



**WORKING PAPER**

**COUNCIL — 182ND SESSION**

**Subject No. 10: ICAO Relations with the United Nations, the specialized agencies and other international organizations**

**REPORT OF THE JOINT INSPECTION UNIT ENTITLED  
“REVIEW OF MANAGEMENT AND ADMINISTRATION AT  
THE INTERNATIONAL CIVIL AVIATION ORGANIZATION”**

(Presented by the Secretary General)

**EXECUTIVE SUMMARY**

The Council is invited to consider the report “Review of Management and Administration at the International Civil Aviation Organization” (JIU/REP/2007/5) and the comments of the Secretary General. The Council is also invited to request the Finance Committee (FIC) to provide guidance on the recommendations which have been directed to the Council by the Joint Inspection Unit (JIU).

**Action:** The Council is invited to:

- a) request the FIC to provide guidance to the Council on those recommendations which are directed to the Council by the JIU; and
- b) note the JIU report (JIU/REP/2007/5) as well as the comments of the Secretary General in this working paper.

<i>Strategic Objectives:</i>	The actions described in the paper will reinforce the Supporting Implementing Strategies of the Organization which would in turn further assist the implementation of the Strategic Objectives.
<i>Financial implications:</i>	Certain recommendations may have considerable financial implications and benefits. The Council may wish to request the Secretary General to provide additional cost details once the Council has given an initial consideration of the JIU’s recommendations.
<i>References:</i>	SG memorandum 1964/07 of 14 September 2007

## 1. INTRODUCTION

1.1 The Council at the 12th Meeting of its 180th Session (C-DEC 180/12) requested that the JIU report on “Review of Management and Administration at the International Civil Aviation Organization” be circulated to Council Representatives as soon as it was received.

1.2 The JIU report dealing with the subject “Review of Management and Administration at the International Civil Aviation Organization” (JIU/REP/2007/5) is available on the JIU website <http://www.unjiu.org/en/reports.htm> under the heading 2007 Reports. The report has been circulated to Representatives on the Council and Representatives to ICAO under cover of Secretary General Memorandum SG 1964/07. This formal report is addressed for action in accordance with the JIU Statute, Article 11, paragraph 4, and as such, it is required to be transmitted to the Council. The relevant findings of this report have been summarized in this working paper.

## 2. SUMMARY OF THE REPORT

2.1 The objective of the review is to identify areas for improvement in the administration and management of ICAO, notably regarding the implementation of results-based management in governance; planning, programming and budgeting; human resources management; information management; and oversight mechanisms. The review covers administration and management practices throughout the Organization and takes into account recent management initiatives undertaken within the Organization.

2.2 In view of resource limitations, the JIU notes that the report focuses on the regular programme (assessed contributions) of ICAO. Other areas such as technical cooperation, joint funds and voluntary contributions, while important to the work of the Organization, are not fully considered.

2.3 In the preparation of this report, the JIU sought to benchmark best practices in other organizations of the United Nations system, but remained mindful of the unique aspects of ICAO among the organizations of the United Nations common system.

2.4 The JIU has made fourteen recommendations. Recommendations 1 to 4, 9, 13 and 14 are directed to the Council of ICAO. For those recommendations, the Secretary General has provided limited additional information which may assist the Council in its consideration. Recommendations 5 to 8, 10 to 12 are directed to the Secretary General.<sup>1</sup> The recommendations of the report and comments are outlined in the following paragraphs.

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<sup>1</sup> N.B: The recommendations included in the JIU’s Executive Summary provide a synopsis of the actual recommendations which are included in the body of the JIU’s report.

### 3. THE JIU'S RECOMMENDATIONS AND ICAO'S VIEWS ON THE JIU'S RECOMMENDATIONS

3.1 **Recommendation 1** — The Council should request the Secretary General to engage independent external expertise to perform a comprehensive needs assessment of the human and financial resources of the Organization. The needs assessment should include the regional offices.

