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## WORKING PAPER

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### ASSEMBLY — 36TH SESSION

#### EXECUTIVE COMMITTEE ADMINISTRATIVE COMMISSION

**Agenda Item 22: Contributions in arrears**

**Agenda Item 52: Contributions in arrears**

### FINANCIAL ASPECTS OF THE QUESTION OF CONTRIBUTIONS IN ARREARS

(Presented by the Council of ICAO)

#### EXECUTIVE SUMMARY

This paper provides information on the status of contributions in arrears and Contracting States that had their voting privileges deemed suspended as at 7 September 2007. This working paper also deals with the impact of delays in receipt of contributions, measures in dealing with contributions in arrears and the incentive scheme for settlement of arrears. The list of States that are in arrears is in Appendix A; States that have entered into agreements to settle their outstanding assessments over a period of years are listed in Appendix B; States that have their voting rights deemed suspended are in Appendix C; a draft Assembly Resolution is included in Appendix D to direct the Secretary General to report to the Council any voting rights deemed to be suspended and suspension revoked under Clause 6, and to apply measures stipulated in Clause 9. Appendix C will be updated regularly during the Assembly and prior to every voting session as an Addendum.

**Action:** The Council invites the Assembly to:

- consider the arrears of States in Appendix A, in the light of information in this paper and any additional information that States may submit to the Assembly;
- note the list of States that have entered into agreements to settle their outstanding assessments over a period of years as shown in Appendix B;
- note the list of States that have their voting rights deemed suspended as shown in Appendix C; and
- consider and approve the draft Resolution in Appendix D to this working paper.

<i>Strategic Objectives:</i>	This working paper relates to Supporting Implementation Strategy 4 and does not relate to any Strategic Objective.
<i>Financial implications:</i>	The delay in the receipt of contributions impacts on the cash resources of the Organization.
<i>References:</i>	A35-WP/21 Doc 9848, <i>Assembly Resolutions in Force (as of 8 October 2004)</i> Doc 7515/12, <i>The ICAO Financial Regulations</i> Doc 7300/8, <i>Convention on International Civil Aviation</i>

## 1. INTRODUCTION

1.1 Article 62 of the *Convention on International Civil Aviation* (Chicago, 1944) stipulates that the Assembly may suspend the voting rights in the Assembly and in the Council of any Contracting State that fails to discharge, within a reasonable period, its financial obligations to the Organization. Assembly Resolution A35-26 contains resolving clauses that, *inter alia*, require Contracting 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 Contracting 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 rights. Assembly Resolution A35-26 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.

1.2 Assembly Resolution A35-27 describes the incentives for the settlement of long-outstanding arrears. In addition, Assembly Resolution A35-27, *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.

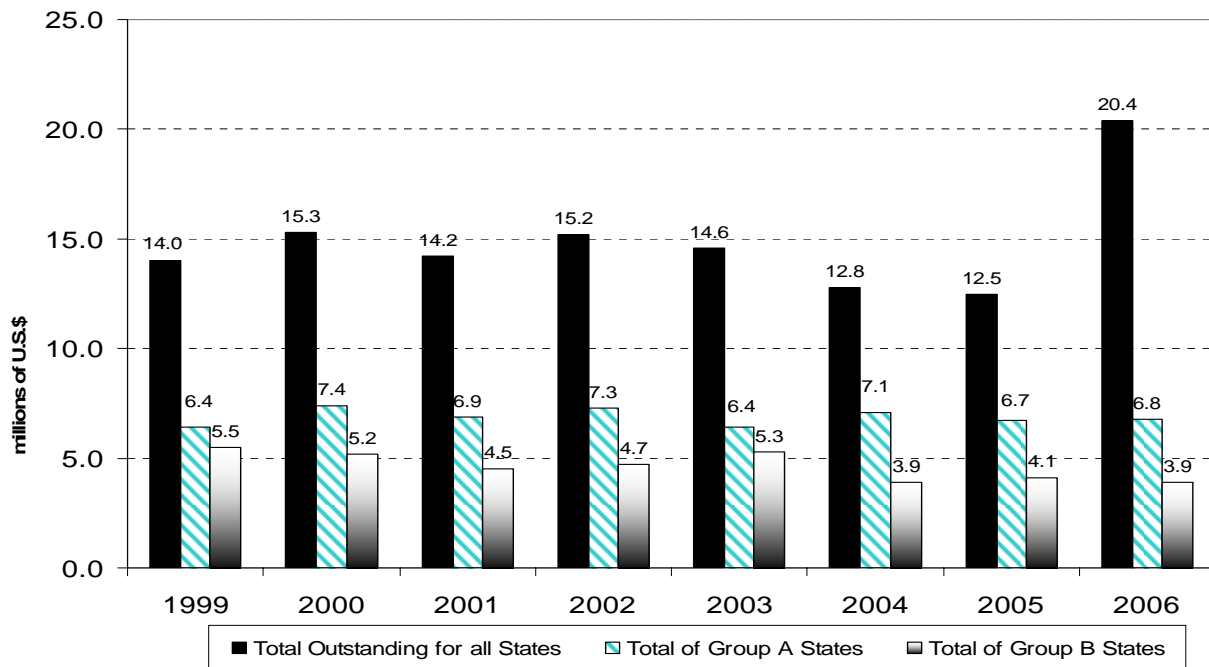
## 2. STATUS OF CONTRIBUTIONS IN ARREARS

