



## INTERNATIONAL CIVIL AVIATION ORGANIZATION

Annex II to the Management Service Agreement signed between the International Civil Aviation Organization (ICAO) and the Civil Aviation Authority of Nepal (CAAN)

### PROJECT DOCUMENT (Confidential)

**Project Title:** Technical assistance to the Civil Aviation Authority of Nepal (CAAN) in resolving safety oversight deficiencies in the areas of flight operations, airworthiness and personnel licensing

**Project Number:** NPL15801

**Government Executing Agency:** Civil Aviation Authority of Nepal (CAAN)

**Executing Agency:** International Civil Aviation Organization (ICAO)

**Duration:** 11.5 work months (excluding recruitment time)

**Project Cost:** US\$ 599,800

**Brief Description:** This project will provide Experts in the areas of Flight Operation, Airworthiness and Personnel Licensing to work with local counterparts, training and developing their capacity, and to establish a sustainable capability in these areas in close coordination with the ICAO APAC Regional office.

Signed on behalf of	Signature	Name/Title	Date
International Civil Aviation Organization		Raymond Benjamin, Secretary General	14/4/15
Civil Aviation Authority of Nepal (CAAN)		Mahendra Singh Rawal officiating Director General	23/4/2015

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## 1. INTRODUCTION

### 1.1 Background and Justification.

1.1.1 The Civil Aviation Authority of Nepal (CAAN) is responsible for the regulatory oversight of all aviation safety functions within the Federal Democratic Republic of Nepal. Detailed information (*i.e. Key Figures, USOAP Results, Traffic Distribution, Recent Events, etc.*), on the State's safety situation and civil aviation system and activities can be accessed from the ICAO Universal Safety Oversight Audit Programme (USOAP) Continuous Monitoring Approach (CMA) Online Framework and the ICAO secure portal *iSTARS SPACE* application.

1.1.2 The Comprehensive Systems Approach (CSA) USOAP audit of Nepal carried out from 5 to 14 May 2009 formulated 98 findings in all areas and generated overall Effective Implementation (EI) of 46.1% for the eight critical elements (CEs) of the civil aviation system of Nepal. Nepal subsequently submitted corrective actions that addressed and resolved the identified Significant Safety Concern (SSC) contained in AUDIT FINDING OPS/01.

*Note — Finding OPS/1:* The national airline is operating Category II (CAT II) operations based upon an approval issued by the Airworthiness Inspection Division, Flight Safety Standards Department of the CAAN for one of the airline's aircraft (B757). Although the airline developed and implemented standard operating procedures (SOPs) and a training programme for its flight crew, the approval process has not been completed as the SOPs and the training programme were not submitted to the CAAN for review and approval. In addition, the CAAN has not developed requirements and procedures for the issuance of approvals for CAT II operations.

1.1.3 The ICAO Coordinated Validation Mission (ICVM) of Nepal was conducted from 10 to 16 July 2013. The ICVM team reviewed the progress in resolving 342 protocol questions (PQs) in the areas of LEG, ORG, PEL, OPS, AIR, ANS and AGA. Following this review, the status of 69 PQs was changed to satisfactory and that of 1 PQ to not applicable, which resulted in updated LEI of 44.99 per cent. The scope of the mission did not include the area of AIG.

1.1.4 Based on the finding of this ICVM and evidence presented by the State, the ICAO SSC Validation Committee confirmed an SSC in August 2013 that was identified by the ICVM team in the area of OPS concerning the certification process for the issuance of air operator certificates to international air operators. With an effective implementation (EI) of 55.01%, Nepal's EI of the critical elements of its safety oversight system is below the Asia and Pacific (APAC) regional average (59.9 %). The State is below the EI regional average in the technical areas of LEG, ORG, OPS, AIG and ANS. The State should focus its efforts on addressing the SSC and improving its safety oversight capabilities.

1.1.5 The CEs with the highest LEIs after the 2013 ICVM are:

- a) CE-4, *Technical Personnel Qualifications and Training*, at 85.71 per cent;
- b) CE-8, *Resolution of Safety Concerns*, at 71.11 per cent; and
- c) CE-5, *Technical Guidance, Tools and Provision of Safety-Critical Information*, at 48.9 per cent.

1.1.6 A detailed breakdown of the ICVM results by CEs and the status of the related PQs in the areas of LEG, ORG, PEL, OPS, AIR, ANS and AGA based on the 2013 ICVM conducted may be accessed by registered users via the ICAO USOAP CMA online framework: <http://www.icao.int/usoap>.

1.1.7 As a quick snapshot, the following analysis has been extracted from the **ICAO Final Report on the ICAO Coordinated Validation Mission in Nepal, 10 to 16 July 2013.**

## 1.2 **Analysis of Audit Results for Aircraft Operations**

1.2.1 The CAAN has not developed all required procedures for operations inspectors.

1.2.2 The CAAN has not implemented:

- a) a comprehensive certification process for air operators;
- b) a formal inspection policy and associated procedures for the continued surveillance of its air operators;
- c) an effective system to ensure that all documents related to the certification process for the issuance of an Air Operator's Certificate (AOC) are properly filed and archived;
- d) a surveillance programme to verify that foreign air operators comply with international standards and operations specifications; and
- e) a surveillance programme for all organizations/agencies involved in the transport of dangerous goods by air.