3.1.1 The JIU considers that a secretariat-wide assessment would help to clarify financial and human resources needs; consolidate strategies to facilitate high-level performance despite financial limitations; and ensure that the main pillars for the development of a solid results-based management (RBM) system are adequately reflected in the Organization's reform initiatives.

3.1.2 The JIU believes that the review and needs assessment should be undertaken urgently to rationalize existing human resource needs, processes and systems at ICAO headquarters and that the review also include the ICAO Regional Offices. Overall, the review should be designed to strengthen the Organization and to address how ICAO can best position itself to deal with its current shorter and longer-term financial and human resources challenges. The assessment should include a review of positions and functions as well as expenditure and income requirements with the view to modernizing management and administration processes.

3.1.3 As noted in the JIU report, the International Maritime Organization (IMO) engaged a consultant firm in 2002 to perform a review and needs assessment at a cost of approximately US \$150 000. Should the Council accept the JIU recommendation, the Council may wish to take note of the budgetary constraints for 2008-2010 (funds for consultancies in the draft 2008-2010 Budget total only 0.3 per cent of the proposed appropriation) and therefore consider alternative sources of funding, including voluntary contributions particularly from those donors who have expressed a keen interest in the realignment reform at ICAO. The Council may also wish to consider the use of some of the balance of the incentive scheme for long-term arrears appropriation to fund the consultant.

3.1.4 There will be an extensive realignment and redistribution of resources in support of Strategic Objectives as well as a substantive reduction to certain areas under the proposed budget for 2008-2010 at HQ. Should the Council agree to this review, the Secretary General considers that part of the review should take place in 2009, when the effects of the Organizational realignment budgeted which occur in 2008 will become fully evident and ICAO will have collected some performance measures. The consultant could also be requested to assess the extensive organizational realignment at HQ included in the budget for 2008-2010. The consultant could assess supplementary actions required, particularly with respect to modernizing management and administration processes and aligning them to Results-Based Management (RBM) and the ongoing thrust towards increased accountability to be reflected in the subsequent budget. The consultant would direct his recommendations to achieve a more efficient and effective implementation of the Strategic Objectives.

3.1.5 Since the JIU recommends that the consultant's review should cover the Regional Offices, the Council may wish to amalgamate this assessment with the review of the Regional Offices as approved by the Council (C-DEC181/12). This review would focus on the current location, staffing, terms of reference, technical expertise and process workflow of the Regional Offices with respect to HQ, to determine how to improve their effectiveness, reduce their cost and enhance the impact of ICAO at the regional level.

### 3.2 **Recommendation 2** — The Council should consider:

- a) establishing a long term plan for convening the Assembly every two years for a period of not more than three weeks, in line with other United Nations system organizations, to facilitate effective decision-making and governance in ICAO;
- b) streamlining the number of meetings of the Council and subordinate bodies so that the overall administrative burden on the secretariat relating to meetings is reduced; and
- c) adopting a biennial budget to enhance planning.

3.2.1 This recommendation is directed to the Council. In paragraph 21 of the JIU report, it is noted, “Should ICAO consider adopting a biennium cycle, some important considerations need to be taken into account such as changes to the Convention on Civil Aviation. The meeting and election cycle of the Council would also need to be considered as part of a change to a biennium cycle. Furthermore, changes to the programme planning cycle of the Secretariat would also have to be revised. For these reasons, it is recommended to establish a gradual and methodical long-term plan in full consultation with all stakeholders before any change is undertaken. Any long-term plan should have an appropriate timetable and benchmarks to gauge progress.”

3.2.2 While the Secretariat considers that there are certain merits in adopting a biennial cycle and a biennial budget, these benefits would need to be examined in relation to the costs of the changes as well as other factors (for example, compliance to International Public Sector Accounting Standards (IPSAS). The Council would have to consider the financial and logistical repercussions of this recommendation in order for the Secretary General to provide suggestions as to the feasibility and practicability of such an approach. The Council may wish to note that certain changes relating to the streamlining of the number of meetings of the Council and its subordinate bodies have already been included in the draft 2008-2010 Budget.