### 2.1 Status of Contributions in Arrears since 1999

2.1.1 Figure 1 below shows the comparative position of total outstanding assessments as at 31 December for the years 1999 to 2006. The figure also shows separately the arrears for Group A and Group B States (please refer to the definition in paragraph 2.2.1). It will be noted that significant progress has been achieved in 2004 and 2005, with regard to total arrears for prior years. The total arrears outstanding as at 31 December 2006 amounted to \$ 20.4 million. Nonetheless, as noted in paragraph 2.2.1 below, the total amount in arrears in respect to 2006 and prior years went down to \$ 10.8 million as at 7 September 2007.

2.1.2 The outstanding assessments of Group B States decreased progressively from a peak of \$ 5.5 million as at 31 December 1999 to a low of \$ 3.9 million as at 31 December 2004 as more States entered into agreements to settle their long-outstanding arrears. It has increased slightly to \$ 4.1 million in December 2005 and went down to \$ 3.9 million in December 2006. The combined outstanding assessments in respect of Group A and Group B States improved over the years from \$ 11.9 million as at December 1999 to \$ 10.7 million as at 31 December 2006.

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



## 2.2 Status of Contributions in Arrears as at 7 September 2007

2.2.1 The total outstanding contributions as at 7 September 2007 was \$ 35.0 million, of which \$ 10.8 million was in arrears in respect to 2006 and prior years and \$ 24.2 million was related to 2007. Appendix A contains a schedule of unpaid contributions as at 7 September 2007 for all financial years through 2006 presented in the following four groups:

### **Group A (29 States)**

States that have concluded agreements with the Council to liquidate their arrears over a period of years in accordance with Assembly Resolution A35-26, Resolving Clauses 3 and 4.

### **Group B (7 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 (8 States)**

States with contributions in arrears for more than one year but less than three full years.

### **Group D (11 States)**

States with contributions outstanding only for the year 2006.

2.2.2 Immediately prior to the 35<sup>th</sup> Session of the Assembly in 2004, there were 34 Contracting States in Group A. Since that time, 9 Contracting States have paid in full their obligations under the agreements, 4 Contracting States have entered into new agreements, and 3 Contracting States renegotiated the terms of their agreement. As at 7 September 2007, the repayment terms for the 29 Contracting States with agreements outstanding are as follows:

Repayment over 5 years - 1 State  
Repayment over 10 years - 4 States  
Repayment over 11 years - 1 State  
Repayment over 15 years - 6 States  
Repayment over 20 years - 16 States  
Repayment over 25 years - 1 State

2.2.3 In accordance with their agreements, Group A States are required to pay the current year assessment and an agreed 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 as at 7 September 2007.

## 2.3 Impact of Delays in Receipt of Contributions

2.3.1 Delays in the payment of contributions by Contracting States against the current year assessments and arrears, which continue to be a matter of concern, have an adverse impact on the cash position of the Organization and the possible delay in the implementation of the work programmes. Member States have an obligation to ensure that the Organization continues to operate effectively. As a result of delays in receipt of contributions, the cash available to the General Fund has gradually decreased over time, and reached the level of only \$ 15.9 million as at 31 August 2007 excluding the amount of \$ 6.0 million held in the Working Capital Fund. If the trend in delays of contributions continues, cumulative receipts will fall short of cumulative expenditure throughout the year 2007 and for future years, except during the first quarter, as shown in the Table 1 that follows.

