

# **BUDGET PROPOSAL**

## **2011-2012-2013**

Presentation Prepared for the  
Administrative Commission, 37<sup>th</sup>  
Assembly

*Sept-Oct, 2010*

# Approved Appropriations

<b>Triennium</b>	<b>Appropriation</b>	<b>USD-CAD Exchange Rate</b>	<b>Appropriation in CAD</b>
1996-1998	USD 157,127	1.33	208,979
1999-2001	USD 161,517	1.50	242,276
2002-2004	USD 174,783	1.54	269,166
2005-2007	USD 197,000	1.32	260,040
2008-2010	CAD 245,543	1.00	245,543

# Approved Assessment

<b>Triennium</b>	<b>Assessment</b>	<b>USD-CAD Exchange Rate</b>	<b>Assessment in CAD</b>
1996-1998	USD 146,250	1.33	194,513
1999-2001	USD 145,960	1.50	218,940
2002-2004	USD 150,770	1.54	232,186
2005-2007	USD 179,702	1.32	237,207
2008-2010	CAD 227,448	1.00	227,448

# Approved Assessments (Adjusted for inflation)

(In CAD)

<b>Triennium</b>	<b>Adjusted Assessment</b>	<b>Triennium increase</b>	<b>Annual Increase</b>	
1993-1995	232,121	37,994	12,665	
1996-1998	247,021	14,900	4,967	6.4%
1999-2001	261,317	14,296	4,765	5.8%
2002-2004	258,610	-2,707	-902	-1.0%
2005-2007	247,336	-11,274	-3,758	-4.4%
2008-2010	227,448	-19,888	-6,629	-8.0%

## Some Facts

- The cumulative impact of the past budgets is that the Organization hasn't received a real increase in 15 years !
- Meanwhile, the world of aviation has changed radically – volume of air traffic has gone up, security issues have become prominent and Environment is a concern
- ICAO needs additional funds to remain relevant

# Budget Cycle

- ICAO is unusual among UN Agencies because it has a 3-year budget cycle
- Long budget cycle works to ICAO's detriment
- Agencies with shorter budget cycle receive frequent, and greater, budget adjustments
- The longer the cycle, the more percentage increase that is needed just to stay even, as given by the example on next slide

# Budget Cycle

Year 0                      100

With a 5% annual increase:

		<b>2 yr cycle</b>	<b>Increase</b>
Year 1	105.00		
Year 2	110.25	215.25	10%
Year 3	115.76		
Year 4	121.55	237.31	10%
Year 5	127.63		
Year 6	134.01	261.64	10%
	<u>714.20</u>	<u>714.20</u>	

A 5% annual increase means:

		<b>3 yr cycle</b>	<b>Increase</b>
Year 1	105.00		
Year 2	110.25		
Year 3	115.76	331.01	16%
Year 4	121.55		
Year 5	127.63		
Year 6	134.01	383.19	16%
	<u>714.20</u>	<u>714.20</u>	

# Comparative sample of Other U.N. Agencies Budgets over time

## International Atomic Energy Agency

*in Euros 000*

		2005	2006	2007	2008	2009	2010
IAEA	Regular Budget	257,049	270,800 <b>5.3%</b>	280,912 <b>3.7%</b>	288,829 <b>2.8%</b>	293,790 <b>1.7%</b>	318,300 <b>8.3%</b>

## International Labour Organization

*in USD\$ 000*

		2004-2005	2006-2007	2008-2009	estimate 2010-2011
ILO		529,590 <b>22.0%</b>	594,310 <b>12.2%</b>	641,730 <b>8.0%</b>	726,720 <b>13.2%</b>

## World Health Organization

*in USD\$ 000*

		2004-2005	2006-2007	2008-2009	estimate 2010-2011
WHO	Regular Budget	880,000 <b>2.8%</b>	915,305 <b>4.0%</b>	958,840 <b>4.8%</b>	
WHO	Total Budget	1,944,000 <b>41%</b>	3,315,305 <b>71%</b>	4,227,480 <b>28%</b>	4,808,000 <b>14%</b>

## International Maritime Organization

*in British Pounds £ 000*

		2004-2005	2006-2007	2008-2009
IMO		46,194 <b>7.7%</b>	49,730 <b>7.7%</b>	54,669 <b>9.9%</b>

## International Telecommunication Union

*in CHF 000*

		2004-2005	2006-2007	2008-2009
ITU	Budget of the Union	328,872	339,435 <b>3.2%</b>	322,603 <b>-5.0%</b>