3.3 **Recommendation 3** — The Council should undertake measures to ensure that the division of responsibilities between governance and executive management are fully adhered to in practice. In this context, the Council should authorize the Secretary General to recruit and promote against approved posts at all levels in the Organization, including the levels of Director and Principal Officer, without seeking prior Council advice, in keeping with standards accepted by United Nations system organizations as an integral part of RBM.

3.3.1 As noted in report JIU/REP/2004/7, ‘Series on managing for results in the United Nations system: delegation of authority and accountability’, acceptance of an RBM approach presupposes full administrative empowerment of the Secretary General. To facilitate this process, the JIU believes that the Secretary General should be given full authority, with appropriate accountability, for the appointment and termination of all staff of the Organization. Paragraph 30 of the JIU report provides that “The Council currently participates in the appointment of Professional staff at the Director (D-2) level, but a working group of the Council recently put forward a recommendation that the Council should also participate in the appointment of staff at the level of Principal Officer, which is the equivalent of a D-1 in the United Nations. This recommendation would essentially allow the Council to enter even further into management responsibilities that would be clearly beyond its mandate.”

3.3.2 The Council may wish to note that it will consider a related report (C-WP/13008) by the Human Resources Working Group (HRWG) of the FIC during the 182nd Session. It may be noted that this working paper provides a different approach than the one recommended by the JIU in paragraphs 3.3 and 3.3.1 above.

3.4 **Recommendation 4** — Pending the outcome of the needs assessment, the Council should encourage the assumption of greater responsibilities by Member States and regional groups for activities within their respective regions.

3.4.1 The JIU notes the trend for some Member States or regional groups to undertake greater responsibility for activities within their geographical regions with limited cost to the Organization. This should be encouraged in the light of the Organization's current financial constraints. There is already a trend toward direct support to ICAO Regional Offices from countries in some geographical regions or possibly regional groups, who could further contribute (financially or technically) directly to the activities undertaken by the ICAO Regional Offices in their respective regions.

3.4.2 This recommendation is directed to the Council. The Council when considering the budget for 2008-2009-2010, decided (C-DEC181/12) that support to the Regional Offices be provided through additional funding mechanisms including using part of 2007 carry forward and the balance of the Incentive Scheme for Long-Term arrears. Furthermore, at the same meeting, the Council also decided to establish a working group for reviewing Regional Offices, their present location, terms of reference, effectiveness and efficiency. This recommendation and associated text of the report of the JIU could form a part of the terms of reference of the working group to be established.

3.4.3 Concerning the JIU recommendation, there may be a number of regional organizations which could be interested in sponsoring ICAO programmes or activities that would benefit their own regions. The Secretary General considers that networking with potential regional partners is an area worthy of investigation and could also form part of terms of reference of the working group.

3.4.4 The recently adopted policy for the Organization is to strengthen its support of the implementation of ICAO's Standards and Recommended Practices (SARPs) which will, at least initially, require the proportional strengthening of ICAO's presence/capacity in the various regions.<sup>2</sup>

3.5 **Recommendation 5** — Pending the outcome of the needs assessment, the Secretary General should review the structure of programmes and the distribution of tasks within the Secretariat with the view to ensuring better rationalization and avoiding overlap and duplication.

3.5.1 The Secretary General agrees with this recommendation and considers that it is part of an ongoing process of reform and rationalization. In 2006, the Secretary General established the Structure and Organization of the Secretariat Team (SOS Team) to review the Secretariat. Subsequently, there was a review of the structure of programmes and the distribution of tasks within the Secretariat during the development of the Business Plan of the Organization and draft budget for 2008-2009-2010. This review was aimed at ensuring better rationalization and avoiding overlap and duplication.

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<sup>2</sup> The table entitled "Size and coverage of regional offices" contained in paragraph 34 of the JIU report is based on 2004 data. Certain changes have been made in the number of accredited States and number of posts since that time.