**TABLE 1**  
**Trend Expected for 2007 and Future Years**  
**of Cumulative Percentage of Assessments Received and Expenditure**

	<b>Average Per cent Assessment <u>Trend</u></b>	<b>Per cent Estimated <u>Expenditure</u></b>	<b>Cashflow <u>Surplus/Shortfall</u></b>
end of quarter 1	30 %	25 %	5 %
end of quarter 2	46 %	50 %	(4) %
end of quarter 3	58 %	75 %	(17) %
end of quarter 4	92 %	100 %	(8) %

In previous triennia, accumulated cash surplus covered shortfall in receipt of current years dues. However, cash surplus has been fully utilized and this resort is not available. This shortfall might have repercussions on the Organization's ability to deliver its work programme.

2.3.2 As a result of delays in the receipt of contributions, the Organization experienced a cash deficit (assessments receivable less cumulative surplus) of \$3.0 million at the year ended 31 December 2006. In order to prevent the recurrence of such cash deficits, it is imperative that the recovery of outstanding assessments improve. Other avenues need to be explored to encourage Contracting States to pay their assessments promptly.

### **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 Resolving Clause 2 of Assembly Resolution A35-26, Financial Regulations 6.4 and 6.5, and Financial Rule 106.4. For practical reasons, the State letters have been issued in May (reflecting status at April) upon completion of the External Audit, in July (for status at June) and November (for status at October as well as to inform of the assessment for the following year). A status report is not provided for the September quarter, as issuing one State letter in November allows for combining the notification of the new year's assessment along with the current status of contributions, and minimizes the cost of issuing separate State letters for each purpose. In addition, since 2004, the status of contributions has been published, with access restricted to Contracting States only, on the ICAO web site, to further enhance the frequency and timeliness of the information available to Contracting States. The status of voting rights deemed to be suspended is also published on the Staff Web for information regarding the additional measures approved by the Assembly in A35-26 to be implemented when applicable.

3.1.2 The President of the Council and the Secretary General make every possible effort, not only by means of letters to States, but also through personal contacts during their visits to Contracting States and when receiving delegations visiting ICAO Headquarters, to urge settlement of outstanding contributions. ICAO also responds to *ad-hoc* enquiries from States concerning the status of their outstanding contributions.

#### **3.2 Suspension of Voting Power under Assembly Resolution A35-26**

3.2.1 The power to suspend voting privileges is provided under Article 62 of the Convention. In accordance with Clause 6 of Assembly Resolution A35-26, the voting rights in the Council and Assembly are suspended for States that have failed to discharge their financial obligations to the Organization equivalent to the preceding three years' assessments or more, and which have not concluded an agreement or have not complied with the terms of the agreement. Since the effective date of this resolution from 1 January 2005, Clause 6 has been applied automatically and consistently by the Secretariat through a close monitoring of unpaid assessments. During the Council's 179th Session, the Secretariat specified that the application of Clause 6 did not require the Council's approval, and the Secretariat's role was to indicate the impact of its application. In order to clarify the resolution it is proposed to add a clause (Clause 12) to the proposed Assembly Resolution A22/1, as reflected in Appendix D.

3.2.2 Appendix C presents the arrears of the 18 Contracting States that fall within Article 62 of the Convention, relating to the suspension of voting rights, as at 7 September 2007. Table 2 below presents the comparative situation immediately prior to the 35th Session of the Assembly in September/October 2004 and as at 1 January of 2005, 2006, 2007 and 7 September 2007.

**TABLE 2**  
**NUMBER OF STATES WITH VOTING RIGHTS DEEMED SUSPENDED**

	<b>Group A</b>	<b>Group B</b>	<b>Total</b>
at 7 September 2007	11	7	18
at 1 January 2007	18	9	27
at 1 January 2006	16	8	24
at 1 January 2005	21	9	30
35 <sup>th</sup> Session of Assembly - September/October 2004 (suspended)	13	11	24

3.2.3 It should be noted that some States delay paying their obligations until immediately prior to the Assembly, and pay only the minimum amount required to reinstate their voting rights. For States with agreements, the minimum amount needed to reinstate voting rights comprises the assessments and instalments due in accordance with their agreement.

