increased focus on Safety and Security achieved through the integration under Regular Budget of a substantial proportion of the Aviation Security Plan of Action (AVSEC) (CAD9.9 million);
- Continued effort towards upgrading Information Technology (IT) and furthering automation (CAD3.3 million), for which, inter alia, the establishment of four systems specialist posts in support of the seamless functioning of the ERP is planned;
- Improved training initiatives and policy development in the area of Human Resources (HR), with a particular focus on increased staff accountability to be achieved, inter alia, through further investments in the Performance and Competency Enhancement (PACE) System (CAD2.7 million);

- The provision of resources (CAD11.1 million) in support of outsourcing of activities previously in-sourced, particularly in the area of Languages, Information Technology and services to be provided by the Ancillary Revenue Generation Fund (ARGF) (see paragraph 8 below);
- The provision from the Budget of part of the total resources required for terminations of Regular Budget posts envisaged in the framework of this Budget (CAD3.1 million).

7. It should also be noted that particularly in light of funding restrictions, the Budget for 2008-2010, when compared to the one approved for 2005-2007, goes in the direction of complying with the recommendations of the United Nations and the directives of the ICAO Assembly and Council as regards the furthering of gender at ICAO. Resources budgeted are targeted *inter alia* to support UN system-wide gender initiatives such as the *WomenWatch* website, outreach activities to women's groups and associations and participation in *fora* pertaining to gender equity and equality.

8. To meet the funding cap recommended by the Council, in this Budget volume increases are more than offset by volume reductions which include:

- The establishment of the ARGF to consolidate activities for which the expectation is that they will generate sufficient resources to cover their operating costs (CAD17.2 million);
- An organizational realignment consisting – besides the integration of AVSEC (+28 posts) and the establishment of ARGF (-52 posts) - in a further net reduction of 86 regular posts (CAD27.3 million);
- The establishment of a vacancy rate of 4.2 per cent for all posts - which in effect reduces the scope for hiring temporary assistance and consultants in lieu of posts when these are not filled (CAD7.5 million);
- Increased efficiency in travel which ICAO plans to achieve through amendments to existing policies.

9. ICAO managers have advised that the funding cap on the funding envelope and the associated post reductions would not allow implementing in full the ICAO Business Plan which includes the activities required to meet the Strategic Objectives approved by the Council for 2005-2010. Although this is ICAO's first Results Based Budget, it should also be noted that - with the establishment of a funding cap - the process followed does not entirely comply with a results based budgeting framework whose basic principle is the full funding of an approved Strategic Framework. While there is obviously pressure for ICAO to deliver more with less, there is a threshold for efficiency increases beyond which effectiveness is compromised. As a result, ICAO's Business Plan for 2008-2010 will be adjusted to the funding envelope.

10. Table 1 shows the breakdown of resources between results – before taking into account one-time Organizational Realignment costs to the Budget. Of total resources in support of Business Plan activities of CAD242.4 million, 58.8 per cent is for the strategic results of the "Programme", while "Programme Support" and "Management and Administration" represent 17.8 per cent and 23.4 per cent, respectively.

TABLE 1: BUDGET 2008-2010 SUMMARY BY RESULTS (thousands of CAD)

