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| **COUNCIL WORKING GROUP ON FINANCIAL AND HUMAN RESOURCES** 7th meeting, Geneva, 30 January – 1 February 2017 |  |
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**INFORMATION DOCUMENT BY THE SECRETARIAT[[1]](#footnote-1)**

**Current Revenues of the Union**

**1 Member State Contributions**

Member States assessed contributions account for 67% of total revenues, followed by cost recovery at 22% and Sector Membership with about 10%. Within cost recovery, publications sales account for 53%, satellite filings for about 38%, followed by TELECOM at 4% and project support at 4%.[[2]](#footnote-2)

When we compare the number of units received during the biennium 2014-2015 and the units pledged at PP-14 for 2016-19, there is a reduction of 10 5/8 units, from 345 1/ 8 to 334 ½. The full list of announced assessed contributions can be found [here](http://www.itu.int/md/S15-CL-C-0020/en). The top 10 contributors account for 62% of ITU’s assessed contribution revenues. Within this group, the top 4 contributors provide 35% of the total. A wider distribution of funding across Member States would afford ITU greater financial stability and predictability.

**2 Sector Membership**

While the total number of Sector Members has been steady since the 1990s, a changing composition of membership led to a significant drop in revenues in the 2000s, mainly due to a shift from Sector Membership to the lower cost option of Associate. Most recently, total membership numbers have grown, mainly thanks to the new category of Academia. However, due to their lower fees, this has not contributed to an increase in revenues. In addition, recent market consolidation and cost-cutting has led a number of industry members to reduce their ITU memberships and participation. This is a challenge to be addressed going forward. Res. 187 (Busan, 2014) instructed the Council to review Sector Membership, so the CWG-FHR is currently reviewing various options. JIU encouraged ITU management to increase revenues from industry membership.

**3 Cost Recovery**

Cost recovery represents an important source of income for ITU, accounting for 22% of total revenues. Income from satellite network filings, publication sales, project support-cost revenues and proceeds from TELECOM events, among others, have fluctuated from one year to the next. In principle, this source of income is meant to cover the costs related to ITU’s provision of various services. As costs evolve over time, the Secretariat will report to Council each year on the status of cost recovery, and recommend changes for adjustments where deemed necessary.

**4 Voluntary Contributions**

Members and other partners make contributions to finance projects (funds-in-trust) or to support activities (voluntary contributions) not covered by ITU’s regular budget. BDT accounts for about 90% of funds-in-trust for projects, whereas voluntary contributions are more equally spread across the Sectors and the General Secretariat. Currently, extra-budgetary contributions account for less than 6% of ITU’s available resources.

Regarding BDT projects and initiatives, more than 150 new agreements with an estimated value of USD 39 million were signed between 2012 and 2015. Details are available [here](https://www.itu.int/md/choice_md.asp?id=D14-TDAG21-INF-0006!!PDF-E&lang=en&type=sitems). Among other factors, growing competition for donor support, and budget reductions have contributed to a decline in general revenues from project support costs over the past 5 years, falling from about CHF 625,000 in 2010, to just over CHF 400,000 in 2015. In addition to projects, ITU has attracted voluntary contributions to support various global and regional events and activities. The total funds raised through voluntary contributions declined from CHF 11.5 million in 2010 to CHF 9 million in 2015.

**5 Comparison with other UN Bodies**

A JIU report on Resource Mobilization in 2014[[3]](#footnote-3) across UN bodies found that extra-budgetary contributions represent a third or less of total funding for specialized agencies such as ITU, UPU, WMO, WIPO and IMO, while UN funds and programmes such as UNHCR, UNICEF and WFP rely primarily on voluntary contributions, which account for more than 90% of their total funding. The report highlighted the unpredictability of revenues generated through fundraising. By comparison, while ITU has some challenges with its financial model, it enjoys relatively predictable funding through its four-year cycle, which allows for orderly planning of resources. Furthermore, ITU Member States set the strategic and operational plans and biennial budget which guide the use of funds, with a global view across all activities. This approach allows for greater accountability as well as organizational coherence and flexibility. It also keeps the Secretariat focused on implementing the plans approved by the Membership, rather than allocating significant staff resources for fundraising to support ongoing operations.

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1. This document provides background information to complement the Secretary-General’s contribution “Improving the stability and predictability of the financial base of the Union.” Document CWG-FHR 7/4 [↑](#footnote-ref-1)
2. Budget of the Union for 2016-17 [↑](#footnote-ref-2)
3. JIU Report, Analysis of the Resource Mobilization Function within the United Nations System, 2014 [↑](#footnote-ref-3)