3.2.4 Resolving Clause 6 of Assembly Resolution A35-26 provides that suspension of voting privileges will be immediately revoked upon either the payment in full of contributions that are in arrears for at least three years or the conclusion with the Council of an agreement to liquidate arrears over a period of time and compliance with the terms of the agreement. It should be noted that with effect from 1 January 2005, the voting rights of a State with an agreement is suspended if it is not in compliance with the terms of its agreement, irrespective of the amount of arrears outstanding. Since 1 January 2005, the treatment of Group A and Group B States as concerns reinstatement of voting rights differs: Group B States would be required to bring the balance of arrears outstanding below the level of three preceding years' assessments, whereas Group A States would be required to comply with the terms of their agreement irrespective of the amount of arrears outstanding.

### 3.3 **Arrangements for payment of arrears**

3.3.1 Resolving Clause 4 of Assembly Resolution A35-26 sets out the pre-conditions for entering into an agreement for repayment of arrears.

3.3.2 Under this Resolving Clause 4, 4 States have entered into new agreements, and 3 States have renegotiated the terms of their agreements during the triennium.

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

3.4.1 The 32<sup>nd</sup> Session of the Assembly approved Assembly Resolution A32-27, creating the Incentive Scheme for the Settlement of Long-outstanding Arrears. Its continuation was confirmed by Assembly Resolution A35-27 in Resolving Clause 3.

3.4.2 At the beginning of 2004, the balance in the special account was \$ 2.9 million. During 2004, 2005 and 2006 contributions plus interest amounted to \$ 2.2 million whilst expenditures and transfers total \$ 2.0 million resulting in a balance of \$ 3.1 million as at 31 December 2006. Of this balance of \$ 3.1 million, \$ 0.2 million has already been reserved for enhancement of the efficient delivery of ICAO Programmes (A34-1), and \$ 0.1 million for safety oversight audits (C-DEC 160/3). The balance of uncommitted funds in the Special Account as at 31 December 2006 amounted to \$ 2.8 million. It should be noted that there was no use of the funds in the special account other than those approved by the Assembly in Resolution A34-1 and A35-22, and consequently there is no expenditure to report as per Resolution A35-27, Resolving Clause 3.

3.4.3 It should be noted that the transfer of the arrears of contributions to a separate account in accordance with Assembly Resolution A35-27 means that the cash available for funding the Regular Programme Budget is correspondingly reduced; however, it should also be noted that assessments receivable from Group A and Group B were below \$ 11 million at the end of 2005 and 2006 showing some progress when compared to \$ 11 million and more since 1999, as shown in Figure 1 above.

3.4.4 Therefore, it is proposed to further review the incentive scheme and its possible impact during the next triennium.

#### **4. ADDITIONAL MEASURES IN DEALING WITH CONTRIBUTIONS IN ARREARS**

4.1 The Council, being very concerned with the level of the arrears, recommended during the previous triennium the approval of additional measures needed to encourage Contracting States to pay their contributions when due. The following additional measures were approved in Assembly Resolution A35-26 Clause 9 for application to the Contracting States whose voting rights have been suspended under Article 62 of the Convention with effect from 1 January 2005:

- a) lose eligibility to host meetings, conferences, workshops and seminars which are funded, in whole or in part, by the Regular Programme;
- b) receive only the same free documentation as that provided to non-Contracting States, including those available in electronic media, and any other documents that are essential for the safety, regularity or efficiency of international air navigation;
- c) Nationals or Representatives lose eligibility for nomination to elected offices;
- d) for purposes of recruitment to posts in the Secretariat, if all other circumstances are equal, candidates from States in arrears would be considered as having the status of candidates from a State that has already achieved the desired level of representation (under equal geographical representation principles), even if it has not achieved that level; and
- e) lose the right to participate in the ICAO Familiarization course.

4.1.1 The above measures have been applied by the Secretary General and monitored by the Council. For more clarity, it is proposed to add that practice as a directive in Clause 9 to the resolution prepared in Appendix D.

4.2 The Council also recommended that 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.

## 5. CONCLUSION

5.1 Considering the significant amendments made to the previous Assembly resolutions on this matter during the 35th Session of the Assembly, the fact that some measures were put in place only since 1 January 2005 and that some progress has been achieved in the collection of arrears for Group A and Group B States, the impact of measures to further encourage States to settle their long outstanding arrears cannot be assessed with a reasonable degree of assurance at the present time. Therefore, it is proposed to continue to monitor the long outstanding arrears and to apply the measures already adopted by the Assembly during the next triennium, and to further report on the financial aspects of the question of contribution in arrears at the next ordinary session of the Assembly.