1.2.3 The CAAN does not ensure that:

- a) an applicant for an AOC establishes and maintains a flight safety documentation system;
- b) air operators' ground handling responsibility is permanently maintained, when all or part of the functions and tasks related to ground handling services have been contracted to a service provider; and
- c) the checklists used for granting authorization for the transport of dangerous goods are complete.

## 1.3 **Analysis of Audit Results for Airworthiness of Aircraft**

1.3.1 The CAAN has not:

- a) implemented an effective document control system for technical documentation;
- b) included the review and approval of SMS in its existing procedures for approval of Approved Maintenance Organizations (AMOs);
- c) implemented a surveillance policy and associated procedures for the conduct of surveillance activities of foreign air operators and foreign AMOs;
- d) conducted surveillance activities of all foreign AMOs since the initial approval;
- e) conducted ramp inspections of foreign air operators;
- f) established coordination arrangements and related documentation for the issuance of an AOC; and
- g) monitored reliability programmes, and as a result, it has not initiated a special evaluation or imposed special operational restrictions in cases of indicated degraded level of safety.

## 1.4 **Analysis of Results for Personnel Licensing and Training**

1.4.1 CAA Nepal has not:

- a) established and implemented a process for the certification of aviation training organizations;
- b) developed and implemented a surveillance programme for aviation training organizations and means of corrective action to be taken in case of identified deficiencies;
- c) developed procedures for the designation of medical examiners;
- d) implemented a system for the supervision and control of designated medical examiners, and corrective actions to be taken in case of identified non-compliances;
- e) established procedures to approve the conduct of training and testing for the issuance of a language proficiency certificate and to check the validity of the language proficiency level prior to the renewal of a license; and
- f) established and implemented a system to ensure the qualifications and competency of ATC instructors in approved training organizations.

1.4.2 The 2013 ICVM also formulated some immediate/short-term/medium-term/long-term priorities to assist Nepal in prioritizing its remedial actions (see Reference: **ICAO Final Report on the ICAO Coordinated Validation Mission in Nepal, 10 to 16 July 2013**). Nepal's immediate priority is to focus its efforts in resolving the identified SSC.

1.4.3 The Immediate Priorities are:

- a) Perform a gap analysis to ensure that the new AOC requirements are in compliance with Annex 6 — *Operation of Aircraft* to the Chicago Convention.
- b) Develop guidelines for the evaluation of existing AOC holders in accordance with the new AOC requirements.
- c) Conduct a structured evaluation of all existing AOC holders to ensure that they meet all applicable provisions of Annex 6 prior to conducting international operations. Ensure that this evaluation is documented and includes coordination among operations, airworthiness and all other areas involved in the process.
- d) Ensure that all observations and findings (safety concerns) identified during the structured evaluation are recorded and communicated to the air operator, adequately followed up and closed prior to the issuance of the AOC.

1.4.4 The ICAO ICVM audit also highlighted some outstanding OPS and AIR issues, particularly the immediate short-term Priorities are:

i. *OPS*:

- a) implement a comprehensive certification process for air operators.
- b) implement a formal inspection policy and associated procedures for the surveillance of Nepal's air operators.
- c) ensure that an applicant for an AOC establishes and maintains a flight safety documentation system.

ii. *AIR*:

- a) establish and implement required coordination among areas involved in air operator certification.
- b) establish and implement a documentation system to record all activities related to air operator certification.

- c) fully implement the surveillance programme to enable the identification of all potential safety deficiencies.
- d) establish a mechanism with time frames to resolve all identified safety deficiencies.

iii. *PEL*:

- a) establish and implement a comprehensive certification process for aviation training organizations.
- b) develop and implement a surveillance programme for aviation training organizations.
- c) define means of corrective action to be taken in case of identified safety deficiencies during surveillance of aviation training organizations.

1.4.5 ICAO is committed to closely monitor and assist the State as well as to coordinate assistance to States. Guidance material has been provided to CAAN by the RO/APAC on certification activities and a mission was conducted from 17 to 21 March 2014 to assist CAAN in enhancing its safety oversight capabilities and resolving deficiencies identified during the ICAO Coordinated Validation Mission of 2013 with emphasis on the SSC-OPS.

1.4.6 Nepal is a member of the ICAO COSCAP-SA regional cooperative programme. COSCAP-SA has arranged *short term* support to CAA Nepal from within existing resources. For example:

- a) A Hazard Identification and Risk Assessment Workshop, from 09 to 11 December 2013 was organized in Kathmandu, Nepal to provide participants with a theoretical and practical understanding of hazard identification and risk management. The workshop was delivered by Mr. Andreas Meyer, Safety Management Officer, ANB, ICAO.
- b) Mr. Allan Tang Mission support to COSCAP-SA - CAA Nepal 11 to 15 August 2014 to provide technical assistance to the Civil Aviation Authority of Nepal in rectifying deficiencies associated with the SSC.

