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WORKING PAPER

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Agenda Item 7: Other Business

PROPOSAL FOR THE REINTEGRATION OF MEMBERS IN ARREARS THROUGH A ONE-TIME DEBT SETTLEMENT INCENTIVE

(Presented by the Secretariat)

EXECUTIVE SUMMARY

This Working Paper presents a proposal to address the critical situation of long-term arrears involving ECCAA and Haiti. These two Administrations have faced critical resource shortage and their current Project debt levels have become practically unpayable, hindering these members from benefiting from the Project, this paper proposes a one-time, exceptional 90% discount on past debts (up to 2025), provided that the full annual contribution for 2026 be paid. This measure aims to restore the principle of regional inclusivity and the "No Country Left Behind" initiative without encouraging future non-compliance.

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| Action: | As presented in Section 6. |
| <i>Strategic Goals</i> 2026-2050: | <ul style="list-style-type: none">• Every flight is safe and secure• Aviation is environmentally sustainable• Aviation delivers seamless, accessible, and reliable mobility for all• No country left behind |
| <i>References:</i> | <ul style="list-style-type: none">• MCAAP Procedural Handbook, Sections 4.6.1, 5, 8, and 9.1. |

1. Introduction

1.1 The MCAAP Project relies on the annual financial contributions of its members to fund its technical assistance activities. One of the main Project objectives is to support Project Members in the implementation of ICAO Standards and Recommended Practices (SARPs), with the Project serving as an effective tool for this purpose and ensuring that all States are supported/assisted.

1.2 Currently, the annual contribution is set at USD 25,000 per member (except for United States).

1.3 The Project has faced challenges with timely payments from certain members. While most arrears are temporary, and settled within a year, two cases— ECCAA and Haiti—have reached a level of debt that threatens their continued participation and the Project's regional reach.

2. Applicable Provisions of the Procedural Handbook

2.1 According to the MCAAP Procedural Handbook, Member States/Organizations are responsible for depositing Project contributions within set deadlines.

2.2 The Handbook establishes clear restrictions for members in arrears:

- States in arrears with contributions cannot be assigned to the Project Evaluation Commission (PEC).
- States benefited by a Project activity must not be in arrears with payments, except in specific cases where the PSC determines that non-execution would negatively impact a larger set of actions.

2.3 These provisions effectively prevent ECCAA and Haiti from receiving missions, event subsidies, or any other sponsored activities for more than two or three years, creating a cycle of non-participation and stagnant Effective Implementation (EI) rates.

3. Analysis of the Current Situation

3.1 As of early 2026, the financial standing of the concerned members is as follows:

- Haiti owes contributions for 2023, 2024, and 2025, totalling USD 75,000.
- ECCAA, due to partial payments and recent defaults, carries a debt of USD 100,000.

3.2 With the 2026 contribution now due, these debts are becoming unrecoverable. Furthermore, because there is no retroactive benefit for the years in which they were barred from activities, the members face a high financial barrier to re-entry with no compensation for lost opportunities.

4. Proposed Solution: The Reintegration Incentive

4.1 To break this deadlock, it is proposed that a **one-time, exceptional settlement** be offered to members with a debt of three or more annual contributions (specifically ECCAA and Haiti) as follows:

- a 90% discount applied to the total debt accumulated up to December 31, 2025
- the remaining 10% of the past debt must be paid in full along with the 100% contribution for the year 2026
- under this proposal, ECCAA would be required to pay a total of USD 35,000 (USD 10,000 for the settled past debt plus USD 25,000 for the 2026 contribution)
- Haiti would be required to pay a total of USD 32,500 (USD 7,500 for the settled past debt plus USD 25,000 for the 2026 contribution)
- to ensure the timely effectiveness of this measure, and considering the estimated timeline for the Fast-Track Procedure, the deadline for the effective payment of the amounts mentioned above shall be 15 May 2026.

4.2 This proposal is presented as a punctual and exceptional measure. It is not intended to become a permanent rule or to incentivize future arrears.

4.3 This incentive is restricted to the two mentioned members who have already reached a critical threshold of three or more years of non-payment.

5. Positive Impacts of the Proposal

5.1 Reintegration: Upon the effective payment of the amounts authorised under this proposal (the 2026 annual contribution plus the settled portion of the arrears), the concerned members would be immediately reintegrated. This would allow them to resume participation in missions and training, supporting the Mission of the Project to assist States in the effective implementation of ICAO SARPs.

5.2 Financial Recovery secures immediate payment of the 2026 contribution and a portion of the arrears, which is preferable to maintaining uncollectible debts on the books.

5.3 Regional Solidarity strengthens the collective nature of the Project by ensuring that all Caribbean States can once again contribute to and benefit from regional aviation improvements and the achievement of Project objectives.

6. Action Required

6.1 The PEC is invited to:

- a) analyse the proposed debt settlement incentive for ECCAA and Haiti;
- b) endorse the proposed deadline of 15 May 2026 and the specific payment amounts for the fulfilment of all requirements necessary for these members to regain their "in good standing" status; and
- c) if accepted, recommend the proposal for final approval by the PSC, potentially through the Fast-Track Procedure to expedite the settlement and the subsequent reintegration of these members.