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| **Council 2022 Geneva, 21-31 March 2022** |  |
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| **Agenda item: ADM 6** | **Document C22/41-E** |
| **18 February 2022** |
| **Original: English** |
| 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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| Summary  In [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/en)*,* [*C10/96*](http://www.itu.int/md/S10-CL-C-0096/en)*,* [*C11/21*](http://www.itu.int/md/S11-CL-C-0021/en)*,* [*C12/5*](http://www.itu.int/md/S12-CL-C-0005/en)*,* [*C12/10*](http://www.itu.int/md/S12-CL-C-0010/en)*,* [*C13/14*](http://www.itu.int/md/S13-CL-C-0014/en)*,* [*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)*,* [*C19/52*](http://www.itu.int/md/S19-CL-C-0052/en)*,* [*C20/52*](http://www.itu.int/md/S20-CL-C-0052/en) *and* [*C21/52*](http://www.itu.int/md/S21-CL-C-0052/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, in 2010, 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, Associates, and Academic Institutions.

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

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Members** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** |
| Sector Members | 98% | 98% | 98% | 98% | 98% | 97% | 96% | 96% | 98% | 98% |
| Associates | 94% | 93% | 93% | 93% | 93% | 96% | 94% | 95% | 94% | 94% |
| Academic Institutions | 86% | 92% | 95% | 93% | 96% | 94% | 93% | 95% | 90% | 90% |

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

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Debt** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** |
| Current Debt (Contributions) | 469 | 470 | 487 | 441 | 515 | 542 | 871 | 720 | 493 | 505 |
| Arrears (Contributions) | 17,758 | 16,484 | 16,729 | 16,300 | 15,367 | 13,938 | 11,213 | 11,193 | 9,355 | 7,550 |

2.2 Table 1 shows that despite COVID-19, the collection rate of 2021 contributions for Sector Members was quite high (98 per cent) and remained the same as for 2020. The collection rates for Associates and Academic Institutions also remained the same as for the year 2020 (i.e., 94 per cent for Associates and 90 per cent for Academia).

2.3 Table 2 shows that over the ten-year period from 2012 to 2021, the current debt of Sector Members, Associates and Academia increased by 8 per cent, from CHF 0.47 million to CHF 0.51 million. However, the current debt only increased by 2 per cent, in 2021 compared to 2020. This shows that the current debt has remained almost stable during the last year despite Covid-19. Besides, for the second consecutive year (as in 2020), the Secretary-General decided to grant a grace period of six months to all ITU members before applying default interest on arrears because of Covid-19.

2.4 Concerning the arrears, they have had a significant decrease of 57 per cent, from CHF 17.8 million in 2012 to CHF 7.6 million in 2021 and a decrease of 19 per cent in 2021 compared to 2020. This decreased is mainly the result of an important effort of follow-up and wipe off of old irrecoverable debts (i.e., debts older than ten years). Thus, in 2021, the ITU Council wrote off 2.7 million of irrecoverable debts.

# 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 assisting 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 244 entities at risk of suspension in May 2021, 78 were suspended in October 2021. This was further reduced to 48 entities (at 31 January 2022), which have been “frozen” since January 2022. 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 and Academia. The list of “frozen entities” since January 2022 is reproduced in Annex 1.

3.3 Considerable efforts have been undertaken to re-engage frozen entities at risk of exclusion. Nevertheless, of 55 entities that would have been excluded according to Resolution 152 (Rev. Busan, 2014) in January 2021, the secretariat was able to convince seventeen entities to settle their fees and fourteen of them were reactivated, while ten entities officially denounced. Sixty per cent of the denounced entities have 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 27 entities, which have been “frozen” since January 2021, effective 30 June 2022. 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 SINCE 1 OCTOBER 2021 – FROZEN SINCE 1 JANUARY 2022

