



RESOLUTION 1210

(approved at the fourteenth Plenary Meeting)

**Implementation of the recommendations
of the Group of Specialists (Decision 7, Marrakesh 2002)**

The Council,

considering

- a) that the Group of Specialists (GoS) appointed under Decision 7 of the Plenipotentiary Conference (Marrakesh, 2002) has submitted its report for review by the Council;
- b) that the report contains near-term recommendations which can be implemented immediately;
- c) that the report also contains recommendations that may be implemented over the medium and long-term,
- d) that the Council did not receive a final draft of the budget within the necessary timeframe to enable proper analysis;
- e) that this Council session decided to hold an additional session in October 2003 to address the budget 2004-2005, and decided that funds shall be made available for that purpose,

further considering

- a) that, in 2003, due to the constraints of the world economic situation, there is already a decline in the resources that Member States and Sector Members can commit to fund the activities of ITU in the financial period 2004-2005;
- b) that making a number of changes to the organization and operation of ITU will enable the Union to operate more efficiently and effectively and with reduced costs,

resolves

1 to approve Recommendations 1-9 and 13-15 of the Group of Specialists' Report as set forth in Annex 1 to this resolution;

2 to establish, pursuant to GoS Recommendation 1, a Council Oversight Group (COG) to be composed of a total of ten persons, including the troika plus representatives from other Council Member States selected so as to result in two representatives per ITU administrative region; the COG would oversee on behalf of the Council the implementation of GoS Recommendations 2-6, 8-9, and 13-15, with terms of reference as set forth in Annex 2 to this resolution, taking into consideration the discussions with regard to Recommendations 14 and 15 of the GoS as reflected in the summary records of the sixth and seventh Plenary Meetings;

3 that the COG will oversee the preparation of a revised draft budget prepared by the Secretary-General in consultation with the Coordination Committee, that meets the requirements of Council for consideration at the additional Council session in 2003, taking into account the principles and conditions contained in Annex 3 to this resolution;

4 that the COG will report to Council at its additional 2003 and its ordinary 2004 sessions,

further resolves

to establish, pursuant to GoS Recommendation 7, a group of the Council to review and recommend appropriate changes to the Financial Regulations, with terms of reference as set forth in Annex 4 to this resolution,

instructs the Secretary-General in consultation with the Coordination Committee

to implement with immediate effect Recommendations 2, 4, 5, 6, 8, 9, 13, 14, and 15 of the Group of Specialists' Report,

instructs the Secretary-General

to cooperate fully with the COG and the Group of Specialists in the performance of their responsibilities regarding implementation of the Recommendations in *instructs* above,

instructs the Directors of the Bureaux, in consultation with the advisory groups

to implement with immediate effect Recommendation 3 of the Group of Specialists' Report,

further instructs the Group of Specialists

a) to liaise with the COG in reviewing implementation by the ITU management of Recommendations 2-6, 8-9, and 13-15 of the GoS in accordance with the terms of reference as set forth in Annex 5 to this resolution, taking into consideration the discussions with regard to Recommendations 14 and 15 as reflected in the summary records of the sixth and seventh Plenary Meetings;

b) to continue to work on its mid- and long-term recommendations (GoS Recommendations 10-12, 16-19 and 20-21), in accordance with the terms of reference as set forth in Annex 5 to this Resolution;

c) to report to the Council at its 2004 session,

invites the Directors of the Bureaux

to consult with their advisory groups and provide input to the work of the Group of Specialists with respect to its mid- and long-term recommendations as appropriate.

Annex 1: Near-term recommendations of the Group of Specialists for immediate implementation

Annex 2: Terms of reference for the Council Oversight Group (COG)

Annex 3: Draft biennial budget 2004-2005: List of principles and conditions

Annex 4: Terms of reference of the Council Group on the Financial Regulations

Annex 5: Terms of reference for the ongoing work of the Group of Specialists on mid-term and long-term recommendations

Annex 1

Near-term recommendations of the Group of Specialists for immediate implementation¹

1. Recommendation regarding the oversight of the Council:

(See Annex 3 to this resolution.)

