



COMMITTEE 6

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PROPOSED REVISION TO DECISION 5 (REV. GUADALAJARA, 2010)

MOD COM6/55/1

DECISION 5 (REV. ~~GUADALAJARA, 2010~~ BUSAN, 2014)

Revenue and Expenses~~Income and expenditure~~ **for the Union**
for the period 201~~6~~2-201~~9~~5

The Plenipotentiary Conference of the International Telecommunication Union
(~~Guadalajara~~Busan, 20102014),

considering

the strategic plans and goals established for the Union and its Sectors for the period 201~~6~~2-201~~9~~5, and the priorities identified therein,

considering further

- a) Resolution 91 (Rev. Guadalajara, 2010) of this conference, on general principles for cost recovery;
- b) that, in the consideration of the draft financial plan of the Union for ~~2012~~2016-20152019, the challenge to increase revenues in support of increasing programme demands is substantial,

noting

that this conference has adopted Resolution 151 (Rev. Guadalajara, 2010) on the implementation of results-based management in ITU, an important component of which relates to planning, programming, budgeting, monitoring and evaluation, and which should lead, *inter alia*, to further strengthening of the financial management system of the Union,

noting further

that Resolution 48 (Rev. Guadalajara, 2010) of this conference stresses the importance of the human resources of the Union for the fulfilment of its goals and objectives,

decides

1 that the Council is authorized to draw up the two biennial budgets of the Union in such a way that the total expenditure of the General Secretariat and the three Sectors of the Union is balanced by the anticipated ~~income~~revenue, on the basis of Annex 1 to this decision, taking into account the following:

- 1.1 that the amount of the contributory unit of Member States for the years 201~~6~~2-201~~9~~5 shall be CHF 318 000;
- 1.2 that expenditure on interpretation, translation and text processing in respect of the official languages of the Union shall not exceed CHF85 million for the years 201~~6~~2-201~~9~~5;
- 1.3 that, when adopting the biennial budgets of the Union, the Council may decide to give the Secretary-General the possibility, in order to meet unanticipated demand, to increase the budget for products or services which are subject to cost recovery, within the limit of the ~~income~~revenue from cost recovery for that activity;
- 1.4 that the Council shall each year review the ~~revenue~~expenditure and ~~expenses~~income in the budget as well as the different activities and the related expenditure;

2 that, if no plenipotentiary conference is held in 2018⁴, the Council shall establish the biennial budgets of the Union for 2020~~16~~-2021~~17~~ and 2022~~18~~-2023~~19~~ and thereafter, having first obtained approval for the budgeted annual values of the contributory unit from a majority of the Member States of the Union;

3 that the Council may authorize expenditure in excess of the limits for conferences, meetings and seminars if such excess can be compensated by sums within the expenditure limits accrued from previous years or charged to the following year;

4 that the Council shall, during each budgetary period, assess the changes that have taken place and the changes likely to take place in the current and coming budgetary periods under the following items:

4.1 salary scales, pension contributions and allowances, including post adjustments, established by the United Nations common system and applicable to the staff employed by the Union;

4.2 the exchange rate between the Swiss franc and the United States dollar in so far as this affects the staff costs for those staff members on United Nations scales;

4.3 the purchasing power of the Swiss franc in respect of non-staff items of expenditure;

5 that the Council shall have the task of effecting every possible economy, in particular taking into account the options for reducing expenditure contained in Annex 2 to this decision, and considering the application of the concept of unfunded mandatory activities (UMACs)¹, and, to this end, that it shall establish the lowest possible authorized level of expenditure commensurate with the needs of the Union, within the limits established by *decides* 1 above, if necessary taking into account the provisions of *decides* 7 below; a set of options for reducing expenditure is given in Annex 2 to this decision;

6 that the following minimum guidelines should be applied in relation to any expenditure reductions:

