|  |  |
| --- | --- |
| **Council 2020 Geneva, 9-19 June 2020** |  |
|  |  |
|  |  |
| **Agenda item: ADM 10** | **Document C20/11-E** |
| **14 May 2020** |
| **Original: English** |
| Report by the Secretary-General | |
| ARREARS AND SPECIAL ARREARS ACCOUNTS | |

|  |
| --- |
| Summary  The Plenipotentiary Conference (Dubai, 2018) instructed the Secretary-General to report annually to the Council on the measures taken and progress made towards collection of the debts of Member States, Sector Members and Associates in arrears or having special arrears accounts, and on all cases of non-compliance with the agreed terms of settlement. Previously, the Council, at its 1999 session, had laid down guidelines for repayment schedules for the settlement of arrears and special arrears accounts.  Action required  The Council is requested:  1) to **take note** of this document;  2) to **authorize** the Secretary-General to write off **CHF  2 690 233.08** of interest on arrears and irrecoverable debts;  3) to **adopt** the draft decision attached in Annex B.  \_\_\_\_\_\_\_\_\_\_\_\_  References  [*CS 169*](https://www.itu.int/en/council/Documents/basic-texts/Constitution-E.pdf), [*CV 474*](https://www.itu.int/en/council/Documents/basic-texts/Convention-E.pdf),[*Resolutions 41 (Rev. Dubai, 2018)*](https://www.itu.int/en/council/Documents/basic-texts/RES-041-E.pdf) *and* [*152 (Rev. Busan, 2014)*](https://www.itu.int/en/council/Documents/basic-texts/RES-152-E.pdf)[*C99/27*](http://www.itu.int/itudoc/gs/council/c99/docs/docs1/027.html), [*C14/26*](http://www.itu.int/md/S14-CL-C-0026/en), [*C15/50*](http://www.itu.int/md/S15-CL-C-0050/en)*,* [*C16/42*](http://www.itu.int/md/S16-CL-C-0042/en),[*C17/42*](http://www.itu.int/md/S17-CL-C-0042/fr)*,* [*C18/42*](http://www.itu.int/md/S18-CL-C-0042/fr)*,* [*C19/42*](http://www.itu.int/md/S19-CL-C-0042/fr) *and* [*C20/42*](http://www.itu.int/md/S20-CL-C-0042/fr) |

**Annexes:** 2

ARREARS AND SPECIAL ARREARS ACCOUNTS

# 1 Status of arrears and special arrears accounts at 31 December 2019

1.1 The status of arrears and special arrears accounts at 31 December 2019 is detailed in Annex C of the Financial Operating Report for the 2019 financial year ([Document C20/42](https://www.itu.int/md/S20-CL-C-0042/en)). The changes in arrears, special arrears accounts and cancelled special arrears accounts since 2012 are given in Annex A of this document.

1.2 The sanctions imposed and efforts deployed to recover the amounts owed and wipe off irrecoverable debts have made it possible to curb the increase in arrears and obtain an appreciable and consistent reduction therein between 2012 and 2019 (see Annex A). Thus, the total of arrears, special arrears accounts and cancelled special arrears accounts fell from CHF 60.6 million at 31 December 2012 to CHF 39.8 million at 31 December 2019, a decrease of 34 per cent.

1.3 It should be noted that the status of arrears in relation to last year showed a continued stability. At 31 December 2018, total arrears also amounted to CHF 39.8 million.

# 2 Actions taken with a view to the settlement of arrears and special arrears accounts and implementation of [Resolution 41 (Rev. Dubai, 2018)](https://www.itu.int/en/council/Documents/basic-texts/RES-041-E.pdf)

2.1 Pursuant to No. 169 (Article 28) of the Constitution, “*A Member State which is in arrears in its payments to the Union shall lose its right to vote ... for so long as the amount of its arrears equals or exceeds the amount of the contribution due for the two preceding years*”.

2.2 Furthermore, *resolves* 6 of Resolution 152 (Rev. Busan, 2014) provides that, in the event of late payment, suspension of participation in ITU shall, in the case of a Sector Member or Associate, “*occur six months (180 days) after the date on which payment of the annual contribution was due, and in the absence of a negotiated and agreed repayment schedule, exclusion of a Sector Member or an Associate on grounds of non-payment shall occur three months (90 days) after the date of receipt of the notification of suspension*”, while *resolves* 7 stipulates that, “with a view to retaining members and recovering past debts owed, the Secretary-General may have flexibility in implementing *resolves* 6 of this resolution and negotiating repayment plans with Sector Members and Associates”.

