



ASSEMBLY — 41ST SESSION

EXECUTIVE COMMITTEE  
ADMINISTRATIVE COMMISSION

Agenda Item 10: Contributions in arrears

Agenda Item 47: Contributions in arrears

FINANCIAL ASPECTS OF THE QUESTION OF CONTRIBUTIONS IN ARREARS AND  
INCENTIVE SCHEME FOR THE SETTLEMENT OF LONG-OUTSTANDING ARREARS

(Presented by the Council of ICAO)

EXECUTIVE SUMMARY

This paper provides information on the status of contributions in arrears, and of Member States who have had their voting power deemed suspended as at 20 September 2022. This working paper also deals with the impact of delays in receipt of contributions, collection efforts, and the incentive scheme for the settlement of arrears.

The following information is also provided:

- Appendix A lists States that are in arrears from 1989- 2021 updated as at 20 September 2022;
- Appendix B lists States that have entered into agreements to settle their outstanding assessments updated as at 20 September 2022;
- Appendix C presents the list of States who have had their voting power deemed suspended as at 20 September 2022.

**Action:** Pursuant to Assembly Resolution A39-31, the Assembly is invited to note the progress made in the collection of long-outstanding arrears, and the status of the special account for the incentive scheme for the settlement of long-outstanding arrears.

<i>Strategic Objectives:</i>	This working paper relates to Supporting Strategy – Budget and Financial Management.
<i>Financial implications:</i>	The delay in the receipt of contributions impacts the cash availability of resources required for programme delivery.
<i>References:</i>	A40-WP/46 Doc 10140, <i>Assembly Resolutions in Force (as of 4 October 2019)</i> Doc 7515, <i>The ICAO Financial Regulations</i> Doc 7300, <i>Convention on International Civil Aviation</i> , signed at Chicago on 7 December 1944 and amended by the ICAO Assembly

## 1. INTRODUCTION

1.1 Article 62 of the Convention on International Civil Aviation (Chicago, 1944) stipulates that the Assembly may suspend the voting power in the Assembly and in the Council of any Member State that fails to discharge, within a reasonable period, its financial obligations to the Organization.

1.2 Assembly Resolution A39-31 contains resolving clauses that, inter alia, require Member States to recognize the necessity to pay their contributions in the year in which they fall due, set out the conditions and terms under which Member States may enter into agreements to liquidate long-outstanding arrears, and make reference to the application of the provisions of Article 62 of the Convention relating to the suspension of voting power. Assembly Resolution A39-31 also directs the Council to further intensify the current policy of inviting States in arrears to make settlement proposals in accordance with the provisions of the Assembly Resolution.

1.3 Assembly Resolution A38-25 describes the incentives for the settlement of long outstanding arrears. In addition, Assembly Resolution A38-25, inter alia, requests the Council to closely monitor the question of outstanding contributions, the effect of the incentive schemes on payment of arrears by States, and to report to the next ordinary session of the Assembly on the results of their efforts, including other measures to be considered. This paper addresses these requirements.

## 2. STATUS OF CONTRIBUTIONS IN ARREARS

### 2.1 Status of Contributions in Arrears from 1989 to 2021, updated as at 20 September 2022

2.1.1 The total of contributions in arrears updated as at 20 September 2022 was CAD 10.2 million of which CAD 8.5 million was for arrears in respect of 2020 and prior years, and CAD 1.7 million was related to arrears for 2021. Member States in arrears as at 20 September 2022 are presented in the following four groups:

**Group A** (5 States): States which have concluded agreements with the Council to liquidate their arrears over a period of years in accordance with Assembly Resolution A39-31, Resolving Clauses 3 and 4. In accordance with their agreements, Group A States are required to pay the current year's assessment as well as an agreed-upon annual instalment to liquidate long-outstanding prior years' arrears of assessments. Appendix B shows the status of assessments and instalments outstanding for prior years in respect of Group A States, updated as at 20 September 2022;

