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| **Agenda item: ADM 1** | **Document C23/11-E** |
| **16 May 2023** |
| **Original: English** |
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| Report by the Secretary-General | |
| ARREARS AND SPECIAL ARREARS ACCOUNTS | |
| **Purpose**  The Plenipotentiary Conference (Dubai, 2018) instructed the Secretary-General to report annually to the ITU Council on the measures taken and progress made towards collection of the debts of Member States, Sector Members, Associates and Academia 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 by the Council**  The Council is requested to:  1) **take note** of this document;  2) **authorize** the Secretary-General to write off **CHF 2 969 139.02** of interest on arrears and irrecoverable debts;  3) **adopt** the draft decision attached in Annex B.  **Relevant link(s) with the Strategic Plan**  The financial management of the arrears contributes to the implementation of the two strategic goals and the thematic priorities of the strategic plan.  **Financial implications**  The writing-off of interest on arrears and irrecoverable debts in the amount of CHF 2 969 139.02 against a withdrawal from the Reserve for Debtors’ Accounts.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **References**  [*CS No. 169*](https://www.itu.int/en/council/Documents/basic-texts-2023/Constitution-E.pdf), [*CV No. 474*](https://www.itu.int/en/council/Documents/basic-texts-2023/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) *of the Plenipotentiary Conference*; [*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*](https://www.itu.int/md/S17-CL-C-0042/en)*,* [*C18/42*](https://www.itu.int/md/S18-CL-C-0042/en)*,* [*C19/42*](http://www.itu.int/md/S19-CL-C-0042/en)*,* [*C20/42*](http://www.itu.int/md/S20-CL-C-0042/en)*,* [*C21/42*](https://www.itu.int/md/S21-CL-C-0042/en) *and* [*C22/43*](https://www.itu.int/md/S22-CL-C-0043/en) | |

# Arrears and special arrears accounts

# 1 Status of arrears and special arrears accounts as at 31 December 2022

1.1 The changes of arrears and special arrears accounts from 2014 until 31 December 2022 are given in Annex A to 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 2015 and 2022 (see Annex A). Recovery rates were 14 per cent in 2022 versus 7 per cent in 2021 (amounts paid that had been provisioned). Thus, the total of arrears, special arrears accounts and cancelled special arrears accounts fell from CHF 51.7 million as at 31 December 2015 to CHF 34.1 million as at 31 December 2022, a decrease of 34 per cent.

1.3 Attention is also drawn to the improvement in the status of arrears in the last year. As at 31 December 2021, total arrears amounted to CHF 39.9 million against CHF 34.1 million as at 31 December 2022, which represents a decrease of 15 per cent.

# 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) of the Plenipotentiary Conference

2.1 Pursuant to No. 169 (Article 28) of the ITU 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*”. According to Resolution 41 (Rev. Dubai, 2018) of the Plenipotentiary Conference, in order to pay their arrears, Member States have the possibility to submit and agree with the Union a repayment agreement in conformity with the guidelines established by the ITU Council at its 1999 session (see Document C99/114).

2.2 Furthermore, *resolves* 6 of Resolution 152 (Rev. Busan, 2014) of the Plenipotentiary Conference 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 of the same resolution 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 ITU 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*”. As at 31 December 2022, interest of CHF 1 563 188.00 had been calculated on arrears of contributions owed.

2.4 A statement of account is sent to each debtor at least twice a year, and the outstanding amounts are given in the quarterly Finance Circular issued by the ITU 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 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 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 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 to recover the right to participate in the work of the Union.

2.9 Pursuant to Resolution 41 (Rev. Dubai, 2018), eight new special arrears accounts with Member States were opened by the Secretary-General in 2022. The Secretary-General thus signed repayment agreements with the Comoros, the Democratic Republic of the Congo, Dominica, Gabon, Guinea-Bissau, Nicaragua, Vanuatu and Yemen.

2.10 Five other accounts had been cancelled prior to 2022. The Member States (Equatorial Guinea, Sierra Leone and Central African Republic) as well as the Organizations concerned (Apprentissages sans Frontières (Switzerland) and Ellipsat Inc. (United States of America)) are thus obliged to negotiate new repayment schedules for their respective debts in accordance with the guidelines laid down by the Council. All other Members are strictly complying with their agreed repayment schedules.

2.11 Regarding satellite network filings (SNF), pursuant to Council Decision 545 (C07), of the 28 administrations/operators that were entitled to have their invoices revised, 27 settled their debts, and one signed a repayment schedule (Ellipsat Inc., United States of America, including the debt of the former Virtual Geosatellite, bought by Ellipsat Inc.). However, the repayment agreement signed by Ellipsat Inc. was cancelled in 2017 for non-payment. At present, Ellipsat Inc. has an outstanding SNF debt amounting to CHF 37 291 as at 31 December 2022.

2.12 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. As from 2009, following the introduction of the IPSAS standards, new principles for establishing the Reserve for Debtors’ Accounts were introduced.