		2008	2009	2010	TOTAL	% of Total
STRATEGIC OBJECTIVES						
Programme	Strategic Objective A - SAFETY					
	1 Enhanced resolution of safety issues by ICAO through implementation of a safety management process in ICAO.	3,487	3,479	3,779	10,745	4.4
	2 Enhanced safety of international civil aviation through implementation of Safety Management System (SMS) in each Contracting State and the industry.	3,282	3,525	3,444	10,251	4.2
	3 Enhanced oversight capabilities of States through the conduct of comprehensive safety oversight audits.	3,360	3,488	4,451	11,299	4.7
	4 Enhanced resolution of safety deficiencies through coordinated assistance to States and sharing of safety information.	4,286	4,522	4,511	13,319	5.5
	<i>Sub-total</i>	<i>14,415</i>	<i>15,014</i>	<i>16,185</i>	<i>45,614</i>	<i>18.8</i>
	Strategic Objective B - SECURITY					
	1 Enhanced implementation of ICAO security Standards through effective security management and assistance.	1,502	1,616	2,354	5,472	2.3
	2 Enhanced compliance with facilitation Standards concerning border-crossing, including those relating to Machine Readable Travel Documents.	1,216	1,329	1,666	4,211	1.7
	3 Enhanced oversight capabilities of States and improved airport security through the conduct of aviation security audits.	2,301	3,587	4,758	10,646	4.4
	<i>Sub-total</i>	<i>5,019</i>	<i>6,532</i>	<i>8,778</i>	<i>20,329</i>	<i>8.4</i>
	Strategic Objective C - ENVIRONMENTAL PROTECTION					
	1 The environmental effects of aviation are properly identified, reasonably quantified and appropriate measures to address these effects are developed.	1,089	1,088	1,139	3,316	1.4
	2 ICAO is recognized as the leader organization to address environmental issues related to international aviation.	585	584	616	1,785	0.7
	<i>Sub-total</i>	<i>1,674</i>	<i>1,672</i>	<i>1,755</i>	<i>5,101</i>	<i>2.1</i>
	Strategic Objective D - EFFICIENCY					
	1 Operational services in support of a performance-based air navigation system.	3,158	3,150	3,292	9,600	4.0
	2 Technology and infrastructure in support of a performance-based air navigation system.	2,079	2,069	2,217	6,365	2.6
	3 Implementation framework in support of the transition to the operational concept.	13,352	14,298	13,950	41,600	17.2
	4 Liberalization of air transport regulation and efficiency of infrastructure management.	2,051	1,919	1,845	5,815	2.4
	<i>Sub-total</i>	<i>20,640</i>	<i>21,436</i>	<i>21,304</i>	<i>63,380</i>	<i>26.2</i>
	Strategic Objective E - CONTINUITY					
	1 Prevention and minimization of disruptions to aviation operations.	1,951	2,114	2,046	6,111	2.5
	Strategic Objective F - RULE OF LAW					
	1 Preparation and promotion of ratification of international air law instruments, depositary and dispute-settlement functions related thereto, registration of aeronautical agreements and preparation of model legislation.	607	658	790	2,055	0.8
SUB-TOTAL: STRATEGIC OBJECTIVES		44,306	47,426	50,858	142,590	58.8
SUPPORTING IMPLEMENTATION STRATEGIES						
Management & Administration	Human Resources Development	4,204	4,025	4,427	12,656	5.2
	Budget and Financial Management	2,916	2,793	2,892	8,601	3.5
	Information Technology	5,758	5,840	6,064	17,662	7.3
	Infrastructure	4,421	4,516	4,722	13,659	5.6
	Oversight and Evaluation	855	864	923	2,642	1.1
	Legal Services	222	241	297	760	0.3
	Executive Management	294	303	313	910	0.4
	SUB-TOTAL: SIS - Management & Administration	18,670	18,582	19,638	56,890	23.4
Programme Support	Assembly-Council Secretariat and Language-Publications	13,257	13,171	13,979	40,407	16.7
	External Relations	829	830	892	2,551	1.1
	SUB-TOTAL: SIS - Programme Support	14,086	14,001	14,871	42,958	17.8
TOTAL		77,062	80,009	85,367	242,438	100.0
Strategic Objectives		57.5%	59.3%	59.6%	58.8%	
Supporting Implementation Strategies		42.5%	40.7%	40.4%	41.2%	
Operational		76,497	79,616	85,231	241,344	
Capital		565	393	136	1,094	
Operational Organizational Re-alignment		2,889	76	140	3,105	
TOTAL RESULTS BASED BUDGET		79,951	80,085	85,507	245,543	

11. Within Programme, “Safety”, “Security”, “Environmental Protection” and “Efficiency” account for a total combined resources of CAD134.4 million or 55.5 per cent of total budget available for Business Plan activities.

12. Under Management and Administration, “Information technology” accounts for CAD17.7 million or 7.3 per cent, reflecting the fact that systems upgrades and automation at ICAO remain a priority.

13. Under Programme Support, “Assembly-Council Secretariat and Language-Publications” accounts for CAD40.4 million or 16.7 per cent of the total budget.

14. As mentioned above, this is ICAO’s first RBB budget (for more details on this topic, see Annex 1). Results templates have been included in the mid section of this document for “Programme”, “Programme Support” and “Management and Administration” and include the following information:

- A brief overview of issues and challenges related to the achievement of a given result;
- A description of the strategic approaches that managers have chosen - amongst the spectrum of available ones - to achieve a given result;
- Expected outputs i.e. concrete deliverables that stem directly from the planned strategies;
- Key Performance Indicators required to track progress towards the delivery of the expected outputs;
- Resources required for the triennium in support of the result. These resources - in Canadian Dollar - are broken down between “Regular Budget” and “Other Sources”. In turn, regular resources are broken down between “operational” and “capital” (see Annex 4 on implications of IPSAS and Annex 5 on details on the items capitalized in this budget).

