

ITU Working Group on the Financial Regulations

Contribution by Japan

Recommendation 13 and 14: Summary of advantages and disadvantages to be considered in the feasibility study

R13 and R14 of the WG on Reform are both in relation to the sector budget or decentralization of the financial management of the ITU and are inter-related. R14 requires the feasibility study with the analysis of advantages and disadvantages. R13 recommends management of Sector Member contributions alone by Sectors and in this sense R13 can be understood as forming a part of the analysis of R14.

	Advantage	Disadvantage
Sectors manage own budgets (R14)	<ul style="list-style-type: none"> • Cost-consciousness on each sector will improve. 	<ul style="list-style-type: none"> • Inefficiency in financial management Financial management of the ITU will lose advantages by the economy of scale. Overall inefficiency will rise because the financial management will cause high-costs. • Impediments to the proper and flexible appropriation of the budget It is likely that issues to tackle that need cooperative action between sectors or inter-sectoral policy issues will not be properly and flexibly budgeted. • Difficulty in implementing indirect beneficial activities Those activities that have indirect benefits to Member States or Sector Members including development activities will, although quite vital, will likely to be difficult to be implemented.
Sectors manage Sector Member contributions (R13)	<ul style="list-style-type: none"> • Seemingly understandable 	<ul style="list-style-type: none"> • This will lead to the sector budgets of the ITU as a whole. (disadvantages can be seen above) • This will bring about the weakening of the financial base of the ITU.