2. Recommendation regarding a process for preparation and review of the budget:

The Council instructs the Secretary-General to develop draft revisions (for approval by the Council) to the Financial Regulations which describe the process for the development of draft budgets, including milestones. These draft revisions should include, but not be limited to, the following elements:

1. The Coordination Committee should formally review the budget guidelines before the Secretary-General issues them in order to ensure that all Sectors are in agreement with the approach and priorities set forth in the budget. The guidelines need to be sufficiently flexible to take into account changes in conditions occurring during the process of preparing the budget.
2. The budget guidelines should take into account the timely involvement of the Sector advisory groups and should be submitted to the Council as an information document.
3. Once adopted, the guidelines should be strictly followed in the preparation of the budget. Any adaptation of the guidelines according to practical requirements should be again reviewed by the Coordination Committee.
4. The budget should be strictly correlated with priorities set out in the strategic plan and should include all activities, and related costs, listed in the operational plans.
5. The budget should present estimated resource requirements along activity or programme lines, like the operational plans, rather than along departmental or organizational lines.
6. After its review by the Coordination Committee, the draft budget should be delivered without fail to Council three months before the Council session. It should be the subject of thorough analysis by the oversight group foreseen in Recommendation 1 above, and its findings should be reported to Council prior to the Council session.
7. The budget should contain enough detail so that Council members do not have to spend the time allotted to discuss the budget at Council asking for clarifications.
8. The timetable for budget preparation should be lengthened to allow this process to take place. Consideration should be given to convening Council no earlier than September each year, so that the budget would be ready and audit reports from the preceding year would be available for the review.

3. Recommendation regarding prioritization of Sector activities:

The Council directs the Directors of the Bureaux, consistent with the provisions of Resolution 72 (Rev. Marrakesh, 2002) and Convention provisions concerning operational planning, to prioritize their activities in order to enable the ITU Secretariat and Council to rank all activities and to allocate the necessary budget to high priority activities.

¹ The numbering of Recommendations follows that in the report by the Group of Specialists (C03/32(Rev. 1)).
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4. Recommendation that the cost-accounting process should enable the cost of individual ITU projects and activities to be identifiable and auditable:²

The Council instructs the Secretary-General to establish a cost-accounting process that results in the cost of individual ITU projects and activities being identifiable and auditable, recognizing that this is essential for the development of an accurate activities-based budget and for implementing cost-recovery in compliance with Resolution 91 (Minneapolis, 1998), and consistent with Resolution 88 (Rev. Marrakesh, 2002) in relation to satellite network filings, in order to:

1. generate comprehensive financial information meeting the needs of Member States and ITU management;
2. track the costs incurred by the Union in performing specific activities under cost recovery;
3. provide a tool for budget control and accountability for decentralized appropriations to line managers.

5. Recommendation to enhance internal audit functions:

The Council decides that internal audit functions be enhanced by having internal auditors' reports to the Council. Furthermore, ITU should fill the position of Internal Auditor as soon as possible.

6. Recommendation to review the current use of information systems in ITU:

The Council instructs the Secretary-General to review and report to the Council Standing Committee on Finance concerning the Information Systems (IS) Department, including its organization, operation and management, the level of its expenses and quality of its services. This should include a report regarding ITU's award of a contract for a new software accounting system. It should also include a review of the functions carried out by IS staff employed in the Bureaux (Radiocommunication and Development Bureaux) and by those in the centralized IS Department, with the objective of eliminating any duplications or inefficiencies. It should also determine whether the IS Department is efficiently fulfilling its function of support to the activities of ITU, and whether it is being developed to support the strategic guidelines of ITU. It should also determine whether the level of spending, which appears to be excessive, is being made according to priorities that maximize the benefits. Because of its complexity, this plan may require the involvement of external experts at least in the first phase of the work. The Council will consider any planned investments in new information systems or services in the light of the results of the review of the IS Department.

7. Recommendation to establish a group of the Council to prepare appropriate changes to the Financial Regulations:

The Council at its 2003 session established a group to review and recommend appropriate changes to the Financial Regulations, for adoption by the Council at its 2004 session. These changes might include, but are not limited to, the following areas identified by the GoS:

1. delineate the information elements to be contained in the budget and operational plans, and the relationship between the two and with the strategic and financial plans adopted by the Plenipotentiary Conference;
2. ensure that, with the development of results-based budgeting, appropriations are classified by programme and activity, with the corresponding reference to the Strategic Plan, instead of by category of expenditure;
3. ensure that the flexibility arrangements provided for in the Financial Regulations are consistent with those of the other United Nations Organizations;

² Council concluded that consideration be given to implementing this recommendation in a cost-effective manner, recognizing the need to avoid asking for more information than is necessary.