2.13 Thus, as at 31 December 2022, the balance of the Reserve for Debtors’ Accounts stood at CHF 35.5 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 revised systematically on 31 December each year. It is to be noted that this 100 per cent coverage does not exonerate Members 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 2 969 139.02**, 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:

– CHF 733 619.90 owed by Libya, which settled its 2017-2022 contributions.

– CHF 27 124.40 owed by the United Arab Emirates, which settled its 2022 contribution.

Total interest on arrears is **CHF 760 744.30.**

3.3 The table below reflects the amounts owed by organizations whose debts are to be considered irrecoverable. Two types of cases are shown:

– organizations for which the recovery procedure has been exhausted; and

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

The organizations in question are:

|  |  |  |
| --- | --- | --- |
| **Country** | **Organization** | **Year** |
| Algeria | INPTIC, Alger | 2012-2013 |
| Côte d’Ivoire | Association des Consommateurs de Télécommunications de Côte d'Ivoire - ACOTELCI, Abidjan | 2007-2008 |
| Côte d’Ivoire | Côte d'Ivoire Telecom, Abidjan | 2002-2006 |
| Fiji | South Pacific Commission, Suva | 2012-2013 |
| Finland | Octagon Telecom Oy (former Oy Cubio Communications Ltd.), Helsinki | 2012-2013 |
| India | Tata Communications, New Delhi | 2013 |
| India | Vihaan Ntwks. Ltd., Gurgaon | 2013 |
| Mexico | CANITEC, Mexico City | 2011-2013 |
| Pakistan | e Worldwide Group, Islamabad | 2011-2013 |
| Sudan | Open University of Sudan, Khartoum | 2013-2014 |
| Tunisia | Orascom Telecom Tunisiana, Tunis Carthage | 2013 |
| United Kingdom | KRE Corporate Recovery LLP (former ICO Satellite Limited), Berks | 2012-2013 |
| United States | Animatele Inc., New York | 2011 |
| United States | AOL, New York | 2002-2003 |
| United States | Compuware Corporation, Detroit | 2009-2010 |
| United States | Covad Communications Co., San Jose | 2001-2002 |
| United States | Cypress Semiconductor Corp., San Jose | 2004-2005 |
| United States | Lightwaves Inc., Cedar Rapids | 2009 |
| United States | The Village Group Inc., Waltham | 2007-2008 |
| United States | Vocal Technologies Ltd, Amherst | 1998-2002 |

These debts amount to a total of **CHF 2 208 394.72.** Annex B contains further details.

ANNEX A

Changes in arrears and special arrears accounts

(in CHF thousands)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Situation as at 31 December** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** |
|  |  |  |  |  |  |  |  |  |
| **Member States** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Contributions | 8 450 | 10 070 | 9 639 | 8 683 | 8 965 | 11 068 | 12 362 | 8 927 |
|  |  |  |  |  |  |  |  |  |
| Publications | 36 | 36 | 37 | 40 | 41 | 47 | 46 | 49 |
|  |  |  |  |  |  |  |  |  |
| Total | 8 486 | 10 106 | 9 676 | 8 723 | 9 006 | 11 115 | 12 408 | 8 976 |
|  |  |  |  |  |  |  |  |  |
| **Sector Members & others** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Contributions | 16 300 | 15 367 | 13 938 | 11 213 | 11 193 | 9 356 | 7 550 | 3 655 |
|  |  |  |  |  |  |  |  |  |
| Publications | 12 | 6 | 5 | 52 | 52 | 50 | 53 | 196 |
|  |  |  |  |  |  |  |  |  |
| Total | 16 312 | 15 373 | 13 943 | 11 265 | 11 245 | 9 406 | 7 603 | 3 851 |
|  |  |  |  |  |  |  |  |  |
| ***Contributions*** | ***24 750*** | ***25 437*** | ***23 577*** | ***19 896*** | ***20 158*** | ***20 424*** | ***19 912*** | ***12 582*** |
|  |  |  |  |  |  |  |  |  |
| ***Publications*** | ***48*** | ***42*** | ***42*** | ***92*** | ***93*** | ***97*** | ***99*** | ***245*** |
|  |  |  |  |  |  |  |  |  |
| **TOTAL ARREARS** | **24 798** | **25 479** | **23 619** | **19 988** | **20 251** | **20 521** | **20 011** | **12 827** |
|  |  |  |  |  |  |  |  |  |
| **REPAYMENT AGREEMENTS** | **15 823** | **8 094** | **7 601** | **17 229** | **4 550** | **6 712** | **6 191** | **15 259** |
|  |  |  |  |  |  |  |  |  |
| **CANCELLED REPAYMENT AGREEMENTS** | **10 418** | **12 547** | **13 394** | **2 111** | **14 644** | **12 948** | **13 301** | **5 607** |
|  |  |  |  |  |  |  |  |  |
| **SATELLITE NETWORK FILINGS** | **563** | **584** | **584** | **384** | **263** | **253** | **267** | **283** |
|  |  |  |  |  |  |  |  |  |
| **MISCELLANEOUS INVOICES** | **71** | **68** | **66** | **63** | **63** | **63** | **143** | **65** |
|  |  |  |  |  |  |  |  |  |
| **UIFN Maintenance Fees** | **--** | **--** | **--** | **--** | **29** | **78** | **77** | **53** |
|  |  |  |  |  |  |  |  |  |
| **GMPCS** | **--** | **--** | **--** | **--** | **--** | **--** | **2** | **0** |
|  |  |  |  |  |  |  |  |  |
| **Total** | **51 673** | **46 772** | **45 264** | **39 775** | **39 800** | **40 575** | **39 992** | **34 094** |