15. A results based budget is only the first step of an Organization’s transitioning to a results focused framework. RBB literature throughout the UN System and beyond concurs that this transition requires setting into place several RBB “building blocks” beyond the budget document itself. These blocks include:

- A planning-budgeting cycle with the former preceding the latter and actual budget information providing data in support of the design of subsequent planning-budgeting cycles;
- A performance assessment system required for the establishment of a full accountability framework;
- Adequate IT Systems;
- Measurable and time bound indicators. In this respect, it should be noted that a number of the measures included in this Budget will be improved over time both with respect to baseline data and target values. This will require, in turn, an Organizational investment in developing the required statistics.

16. It should be noted that this being the first ICAO budget in Canadian dollars and the first budget prepared in a results framework, comparative data for 2005-2007 are not displayed in the tables as the budget for the 2005-2007 triennium was an input budget in United States dollars.

FUNDING OF THE 2008-2009-2010 BUDGET

17. The Budget is financed by Assessments on Contracting States, Miscellaneous Income and ARGF surplus. The Miscellaneous Income for 2008-2010 is estimated at CAD5.8 million, mostly from interest income, while the surplus forecast for ARGF is CAD\$12.3 million. Thus, the total resource requirements from Contracting States for the 2008-2010 triennium totals CAD\$227.4 million (Table 2).

TABLE 2: BUDGET 2008-2010 SOURCES OF FUNDS (in thousands of Canadian dollars)			
Source of Funds			
	2008-2009-2010	% 2005-2007	% 2008-2010
Regular Programme	242 438	100.0%	98.7%
Organizational Realignment	3 105	0.0%	1.3%
Total	245 543	100.0%	100.0%
Summary of Resources for Regular Programme			
	2008-2009-2010	% 2005-2007	% 2008-2010
Assessments of States	227 448	91.2%	92.6%
Miscellaneous Income	5 750	8.3%	2.4%
Ancillary Revenue Generation Fund Surplus	12 345	0.0%	5.0%
Incentive Scheme Account	-	0.5%	0.0%
Total	245 543	100.0%	100.0%

ORGANIZATIONAL REALIGNMENT

18. As mentioned in paragraph 8, this budget is one of marked reductions in the number of budgeted posts. The gross reduction is of 149 posts, while the net reduction (that is the reduction net of post increases) is 110³. Between the last year of the 2005-2007 Budget and the last year of the 2008-2010 new Budget the total reduction in posts is 17.9 per cent from 613 to 503.

19. The net reduction of 110 Regular Budget posts between 2005-2007 and 2008-2010 by category is as follows: 22 Professionals (P) and 88 General Service (GS) (Table 3).

20. At Headquarters, the drop in posts is 111 while in Regional Offices the number of posts would increase by 1. The ratio of GS to P staff would improve from 1.3 in 2005-2007 to 1.0 for 2008-2010.

TABLE 3: BUDGET POSTS BY CATEGORY AND LOCATION												
Posts by location	Approved Budget 2005-2007				Changes			Approved Budget 2008-2010				
	Year 2007				Increase/Decrease (net)			Year 2010				
	P	GS	P+GS	% of Total	P	GS	P+GS	P	GS	P+GS	% of Total	
Headquarters												
AVSEC					14	11	25					
Other					(31)	(53)	(84)					
ARGF					(5)	(47)	(52)					
Total HQ	202	268	470	77%	(22)	(89)	(111)	180	179	359	71%	
Regional Offices												
AVSEC					3	-	3					
Other					(3)	1	(2)					
Total Regional Offices	67	76	143	23%	-	1	1	67	77	144	29%	
TOTAL	269	344	613	100%	(22)	(88)	(110)	247	256	503	100%	
Ratio G/P				1.3							1.0	

21. The reduction in posts associated with the implementation of C-DEC 181/12 translates into material termination costs of CAD4.0 million. Resources budgeted for staff termination were reduced by maximizing opportunities for internal staff redeployment and by focusing cuts on those post for which incumbents will be retiring in 2007-2010. Table 1 highlights that in spite of this effort, CAD3.1 million will be required from the Budget for staff early termination packages.

22. In order not to adversely affect substantive activities any further, it is herewith envisaged that the total termination requirements will only partially be funded from the 2008-2010 Budget and the balance will be covered by earmarking part of the 2007 carry forward.