4. ensure that deferred activities to be carried out for the following biennium are deleted from the Financial Regulations;
5. ensure that transfer of unused appropriations related to translations into Arabic, Chinese and Russian languages to be carried out for the following biennium are deleted from the Financial Regulations;
6. ensure that internal control is in line with that of other UN organizations.

8. Recommendation that various functions be reviewed to reduce duplication:

The Council decides that the following functions of the General Secretariat, the Sector Bureaux and/or TELECOM be reviewed, with the objective of eliminating any duplication of work and inefficient use of resources.

1. The functions of the Library and Archive Services, in light of the introduction of the Document Management System (DMS)³ project and the necessity of maintaining collections of documentation easily accessible by electronic means via Internet or through affiliated libraries. Duplication with the Reference Service (in the Department of Conferences) might be eliminated by consolidating its services under the aegis of the Library.
2. The functions involving corporate communications, publications, documentation, document control and marketing;
3. The travel processes carried by the Bureaux and the Personnel and Finance Departments.
4. The management of facilities and buildings (considering measures such as closing the entrance to the Varembe building, or reducing library hours).
5. The allocation of more costs for services to users.

9. Recommendation to clearly establish the functions of the Strategy and Policy Unit (SPU):

The Council decides that the Coordination Committee, in conjunction with the Council, should discuss and clearly establish the functions and responsibilities of SPU so as to avoid duplication and inefficiencies.

13. Recommendation that the Secretary-General report regularly to the Council:

The Council decides that:

1. The Secretary-General will report every three months to the Council on the following:
 - a) Progress against project milestones and deadlines (a summary table is preferable to avoid a large amount of written matter);
 - b) Quarterly changes and the reasons for them;
 - c) Decisions on the quarterly changes;
 - d) Variance analysis of the budget versus actual expenditure and forecasts for the rest of the year.
2. The Secretary-General will provide an annual review—within the biennial budget—of the previous year's performance of the Union with respect to the budget and the implications for the second year of the budget.

³ DMS is a document handling technology that enables improved document management. The aim of the DMS project is to improve the efficiency of the document processing in ITU for faster information flow and availability to all partners in the telecommunication world.

14. Recommendation to reorganize TELECOM along project lines:⁴

The Council decides that ITU TELECOM will be reorganized from its functional structure to a project-oriented structure, each event field comprising the following elements:

- a) An exhibitions element, which should be project-oriented, with responsibility for logistic, operations, sponsors and other related activities.
- b) A marketing element with responsibility for marketing, sales and other related activities.
- c) A simple supporting structure, covering legal, finance, budgeting and control activities, with these functions performed by TELECOM's own staff or, when efficiency and cost justify it, by ITU's central services.
- d) A capacity to coordinate the organization of events such as the Forum.

15. Recommendation to audit the amounts ITU is charging TELECOM:

The Council instructs the Secretary-General to request:

1. An external audit of the cost methodology applied to TELECOM as well as the present arrangements for invoicing services and for staff provided by the General Secretariat to TELECOM;
2. Annual examination and approval by Council of TELECOM's administrative budget, including the budget for the planned services provided by the General Secretariat.

⁴ It is understood that implementation of this recommendation should not have a negative impact on the preparations for ITU TELECOM World 2003 or on any other TELECOM event for which an agreement with the host country has already been concluded.

Annex 2

Terms of Reference for the Council Oversight Group (COG)