*2021 Contributions due – Situation at 31 January 2022*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Country** | **Entity** | **Period/Sector** | **ITU-R** | **ITU-T** | **ITU-D** | **Academia** |
| BAHRAIN | University College of Bahrain | 2021/Academia |  |  |  | 1 |
| BANGLADESH | World University of Bangladesh | 2021/Academia |  |  |  | 1 |
| BRAZIL | Multiledgers | 2021/Assoc. ITU-T |  | 1 |  |  |
| CHINA | StarTimes Software Technology Co. Ltd. | 2021/Assoc. ITU-D |  |  | 1 |  |
|  | State Grid Information & Telecommunication Group Co., Ltd. | 2021/Assoc. ITU-T |  | 1 |  |  |
|  | Wangsu Science & Technology Co. Ltd. | 2021/Assoc. ITU-T |  | 1 |  |  |
| CÔTE D'IVOIRE | Ecole supérieure africaine des TIC (ESATIC) | 2021/Academia |  |  |  | 1 |
| CUBA | Universidad de las Ciencias Informáticas (UCI) | 2021/Academia |  |  |  | 1 |
| CYPRUS | Credit Pilot PLC | 2021/ITU-T |  | 1 |  |  |
| ECUADOR | Centro Int. de Investigación Científica en Telecom., Tec. de la Información y Comunicaciones - CITIC | 2021/Academia |  |  |  | 1 |
| EQUATORIAL GUINEA | Guinea Ecuatorial de Telecomunicaciones Sociedad Anonima | 2021/ITU-T |  | 1 |  |  |
| GEORGIA | Georgian Technical University | 2021/Academia |  |  |  | 1 |
| GERMANY | SAP SE | 2021/ITU-T |  | 1 |  |  |
| GHANA | Subah Infosolutions Ghana Limited | 2021/ITU-T |  | 1 |  |  |
| IRAN, ISLAMIC REPUBLIC OF | Amirkabir University of Technology | 2021/Academia |  |  |  | 1 |
|  | Telecommunication Company of Iran (TCI) | 2021/ITU-R | 1 |  |  |  |
|  | University of Tehran | 2021/Academia |  |  |  | 1 |
| MALAWI | Telekom Networks Malawi Plc | 2021/ITU-D |  |  | 1 |  |
| MONGOLIA | Information Communication Network Company (ICNC) | 2021/ITU-D |  |  | 1 |  |
| OMAN | Sultan Qaboos University | 2021/Academia |  |  |  | 1 |
| PARAGUAY | Compañía Paraguaya de Comunicaciones (COPACO S.A.) | 2021/ITU-D |  |  | 1 |  |
| PERU | INICTEL - UNI | 2021/Academia |  |  |  | 1 |
| POLAND | Lodz University of Technology | 2021/Academia |  |  |  | 1 |
| RUSSIAN FEDERATION | MegaFon Open Joint Stock Company | 2021/Assoc. ITU-T |  | 1 |  |  |
| SAUDI ARABIA | Naif Arab University for Security Sciences (NAUSS) | 2021/Academia |  |  |  | 1 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Country** | **Entity** | **Period/Sector** | **ITU-R** | **ITU-T** | **ITU-D** | **Academia** |
| SAUDI ARABIA | Zain Saudi Arabia | 2021/ITU-D |  |  | 1 |  |
| SINGAPORE | Telna (Singapore) Pte. Ltd. | 2021/Assoc. ITU-T |  | 1 |  |  |
| SOMALIA | Hormuud Telecom Somalia | 2021/ITU-T |  | 1 |  |  |
|  | Telesom Company | 2021/ITU-T |  | 1 |  |  |
| SOUTH AFRICA | Mytelnet (Pty) Ltd. | 2021/Assoc. ITU-T |  | 1 |  |  |
| SPAIN | INVELCO SA | 2021/Assoc. ITU-R | 1 |  |  |  |
| SUDAN | Sudanese Mobile Telephone Company, Zain | 2021/ITU-D |  |  | 1 |  |
|  | Sudanese Mobile Telephone Company, Zain | 2021/ITU-R | 1 |  |  |  |
| SWITZERLAND | PricewaterhouseCoopers AG | 2021/Assoc. ITU-D |  |  | 1 |  |
|  | QRC AAA Sarl | 2021/ITU-T |  | 1 |  |  |
| TUNISIA | SFM Technologies | 2021/ITU-D |  |  | 1 |  |
|  | Smart Tunisian Technoparks | 2021/ITU-D |  |  | 1 |  |
| UNITED KINGDOM | Dense Air | 2021/Assoc. ITU-T |  | 1 |  |  |
|  | Globalgig Limited | 2021/Assoc. ITU-T |  | 1 |  |  |
|  | PwC UK | 2021/Assoc. ITU-T |  | 1 |  |  |
|  | University of Bristol | 2021/Academia |  |  |  | 1 |
|  | Vision Ng | 2021/Assoc. ITU-T |  | 1 |  |  |
| UNITED STATES | Fujitsu Network Communications, Inc | 2021/Assoc. ITU-T |  | 1 |  |  |
|  | Inphi Corporation | 2021/Assoc. ITU-T |  | 1 |  |  |
|  | Stanford University | 2021/Academia |  |  |  | 1 |
|  | The George Washington University | 2021/Academia |  |  |  | 1 |
|  | XPRIZE Foundation Inc. | 2021/ITU-T |  | 1 |  |  |
| VIET NAM | Viettel Group | 2021/ITU-D |  |  | 1 |  |
|  | Viettel Group | 2021/ITU-R | 1 |  |  |  |
|  | Viettel Group | 2021/ITU-T |  | 1 |  |  |
| RES. 99 (REV. DUBAI, 2018) | An-Najah National University | 2021/Academia |  |  |  | 1 |
| **TOTAL** | **48 Members** |  | **4** | **21** | **10** | **16** |