³ Following Council's approval of the USD213.5 million budget scenario (CAD245.5 million), the Secretary General reviewed the list of posts impacted by the reduced level of funding and decided to reinstate one General Service post to augment support to the priority area of Oversight and Evaluation, which could be absorbed within this funding envelope. Also, in External Relations the proposed deletion of a Professional post was reversed and a General Service cut reinstated.

PROGRAMME: STRATEGIC OBJECTIVES

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Strategic Objective A: Safety – Enhance global civil aviation safety

Result A .1 Enhanced resolution of safety issues by ICAO through implementation of a safety management process in ICAO

ISSUES AND CHALLENGES

- There is a shift from a prescriptive and reactive approach to the management of safety towards a proactive, performance based one.
 - There is a lack of defined Acceptable Levels of Safety.
 - Due to limited resources, there is a need for an effective prioritization of ICAO Safety tasks, but the current prioritization system is not sufficiently data driven.
 - Performance criteria for each ICAO safety action are not clearly defined and there is no effective monitoring system to ensure that the action is achieving its set objectives.
 - Limited emphasis is given to the implementation of safety related standards.
 - Need to align of the work of the Panels and Study Group with the new work programme
- While ICAO plays a leading, facilitation and enabling role within the aviation community, the realization of advancements in International Civil Aviation ultimately lies with States, industry and other stakeholders. To that end the following indicators are designed to measure the collective progress towards the common outcomes that address the issues and challenges identified above:*
- Safety indicators, designed to monitor progress in addressing critical safety risks, show statistically significant improvement
 - Increased number of States that have set acceptable levels of safety relevant to the most important risks to safety as determined by ICAO

STRATEGIC APPROACHES

- Development of a safety analysis function providing easy access to safety information in ICAO;
- Development and maintenance of an improved Global Aviation Safety Plan (GASP);
- Manage hazards and risks;
- Maintain co-operation and transparency with the industry and other stakeholders.

EXPECTED OUTPUTS

• Safety data and information necessary to identify, assess and monitor risks to safety is accessible
• Best practices in the GASP are maintained up-to-date
• Responses to hazards and risks are made effectively

KEY PERFORMANCE INDICATORS

• Percentage of identified risks for which the mitigation plans have been prepared
• Amendments to GASP are proposed annually
• Reduced response time to implement specific action for an identified risk

RESOURCES (CAD thousand)		Regular Budget		Other sources	All funds
		Operational	Capital		
TOTAL 2008-2010					
	2008	3,487	0		3,487
	2009	3,479	0		3,479
	2010	3,779	0		3,779

Result A .2 Enhanced safety of international civil aviation through implementation of Safety Management System (SMS) in each Contracting State and the industry

ISSUES AND CHALLENGES

- Lack of knowledge of Safety management principles and lack of experience in implementing Safety Management Systems.
 - States need to develop their internal resources to become self-sufficient in implementing and maintaining activities related to Safety Management Systems (SMS), including but not limited to the certification and oversight of operators and service providers.
 - Need to develop SMS data collection, analysis and exchange capabilities within States.
 - States need to develop measures to protect safety data acquired through SMS activities from purposes other than for those for which it was collected.
 - SMS is necessary to support the current evolutionary transition from prescriptive safety regulations (regulations that prescribe what the safety requirements are and how they are to be met) to performance based safety regulations (regulations that specify the safety requirements to be met, but provide flexibility in terms of how safety requirements are met).
- While ICAO plays a leading, facilitation and enabling role within the aviation community, the realization of advancements in International Civil Aviation ultimately lies with States, industry and other stakeholders. To that end the following indicators are designed to measure the collective progress towards the common outcomes that address the issues and challenges identified above:*
- Increased percentage of International Civil Aviation Traffic that is covered by SMS
 - Decreased level of difference filed with ICAO on safety management programmes and systems SARPs
 - Increased level of attendance in ICAO SMS train the trainers course by resources involved with assisting the implementation of SMS

STRATEGIC APPROACHES

- Develop appropriate provisions, guidance material, a blueprint outlining a manageable series of steps and provide assistance to States and industry through global, regional and sub-regional efforts for a consistent, harmonized global approach to the concepts and implementation of Safety Management Systems.
- Develop guidance material and provide assistance to states in the implementation of performance-based safety regulations.
- Develop means for States to collect, analyze and exchange safety data collected through SMS, and network the SMS data with ICAO.