1.4.7 The RO also coordinated a mission by Capt. David Biehn, CTA/COSCAP-SEA in November 2014, to conduct an assistance mission to review the corrective action taken by CAAN associated with the SSC issued to Nepal. The main finding from the COSCAP SEA CTA was that while CAAN has done work on developing policies and procedures for the certification of air operators to address the SSC, more work is required in implementation of these new procedures to ensure that AOC's are issued in accordance with ICAO Standards. While the work that has been done in the development of manuals and checklists appears in line with the five phase AOC certification process recommended by ICAO, the actual implementation has not yet been completed. The review by the CTA of the work done to implement the corrective actions and to recertify the AOC's that were previously issued by the CAAN, indicated that more work remains to be done in this area. Not all checklists were completed during the recertification of the air operators and a visit to one airline indicated that more thorough inspections are required to ensure all of the required elements for holding an AOC have been met. Particularly CAAN inspectors may require further audit and inspection training, including OJT, in order to be able to complete these assessments of the operators properly. The COSCAP SEA CTA Mission report also highlighted the need for CAAN to undertake a manpower study to determine if the current staffing levels are sufficient to support the on-going regulatory oversight requirements and the level of certification activity with the CAAN. (Reference: COSCAP SEA CTA Nepal Mission Report).

1.4.7 While the aforementioned various assignments were of assistance to CAAN, they could not address in a sustainable manner all of CAAN needs in the aircraft operations, airworthiness and personnel licensing areas. At an ICAO/CAAN bilateral meeting on the side-lines of the DGCA APAC Conference/51 in Hong Kong, Nepal confirmed a request for ICAO technical assistance. Nepal expressed the requirement for expert assistance in the areas of aircraft operations and airworthiness specifically to provide On-The-Job (OJT) training and review and update procedures and manuals. CAAN also indicated its willingness to co-fund a TA project with ICAO SAFE Fund. A technical assistance project for Nepal with SAFE funding is therefore proposed to be the way forward.

**Note:** — Future ICAO CMA activity (ICVM) should be planned and conducted after a suitable period of commencement of the TA project and once the State provides information indicating that the SSC has been resolved.

## **2. PROPOSED PROJECT OBJECTIVES AND LINKS TO ICAO STRATEGIC OBJECTIVES**

2.1 Safety has been identified by ICAO as one of five comprehensive Strategic Objectives for the 2014-2016 triennium. This Strategic Objective for safety is focused primarily on the State's regulatory oversight capabilities. The proposed SAFE project for Nepal is clearly focused on increasing the CAAN's regulatory oversight capabilities through the provision of technical assistance and OJT provided by the Aircraft Operations, Airworthiness and Personnel Licensing experts. Towards this instance, the immediate priority of the expert assistance will focus on efforts in resolving the identified SSC and other deficiencies in the areas of flight operations, airworthiness and personnel licensing.

2.2 The general objective of this initiative is to assist CAAN in its efforts to comply with the international aviation requirements, ICAO Standards and Recommended Practices and related guidance material. Also, to enhance CAAN capability to review, update and effectively apply aircraft operations, airworthiness and personnel licensing safety oversight regulations, procedures, documents and manuals according to national and international requirements and standards.

2.3 The project has an *overall* aim to enhance the capability of CAAN in safety oversight through better organization, availability of trained and well qualified inspectors, updated legislation, regulations and procedures, more effective approval and certification processes, safety oversight inspection and surveillance programmes of AOC holders, an effective personnel licensing system and improved implementation and compliance with SARPs and Procedures.

2.4 The project will *specifically* provide support to the CAAN as follows:

- a) (1<sup>st</sup> Objective): Review and update regulations, manuals and procedures to ensure effective application of personnel licensing, aircraft operations and airworthiness (licensing, certification and surveillance) functions in conformity with ICAO SARPs and guidance material;
- b) (2<sup>nd</sup> Objective): Related to the first objective, provide on-the-job training, workshops and seminars to CAAN in the certification of aircraft operations, airworthiness and personnel licensing inspectors in order to improve the safety, of air operations, including Aircraft Maintenance organizations (AMOs);
  - The OJT programme will play a major role in complementing the classroom instruction already available under the usual GSI training, or equivalent, thus

enhancing the competency of inspectors and which will eventually help increase the number of skilled and qualified inspectors in Nepal capable of effectively performing safety oversight activities in the OPS and AIR areas.

- c) (3<sup>rd</sup> Objective): Related to the second objective, assist, in an advisory capacity, in the surveillance of air operators (aircraft operations and airworthiness aspects) and aircraft maintenance organizations by the implementation of aircraft operations and airworthiness safety regulations and the application of proper procedures;
- d) (4<sup>th</sup> Objective): Assistance in the development and maintenance of a system for the monitoring, recording of progress by air operators in resolving identified deficiencies and follow-up activities by inspectorate staff to enable the tracking of deficiencies and regulatory non-compliance while ensuring timely resolution of known deficiencies.
- e) (5<sup>th</sup> Objective): The project would also ensure that CAA Nepal continues updating its CAP through the CMA online framework (OLF) to ensure that it fully addresses the findings and reflects the progress made in its implementation.

