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| **Council 2018 Geneva, 17 - 27 April 2018** |  |
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| **Agenda item: ADM 11** | **Document C18/42-E** |
| **4 April 2018** |
| **Original: English** |
| Report by the Secretary-General | |
| financial operating report for the financial year 2017 (*UNAUDITED*) | |

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| Summary  Under No. 101 of the Convention of the International Telecommunication Union and Article 30 of the Financial Regulations of the Union, the Secretary-General is requested to submit a financial operating report each year to the Council.  The Financial Operating Report for the 2017 financial year covers:  • The unaudited accounts for the 2017 financial year of the budget of the Union.  • The unaudited accounts for 2017 for technical cooperation projects, voluntary contributions and the ITU Staff Superannuation and Benevolent Funds.  • The unaudited ITU TELECOM World 2017 event.  Action required  The audited accounts of the Union for the 2017 financial year will be submitted to the Council for examination and approval at its final session in 2018.  The Council is invited to **take note** of this unaudited financial operating report.  \_\_\_\_\_\_\_\_\_\_\_\_  References  *Convention: No.* [*101*](http://www.itu.int/council/Basic-Texts/convention-e.docx#cv101) *Financial Regulations of the Union:* [*Article 30*](http://www.itu.int/council/finregs/Regl_Fin_Regles-05-rev-E.pdf) |

**Annexes:** 10



**Financial operating report**

In accordance with Article 30 of the Financial Regulations of the Union − Edition 2010, this financial operating report on the unaudited accounts gives the financial results at 31 December 2017 for accounts held by the International Telecommunication Union (ITU).

The 2017 Financial Statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). The 2017 Financial Statements constitute the ninth set of financial statements to have been prepared in accordance with IPSAS and cover the following:

– the Union’s financial year 2017

– the ITU Staff Superannuation and Benevolent Funds for 2017

– the United Nations Joint Staff Pension Fund for 2017

– technical cooperation projects funded by the United Nations Development Programme (UNDP) for 2017

– trust funds for 2017

– voluntary contributions for 2017

– the ICT Development Fund for 2017

– the ITU TELECOM World 2017 event

– the new building Project.

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Foreword by the Secretary-General

1. I have the honor to present to the Council for examination, in accordance with Article 30 of the Financial Regulations of the Union − Edition 2010, the unaudited financial statements for the financial year which closed on 31 December 2017.
2. The Report of the External Auditor on the financial statements for 2017, as well as his opinion on the financial statements, as required by Article 28 of, and Annex 1 to, the Financial Regulations of the Union, will be submitted to the final session of the Council which will be held in Dubai on 27 October 2018.
3. The 2017 Financial Statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). The Financial Regulations stipulate a biennial budgetary period; however for a full implementation of the IPSAS, the financial statements are presented on an annual basis.
4. The 2017 Financial Statements constitute the ninth set of financial statements to have been prepared in accordance with IPSAS. ITU has applied the IPSAS standards in force at 1 January 2017, and the accounting principles applied are described in Note 2. The only derogation made in the financial statements presented is the non-capitalization of direct labor costs in the valuation of publication, contrary to the requirements of IPSAS 12. The capitalization of labor costs might result in a valuation of publications significantly above net realizable value based on current publication pricing and thus in an impairment to apply the lower of cost or net realizable value, respectively current replacement cost.
5. Document C11/INF/9 sets out the definitions of several key financial terms that will facilitate the readers’ use and understanding of the financial statements.

Key events during the 2017 financial period

1. The programme of activities carried out by the Union in 2017 included among numerous meetings and conferences, the following main events:
2. The International Girls in ICT Day takes place every fourth Thursday of April to encourage more girls and young women to take up ICT careers and studies. From its launch in 2011 through 2017, the campaign had reached 300,000 girls in 166 countries. In 2017, the day saw more than 2,100 events in 134 countries in which more than 70,000 girls and young women took part. The flagship Girls in ICT Day event organized in Geneva was connected with the Girls in ICT Day event organized in Vilnius, Lithuania during RPM-EUR and an event organized by Alfa Telecom in Beirut, Lebanon.
3. The WSIS Forum 2017 was held from 12 to 16 June 2017 in Geneva.  It represents the world's largest annual multi-stakeholder gathering of the ICT for development community, and is co-organized by ITU, UNESCO, UNCTAD and UNDP, in close collaboration with all UN agencies.  The Forum focused on sustainable development trends and inclusive ICT initiatives in key SDG priority areas such as health, education, gender empowerment, the environment, infrastructure and innovation.  It has proven to be an efficient mechanism for coordination of multi-stakeholder implementation activities, information exchange, creation of knowledge, sharing of best practices and continues to provide assistance in developing multi-stakeholder and public/private partnerships to advance development goals.
4. The ITU TELECOM WORLD 2017 was held in Busan, Republic of Korea, from 25 to 28 September 2017, on the theme of “Smart digital transformation, global opportunities”. As the global platform for accelerating ICT innovation for social good, it brought together governments, corporates and small and medium enterprises (SMEs) from emerging and developed markets around the world. It combined an exhibition for digital solutions, a forum for sharing knowledge, an Awards programme recognizing excellence and innovation in ICT solutions with social impact, and a networking hub for nations, organizations and individuals. In numbers ITU TELECOM WORLD 2017 represented 9100 participants from 126 countries, 459 exhibitors and 125 speakers for 41 countries.
5. The Seventh World Telecommunication Development Conference (WTDC-17) was held from 9 to 20 October 2017 in Buenos Aires, Argentina. This Conference provides membership the opportunity to debate the latest trends in telecommunication/ICT development and to establish the priorities of the ITU Telecommunication Development Sector (ITU-D) for the interval between two WTDCs. It also provides the opportunity to compare the initiatives developed at the regional level during the preparatory process and to integrate them into worldwide development efforts and plans. It attracted over 1360 participants, including over 1010 government delegates from 134 Member States and 2 representatives from Palestine. The Conference endorsed a strategic plan which will guide the BDT in its work for 2020-2023. Five regional initiatives per region were also adopted and will be transformed into concrete projects, 13 side events have been organized on themes related to ICT for SDGs, and the 25th anniversary of the ITU Telecommunication Development Sector (ITU–D) was celebrated.
6. These achievements and implementations have been possible thanks to consistent and optimum management of the Union’s financial resources.
7. During 2017, the Union continued its coordinated process improvements and cost saving efforts as requested by Decision 5, Annex 2 (Rev. Busan, 2014).
8. ITU is an active participant in the United Nations Jointly Financed Activities. Recent initiatives have resulted in cost reductions for participating entities, i.e. lower costs for electricity, office supplies, fuel and postal services, and negotiated prices with airline companies.

Financial operating report highlights

1. The Union’s accounts are kept in Swiss francs. The financial statements presented include the Extra-budgetary activities of the Union.
2. The table below summarizes the financial situation of the ITU in 2017 as compared to 2016.

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| --- | --- | --- | --- |
| **KCHF** |  | **2017** | **2016** |
| Revenue |  | 178,537 | 176,502 |
| Expenses |  | 195,615 | 188,195 |
| **Surplus (Deficit)** | | **-17,078** | **-11,693** |
| Asset |  | 372,774 | 372,976 |
| Liabilities |  | 855,297 | 792,131 |
| **Net assets** | | **482,583** | **419,155** |

16 The financial results shown in the table above include some non-budgeted items such as Depreciation and Adjustment of the ASHI provision. As per the requirement of IPSAS 24, the comparison of budgeted amounts and actuals amounts on a comparable basis is presented in Table V of the financial statements.

17 On a budgetary basis, the Union presents a CHF 11.36 million surplus for the year 2017. In accordance with the Financial Regulations and Financial Rules, Article 10, paragraph 5 and Article 12 paragraph 4, the Secretary-General authorized and proposed the following allocations of the 2017 budgetary surplus. CHF 3.415 million paid as per Resolution 1387, CHF 1 million paid to the ICT capital fund to finance the new upgrade of the software , CHF 2 million for the Regional Initiatives, KCHF 260 for a G5 for the Staff Council, KCHF 45 for branding initiatives, KCHF 44 for Security assessment missions, KCHF 200  for BDT Digital identity, KCHF 47 for BDT E-waste statistic project, KCHF 500 for BDT enhancement of National emergency, KCHF 527 for TSB projects, 1.5 million to the Health insurance fund, CHF 1 million to the ASHI fund. After the allocations were made, CHF 0.682 million were paid into the Reserve Account. At 31 December 2017, the Reserve Account shows a balance of CHF 27.7 million, corresponding to 17.2 per cent of the budget for 2017 (CHF 27.1 million for 2016).