1. "Near-term recommendations" are recommendations proposed by the Group of Specialists (GoS) and adopted by the Council at its 2003 session that are to be implemented immediately by the General Secretariat or other parts of ITU.
2. Near-term recommendations meeting this description are Recommendations 2-6, 8-9, and 13-15.
3. Composition of the Council Oversight Group (COG): Ten persons, including the troika plus representatives from other Council Members selected so as to result in two representatives per ITU administrative region.
4. Terms of Reference:
 - a) This group shall oversee the implementation by the ITU management of the near-term recommendations adopted by Council at its 2003 session.
 - b) This includes reviewing the timetable established by the Coordination Committee that will result in the implementation of the approved recommendations by the time Council 2004 meets, or earlier if possible.
 - c) The COG is to meet with the Coordination Committee as often as the COG determines is appropriate, balancing the need to ensure that the recommendations are being implemented on schedule with the desirability of minimizing the number of meetings.
 - d) The group is to inform the Member States within 30 days of each meeting with the Coordination Committee on the progress being made by ITU in implementing the near-term recommendations.
 - e) The Group is to provide a report to the Council eight weeks before the 2004 session of the Council.
 - f) The Group is not to propose to the Council changes to the ITU Constitution and Convention (CS/CV).
 - g) The Group is to be chaired by the Chairman of the Council.
5. The expenses of the Group are to be borne by the individual members of the Group. The Secretariat will provide one staff member to provide support services.
6. Term of the Group: The COG will report to the 2004 session of the Council, which will review the disposition of the Group.

Annex 3

Draft Biennial Budget 2004-2005 List of principles and conditions

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- a. The Secretary General shall provide as soon as possible to the Group of Specialists (GoS) and the Council Oversight Group (COG) a plan to implement cost reductions, including staff reductions, that both respects the letter and spirit of Council and Plenipotentiary decisions and resolutions, and minimizes disruption to ITU work and staff. Following approval by the COG, the Secretary General shall begin immediate implementation of this plan.
- b. Council takes the view that certain cost reductions, including staff reductions, do not require complete approval of the budget and directs the Secretary General to create a staff reduction plan that can be executed in stages and will be conducted in consultation with Staff Council representatives.
- c. Those staff eligible for early retirement who wish to retire shall be allowed to avail themselves of this option immediately.
- d. The reserve account shall be maintained at a minimum of three percent of the budget. If in 2003 the amount in the reserve account falls below that amount, it shall be restored at the beginning of 2004.
- e. The Reserve for Debtors Accounts shall be recomputed. Funds in excess of those deemed, by applicable UN standards, to be necessary to maintain the account at a prudent level shall be transferred to the Reserve Account.
- f. The budget shall allocate a maximum of CHF 3 million for the building maintenance fund to meet pressing needs.
- g. The Exhibition Working Capital Fund shall be audited by the external auditor within six months and the report shall be delivered to Member States without delay. It is understood that the transfer of 5.000.000 CHF for the year 2003 is maintained.
- h. Standardized "best practices" for accounting and reporting procedures shall be prepared for review by the GoS and for consideration by Council 2004.
- i. A strategic plan for the ITU information system shall be developed within six months to respond to the recommendations of the external auditor's report and shall be made available to Council members without delay.
- j. Member States of the Council may submit in electronic form any questions they have regarding the proposed draft budget for 2004-2005 until June 15, 2003 and the Secretary General shall reply in electronic form within thirty days of the Member States' submission. These questions and answers shall be made available to all Member States as they are submitted by Member States and addressed by the Secretary General.
- k. To identify and reduce the ITU's very substantial overhead charges and allocations, the Secretary General shall implement a clear billing procedure to ensure that Sectors only pay for General Secretariat services used.
- l. Given the complex funding structure of the preparations for the World Summit on the Information Society, which involves ITU budgetary resources and non-budget resources alike, and in view of the decisions of the Council Working Group on WSIS (Document C03/37), a comprehensive report is needed on all aspects of financial support of the preparations for WSIS, in particular:

