



INTERNATIONAL TELECOMMUNICATION UNION

**MANAGEMENT AND BUDGET GROUP
OF THE COUNCIL (MBG)**

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DRAFT BUDGET OF THE UNION FOR 2010-2011

Please find attached a presentation on the draft budget of the Union for 2010-2011.



Management and Budget Group of the Council - MBG

Draft Budget of the Union for 2010-2011

Date: 12 June 2009

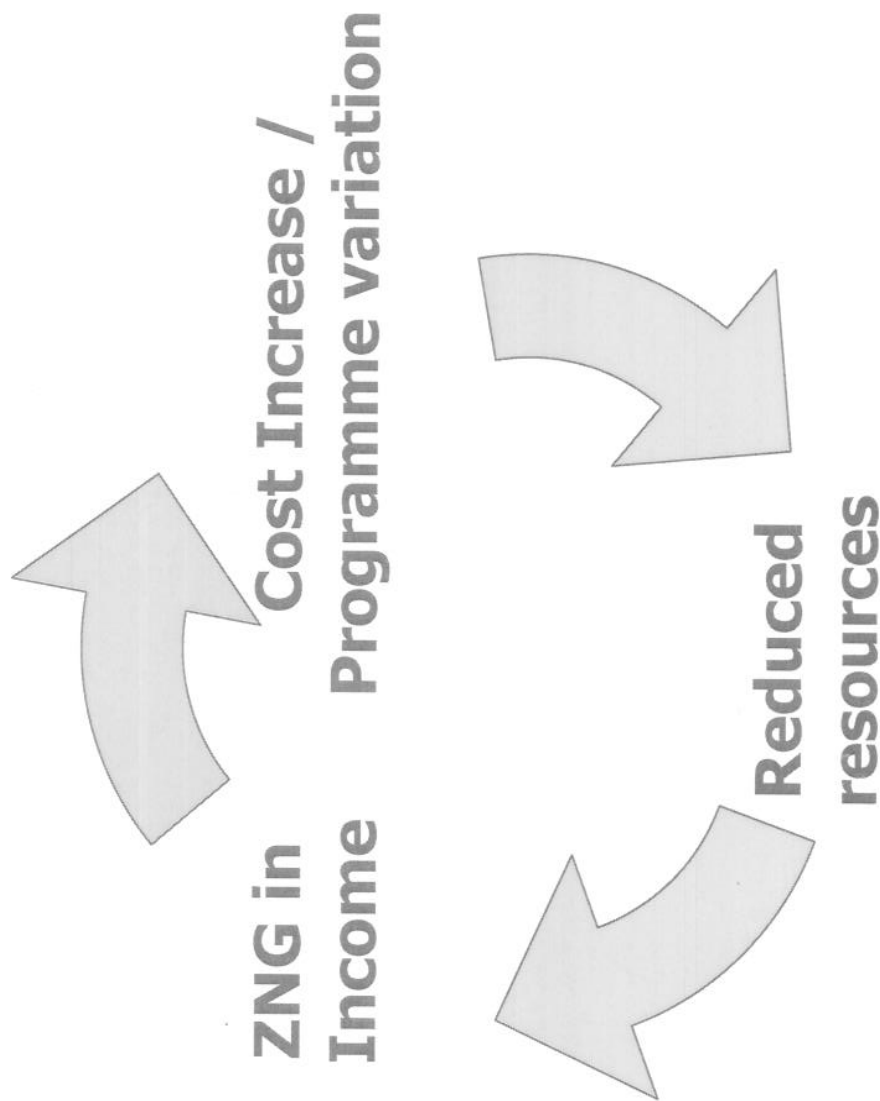
International Telecommunication Union

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Draft Budget for 2010-2011 Underlying Assumptions





Draft Budget for 2010-2011

Main assumptions

- Zero nominal growth in the amount of the contributory unit, i.e. CHF 318,000
- Balanced budget after transfer from the Reserve Account
- Withdrawal from the Reserve Account kept at the 2008-2009 level (Ref. Decides 10 of Dec. 5, to keep the Reserve Account at the minimum level of 3% of the total budget)
- Cost increase to be absorbed
- Programme increase to be accommodated within the budgetary envelope



Draft Budget for 2010-2011 Main assumptions (cont.)