This table does not include current debtors (i.e., 2022), representing CHF 14 048 000 as at 31 December 2022, which brings the total amount to CHF 48 142 000. In 2022, the current debtors decreased by 10 per cent compared to 2021.

ANNEX B

Draft decision [...]

Cancellation of interest on arrears and irrecoverable debts

The ITU Council,

having examined

the report by the Secretary-General on arrears and special arrears accounts ([Document C23/11](https://www.itu.int/md/S23-CL-C-0011/en)),

decides

to approve the writing-off of the following interest on arrears and irrecoverable debts in the amount of **CHF 2 969 139.02** against a corresponding withdrawal from the Reserve for Debtors’ Accounts. Please refer to the details in the table below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Country** | **Organization** | **Year** | **Principal** | **Interest** | **Total** |
| Libya | General Auth. of Comms. & Informatics | 2014-2022 | 0.00 | 733 619.90 | 733 619.90 |
| United Arab Emirates | Telecommunications and Digital Government Regulatory Authority (TDRA) | 2022 | 0.00 | 27 124.40 | 27 124.40 |
| ***Sub-total 3.2*** | | | **0.00** | **760 744.30** | **760 744.30** |
| Algeria | INPTIC, Alger | 2012-2013 | 2 318.40 | 1 795.65 | 4 114.05 |
| Côte d’Ivoire | Association des Consommateurs de Télécommunications de Côte d'Ivoire - ACOTELCI, Abidjan | 2007-2008 | 4 306.25 | 6 057.80 | 10 364.05 |
| Côte d’Ivoire | Côte d'Ivoire Telecom, Abidjan | 2002-2006 | 335 325.00 | 648 802.50 | 984 127.50 |
| Fiji | South Pacific Commission, Suva | 2012-2013 | 3 975.00 | 3 025.00 | 7 000.00 |
| Finland | Octagon Telecom Oy (former Oy Cubio Communications Ltd.), Helsinki | 2012-2013 | 13 066.67 | 1 156.75 | 14 223.42 |
| India | Tata Communications, New Delhi | 2013 | 3 975.00 | 2 992.55 | 6 967.55 |
| India | Vihaan Ntwks. Ltd., Gurgaon | 2013 | 35 775.00 | 26 932.70 | 62 707.70 |
| Mexico | CANITEC, Mexico City | 2011-2013 | 3 975.00 | 3 171.40 | 7 146.40 |
| Pakistan | e Worldwide Group, Islamabad | 2011-2013 | 3 975.00 | 3 072.05 | 7 047.05 |
| Sudan | Open University of Sudan, Khartoum | 2013-2014 | 2 484.35 | 1 638.90 | 4 123.25 |
| Tunisia | Orascom Telecom Tunisiana, Tunis Carthage | 2013 | 3 975.00 | 2 992.55 | 6 967.55 |
| United Kingdom | KRE Corporate Recovery LLP (former ICO Satellite Limited), Berks | 2012-2013 | 24 733.20 | 2 082.30 | 26 815.50 |
| United States | Animatele Inc., New York | 2011 | 10 600.00 | 10 276.55 | 20 876.55 |
| United States | AOL, New York | 2002-2003 | 78 750.00 | 175 431.40 | 254 181.40 |
| United States | Compuware Corporation, Detroit | 2009-2010 | 7 949.70 | 8 826.10 | 16 775.80 |
| United States | Covad Communications Co., San Jose | 2001-2002 | 46 142.25 | 113 040.70 | 159 182.95 |
| United States | Cypress Semiconductor Corp., San Jose | 2004-2005 | 16 625.00 | 31 081.10 | 47 706.10 |
| United States | Lightwaves Inc., Cedar Rapids | 2009 | 10 600.00 | 12 856.90 | 23 456.90 |
| United States | The Village Group Inc., Waltham | 2007-2008 | 7 950.00 | 10 735.25 | 18 685.25 |
| United States | Vocal Technologies Ltd, Amherst | 1998-2002 | 160 100.00 | 365 825.75 | 525 925.75 |
| ***Sub-total 3.3*** | | | **776 600.82** | **1 431 793.90** | **2 208 394.72** |
| **Grand Total** | | | **776 600.82** | **2 192 538.20** | **2 969 139.02** |

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