



DIRECTORS GENERAL OF CIVIL AVIATION-MIDDLE EAST REGION

Sixth Meeting (DGCA-MID/6) (Abu Dhabi, UAE, 1-3 November 2022)

Agenda Item 3: Global and Regional Developments

ICAO BUSINESS PLAN 2023-2025

(Presented by the Secretariat)

<p style="text-align: center;">SUMMARY</p> <p>This paper provides a brief presentation of the ICAO Business Plan 2023-2025.</p>
<p style="text-align: center;">REFERENCES</p> <ul style="list-style-type: none">– A41-WP/35: DRAFT BUDGET OF THE ORGANIZATION– ICAO Business Plan 2023-2025

1. INTRODUCTION

1.1 The ICAO Business Plan 2023-2025 comes at a time during which the world is enduring the unprecedented impacts of the COVID-19 pandemic, which inevitably has had devastating consequences for the aviation industry. With the advent of the COVID-19 global pandemic, aviation's raison d'être has been disrupted at its very core and the proliferation of public health measures restricting movement of passengers and goods by air has brought the industry back to 2003 traffic levels.

1.2 As the industry is starting to emerge from the crisis, its resilience has already been tested by the pandemic's evolving waves of variants. Overcoming the COVID-19 pandemic will require the aviation sector to face the many challenges that exist in re-establishing growth and delivering its socio-economic benefits in a sustainable and environmentally conscious manner while keeping the consumers' health, safety and benefits at the core of its endeavours. In doing so, the aviation sector will also be presented with opportunities to address long-standing and emerging concerns by incorporating innovative technologies and solutions.

1.3 In November of 2021, the Secretariat conducted a cross-organizational review of activities with the aim to introduce a prioritization based on agreed upon criteria.

1.4 A corporate analysis was performed to validate the identification of priorities, based on the following criteria:

- a) Alignment: The degree that the activity is aligned with the ICAO Convention, Vision, Mission, Strategic Objectives and the SG Charter Letter Response;
- b) Risk: The degree of risk to ICAO's reputation if the activity is not done; and
- c) Importance: The degree of importance to the States in addressing critical needs and/or to ICAO for effective and efficient operations.

1.5 Based on the Regular Budget scenario selected during the 225th session of the Council, the Senior Executive Management reviewed again the priority levels and funding sources for activities in the Triennial Operating Plan according to the ZNG-1 Plus scenario. In addition, the consistency between the priorities contained in the Air Navigation Work Programme and the priorities identified in the Triennial Operating Plan for Safety and Air Navigation Capacity and Efficiency Strategic Objectives have been reviewed to take into consideration the recommendations from the HLCC, as recommended by the Council during its 225th Session.

1.6 The timely development and update of Standards and Recommended Practices (SARPs) remains the cornerstone of ICAO's mandate, and the provision of assistance to Member States towards the implementation of SARPs, global plans and policies continues to be of paramount importance. High on the agenda within this context are the No Country Left Behind (NCLB) initiative, regional cooperation, reaching and exceeding the global target levels of effective implementation of safety and security oversight systems, cybersecurity, flight tracking, risks to civil aviation arising from conflict zones, safe integration of remotely piloted and other unmanned aircraft systems, and the management of public health events in the air transport system.

1.7 Furthermore, focused efforts will continue to support the aspirational goal of carbon neutral growth, including through the implementation of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), and by promoting ambitious goals for the decarbonisation of the aviation sector.

2. DISCUSSION

2.1 The ICAO Business Plan 2023-2024-2025 takes into consideration all of the work mandated to be undertaken by ICAO, regardless of sources and availability of funding. Unfunded or partially unfunded activities in the Business Plan are catalogued, coordinated, prioritized, packaged into programmes/projects and placed on the Resource Mobilization Platform to be available for review and consideration by prospective sponsors. In this manner, potential donors will be able to select programmes and projects of interest, vetted through the Business Planning process, for voluntary financial and in-kind contributions.

2.2 As a living accountability document, the Business Plan will continue to be revised on a regular basis to incorporate new activities stemming from high-level meetings such as the 41st Session of the Assembly of ICAO and the High-level Meeting on Long-Term Aspirational Goal (LTAG). Similarly, the Business Plan will also be updated to reflect any potential emerging issues and contingencies that may occur during the course of the triennium.

2.3 ICAO follows the results-based management (RBM) methodology for planning, budgeting, monitoring, and reporting. The results-based budget is divided into the five Strategic Objectives, Transformational Objective and Supporting Strategies, further segregated by outputs that replaced the Programmes of the Business Plan and Budget in the triennium 2020-2021-2022. The focus

shifted from the budget fitting within the organizational structure, to the more RBM approach using Outputs for resource allocation.