18 In 2017, the ITU revenues amounted to KCHF 178’537 (KCHF 176’502 in 2016) reflected as follows:

19 The main source of revenue comes from assessed contributions representing 70 per cent in 2017 which is stable compared with 2016, followed by the operating revenue representing 25 per cent which included mainly the sales of publications and the satellite network filings.

20 In 2017, the ITU expenses amounted to KCHF 195’615 (KCHF 188’195 in 2016) reflected as follows:

21 The main category of expenses for the ITU was the staff expenses representing 76 per cent in 2017 against 78 per cent in 2016. This trend followed the implementation of the budget 2016-2017 adopted by the Council at its 2015 session which showed a decrease of the employee expenses by 2 per cent.

**Financial position: Asset representation for 2017**

**Financial position: Asset comparison between 2017 and 2016**

22 The asset comparison shows a reclassification of the cash from investments to the cash and cash equivalents. Further to the introduction in 2015 of the negative interest on the Swiss Francs and the Euros, the ITU had to reorganize the treasury which resulted in a splitting of the cash among several banks through current accounts instead of short term deposit accounts as previously used.

**Financial position: liabilities representation for 2017**

**Liabilities comparison: The liabilities at 31 December 2017 totaled CHF 855.297**

23 The most significant liabilities were the future employee benefits accrued by staff members and retirees. These represented 72 per cent of the ITU’s total liabilities as at 31 December 2017.

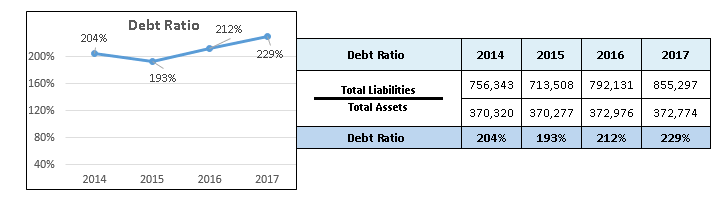
24 The ASHI liability represented 97 per cent of the total employee benefits’ liability and in 2017 showed an increase mainly due to the update of the demographic assumption provided by the UN to all the organizations but also to a decrease of the discount rate at 0.90 per cent in 2017 (against 0.92 per cent in 2016).

1. The 2017 budgetary surplus was achieved through the continuous rigorous management of ITU resources, which also enabled to proceed with a limited number of early separation packages, on a case-by-case basis with the non-replacement of the position held by the staff, when beneficial for the Union.
2. It is to be noted that certain expenses were not budgeted. These include mainly depreciation, unrealized exchange-rate losses and gains, and an adjustment of the provision for After-Service Health Insurance (ASHI). These expenses are mostly statistical and do not represent cash-outflows during the year. An overview of these positions is provided in Table V of this document - Comparison of budgeted amounts and actual amounts for the 2017 financial period.
3. Cash contributions received for trust funds amounted to CHF 9.8 million in 2017 (CHF 3.2 million in 2016).
4. Voluntary cash contributions received for the various activities amounted to CHF 1.3 million in 2017 (CHF 1.06 million in 2016).
5. The balance of the ICT Development Fund stood at CHF 4.4 million at 31 December 2017 (CHF 2.5 million at 31 December 2016).
6. In 2017, total expenses for UNDP projects amounted to KCHF 25, and for trust funds to KCHF 8’900. Total expenses under these projects thus amount to CHF 8.9 million, generating CHF 0.57 million of project support revenue.
7. The ITU TELECOM World 2017 closed the event with a surplus of KCHF 23 which was paid to the Exhibition Working Capital Fund. The balance of the Exhibition Working Capital Fund stood at CHF 8.1 million at 31 December 2017 (CHF 10.1 million at 31 December 2016). This decrease is explained by the transfer of USD 2 million to the ICTD Fund.
8. Annex C hereto shows changes in arrears with respect to TELECOM events.
9. The accompanying notes to the financial statements provide relevant information on financial aspects pertaining to the 2017 period.

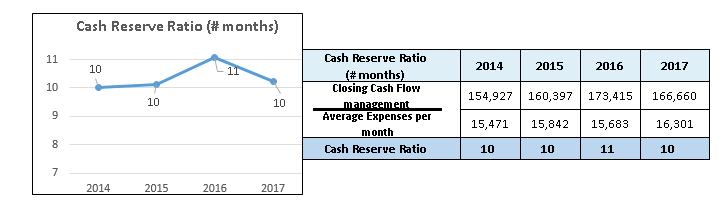
**Financial key indicators**

1. Following a recommendation made by the Council Working Group on Financial and Human Resources, ITU introduced in 2015 the presentation of Key indicators which is a useful tool in understanding the evolution of the financial situation of an organization and is of high importance in a results-based budgeting and results-based management framework.
2. Careful interpretation of the results of the indicators is necessary in order to obtain meaningful comparison with other United Nations organizations and specialized agencies.

**Financial Stability and Safety / Risk**

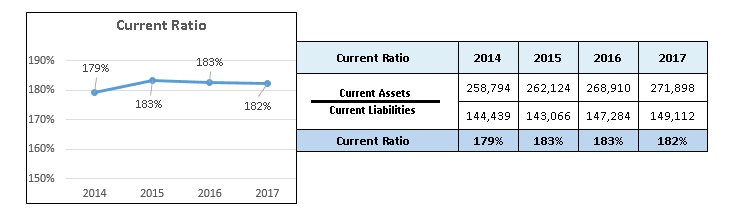


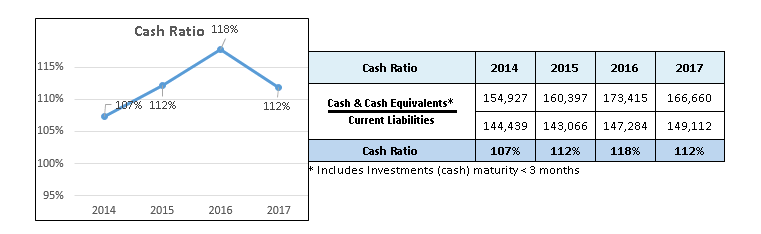
**Reserve of Equity and Cash**



36 The evaluation of the Cash Reserve is expressed in a number of months and reflects a stability over the years. It has to be noted that part of the cash has not an immediate availability and therefore require to be monitored carefully to cover the monthly needs.

**Short-term solvency**

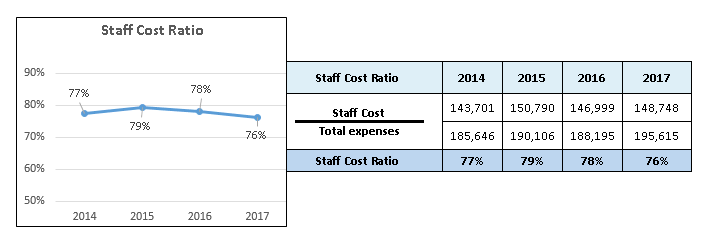


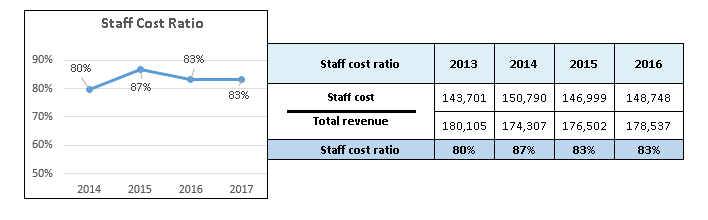


37 The solvency ratio helps to see the financial health of the ITU on a short term basis. The high result respectively 182 per cent and 112 per cent of these two ratios confirm the good situation of the Union and its ability to fulfil the short term obligations.