2.5 The Global Aviation Safety Plan's (GASP) near term objectives indicate that the implementation of ICAO Standards and Recommended Practices related to the State's approval, authorization, certification and licencing process is a prerequisite enabler for safe and sustainable air traffic growth. The expert assistance provided by this SAFE-funded project will be focused on developing the approval, authorization and certification processes of the Nepal civil aviation authority.

2.6 The GASP objectives are further supported through specific safety initiatives that are categorized according to four distinct Safety Performance Enablers. These enablers form the structure for the implementation of the GASP initiatives and related Safety Objectives that have been established. The Safety Performance Enablers identified in the GASP are standardization, collaboration, resources and safety information exchange. This SAFE-funded project for Nepal embodies two of the GASP Safety Performance Enablers i.e. collaboration and resources.

- a) Collaboration is clearly embodied in the project through the provision of expert technical assistance by ICAO to the CAAN to improve the regulatory oversight capability of the Nepal CAA in the area of Aircraft Operations Airworthiness and Personnel Licensing.
- b) Resources are also clearly embodied through the investment in people since the project will serve to build capacity and enhance the skills of the CAAN Aircraft Operations and Airworthiness Inspectors.

2.7 The application of SAFE funding is intended to assist in remedying or mitigating safety related deficiencies identified through ICAO Universal Safety Oversight Audit Program (USOAP) as an element of the GASP. The technical assistance (TA) request from the CAAN matches up well with the mandate of the SAFE Fund. A **co-funding** implementation mechanism would ensure the commitment of all parties towards the objectives of the project.

### 3. TECHNICAL ASSISTANCE DESCRIPTION

3.1 A major aim of the project is to lead and provide advice, guidance and OJT to OPS, AIR and PEL inspectors, who have gone through the usual SME basic training, GSI training or equivalent, and passed certain criteria established by ICAO. Through this OJT programme, Nepal should be able to retain more competent and skilled inspectors and further demonstrate its ability of completely carrying out the AOC certification process in compliance with relevant provisions of Annex 6 and the related guidance material contained in ICAO *Manual of Procedures for Operations Inspection, Certification and Continued Surveillance* (Doc 8335) and ICAO *Airworthiness Manual* (Doc 9760), which will consequently contribute to the enhancement of safety oversight, and help Nepal resolve Significant Safety Concerns (SSCs) related to AOC certification, thereby contributing towards the prevention of accidents and/or major incidents during aircraft operations.

**Note:** — On the Job Training (OJT) is knowledge obtained while participating in accomplishing the task under the direction of a qualified person or watching another demonstrate a task or activity and then accomplishing the same action under supervision until satisfactory results are obtained. It is an effective method of training for subject matter and tasks that are difficult to understand if described or for which demonstration of capability is essential to correct completion. Practical skills may also be taught using OJT.

3.2 The project's implementation strategy is as follows:

- a) Assignment of an international Aircraft Operations and an Airworthiness Inspector Experts to determine and *provide the support needed to augment the CAAN's aircraft operations and airworthiness safety oversight capability* and assist CAAN inspectors in ensuring that air operators and aircraft maintenance organizations are in compliance with national and international safety regulations and requirements.
- b) The CAAN inspectors would be provided on-the-job training by the ICAO Aircraft Operations and Airworthiness Experts and, to the extent possible, will attend relevant courses and workshops to enhance and update their knowledge and ratings, and to familiarize themselves with national laws, regulations and procedures.
- c) The ICAO Aircraft Operations and Airworthiness Experts will review and make recommendations to the CAAN for the update and enhancement of the existing civil aviation legislation, safety regulations, guidance material and related procedures.
- d) To assist Nepal *update and implement its USOAP corrective action plan* so as to reduce the deficiencies in the area of aircraft operations and airworthiness as documented in the USOAP Report.
- e) Development of continued surveillance programmes for the enforcement of aircraft operations and airworthiness regulations and procedures
- f) Assist the *completion of the State Aviation Activity Questionnaire (SAAQ), Compliance Checklists (CCs), updating Nepal's CAP through the CMA online framework (OLF) and other documentation (as necessary)* related to aircraft operations and airworthiness aspects of Nepal obligations under the USOAP Continuous Monitoring Approach (CMA).
- g) Assignment of a PEL expert for setting up of an effective personnel licensing system, ensuring that all PEL regulations are up to date and conform to ICAO provisions, establish PEL policies and procedures to ensure that all CAAN issued flight crew, AME and ATC licenses are in conformance with ICAO provision and to provide the CAAN PEL staff with OJT.

- h) Develop and implement procedures for an effective filing system for all Flight Operations, Airworthiness and Personnel Licensing certification and licensing related documentation.