2.4 To best support its Member States to recover from this unprecedented crisis, ICAO’s Business Plan 2023-2024-2025, revolves around transformation, innovation, efficiency and effectiveness in delivery and reporting on ambitious results, while considering lessons learnt from the COVID-19 pandemic and building on the outcomes of the High-level Conference on COVID-19 (HLCC 2021).

2.5 The Figure belows reflects the ICAO’s Results Framework:

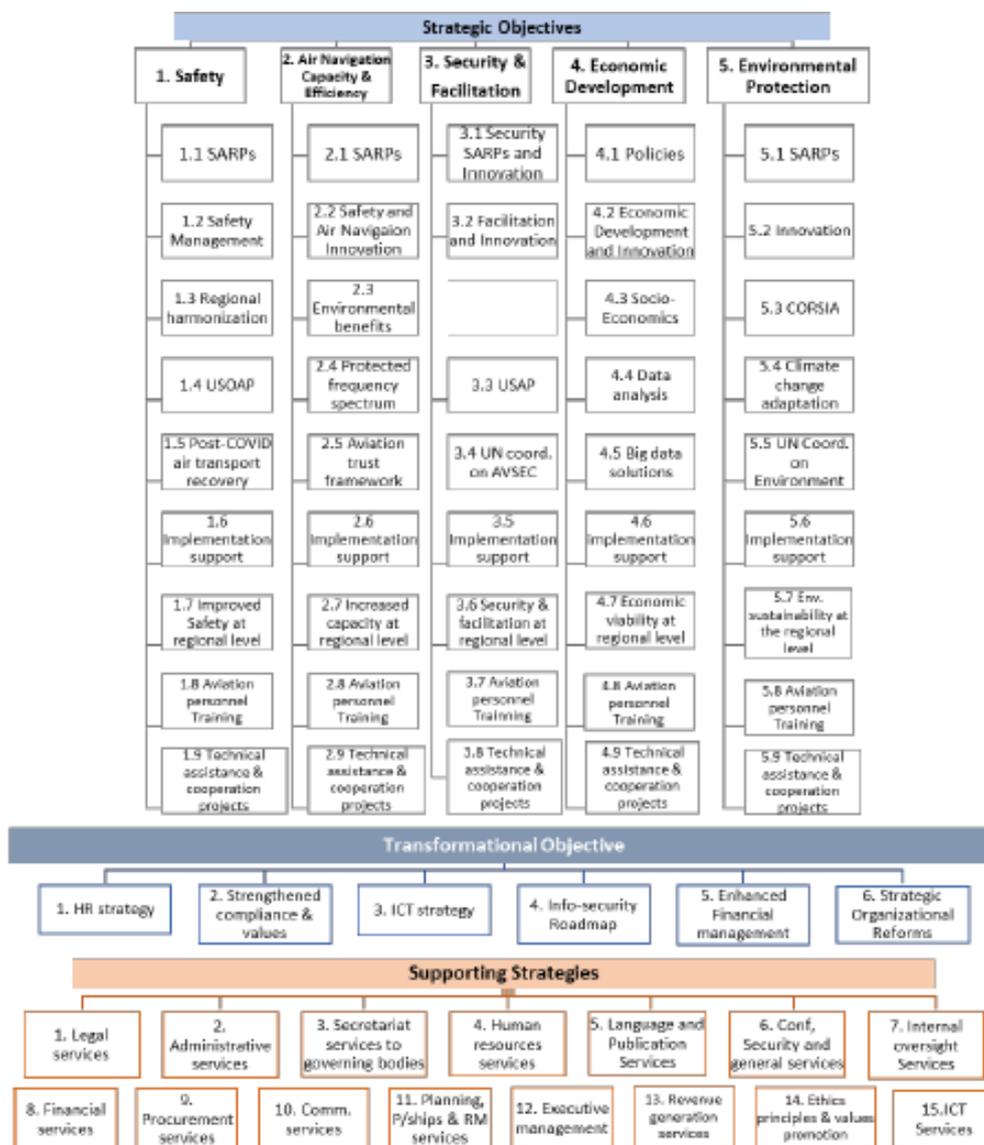


Figure 2-ICAO Results Framework
 Note – Output names in this figure are abbreviated.

2.6 The Business Plan is operationalized by a Triennial Operating Plan in which the Strategic Objectives are supported by tangible outputs and associated prioritized activities. **Appendix A** is providing details on each Strategic Objective with a Focus on the outputs related to Regional Offices.

