

7. The budget of the Union shall contain such further schedules and information as may be deemed necessary and useful to justify the appropriations.

### ***Rule 6.1***

#### ***Categories of expenses***

Each section and subsection is divided as necessary into the following categories of expenses:

Staff costs:

- Category 1 Staff costs (salaries and allowances, etc.)
- Category 2 Other staff costs (pensions, health insurance, human resources development, etc.)

Non-staff costs:

- Category 3 Travel on duty
- Category 4 Contractual services
- Category 5 Rental and maintenance of premises and equipment
- Category 6 Materials and supplies
- Category 7 Acquisition of premises, furniture and equipment
- Category 8 Public and internal service utilities
- Category 9 Audit and inter-agency fees and miscellaneous

## **Article 7**

### **Budget of the Union – Revenue**

1. The revenue of the budget of the Union shall comprise:
  - a) the contributions from the Member States as well as those from the Sector Members and Associates;
  - b) where appropriate, the contributions from Member States and from entities and organizations required to contribute to defraying the expenses of conferences and meetings in accordance with the relevant provisions of the Constitution and the Convention;

- c) cost-recovery revenue derived from:
  - i) the amounts paid by the organizations of the United Nations system and under trust funds, in order to defray the support costs related to the implementation of technical cooperation programmes and projects;
  - ii) proceeds from the sale of the Union's publications and revenue from advertisements placed therein;
  - iii) other revenue from the application of cost recovery as decided by the Council;
- d) revenue from interest;
- e) miscellaneous and unforeseen revenue;
- f) withdrawals, if any, from the Reserve Account.

2. In the budget of the Union, the number of contributory units declared at the time the Council approves the budget shall be shown, together with the annual amount of the contributory unit.

3. The rates of interest charged:

- a) for the late payment of assessed contributions, including for regional conferences, shall be set according to the relevant provisions of the Convention;
- b) for the late payment of trust funds or voluntary contributions<sup>1</sup> (see exception referred to in paragraph 11 of Annex 2 to the present regulations) shall be at least six per cent per annum but may be set by the Secretary-General at a higher rate when justified by the conditions of the market or during periods when advances have been received from the Government of the Swiss Confederation upon request (see Article 17 below).

4. The Council shall decide on the application of cost recovery within the activities of the Union and on the related fee schedules.

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<sup>1</sup> ITU does not commence any activity related to a voluntary contribution or trust funds until the contribution is actually paid.

4. Voluntary contributions shall be classified as follows:
  - a) Contributions intended for extrabudgetary activities for the:
    - i) General Secretariat;
    - ii) Radiocommunication Sector;
    - iii) Telecommunication Standardization Sector;
    - iv) Telecommunication Development Sector.
  - b) Contributions intended to supplement any activity already covered by the budget of the Union, by providing a complementary source of funds for enlarging the scope of the activities concerned.
  
5. Funds entrusted to the Union may be used for the execution of specific programmes or projects and shall be used in accordance with the respective agreements or arrangements.
  
6. Voluntary contributions and trust funds shall be paid in currencies readily usable by the Union or in currencies readily convertible into currencies used by the Union. They shall be shown in the relevant accounts.

### **3. Relations between the interested parties**

7. Potential providers of funds shall inform the Secretary-General of their intention to do so. The Secretary-General is authorized to seek their assistance in order to be able to respond to requests from potential recipient countries for the execution of programmes or projects.
  
8. The precise terms and conditions governing voluntary contributions or trust funds shall be agreed upon between the interested parties.
  
9. Any such agreement may take the form of a formal agreement, contract or an exchange of letters, and shall be signed by the parties concerned.

#### **4. Execution of programmes and projects**

10. Programmes and projects as well as supplementary activities (see § 4 b) above) which are to be executed within the framework of the present annex shall be funded entirely by voluntary contributions or trust funds.

11. The Union shall not assume any commitments for, or continue the execution of, any programme, project or supplementary activity, unless its full financing has been secured (apart from exceptional and duly documented cases, subject to prior written approval by the Secretary-General) and the funds have been deposited in accordance with the payment schedule laid down in the agreement (see § 9 above).

12. Any agreement as referred to in § 9 above may contain provisions relating to the case of late payment or non-payment of a contribution or trust fund or part thereof. In such a case, the Secretary-General is also authorized to stop immediately any further execution of the programme, project or supplementary activity, with any damages to the Union to be borne by the party in default.

13. The decision on implementing any programme, project or supplementary activity under a voluntary contribution or trust funds rests with the Secretary-General, after consultation with the Director of the Bureau of the Sector concerned. The responsibility for the related administration, coordination and execution lies with the Director of the Bureau of the Sector concerned, under the policy guidance and the control of the Secretary-General.

14. When an activity falling within the framework of the present annex requires administrative and operational services to be provided by the Union, the cost of these necessary support services shall, as provided in the agreement, form part of the project expenses. The agreement shall specify that part, if any, of the contribution which the parties agree shall be used to defray support costs. This amount shall be credited to the accounts of the Union in accordance with Article 6, § 1 c) of these regulations. Unless otherwise stipulated by the agreement, the interest on the voluntary contribution accrued in the project accounts shall be credited to ITU as cost-recovery revenue.