2.3 Finally, under No. 474 of the Convention, amounts due in respect of contributions “*shall bear interest from the beginning of the fourth month of each financial year of the Union at 3% (three per cent) per annum during the following three months, and at 6% (six per cent) per annum from the beginning of the seventh month*”. At 31 December 2019, interest of CHF 1 918 350.00 had been calculated on arrears of contributions owed.

2.4 A statement of account is sent to each debtor three times a year, and the outstanding amounts are given in the Finance Circular issued by the Financial Resources Management Department.

2.5 Each year, a reminder is sent to Member States which have lost their right to vote or which are liable to lose their right to vote in the following year if their arrears are not settled. Member States in arrears for publications are also reminded that unless their arrears are settled, publications will be delivered only against prepayment.

2.6 The Secretary-General has taken all possible actions to reduce outstanding amounts, including special reminders, contacts during conferences and meetings and ongoing efforts by all the regional offices of the Union.

2.7 Member States in arrears are requested to submit to the Secretary-General and agree with him a repayment schedule, and to comply strictly with the agreed terms of settlement. Those which have not complied have been informed about the sanctions immediately taken in their regard, including cancellation of the special arrears account and the obligation to renegotiate a repayment schedule in accordance with the guidelines laid down by the Council in 1999.

2.8 Sector Members, Associates, and Academia in arrears are likewise requested to submit and negotiate repayment schedules. Those which have not done so or have not complied with the agreed terms of settlement have been informed of the suspension of their participation in the work of the Sector(s) or, as appropriate, study group concerned. They receive regular reminders of the amounts that need to be settled in order for them to recover the right to participate in the work of the Union.

2.9 Pursuant to Resolution 41 (Rev. Dubai, 2018), during 2019 there were no new special arrears accounts opened with Member States.

2.10 The Administrations of Comoros, Gambia, Guinea-Bissau, Liberia and Sierra Leone have failed to comply with their repayment schedules, and their special arrears account have therefore been cancelled.

2.11 Attention is also drawn to the fact that six other accounts had been cancelled prior to 2019. The Member States (Equatorial Guinea and Nicaragua) as well as the Entities concerned (Apprentissages sans Frontières (Switzerland), Cameroon Telecommunications (CAMTEL), Ellipsat Inc. (USA) and Telecommunication Information Technology (TIT, Lebanon)) are thus obliged to negotiate new repayment schedules for their respective debts in accordance with the guidelines laid down by the Council. All other Member States, Sector Members and Associates are strictly complying with their agreed repayment schedules.

2.12 Regarding satellite network filings, pursuant to Decision 545 (Council 2007), of the 28 administrations/operators that were entitled to have their invoices revised, 27 have settled their debts, and one has signed a repayment schedule (Ellipsat, United States of America, including the debt of the former Virtual Geosatellite, bought by Ellipsat). However, the Repayment agreement signed by Ellipsat was cancelled in 2015 for non-payment. At the moment, Ellipsat is the only entity which has an outstanding debt amounting to CHF 31 310 on 31 December 2019.

2.13 Under Resolution 41 (Rev. Dubai, 2018), the Council was instructed to review the level of the Reserve for Debtors’ Accounts with a view to ensuring appropriate debt coverage, and to report to the next plenipotentiary conference on the results obtained in application of the resolution. As from 2009, following the introduction of the IPSAS standards, new principles for establishing the Reserve for Debtors’ Accounts were introduced.

2.14 Thus, on 31 December 2019, the balance of the Reserve for Debtors’ Accounts stood at CHF 42.3 million and covered 100 per cent of the amounts to be taken into account by the Reserve in compliance with the aforementioned new principles. The balance of the Reserve for Debtors’ Accounts is now reassessed systematically on 31 December each year. It is to be noted that this 100 per cent coverage does not exonerate Member States, Sector Members, Academia, and Associates from their commitments to the Union.

# 3 Recommendation

3.1 The Council is requested to approve the writing off of interest on arrears and irrecoverable debts totaling **CHF 2 690 233.08**, in accordance with the guidelines laid down by the Council in 1999, against a corresponding withdrawal from the Reserve for Debtors’ Accounts. Details of the irrecoverable debts are as follows:

3.2 Interest on arrears:

No request has been made to cancel exclusively interest on arrears for this Council**.**

3.3 Amounts owed by companies whose debts are to be considered irrecoverable. Two types of cases are shown:

– companies for which the recovery procedure has been exhausted;

– companies in court-supervised liquidation, according to the correspondence received from the administrations concerned or from national competent authorities.