- a) the internal audit function of the Union should be maintained at a strong and effective level;
- b) there should be no expenditure reductions which would affect cost-recovery income;
- c) fixed costs such as those related to the reimbursement of loans or after-service health insurance should not be subject to expenditure reductions;
- d) there should be no expenditure reductions in regular maintenance costs for ITU buildings which would affect the security or the health of staff;
- e) the information services function in the Union should be maintained at an effective level;

7 that the Council, in determining the amount of withdrawals from or allocations to the Reserve Account, should aim under normal circumstances at keeping the Reserve Account at a level above six per cent of total annual expenditure,

instructs the Secretary-General, with the assistance of the Coordination Committee

1 to prepare the draft biennial budgets for the years 2012~~2016~~-2013~~2017~~, as well as 2014~~2018~~-2015~~2019~~, on the basis of the associated guidelines in *decides* above, the annexes to this decision and all relevant documents submitted to the Plenipotentiary Conference;

2 to ensure that, in each biennial budget, revenue income and expensesexpenditure are balanced;

¹ The concept of UMACs may be applied, where necessary, as a means of highlighting a number of activities within the overall programme of work mandated by the governing bodies of the Union, as well as those support activities which are deemed essential to implement the mandated activities, which could not be accommodated within the financial limits set by the Plenipotentiary Conference. The Secretary-General would be authorized to incur expenditure on these activities provided that savings are achieved or additional income is generated.

3 to draw up and implement a programme of appropriate revenue increases, cost efficiencies and reductions across all ITU operations so as to ensure a balanced budget;

4 to implement the aforementioned programme as soon as possible,

instructs the Secretary-General

1 to provide to the Council, no less than seven weeks before its ~~2011-2015~~ and ~~2013-2017~~ ordinary sessions, complete and accurate data as needed for the development, consideration and establishment of the biennial budget;

2 to undertake studies on the current status of and forecasts regarding financial stability and related reserve accounts of the Union under the changing circumstances after the introduction of the International Public Sector Accounting Standards (IPSAS), with a view to developing strategies for long-term financial stability, and to report annually to the Council;

3 to make every effort to achieve balanced biennial budgets, and to bring to the attention of the membership through the CWG-FHR, any of its decisions that may have a financial impact likely to affect the achievement of such a balance,

instructs the Secretary-General and the Directors of the Bureaux

1 to provide to the Council, on an annual basis, a report outlining expenditure relating to each item in Annex 2 to this decision, and to propose appropriate measures to be undertaken to reduce expenditure in each area;

2 to undertake every effort to achieve reductions through a culture of efficiency and economy and to include the savings actually achieved within the overall approved budgets in the above report to Council,

instructs the Council

1 to authorize the Secretary-General, in accordance with Article 27 of the Financial Regulations and Financial Rules, to allocate to the ASHI Fund, from the Reserve Account, an amount up to that which is actually used to balance the biennium budget from the Reserve Account;

~~12~~ to review and approve the biennial budgets for ~~20162-20173~~ and ~~201864-20195~~, giving due consideration to the associated guidelines in *decides* above, the annexes to this decision and all documents submitted to the Plenipotentiary Conference;

~~23~~ to ensure that, in each biennial budget, revenue and expenses ~~income and expenditure~~ are balanced;

~~34~~ to consider further appropriations in the event that additional sources of revenue are identified or savings achieved;

~~45~~ to examine the cost-efficiency and cost-reduction programme drawn up by the Secretary-General;

~~56~~ to take account of the impact of any cost-reduction programme on the staff of the Union, including the implementation of a voluntary separation and early retirement scheme, where this can be funded from budgetary savings or through a withdrawal from the Reserve Account;

~~67~~ in addition to *instructs the Council* 5 above, in view of an unanticipated reduction of revenue due to the drop in classes of contribution from Member States and Sector Members, to authorize a one-time withdrawal from the Reserve Account, within the limits established in *decides* 7 above, in order to minimize the impact on staffing levels in the ITU biennial budgets for ~~20162-20173~~ and ~~20184-20195~~; any unused funds are to be returned to the Reserve Account at the end of each budgetary period;