# The Budget Proposal

- Started with creation of Business Plan (\$366 million) with 52 programmes
- First Budget proposal of \$319 million developed from Business Plan by scaling down activities and reducing Programmes to 39

# The Budget Proposal

- Programmes presented as a menu of options for Council to choose from
- Council offered three options:
  - Full funding of \$319.6 million
  - ZNG budget of \$245.5 million
  - ZRG budget of \$293.9 million
- Council invited to decide funding level by selecting programmes

# FIC Deliberations

- FIC discussed Working Paper over 9 sessions
- Each Director/Chief made a presentation to explain the budget
- FIC did not approve funding level; instead Secretariat was asked for revised budget proposals
- FIC agreed on a 'fourchette' approach – three budget proposals within a range of \$245 million and \$293 million

# The FIC Proposal

Among many suggestions, FIC asked that budget incorporate the following:

- Reduce headcount
- Review grade levels
- Reduce secretarial posts
- Scale back programmes without eliminating them
- Re-examine travel policy
- Review Language, ICT, and ARGF

# Revised Budget Proposals

- In response to request from Council, Secretariat prepared three scenarios:
  1. Proposal 1 “Net Reduction” -- \$256.2 million
  2. Proposal 2 “No Growth” -- \$273.1 million
  3. Proposal 3 “Modest Growth” -- \$295.9 million
- Proposals incorporated suggestions made by Council

# Fund Availability in Current Triennium

	CAD (000s)
Regular Programme Budget	245,543
Aviation Security Fund	13,012
Aviation Plan for Africa	5,736
Environment Fund	1,229
Language Fund	5,391
<b>TOTAL FUNDS</b>	<b><u>270,911</u></b>

# 2010 Budget Against Proposals -- A Comparison

Approved appropriation for 2010 --- \$85,507  
(Does not include extra-budgetary contributions of ~\$8 million)

- Note that in each year under Proposal 2, funds available are less than 2010. Proposal 2 is Zero Nominal Growth !

(In CAD 000s)

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>TOTAL</b>
Proposal 2	87,594	90,244	95,264	<b>273,102</b>

# Headcount – A Comparison

Note that the headcount under Proposal 2 is less than the current headcount in 2010. Therefore, Proposal 2, is conservative and represents a reduction for the Secretariat

	<b>Professional Staff</b>	<b>General Staff</b>	<b>TOTAL</b>
Baseline Headcount in 2010	277	282	<b>559</b>
Proposal 2	274	279	<b>553</b>

# Budget Framework

- Follows a Results Based format
- First budget to comply with IPSAS requirements
- Three Strategic Objectives
- 37 common programmes between ROs and HQs
- Emphasis on transparency
- New category called 'Support to Governing Bodies'

# Emphasis on Transparency

- Cost budgeted for under their natural cost centre (no spreading of costs over programmes as done previously)
- Council can see budget (i) by bureau, (ii) by programme and (iii) by nature of expense
- Previous triennium's figures provided for comparison
- Headcount disclosed by Bureau

# What is Different?

- Budget Follows a 'Bottom-Up' Approach
- Responds to Council's desire to see "What are resources being used for?"
- Budget allocates resources (human and monetary) by Programmes
- Ability to manage budget by
  - Cost Centre
  - By Strategic Objective; and
  - By Programme

# Budget Features

- AVSEC is fully integrated
- Language requirements are provided for
- Environment requirements are met
- Strengthens Regional Offices and integrates them with Headquarters
- ACIP is integrated
- Introduces Continuous Monitoring Approach
- Funds Communications strategy
- Strengthens Audit and Evaluation