#### **4. EXPECTED OUTCOMES**

- a) USOAP Corrective Action Plan will be completed for Aircraft Operations, Airworthiness and PEL PQ's and entered into CMA OLF;
- b) Updates and enhancements formally proposed to CAAN for immediate promulgation of civil aviation legislation and safety regulations in the areas of PEL, AIR and OPS;
- c) Guidance material and related procedures approved by CAAN for all Personnel Licensing, Aircraft Operations and Airworthiness certification and regulatory oversight tasks to be carried out by the CAAN;
- d) Improved coordination between Airworthiness, Flight Operations and other sections for proper certification and surveillance;
- e) A System will be established to keep track of All Checklists and Documents during the AOC Certification, AMO approval and issuance of Personnel licences processes;
- f) Safety oversight surveillance programme to be established to ensure CAAN inspectors conduct surveillance activities and related inspections in a timely and thorough manner, including follow-up measures to monitor the remedial actions recommended to air operators;
- g) On-the-job training will provided to CAAN Personnel Licensing, Aircraft Operations and Airworthiness Inspectors related to current as well as new procedures and/manuals that are developed. This training will be recorded in the CAAN inspector training files.
- h) CAAN Aircraft Operations, Airworthiness and Personnel Licensing Inspectors will be better able to complete certification and regulatory oversight activities in all applicable areas.

#### **5. FULFILMENT OF PROJECT SELECTION CRITERIA FOR FUNDING BY SAFE FUND**

5.1 The proposed project meets the following criteria for funding by the ICAO SAFE Fund:

- a) The project addresses the priorities of an ICAO strategic objective since it enhances safety through capacity building of the CAAN's regulatory oversight capabilities in the areas of Aircraft Operations and Airworthiness. The expected results are consistent with ICAO's Strategic Objectives as explained in paragraph 1.2 above.
- b) The activity outputs that will be monitored and are measurable are shown in para 2.2 (Project Deliverables).
- c) The resources being applied produce results for the beneficiaries in a cost-effective manner through the provision of full time resources on site in Nepal. This is a far more cost effective and sustainable approach than sending multiple missions to Nepal to provide the required technical support.
- d) The results/benefits will continue after ICAO's involvement ends since the CAAN will have trained personnel and guidance material for their continued use in conducting on-going regulatory oversight.
- e) The initiative is locally driven, while responsibility and accountability for results are shared and roles are clear. Nepal requested this project and has shown its commitment by agreeing to co-fund it with CAAN resources.

- f) Risks are identified and mitigation strategies proposed.

## **6. SCOPE**

### **6.1 Project activities**

6.1.1 ICAO Aircraft Operations Inspector activities to be undertaken may include the following:

- a) Analysis of open USOAP aircraft operations findings and provision of recommendations and technical support to enable the closure of these findings;
- b) Review and recommend updates to legislation and regulations with respect to the applicable aircraft operations SARPs;
- c) Assist to implement an efficient procedure for amending CAAN OPS regulations following an Annex amendment;
- d) Assist in developing a comprehensive set of technical guidance material, safety oversight procedures and manuals associated with aircraft operations which enables CAAN flight operations inspectors to effectively carry out their tasks, including the development of approval procedures for inclusion in the Aircraft (Flight) Operations Inspection Manual;
- e) Provide OJT to CAAN OPS inspectors on all Flight Operations related activities;
- f) Assist, in coordination with AIR expert, to design and implement a comprehensive risk based surveillance inspection programme for safety oversight of all AOC/AMO certificate holders;
- g) Assist to establish and maintain a formal system within the CAAN Flight Safety Standards Department (FSSD) for the monitoring, recording of progress of actions taken by air operators in resolving identified deficiencies and follow-up activities of operations inspectorate, to enable the tracking of deficiencies and regulatory non-compliance;
- h) Participate, in an advisory capacity, during the timeframe of the project, with flight and airworthiness safety oversight personnel in the surveillance of air operators, aircraft maintenance organizations, and their personnel, in accordance with the relevant national law, regulations and procedures, identify weaknesses and deficiencies, and specify appropriate corrective actions;
- i) Assist to establish and implement a documented process for the certification of air operators that includes technical evaluations of required procedures, review of pertinent documents and operations prior to issuance of an AOC;
- j) Participate, in an advisory capacity only, during the timeframe of the project, in the process of certification of air operators, aircraft maintenance organizations and/or agencies that have met the specified requirements;
- k) Review the current staffing of the Flight Operations Division, FSSD responsible for the operations inspections, air operator certifications, surveillance and enforcement, and make recommendations regarding staffing strategy including retention incentives, staffing levels and/or technical expertise requirements;

- l) Assist in the development of a training programme for aircraft (flight) operations inspectors including coordinate and/or execute training of selected Inspectors for recurrent and specialized training, training of newly selected Inspectors etc.
- m) Development of an OPS inspectorate tracking and monitoring system;
- n) Overall management of an OJT Programme for aircraft operations inspectors including the development/establishment of OJT curriculum;
- o) Assist in the implementation of a training plan which will include initial training, aircraft specific training and OJT for aircraft (flight) operations inspectors.
- p) Assist the establishment of a technical library and the development of associated management procedures within CAAN by recommending the procurement of technical guidance material and library references as necessary;