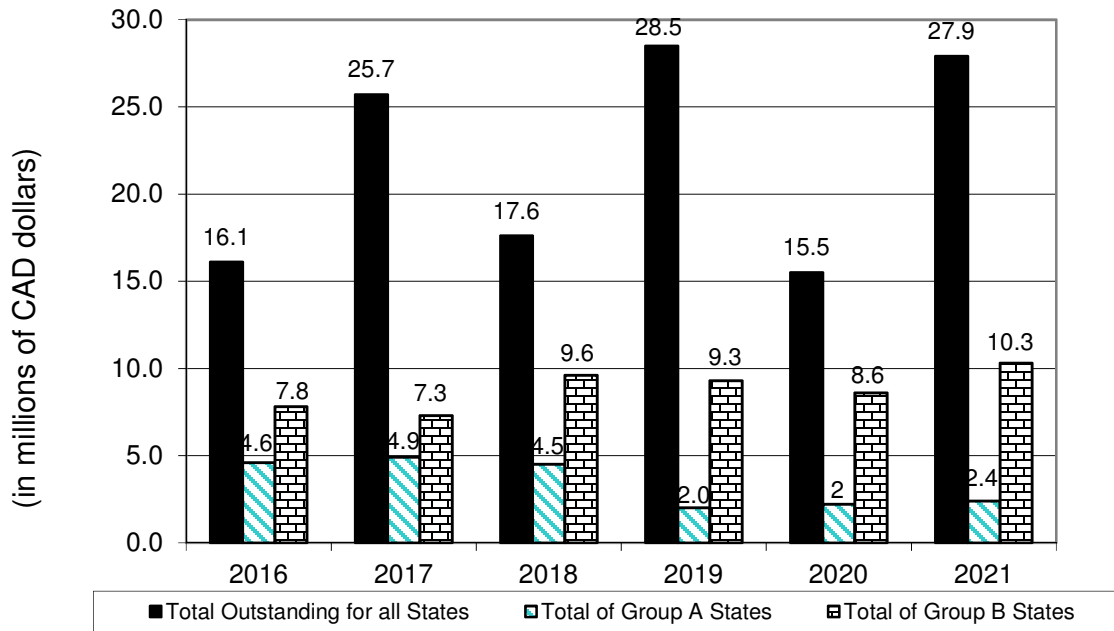
**Group B** (11 States): States with contributions in arrears equivalent to the assessments of the three preceding years or more, and which have not concluded agreements with the Council to liquidate their arrears;

**Group C** (4 States): States with contributions in arrears for more than one year, but less than three preceding years; and

**Group D** (8 states) - States with one year (2021) contributions in arrears.

2.1.2 Figure 1 below shows the comparative position of total outstanding assessments as at 31 December for the past six years, from 2016 to 2021. The figure also shows the arrears for Group A and Group B individually.

**FIGURE 1**  
**ASSESSMENTS RECEIVABLE FROM MEMBER STATES AS AT 31 DECEMBER**



## 2.2 Impact of Delays in the Receipt of Contributions

2.2.1 Delays in the payment of contributions by Member States against the current year’s assessments and arrears continue to be a matter of concern. The liquidity crisis of 2020 highlighted ICAO’s vulnerability in the event of unforeseen events that affect cash inflows, and the importance of timely collection of assessments. During this period of unprecedented risk, the Secretariat expended a great deal of effort to reprioritize activities, and had to activate severe austerity measures that impacted the implementation of planned activities. Moreover, the Organization has been reporting a cash deficit position since 2010.

## 3. MEASURES IN DEALING WITH CONTRIBUTIONS IN ARREARS

### 3.1 Advising States of Balances Outstanding

3.1.1 The Organization follows up on the collection of assessments in accordance with Financial Regulations 6.4 and 6.5, and Assembly Resolution A39-31 Resolving Clause 2. In addition to providing electronic monthly statements of account to Member States, the Secretariat issues State letters in May (reflecting status as at April, upon completion of the external audit), in August (reflecting the status as at July), and November (reflecting the status as at October, as well as to inform of the assessment for the following year). The status of contributions is published on the ICAO secure web site on a monthly basis, with access restricted only to Member States. Furthermore, Regional Offices are directly communicating and advocating for timely payments with their regional contacts.

### 3.2 **Suspension of Voting Power under Assembly Resolution A39-31**

3.2.1 The Financial Regulations require payment of contributions and advances to the Working Capital Fund by the first day of the financial year to which they relate, or thirty days from receipt of the notification from the Secretary General concerning assessments, whichever is the later of the two. As of 1 January of the following financial year, any unpaid balance of such contributions, payments under terms of agreements for settlement of arrears, and advances to the Working Capital Fund shall be considered to be one year in arrears. Assembly Resolution A39-31 makes reference to the application of the provisions of Article 62 of the Convention relating to the suspension of voting power.