**Financial Performance**

38 This ratio represents the financial performance for the regular budget approved and is based on the budget results.





39 The evolution of the ratio related to staff costs has been relatively stable over the last four years. The major part of the revenue (83 per cent in 2017) is allocated to staff costs, allowing the ITU to fulfill the implementation of the programme of activities as decided in the operational plan during PP-14.

Going concern

1. I have assessed the implications of any potential fall in contributions stemming from global economic and financial crises and have looked into whether this would result in a cutback in the Union’s activities. Having regard to projected activities and the associated risks, I can affirm that the Union has adequate resources to maintain its operations in the medium term. We shall therefore continue to draw up the Union’s financial statements on the basis of the going concern principle.
2. I am aware of my responsibility with regard to the transparency and accessibility to the public, after the approval by Council, of the IMAC annual report, the external audit annual report and the internal audit annual report.
3. The Statement of Internal Control for 2017 has been included in this financial operating report.

Responsibility

1. As provided for in Article 30 of the Financial Regulations of the Union, I have the pleasure in submitting the following financial statements, drawn up in accordance with IPSAS. I certify that, to the best of my knowledge, all operations during the period in question were properly recognized in the books and that those operations, as well as the financial statements and notes thereto, which form an integral part of this document, present an accurate view of the Union’s financial situation at 31 December 2017.

I. Statement of financial position - Balance sheet at 31 December 2017

II. Statement of financial performance for the period which closed on 31 December 2017

III. Statement of changes in net assets for the period which closed on 31 December 2017

IV. Statement of cash flows for the period which closed on 31 December 2017

V. Statement of comparison of budgeted amounts and actual amounts for 2017

Management Report 2017

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|  | Geneva, 26 March 2018 |
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Management report from the senior management of the International Telecommunication Union (ITU)

In connection with the audit of the annual accounts of the International Telecommunication Union (ITU) for the 2017 financial year at 31 December 2017, we hereby submit this management report.

We have prepared the annual accounts for submission to the External Auditor and subsequent transmission and approval by the ITU Council. We are aware of our responsibility with regard to the transparency of and accessibility to the annual accounts, and the establishment and maintenance of sustainable accounting and internal control systems, including measures to prevent and detect significant errors and fraud.

1. The annual accounts and related notes and associated disclosures comply with IPSAS, the Financial Regulations and Financial Rules and the relevant resolutions adopted by the Governing Bodies of the Organization.
2. All transactions have been properly documented. We have made available to the ITU External Auditor all the relevant information, provided him and his colleagues access to our books and accounting vouchers as well as business correspondence and have informed them of any decisions that could have a significant impact on the annual accounts. Unrestricted access has been granted to our External Auditors to persons within the entity from whom it was determined as necessary to obtain audit evidence.
3. All transactions pertaining to 2017 have been recorded in the statement of financial performance at appropriated amounts. All the assets, liabilities and equity balances have been recorded in the statement of the financial situation at appropriated amounts. As ITU holds sufficient legal rights over all the assets entered in the balance sheet, there is no pledge or encumbrance on any ITU asset that is not mentioned in the annex. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IPSAS requirements. There are no other contracts, credit agreements, litigation or other disputes liable to significantly alter the assessment of the annual ITU accounts.
4. All events subsequent to the date of the financial statements and for which IPSAS require adjustment or disclosure have been adjusted or disclosed.
5. The main assumptions made for valuations and the information on fair values are in our opinion appropriate, reflect our intention and comply with the accounting principles applied.
6. We confirm that an internal control system relating to financial reporting is in place to provide reasonable assurance regarding the reliability of financial reporting and the preparation of annual accounts for external purposes in accordance with the Financial Regulations and Financial Rules. This system includes relevant policies and procedures that:

* pertains to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transaction;
* provides reasonable assurance that transactions are recorded as necessary to enable the preparation of the annual accounts and that receipts and expenditures are made in accordance with the authorizations of management in compliance with the Financial Regulations and Financial Rules;
* provides reasonable assurance regarding the prevention or timely detection of unauthorized acquisitions, use or disposition of assets.

1. We confirm that risks identified and recommendations issued by Internal Audit, the External Auditor and the Independent Management Advisory Committee (IMAC) are taken into account and acted upon, as appropriate. The Council Working Group on Financial and Human Resources is informed annually on the status of the implementation of these recommendations.
2. We are of the opinion that the impact of non-adjusted differences identified during the audit – taken individually or together – is negligible in terms of the overall financial statements.

9. We confirm that we are in compliance with ITU Financial Regulations and Financial Rules (Article 28.9) which stipulates that *any case of fraud or suspected fraud shall be submitted by the Secretary-General to the External Auditor without delay*. We also have no knowledge of any other events that might raise due doubt as to ITU’s capacity as a going concern.

10. It is in this regard and to alleviate the risk of fraud that a new procurement procedure has been developed for specific type of cases to ensure appropriate control level and segregation of duties between the requisition, funding approval and procurement functions. This new procedure has been introduced on a trial basis and will be fully assessed before its definitive implementation.

11. All circumstances having an impact on the accounts that have arisen prior to the conclusion of the external audit work have been duly taken into consideration in drawing up these annual accounts. We shall not fail to inform the External Auditor immediately of any new event liable to affect the annual accounts retrospectively that might come to our attention between now and the date of the next Council session.



STATEMENT ON INTERNAL CONTROL FOR 2017

**Scope of responsibility**

As Secretary-General of the International Telecommunication Union (ITU), I shall act as the legal representative of the Union. I take all the actions required to ensure economic use of the Union’s resources and be responsible to the Council for all the administrative and financial aspects of the Union’s activities, in accordance with the responsibilities assigned to me, in particular in paragraphs 73 bis and 75 of Article 11 of the Constitution, and in Articles 1, 10, 16, 28, 29 and 30 of the Financial Regulations and Financial Rules.

**Purpose of the system of internal control**

The system of internal control is designed to reduce and manage rather than eliminate the risk of failure to achieve the organization’s policies, aims and objectives. Therefore, it can only provide a reasonable and not absolute assurance of effectiveness. It is based on an ongoing process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. ITU management is charged with the responsibility of establishing a network of processes with the objective of controlling the operations of ITU in a manner that provides the governing bodies’ reasonable assurance that:

* The Organization’s plans, programmes, goals, and objectives are achieved,
* Resources are acquired economically and employed profitably; quality business processes and continuous improvement are emphasized,
* The Organization’s resources (including its people, system, data/information) are adequately protected,
* The actions of Elected Officials, Senior Counsellors, Professionals and General Services Staff are in compliance with the Organization’s policies, standards, plans and procedures, and all relevant laws, rules and regulations,
* Data and information published either internally or externally is accurate, reliable, and timely.

Risk management and the management of internal controls are functions of management and are an integral part of the overall process of managing operations. As such, it is the responsibility of ITU managers at all levels to:

* Identify and evaluate the exposures to possible risks that relate to their particular sphere of operations,
* Specify and propose policies, plans, and operating standards, procedures, systems, and other guidelines to be used to minimize, mitigate, and/or mitigate the risks associated with the exposures identified,
* Establish practical controlling processes that require and encourage employees to carry out their duties and responsibilities in a manner that helps achieve the five control objectives outlined in the preceding paragraph,
* Maintain the effectiveness of the controlling processes that have been established and foster continuous improvement to these processes.

**Capacity to handle risk**

As an integral part of its system of internal control, the ITU Management is committed to implement an Integrated Risk Management (IRM) process throughout the organization.

ITU’s system of internal control is centred on the use of SAP as integrated information management system:

* Mirroring the Organization’s structure, work and accountability flows,
* Capturing the budget allocation of resources allocated to the Organization as described in the Organization’s Basic Texts adopted by the Plenipotentiary Conference,
* Enabling system integrated controls and four eyes principle,
* Enabling the direction, monitoring and measurement of resource utilization through IPSAS accounting and reporting, periodical stocktaking and documented procurement processes and controls.

ITU financial reporting reliability and follow-up of resource consumption according to strategic goals is based on the integrated information management system and on the strong control of resources commitment.

