

PLENARY MEETING

B9

**Corrigendum 1 to
Document 156-E
5 November 2014**

**NINTH SERIES OF TEXTS SUBMITTED BY
COMMITTEE 4 TO THE PLENARY MEETING**

The following texts are submitted to the Plenary Meeting for **first reading**:

Source	Document	Title
COM4	156 (B9)	DECISION 5

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Annex: 8 pages

MOD B9/156/1

DECISION 5 (REV. BUSAN, 2014)

**Revenue and expenses for the Union
for the period 2016-2019**

The Plenipotentiary Conference of the International Telecommunication Union (Busan, 2014),

considering

the strategic plans and goals established for the Union and its Sectors for the period 2016-2019, and the priorities identified therein,

considering further

a) Resolution 91 (Rev. Guadalajara, 2010) of the Plenipotentiary Conference, on general principles for cost recovery;

b) that, in the consideration of the draft financial plan of the Union for 2016-2019, the challenge to increase revenues in support of increasing programme demands is substantial,

noting

that this conference has adopted Resolution 151 (Rev. Busan, 2014) 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. Busan, 2014) of this conference stresses the importance of the human resources of the Union for the fulfilment of its goals and objectives,

invites the Council

to fix, to the extent practicable, the preliminary amount of the contributory unit for the period 2020-2023 at its 2017 ordinary session,

invites Member States

to announce their provisional class of contribution for the period 2020-2023 before the end of the calendar year 2017,

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 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 2016-2019 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 CHF 85 million for the years 2016-2019;
- 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 revenue from cost recovery for that activity;
- 1.4 that the Council shall each year review the revenue and expenses in the budget as well as the different activities and the related expenditure;
- 2 that, if no plenipotentiary conference is held in 2018, the Council shall establish the biennial budgets of the Union for 2020-2021 and 2022-2023 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;

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.

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

- a) the internal audit function of the Union should continue to 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 2016-2017, as well as 2018-2019, 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 and expenses are balanced;

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 2015 and 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 Council Working Group on Financial and Human Resources (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 make 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 After-Service Health Insurance (ASHI) Fund, from the Reserve Account, an amount up to that which is actually used to balance the biennial budget from the Reserve Account;
- 2 to review and approve the biennial budgets for 2016-2017 and 2018-2019, giving due consideration to the associated guidelines in *decides* above, the annexes to this decision and all documents submitted to the Plenipotentiary Conference;
- 3 to ensure that, in each biennial budget, revenue and expenses are balanced;
- 4 to consider further appropriations in the event that additional sources of revenue are identified or savings achieved;
- 5 to examine the cost-efficiency and cost-reduction programme drawn up by the Secretary-General;
- 6 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;
- 7 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 2016-2017 and 2018-2019; any unused funds are to be returned to the Reserve Account at the end of each budgetary period;
- 8 in considering measures that could be adopted to strengthen control of the finances of the Union, to 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;
- 9 to invite the external auditor, the Independent Management Advisory Committee and CWG-FHR to develop recommendations to ensure greater financial control of the finances of the Union, taking into account, *inter alia*, the issues identified in *instructs the Council* 8 above;

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. BUSAN, 2014)

Financial plan of the Union for 2016 – 2019: Revenue and expenses

<i>Amounts in thousands of Swiss francs</i>									
	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	212,742	212,742	425,484	-18,643	-4.2%	
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%	
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	-10,614	-100.0%	
Revenue estimates	323,834	331,055	654,889	317,852	317,852	635,704	-19,185	-2.9%	
General Secretariat	179,169	184,971	364,140	181,233	184,148	365,381	1,241	0.3%	
ITU-R	61,853	62,203	124,056	57,417	60,988	118,405	-5,651	-4.6%	
ITU-T	26,200	25,529	51,729	25,658	24,797	50,455	-1,274	-2.5%	
ITU-D	56,612	58,352	114,964	55,728	56,735	112,463	-2,502	-2.2%	
Total	323,834	331,055	654,889	320,036	326,668	646,704	-8,186	-1.2%	
Net Assets funding				1,000	1,000	2,000	2,000	-	
Cost savings *				-6,500	-6,500	-13,000	-13,000	-	
Total Expense estimates	323,834	331,055	654,889	314,536	321,168	635,704	-19,186	-2.9%	
Revenue less Expenses			0	3,316	-3,316	0			
*Covered by efficiency measures, increase in the number of the contributory units, other revenue, including new financial resources, and possible withdrawal from the Reserve Account upon Council decision									
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	317,852	317,852	635,704	-19,185	-2.9%	
Goal 1 Growth						226,395			
Goal 2 Inclusiveness						288,543			
Goal 3 Sustainability						70,325			
Goal 4 Innovation & Partnership						50,441			
Total Expense estimates						635,704			
Revenue less Expenses						0			