3.2.2 *Voting power in the Assembly:* in accordance with Resolving Clause 6 of Assembly Resolution A39-31, the voting power in the Assembly is suspended for States that have failed to discharge their financial obligations to the Organization equivalent or in excess to the preceding three years' assessments, and which have not concluded an agreement or have not complied with the terms of their agreement. Appendix C presents the arrears of the 12 Member States that fall within Article 62 of the Convention, relating to the suspension of voting power, using the status as at 20 September 2022. This clause further provides that suspension of voting power will be immediately revoked upon the settlement of outstanding amounts due or of the conclusion with the Council of an agreement to liquidate arrears over a period of time and compliance with the terms of the agreement.

3.2.3 *Voting power in the Council:* in accordance with Resolving Clause 7 of Assembly Resolution A39-31, the voting power in the Council is suspended for the Council Member States that have annual assessed contributions, or part thereof, in arrears for longer than 18 months. Furthermore, the clause provides that suspension of voting power in the Council will be immediately revoked upon the settlement of outstanding amounts due.

3.2.4 *Additional measures regarding suspended voting rights:* In accordance with Resolving Clause 10 of Assembly Resolution A39-31, the additional measures were added in order to encourage Member States whose voting rights have been suspended under Article 62 of the Convention, to pay their contributions when due. These measures continue to be applied by the Secretary General and monitored by the Council.

3.2.5 *Election to the Council:* In accordance with Resolving Clause 11 of Assembly Resolution A39-31 only those States that have no outstanding annual assessed contributions except for the current year's assessment be eligible for election to the Council, Committees and bodies.

3.2.6 All of the above clauses have been applied by the Secretariat through a close monitoring of unpaid assessments.

### 3.3 **Special Arrangements for Payment of Arrears**

3.3.1 Resolving Clause 4 of Assembly Resolution A39-31 sets out the pre-conditions for entering into an agreement for repayment of arrears. During the 40<sup>th</sup> Session of the Assembly, there were ten active settlement agreements. One State signed a new agreement in September 2019 for the repayment of arrears. Of the eleven agreements, five States complied with and fully settled arrears, while one State did not make the payment required in their agreement, which has now expired. Currently, there are five States with Agreements for the repayment of their arrears. Appendix B provides the status of these agreements as at 20 September 2022.

3.3.2 In order to discourage the practice by some States of only making a token payment during the Assembly in order to enter into an agreement and restore their voting rights, Clause 4 a) of Assembly Resolution A39-31 requires a minimum payment which includes amounts owing to the Working Capital Fund, the current year's contributions in Canadian and United States dollars, and a partial settlement of their arrears amounting to five per cent of the arrears.

### **3.4 Incentive Scheme for the Settlement of Long-outstanding Arrears**

3.4.1 The 32nd Session of the Assembly approved Assembly Resolution A32-27, creating the Incentive Scheme for the Settlement of Long-outstanding Arrears and a related special account. Its continuation was confirmed by Assembly Resolution A38-25 in Resolving Clause 3 that provides that subject to cash surplus availability, only that portion of a payment from a Member State that is in excess of the sum of the three preceding years' assessments and all instalments due under agreements entered into under Resolving Clause 4 of Assembly Resolution A37-32 shall be retained in a separate account to finance expenditure on aviation security activities, and new and unforeseen projects related to aviation safety, and/or to the enhancement of the efficient delivery of ICAO programmes, such action to be under the control of the Council.

3.4.2 Due to a negative cash position since 2010, no transfer of funds to this separate account has been made in the current triennium. Therefore, there will be no separate Assembly Working Paper on the subject of the Incentive Scheme for the Settlement of Long-outstanding Arrears. The residual surplus balance in the Incentive Scheme fund of CAD 0.2 million will be credited to the Regular Budget for the next triennium.

## **4. CONCLUSION**

4.1 The timely collection of assessed contributions remains a priority for sustaining ICAO's operations. Therefore, it is proposed to retain existing measures included in Assembly Resolutions 39-31. States in Group B are urged to conclude agreements for the repayment of their arrears in instalments as indicated in Assembly Resolution A39-31 Resolving Clause 4.