Moreover, the Contracts Committee assists the Secretary-General in ensuring the efficient use of ITU resources in line with the best-interests of the Union, and the Legal Affairs Unit and Ethics Office provide guidance throughout the Organization for the respect for laws, rules and regulations and the communications and promotion of ITU ethics policies. Through its audit work, the Internal Audit Unit also provides assurance to the Secretary-General on the Organization’s governance, risk management and effectiveness of controls.

Strategic risk management is integrated in the ITU strategic planning through the identification of strategic risks and related mitigation measures. This risk management framework is part of the ITU Strategic Plan 2016-2019, which has been approved during the 2014 Plenipotentiary Conference, as reflected in Resolution 71. The risk management framework continues being further developed through the elaboration of a risk management policy, a corporate risk management statement and a strategic risk management register.

Management of the operational risks is also part of the ITU business management processes. ITU management, including the three Bureaux and the General Secretariat, regularly review the risks associated with the achievement of the objectives of each part of the organization and implement the necessary mitigation measures, while establishing the risk controls to monitor the status of the residual risks.

**Review of effectiveness**

My review of the effectiveness of the system of internal control is informed by the work of the executive managers who have the responsibility for the identification and maintenance of the internal control framework in their areas of responsibility. I derive assurance from internal letters of representation signed by key ITU managers and officers, confirming that the following requirements for the financial period 2017 have been respected:

* The conformity of commitments or obligations and expenses with the appropriations or other financial provisions approved by the Council or with the purposes, rules and provisions relating to the funds concerned,
* The effective, efficient and economical use of the resources of the Union,
* The regularity of the receipt, custody and disbursement of all funds and other resources of the Union,
* The timelines, completeness and accuracy of financial and other administrative data.

Basic Texts of the Union, Regulations, Rules, Service Orders, Office Memoranda and Information Circulars comprise the ITU Regulatory Framework.

All ITU systems, processes, operations, functions and activities can be subject to internal audit by the Internal Audit Unit.  The Internal Audit Unit strives, whilst conducting its work, to comply with the International Standards for the Professional Practice for Internal Auditing. I rely on the audit work for obtaining assurance that the Organization’s governance and risk management are adequate and that controls are effective.

I also receive the reports from the External Auditor, which may contain recommendations relating to internal control issues. All the recommendations made by the External Auditor are considered and action plans established as appropriate to address any identified weaknesses, so as to ensure continuous improvement. Management’s responses to the External Auditor’s recommendations are followed up by the Council Working Group on Financial and Human Resources, CWG-FHR.

I have taken note of the Internal Auditor’s findings regarding the need to improve governance and risk management of some of the processes reviewed and to render the controls more effective in the various areas audited. Actions have been and will continue to be undertaken to reinforce internal controls and reduce risks.

I have paid great attention to these findings and put them into perspective in order to have a realistic assessment of the prevailing situation. It is on this basis that I can declare that from the internal audit work conducted in 2017, there were no major critical deficiencies that may indicate significant ineffective internal controls.

I am further advised by the Independent Management Advisory Committee (IMAC) that serves in an expert advisory capacity and assists the Secretary-General and the Council in fulfilling their governance responsibilities, including ensuring the effectiveness of ITU’s internal control system, risk management and governance processes.

**Significant internal control matters arising during the year**

I have been informed of areas for enhancement in the procurement process and have asked the relevant offices to undertake the necessary steps to improve the controls in these areas.

A new procurement procedure has been developed for specific type of cases to ensure appropriate control level and segregation of duties between the requisition, funding approval and procurement functions. This new procedure has been introduced on a trial basis and will be fully assessed before its definitive implementation.

**Statement**

I am committed to ensure continuous improvement of the system of internal control. However, even effective internal control, no matter how well designed, has inherent limitations \_\_ including the possibility of circumvention \_\_ and therefore can provide only reasonable but not absolute assurance. Furthermore, because of changes of conditions, the effectiveness of internal control may vary over time.

Management seeks to address any weaknesses encountered in internal controls during the normal course of ITU operations or identified in oversight observations. This is primarily ensured by the process in place to follow up the implementation of oversight recommendations during the past year. Based on the above, I conclude that the Union had an effective system of internal control for the year ended 31 December 2017, and up to the date of the approval of the financial statements.



Geneva, 26 March 2018

**Certification of the financial statements for the year ended 31 December 2017**

**International Telecommunication Union, Geneva**

According to Article 30 of the Financial Regulations, the accounts and financial statements for the International Telecommunication Union have been established and maintained in accordance with IPSAS. The financial statements for the year ended 31 December 2017, together with the notes to the statements and relevant annexes, have been reviewed and are approved.

26 March 2018



FINANCIAL STATEMENTS

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**I – Statement of financial position – Balance sheet at 31 December 2017 with comparative figures as at 31 December 2016**

|  |  |  |  |
| --- | --- | --- | --- |
| (in thousands of CHF) | **Notes** | **31/12/2017** | **31/12/2016** |
| **ASSETS** |  |  |  |
| **Current assets** |  |  |  |
| Cash and cash equivalents | 6 | 135,297 | 108,435 |
| Investments | 7 | 31,363 | 64,980 |
| Receivables - exchange transactions | 8 | 8,934 | 9,033 |
| Receivables - non-exchange transactions | 8 | 88,139 | 76,469 |
| Inventories | 9 | 661 | 545 |
| Other receivables | 10 | 7,505 | 9,448 |
| **Total current assets** |  | **271,898** | **268,910** |
|  |  |  |  |
| **Non-current assets** |  |  |  |
| Receivables - non-exchange transactions | 8 | - | - |
| Property, plant and equipment | 11 | 99,000 | 101,432 |
| Intangible assets | 12 | 967 | 2,634 |
| Assets under construction | 13 | 908 |  |
| **Total non-current assets** |  | **100,876** | **104,066** |
|  |  |  |  |
| **Total ASSETS** |  | **372,774** | **372,976** |
| **LIABILITIES** |  |  |  |
| **Current liabilities** |  |  |  |
| Suppliers and other creditors | 14 | 9,671 | 9,148 |
| Deferred revenue | 15 | 134,275 | 129,022 |
| Borrowings and financial debts | 16 | 1,493 | 1,493 |
| Employee benefits | 17 | 226 | 1,094 |
| Provisions | 18 | 1,636 | 1,452 |
| Other debts | 19 | 1,810 | 5,075 |
| **Total current liabilities** |  | **149,112** | **147,284** |
|  |  |  |  |
| **Non-current liabilities** |  |  |  |
| Borrowings | 16 | 41,526 | 42,299 |
| Employee benefits | 17 | 638,365 | 575,123 |
| Allocated third-party funds | 20 | 22,994 | 23,612 |
| Third-party funds in process of allocation | 20 | 3,300 | 3,813 |
| **Total non-current liabilities** |  | **706,185** | **644,847** |
|  |  |  |  |
| **TOTAL LIABILITIES** |  | **855,297** | **792,131** |
| **NET ASSETS** |  |  |  |
| Organization's capital |  |  |  |
| Reserve account before reallocation of the surplus/ deficit of the period | 2 | 27,089 | 26,522 |
| Other Extra-budgetary reserves | 2 | 58,726 | 52,613 |
| ASHI actuarial losses | 17 | -369,704 | -322,579 |
| Cumulated balances |  | -181,557 | -164,018 |
| Surplus/Deficit for the period |  | -17,078 | -11,693 |
| **TOTAL NET ASSETS** |  | **-482,524** | **-419,155** |

