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**Report by the Secretary-General**

IMPROVEMENT OF MANAGEMENT AND FOLLOW-UP OF THE DEFRAYAL OF ITU EXPENSES BY SECTOR MEMBERS, ASSOCIATES, AND ACADEMIA

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| SummaryIn [Resolution 152 (Rev. Busan, 2014)](http://www.itu.int/pub/S-CONF-ACTF-2014), the Plenipotentiary Conference instructed the Secretary-General, in consultation with the Directors of the Bureaux, to report to the Council on the management and follow-up of the defrayal of ITU expenses by Sector Members and Associates, highlighting any difficulty that may be encountered and proposing further improvements.Since Council 2011, the Secretary-General was granted greater flexibility in the implementation of Resolution 152 (Rev. Guadalajara, 2010) regarding the provision on automatic removal with the aim of retaining current Members and facilitating the recovery of past debts. The Plenipotentiary Conference (Busan, 2014), modified Resolution 152 to take into account this flexibility.**Action required**The Council is invited to take **note** of the report by the Secretary-General on the improvement of management and follow-up of the defrayal of ITU expenses by Sector Members, Associates, and Academia and **endorse** the recommendations as per Section 4.\_\_\_\_\_\_\_\_\_\_\_\_\_References*CV/*[*Article 19*](https://www.itu.int/pub/S-CONF-PLEN-2019)*,* [*CV 241*](https://www.itu.int/pub/S-CONF-PLEN-2019)*,* [*CV 241C*](https://www.itu.int/pub/S-CONF-PLEN-2019)*;* [*Resolution 152 (Rev. Busan, 2014)*](https://www.itu.int/en/council/Documents/basic-texts/RES-152-E.pdf)*Documents C93/49, C95/87, C95/112,* [*C01/34*](http://www.itu.int/itudoc/gs/council/c01/docs/034.html)*,* [*C06/25*](http://www.itu.int/md/S06-CL-C-0025/en)*,* [*C07/5(Rev.1)*](http://www.itu.int/md/S07-CL-C-0005/en)*,* [*C08/14*](http://www.itu.int/md/S08-CL-C-0014/en)*,* [*C09/5 (Rev.1)*](http://www.itu.int/md/S09-CL-C-0005/en), [*C10/33*](http://www.itu.int/md/S10-CL-C-0033/fr)*,* [*C10/96*](http://www.itu.int/md/S10-CL-C-0096/fr)*,* [*C11/21*](http://www.itu.int/md/S11-CL-C-0021/fr), [*C12/5*](http://www.itu.int/md/S12-CL-C-0005/fr), [*C12/10*](http://www.itu.int/md/S12-CL-C-0010/fr), [*C13/14*](http://www.itu.int/md/S13-CL-C-0014/fr)*,* [*C14/14*](http://www.itu.int/md/S14-CL-C-0014/en)*,* [*C15/14*](http://www.itu.int/md/S15-CL-C-0014/en)*,* [*C16/14*](http://www.itu.int/md/S16-CL-C-0014/en)*,* [*C17/14*](http://www.itu.int/md/S17-CL-C-0014/en)*,* [*C18/60*](http://www.itu.int/md/S18-CL-C-0060/en) |

# 1 Summary

1.1 Resolution 152 (Rev. Busan, 2014) instructs the Secretary-General, in consultation with the Directors of the Bureaux, to report to the Council on the management and follow-up of the defrayal of ITU expenses by Sector Members and Associates, highlighting any difficulty that may be encountered and proposing further improvements.

1.2 Resolution 152 (Rev. Busan, 2014) states the period for suspension and exclusion of Sector Members and Associates in the case of late payment as follows:

− suspension of participation occurs six months (180 days) after the due date of the annual contribution; and

− exclusion should occur three months (90 days) after the date of suspension.

1.3 The entry into force of Resolution 152 had positive results but it also brought some important challenges such as: the systematic loss of Sector Members and Associates; difficulties in recovering debts of excluded Sector Members and Associates due to lack of incentives or alternative negotiation mechanisms once exclusion has taken effect; and lack of flexibility to negotiate Sector Member and Associate debts in the case of mergers and acquisitions (new or current Sector Members/Associates who have acquired an ex-ITU Sector Member/Associate having a debt).

1.4 Faced with the above-mentioned challenges and in an effort to reduce the number of exclusions, the Secretary-General requested and was granted flexibility by Council (in 2011 and renewed in subsequent years) in implementing Resolution 152. The Plenipotentiary Conference (Busan, 2014) then revised Resolution 152, taking into account the ongoing flexibility on the provision on automatic removal of Sector Members and Associates, to facilitate the recovery of past debts, retain current members, and attract potential new ones.

# 2 Background: Results obtained from the application of Resolution 152

2.1 The adoption of Resolution 152 had a positive impact on the payment of contributions, as reflected in a better collection rate and a consequent reduction in the debt of Sector Members and Associates. The following two tables show the progression of the contributions’ collection rate as well as the progression of the current debt (contributions due for the current year) and arrears (cumulative unpaid contributions for the preceding years) of Sector Members and Associates. Since 2011, Table 1 shows the collection rates of the new membership category, Academia (Academic institutes, universities, and their associated research establishments), created by Resolution 169 (Rev. Dubai, 2018).

