

PLENARY MEETING

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PROPOSALS FOR THE WORK OF THE CONFERENCE

CLARIFICATION OF THE CONCEPT “FINANCES OF THE UNION”

Abstract

We propose providing a definition of the expression “finances of the Union” and clarifying the provisions relating to financial matters in the Constitution, Convention and Financial Regulations of ITU, which will involve harmonizing basic concepts and definitions, eliminating potential ambiguity, and making the texts more dynamic by linking finances with the goals and objectives of ITU.

Reference documents

1. ITU Constitution
2. ITU Convention
3. Financial Regulations and Financial Rules of ITU
4. Resolution 72 (Rev. Guadalajara, 2010), on linking strategic, financial and operational planning in ITU
5. Decision 5 (Rev. Guadalajara, 2010), on the Income and Expenditure of the Union for the period 2012-2015

Introduction

Article 28 of the ITU Constitution (“Finances of the Union”) does not define what the finances of the Union are. It begins by indicating what comprises the “expenses of the Union” (Nos. 155-158), and in No. 159 (a) – g)) indicates how the Union’s expenses are to be met.

Article 33 of the ITU Convention (“Finances”) without further ado gives a description of contribution scales (No. 468) and is almost entirely devoted to issues pertaining to arrangements regarding contributions and defraying expenses, which do not fully cover the concept “finances”.

Similarly, the Financial Regulations (2010 edition), which deals with issues of ITU financial management and control, does not define the term “finances of the Union”. For example, the title of Article 1 (“Management and control of the finances of the Union”) includes the term “finances

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of the Union” but does not define the expression, and the text uses a number of related terms without explanation (“financial aspects of all activities [of the Union]”, “financial [responsibilities]”, and “financial questions”).

The term “finances of the Union” is thus not explicitly defined in the financial provisions of the basic tests, even if these do in one way or another concern individual aspects and processes of the complex issue of finances.

Western academic and teaching literature in this field offers no general definition of “finances” and the concept is dealt with in fairly broad terms. On the other hand, in order to preclude ambiguity in respect of the adjective “financial” used on its own, some authors state that as regards public finances (and ITU is not a commercial organization) it is more correct to use the adjective “fiscal”, referring, for example, to “fiscal year” rather than “financial year”, so that the concept “finances” acquires a new connotation suggesting specific social (public) outcomes of benefit to individuals and groups.

Seen in this light, it would seem expedient to include in Article 28 of the Constitution a definition of the term “finances of the Union”, also clarifying the provisions of the Constitution, Convention and Financial Regulations related to that Article on the basis of harmonized basic concepts and definitions.

The use of the term “finances of the Union” in ITU’s instruments is also crucial in terms of the importance of linking all types of plans with the financial resources needed to implement them, of understanding the systemic character and importance of the finances of an international non-commercial organization at a time of global economic instability, and of enhancing transparency and efficiency of the Union’s financial activities in the interests of all stakeholders, with the transition to IPSAS accounting standards, and so on.

In order to provide a comprehensive definition of the term «Finances of the Union» and take into account that:

- the resources and expenses of the Union are based on the budgets approved by the Council according to CV/Article 4, paragraph 73;
- the budget and management as well as Strategic and Financial plans of the Union are based on the principles of Results-Based Budgeting and Results-Based Management ;
- the internal and external mechanisms of control are in place to enable professional and systematic control over the use of the ITU resources;
- the issues related to the risks of fraud and appropriate measures are covered by the Staff Regulations and Staff Rules, Chapter IX and X,

It is proposed:

1. On condition that PP-14 adopts a decision regarding the *possibility of revising* the texts of the Constitution and Convention, to amend the **ITU Constitution**, as presented in the Annex below.

2. To authorize the Council according to paragraphs 63 and 73 of Article 4 of ITU Convention and paragraph 69 (4.1)) of Article 10 of ITU Constitution, Rules of procedure of the Council to make appropriate amendments to the text of the Financial Regulations and Financial Rules of the Union.

CONSTITUTION OF THE INTERNATIONAL TELECOMMUNICATION UNION

CHAPTER V

Other Provisions Concerning the Functioning of the Union

ARTICLE 28

Finances of the Union

ADD **RUS/33/1**

154A 0 The finances of the Union shall be understood to mean the peremptory system and processes applied to the constitution, allocation and use of financial resources (funds) with appropriate administrative control for the purposes of carrying out the mission, functions and objectives of the Union, and ensuring conditions for its stability and renewed activity in the future. The basis of ITU's finances shall be its budget as constituted almost exclusively from the financial contributions of Members of the Union and from other sources stipulated in the ITU's instruments and other appropriate documents.

ADD **RUS/33/2**

154B 0A The finances of the Union shall be regulated on the basis of the provisions of this Constitution, the Convention, and the Financial Regulations adopted by the Council, and shall form part of the international financial system.

MOD **RUS/33/3**

155 1 The expenses of the Union [included in the budget](#) shall comprise the costs of:

MOD RUS/33/4

159 2 The ~~expenses of the Union~~ budget revenues shall be ~~met~~obtained from:
PP-98

CHAPTER I

Basic Provisions

ARTICLE 10

The Council

MOD RUS/33/5

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3) It shall ensure the efficient coordination of the work of the Union and exercise ~~effective-systematic professional~~ financial control over the General Secretariat and the three Sectors, and shall also approve the ITU Financial Regulations governing the financial aspects of all types of activity of the Union.