- i. Breakdown of expenditure to date;
 - ii. Specification of expenditure planned in support of the WSIS 2003 phase;
 - iii. Expenditure planned in support of the 2005 phase; and
 - iv. Report on progress in collecting income towards WSIS preparation.
- m. Pursuant to Resolution 115 (Marrakesh 2002) entitled "Use of the six official and working languages of the Union on an equal footing," the ITU is to set the date of 1 January 2005 as the date by which all ITU work will be carried out in the six official and working languages of the Union on an equal footing. Pursuant to that resolution, a plan is required for the transition to the use of the six official and working languages on an equal footing in all of its spheres of activity, along with a concrete assessment of the funding that will be required to implement the plan; this should be in the form of a separate document. The full funding requirements necessary for the effective use, from 1 January 2005, of all six languages of the Union on an equal footing, should be listed as a separate item in the ITU budget. It is noted, however, pursuant to Resolution 115, that some work in ITU (for example working groups, study groups, and regional conferences) might not require the full use of all six languages.
- n. The introduction to the draft budget for 2004-2005 should include all ITU activities and exclude all other work falling outside the scope of the sections of the budget. Accordingly, information on the TELECOM Unit should be presented as a separate section, showing spending separately by exhibition and by conference. An assessment is required of the financial implications of the announced removal of forum preparation activities from the TELCOM unit (which is self-financed) and their transfer to the Strategy and Policy Unit in the General Secretariat, which is financed out of the contributions of the Union membership.
2. The Group of Specialists should work with the assistance of the External Auditor.
 3. The Council Oversight Group should work actively with the Coordination Committee.
 4. Full implementation of near term Group of Specialists recommendations immediately after Council 2003.
 5. Quarterly reports on implementation from the Secretary General and as may be requested by the Council Oversight Group.
 6. Immediately establish an active internal audit function. An internal auditor shall be hired by September 1, 2003 to work with the Council Oversight Group and the external auditor. The internal auditor is to be fully independent, reporting to the Secretary General as well as to the Council.
 7. Provide a full report on all activities and consider proposals for adoption of a new budget structure with the necessary level of breakdown at Council 2004, to include revisions, as necessary to Financial Regulations and other ITU regulations.
 8. Short-term and fixed-term staff contracts should not be extended beyond 31 December 2004.

Annex 4

Terms of Reference of the Council Group on the Financial Regulations

This annex concerns the establishment of a Group of the Council to review and recommend appropriate modifications to the Financial Regulations pursuant to Recommendation 7 of the Group of Specialists approved by the Council at its 2003 session, taking into account the views of the ITU External Auditors. Its terms of reference include the following:

1. to examine the existing provisions of the Financial Regulations, including but not limited to those pertaining to the Reserve for Debtors accounts (Article 29), the Reserve Account (Article 30), and other reserves associated with various funds such as the Exhibition Working Capital Fund (Article 19), with a view towards ensuring conformity and consistency with the basic instruments of the Union, decisions of the Plenipotentiary Conference and the Council, as well as the evolving needs of ITU;
2. to delineate the data elements to be contained in the budget and operational plans, and the relationship between the two and with the strategic and financial plans adopted by the Plenipotentiary Conference, taking into account any follow-up actions;
3. to ensure that, with the development of results-based budgeting, appropriations are classified by programme and activity, with the corresponding reference to the Strategic Plan, instead of by category of expenditure;
4. to ensure that the flexibility arrangements provided for in the Financial Regulations, including deferred activities to be carried out for the following biennium, are consistent with those of the other United Nations organizations;
5. to ensure that transfer of unused appropriations related to translations into Arabic, Chinese and Russian languages to be carried out for the following biennium are deleted from the Financial Regulations;
6. to ensure that the Financial Regulations include provisions for internal control in line with those of other United Nations organizations.
7. to identify other consequential changes to the Financial Regulations as a result of the actions undertaken above.

The Group will report to the 2004 session of the Council on the progress achieved.

Annex 5

**Terms of Reference for the ongoing work of
the Group of Specialists on mid-term and long-term recommendations**

- 1 “Mid-term recommendations” are recommendations proposed by the Group of Specialists to be reported to Council 2004 for adoption.
 - 2 “Long-term recommendations” are recommendations proposed by the Group of Specialists to be reported to PP-06.
 - 3 Mid-term recommendations are Nos. 10-12, 16-19. Long-term recommendations are Nos. 20-21.
 - 4 Composition of Group from Council 2003 to Council 2004: The present composition of the Group of Specialists is to be maintained.
 - 5 Terms of Reference:
 - a) The GoS is to liaise with the Council Oversight Group (COG) in reviewing implementation by the ITU management of Recommendations 2-6, 8-9 and 13-15.
 - b) The GoS is to plan and refine its mid-term and long-term recommendations, including the process necessary for their adoption and implementation.
 - c) The GoS is to present a report to Council 2004.
 - d) The GoS should advise and provide support to, as appropriate, the Council Oversight Group (COG).
 6. The expenses of the Group are to be borne by the individual members of the Group. The Secretariat will provide one staff member to provide support services.
 7. Term of the Group: To continue until Council 2004.
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