The companies in question are:

|  |  |
| --- | --- |
| **Country** | **Company Name** |
| Algeria | Orascom Telecom Algérie, Alger |
| Argentina | Cooperativa Telefónica López Camelo (COTELCAM), Buenos Aires |
| Argentina | Impsat Corp., Buenos Aires |
| Canada | Avvasi Inc, Waterloo |
| France | VIABLE France Sarl, Paris |
| Haiti | Haiti Télécommunications Internationales S.A. (HaiTel S.A.), Pétion-Ville |
| India | Reliance Communications (Ex. Reliance Infocomm Ltd.), Navi Mumbai |
| Indonesia | PT Bakrie Telecom Tbk, Jakarta |
| Israel | Gilat Satellite Networks Ltd., Petah Tikva |
| Israel | Telrad Networks Ltd, Lod |
| Italy | Leonardo (Ex. Selex Communications S.p.A.), Rome |
| Korea (Rep. of) | SUNY Korea, Incheon |
| Lebanon | Al-Iktissad Wal-Aamal Group, Beirut |
| Lebanon | IMDI, Sal offshore, Beirut |
| Pakistan | Sysnet Pakistan (Pvt) Ltd., Karachi |
| Togo | Centre régional de Maintenance des Télécommunications de Lomé (CMTL), Lomé |
| United Kingdom | Times Publications Ltd., London |
| USA | Calient Networks, Inc., San Jose |
| USA | Ezenia, Inc., Nashua |
| USA | The Gores Technology Group LLC, Los Angeles (Ex. Forgent Networks Inc.) |
| USA | WI-FI Alliance (Ex. Wireless Gigabit Alliance), Austin |

These debts amount to a total of **CHF 2 690 233.08.** Annex B contains further details.

ANNEX A

Changes in arrears and special arrears accounts

(in CHF thousands)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Situation at 31 December** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** |
|  |  |  |  |  |  |  |  |  |
| **Member States** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Contributions | 10.542 | 10.141 | 7.825 | 8.450 | 10.070 | 9.639 | 8.683 | 8.965 |
|  |  |  |  |  |  |  |  |  |
| Publications | 49 | 49 | 36 | 36 | 36 | 37 | 40 | 41 |
|  |  |  |  |  |  |  |  |  |
| Total | 10.591 | 10.190 | 7.861 | 8.486 | 10.106 | 9.676 | 8.723 | 9.006 |
|  |  |  |  |  |  |  |  |  |
| **Sector Members & others** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Contributions | 17.758 | 16.484 | 16.729 | 16.300 | 15.367 | 13.938 | 11.213 | 11.193 |
|  |  |  |  |  |  |  |  |  |
| Publications | 4 | 5 | 9 | 12 | 6 | 5 | 52 | 52 |
|  |  |  |  |  |  |  |  |  |
| Total | 17.762 | 16.489 | 16.738 | 16.312 | 15.373 | 13.943 | 11.265 | 11.245 |
|  |  |  |  |  |  |  |  |  |
| ***Contributions*** | ***28.300*** | ***26.625*** | ***24.554*** | ***24.750*** | ***25.437*** | ***23.577*** | ***19.896*** | ***20.158*** |
|  |  |  |  |  |  |  |  |  |
| ***Publications*** | ***53*** | ***54*** | ***45*** | ***48*** | ***42*** | ***42*** | ***92*** | ***93*** |
|  |  |  |  |  |  |  |  |  |
| **TOTAL ARREARS** | **28.353** | **26.679** | **24.599** | **24.798** | **25.479** | **23.619** | **19.988** | **20.251** |
|  |  |  |  |  |  |  |  |  |
| **REPAYMENT AGREEMENTS** | **15.919** | **10.019** | **18.392** | **15.823** | **8.094** | **7.601** | **17.229** | **4.550** |
|  |  |  |  |  |  |  |  |  |
| **CANCELLED REPAYMENT AGREEMENTS** | **15.587** | **17.768** | **8.582** | **10.418** | **12.547** | **13.394** | **2.111** | **14.644** |
|  |  |  |  |  |  |  |  |  |
| **SATELLITE NETWORK FILINGS** | **641** | **571** | **577** | **563** | **584** | **584** | **384** | **263** |
|  |  |  |  |  |  |  |  |  |
| **MISCELLANEOUS INVOICES** | **76** | **65** | **72** | **71** | **68** | **66** | **63** | **63** |
|  |  |  |  |  |  |  |  |  |
| **UIFN Maintenance Fees** | **--** | **--** | **--** | **--** | **--** | **--** | **--** | **29** |
|  |  |  |  |  |  |  |  |  |
| **Total** | **60.576** | **55.102** | **52.222** | **51.673** | **46.772** | **45.264** | **39.775** | **39.800** |

This table does not include current debtors (i.e. 2019), representing a sum of CHF 12 797 000 at 31 December 2019, which brings the total amount to CHF 52 597 000.