6.1.2 ICAO Airworthiness Inspector activities to be undertaken may include the following:

- a) Analysis of open USOAP airworthiness findings and provision of recommendations and technical support to enable the closure of these findings;
- b) Review and recommend updates to legislation and regulations with respect to the applicable airworthiness SARPs;
- c) Assist the CAAN to implement an effective procedure for amending its AIR regulations following an Annex amendment;
- d) Review the current CAAN Airworthiness Inspection Manual and, if required, assist in its amendment;
- e) Participate as related to the provision of on-the-job training for all AIR procedures, with CAAN flight and airworthiness safety oversight personnel in the surveillance of air operators, aircraft maintenance organizations, and their personnel, in accordance with the relevant national law, regulations and procedures, identify weaknesses and deficiencies, and specify appropriate corrective actions;
- f) Follow up on the implementation of the USOAP CMA corrective actions;
- g) Assist in the development of a training programme for CAAN airworthiness inspectors and oversee the execution of the associated training plan.
- h) Provide advice and guidance for implementation of Part 145 and Part 66, Part 147, Part M etc. Also to assist in fully harmonization process of Part 145, Part 66/147, Part M in South Asia.
- i) Streamline the internal document filing system.

6.1.3 ICAO Personnel Licensing Expert activities to be undertaken may include the following:

- a) Analysis of open USOAP PEL findings and provision of recommendations and technical support to enable the closure of these findings;
- b) Review and recommend updates to legislation and regulations with respect to the applicable PEL SARPs;
- c) Assist to implement an efficient procedure for amending CAAN PEL regulations following an Annex amendment;
- d) Assist in developing a comprehensive set of guidance material, safety oversight procedures and manuals associated with Personnel Licensing which enables CAAN PEL inspectors to effectively carry out their tasks, including the development of a PEL Policy and Procedures Manual in particular to address the flight crew licensing policies and procedures;

- e) Develop and implement an effective filing system for the maintenance of PEL records;
- f) Review the current staffing of the Flight Crew licensing section responsible for the issuance of flight crew licences, and make recommendations regarding staffing strategy including retention incentives, staffing levels and/or technical expertise requirements;
- g) Assist in the development of a training programme for PEL inspectors/staff including coordinate and/or execute training of selected Inspectors for recurrent and specialized training, training of newly selected Inspectors etc.
- h) Provisioning and overall management of an OJT Programme for PEL inspectors/staff; and
- i) Assist in the establishment and implementation of a comprehensive certification process for aviation training organizations including the associated surveillance programme.

## 6.2 Deliverables

- a) Updated USOAP Corrective Action Plan, SAAQ, Compliance checklists, CAPs and other documentation required under the CMA;
- b) Proposed changes to the civil aviation legislation and regulations as required;
- c) Proposed changes to the Personnel Licensing/Aircraft Operations / Airworthiness Inspection Manual, as required;
- d) Procedures and manuals developed/updated for the issuance of flight crew, ATC and AMO licenses and certification and surveillance of air operators, AMOs and ATOs in compliance with CAAN requirements;
- e) Completion of guidance materials for Nepal PEL, Aircraft Operations and Airworthiness Inspectorate including inspector handbooks;
- f) On-the-job training provided to CAAN Personnel Licensing, Aircraft Operations and Airworthiness Inspectors related to current and new procedures and / manuals that may be developed;
- g) The OJT trainees would have successfully completed their OJT and obtain additional skills required for effectively performing safety oversight activities in the PEL, OPS and AIR areas, as applicable; and
- h) Streamline the internal record management processes and documentation.

## 6.3 Nepal government/CAAN inputs:

6.3.1 The CAAN has indicated its willingness to co-fund the project to a maximum amount of **US\$ 599,800 (of which CAAN will bear 25%)**. The Government /CAAN will expedite the administrative and financial actions to implement the project, including the funds covering its portion of the cost of the project, as indicated in the attached budget (Attachment B).

6.3.2 The Nepal Government/CAAN will designate a senior official as National Project Coordinator, and subject matter experts to be involved in project implementation as the counterparts of the ICAO Aircraft Operations, Airworthiness and Personnel Licensing Experts.

6.3.3 The Nepal Government/CAAN shall provide the administrative personnel required to support the activities of the project experts during the term of their assignment, including appropriate

secretarial support familiar with the operation of standard computer applications and English language, as well as transport in the country, if needed, for the ICAO experts.

6.3.4 The Nepal Government/CAAN will provide office space, furniture, office equipment, local and international telephone, facsimile, internet and electronic mail services, local transportation, stationery and office supplies, document reproduction facilities and all other material required by project personnel.

6.3.5 Expenses related to the use of premises, operation and maintenance of equipment and vehicles, public services, utilities, and the procurement of equipment, training aids, technical publications, reference material and other supplies required for project implementation etc., will be borne by Nepal Government/CAAN.

6.3.6 The Nepal Government/CAAN will provide all relevant documentation, which is required by the project staff to perform their duties at the start of the project activities. All documents and material provided to ICAO will be kept in strict confidence. ICAO is not responsible for the accuracy or correctness of any document/material provided by the State. It will be Nepal Government/CAAN's responsibility to ensure the ICAO Experts are provided with all the documentation, information and data required to complete this project within the project's timeframe.

6.3.7 The Nepal Government/CAAN supports the cost for transport and all applicable allowances of the ICAO experts and project personnel for duty travel within the country as required.