**II – Statement of financial performance for the period which closed on  
31 December 2017 with comparative figures as at 31 December 2016**

|  |  |  |  |
| --- | --- | --- | --- |
| (in thousands of Swiss francs) | **Notes** | **31/12/2017** | **31/12/2016** |
|  |  |  |  |
| **REVENUE** | 22 |  |  |
|  |  |  |  |
| Assessed contributions |  | 122,390 | 122,888 |
| Voluntary contributions |  | 10,610 | 10,232 |
| Other operating revenue |  | 44,398 | 41,919 |
| In-kind contributions |  | 882 | 901 |
| Finance revenue |  | 258 | 562 |
|  |  |  |  |
| **Total revenue** |  | **178,537** | **176,502** |
|  |  |  |  |
| **EXPENSES** | 23 |  |  |
|  |  |  |  |
| Employee expenses |  | 148,748 | 146,999 |
| Mission expenses |  | 6,968 | 6,997 |
| Contractual services |  | 15,613 | 14,107 |
| Rental and maintenance of premises and equipment |  | 4,411 | 4,872 |
| Equipment and supplies |  | 3,875 | 3,291 |
| Depreciation and impairment losses |  | 5,212 | 5,610 |
| Shipping, telecommunication and service expenses |  | 1,576 | 1,804 |
| Other expenses |  | 7,656 | 3,207 |
| In-kind expenses |  | 882 | 901 |
| Finance expenses |  | 675 | 407 |
|  |  |  |  |
| **Total expenses** |  | **195,615** | **188,195** |
| **Surplus/deficit for the period** |  | -17,078 | -11,693 |

III – Statement of changes in net assets for the period which closed  
on 31 December 2017

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **(in thousands of CHF)** | **31.12.2016** | **Surplus deficit 2017** | **Other adjustments** | **31.12.2017** |
| **IPSAS transition** | **-125,100** | **0** | **0** | **-125,100** |
| **Reserve Account** | **27,088** | **682** | **0** | **27,770** |
| **Other reserves** | **45,057** | **8,101** | **480** | **53,638** |
| Savings grom previous year | 0 | 5,764 | 0 | 5,764 |
| Investment fund | 8,690 | 176 | 1,364 | 10,230 |
| New Building fund | 0 | -671 |  | -671 |
| Welfare fund | 413 |  | -20 | 393 |
| Centenary fund | 256 | -45 |  | 212 |
| SS&B Complement fund | 6,223 | -21 |  | 6,202 |
| SS&B Provident fund | 0 |  |  | 0 |
| SS&B Assistence fund | 278 | 0 |  | 278 |
| Ashi fund | 8,500 | 1,000 |  | 9,500 |
| Health Insurance fund | 12,193 | 1,500 | 114 | 13,808 |
| Extra budgetary allocated reserves | 7,654 | 397 | -1,012 | 7,039 |
| Currency exchange translation | 849 |  | 35 | 884 |
| **Extra-budgetary activities related funds** | **12,835** | **-40** | **353** | **13,149** |
| TLC | 10,076 | 23 | -1,966 | 8,132 |
| Others | 2,761 | -63 | 2,320 | 5,017 |
| **ASHI actuarial losses** | **-322,579** | **0** | **-47,125** | **-369,704** |
| **IPSAS cumulated deficit (statistical)** | **-56,457** | -25,821 | **0** | **-82,278** |
| **Total net assets** | **-419,155** | **-17,078** | **-46,291** | **-482,524** |

IV – Statement of cash flows for the period closed on 31 December 2017

|  |  |  |
| --- | --- | --- |
| (in thousands of CHF) | **31/12/2017** | **31/12/2016** |
|  |  |  |
|  |  |  |
| Surplus (deficit) for the period | -17,078 | -11,693 |
| **Non-monetary movements** |  |  |
| Depreciation | 5,212 | 5,610 |
| ASHI provision | 18,214 | 13,667 |
| Provisions for repatriation (LT) | -1,268 | 2,495 |
| Provisions for employee benefits (ST) | 174 | 1,073 |
| Provisions for accrued leave (LT) | 180 | -496 |
| Other provisions | 526 | 593 |
| Provision for doubtfull receivable | 5,472 | -2,846 |
| Inventory depreciation | -3 | -19 |
| Net (gain) or loss on sales of fixed assets | 5 | 2 |
| Unrealized exchange-rate gains/losses | - | - |
| Interest received | -220 | -242 |
|  |  |  |
| **Restated surplus (deficit) from non-monetary movements** | **11,215** | **8,144** |
| (Increase) decrease in inventories | -113 | 48 |
| (Increase) decrease in short-term receivables | -17,042 | 3,499 |
| (Increase) decrease in other short-term receivables | 1,944 | -1,377 |
| Increase (decrease) in suppliers | 523 | 1,952 |
| Increase (decrease) in deferred revenue | 5,253 | 1,453 |
| Increase (decrease) in other debts | -3,264 | -206 |
| Use of provisions for employee benefits (ST) | -1,042 | -460 |
| Use of provision for repatriation (LT) | -914 | -753 |
| Use of provision for accrued leave (LT) | -95 | -222 |
| Use of provisions for employee benefits (LT) | - | -36 |
| Increase (decrease) Other provisions | -342 | -187 |
| Increase (decrease) in third-party funds | -1,131 | -4,200 |
| Changes in own funds | 834 | 1,213 |
|  |  |  |
| **Cash flow from operating activities** | **-15,391** | **723** |
|  |  |  |
| **Net cash flows from investment activities** |  |  |
| (Increase) / decrease Investments | 33,617 | 46,837 |
| Interest from short-term investments | 220 | 242 |
| (Acquisition) / sale of property, plant and equipment | -1,100 | -516 |
| (Acquisition) / sale of intangible assets | -353 | -1,007 |
| (Acquisition) / sale of Under construction assets | -571 |  |
| **Net cash flows from investment activities** | **31,813** | **45,556** |
|  |  |  |
| **Cash flows from finance activities** |  |  |
| (Increase) / decrease of FIPOI loan | -773 | -1,493 |
| **Cash flows from finance activities** | **-773** | **-1,493** |
|  |  |  |
| **Net increase / (decrease) in cash and cash equivalents** | **26,863** | **52,930** |
|  |  |  |
| **Cash and cash equivalents at opening of period** | **108,435** | **55,505** |
|  |  |  |
| **Cash and cash equivalents at closure of period** | **135,297** | **108,435** |

V – Statement of comparison of budgeted and actual amounts for the 2017 financial period

(in thousands of CHF)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Revenue** | **Budgeted amounts** | | | | **Actual amounts on a comparable basis** | **Difference between final budget and actual amounts** |
| **Initial Budget** | **Deferred activity** | **Budget transfers** | **Final budget** |
| **31.12.2017** | **31.12.2017** | **31.12.2017** | **31.12.2017** | **31.12.2017** | **31.12.2017** |
| **Assessed contributions** | **124,401** |  |  | **124,401** | **122,390** | **-2,011** |
| **Cost recovery** | **34,625** |  |  | **34,625** | **37,174** | **2,549** |
| **Interests** | **300** |  |  | **300** | **29** | **-271** |
| **Other revenue** | **100** |  |  | **100** | **1,441** | **1,341** |
| **Withdrawal from Reserve Account** | **1,117** | **317** |  | **1,434** | **-** | **-1,434** |
|  |  |  |  |  |  |  |
| **Total revenue** | **160,543** | **317** |  | **160,860** | **161,034** | **174** |
| **Expenses** | **Budgeted amounts** | | | | **Actual amounts on a comparable basis** | **Difference between final budget and actual amounts** |
| **Initial Budget** | **Deffered activity** | **Budget transfers** | **Final budget** |
| **31.12.2017** | **31.12.2017** | **31.12.2017** | **31.12.2017** | **31.12.2017** | **31.12.2017** |
| *General Secretariat* | *90,761* |  | *-116* | *90,645* | *81,762* | *8,883* |
| *Radiocommunication Sector* | *28,603* |  |  | *28,603* | *27,234* | *1,369* |
| *Telecommunication Standardization Sector* | *12,438* |  |  | *12,438* | *12,296* | *142* |
| *Telecommunication Development Sector* | *28,741* | *317* | *116* | *29,174* | *27,733* | *1,441* |
| *Expenses not foreseen in approved budget* |  |  |  | *-* | *644* |  |
| **Total expenses** | **160,543** | **-** | **-** | **160,860** | **149,669** | **11,191** |
| **Result** |  |  |  |  | **11,365** |  |
| *Ashi* |  |  |  |  | *-18,214* |  |
| *Capitalization of fixed assets* |  |  |  |  | *2,021* |  |
| *Recognition of inventories* |  |  |  |  | *128* |  |
| *Depreciation* |  |  |  |  | *-4,656* |  |
| *Exchange rate gains/losses* |  |  |  |  | *-604* |  |
| *Repayment of FIPOI loan not considered as expense* |  |  |  |  | *1,493* |  |
| *Changes in and use of provision for doubtful debts* |  |  |  |  | *-5,939* |  |
| *Sales of assets* |  |  |  |  | *5* |  |
| *Other expenses* |  |  |  |  | *-29* |  |
|  |  |  |  |  |  |  |
| **Total IPSAS difference** |  |  |  |  | **-25,794** |  |
| Surplus/ Deficit on Fund 1000 |  |  |  |  | *11,365* |  |
| Increase of the investment fund |  |  |  |  | *-869* |  |
| Perimeter differences |  |  |  |  | *-1,780* |  |
|  |  |  |  |  |  |  |
| **Surplus/Deficit as shown in the statement of financial performance** |  |  |  |  | **-17,078** |  |

For further information, see Note 25.