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APPENDIX A

STATUS OF CONTRIBUTIONS IN ARREARS FOR THE FINANCIAL YEARS 1989-2021  
AS AT 20 SEPTEMBER 2022  
(in Canadian dollars)

Member States	2021	2020	2019	2018	2017	2016	2015-1989	Years (2015-1989)	Total Arrears 1989-2020	Working Capital Fund	Total Amount Outstanding
<b>Group A</b>											
Djibouti	63 796	61 150	63 950				879 961	(2015-1994)	1 005 061		1 068 857
Grenada						61 819	218 482	(2015-2011)	280 301		280 301
Guinea	63 796	19 058					73 085	(1997-1996)	92 143		155 939
Liberia	63 796	30 700					100 194	(2003-1995)	130 894		194 690
Sierra Leone							51 427	(2003-1997)	51 427		51 427
<b>Total Group A</b>	<b>191 388</b>	<b>110 908</b>	<b>63 950</b>			<b>61 819</b>	<b>1 323 148</b>		<b>1 559 825</b>		<b>1 751 213</b>
<b>Group B</b>											
Antigua and Barbuda	63 796	61 150	63 950	60 864	59 569	61 819	1 135 400	(2015-1989)	1 442 752	2 855	1 509 403
Democratic Republic of the Congo	63 796	61 150	63 950	18 269					143 370		207 166
Dominica	63 796	61 150	42 633						103 783	1 325	168 904
Gambia	63 796	61 150	62 317						123 467		187 263
Haiti	63 796	61 150	63 950	60 864	59 569	61 819	29 090	(2015)	336 442		400 238
Malawi	63 796	61 150	63 950	60 864	59 569	61 819	672 437	(2015-2002)	979 789		1 043 585
Micronesia, Federated States of	63 796	61 150	63 950	33 488				(2015-2014)	158 588		222 384
Palau	63 796	61 150	63 950	60 864	59 569	61 819	399 223	(2015-2008)	706 575		770 371
Sao Tome and Principe	63 796	61 150	63 950	60 864	59 569	61 819	832 777	(2015-1992)	1 140 129		1 203 925
South Sudan	63 796	61 150	63 950	60 864	59 569	61 819	94 176	(2015-2014)	401 528		465 324
Syrian Arab Republic	63 796	61 150	63 950	60 864	59 569	61 819	174 426	(2015-2013)	481 778		545 574
<b>Total Group B</b>	<b>701 757</b>	<b>672 650</b>	<b>680 502</b>	<b>477 805</b>	<b>416 984</b>	<b>432 732</b>	<b>3 337 530</b>		<b>6 018 202</b>	<b>4 180</b>	<b>6 724 139</b>
<b>Group C</b>											
Afghanistan	63 796	48 082							48 082		111 879
Botswana	63 796	61 150							61 150		124 946
Lesotho	63 796	61 150							61 150		124 946
Solomon Islands	63 796	25 282							25 282		89 078
<b>Total Group C</b>	<b>255 184</b>	<b>195 665</b>							<b>195 665</b>		<b>450 849</b>
<b>Group D</b>											
Ecuador	70 856										70 856
Iran, Islamic Republic of	306 905										306 905
Kiribati	6 376										6 376
Lebanon	63 796										63 796
Libya	2 137										2 137
Pakistan	10 276										10 276
Tajikistan	53 929										53 929
Tuvalu	62 777										62 777
<b>Total Group D</b>	<b>577 053</b>										<b>577 053</b>
The Former Socialist Federal Republic of Yugoslavia							668 745		668 745		668 745
<b>Grand Total</b>	<b>1 725 382</b>	<b>979 223</b>	<b>744 452</b>	<b>477 805</b>	<b>416 984</b>	<b>494 551</b>	<b>5 329 423</b>		<b>8 442 437</b>	<b>4 180</b>	<b>10 171 998</b>

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**APPENDIX B**

**CONTRIBUTIONS AND INSTALMENTS PAYABLE FOR PRIOR YEARS  
UNDER AGREEMENTS FOR SETTLEMENT OF ARREARS  
AS AT 20 SEPTEMBER 2022**

(in Canadian dollars)