6.3.8 The Nepal Government/CAAN will ensure all the necessary approvals required for the implementation of the project activities, such as the promulgation of regulations, approval and publication of guidance material and procedures, the scheduling of interviews or the conduct of on-site visits with Nepal Government/CAAN or other stakeholder personnel are carried out within the deadlines prescribed in the approved work plan.

6.3.9 The implementation of any training program for CAAN personnel will be supported by the CAAN as required: when attending training abroad the Nepal Government/CAAN shall furnish the air tickets and will continue providing the salaries and other emoluments to its personnel. For training organized in-house the CAAN will support the expenses related to the fielding of an instructor as required.

6.3.10 The Nepal Government/CAAN will provide candidate trainees for OJT training, and provide for venues for the training in coordination with industry organizations for which (re-) certification activities are taking place and/or planned during the training period, and if available Nepal may also provide the OJT programme and/or procedures for review of ICAO experts, to ensure the training is complete and properly documented.

6.3.11 The Nepal Government/CAAN will ensure entry visa facilitation for the ICAO experts and any other assistance that may be required by the ICAO experts in the discharge of their duties.

#### 6.4 **ICAO inputs:**

6.4.1 SAFE Funds covering ICAO portion (i.e. 75%) of the cost of the project, as indicated in the attached budget (Attachment B).

6.4.2 ICAO will contract and assign to this project the Expert(s) listed below whose job descriptions are included as Appendix B of this document:

- a) Flight Operations/ Project Coordinator Expert – 11.5 w/m
- b) Airworthiness Expert – 6.0 w/m
- c) Personnel Licensing Expert – 6.0 w/m

6.4.3 The mission travel cost for ICAO staff relating to project monitoring and oversight as may be required will be paid by project funds.

6.4.4 Reporting costs, administrative overhead charges, and other miscellaneous charges that may be incurred will be paid by project funds.

## **7. SUMMARY OF PLANNED SCHEDULE**

7.1 The CAAN has indicated that they would like the project to commence as soon as possible.

7.2 CAAN has requested the on-site technical assistance be for a period of 11.5 months for the ICAO Aircraft Operations Expert. A CMA activity (ICVM) will be planned and conducted as soon as the State (Nepal) provides information indicating that the SSC has been resolved. The on-site technical assistance is for a period of 6.0 months for the ICAO AIR and PEL Experts.

## **8. PRIOR PREREQUISITES AND ASSUMPTIONS**

8.1 Signature of project document by both parties.

8.2 The required funding to cover the cost of the project. The project will be considered as operationally active only upon acknowledgment of receipt of funds by ICAO.

8.3 The assignment of a National Coordinator/focal point by CAAN, as well as the assignment and commitment of counterparts with the required competencies to perform safety oversight activities on behalf of the State.

8.4 The approval and promulgation of regulations and guidance material, necessary for the performance of the safety oversight duties by the national counterparts.

8.5 Provision of relevant documents to ensure ICAO Experts are well prepared prior to deployment to duty station.

8.6 Preparation of authorizations required for access to work sites by the ICAO Experts.

## **9. PROJECT MONITORING, REVIEW AND REPORTING**

### **9.1 Monitoring**

9.1.1 The overall implementation of the project is monitored through regular reporting and project review meetings as appropriate. The project will be managed in accordance with ICAO policies, rules, regulations, processes and practices.

9.1.2 ICAO will execute and monitor the project in close consultation with a senior official designated by CAAN.

9.1.3 ICAO will carry out monitoring missions on site to monitor the progress of the project, in accordance with the approved work plan.

## 9.2 **Reporting**

9.2.1 Reports will be submitted to the appropriate stakeholders in accordance with the approved Work Plan.

9.2.2 The project coordinator submits the following reports to TCB and the Regional Office. After review, ICAO submits these reports to the CAAN,:

- a) **Work Plan Report (WPR)** submitted by the assigned project coordinator within four (04) weeks of the deployment of the experts. Covers all implementation activities required in the project document, including detailed schedule, milestones and tasks.
- b) **Project Progress Report (PPR)** submitted in accordance with the approved work plan or as needed.
- c) **Technical Reports (TC)** submitted in accordance with the approved work plan or as needed.
- d) **Draft Project Terminal Report (PTR)**, one (01) month prior to the end of the project.
- e) **Project Terminal Report (PTR)** at the end of the project.

9.2.3 All reports cover the full spectrum of the project activities. It is the responsibility of the project coordinator to combine the input of all team members in a single document.

## 9.3 **Project Review Meetings**

9.3.1 Project review meetings are held between the CAAN and ICAO, and other stakeholders, in accordance to the approved work plan or as needed in order to assess the progress of the project and to agree on follow-up actions if necessary.

9.3.2 A final project review meeting is held within the last three months of the project.

9.3.3 The project review meetings take place either at the duty station, at ICAO headquarters/regional office or via teleconference.

## 10. **HANDOVER OF DELIVERABLES**

10.1 All tangible deliverables produced by the project experts are to be handed over to the CAAN through the Project Coordinator. The Project Coordinator should indicate which documents are handed over, how (in hard copy or electronically), and where they are located.