ANNEX B

Draft decision

Cancellation of interest on arrears and irrecoverable debts

The Council,

having examined

the report by the Secretary-General on arrears and special arrears accounts ([Document C20/11](https://www.itu.int/md/S20-CL-C-0011/en)),

decides

to approve the writing off of the following interest on arrears and irrecoverable debts in the amount of **CHF 2 690 233.08** against a corresponding withdrawal from the Reserve for Debtors’ Accounts. Please refer to the details in the table below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Country** | **Company Name** | **Year** | **Principal** | **Interest** | **Total** |
|  |  |  |  |  |  |
| ***Sub-total 3.2*** | | | **0,00** | **0,00** | **0,00** |
| Algeria | Orascom Telecom Algérie, Alger | 2010 | 3.975,00 | 2.992,55 | 6.967,55 |
| Argentina | Cooperativa Telefónica López Camelo (COTELCAM), Buenos Aires | 2003-2006 | 15.787,50 | 22.394,60 | 38.182,10 |
| Argentina | Impsat Corp., Buenos Aires | 1999-2006 | 23.662,50 | 37.308,20 | 60.970,70 |
| Canada | Avvasi Inc, Waterloo | 2015 | 10.600,00 | 2.498,20 | 13.098,20 |
| France | VIABLE France Sarl, Paris | 2010-2012 | 11.925,00 | 1.170,30 | 13.095,30 |
| Haiti | Haiti Télécommunications Internationales S.A. (HaiTel S.A.), Pétion-Ville | 2008 | 31.800,00 | 30.829,55 | 62.629,55 |
| India | Reliance Communications (Ex. Reliance Infocomm Ltd.), Navi Mumbai | 2009 | 67.575,00 | 57.979,60 | 125.554,60 |
| Indonesia | PT Bakrie Telecom Tbk, Jakarta | 1997-2002 | 21.752,05 | 42.734,20 | 64.486,25 |
| Israel | Gilat Satellite Networks Ltd., Petah Tikva | 1997-2002 | 36.000,00 | 77.629,75 | 113.629,75 |
| Israel | Telrad Networks Ltd, Lod | 1998-2006 | 39.450,00 | 59.681,35 | 99.131,35 |
| Italy | Leonardo (Ex. Selex Communications S.p.A.), Rome | 2001-2007 | 254.400,00 | 324.693,00 | 579.093,00 |
| Korea (Rep. of) | SUNY Korea, Incheon | 2018 | 1.821,88 | 181,75 | 2.003,63 |
| Lebanon | Al-Iktissad Wal-Aamal Group, Beirut | 2015 | 3.975,00 | 1.231,55 | 5.206,55 |
| Lebanon | IMDI, Sal offshore, Beirut | 2011 | 3.975,00 | 2.598,15 | 6.573,15 |
| Pakistan | Sysnet Pakistan (Pvt) Ltd., Karachi | 2003-2006 | 13.818,75 | 18.961,55 | 32.780,30 |
| Togo | Centre régional de Maintenance des Télécommunications de Lomé (CMTL), Lomé | 2003-2007 | 101.137,50 | 149.640,95 | 250.778,45 |
| United Kingdom | Times Publications Ltd., London | 1998-2002 | 29.775,00 | 57.560,25 | 87.335,25 |
| USA | Calient Networks, Inc., San Jose | 2003-2006 | 126.300,00 | 161.865,80 | 288.165,80 |
| USA | Ezenia, Inc., Nashua | 2000-2006 | 157.800,00 | 213.652,25 | 371.452,25 |
| USA | The Gores Technology Group LLC, Los Angeles (Ex. Forgent Networks Inc.) | 1998-2006 | 185.133,30 | 239.814,70 | 424.948,00 |
| USA | WI-FI Alliance (Ex. Wireless Gigabit Alliance), Austin | 2013 | 31.800,00 | 12.351,35 | 44.151,35 |
| ***Sub-total 3.3*** | | | **1.172.463,48** | **1.517.769,60** | **2.690.233,08** |
| **Grand Total** | | | **1.172.463,48** | **1.517.769,60** | **2.690.233,08** |

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