**Table 1 Progression of the contributions’ collection rate of Sector Members, Associates and Academia (% of amounts received as against amounts invoiced)**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Members** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** |
| Sector Members | 96% | 97% | 99% | 98% | 98% | 98% | 98% | 98% | 97% | 96% |
| Associates | 88% | 91% | 93% | 94% | 93% | 93% | 93% | 93% | 96% | 94% |
| Academic Institutions |   |   | 80% | 86% | 92% | 95% | 93% | 96% | 94% | 93% |

**Table 2 Progression of the current debt and arrears of Sector Members, Associates and Academia
(In thousands of Swiss francs)**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Debt** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** |
| Current Debt (Contributions) | 1,416 | 677 | 374 | 469 | 470 | 487 | 441 | 515 | 542 | 871 |
| Arrears (Contributions) | 18,580 | 19,679 | 19,149 | 17,758 | 16,484 | 16,729 | 16,300 | 15,367 | 13,938 | 11,213 |

2.2 Table 2 shows that over the ten-year period from 2009 to 2018, the current debt of Sector Members, Associates, and Academia fell by 38%, from CHF 1.4 million to CHF 0.9 million. The arrears have had a significant decrease of 40%, from CHF 18.6 million in 2009 to CHF 11.2 million in 2018. Also, it must be noted that in 2018, the current debt has increased in relation to last year. In 2017, the current debt amounted to CHF 0.5 million vs. 0.9 million in 2018. A part of this increase can be explained by the 2018 Plenipotentiary Conference Invoices which were issued for the non-exempted members at the end of 2018 (26 invoices at CHF 8 835.00 each = CHF 229 710.00).

2.3 The flexibility granted to the Secretary-General since Council 2011 has enabled the Secretariat to recover some arrears, which normally would have been difficult to recover, through the negotiation of repayment agreements with entities that acquired ex-ITU Sector Members/Associates with debts and that were interested in ITU membership. In 2018, there were no repayment agreements negotiated with members who acquired former members indebted towards ITU. However, it is hoped that the flexibility in the negotiation of debt payment terms with Sector Members and Associates adopted by Resolution 152 (Rev. Busan, 2014), will continue to enhance opportunities to recover arrears.

# 3 Suspension/removal of ITU Sector Members, Associates and Academia

3.1 Since the adoption of Resolution 152 and, notably, since flexibility was granted to the Secretary-General (Council 2011), a customized reminder procedure was put in place for Sector Members, Associates, and Academia in arrears with their payments, combined with proactive, coordinated follow-up involving the General Secretariat, the Bureaux of the Sectors, and Regional Offices. Administrations are informed of this process and in some cases, they play an active and very successful role in helping the secretariat recover debts and re-engage suspended members. The secretariat is grateful for this support.

3.2 The procedure put in place has produced positive results, leading to a decrease in the number of suspended companies and those definitively excluded from membership. Out of 189 entities at risk of suspension in June 2018, 83 were suspended in October 2018. This was further reduced to 24 entities (at 5 April 2019), which are “frozen” since January 2019. The status of “frozen entity” provides additional time for suspended entities to settle their financial situation rather than be automatically excluded. “Frozen entities” are no longer invoiced, they remain suspended of participation, but remain on the list of Sector Members/Associates/Academia, as appropriate. The list of “frozen entities” since January 2019 is reproduced in Annex 1.

3.3 Considerable efforts have been undertaken to re-engage frozen entities at risk of exclusion. Nevertheless, of 33 entities that would have been excluded according to Resolution 152 (Rev. Busan, 2014) in January 2018, the secretariat was able to convince fifteen to settle their fees and their memberships were reactivated, while five entities officially denounced and resolved their financial situation.

3.4 Although it has been positive to provide additional time to retain some entities, when it is clear that some long-term suspended entities are not going to be re-engaged and settle their arrears, it is pertinent to exclude them. Experience has shown that entities interested in continuing to participate in the work of the Sectors will normally regularize their situation in a short deadline. In other words, the longer entities are suspended, the less likely they are to re-engage and repay their dues. The Secretary-General approved the exclusion of 19 entities (of which 13 entities have been “frozen” since January 2018 and six entities from previous years) effective 30 June 2019. The list of these entities is reflected in Annex 2.

**4 Recommendations**

4.1 Close collaboration between the secretariat, the Bureaux, and the Regional Offices for the follow-up of the payment of fees by Sector Members, Associates, and Academia should be continued. Coordinated efforts are necessary to retain suspended entities with the aim of recovering their arrears and re-activate their participation in the work of the Sectors.

4.2 While experience has shown that flexibility has been useful to provide additional time to retain some entities, it is recommended that the Secretary-General continue to exclude long-term suspended entities, as they are unlikely to be re-engaged and repay their dues.

4.3 Notwithstanding the above, the ITU secretariat requests those administrations which, pursuant to Article 19 of the Convention, approve the participation of Sector Members, Associates, and Academia to continue to provide ongoing support with regard to following up entities in arrears with their contributions.