Contracting States	Year of Agreement	Term of Agreement in Years	Due in 2021		Due in 2020		Due in 2019		Total Currently Overdue	Total Prior Years Overdue	Due in 2022 and Future Years	Total Due
			Assessment	Instalment	Assessment	Instalment	Assessment	Instalment				
DJIBOUTI	2016	10	63 796	109 995	61 150	109 995	63 950	109 995	518 881		549 975	1 068 856
GRENADA	2017	10									280 301	280 301
GUINEA	2006	20	63 796	12 213	19 058				95 067		60 872	155 939
LIBERIA	2006	20	63 796	16 732	30 700				111 228		83 463	194 690
SIERRA LEONE	2006	20									51 427	51 427
<b>TOTAL</b>			<b>191 388</b>	<b>138 940</b>	<b>110 908</b>	<b>109 995</b>	<b>63 950</b>	<b>109 995</b>	<b>725 176</b>		<b>1 026 037</b>	<b>1 751 213</b>

NOTE: The amount due each year includes the current year's assessment plus an agreed instalment.

Prior Agreements which have been settled or expired since the last report to the Assembly in A40.

Member States	Year of Agreement	Term of Agreement in Years	Status of Agreement
Angola	2019	10	Paid in full in 2022
Cambodia	2001	20	Paid in full in 2021
Cook Islands	1999	20	Paid in full in 2019
Georgia	2006	15	Paid in full in 2021
Iraq	2010	10	Paid in full in 2020
Sao Tome and Principe	2000	20	Expired without settlement of arrears. Amount owing presented in Appendix A Group B

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APPENDIX C

ARREARS OF MEMBER STATES THAT HAVE HAD THEIR VOTING RIGHTS DEEMED SUSPENDED AS AT 20 SEPTEMBER 2022  
(in Canadian dollars and United States dollars)

		Arrears										Payment		
		CAD					Total CAD	USD				Total USD	CAD	USD
		2021	2020	2019	Over 3 Yrs	2021		2020	2019	Over 3 Yrs	Requested*		Requested*	
Group	State	2021	2020	2019	Over 3 Yrs	Total CAD	2021	2020	2019	Over 3 Yrs	Total USD	Requested*	Requested*	
A	Djibouti	36,472	35,868	37,511	220,182	330,033	20,874	19,314	20,198	504,033	564,419	192,419	249,398	
	Guinea	36,472	19,058			55,530	20,874			55,832	76,706	55,530	30,204	
	Liberia	36,472	30,700			67,172	20,874			76,543	97,417	67,172	33,656	
B	Antigua and Barbuda	36,472	35,868	37,511	395,459	505,310	20,874	19,314	20,198	706,683	767,069	395,460	706,684	
	Democratic Republic of the Congo	36,472	35,868	37,511	18,269	128,120	20,874	19,314	20,198		60,386	18,270	1	
	Haiti	36,472	35,868	37,511	121,499	231,350	20,874	19,314	20,198	68,635	129,021	121,500	68,636	
	Malawi	36,472	35,868	37,511	395,459	505,310	20,874	19,314	20,198	350,825	411,211	395,460	350,826	
	Micronesia, Federated States of	36,472	35,868	37,511	8,325	118,176	20,874	19,314	20,198	19,223	79,609	8,326	19,224	
	Palau	36,472	35,868	37,511	372,671	482,522	20,874	19,314	20,198	159,514	219,900	372,672	159,515	
	Sao Tome and Principe	36,472	35,868	37,511	395,459	505,310	20,874	19,314	20,198	473,315	533,701	395,460	473,316	
	South Sudan	36,472	35,868	37,511	172,749	282,600	20,874	19,314	20,198	79,205	139,591	172,750	79,206	
	Syrian Arab Republic	36,472	35,868	37,511	207,485	317,336	20,874	19,314	20,198	113,975	174,361	207,486	113,976	
<b>Total Outstanding</b>		<b>437,664</b>	<b>408,438</b>	<b>375,110</b>	<b>2,307,557</b>	<b>3,528,769</b>	<b>250,488</b>	<b>193,140</b>	<b>201,980</b>	<b>2,607,782</b>	<b>3,253,390</b>	<b>2,402,506</b>	<b>2,284,642</b>	

Group A: States that have concluded agreements with the Council to liquidate their arrears over a number of years, but are not in compliance with the terms of the agreement.

Group B: States with contributions in arrears for three full years or more which have not concluded agreements with the Council to liquidate their arrears.

\*Minimum payment necessary in both currencies to restore voting rights.

- END -