|  |  |
| --- | --- |
| **Council 2018 Geneva, 17 – 27 April 2018** |  |
|  |  |
|  |  |
| **Agenda item: ADM 6** | **Document C18/60-E** |
| **8 March 2018** |
| **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

|  |
| --- |
| 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 requested greater flexibility in the implementation of Resolution 152 (Rev. Guadalajara, 2010) regarding the provision about automatic removal in order to reduce the exclusions of entities who were late at paying their fees.  As requested, the Plenipotentiary Conference (Busan, 2014), modified Resolution 152 and granted to the Secretary-General flexibility with the aim of retaining current Members and facilitating the recovery of past debts.  **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*](http://www.itu.int/council/Basic-Texts/convention-f.docx#art19)*,* [*CV 241*](http://www.itu.int/council/Basic-Texts/convention-f.docx#cv241)*,* [*CV 241C*](http://www.itu.int/council/Basic-Texts/convention-f.docx#cv241c)*;* [*Resolution 152 (Rev. Busan, 2014)*](http://www.itu.int/pub/S-CONF-ACTF-2014) *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) |

# 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 was initially adopted in Antalya in 2006, then modified in Guadalajara in 2010, mainly with respect to the period imposed for suspension and exclusion of Sector Members and Associates in the case of late payment, as follows:

− the period prior to the imposition of any suspension was extended from 90 to 180 days; and

− the period prior to exclusion was reduced from 180 to 90 days.

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 (2011 and renewed in subsequent years) in implementing Resolution 152. Most recently, the Plenipotentiary Conference (Busan, 2014), revised Resolution 152 to grant the Secretary-General ongoing flexibility concerning the provision about automatic removal of Sector Members and Associates as well as in the negotiation of debt payment terms of those entities, in order to facilitate the recovery of past debts, retain current Sector Members/Associates 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 collection rates of the new membership category, Academia (Academic institutes, universities, and their associated research establishments), created by Resolution 169 (Guadalajara, 2010).

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

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Members** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** |
| Sector Members | 96% | 96% | 97% | 99% | 98% | 98% | 98% | 98% | 98% | 97% |
| Associates | 86% | 88% | 91% | 93% | 94% | 93% | 93% | 93% | 93% | 96% |
| Academic Institutions |  |  |  | 80% | 86% | 92% | 95% | 93% | 96% | 94% |

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

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Debt** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** |
| Current Debt (Contributions) | 919 | 1,416 | 677 | 374 | 469 | 470 | 487 | 441 | 515 | 542 |
| Arrears (Contributions) | 18,284 | 18,580 | 19,679 | 19,149 | 17,758 | 16,484 | 16,729 | 16,300 | 15,367 | 13,938 |

2.2 Table 2 shows that over the ten-year period from 2008 to 2017, the current debt of Sector Members, Associates, and Academia fell by a significant 41%, from CHF 0.9 million to CHF 0.5 million. The arrears have had an encouraging decrease of 24%, from CHF 18.3 million in 2008 to CHF 13.9 million in 2017.

2.3 The flexibility granted to the Secretary-General since Council 2011 has enabled the Secretariat to recuperate 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 2017, 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 (for details, refer to Document C13/14, paragraphs 3.1 and 3.2: <http://www.itu.int/md/S13-CL-C-0014/en>) has produced positive results, leading to a decrease in the number of suspended companies and those definitively excluded from membership. In 2017, out of 142 entities at risk of suspension in May 2017, 51 were suspended in October 2017. This was further reduced to 27 entities (at 28 February 2018), which are “frozen” since January 2018. 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 2018 is reproduced in Annex 1.

3.3 Considerable efforts have been undertaken to re-engage frozen entities at risk of exclusion. Nevertheless, of 29 entities that would have been excluded according to Resolution 152 (Rev. Busan, 2014) in January 2017, the Secretariat was able to convince eight to settle their fees and their memberships were reactivated, while four other entities resolved their financial situation, and seven entities officially denounced.