3.5.2 During the study of the 2008-2010 budget by the FIC, there were also a number of recommendations made to further increase efficiency. Moreover, the Council when considering the budget for 2008-2009-2010, decided (C-DEC181/12) that the secretariat should minimize overlap in areas reducing reporting line and whenever possible replacing more costly posts with less costly ones. This policy has already been incorporated in the UN Human Resources Framework which has been adopted by ICAO.

3.5.3 In accordance with C-DEC181/12, the Secretariat is to set year on year efficiency gain targets and set clear goals for furthering automation throughout the Organization with specific benchmarks and timelines. In particular, the automation and devolution on HR tasks must be undertaken to secure further efficiency gains.

3.6 **Recommendation 6** — The Secretary General should establish a cross-functional team to develop a draft strategy for a more proactive external outreach programme for ICAO. The team should include staff of the External Relations and Public Information Office.

3.6.1 The Secretary General agrees with this recommendation and points to a number of initiatives that have already taken place in support of “a more proactive external outreach programme for ICAO”. In December 2006, the Secretary General presented to the Council of ICAO a comprehensive communications strategy aimed at increasing the visibility of the Organization with all of its key audiences. The strategy is being implemented in a systematic manner.

3.6.2 The strategy pursues two main objectives: 1) more effectively and proactively enhance awareness of the Organization worldwide and 2) generate sufficient revenue so as to both ensure the cost-effectiveness of communications activities, while contributing financial resources to the regular programme budget of the Organization. Within the context of the strategy, the Secretary General established in May 2007 an Ancillary Revenue Generating Fund (ARGF) Project Management Team to plan and coordinate revenue-generating activities, including communications initiatives. The ARGF Project Team includes a representative from the External Relations and Public Information Office.

3.6.3 During the next triennium (2008-2010), the strategy will be applied throughout the Organization where relevant, both at Headquarters and Regional Offices.

3.7 **Recommendation 7** — The Secretary General should submit, for the approval of the Council, more proactive results-based action plans to effectively facilitate equitable geographical representation; improve age distribution among staff through the recruitment of more junior professionals; and promote succession planning to ensure the transfer of knowledge and institutional memory, particularly given the large number of staff approaching retirement.

3.7.1 The Secretary General considers that this is part of an ongoing process of improvements. The Council is regularly updated on the status of efforts to facilitate equitable geographical representation (EGR). The Council has also recently reviewed draft assembly working papers on actions taken during 2004, 2005 and 2006 to enhance the recruitment and status of women in the ICAO Secretariat as well as to implement the principle of EGR in posts of the Secretariat. Progress has been achieved in a number of other areas, for example with the establishment of the focal point for women and an advisory board on gender equality, the introduction of measures by the Secretary General to improve gender equality by increasing the representation of women in the professional and higher categories. Furthermore, Human Resources Working Group (HRWG) of the FIC has also undertaken a review of age distribution and succession planning at ICAO.

3.8           **Recommendation 8** — The Secretary General should review and submit, for the approval of the governing bodies, a revised personnel policy that includes a limited number of non-renewable term contracts of not more than five to seven years for highly technical expertise, so as to facilitate regular inflow of the best expertise to the Organization.

3.8.1           The Secretary General agrees with this recommendation. The Secretary General in consultation with the Directors will further consider the approach and earmark for advertisement certain technical positions as the posts become vacant which would have non-renewable term contracts of not more than five to seven years so as to facilitate regular inflow of the best expertise to the Organization. The terms of the contract will be included with the post description as they are advertised.

3.9           **Recommendation 9** — The Council should allocate realistic financial resources for training, at least 1 per cent, preferably two to three per cent of the regular budget. Emphasis should be placed on management and IT training to facilitate the current and future needs of the Organization.