ANNEX 2 TO DECISION 5 (REV. BUSAN, 2014)

Measures for reducing expenses

- 1) Identification and elimination of duplication (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 by a centralized intersectoral task force or department in order to avoid duplication of topics, to optimize management, logistics, coordination and secretariat support and to benefit from synergy between the Sectors and a 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 Geneva, in order to gain from the utilization of local expertise and local contact networks and to save on travel costs.
- 4) Maximum coordination with regional organizations with a view to organizing collocated events/meetings/conferences, sharing the expenses and minimizing the costs of participation .
- 5) Savings from attrition, redeployment of staff and review and possible reduction of grades of vacant posts, in particular in non-sensitive parts of the General Secretariat and the three Bureaux, in order to reach optimal levels of productivity, efficiency and effectiveness.
- 6) Prioritize staff redeployment for the implementation of new or additional activities. New hiring 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) Upgrading the capacity-building policy to qualify the staff, including staff in regional offices, for multi-sector proficiency, in order to improve staff mobility and their flexibility for redeployment to new or additional activities.
- 9) The General Secretariat and the three Sectors of the Union should reduce 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.
- 10) Reducing to the absolute minimum necessary the printing and distribution of ITU promotional/non-revenue generating publications.

- 11) Implementation of initiatives towards making ITU a completely paperless organization, such as providing Sector reports only online, adopting digital signatures, digital media and digital advertising and promotion, among others.
- 12) Consideration of savings in languages (translation, interpretation) for study group meetings and publications, without prejudice to the goals of Resolution 154 (Rev. 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/ICT terminology.
- 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.
- 15) Reviewing the number of study group meetings and their duration with a view to reducing their costs and those of other relevant groups.
- 16) Evaluation of regional groups established by ITU study groups in order to avoid duplication and overlap.
- 17) Limitation of the number of days of meetings for the advisory groups to three days per year maximum with interpretation.
- 18) Reduction of the number and duration of physical meetings of the Council working groups, where possible.
- 19) Reduction of number of Council working groups to the absolute minimum necessary by combining them into a smaller number of groups, terminating their activities if no further development occurred on their scope of activities.
- 20) Regular assessment of the level of achievement of the strategic goals, objectives and outputs with a view to increasing efficiency by the reallocation of budget, when necessary.
- 21) For new activities or those having additional financial resource implications, a "value-added" assessment shall be made in order to justify how the proposed activities differ from current and/or similar activities and to avoid overlap and duplication.
- 22) Sound consideration of the size, location and resources allocated to regional initiatives, 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 Dubai Action Plan, and financed directly as activities from the Sector budget.

- 23) 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 requirement for flying business class, increasing the notice for travel towards 30 days, reducing the extra daily subsistence allowance (DSA) as far 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 on mission from various departments/divisions of the General Secretariat and the three Bureaux.
 - 24) Reduction and/or elimination of travel to meetings the proceedings of which are webcast and captioned, including remote presentation of documents and contributions to these meetings.
 - 25) Improving and prioritizing internal electronic working methods in order to reduce travel to/from regional offices to Geneva.
 - 26) 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.
 - 27) 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.
 - 28) Discontinue to the greatest extent possible communications by fax and traditional postal mail between the Union and Member States and replace it with modern electronic communication methods.
 - 29) Appeal to the Member States to reduce the number of issues to be considered by WRCs to the minimum necessary.
 - 30) Any additional measures adopted by the Council.
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