**Notes to the financial statements**

##### Note 1 Objectives of the Union

The International Telecommunication Union (ITU) is the [United Nations](http://www.unsystem.org/en) specialized agency for information and communication technologies (ICTs). As a global focal point bringing together governments and private sector, ITU assists the world in communicating through its three key Sectors: [Radiocommunication](http://www.itu.int/ITU-R/index.asp?category=information&link=rhome&lang=en), [Telecommunication Standardization](http://www.itu.int/ITU-T/) and [Telecommunication Development](http://www.itu.int/net/ITU-D/index-en.aspx). ITU fully recognizes each State’s sovereign right to regulate its telecommunications.

ITU, which also organizes the ITU [TELECOM](http://www.itu.int/ITUTELECOM/index-en.html) events, was the entity with prime responsibility for organizing the [World Summit on the Information Society](http://www.itu.int/itu-wsis/implementation/).

With its headquarters at Place des Nations, 1211 Geneva 20, Switzerland, ITU has 193 [Member States](http://www.itu.int/cgi-bin/htsh/mm/scripts/mm.list?_search=ITUstates&_languageid=1) and over 800 [Sector Members](http://www.itu.int/cgi-bin/htsh/mm/scripts/mm.list?_search=SEC&_languageid=1) , [Associates](http://www.itu.int/cgi-bin/htsh/mm/scripts/mm.list?_search=ASSOCIATES&_languageid=1) and Academia. It has four regional offices, eight area offices, a United Nations liaison office in New York and a coordination unit at headquarters for Europe.

The purposes of the Union are:

– to maintain and extend international cooperation among all its Member States for the improvement and rational use of telecom­munications of all kinds;

– to promote the development of technical facilities and their most efficient operation with a view to improving the efficiency of telecommunication services, increasing their usefulness and making them, so far as possible, generally available to the public;

– to promote the extension of the benefits of the new telecommunication technologies to all the world’s inhabitants;

– to promote the use of telecommunication services with the objective of facilitating peaceful relations;

– to harmonize the actions of Member States and promote fruitful and constructive cooperation and partnership between Member States and Sector Members in the attainment of those ends;

– to promote, at the international level, the adoption of a broader approach to the issues of telecommunications in the global information economy and society, by cooperating with other world and regional intergovernmental organizations and those non‑governmental organizations concerned with telecommunications.

To this end, the Union shall in particular:

– effect allocation of bands of the radio-frequency spectrum, the allotment of radio frequencies and the registration of radio-frequency assignments and, for space services, of any associated orbital position in the geostationary-satellite orbit or of any associated characteristics of satellites in other orbits, in order to avoid harmful interference between radio stations of different countries;

– coordinate efforts to eliminate harmful interference between radio stations of different countries and to improve the use made of the radio-frequency spectrum for radiocommunication services and of the geostationary-satellite and other satellite orbits;

– facilitate the worldwide standardization of telecommunications, with a satisfactory quality of service;

– foster international cooperation and solidarity in the delivery of technical assistance to the developing countries and the creation, development and improvement of telecommunication equipment and networks in developing countries by every means at its dis­posal, including through its participation in the relevant programmes of the United Nations and the use of its own resources, as appropriate;

– coordinate efforts to harmonize the development of telecom­munication facilities, notably those using space techniques, with a view to full advantage being taken of their possibilities;

– foster collaboration among Member States and Sector Members with a view to the establishment of rates at levels as low as possible consistent with an efficient service and taking into account the necessity for maintaining independent financial administration of telecommunications on a sound basis;

– promote the adoption of measures for ensuring the safety of life through the cooperation of telecommunication services;

– undertake studies, make regulations, adopt resolutions, formulate recommendations and opinions, and collect and publish informa­tion concerning telecommunication matters;

– promote, with international financial and development organizations, the establishment of preferential and favorable lines of credit to be used for the development of social projects aimed, *inter alia*, at extending telecommunication services to the most isolated areas in countries;

– promote participation of concerned entities in the activities of the Union and cooperation with regional and other organizations for the fulfillment of the purposes of the Union.

The Plenipotentiary Conference is ITU’s supreme organ. Convened every four years, the conference:

• determines the Union’s general policies;

• adopts four-year strategic and financial plans;

• elects the senior management team of the organization, Member States of the [Council](http://www.itu.int/council/index-en.html) and members of the [Radio Regulations Board](http://www.itu.int/ITU-R/index.asp?category=conferences&link=rrb&lang=en).

The Plenipotentiary Conference is the key event at which ITU Member States decide on the future role of the organization, thereby determining the organization’s ability to influence and affect the development of ICTs worldwide.

Sector Members, regional telecommunication organizations and intergovernmental organizations, as well as the United Nations and its specialized agencies, likewise participate in the conference as observers.

##### Note 2 Main accounting principles

##### Foreign currencies

The Swiss franc (CHF) is ITU’s functional currency and the one used in the presentation of the financial statements.

Transactions in currencies other than the Swiss franc are converted into Swiss francs at the United Nations operational rate of exchange (UNORE) at the date of the transaction. Monetary assets and commitments denominated in foreign currencies are converted into Swiss francs at the UNORE rate of exchange in force at the date of closure of the financial period. Exchange-rate losses and gains, realized or unrealized, resulting from the settlement of such transactions and from conversion of the assets and commitments denominated in foreign currencies at the date of closure are recorded in the statement of financial performance. ITU applies the UNORE communicated by the United Nations, as follows:



**Financial instruments**

ITU’s financial instruments include: cash and short term deposits, investments, receivable from exchange and from non-exchange transactions, trade payable, bank overdrafts, loans and borrowings.

Cash and cash equivalents

Cash and cash equivalents are held at nominal value and comprise cash on hand, postal accounts, bank accounts and deposit accounts with the Swiss Confederation’s Federal Department of Finance.

##### Investments

Fixed-term deposits with a term of three to nine months that are highly liquid, convertible into a known cash amount and subject to a negligible risk of change in value are designated as financial assets at fair value through surplus or deficit at initial recognition. Investment revenue is recognized on a quarterly basis on the basis of actual return.

Investments are initially recognized when ITU becomes a party to the contractual provisions of the instrument. All purchase and sales of investments are recognized on the basis of their trade date. Investments are initially recognized at their fair value, taking into account any directly attributable transaction costs.

Financial assets are derecognized once ITU has transferred its rights to receive the cash flows from the financial assets and the associated risks.

Investments are presented in the balance sheet as current or non-current assets and liabilities according to whether their due date is less than or more than one year away.

The derecognition of financial instruments occurs when ITU’s contractual rights to the cash flows from the financial asset expire or have been transferred and all risks and rewards of ownerships have been substantially transferred.

Other financial liabilities and FIPOI loan

Other financial liabilities comprise borrowings, other financing, bank overdrafts, suppliers and trade payables. They are shown on the balance sheet as current or non-current liabilities according to whether they fall due in less than or more than one year.

Interest-bearing financial liabilities are subsequently valued at amortized cost using the effective interest rate method with the exception of liabilities for which the recognition of interest would be immaterial.

ITU borrowed capital from the Building Foundation for International Organizations (FIPOI) for the construction and renovation of its premises in Geneva. Those borrowings were originally subject to interest. However, the Federal Department of Foreign Affairs (DFAE) ceased charging interest as from 1996. ITU therefore has to reimburse only the principal.