3.9.1           This recommendation is directed to the Council. While certain improvements have been made within the context of the new budget to increase all training activities including technical management administrative and IT training, the amount foreseen is below the benchmarks noted by the JIU. The level of funding for all training activities in the proposed budget is 1.4 per cent of the budget. The benchmark of two to three per cent of the regular budget provided by the JIU would require funding between Can \$4 910 000 and Can \$7 365 000 to be in conformity with best practices in the UN system. Despite budgetary constraints, Human Resources Branch (HRB) is also endeavouring to introduce a training programme to respond to specific needs identified through the Performance and Competency Enhancement (PACE) system.

3.10           **Recommendation 10** — The Secretary General should submit to the Council a comprehensive ICT strategy focusing on centralization, compatibility, standardization, and licensing control to be approved and implemented within one year; and establish timelines for the full computerization of conference services, including the introduction of e-conferencing equipment and services.

3.10.1           The Secretary General agrees with this recommendation. The Secretary General submits periodic reports to the Council on ICT strategy and plan. A Council working paper (C-WP/12945) which provides information on the ICT strategy and developments has been reviewed by the Council during the 181st Session.

3.10.2           With regard to the full computerization of conference services, including the introduction of e-conferencing equipment and services, there has been some progress made in installing the necessary wiring and systems to provide video conferencing capabilities in the Assembly Hall, Conference Room 3, 5 and 6 as well as Conference Room C/D. This will help facilitate, where necessary, communications between the Headquarters and the Regional Offices and should promote some savings in travel budgets.

3.11           **Recommendation 11** — The Secretary General should study best practices of other United Nations system organizations with the view to submitting for the consideration of the governing bodies a comprehensive strategy to reduce the cost of language services.

3.11.1           The Secretary General agrees with this recommendation. The Council, when considering the budget for 2008-2009-2010, decided (C-DEC181/12) that the Secretary General set goal of outsourcing of languages as high as 60 per cent in the triennium without compromising quality and timeliness.

3.11.2 In developing an implementation strategy to meet this goal, the Secretary General will study the best practices of other United Nations system organizations. The Council will monitor the progress made in this area over the course of the next triennium.

3.12 **Recommendation 12** — The Secretary General should ensure that the mandate of the Office for Programme Evaluation, Audit and Management (EAO) is strictly adhered to so as to avoid jeopardizing the independence of the Office.

3.12.1 The Secretary General agrees with this recommendation. The JIU specifically refers to the opening of sealed tenders by the office which is not part of the mandate of the office. One of the components of the new accounting system is a procurement module which will eliminate the need for EAO to participate in the sealed tender process. This system will be implemented in 2008.

3.13 **Recommendation 13** — The Council should increase the resources allocated to the Office for Programme Evaluation, Audit and Management Review and ensure the financial independence of the Office.

3.13.1 This recommendation is directed to the Council. In the proposed budget for 2008-2009-2010, there has been a reduction in one P (from 2006) and one GS staff position in EAO compared to the number of posts in the previous Budget. The 2005-2006-2007 budget for EAO in Canadian dollars in (assuming an exchange rate of 1.32) was Can \$2 542 000 while the proposed budget for 2008-2009-2010 (excluding allocated cost) is Can \$2 409 000. This represents a reduction of 5% terms of dollars and 21% in terms of posts between the two budgets.

3.14 **Recommendation 14** — The Council should expedite the elaboration of the terms of reference for the oversight board in accordance with the standards outlined in the JIU report ‘Oversight Lacunae in the United Nations system’ (JIU/REP/2006/2).

3.14.1 This recommendation is directed to the Council. In response to a JIU report (JIU/REP/2006/2), the Council, during the 179th to 181st Sessions studied the modalities of the establishment of an oversight board for ICAO. This study included the terms of reference of that board. The Council agreed in principle that effective oversight was essential for all United Nations organizations, including ICAO. It was important that the Council ensure that it had in place, in a cost-efficient way, the entities that were necessary to ensure effective oversight for issues that may arise, which Members of the Council may not be in a position to address fully. The Council will continue to study the draft terms of reference of the board during the 182nd Session.

— END —