10.2 The CAAN acknowledges receipt of all deliverables which are handed over within seven (07) days following the reception, or as otherwise indicated in the approved work plan. If no acknowledgement is received within the prescribed timeframe, the deliverables will be considered as accepted.

10.3 If any follow-up action is required, this should also be indicated in the handover note. The CAAN is responsible to implement such actions.

## **11. PROJECT RISKS ASSESSMENT**

11.1 The risks associated with the implementation of the project and the proposed mitigation solutions include the following:

11.2 The most serious factor that could be the cause of major delays or impede the achievement of project objectives and outputs would be the availability of sufficient financial resources.

11.3 Other factors that could be the cause of delay or impediment for the achievement of project objectives and outputs are:

- a) Delay in approving the project;
- b) The lack of appropriate expert (s) to execute project activities;
- c) Delays in the assignment of competent counterparts and in the provision of facilities, equipment and services required for project operation;
- d) Force majeure.

11.4 The negative effects of risks could be mitigated through sound management and continuous monitoring of project activities by CAAN and ICAO.

Failure of Nepal to commit to the project

Risk level: Low

Mitigation: Cost sharing approach inbuilt in the TA project would increase commitment of State to the project.

Failure of State to cover the costs of training (including OJT) to be undertaken by the local inspectors.

Risk Level: Low

Mitigation: Commitment of the State is well documented; State well aware about the urgency to resolve the SSC

## **12. ROLES AND RESPONSIBILITIES**

12.1 The Government of Nepal/CAAN's roles and responsibilities include:

- a) to provide the State Inputs as indicated in Section 6.3;
- b) to develop conjointly with the ICAO experts a detailed work plan, including: targets, milestones, responsibilities and specific tasks, as appropriate in conformity with the objectives and scope outlined in the present project document;
- c) to expedite approval processes of deliverables required in order not to hamper

- subsequent activities;
- d) to follow up with Government authorities the adoption and promulgation of updated/new regulations as may be necessary; and
- e) to provide ICAO with a performance evaluation of the experts.

12.2 ICAO roles and responsibilities include:

- a) to provide the contributions to the project as defined in Section 6.4;
- b) to execute and monitor the project under the technical direction of the Regional Director, APAC. The responsibility can be delegated for the monitoring/oversight of project activities to the appropriate level within the Regional Office, other Bureaux and to the Project Coordinator;
- c) to provide financial management and budgetary control in accordance with ICAO policies, rules, practices, processes and procedures;
- d) briefing of international experts;
- e) monitoring the implementation of project activities;
- f) administering experts' contracts;
- g) to provide financial statements in accordance with ICAO policies, rules, practices, processes and procedures;
- h) organizing experts' travel to duty station;
- i) formalizing acceptance of the completed project deliverables;
- j) revising the project document as requested;
- k) formalizing all activities required to close the project.

### **13. PROJECT RULES AND REGULATIONS**

13.1 All project's activities are managed in accordance with the applicable ICAO policies, rules, regulations, processes and practices and applicable ISO-9001 certified process and procedures. These will include development of comprehensive work plan and communication strategy.

13.2 In particular, the procurement of equipment or services are carried out in accordance with ICAO's Procurement Code, Financial Regulations and Rules, and applicable ISO-9001 certified process and procedures.

13.3 ICAO will recruit and deploy international experts/personnel in accordance with ICAO policies, practices, ICAO/TCB Field Staff Services Rules and applicable ISO-9001 certified process and procedures. In particular, as consultants engaged by ICAO, their entitlement payments will be issued by ICAO.

13.4 The reception and management of funds for this project are subject to ICAO's Financial Regulations and Rules, and applicable ISO-9001 certified process and procedures. The use of any of the resources for this project will be processed upon reception of proper formal authorization from the government or its entitled representative and ICAO.

13.5 The unauthorized use of resources will result in discontinuing any project's activities.

13.6 The provision of financial management and budgetary control of the project and submitting financial reports in accordance with its rules and procedures.

13.7 All project activities will be coordinated with the Regional Office.

#### 14. LEGAL FRAMEWORK

14.1 This project document shall constitute Annex II to the Management Service Agreement (MSA) between the International Civil Aviation Organization (ICAO) and the **Nepal Government/CAAN** signed in 2009.

14.2 The project document will come into force upon its signing by both parties and will be considered as operationally active, upon receipt at ICAO of the necessary funds as indicated in Section 8 of the present document.

14.3 Any change, amendment or revision to this project document (including scope, duration, budget, responsibilities, or other), will need to be formally approved in writing by both Parties.

14.4 The project can be terminated at any time if after two formal notifications from ICAO, the **Nepal Government/CAAN** continues not to fulfill its obligations indicated as inputs in 6.3 and 12.1, towards the achievement of project objectives.

14.5 Nothing contained in or relating to this Project Document shall be deemed a waiver, express or implied, of any of the privileges and immunities of ICAO and its personnel. The **Nepal Government/CAAN** shall indemnify, hold harmless and, in consultation with ICAO, defend ICAO, including its personnel, from any and all actions, claims or other demands arising out of any act performed by ICAO on behalf of the **Nepal Government/CAAN** pursuant to this Project Document. The obligation under this clause does not lapse upon termination or completion of this Project Document.

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