EXPECTED OUTPUTS

• Harmonized ICAO SARPs and guidance material on safety management programmes and systems
• Training on SMS implementation
• ICAO performance based safety provisions developed

KEY PERFORMANCE INDICATORS

• Decreased time to produce SARPs and guidance material published by ICAO
• Train the Trainers courses given by ICAO per year
• SMS implementation training courses given per year
• Per cent of Safety SARPs transferred to a performance base

RESOURCES (CAD thousand)		Regular Budget			Other sources	All funds
		Operational	Capital			
TOTAL 2008-2010						
	2008	3,235	47			3,282
	2009	3,505	20			3,525
	2010	3,438	6			3,444

Result A.3 Enhanced oversight capabilities of States through the conduct of comprehensive safety oversight audits

ISSUES AND CHALLENGES

- The Universal Safety Oversight Audit Programme (USOAP) has evolved over the last ten years from a voluntary confidential assessment programme to a mandatory comprehensive safety oversight audit programme encompassing 16 of the 18 ICAO Annexes. Audit reports are available to all Contracting States and summarized information is available to the public. Mandatory safety oversight audits and the transparency of the audit results have demonstratively contributed to improving aviation safety around the world, placing a greater awareness on States of their obligations to implement ICAO provisions.
- The USOAP will continue emphasizing the elements that have been most effective in promoting the implementation of SARPs and strengthening national safety oversight systems. These include: conducting mandatory safety oversight audits, the training of Civil Aviation Administration personnel on States' oversight responsibilities, and the promotion of a performance-based monitoring approach for optimum results.
- The Directors General of Civil Aviation (DGCA) Conference held in March 2006 recommended that the transparency of the audit programme be increased by making available safety oversight audit results to the public, including a mechanism to identify significant safety concerns when performing an audit. These new activities amplify the importance for the USOAP to adhere to its established principles and to maintain its quality system as called for in Assembly Resolution A35-6. In addition, the programme will continue to work with relevant Bureaux to address the issue of States that are not responding effectively to the audit process.
- Budgetary restrictions are likely to impact the availability of audit reports in all of the ICAO languages and may result in a reduction in the number of seminars and training courses, in the number of audits completed as well as in the volume of communication of USOAP information to the public.

STRATEGIC APPROACHES

- Ensure the continued co-operation and participation of Contracting States in audit activities;
- Maintain public confidence in the safety of international civil aviation by identifying and addressing critical safety areas and providing timely and accurate data on the status of safety oversight;
- Encourage the implementation of the eight critical elements of a safety oversight system and enable the development of more effective safety provisions, guidance material and assistance;
- Provide the Assembly, Council, States and the relevant Bureaux and Offices within the Secretariat with objective data on the level of States' safety oversight capabilities as a foundation for devising effective remedial assistance strategies and priorities, and developing provisions and guidance material for the safety of international civil aviation;
- Maintain ISO 9001-2000 certification of the USOAP; and
- Support the Audit Results Review Board (ARRB) in addressing the issue of States that are not responding effectively to the audit process.

EXPECTED OUTPUTS

• Evaluation of the level of States' safety oversight capabilities through regular and comprehensive audits.
• Evaluation of the progress made by States on the level of implementation of the eight critical elements of a safety oversight system.
• Comprehensive analysis and reporting of audit results on State, regional and global levels.
• Application of harmonized, objective and consistent criteria for evaluating States' safety oversight capabilities.
• Evaluation of the adequacy and sufficiency of ICAO SARPs and guidance material.
• Seminars and training to support implementation.

KEY PERFORMANCE INDICATORS

• Number of States evaluated, with the audit cycle to be completed by 2010. • Number of State Aviation Activity Questionnaires (SAAQ) submitted by States and reviewed by SOA. • Number of compliance checklists submitted by States identifying levels of implementation of ICAO Annex provisions and reviewed by SOA. • Number of Final Safety Oversight Audit Reports produced and provided to audited States and simultaneously published on a secure website accessible to all Contracting States. • State audit results and statistical data residing in the Audit Findings and Differences Database (AFDD) made available to Contracting States on the secure website in accordance with Assembly Resolution A35-6. • Published graphical results of a State's level of implementation of the eight critical elements on the ICAO public website, including any subsequent updates provided by the State.
• Number of corrective action plans submitted by States for review, including comments on the audit reports. • Levels of improvement as determined by monitoring the level of implementation of State corrective action plans in coordination with the Regional Offices and through correspondence with States. • Referrals to the Audit Results Review Board (ARRB), as necessary, on States not responding effectively to the audit process.
• Statistical data provided to other ICAO bureaux, offices, regional and international entities, as applicable, as well as Contracting States to provide a foundation for remedial assistance strategies and training activities.
• Deliverables achieved through maintaining ISO-9001-2000 certification of the SOA Section. • Number of approved auditors. • State audit feedback forms that provide for the continuous improvement of the USOAP. • Mission reports completed by team leaders and team members that provide feedback on technical and administrative aspects of the audit process. • Continuous improvement of auditor training courses and seminars/workshops provided to Contracting States.
• Number of SARPs and guidance material identified through the audits that require review.
• Number of safety oversight seminar/workshops conducted, aimed at assisting States, and number of experts trained. • Number of approved auditors. • Number of auditor training courses conducted in order to maintain an adequate number of approved auditors located throughout the ICAO regions, sufficient to support the programme.