The loan is measured at its amortized cost using a long-term interest rate of 3.25 per cent, which corresponds to the interest rate associated with the loans granted by FIPOI but not charged. The difference between the nominal value and amortized cost represents an in-kind contribution which, at 31 December 2017, amounted to an overall sum of CHF 15.7 million. ITU has opted not to present this amount under “Borrowings and financial debts” in the statement of financial position. ITU is, however, showing in the statement of financial position expenses and revenue by way of an in-kind contribution corresponding to the reduction in the discount from 1 January to 31 December of the past year.

Receivables and loans

ITU’s receivables and loans are non-derivative financial assets with fixed or determinable maturity dates that are not traded on an active market. They originate when ITU enters into a contractual arrangement with a third party and remain so until the cash transfers associated with those financial assets have been executed and the associated risks and benefits have likewise been transferred to ITU. Such assets come under current assets, except those having maturity dates beyond 12 months after the date of closure, which are categorized as non-current assets.

Receivables are divided into two distinct categories: receivables from exchange transactions, such as those resulting from the sale of publications; and non-exchange receivables, notably those relating to contributions made to ITU. Assessed contributions are incorporated in the financial plan once the level of Member State contributions has been set by the Plenipotentiary Conference for a four-year period. These contributions are recognized on an annual basis.

Voluntary contributions are initially recognized when there is a signed agreement between ITU and the donor.

Receivables and loans are recognized at fair value at the time of their initial recognition. The fair value is adjusted when reviewing doubtful debts at the time of the annual closure of the accounts.

##### Determination of the provision for impairment of receivables

An assessment of the need to establish or adjust a provision for asset impairment is carried out according to the nature of the receivable, on the basis of the following categories of receivable:

1 – Member States

In accordance with Article 28, No. 169, of the ITU Constitution, a Member State which is in arrears in its payments to the Union shall lose its right to vote as defined in Nos 27 and 28 of the Constitution for so long as the amount of its arrears equals or exceeds the amount of the contribution due for the two preceding years.

On the basis of this rule, a provision is established for Member States having arrears of over two years. Assessment and follow-up are carried out on the basis of the financial notification, which is produced quarterly. The provision is calculated on the basis of the notification for the final quarter of the year, which is produced at the beginning of the following year.

The amount of the provision is equal to 100 per cent of the debt that has remained unpaid for over two years, plus the interest on arrears charged since payment first became overdue.

2 – Sector Members, Associates and Academia

Where Sector Members and Associates are concerned, Resolution 152 (Rev. Busan, 2014) of the Plenipotentiary Conference provides, in *resolves* 6, that in the event of late payment, suspension of participation in ITU shall occur six months (180 days) after the date on which payment of the annual contribution was due, and in the absence of a negotiated and agreed repayment schedule, exclusion of a Sector Member or an Associate on grounds of non-payment shall occur three months (90 days) after the date of receipt of the notification of suspension.

All unpaid debts, including interest on arrears, dating back beyond two years are 100 per cent provisioned.

3 – Satellite Network Filings (SNF) revenue

The Union establishes a provision for SNF invoices, arrears being subject to interest at 6 per cent as from the due date in the case of late payment. Since such invoices are payable within six months, a 100 per cent provision will be established at 31 December of the year following their presentation.

4 – Publications

Publications are for the most part paid for in advance, except when the client is a Member State administration. This provision is established following exactly the same principle as for Member State and Sector Member contributions.

5 – Other debtors (e.g. voluntary contributions)

The amount of the provision is equal to 100 per cent of the debts remaining unpaid at 31 December of the year following presentation of the invoices.

6 – ITU TELECOM

Receivables for ITU TELECOM events are 100 per cent provisioned at the time of closing of the exhibition accounts, when there is an uncertainty about the payment.

##### Use and release of a provision for asset impairment

Where a debt is deemed to be uncollectable (for example, certificate of lack of assets or debt write-off approved by Council), the debt is written off. The related provision is then used to offset the balance in the accounts. If, in a subsequent period, the amount of the impairment decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (for example, signature of a debt repayment schedule), the previously recognized impairment loss is reversed, wholly or in part, by a release of provision.

In the case of Member States or Sector Members, the provision is reduced by the annual installments settled under a debt repayment schedule, following the payment of each installment. The interest on arrears is written off once the capital of the debt has been repaid, subject to approval by the Council. This amount includes receivables relating to publications.

If, in a subsequent period, new receivables meet the impairment criteria set out in the above paragraph, the establishment of a provision must be recognized at 31 December of that year.

##### Inventories

Inventories comprise publications and souvenirs bearing the ITU logo, consumable stores, maintenance materials and stocks of spare parts not allocated to the maintenance of specific assets.

For consumables, inventories values are calculated using the weighted average cost method. The same method is used for all inventories whose nature and usage are similar within the organization.

Publications are valued according to a standard cost based on a scale that is updated annually. The standard cost does not include direct staff costs; however, the cost of paper is increased by 253 per cent, representing the direct costs associated with reprography. The net realizable value represents the estimated sale price less the estimated costs of producing, marketing, selling and distributing the publications.

Where stocks of publications are distributed at zero or a symbolic cost, they are assigned the value that the organization would have to pay to obtain the economic benefits or service potential to achieve the organization’s objectives. If the economic benefits or service potential cannot be acquired on the market, the stocks are valued at their replacement value.

An annual physical stocktaking is made of all inventories. At each closure date, if there is any indication that inventories may have fallen in value, they are depreciated. Publications are valued in two stages: first, on the basis of any damage identified during the annual physical stocktaking, then with regard to the obsolescence of publications. The organization also determines whether an impairment loss previously recognized has diminished or is extinguished. If so, the net realizable value or replacement cost of the inventories is estimated and updated.

Publications and articles no longer to be offered for sale or intended for free-of-charge distribution will have their net carrying amount reduced to zero.

##### Property and equipment

Property and equipment held by ITU are valued at historical cost less accumulated depreciation and accumulated impairment losses. Buildings were recognized in the opening statement of financial position under IPSAS on 1 January 2010 at their intrinsic value, on the basis of the study conducted by an external consultancy. Recognition of the buildings value was carried out using the component-based approach. Land is not taken into account when calculating the intrinsic value of the buildings. The land rights (right of superficies) concerning the land areas made available by the State of Geneva is without cost to the Union.

In-kind gifts are measured at fair value estimated at the date of receipt of the movable assets. Recognition of revenue associated with in-kind gifts intended for the creation or purchase of a specific asset is spread over a period equal to the depreciation time of the concerned asset as from the date of its bringing into use.

Goods with a value equal to or higher than CHF 5’000 are capitalized at the time of receipt and subsequently depreciated on a straight-line basis.

Goods with a cost lower than CHF 5’000 (low-value goods) are capitalized during the month of acquisition and fully recognized as expenses in the statement of financial performance at the monthly closure following acquisition.

Property and equipment acquired in connection with projects conducted under Extra-budgetary activities (in particular projects of the United Nations Development Programme, nationally-executed projects and voluntary contributions) are fully recognized as expenses in the statement of financial performance at the monthly closure following acquisition.

Subsequent costs related to fixed assets are capitalized and depreciated when they bring about an increase in service potential associated with use of the fixed asset and do not concern maintenance or repair costs for the concerned fixed asset, these being recognized in the statement of financial performance.

Where a fixed asset comprises several significant components having different useful lives, each component is recognized separately. Depreciation is calculated on a straight-line basis according to the estimated useful life of each item, with a final residual period, if applicable. The residual values and useful lives of assets, as well as the depreciation methods, are reviewed, and adjusted if necessary, at each annual closure.

Average useful lives are taken to be as follows:

|  |  |
| --- | --- |
| Categories and subcategories of assets | Estimated useful life (in years) |
| Buildings |  |
| Structure | 100 |
| Envelope (flat roof, insulation, sealing…) | 60 |
| Envelope (metal façades, aluminum window-frames…) | 50 |
| Interior finishing (raised flooring, partitions…) | 50 |
| Interior finishing (floor, wall and ceiling coverings…) | 40 |
| Special equipment | 40 |
| Technical installations (electricity) | 50 |
| Technical installations (plumbing) | 40 |
| Technical installations (heating, ventilation) | 30 |
| Transport facilities | 40 |
|  |  |
| Machinery and equipment | 5 |
| Furniture and fixtures | 5 |
| Vehicles | 5 |
| Computer hardware | 3 |
|  |  |
| Licenses and software packages | 3 |

At each annual closure date, ITU assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recorded in the statement of financial performance when the carrying amount exceeds the recoverable amount.