~~78~~ that the Council, in considering measures that could be adopted to strengthen the control of the finances of the Union, should take into account the financial impact of such issues as ASHI funding, and the medium to long-term maintenance and/or replacement of buildings at the premises of the Union;

~~89~~ to invite ~~the Council Working Group on Financial and Human Resources, the External Auditor, and the Independent Management Advisory Committee and the Council Working Group on Financial and Human Resources~~ to develop recommendations to ensure greater financial control on the finances of the Union, ~~on strengthening financial control mechanisms in ITU, outlining specific objectives, as well as timelines and responsibilities for implementation, for the consideration of Council, taking into account, inter alia, the issues identified in instructs 78 above;~~

~~97~~10 to consider the report of the Secretary-General relating to the matter referred to in *instructs the Secretary-General 2* above, and report to the next plenipotentiary conference, as appropriate.

ANNEX 1 TO DECISION 5 (Rev. Guadalajara Busan, 20102014)

FINANCIAL PLAN FOR 2012 - 2015: REVENUES AND EXPENSES

	Budget 2008-09	Budget 2010-11	Budget 2008-11	Forecast	2012- 2015	
					Variance	%
REVENUE						
A. Assessed contributions						
A.1 Members State contributions	217 194	221 328	438 522	431 367	-7 155	-1.6%
A.2 Sector Member contributions	36 833	35 162	71 995	62 932	-9 063	-12.6%
A.3 Associates	2 867	3 358	6 225	6 428	203	3.3%
Total assessed contributions	256 894	259 848	516 742	500 727	-16 015	-3.1%
B. Cost recovery						
B.1 Project support costs	2 000	2 700	4 700	7 000	2 300	48.9%
B.2 Sales of publications	24 000	30 000	54 000	69 000	15 000	27.8%
B.3 ITU TELECOM	7 452	6 285	13 737	10 000	-3 737	-27.2%
B.4 Satellite network filings	14 000	16 000	30 000	28 000	-2 000	-6.7%
B.5 Others (registrars...)	1 149	698	1 847	2 000	153	8.3%
Total cost recovery	48 601	55 683	104 284	116 000	11 716	11.2%
C. Revenue from interest	5 000	5 000	10 000	12 000	2 000	20.0%
D. Other revenue	2 000	2 000	4 000	3 280	-720	-18.0%
E. Reserve Account	10 108	10 108	20 216	0	-20 216	n/a
TOTAL REVENUE	322 603	332 639	655 242	632 007	-23 235	-3.5%
EXPENSES *						
1 Staff costs	206 351	206 093	412 444	389 032	-23 412	-5.7%
2 Other staff costs	58 330	67 310	125 640	126 519	879	0.7%
3 Travel on duty	10 060	10 674	20 734	20 734	0	0.0%
4 Contractual services	11 634	14 142	25 776	27 770	1 994	7.7%
5 Rental & maintenance	13 051	11 065	24 116	22 013	-2 103	-8.7%
6 Materials & supplies	4 045	3 454	7 499	6 779	-720	-9.6%
7 Acquisitions	7 121	6 799	13 920	13 430	-490	-3.5%
8 Public utilities	6 564	5 979	12 543	11 728	-815	-6.5%
9 Audit & miscellaneous	5 447	7 123	12 570	14 002	1 432	11.4%
TOTAL EXPENSES	322 603	332 639	655 242	632 007	-23 235	-3.5%