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## APPENDIX A

CONTRIBUTIONS IN ARREARS FOR THE FINANCIAL YEARS 1982-2006  
AS AT 7 SEPTEMBER 2007

(in United States dollars)

Contracting States	2006	2005	2004	2003	2002	1982-2001 Years	Total Arrears	Working Capital Fund	Total Amount Outstanding
<b>Group A</b>									
BELARUS	36 244	35 104	30 300	30 198	29 014	4 021 (1997)	164 881		164 881
BENIN						54 887 (1997-1996)	54 887		54 887
BURKINA FASO						157 573 (1997-1992)	157 573		157 573
CAMBODIA	764					204 712 (2000-1993)	205 476		205 476
CENTRAL AFRICAN REPUBLIC				30 198		290 532 (1997-1985)	320 730		320 730
CHAD						218 095 (1997-1989)	218 095		218 095
COMOROS				30 198	29 964	386 732 (2001-1986)	446 894		446 894
CONGO				30 198	29 964	226 053 (1997-1989)	286 215		286 215
COOK ISLANDS						94 510 (1998-1995)	94 510		94 510
COTE D'IVOIRE						94 906 (1997-1992)	94 906		94 906
DEMOCRATIC REPUBLIC OF THE CONGO	36 244	35 104		30 198	29 964	219 891 (2001-1994)	351 401		351 401
GABON						80 052 (1997-1995)	80 052		80 052
GAMBIA					29 964	220 825 (2001-1991)	250 789		250 789
GEORGIA		35 104	30 300	30 198	29 964	247 972 (2001-1994)	373 538		373 538
GRENADA						216 839 (2000-1993)	216 839		216 839
GUINEA						177 279 (1997-1991)	177 279		177 279
KYRGYZSTAN	36 244	35 104				173 886 (2000-1995)	245 234		245 234
LIBERIA				198	2 390	240 279 (1997-1988)	242 867		242 867
MALAWI	36 244	35 104	30 300	30 198	29 964	41 828 (2001-1996)	203 638		203 638
MALI						28 110 (1997-1997)	28 110		28 110
NIGER						56 881 (1996-1995)	56 881		56 881
REPUBLIC OF MOLDOVA						130 494 (2001-1994)	130 494		130 494
RWANDA						35 931 (1997-1996)	35 931		35 931
SAO TOME AND PRINCIPE	36 244	35 104	30 300	30 198	29 964	336 051 (2001-1986)	497 861		497 861
SEYCHELLES	25 000					61 308 (2000-1998)	86 308		86 308
SIERRA LEONE				198	29 964	235 125 (1997-1988)	265 287		265 287
SOLOMON ISLANDS				30 198	29 964	68 017 (2001-1999)	128 179		128 179
SURINAME	36 244	35 104				89 905 (2000-1997)	161 253		161 253
URUGUAY				24 842			24 842		24 842
<b>Total Group A</b>	<b>243 228</b>	<b>245 728</b>	<b>121 200</b>	<b>297 020</b>	<b>301 080</b>	<b>4 392 694</b>	<b>5 600 950</b>		<b>5 600 950</b>
<b>Group B</b>									
ANTIGUA AND BARBUDA	36 244	35 104	30 300	30 198	29 964	346 705 (2001-1989)	508 515	981	509 496
DJIBOUTI	36 244	35 104	30 300	30 198	29 964	363 850 (2001-1988)	525 660		525 660
GUINEA-BISSAU		35 104	30 300	30 198	29 964	459 845 (2001-1982)	585 411	1 080	586 491
IRAQ	36 244	35 104	45 450	45 297	49 940	941 061 (2001-1990)	1 153 096		1 153 096
NAURU	36 244	35 104	30 300	30 198	29 964	203 756 (2001-1995)	365 566		365 566
PALAU	36 244	35 104	30 300				101 648		101 648
SOMALIA	36 244	35 104	30 300	30 198	29 964	417 222 (2001-1985)	579 032	1 080	580 112
<b>Total Group B</b>	<b>217 464</b>	<b>245 728</b>	<b>227 250</b>	<b>196 287</b>	<b>199 760</b>	<b>2 732 439</b>	<b>3 818 928</b>	<b>3 141</b>	<b>3 822 069</b>
<b>Group C</b>									
HAITI	36 244	35 104					71 348		71 348
KIRIBATI	36 244	3 444					39 688		39 688
MARSHALL ISLANDS	36 244	33 905					70 149		70 149
MICRONESIA (FEDERATED STATES OF)	36 244	14 808					51 052		51 052
SAINT KITTS & NEVIS	36 244	2 352					38 596		38 596
SUDAN	36 244	35 104	173				71 521		71 521
TAJIKISTAN	36 244	24 566					60 810		60 810
TIMOR-LESTE	36 244	8 776					45 020	3 600	48 620
<b>Total Group C</b>	<b>289 952</b>	<b>158 059</b>	<b>173</b>				<b>448 184</b>	<b>3 600</b>	<b>451 784</b>
<b>Group D</b>									
AFGHANISTAN	26 769						26 769		26 769
ALBANIA	36 244						36 244		36 244
ANGOLA	20 121						20 121		20 121
BRUNEI DARUSSALAM	36 244						36 244		36 244
HONDURAS	20 654						20 654		20 654
ISRAEL	244 972						244 972		244 972
LIBYAN ARAB JAMAHIRIYA	10 502						10 502		10 502
MOROCCO	43 432						43 432		43 432
MYANMAR	1 510						1 510		1 510
PAPUA NEW GUINEA	36 244						36 244		36 244
SYRIAN ARAB REPUBLIC	354						354		354
<b>Total Group D</b>	<b>477 046</b>						<b>477 046</b>		<b>477 046</b>
the former Socialist Federal Republic of Yugoslavia *						510 882	510 882		510 882
Montenegro (New Contracting State-April 2007)								3 600	3 600
<b>Total</b>	<b>1 227 690</b>	<b>649 515</b>	<b>348 623</b>	<b>493 307</b>	<b>500 840</b>	<b>7 636 015</b>	<b>10 855 990</b>	<b>10 341</b>	<b>10 866 331</b>

