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| **Regional Preparatory Meeting for WTDC-17 for Americas (RPM-AMS)**  | P:\SUP\Logos\Post-150th Anniv\ITU-logo-UNblue.jpg |
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| **22 February 2017** |
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| **Director, Telecommunication Development Bureau** |
| STATUS OF THE DRAFT BIENNIAL BUDGET OF THE UNION FOR 2018-2019 AS PRESENTED TO THE COUNCIL WORKING GROUP |

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| **Summary:**As requested by the Heads of Delegation meeting, this information document contains the document submitted by the Secretariat to the Council Working Group on Financial and Human Resources at its meeting in January 2017, detailing the status of the draft biennial Budget for the years 2018-2019.**Expected results:**To be used as information for participants in RPM-AMS.**References:**N/A |

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| **COUNCIL WORKING GROUP ONFINANCIAL AND HUMAN RESOURCES**7th meeting, Geneva, 30 January - 1 February 2017 |  |
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**CONTRIBUTION BY THE SECRETARIAT**

**Preparation of the draft biennial Budget of the Union for 2018-2019**

1. This document presents the status of the draft biennial Budget for the years 2018-2019, which has been prepared on the basis of Decision 5 (Rev. Busan, 2014) and associated guidelines. Revenue and expenses are balanced, without withdrawal from the Reserve Account.

**Background**

1. In accordance with number 100 of Article 5 of the Convention, a biennial draft Budget covering the expenditures of the Union has been prepared and will be submitted to Council after consultation with the Coordination Committee, ensuring that all possible economies are made and taking into account the financial limits laid down by the Plenipotentiary Conference.
2. By Decision 5 (Rev. Busan, 2014) on revenue and expenses for the Union for the period 2016-2019, the Plenipotentiary Conference established the framework and the directives under which the Budget of the Union for 2018-2019 has been elaborated.
3. With reference to Resolution 151 (Rev. Busan, 2014) on the implementation of Results-Based Management (RBM) in ITU, the Budget of the Union shall be presented in a format which is consistent with the Strategic Plan of the Union and which supports the results-based framework. The Results-Based Budget (RBB) format shall therefore show estimated expense by strategic Goals and Objectives as per Resolution 71 (Rev. Busan, 2014) on the Strategic plan for the Union for 2018-2019.

**Revenue and expenses estimates - Overview**

1. Table 1 below presents an overview of the draft Budget for 2018-2019. The draft Budget is based on the programme of activities of the Union, which includes two major events, the Plenipotentiary Conference in 2018 and the World Radiocommunication Conference in 2019.
2. The value of the contributory unit of Member States has been maintained at CHF 318,000 as per Decision 5 (Rev. Busan, 2014), i.e. zero nominal growth since the year 2006.
3. Revenue and expenses are break even at CHF 319.7 million. In comparison with the 2016-2017 Budget, 2018-2019 is lower by CHF 1.6 million. A detailed breakdown is provided in Annex 3. 8. In order to achieve a balanced Budget, strong efficiency measures have been applied as well as a limited increase in revenue.

**Table 1**

**Overview**



9 Table 2 provides a comparison between the draft Budget for 2018-2019 and the Financial Plan as approved by the Plenipotentiary Conference in Decision 5 (Rev. Busan, 2014).

**Table 2**

**Revenue and Expense Forecast for 2018-2019**



10. The draft Budget for 2018-2019 forecasts a payment to the Reserve Account of CHF 1.15 million. Another payment of CHF 1.3 million will be made in 2017 which corresponds to the savings resulting from the implementation of the voluntary separation programme in 2017. The total of the two deposits will wipe off the CHF 2.45 million withdrawal approved in the 2016-2017 Budget to finance the WTDC-17. In total, there will be no withdrawal from the Reserve Account over the 2016-2019 period of the Financial Plan.

11. The draft Budget under the Results-based budgeting format will be presented to Council at its 2017 session. Linkage with the Goals and Objectives of the Strategic Plan for the Union for 2016-2019 necessitates time surveys which are on-going.

12**. Annex 1** contains the revenue forecast for 2018-2019 of CHF 319.7 million. Revenue for Satellite Network Filings is expected to increase by CHF 1 million a year, in line with the 2016 actuals.

13**. Annex 2** contains the detailed expense forecast for the 2018-2019 as submitted by Sectors and Departments. Comparison is provided with previous biennia.

14**. Annex 3** provides the analysis of variance between the draft Budget for 2018-2019 and the approved Budget for 2016-2017, which amounts to CHF - 1.6 million. It can be summarized as follows:

15. Program variation: CHF + 1.3 million

a) Two major conferences, PP-18 and WRC-19, are planned in 2018-2019. Additional primary costs compared with WTSA-16 and WTDC-17 amount to CHF 2.2 million.

b) All possible savings were made to reduce other Sector’s Outputs for an amount of CHF 0.9 million.

16. Bureaux and Departments: CHF - 2.9 million

ITU management made utmost efforts to reduce costs related to staff.

As agreed by Council 2016, a voluntary separation programme has been implemented to compensate the cost of the increase in the mandatory age of retirement at 65. As from December 2016 to December 2017, 29 staff members will benefit from early retirement. 13 of them are planned to be replaced at a lower grade. Net reduction is 16 posts. 8 other posts have not been budgeted in 2018-2019 as a result of restructuring. In total, there are 24 posts less in the draft budget compared to 2016-2017, and 70 compared to 2014. Table 3 below provides the breakdown of post reductions.

A 5% vacancy rate has also been applied, which results from an assessed combination of recruitment delays, part-time staff and leaves without pay. The implementation of the vacancy rate is a significant challenge in the management of vacant positions and the recruitment process.

**Table 3**

**Budgeted posts**



17. The decrease in posts comes from IS, C&P, BR, HRMD, FRMD, BDT and SPM. The increase in SGO (Internal Audit) is explained by a transfer from IS.

18. Table 4 provides a comparison of documentation workload between 2018-2019 and 2016-2017.

**Table 4**

**Documentation**



19. Table 5 provides the estimated expenses for interpretation, translation and text processing in the official languages of the Union. Language costs including interpretation amount to CHF 33.2 million.

**Table 5**

**Language cost**



20. The status of the ITU Reserve Account, before the closing of the 2016 accounts, is shown in Table 6 below.

**Table 6**

**Reserve account**



21. The status of the new ASHI Fund is CHF 7 million at 31 December 2015.

**Challenges for the ITU**

22. The main challenge for the Union from the budgetary point of view remains the need to increase revenue in order to be able to fully meet its Mission and Objectives as stated in the ITU Strategic Plan. Resolution 158 (Rev. Busan,2014) on Financial issues resolves the Council to study the possibility of generating additional revenues as well as the possibility of establishing mechanisms to afford greater financial stability for the Union.

23. Other measures, in line with Annex 2 to Decision 5, are also investigated to further reduce the expenses, and by so doing creating new ways and means to better meet the ITU mandate and fulfil its Goals and Objectives.

24. Four possible areas are under consideration:

* Elimination of duplication and centralization of finance and administrative tasks
* New possible hiring arrangements
* Combining or co-locating some events
* Merging the TELECOM budget and the ITU regular budget could also be examined.

**Annex 1**

**Draft Budget 2018-2019 – Revenue by source**



**Annex 2**

**Draft Budget 2018-2019 – Expenses by Section**



**Annex 3**



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