* Expense projection to 2012-2015 includes inflation of 1.5 per cent per annum

Financial Plan of the Union for 2016-2019: Revenue and Expenses

Amounts in thousands of Swiss francs

	Budget 2012-2013	Budget 2014-2015	Budget 2012-2015 a	Estimates 2016-2017	Estimates 2018-2019	Draft FP 2016-2019 b	Variance c = b-a	% d = c/a
Member States	218,983	225,144	444,127	219,420	219,420	438,840	-5,287	-1.2%
Sector Members	33,127	30,400	63,527	30,400	30,400	60,800	-2,727	-4.3%
Associates	3,409	3,411	6,820	3,411	3,411	6,822	2	0.0%
Academia	1,001	400	1,401	400	400	800	-601	-42.9%
Cost recovery	57,100	65,500	122,600	64,500	64,500	129,000	6,400	5.2%
Interest and other revenue	3,600	2,200	5,800	1,800	1,800	3,600	-2,200	-37.9%
Withdrawal: Reserve Account	6,614	4,000	10,614	0	0	0	-10,614	-100.0%
Revenue estimates	323,834	331,055	654,889	319,931	319,931	639,862	-15,027	-2.3%
General Secretariat	179,169	184,971	364,140	195,346	198,249	393,595	29,455	8.1%
ITU-R	61,853	62,203	124,056	60,527	64,107	124,634	578	0.5%
ITU-T	26,200	25,529	51,729	26,922	26,069	52,991	1,262	2.4%
ITU-D	56,612	58,352	114,964	58,270	59,291	117,561	2,597	2.3%
Total	323,834	331,055	654,889	341,065	347,717	688,781	33,892	5.2%
Varembe bldg. replacement				300	3,300	3,600	3,600	-
Net Assets funding				4,000	4,000	8,000	8,000	-
Total long-term Expenses				4,300	7,300	11,600	11,600	-
Total Expense estimates	323,834	331,055	654,889	345,365	355,017	700,381	45,492	6.9%
Revenue less Expenses			0	-25,434	-35,086	-60,519	-60,519	
Draft Financial Plan 2016-2019 by proposed ITU Strategic Goals - RBB format								
	Budget 2012-2013	Budget 2014-2015	Budget 2012-2015 a	Estimates 2016-2017	Estimates 2018-2019	Draft FP 2016-2019 b	Variance c = b-a	% d = c/a
Revenue estimates	323,834	331,055	654,889	319,931	319,931	639,862	-15,027	-2.3%
Goal 1 Growth						248,040		
Goal 2 Inclusiveness						319,660		
Goal 3 Sustainability						77,309		
Goal 4 Innovation						55,373		
Total Expense estimates						700,381		
Revenue less Expenses						-60,519		

Amounts in thousands of Swiss francs

	Budget 2012-2013	Budget 2014-2015	Budget 2012-2015 a	Estimates 2016-2017	Estimates 2018-2019	Draft FP 2016-2019 b	Variance c = b-a	% d = c/a
Member States	218,983	225,144	444,127	219,420	219,420	438,840	-5,287	-1.2%
Sector Members	33,127	30,400	63,527	31,750	31,750	63,500	-27	0.0%
Associates	3,409	3,411	6,820	3,910	3,910	7,820	1,000	14.7%
Academia	1,001	400	1,401	400	400	800	-601	-42.9%
New financial resources-INR				3,500	3,500	7,000	7,000	-
Cost recovery	57,100	65,500	122,600	67,250	67,250	134,500	11,900	9.7%
Interest and other revenue	3,600	2,200	5,800	1,800	1,800	3,600	-2,200	-37.9%
Withdrawal: Reserve Account	6,614	4,000	10,614	0	0	0	-10,614	-100.0%
Revenue estimates	323,834	331,055	654,889	328,030	328,030	656,060	1,171	0.2%
General Secretariat	179,169	184,971	364,140	182,194	185,110	367,304	3,164	0.9%
ITU-R	61,853	62,203	124,056	57,731	61,302	119,033	-5,023	-4.0%
ITU-T	26,200	25,529	51,729	26,794	25,934	52,728	999	1.9%
ITU-D	56,612	58,352	114,964	55,994	57,001	112,995	-1,970	-1.7%
Total	323,834	331,055	654,889	322,713	329,347	652,060	-2,829	-0.4%
Net Assets funding				2,000	2,000	4,000	4,000	-
Total Expense estimates	323,834	331,055	654,889	324,713	331,347	656,060	1,171	0.2%
Revenue less Expenses			0	3,317	-3,317	0		
Draft Financial Plan 2016-2019 by proposed ITU Strategic Goals - RBB format								
	Budget 2012-2013	Budget 2014-2015	Budget 2012-2015 a	Estimates 2016-2017	Estimates 2018-2019	Draft FP 2016-2019 b	Variance c = b-a	% d = c/a
Revenue estimates	323,834	331,055	654,889	328,030	328,030	656,060	1,171	0.2%
Goal 1 Growth						233,645		
Goal 2 Inclusiveness						297,782		
Goal 3 Sustainability						72,577		
Goal 4 Innovation & Partnership						52,056		
Total Expense estimates						656,060		
Revenue less Expenses						0		