- The UN operational rate of exchange effective 1 January 2009 i.e. US\$ 1 = CHF 1.122.
- The conditions of service (salaries, pension deductions) prevailing in the United Nations common system on 1 January 2009.
- Vacancy factor to be applied to take account of actual expenditures (replaces recruitment delay following retirement)
- No growth in resources



Draft Budget for 2010-2011

Strategic Decisions

- Next World Radiocommunication Conference /Radiocommunication Assembly proposed to be postponed until 1st quarter of 2012
- “ Savings list” to be established to fund priority posts which cannot be accommodated due to Zero Nominal Growth budget assumption
- Long term requirements to be addressed in the forthcoming Financial Plan (ASHI, Buildings Maintenance Fund)



Draft Budget for 2010-2011

Number of contributory units

Contributory Units	Budget 2006-2007		Budget 2008-2009		Draft Budget 2010-2011		Variance		
	a	b	c	d = c - b	e = d / b				
Member States	342	1/2	341	1/2	348	6	1/2	2%	
Sector Members	310	1/2	289	9/16	276	7/16	-13	1/8	-5%
ITU-R Sector Members	122		116	1/2	111	1/2	-5		-4%
ITU-T Sector Members	160	1/2	144	1/2	138	1/2	-6		-4%
ITU-D Sector Members	28		28	9/16	26	7/16	-2	1/8	-7%
Associates	95		139		164		25		18%
ITU-R Associates	15		26		27		1		4%
ITU-T Associates	78		107		128		21		20%
ITU-D Associates	2		6		9		3		50%
Full Units Equivalent	407	5/7	404		408	4/7	4	2/3	1.2%



Draft Budget for 2010-2011 Increases in classes of contribution

- Republic of Korea: from 5 to 10 units
- Kingdom of Bahrain: from ½ to 1 unit
- Sultanate of Oman: from ½ to 1 unit
- State of Qatar: from ½ to 1 unit



Draft Budget for 2010-2011 Programme increases

- Plenipotentiary Conference - 2010
- ITU News in 6 languages
- Strengthening of HR (D1 post) and SPM (FIT posts)
- Strategic investments in training and environment
- Conference Preparatory Meeting (CPM) in 2011 prior to the next WRC
- Post WTSA-2008 activities
- WTDC-2010



Draft Budget for 2010-2011 Staffing levels from 2002 to 2008

Year	Staff Numbers at year end
2002	794
2003	765
2004	742
2005	751
2006	735
2007	722
2008	711

■ The above numbers are all inclusive (TELECOM staff, seconded staff..)



Draft Budget for 2010-2011 Current Staffing vs./ Posts as of 05 May 2009

- Budgeted posts 808
- Occupied 655 (81%)
- Unoccupied 153 (19%)
- Vacant/Unused 45 (5.5%)



Draft Budget for 2010-2011

Income Forecast

<i>In thousands of Swiss francs</i>						
	Actual	Actual	Budget	Variance	%	Estimates
	2006-2007	2008	2008-2009	2010-2011		2010-2011
	a	b	c	d = f - c	e = d / c	f
Assessed contributions	267'543	128'415	256'894	2'954	1.1%	259'848
Cost-recovery	44'855	26'256	48'601	6'759	13.9%	55'360
Other income	6'199	5'754	7'000	0	0.0%	7'000
Reserve Account	13'553	10'108	10'108	0	0.0%	10'108
Total	332'150	170'533	322'603	9'713	3.0%	332'316



Draft Budget for 2010-2011

Expenditure estimates

		<i>In thousands of Swiss francs</i>					
Actual	Budget	Cost	Programme	Real Growth	Estimates		
2006-2007	2008-2009	increase	variation	Amount	%	2010-	2011
a	b	c	d	e = g-b-c-d	f = e / b	g	g
General Secretariat	172'122	1'763	5'775	-144	-0.1%	181'021	
ITU-R	69'084	658	336	-1'720	-2.6%	66'003	
ITU-T	22'607	245	246	229	0.9%	26'170	
ITU-D	51'979	466	587	1'272	2.2%	59'122	
Total ITU	315'792	3'132	6'944	-363	-0.1%	332'316	



Draft Budget for 2010-2011

IPSAS impacts

- Alignment of the Budget of the Union with IPSAS (International Public Sector Accounting Standards)
- New budget format approved by Council 08
- Operating expenditure budget (accrual basis)
- Capital Expenditure Budget (Recognition and depreciation of capital assets)
- Capitalized items: value over CHF 5'000
- Biennial budget phased in two years for reporting requirements (annual financial statements)



Draft Budget for 2010-2011

Opportunities

- Increase of Member States of their class of contribution
- Sales of publications: pricing policy review
- 2008 actual implementation levels
- New / mandatory costs funded by transfer from the Reserve Account
- Retirements / vacancies



Draft Budget for 2010-2011

Challenges

- Programme increase
- Additional requirements / new activities
- Increase in staff costs / salaries
- Staff intensive budget
- Proportion of short term staff
- Incompressible expenditure (approx. 10% discretionary)
- Limited flexibility in short term



Draft Budget for 2010-2011

Potential risk factors

- Cost recovery income may be optimistic
- Economic crisis could trigger a reduction in the number of Sector Members
- Currency exchange exposure
- Statutory cost increases / inflation



Issues to be resolved in the Financial Plan 2012-2015

- Establishing the contributory unit at CHF 318,000
- Mechanism for approval of budget carry-over for activities
- Funding for ASHI
- Funding for the Buildings Maintenance Fund
- Use of Reserve for Unbudgeted Mandatory Increases



Draft Budget for 2010-2011

Thank you

Questions, comments?