EXPECTED OUTPUTS

- Evaluation of the effectiveness of ICAO assistance programmes.
- Establishment of appropriate cooperative arrangements with international and regional entities to ensure efficiencies and best use of resources.

KEY PERFORMANCE INDICATORS

- Average level of compliance in audited States that have been provided assistance through ICAO programmes.
- Number of cooperative arrangements with international and regional entities and efficiencies achieved as a result.

RESOURCES (CAD thousand)		Regular Budget			Other sources	All funds
		Operational	Capital			
TOTAL 2008-2010						
	2008	3,360	0			3,360
	2009	3,488	0			3,488
	2010	4,451	0			4,451

Result A.4 Enhanced resolution of safety deficiencies through coordinated assistance to States and sharing of safety information

ISSUES AND CHALLENGES

- A number of States continue to experience difficulties in implementing Standards and Recommended Practices (SARPs) and maintaining adequate levels of safety oversight. A limited number of these States authorize aviation activities, which are not commensurate with their safety oversight capability and that are taking place for the most part in other States.
- A number of Contracting States do not have a level of activity that is sufficient to sustain, on their own, an effective oversight system.
- Assistance to States is often done in an uncoordinated way, leading to duplication of efforts
- Critical Safety information, that may have an impact on the safety of international civil aviation, are not always shared between States and other stakeholders.

While ICAO plays a leading, facilitation and enabling role within the aviation community, the realization of advancements in International Civil Aviation ultimately lies with States, industry and other stakeholders. To that end the following indicators are designed to measure the collective progress towards the common outcomes that address the issues and challenges identified above:

- Increase in number of regional or sub-regional safety oversight organizations/systems
- Increased percentage of States starting implementation of viable action plans one year after they submit their request for assistance
- Increased percentage of States that have met the conditions for receiving assistance
- Increased level of resources made available by Industry to projects aimed at resolving safety-related deficiencies
- Increased number of formal agreements of co-operation between industry and USP

STRATEGIC APPROACHES

- Identify and address the safety related air navigation deficiencies through PIRGs
- Investigate, foster and promote means to assist States through global, regional and sub-regional efforts in implementing an effective safety oversight capability
- Develop Partnership Alliances with the industry to support efforts aiming at resolving safety deficiencies

EXPECTED OUTPUTS

• Assistance provided to States, upon their request, in the resolution of safety-related deficiencies.
• Development and maintenance of the Flight Safety Information Exchange (FSIX) web site.
• Development of a coordinated and expanded framework to match donors with requirements.

KEY PERFORMANCE INDICATORS

• Five States assisted per year.
• Three feasibility assessments for the implementation of Regional Safety Oversight Organizations completed annually.
• Increased percent of regional air navigation deficiencies for which resolution is successfully achieved through PIRGs
• Annual needs assessment for information on the Flight Safety Information Exchange web site completed.
• Generic Memorandum of Understanding between ICAO and donors finalized by 2008.
• Increased number of donors.

RESOURCES (CAD thousand)		Regular Budget		Other sources	All funds
		Operational	Capital		
TOTAL 2008-2010					
	2008	4,238	48		4,286
	2009	4,501	21		4,522
	2010	4,506	5		4,511

Strategic Objective B: Security – Enhance global civil aviation security

Result B.1 Enhanced implementation of ICAO security standards through effective security management and assistance

ISSUES AND CHALLENGES

- There is a need to minimize the number of incidents of unlawful interference and other security related events with civil aviation.
- Global threats to aviation security continue to become more complex, organized and technologically sophisticated, requiring new and cooperative approaches to countering them.
- Efficient management of high volumes of air passenger and cargo traffic calls for innovative security management measures and systems to maintain the efficiency of air transport operations.
- Security management measures and systems developed in ICAO and adopted by States must be globally interoperable.
- Many Contracting States lack sufficient capacity and require assistance in order to meet the standards of a global aviation security system.