ANNEX 2 TO DECISION 5 (Rev. ~~Guadalajara~~ Busan, 2010 ~~2014~~)

Measures for reducing expenditure

- 1) Identification and elimination of ~~possible~~ duplications (and overlap of functions, activities, workshops, seminars), and centralization of finance and administrative tasks, ~~in order to avoid inefficiencies and to gain from a specialized workforce.~~
- 2) Coordination and harmonization of all seminars and workshops ~~organized by the General Secretariat or the three Sectors by a centralized intersectoral task force or department~~ in order to avoid duplication of ~~the subjects covered and topics,~~ to optimize management, logistics, co-ordination and secretariat attendancesupport and to take benefit from the synergy between the Sectors and holistic approach to the subjects covered.
- 3) Full involvement of regional offices in the planning and organization of seminars/workshops/meetings/conferences, including their preparatory meetings outside of Geneva, in order to gain from the utilization of local expertise, local contact network and to save on travel costs.
- 34) Maximum cCoordination with regional organizations with a view to organizing collocated events/meetings/conferences, sharing the expenses available resources of the regional organizations and minimizing the costs of participation (workshops, seminars, preparatory meetings for world-conferences).
- 45) Possible Ssavings from attrition, the redeployment of staff and the review and possible reduction of grades of vacant posts, in particular in non-sensitive parts of the General Secretariat and the three Bureaux to reach optimal levels of productivity, efficiency and effectiveness.
- 56) New or additional activities are to be implemented through-Prioritize staff redeployment for the implementation of new or additional activities. New hirings should be the last option while taking into account gender balance and geographical distribution.
- 7) The use of consultants should only occur when the relevant skills or experience cannot be found among existing staff and after confirmation of this requirement in writing by senior management.
- 8) Upgrade the capacity building policy to qualify the staff for multi-sector proficiency, including staff in regional offices, to improve staff mobility and their flexibility for redeployment to new or additional activities.
- 69) The General Secretariat and the three Sectors of the Union should reduce Reduction in the cost of documentation of conferences and meetings by: conducting paperless/events/meetings/conferences and fostering the adoption of ICTs as viable and most sustainable substitutes for paper.
 - a) ~~requesting at the time of registration whether paper copies are required;~~
 - b) ~~setting of a maximum number of copies by the Plenipotentiary Conference or by the Council for all Union conferences, assemblies and meetings;~~
 - c) ~~setting of a maximum of two sets per delegation;~~
 - d) ~~reducing the number of paper copies sent to administrations from the current five to a maximum of two.~~