**Annexes: 2**

ANNEX 1

SUSPENDED MEMBERS FROM 1 OCTOBER 2018 – FROZEN FROM 1 JANUARY 2019

*2018 Contributions due – Situation at 5 April 2019*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Country** | **Entity** | **Period/Sector** | **ITU-R** | **ITU-T** | **ITU-D** | **Academia** |
| BAHRAIN | University College of Bahrain | 2018/Academia |   |   |   | 1 |
| EQUATORIAL GUINEA | Guinea Ecuatorial de Telecomunicaciones, Sociedad Anonima | 2018/ITU-T |   | 1 |   |   |
| FRANCE | PMI Conseil | 2018/ITU-D |   |   | 1 |   |
| INDIA | HMR Institute of Technology & Management | 2018/Academia |   |   |   | 1 |
|   | MIT World Peace University | 2018/Academia |   |   |   | 1 |
| ITALY | CommProve Technologies SpA | 2018/Assoc. ITU-T |   | 1 |   |   |
| LUXEMBOURG | Luxembourg Space Telecommunication S.A. | 2018/ITU-R | 1 |   |   |   |
| PANAMA | Cable & Wireless Panamá S.A. | 2018/ITU-D |   |   | 1 |   |
| SENEGAL | Expresso Telecom | 2018/ITU-D |   |   | 1 |   |
|   | Initiative Africaine des Technologies Avancées | 2018/ITU-D |   |   | 1 |   |
| SOUTH AFRICA | Vodacom SA (Pty) Limited | 2018/ITU-R & ITU-T | 1 | 1 |   |   |
| SWITZERLAND | Ascom (Switzerland) Ltd. | 2018/Assoc. ITU-T |   | 1 |   |   |
| TUNISIA | Ecole supérieure des Communications de Tunis (Sup'Com) | 2018/Academia |   |   |   | 1 |
|   | Prisma | 2018/Assoc. ITU-T |   | 1 |   |   |
| UNITED KINGDOM | Tinklabs Limited | 2018/Assoc. ITU-T |   | 1 |   |   |
| USA | Analog Devices, Inc. | 2018/Assoc. ITU-T |   | 1 |   |   |
|   | Deloitte Consulting LLP | 2018/ITU-D |   |   | 1 |   |
|   | Ellipsat Inc | 2018/Assoc. ITU-T |   | 1 |   |   |
|   | NeuStar Inc. | 2018/ITU-T |   | 1 |   |   |
|   | nVent Electric | 2018/Assoc. ITU-T |   | 1 |   |   |
|   | World Economic Forum LLC | 2018/ITU-D |   |   | 1 |   |
| ZIMBABWE | Econet Wireless (PVT) Ltd. | 2018/ITU-D |   |   | 1 |   |
|   | TelOne (Pvt) Limited | 2018/ITU-R & ITU-T | 1 | 1 |   |   |
| RES. 99 (Rev. Dubai, 2018) | Wataniya Palestine Mobile Telecommunication Company | 2018/ITU-D |   |   | 1 |   |
| **TOTAL** | **24 Members** |   | **3** | **11** | **8** | **4** |

ANNEX 2

MEMBERS TO BE EXCLUDED EFFECTIVE 30 JUNE 2019

*Frozen from January 2018 and before – Contributions due from 2017 and previous years*

*Situation at 5 April 2019*

|  |  |  |
| --- | --- | --- |
| **Country** | **Sector Members, Associates and Academia** | **Period/ Sector** |
| ALGERIA | Centre de Développement des Technologies avancées | 2015/Academia |
| COSTA RICA | Universidad de Costa Rica | 2017/Academia |
| GAMBIA | Africell Ltd. | 2017/ITU-D |
| HUNGARY | Tel2tel Kft. | 2017/Assoc. ITU-T |
| INDIA | Amity Institute of Telecom Engineering & Management, Amity University | 2017/Academia |
| ISRAEL | IP Light | 2017/ Assoc. ITU-T |
| QATAR | Qatar National Broadband Network - Qnbn | 2017/ITU-T |
| SOUTH AFRICA | Mobile Telephone Networks (Pty) Ltd.   | 2017/ITU-D |
| SUDAN | Canar Telecommunications Corporation Limited (Canartel) | 2013/ITU-D |
|   | Garden City College for Science & Technology | 2013/Academia |
|   | Open University of Sudan | 2013/Academia |
|   | University of Khartoum | 2013/Academia |
| TOGO | TOGO TELECOM | 2017/ITU-T & ITU-D |
| TUNISIA | TELNET TECHNOCENTRE | 2017/ITU-T |
| UKRAINE | Ukrainian Number and Address Operation Center Consortium (UNAOC) | 2017/Assoc. ITU-D |
| UNITED ARAB EMIRATES | Higher Colleges of Technology | 2017/Academia |
| USA | Applied Micro Circuits Corporation (AMCC) | 2017/ITU-T |
|   | Navajo Nation Telecommunication Regulatory Commission | 2017/ITU-D |
| UZBEKISTAN | Tashkent University of Information Technologies | 2014/Academia |
|   | **19 Members** |   |

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