STRATEGIC APPROACHES

- Maintain currency and relevance of Annex 17 and promote its worldwide implementation.
- Enable States to have ready access to data and vital information on unlawful interference and of global trends; based on analysis of acts of unlawful interference.
- Develop ICAO training programme to Provide States with updated training packages that take account of emerging threats, technological changes and the requirements of new-generation aircraft and airports for more effective security management
- Develop an electronic library providing links to appropriate information on aviation security and facilitation subject matter available at ICAO (Convention & Annex provisions, guidance material, etc.).
- Foster capacity-building and promote development of sustainable aviation security programmes at the Regional level.
- Assist States to remedy their aviation security deficiencies and to address new and emerging threats including through new guidance materials and recommendations to respond to new threats.

EXPECTED OUTPUTS

• Amendments to Annex 17 as necessary; timely introduction of provisions to counter new or perceived threats to civil aviation. Maintain updated information on implementation of Annex 17.
• Updated <i>Security Manual for Safeguarding Civil Aviation Against Acts of Unlawful Interference</i> (Doc 8973)
• New and updated aviation security standardized training packages (STPs) developed and workshops held according to established schedule.
• Electronic library and associated database.

KEY PERFORMANCE INDICATORS

• Amendment 12 of Annex 17 presented to Council for adoption by the end of 2009. • Per cent analysis completed of differences to Annex 17 SARPs, target 100% by the end of 2010. • Convey information to States on status of implementation of Annex 17 including Amendment 12 on annual basis with completion by 31 December 2010.
• Update of the Seventh Edition (2007) of the Security Manual by 31 December 2010
• New courses published (4 by end of 2008) • Courses updated (3 by end 2008) • 42 courses on 6 different subjects taught each year. • Two workshops conducted in the regions each year.
• The electronic library and associated database developed and made available to States and other users by the end of 2008.

• Assistance in the implementation of Annex 17 provisions and to address regional concerns	• Two seminar/workshops a year to assist in the implementation of Annex 17 provisions • One Regional Conference each year in support of the Aviation Security Global Initiative • An international aviation security conference to be held every other year starting in Oct. 2007
• Responses to assistance requests from States on the basis of USAP findings to help remedy identified deficiencies.	• Up to two assistance mission per month (total 24 per year) of approximately one-week duration to be provided to States requiring assistance with resolving identified deficiencies.

RESOURCES (CAD thousand)		Regular Budget		Other sources	All funds
		Operational	Capital		
TOTAL 2008-2010					
	2008	1,502	0		1,502
	2009	1,616	0		1,616
	2010	2,354	0		2,354

Result B.2 Enhanced compliance with facilitation Standards concerning border-crossing, including those relating to Machine Readable Travel Documents

ISSUES AND CHALLENGES

- Identity theft, illegal migration, trafficking and smuggling, and international health emergencies continue to pose major challenges worldwide to national security programmes and call for improved measures for security of travel documents, cargo and passengers.
- Ever-increasing volumes of air passenger and cargo traffic in a dangerous world call for upgraded measures and systems to manage the security challenges in border controls and airport processes, in order to maintain the efficiency of air transport operations.
- Regarding travel document security, many States lack sufficient capacity to bring their systems and documents up to ICAO Standards and require assistance.

STRATEGIC APPROACHES

- Increase the coverage, range and quality of manuals and guidance materials related to security and facilitation. Ensure that States have tools necessary to enhance security while facilitating border formalities.
- Maintain currency and relevance of Annex 9 to promote its level of implementation through the adoption of SARPs.
- Maintain currency of Doc 9303, Parts 1, 2, and 3, (specifications for MRTDs) and related systems to promote its implementation and assist States to implement ICAO-standard MRTDs and to improve their existing travel document issuance systems, including the provision of technical support for the development of PKD-related provisions.
- Endeavour that security systems and travel documents developed in ICAO for adoption by States are standardized and globally interoperable.

EXPECTED OUTPUTS

• Guidance materials made available to States to implement security and facilitation standards
• Tools for States to determine level and progress of implementation of Annex 9 and MRTD standards
• Assistance related to MRTDs to States requesting it
• Workshops on MRTDs and biometrics
• Up-to-date specifications to issue modern, secure travel and identity documents

KEY PERFORMANCE INDICATORS

• New FAL manual to be made available by the end of 2008.
• Annex 9 SARPs relevant to aviation security to be included in Aviation Security Audits, by end 2008.
• Ten States provided with assistance each year
• Two workshops in Regions each year.
• Specifications for e-Visas to be developed in 2008 with implementation of MRP specifications occurring by the end of 2010.