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 12 entities that have been “frozen” since January 2017, effective 30 April 2018. 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 2017 – FROZEN FROM 1 JANUARY 2018

*2017 Contributions due – Situation at 28 February 2018*

|  |  |  |
| --- | --- | --- |
| **Country** | **Sector Members, Associates or Academia** | **Period/Sector** |
| BAHRAIN | University College of Bahrain | 2017/Academia |
| BOSNIA AND HERZEGOVINA | M:tel | 2017/ITU-D |
|  | M:tel | 2017/Assoc. ITU-T |
| COSTA RICA | Universidad de Costa Rica | 2017/Academia |
| EGYPT | National Telecommunication Institut (NTI) | 2017/ITU-D |
| GAMBIA | Africell Ltd. | 2017/ITU-D |
| HUNGARY | Budapest University of Technology and Economics | 2017/Academia |
|  | Tel2tel Kft. | 2017/Assoc. ITU-T |
| INDIA | Amity Institute of Telecom Engineer & Management, Amity University | 2017/Academia |
| KUWAIT | Zain Kuwait | 2017/ITU-R |
|  | Zain Kuwait | 2017/ITU-T |
| MEXICO | Instituto Politécnico Nacional (IPN) | 2017/Academia |
| PAPUA NEW GUINEA | Awal Telecommunications Corp. Ltd. | 2017/ITU-D |
| PHILIPPINES | Globe Telecom | 2017/ITU-T |
| QATAR | Qatar National Broadband Network - Qnbn | 2017/ITU-T |
| SAUDI ARABIA | Integrated Telecom Company | 2017/ITU-D |
| SENEGAL | Expresso Telecom | 2017/ITU-D |
| SOMALIA | Hormuud Telecom Somalia | 2017/ITU-T |
| SOUTH AFRICA | Mobile Telephone Networks (Pty) Ltd (MTN) | 2017/ITU-D |
| SPAIN | Aggaros S.L. | 2017/Assoc. ITU-D |
| TOGO | TOGO TELECOM | 2017/ITU-D |
|  | TOGO TELECOM | 2017/ITU-T |
| TUNISIA | TELNET TECHNOCENTRE | 2017/Assoc. ITU-T |
| UKRAINE | Ukrainian Number and Address Operation Center Consortium (UNAOC) | 2017/Assoc. ITU-D |
| UNITED ARAB EMIRATES | Higher Colleges of Technology | 2017/Academia |
| UNITED KINGDOM | IOSAT Limited | 2017/ITU-R |
| UNITED STATES | Applied Micro Circuits Corporation | 2017/ITU-T |
|  | George Mason University | 2017/Academia |
|  | Ixia | 2017/Assoc. ITU-T |
|  | Navajo Nation Telecommunication Regulatory Commission | 2017/ITU-D |
|  | **27 Members** |  |

ANNEX 2

MEMBERS TO BE EXCLUDED EFFECTIVE 30 APRIL 2018

*Frozen from January 2017 – 2016 Contributions due*

*Situation at 28 February 2018*

|  |  |  |
| --- | --- | --- |
| **Country** | **Sector Members, Associates or Academia** | **Period/ Sector** |
| AZERBAIJAN | Azerbaijan Technical University | 2016/Academia |
| INDIA | Bharat Broadband Network Limited | 2016/ITU-D |
| JORDAN | Jordan Mobile Telecommunications Services - Zain Jordan | 2016/ITU-D |
| RWANDA | University of Rwanda, College of Science and Technology | 2016/Academia |
| SUDAN | Pulse Company Ltd. | 2016/ITU-T |
| SWEDEN | GlobeTouch AB | 2016/Assoc. ITU-T |
| SWITZERLAND (INT. ORG.) | ACN Advanced Communications Network | 2016/Assoc. ITU-T |
| TURKEY | TTNET | 2016/ITU-D |
| UNITED ARAB EMIRATES | Teralight, FZ LLC | 2016/ITU-D |
| UNITED KINGDOM | Malden Electronics | 2016/Assoc. ITU-T |
|  | Semtech Limited | 2016/Assoc. ITU-T |
| UNITED STATES | Ikanos Communications | 2016/ITU-T |
|  | **12 Members** |  |

\_\_\_\_\_\_\_\_\_\_\_\_\_\_