# Budget Efficiencies

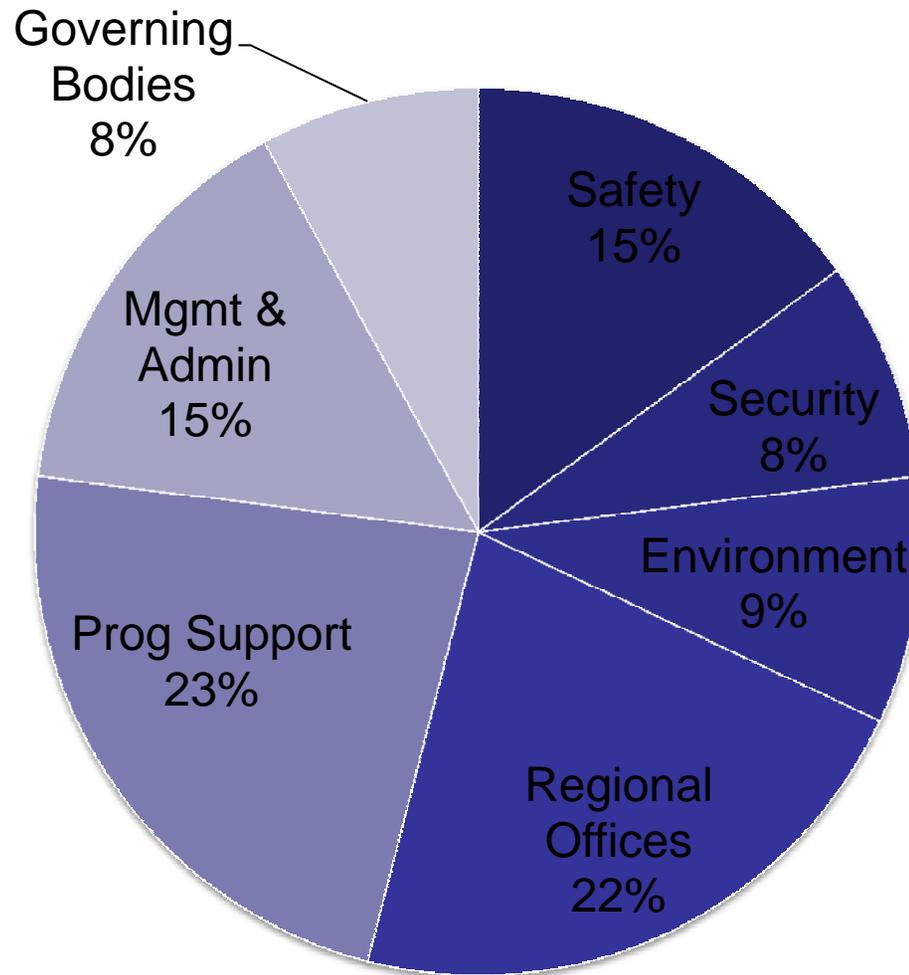
- Headcount freeze. HLSC staff increases accommodated within current headcount
- Post reductions through natural attrition
- Promotes gradual transition to a paperless environment
- Reduction in travel entitlement and allowances
- Electronic Documentation and record Management System (EDRMS) and Computer Assisted Translation Services

# Budget – A Snapshot

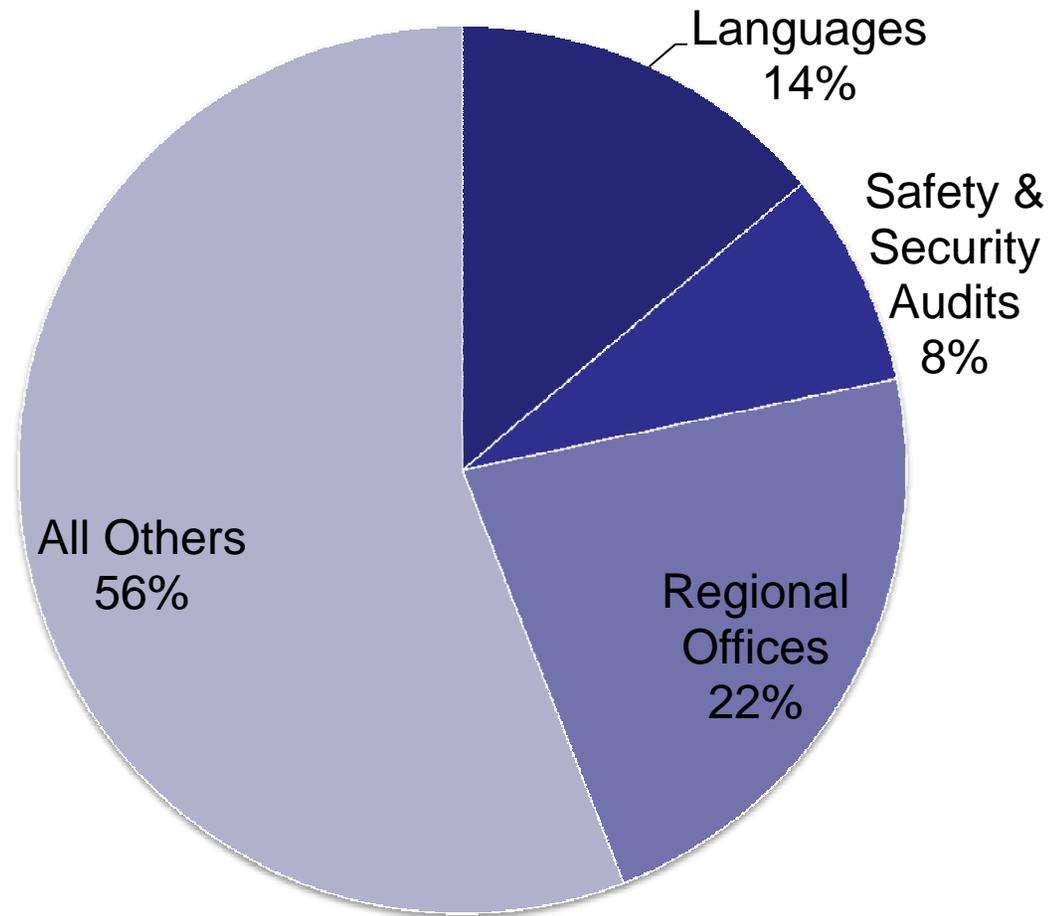
(In CAD 000s)