\* The devolution of the amount owing by the former Socialist Republic of Yugoslavia is to be ascertained.

Group A : States that have concluded agreements with the Council to liquidate their arrears over a period of years.

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.

Group C : States with contributions in arrears for less than three full years.

Group D : States with contributions outstanding only for the year 2006.

**APPENDIX B**  
**CONTRIBUTIONS AND INSTALMENTS PAYABLE FOR PRIOR YEARS**  
**UNDER AGREEMENTS FOR SETTLEMENT OF ARREARS**  
**AS AT 7 SEPTEMBER 2007**

(in United States dollars)

Contracting States	Year of Agreement	Due in 2006		Due in 2005		Due in 2004		Total Currently Overdue	Due in 2007 and Future Years	Total Due
		Assessment	Instalment	Assessment	Instalment	Assessment	Instalment			
BELARUS	1998	36 244		35 104		30 300		101 648	63 233	164 881
BENIN	1998								54 887	54 887
BURKINA FASO	1998								157 573	157 573
CAMBODIA	2001	764						764	204 712	205 476
CENTRAL AFRICAN REPUBLIC	1998								320 730	320 730
CHAD	1998								218 095	218 095
COMOROS	2004		23 164		6 784			29 948	416 946	446 894
CONGO	1998		34 292		34 292		34 292	102 876	183 339	286 215
COOK ISLANDS	1999								94 510	94 510
COTE D'IVOIRE	1998								94 906	94 906
DEMOCRATIC REPUBLIC OF THE CONGO	2004	36 244	14 003	35 104	14 003			99 354	252 047	351 401
GABON	1998								80 052	80 052
GAMBIA	2003								250 789	250 789
GEORGIA	2006			35 104		30 300		65 404	308 134	373 538
GRENADA	2001								216 839	216 839
GUINEA	2006								177 279	177 279
KYRGYZSTAN	2001	36 244	8 050	35 104	4 854			84 252	160 982	245 234
LIBERIA	2006								242 867	242 867
MALAWI	1997	36 244		35 104		30 300		101 648	101 990	203 638
MALI	1998								28 110	28 110
NIGER	1997								56 881	56 881
REPUBLIC OF MOLDOVA	2002								130 494	130 494
RWANDA	1998								35 931	35 931
SAO TOME AND PRINCIPE	2000	36 244	16 325	35 104	16 325	30 300	16 325	150 623	347 238	497 861
SEYCHELLES	2001	25 000						25 000	61 308	86 308
SIERRA LEONE	2006								265 287	265 287
SOLOMON ISLANDS	2004								128 179	128 179
SURINAME	2001	36 244	12 844	35 104	12 844			97 036	64 217	161 253
URUGUAY	2004								24 842	24 842
<b>TOTAL</b>		<b>243 228</b>	<b>108 678</b>	<b>245 728</b>	<b>89 102</b>	<b>121 200</b>	<b>50 617</b>	<b>858 553</b>	<b>4 742 397</b>	<b>5 600 950</b>