RESOURCES (CAD thousand)		Regular Budget		Other sources	All funds
		Operational	Capital		
TOTAL 2008-2010					
	2008	1,216	0		1,216
	2009	1,329	0		1,329
	2010	1,666	0		1,666

Result B.3 Enhanced oversight capabilities of States and improved airport security through the conduct of aviation security audits

ISSUES AND CHALLENGES

- Operational since 2002, the ICAO Universal Security Audit Programme (USAP) is on a five-year cycle with the initial audits of all Contracting States expected to be completed by December 2007. Audit follow-up visits are also being conducted in the second year following the date of an initial audit in order to validate the implementation of State corrective action plans.
- Commencing in 2008, a second cycle of audits will be initiated under the USAP in accordance with principles agreed upon by the Council. This includes the introduction of a scheduling/frequency model to help determine the priority of the audits and frequency of visits to States, and an increased emphasis on a State's capability to provide appropriate national oversight of its aviation security activities. In this regard, a flexible "two-tier approach" for the conduct of future audits will be introduced, whereby the scope of the audits will be adjusted to the prevailing oversight situation in each audited State. In addition, the Council directed that future audits under the USAP be expanded to include the relevant security-related provisions of Annex 9 – *Facilitation*.
- Budgetary restrictions will affect the level of integration of USAP into the Regular Budget. Additional voluntary contributions will be required.

STRATEGIC APPROACHES

- Ensure the continued co-operation and participation of Contracting States in audit activities;
- Develop a scheduling/frequency model and standardized audit methodology for security oversight audits and for expansion of the programme to include relevant security-related provisions of Annex 9;
- Provide recommendations to States on achieving better implementation and global harmonization of aviation security measures;
- Provide the Assembly, Council, States and relevant Bureaux and Offices within the Secretariat with data on the level of compliance with ICAO security Standards, as a foundation for developing effective remedial assistance strategies and priorities, and developing provisions and guidance material for the security of international civil aviation;
- Achieve ISO-9001-2000 certification of the USAP; and
- Support the Audit Results Review Board (ARRB) in addressing the issue of States that are not responding effectively to the audit process.

EXPECTED OUTPUTS

- | |
|---|
| <ul style="list-style-type: none"> • Evaluation of the level of implementation of ICAO security Standards in all Contracting States. |
| <ul style="list-style-type: none"> • Evaluation of the progress made by States in correcting deficiencies identified through the audits. |
| <ul style="list-style-type: none"> • Comprehensive analysis of levels of implementation of ICAO security Standards at State, regional and global levels. |

KEY PERFORMANCE INDICATORS

- | |
|---|
| <ul style="list-style-type: none"> • Number of States audited. • Number of audit reports submitted to States. • Levels of implementation of ICAO security Standards. |
| <ul style="list-style-type: none"> • Number of corrective action plans submitted by States for review. • Number of audit follow-up visits conducted to verify implementation, in coordination with the Regional Offices. • Levels of improvement in the implementation of ICAO security Standards. • Referrals to the Audit Results Review Board (ARRB), as necessary, on States not responding effectively to the audit process. |
| <ul style="list-style-type: none"> • Statistical data used to drive remedial assistance projects and to prioritize the review of SARPs and guidance material. |

EXPECTED OUTPUTS

• Application of harmonized, objective and consistent criteria for evaluating State compliance.
• Training to support implementation.
• Evaluation of the adequacy and sufficiency of ICAO security-related SARPs and guidance material.
• Evaluation of the effectiveness of ICAO assistance programmes.
• Establishment of appropriate cooperative arrangements with international and regional entities to ensure efficiencies and best use of resources.

KEY PERFORMANCE INDICATORS

• Application of quality assurance measures. • Number of certified auditors and continuous improvement of auditor training materials. • Development of standardized audit methodology. • State audit feedback forms that provide for the continuous improvement of the USAP. • Mission reports completed by team leaders and team members that provide feedback on technical and administrative aspects of the audit process.
• Number of certified auditors. • Number of auditor training courses conducted in order to maintain a roster of certified auditors located throughout the ICAO regions, sufficient to support the programme.
• Number of SARPs and guidance material identified through the audits that require review.
• Average level of compliance in audited States that have been provided assistance through ICAO programmes.
• Number of cooperative arrangements with international and regional entities and efficiencies achieved as a result.

RESOURCES (CAD thousand)		Regular Budget			Other sources	All funds
		Operational	Capital			
TOTAL 2008-2010						
	2008	2,300	1			2,301
	2009	3,586	1			3,587
	2010	4,757	1			4,758