2.7 The Secretariat will continue its efforts to further mainstream Results-Based Management and strengthen a culture of results and accountability by rolling out a comprehensive training to all staff and Council. Incremental changes and innovations will continue to be implemented over the triennium to improve the strategic planning process and the way the Organization prioritizes, mobilizes resources, implements, monitors and reports on its results and activities.

2.8 The budget of the Organization for the 2023-2024-2025 triennium is results-based and encompasses five Strategic Objectives, one Transformational Objective and Supporting Strategies; and builds upon the ICAO Business Plan for 2023-2024-2025.

2.9 The Council highlighted the following focus areas in the preparation of the Regular Budget:

2.5.1 **Prioritization:** The funding of the Organization's core business concentrates on Standards and Recommended Practices (SARPs), oversight activities and implementation support. Funding for the Organization's work on the five Strategic Objectives (Safety, Air Navigation Capacity and Efficiency, Security and Facilitation, Economic Development of Air Transport and Environmental Protection) continues to be the priority. In addition to the Organization's core activities, innovation and organizational transformation have been added as specific priorities for the 2023-2024-2025 triennium, in both the Business Plan and the budget.

2.5.2 **One ICAO Vision:** This focus area refers to the need for the Organization to continually seek further efficiencies and cost savings by streamlining activities within Headquarters, and further enhancing synergies between Headquarters and the Regional Offices, and between Regional Offices.

2.5.3 **Resource Mobilization:** The Regular Budget of ICAO cannot fully finance the Business Plan of the Organization. Demands on the Organization, as a consequence of the ever-evolving nature of international civil aviation, have been increasing, competing for limited resources. In order to meet the needs of Member States, ICAO must intensify its efforts to mobilize alternative resources such as voluntary contributions, secondments and other revenue sources to cover unfunded and partially unfunded activities in the Business Plan for 2023-2024-2025, including additional funding required for the full implementation of the Transformational Objective.

2.5.4 **Transformational Objective:** The Transformational Objective is an important new element in the 2023-2024-2025 Business Plan. Selected transformational outputs include new costs that are unavoidable and not controllable, in particular expenditures related to the implementation of the new Ethics Framework of the Organization and the Information Security roadmap. The introduction of high-priority Transformational Objective initiatives has resulted in a one-time increase of Member States' assessments in the Regular Budget to an amount of CAD 15.0 million, to be spread over the 2023-2024-2025 triennium. This top-up is to be treated as a non-consolidated amount and will not form part of the baseline used for the purpose of preparing the budget estimates for the 2026-2027-2028 triennium.

2.10 While the Regular Budget, including the top-up for Transformational Objective in combination with the extra-budgetary resources, should meet requirements for the triennium 2023-2024-2025, certain risks and challenges remain, among others:

2.6.1 The significant rise in inflation rates in 2022 and unpredictable global situation largely induced by the COVID-19 pandemic, pose new risks to the Organization by heightening the uncertainty in terms of the ability to fully fund and implement all planned activities. The Organization needs to continuously monitor these factors. The Secretariat shall report to the Council should their impacts have significant effect on the Organization's ability to implement activities.

2.6.2 Member States' assessments in combination with other funding sources such as the contribution from the Ancillary Revenue Generation Fund (ARGF), reimbursement from the Administrative and Operational Services Costs (AOSC) Fund and miscellaneous income, still leave a funding gap resulting from a significant adjustment in the inflation assumption for the next triennium and funding needed for the Transformational Objective that is not fully covered by the one-time additional increase in Member States' assessments. This funding gap will be bridged through the Operational Reserve that was created by the Council during the 2020-2021-2022 triennium.

2.6.3 ARGF contribution to the Regular Budget has been set at 2020-2021-2022 triennium levels. Any surplus of the ARGF depends on the operating results of the Organization's revenue-generating activities, which cannot be predicted with certainty. Thus, the forecast ARGF contribution to the Regular Budget relies heavily on the successful performance of the Organization in revenue generating activities.

2.6.4 Similar to the 2020-2021-2022 triennium, the after-service health insurance (ASHI) liability of the Organization remains mostly unfunded. The issue of ASHI liability is common in the UN system, but remains a potential risk to the Organization given the increasing liability. As of 31 December 2021, the liability amounts to CAD 160.7 million.

2.11 The Council concluded that in the course of the forthcoming triennium, and well in advance of the preparation of the 2026-2027-2028 Budget, the Council would need to consider options related to ensuring the long-term sustainability and viability of the Organization, and to this end, would be supported by the Secretariat in undertaking such an exercise.

3. ACTION BY THE MEETING

3.1 The meeting is invited to note the information contained in this paper.