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

**APPENDIX C**

**ARREARS OF CONTRACTING STATES THAT HAVE THEIR VOTING RIGHTS DEEMED SUSPENDED  
AS AT 7 SEPTEMBER 2007**

(in United States dollars)

Contracting States	2006	2005	2004	2003	2002	2001	1982-2000 Years	Total Arrears	Working Capital Fund	Amount Outstanding
<b>Group A</b>										
BELARUS	36 244	35 104	30 300	30 198	29 014		4 021 (1997)	164 881		164 881
CAMBODIA	764						204 712 (2000-1993)	205 476		205 476
CENTRAL AFRICAN REPUBLIC				30 198			290 532 (1997-1985)	320 730		320 730
COMOROS				30 198	29 964	29 964	356 768 (2000-1986)	446 894		446 894
CONGO				30 198	29 964		226 053 (1997-1989)	286 215		286 215
DEMOCRATIC REPUBLIC OF THE CONGO	36 244	35 104		30 198	29 964	29 964	189 927 (2000-1994)	351 401		351 401
KYRGYZSTAN	36 244	35 104					173 886 (2000-1995)	245 234		245 234
MALAWI	36 244	35 104	30 300	30 198	29 964	29 028	12 800 (1996-1996)	203 638		203 638
SAO TOME AND PRINCIPE	36 244	35 104	30 300	30 198	29 964	29 964	306 087 (1998-1986)	497 861		497 861
SEYCHELLES	25 000						61 308 (2000-1998)	86 308		86 308
SURINAME	36 244	35 104					89 905 (2000-1997)	161 253		161 253
										<b>2 969 891</b>
<b>Group B</b>										
ANTIGUA AND BARBUDA	36 244	35 104	30 300	30 198	29 964	29 964	316 741 (2000-1989)	508 515	981	509 496
DJIBOUTI	36 244	35 104	30 300	30 198	29 964	29 964	333 886 (2000-1988)	525 660		525 660
GUINEA-BISSAU		35 104	30 300	30 198	29 964	29 964	429 881 (2000-1982)	585 411	1 080	586 491
IRAQ	36 244	35 104	45 450	45 297	49 940	29 964	911 097 (2000-1990)	1 153 096		1 153 096
NAURU	36 244	35 104	30 300	30 198	29 964	29 964	173 792 (2000-1995)	365 566		365 566
PALAU	36 244	35 104	30 300					101 648		101 648
SOMALIA	36 244	35 104	30 300	30 198	29 964	29 964	387 258 (2000-1985)	579 032	1 080	580 112
										<b>3 822 069</b>
<b>Total Outstanding</b>	<b>460 692</b>	<b>456 352</b>	<b>318 150</b>	<b>407 673</b>	<b>378 594</b>	<b>298 704</b>	<b>4 468 654</b>	<b>6 788 819</b>	<b>3 141</b>	<b>6 791 960</b>

Group A : States that have concluded agreements with the Council to liquidate their arrears over a period of years.

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.

**APPENDIX D**  
**DRAFT ASSEMBLY RESOLUTION**  
**FOR ADOPTION BY THE 36TH SESSION OF THE ASSEMBLY**

**Resolution A22/1**

**Discharge by Contracting States of financial obligations to the Organization and action to be taken in case of their failure to do so**

*Whereas* Article 62 of the *Convention on International Civil Aviation* provides that the Assembly may suspend the voting power in the Assembly and in the Council of any Contracting State that fails to discharge, within a reasonable period, its financial obligations to the Organization;

*The Assembly:*

*Considering* that Article 6.5 of the *ICAO Financial Regulations* provides that contributions from Contracting States shall be considered due and payable in full as of the first day of the financial year to which they relate;

*Noting* that in recent years the accumulation of contributions in arrears has increased considerably and has constituted, together with the delays in payment of current year contributions, an obstacle to the implementation of the work programme and created serious cash flow difficulties;