- 10) Reducing, to the absolute minimum necessary, the printing and distribution of ITU promotional/non-revenue generating publications.
- 11) Implementation of initiatives towards making the ITU a completely paperless organization, such as providing sector reports only online, adopting the digital signatures, digital media, digital advertising and promotion, among others.
- ~~7~~12) Consideration of savings in languages (translation, interpretation) for study group meetings and publications, without prejudice to the goals of Resolution 154 (Rev. ~~Guadalajara, 2010~~ Busan, 2014).
- 13) Evaluation and use of alternative translation procedures that could reduce the cost of translations while maintaining or improving their current quality and the accuracy of telecommunication/ICTs terminology.
- ~~8~~14) Implementation of WSIS activities through the redeployment of staff responsible for such activities within the existing resources and, as appropriate, through cost recovery and voluntary contributions.
- ~~9~~15) Review the number of study group meetings and their duration with the view to reducing their of the costs and that of other relevant groups of study groups and other relevant groups.
- 16) Evaluation of regional study groups on whether their competencies and terms of reference are duplicated or overlap with existing working groups and committees of the six regional organizations.
- ~~10) Limitation of the number of study group meetings and their duration.~~
- ~~11~~17) Limitation of the number of days of meetings for the advisory groups to three days per year maximum with interpretation.
- ~~12~~18) Reduction of the number and duration of physical meetings of ~~working groups of the Council~~ working groups, where possible.
- 19) Reduction of number of Council working groups to the absolute minimum necessary by integrating them into few numbers, terminating their activities if no further development occurred on their scope of activities.
- ~~13~~20) Incorporation of the first preparatory meeting for the [2015] ~~[2016]~~ world radiocommunication conference within the conference period.
- ~~14~~21) ~~Regular assessment~~ Identification of the level of achievement of the ~~different programmes strategic goals, objectives and outputs~~ with a view to ~~utilizing resources for other new activities~~ increasing efficiency by the reallocation of budget, when necessary.
- ~~15~~22) For new ~~programmes activities~~ or those having additional financial resource implications, a "value-added ~~impact statement~~" ~~should~~ assessment shall be made in order to justify how the proposed ~~programmes activities~~ differ from current and/or similar ~~programmes activities in order and~~ to avoid overlap and duplication.
- ~~16~~23) Sound consideration of the size, location and resources allocated to regional initiatives, ~~programmes outputs~~ and assistance to members, to the regional presence both in the regions and at headquarters, as well as those resulting from the outcome of WTDC and the ~~Hyderabad-Dubai~~ Action Plan, and financed directly as activities from the Sector budget.

- ~~1724~~) Reduction of the cost of travel on duty, by developing and implementing criteria in order to reduce travel costs. The criteria should consider and aim at minimizing business travel, increasing the minimum number of hours in order to fly business class, increasing towards 30-day notice, reducing the extra DSA as possible, prioritizing the allocation of staff from the regional and area offices, by limiting time on mission as well as through joint representation in meetings, rationalizing the number of staff sent to mission from various departments/divisions of the General Secretariat and the three Bureaux and benefiting from reductions in air fares.
- 25) Reduction and/or elimination of travel to meetings the proceedings of which are webcasted and captioned including remote presentation of documents and contributions to these meetings.
- 26) Improve and prioritize internal electronic working methods in order to reduce travel to/from regional offices to Geneva.
- ~~1827~~) Taking into account No. 145 of the Convention, a full range of electronic working methods needs to be explored to possibly reduce the costs, number and duration of the Radio Regulations Board meetings in the future, e.g. reduction of the number of meetings in one calendar year from four to three.
- ~~1928~~) Introduce incentive programmes, such as efficiency taxes, innovation funds and other methods in order to address innovative cross-cutting means of improving the Union's productivity.
- ~~2029~~) Move, to the extent practicable, from Discontinue to the greater extent possible present-communications by fax and traditional postal mail between the Union and Member States and replace with ~~to~~ modern electronic communication methods.
- 30) Appeal to the Member States to reduce the number of issues to be considered by the WRCs to the minimum necessary.
- ~~2131~~) Any additional measures adopted by the Council.
-