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>TOTAL</b>	<b>%</b>
Safety	12,998	13,305	14,219	<b>40,522</b>	15%
Security	7,513	7,734	7,571	<b>22,818</b>	8%
Env. Protection & Sus. Dev of Air Transport	7,504	7,818	8,114	<b>23,436</b>	9%
Regional Offices	19,635	20,194	21,185	<b>61,014</b>	22%
<b>PROGRAMMES</b>	<b>47,650</b>	<b>49,051</b>	<b>51,089</b>	<b>147,790</b>	<b>54%</b>
Programme Support	19,748	20,714	22,143	<b>62,605</b>	23%
Management & Admin	13,265	13,475	14,080	<b>40,820</b>	15%
Support to Governing Bodies	6,932	7,004	7,951	<b>21,887</b>	8%
<b>TOTAL</b>	<b>87,595</b>	<b>90,244</b>	<b>95,263</b>	<b>273,102</b>	<b>100%</b>

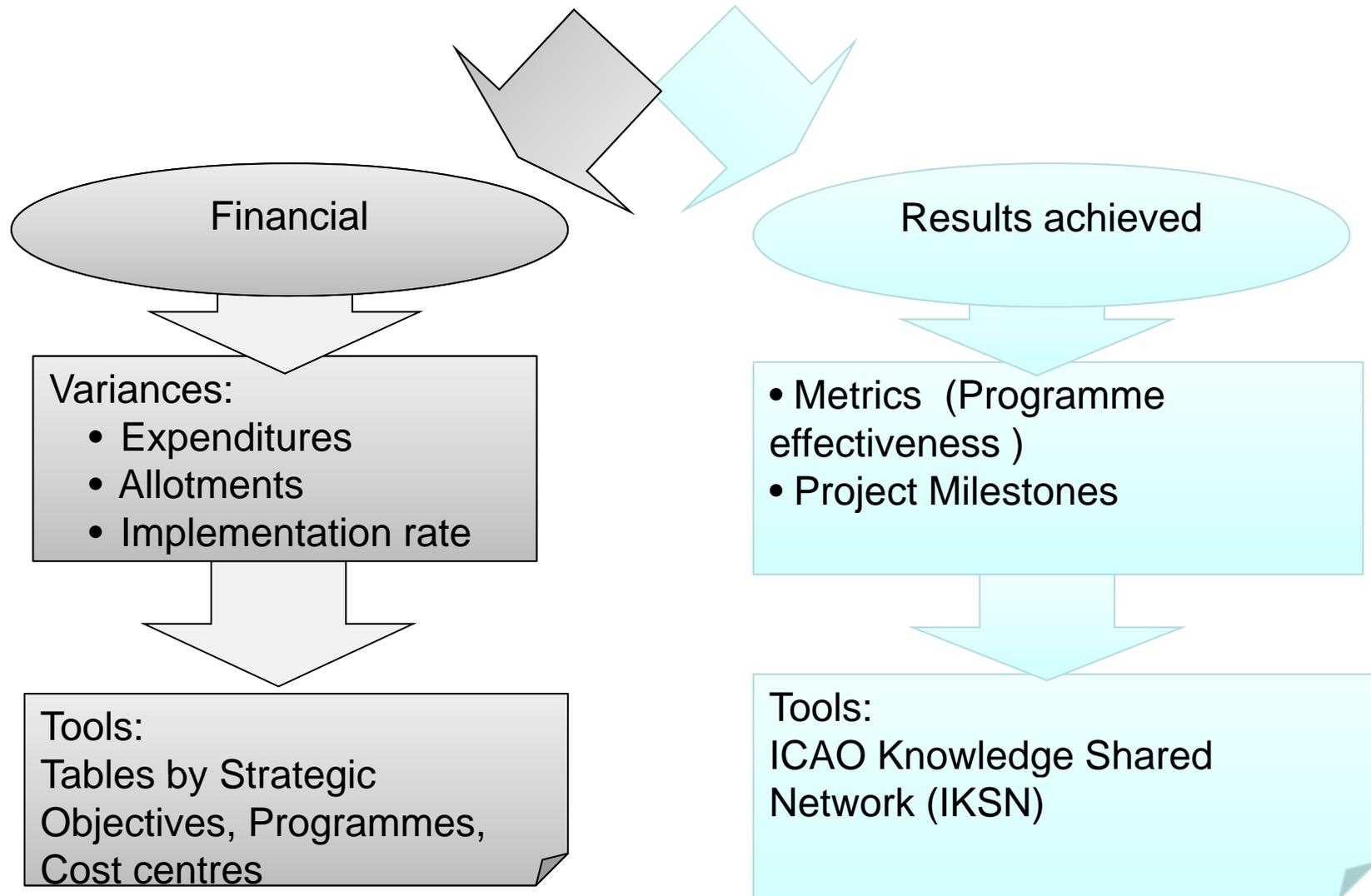
# Budget – A Snapshot



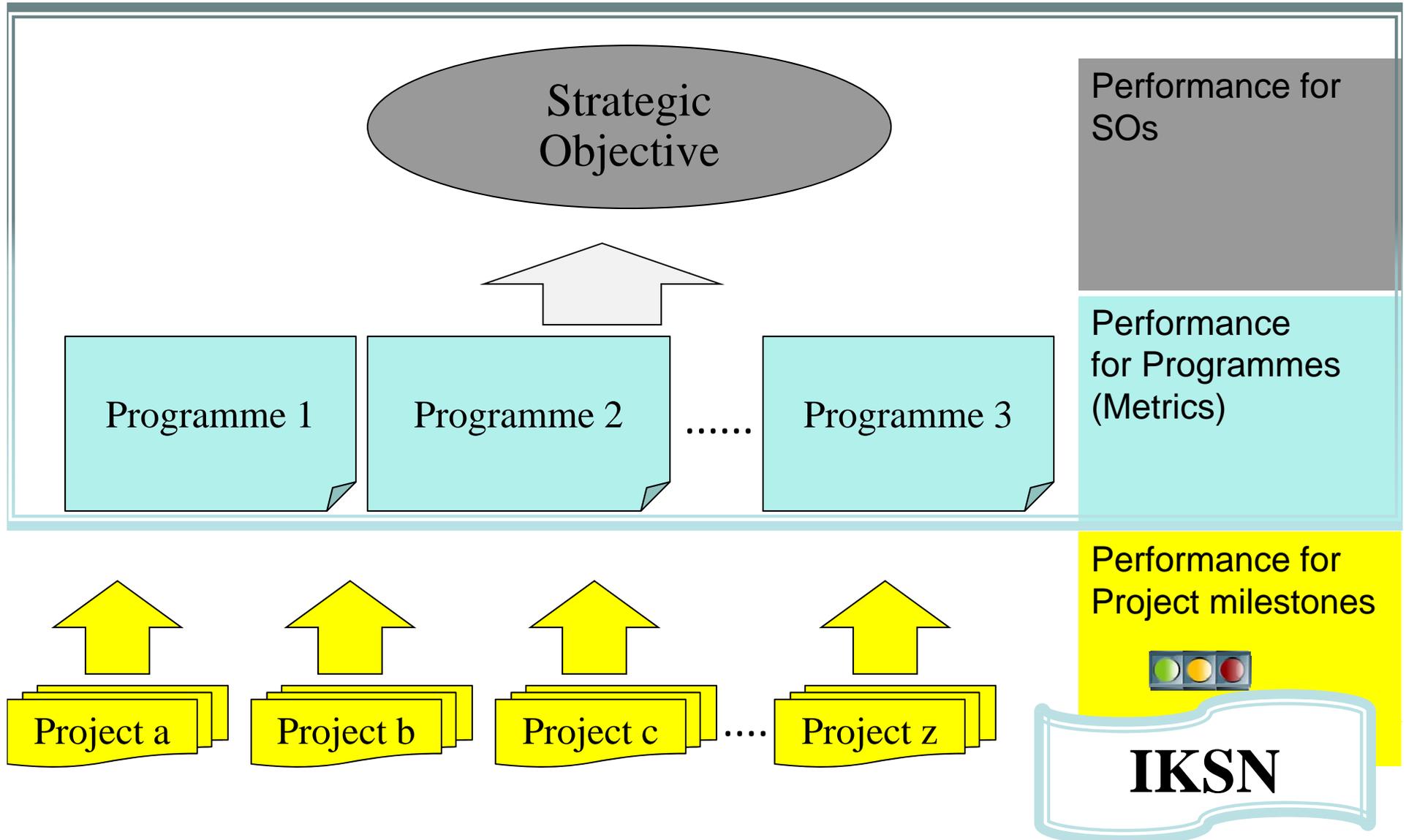