*Urges* that all Contracting States in arrears make suitable arrangements for liquidating their arrears; and

*Urges* all Contracting States and, in particular, the States elected to the Council, to take all necessary measures to pay their contributions on time;

*Resolves that, with effect from 1 January 2008:*

1. all Contracting States should recognize the necessity to pay their contributions at the beginning of the year in which they fall due, in order to avoid the need for the Organization to draw on the Working Capital Fund to make good the shortfall;

2. the Council direct the Secretary General to dispatch to all Contracting States, at least three times in the year, schedules showing the current amounts due for the current year and up to 31 December of the previous year;

3. the Council be authorized to discuss and conclude arrangements with Contracting States, whose contributions are in arrears for three or more years, for the settlement of accumulated arrears to the Organization, any such settlements or arrangements to be reported to the next session of the Assembly;

4. all Contracting States that are three years or more in arrears in the payment of their contributions should:

- a) effect without delay payment of the amounts outstanding with respect to advances to the Working Capital Fund, the current year contribution, and partial settlement of their arrears in the amount of no less than \$ 2 000, such minimum amount to be increased proportionately in cases of States that are assessed at more than the minimum contribution of the ICAO scale; and
- b) conclude within six months of the date of the payment referred to in sub-paragraph a) above, if they have not already done so, an agreement with the Organization for the settlement of the balance of their arrears, such agreement to provide for the payment annually, in full, of their current contributions and the balance of the arrears in instalments over a period of no more than ten years, which period may, at the discretion of the Council, be extended, to a maximum of twenty years in respect of special cases, i.e. those Contracting States which are classified by the United Nations as Least Developed Countries;

5. the Council should further intensify the current policy of inviting Contracting States in arrears to make settlement proposals for the liquidation of long-outstanding arrears of contributions in accordance with the provisions of Resolving Clause 4 above, taking full account of the economic position of the States concerned including the possibility of accepting other currencies in accordance with the provisions of Article 6.6 of the Financial Regulations, to the extent that the Secretary General can use these currencies;

6. the voting power in the Assembly and the Council be suspended for those Contracting States in arrears for an amount equal to or in excess of the total assessments for the three preceding financial years and of those Contracting States not in compliance with agreements entered into in accordance with Resolving Clause 4 b) above, such suspension to be revoked immediately upon the settlement of outstanding amounts due under agreements; and

7. the voting power of a Contracting State suspended under Resolving Clause 6 may also be restored by action of the Assembly or the Council provided:

- a) it has already concluded with the Council an agreement that provides for the settlement of its outstanding obligations and for the payment of current contributions and has complied with the terms of that agreement; or
- b) the Assembly is satisfied that the State's willingness to reach an equitable settlement of its financial obligations to the Organization has been demonstrated;

8. any State whose voting power has been suspended by the Assembly under Article 62 of the Convention may have it restored by the Council under the conditions stipulated in Resolving Clause 7 a) above, provided that a willingness on its part to reach an equitable settlement of its financial obligations to the Organization has been demonstrated;

9. the following additional measures be applied to those Contracting States whose voting rights have been suspended under Article 62 of the Convention:

- a) lose eligibility to host meetings, conferences, workshops and seminars which are funded, in whole or in part, by the Regular Programme;
- b) receive only the same free documentation as that provided to non-Contracting States, including those available in electronic media, and any other documents that are essential for safety, regularity or efficiency of international air navigation;
- c) Nationals or Representatives lose eligibility for nomination to elected offices;
- d) for purposes of recruitment to posts in the Secretariat, if all other circumstances are equal, candidates from States in arrears would be considered as having the status of candidates from a State that has already achieved the desired level of representation (under equal geographical representation principles), even if it has not achieved that level; and
- e) lose the right to participate in the ICAO Familiarization course;

10. only those States which have no outstanding annual assessed contributions except for the current year's assessment will be eligible for election to the Council, Committees, and bodies;

11. the Council direct the Secretary General to monitor and review, during the next triennium, the existing incentives for the payment of long-outstanding arrears and make proposals to the next ordinary Session of the Assembly, as necessary, to reinforce the measures taken to reduce contributions in arrears;

12. the Council direct the Secretary General to report to Council any voting rights deemed to be suspended and suspension revoked under Clause 6, and to apply measures stipulated in Clause 9 accordingly; and

13. this Resolution supersedes Assembly Resolution A35-26.

— END —