



ITU Backgrounders

Member State and Sector Member contributions are made under a free choice system from a scale of stepped amounts.

HOW IS ITU FUNDED?

A CLOSER LOOK AT MEMBERSHIP FEES, VOLUNTARY CONTRIBUTIONS AND COST RECOVERY

ITU is the United Nations specialized agency for information and communication technologies with the mission to connect the world. To achieve this, ITU manages the radio-frequency spectrum and satellite orbits at the international level, makes technical recommendations that foster seamless interconnection of a vast range of communication systems, and promotes global telecommunication development. To operate effectively, ITU needs stable and adequate funding.

ITU is financed according to a biennial budget, set at CHF 331 million for the 2014-2015 period, and broken down as follows: CHF 166.311 million for 2014 and CHF 164.744 million for 2015. ITU Members – Member States, Sector Members, Associates and Academia – provide around 80 per cent of annual funding, amounting to just under CHF 130 million in 2014.

ITU generates around 19 per cent of total funding as cost recovery, mainly from activities such as sales of ITU [publications](#), [satellite network filing fees](#), and [registration of Universal International Freephone Numbers](#) (UIFN)

In addition, ITU develops partnerships with other organizations and entities that can provide voluntary contributions earmarked for specific [projects](#) to be developed and deployed – particularly in the [UN-designated Least Developed Countries](#) (LDCs). Implemented projects from voluntary contributions totalled over CHF 17 million in 2013, compared to CHF 10 million in 2012.

The contribution system: how it works

Member State and Sector Member contributions are made under a free choice system from a scale of stepped amounts. At ITU Plenipotentiary conferences, each Member State voluntarily selects a class of contribution, as defined by the ITU Constitution and Convention, which consists of a fixed number of annual contributory units.¹ In exceptional circumstances, such as natural disasters, the ITU Council is empowered to relieve Member States of the burden of part or all of their commitment. ITU and its sister agency the Universal Postal Union are the only United Nations agencies that offer Member States the opportunity to choose their own class of contribution.

Since 2006, a single contributory unit has been worth CHF 318,000. In general, Member States can choose a class of contribution in the scale from 40 units to 2 units in steps of one unit, and below that in the 1½, 1, ½, ¼, 1/8 and 1/16 unit class. However, only Member States listed by the United Nations as [Least Developed Countries](#) – and those exceptionally authorized by the ITU Council to do so – may select the 1/8 and 1/16 unit classes of contribution.

Sector membership fees are linked to the Member State contributory unit on a fractional basis. Currently, one contributory unit for Sector Members is CHF 63,600, which is 1/5 of the Member State contributory unit. The minimum annual membership fee to

1. Article 28 of the ITU Constitution and Article 33 of the ITU Convention



PLENIPOTENTIARY 2014

BUSAN KOREA



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participate in either of ITU's technical Sectors (ITU-R or ITU-T) is CHF 31,800 (one half of a unit). However, the Plenipotentiary Conference held in Guadalajara in 2010 decided to allow Sector Members from countries with annual per capita income below USD 2,000 to participate in the activities of ITU-T and ITU-R at a reduced rate (CHF 3,975 annually) for a trial period until the end of 2014.

In ITU's Telecommunication Development Sector (ITU-D), the minimum annual fee is CHF 7,950 – with a reduced rate of CHF 3,975 available to Sector Members from developing countries.

Associate status – which allows private companies to participate in the work of a single ITU Study Group – is currently set at a fixed fee of CHF 10,600 for ITU-R and ITU-T, and CHF 3,975 for ITU-D.

Academia membership, introduced at the Guadalajara Plenipotentiary Conference to encourage universities and research and development establishments to get involved in ITU's work, costs CHF 3,975, or a reduced rate of CHF 1,987.50 for institutions from developing countries – meaning UN-designated Least Developed Countries and Small Island Developing States, Land-Locked Developing Countries, and countries with economies in transition.

Any Member State or Sector Member can elect to increase their existing number of contributory units at any time and by any amount up to the 40 unit ceiling and above. To ensure budgetary stability, however, a country may only reduce its elected number of contributory units by 15 per cent decrements (rounded down to the nearest number of units) at any given Plenipotentiary Conference.

The system of contributory units is intended to provide clarity and predictability for both the ITU biennial budget process and for Member States and Sector Members themselves. When Member State contributions have been established, the Plenipotentiary Conference is empowered to approve the Union's Financial Plan on the basis of the total number of contributory units announced.

Who pays what?

Under the system of contributory units, all 193 Member States elect to pay something. As might be expected, developed, larger and more populous countries dominate in terms of actual amounts, with the top 10 Member State contributors providing approximately 56 per cent of total funding in 2012-2015. The Union's largest contributors are: Japan and the United States (each with 30 units); France and Germany (each with 25 units); Canada (18 units); Italy and the Russian Federation (each with 15 units); Australia and Saudi Arabia (each with 13 units); China (12 units); and Switzerland, India, the Republic of Korea and the United Kingdom (each with 10 units).

Overall, 24 countries pay contributions of more than 2 contributory units which amounts to 81 per cent of ITU's funding from Member State assessed contributions, with 169 countries paying 2 contributory units or fewer to make up the remaining 19 per cent. Among this latter group are 44 of the least developed and smallest countries in the world, which have the chance to participate in the vital work of ITU through paying 1/16 of a unit each as their contribution to the Union.

Member States have both increased and reduced their contributions over time, because of their own changing financial situation, the size of their domestic information and



communication technology sector, and other factors. As a result, aggregate ITU funding has also fluctuated. In the past decade, some Member States have made significant funding increases, including China, India, the Republic of Korea, the Russian Federation and Saudi Arabia, while others, such as France, Germany and Spain, have reduced their contributions by a few units. Comparing the 2012-2013 biennium with the previous two years, the aggregate total contributions decreased by 3 units.

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What happens in case of delayed payment?

Although over 95% of member contributions are paid on time, specific guidelines have been defined regarding the treatment of arrears.

In accordance with the ITU Constitution (Article 28, No. 169), a Member State which is in arrears in its payments to the Union shall lose its right to vote for as long as the amount of its arrears equals or exceeds the amount of its elected level of contribution due for the two preceding years.

In the event of late payment, suspension of participation in ITU shall, in the case of a Sector Member or Associate, occur 180 days after the date on which payment of the annual contribution was due. 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 90 days after the date of receipt of the notification of suspension.

The amount due in respect of contributions shall bear interest from the beginning of the fourth month of each financial year of the Union at 3 per cent per annum for the following three months, and then at 6 per cent per annum from the beginning of the seventh month.

Total arrears have significantly decreased from 2006 to 2014, thanks to the collaborative work of ITU Members, administrations and the ITU Secretariat.