# Budget – A Snapshot



# Dual reporting under results-based budget



# Scope of reporting under RBB

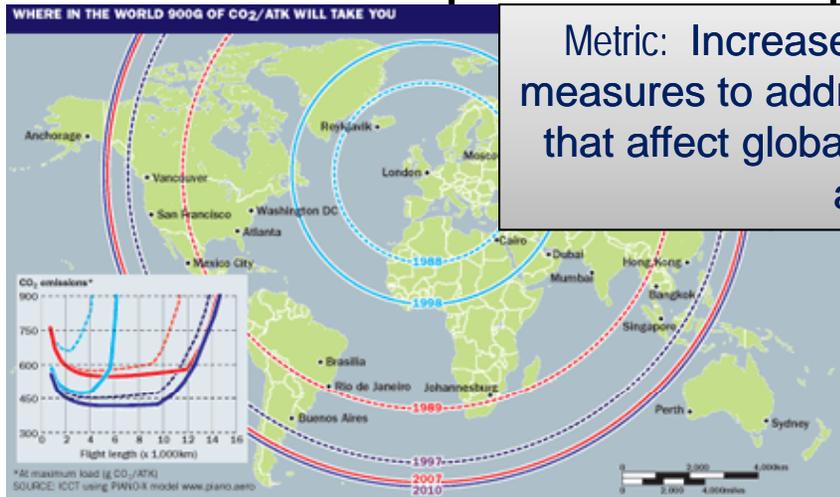


**STRATEGIC OBJECTIVE: : ENVIRONMENTAL PROTECTION & SUSTAINABLE DEVELOPMENT OF AIR TRANSPORT**

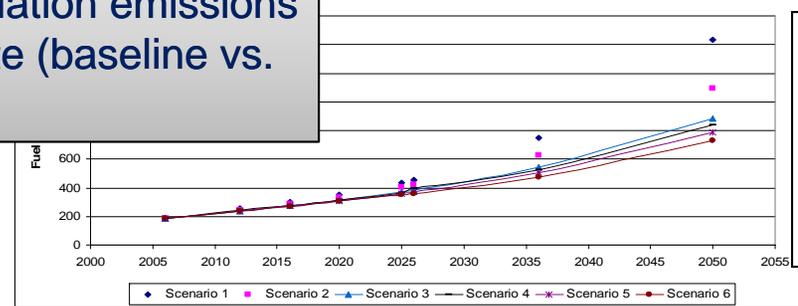
STRATEGY

**PROGRAMME 1**  
 Environment - Climate Change: Limit or reduce the impact of aviation greenhouse gas emissions and implement and enhance the UN Climate Neutral programme for ICAO activities

Metric: Increase the effectiveness of measures to address aviation emissions that affect global climate (baseline vs. actual)



Domestic + International Aviation



METRICS

- Results are based on FESG "central" demand forecast, an analysis based on the "low" forecast is underway
- Domestic and International aviation are combined. Based on the UNFCCC inventories of Annex I States, International Aviation accounts for ~60% of global aviation fuel consumption
- Scenario 1 is *Do Nothing* while Scenario 6 is *Optimistic Technology and Operational Improvement*

Project 1: Quantify and model aircraft GHG emissions



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Project 2: Study on environmental indicators



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Project 3: Establish a global CO<sub>2</sub> Standard for aviation



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Project 4: Enhance the capability of ICAO Carbon Emissions Calculator



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PROJECTS

# The logical framework of RBB