ANNEX 2

MEMBERS TO BE EXCLUDED EFFECTIVE 30 JUNE 2022

*Frozen since January 2021 – 2020 Contributions due*

*Situation at 31 January 2022*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Country** | **Entity** | **Period/Sector** | **ITU-R** | **ITU-T** | **ITU-D** | **Academia** |
| AFGHANISTAN | Afghan Wireless Communication Company | 2020/ITU-D |  |  | 1 |  |
| BOTSWANA | Botswana Fibre Networks | 2020/Assoc. ITU-T |  | 1 |  |  |
| BRAZIL | Fundação Instituto Nacional de Telecomunicações - FINATEL | 2020/ITU-D |  |  | 1 |  |
| CAMBODIA | CHUAN WEI (Cambodia) Co., Ltd. | 2020/ITU-R & ITU-D | 1 |  | 1 |  |
| CHINA | Yong Xin Hua Yun Cultural Development Corporation | 2020/ITU-T |  | 1 |  |  |
| DOMINICAN REP. | Universidad Autónoma de Santo Domingo | 2020/Academia |  |  |  | 1 |
| ESTONIA | Clementvale Baltic OÜ | 2020/Assoc. ITU-T |  | 1 |  |  |
| GHANA | Subah Infosolutions Ghana Limited | 2020/ITU-R & ITU-D | 1 |  | 1 |  |
| INDIA | Center for Study of Science, Technology and Policy | 2020/Academia |  |  |  | 1 |
| IRAN, ISLAMIC REPUBLIC OF | Iran University of Science & Technology | 2020/Academia |  |  |  | 1 |
|  | Faculty of Applied Science of Post and Telecommunication | 2020/Academia |  |  |  | 1 |
|  | Monenco Iran | 2020/Assoc. ITU-D |  |  | 1 |  |
| ISRAEL | Beezz Communication Sol. Ltd. | 2020/Assoc. ITU-T |  | 1 |  |  |
|  | Sckipio Technologies S.I. Ltd. | 2020/Assoc. ITU-T |  | 1 |  |  |
| KOREA (REP. OF) | Smart Quantum Communication ITRC (Korea University) | 2020/Academia |  |  |  | 1 |
| LESOTHO | Econet Telecom Lesotho | 2020/ITU-T |  | 1 |  |  |
| MALI | Orange Mali SA | 2020/ITU-R & ITU-T | 1 | 1 |  |  |
| QATAR | Ooredoo | 2020/ITU-R, ITU-T & ITU-D | 1 | 1 | 1 |  |
| SUDAN | Sudatel Telecom Group | 2020/ITU-D |  |  | 1 |  |
| SWITZERLAND | High-Tech Bridge SA | 2020/Assoc. ITU-D |  |  | 1 |  |
| SYRIAN ARAB REPUBLIC | Syriatel Mobile Telecom SA | 2020/ITU-D |  |  | 1 |  |
| TANZANIA | The University of Dodoma | 2020/Academia |  |  |  | 1 |
| UNITED STATES | Analog Devices, Inc. | 2020/Assoc. ITU-T |  | 1 |  |  |
|  | Continental Automotive Systems Inc. | 2020/Assoc. ITU-T |  | 1 |  |  |
|  | Georgia Institute of Technology | 2020/Academia |  |  |  | 1 |
|  | Oration Technologies, Inc. | 2020/Assoc. ITU-T |  | 1 |  |  |
| ZAMBIA | The University of Zambia, School of Natural Sciences | 2020/Academia |  |  |  | 1 |
| **TOTAL** | **27 Members** |  | **4** | **11** | **9** | **8** |

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