The recoverable amount is the higher of the fair value less the costs of disposal, and the value in use. The recoverable amount of an asset is calculated individually. The value in use of fixed assets used for non-commercial purposes corresponds to the present value of the service potential expected from their use.

An impairment loss recognized in prior periods is reversed if there has been change in the estimates of the recoverable amount since the last estimate. The net carrying amount of the asset is increased, but shall not exceed the net carrying amount that would have applied to the asset had no impairment loss been recognized in the first place. The reverse is recorded in the statement of financial performance.

##### Fixed assets acquired under lease

Within the framework of its activities, ITU may use leased assets. Leases were analyzed with respect to the situations described and indicators provided in IPSAS 13 in order to determine whether they were operating leases or finance leases. As at 31 December 2017, leases concluded by ITU correspond to the definition of operating leases and are recognized as such. Payments made in respect of such leases are recognized as expenses in the statement of financial performance on a straight-line basis over the term of the lease.

##### Intangible assets

Intangible assets, IT licenses and software, with a value higher than CHF 50’000, are recognized on the basis of their historical cost less any accumulated depreciation and impairment losses, except in the opening balance sheet where the net value has been used. Licenses, software packages, patents and rights are amortized on a straight-line basis over a period of three years.

All costs equal to or lower than CHF 50’000 are capitalized at the time of receipt of the goods and fully recognized as expenses in the statement of financial performance at the monthly closure following acquisition.

Licenses, software packages and patents developed in house are capitalized if it is probable that ITU will benefit from future economic benefits or service potential attributed to them. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Union are recognized as intangible assets when the following criteria are met at the closing date:

* it is technically feasible to complete the software product so that it will be available for use;
* management intends to complete the software product and use or sell it;
* there is an ability to use or sell the software product;
* it can be demonstrated how the software product will generate probable future economic benefits;
* adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful lives, which does not exceed three years.

Costs associated with maintaining computer software programmes are recognized as an expense as incurred.

##### Provisions

Provisions cover obligations for which the outcome, due date or payable amount is uncertain. They are recognized when ITU has a legal or constructive obligation resulting from a past event, when it is probable that an outflow of resources will be required in order to settle the obligation and when the amount of the obligation can be reliably estimated.

Where an outflow of resources is not probable or cannot be reliably estimated, the obligation is not recorded in the statement of financial position but disclosed in the Notes.

##### Contingent assets and liabilities

Contingent assets and liabilities are possible rights and obligations arising from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within ITU’s control. Such items are disclosed in the Notes.

##### Employee benefits

The following employee benefits are recognized:

– Short-term benefits due to be settled within twelve months after the end of the accounting period in which employees render the related service;

– Long-term benefits resulting from the possible deferral of benefits acquired during the prior period or periods;

– Long-term post-employment benefits.

Long-term benefits cover:

– Obligations associated with the possibility of accruing unused leave days and having them taken into account when establishing the date of retirement;

– Obligations associated with repatriation;

– Obligations associated with the pension plan of the United Nations Joint Staff Pension Fund;

– Obligations concerning the After-Service Health Insurance (ASHI), as specified under the United Nations ASHI programme;

– Obligations relating to the former pension plan in order to define ITU’s obligations at the date of closure of the period.

These last two benefits come under the heading of defined-benefit plans and, as is also the case for repatriation obligations, are the subjects of actuarial studies.

ITU is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified by Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan. ITU and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify the Agency’s proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, the Agency has treated this plan as if it was a defined contribution plan in line with the requirements of IPSAS 39 Employee Benefits. The Agency’s contributions to the plan during the financial period are recognized as expenses in the Statement of Financial Performance.

The ITU implemented a staff health insurance scheme called the ITU Collective Medical Insurance Plan (CMIP). The plan, administered by the ITU, is based on a contract signed with the Companies Cigna/Vanbreda International, Cigna being the insurer and Cigna/Vanbreda being the claims administrator. ASHI obligations are the subject of an actuarial study pursuant to IPSAS 39 in order to identify and recognize the amount of ITU’s future liability in relation to the corresponding benefits. An independent actuarial valuation was contracted by ITU to evaluate the ASHI obligation as of end of December. Recognition of the actuarial gains and losses of this plan follows the Other Comprehensive Income (OCI) method, which calls for recognition of actuarial gains and losses during the period as net assets in the statement of financial position.

The assumptions concerning ITU are described in the Notes relating to employee benefits.

##### Recognition of funds

***Allocated third-party funds***

This refers to funding provided by third parties to support the Union in implementing projects in and for developing countries. Such contributions are tied to contractual conditions. Funding of this kind is recognized as revenue only where the donors have made a commitment in writing and as the expenses are incurred. Funded projects begin only once the funds have been paid to ITU. At the closure of the financial period, the unused balance of such funding is recognized in the balance of allocated funds in the statement of financial position. In some specific cases, the funds are paid to ITU as a reimbursement of expenses already incurred.

Such allocated third-party funds are distributed as follows:

**– United Nations Development Programme**

ITU has entered into an agreement with the United Nations Development Programme (UNDP) and may be the sole executing agency, or joint executing agency with UNDP, for different projects. For projects that are either partially or entirely executed by ITU, the Union receives a budgetary allocation from UNDP. In general, there are two categories of UNDP projects, namely: projects executed by ITU and projects executed by governments.

At the end of each year, on the basis of the project delivery report (PDR), UNDP reimburses ITU for all expenses incurred, within the allocation. For the support that ITU provides to the projects, ITU receives an allocation calculated on a pro rata basis of the expenses recorded in the PDRs.

**– Trust funds**

Trust funds are used to execute projects financed by earmarked contributions, by the ICT Development Fund (ICTDF) or by governments. In all cases the funds have to be credited to the projects before the expenses are committed. Trust funds are voluntary contributions with specific and restrictive utilization. These contributions generate support costs during the execution and implementation of the projects.

**– Voluntary contributions**

Voluntary contributions are received from donors to complement specific regular budget activities such as for example seminars, working groups, study groups, training and fellowships. Voluntary contributions can finance long-term activities. Voluntary contributions do not generate any support costs.

The Union keeps accounts for voluntary contributions in the currency of the contribution and manages the projects based on the budget allocated in the currency of the funding, unless otherwise specified.

***Third-party funds in the process of allocation***

These are funds received from third parties and not yet fully allocated, which therefore cannot yet be spent.

##### Reserve Account

In accordance with No. 485 of the Convention and Article 27 of the Financial Regulations, the Reserve Account is maintained mainly from unused appropriations. Variations in the Reserve Account are detailed in the statement of changes in the net assets of the Union. It is made up of:

a) the positive or negative net balance from the regular budget implementation for each financial year;

b) transfers from other reserves/funds as decided by the Council;

c) any amounts to be credited to the Reserve Account as prescribed by the accounting standards common to the organizations of the United Nations system.

The Reserve Account also includes funds derived from those activities in respect of which ITU applies the cost-recovery principle pursuant to Council Resolution 1113 (Document C97/133). The products and services to which ITU applies cost recovery are currently:

– Registration of universal international freephone numbers (UIFN);

– Memorandum of Understanding on global mobile personal communication systems (GMPCS MoUs);

– Processing of satellite network filings;

– Registration of universal international premium-rate numbers (UIPRN) and universal international shared-cost numbers (UISCN);

– TELECOM;

– Publication sales;

– Project support revenue.

Notwithstanding the provisions of Article 13, § 4 b) of the Financial Regulations, bearing in mind the need to maintain the Reserve Account at a minimum level determined by the Plenipotentiary Conference, withdrawals may be made from the Reserve Account by special decision of the Council, *inter alia*, for:

a) reducing the amount of the contributory unit;

b) balancing the budget of the Union;

c) transfers to other reserves/funds; or

d) any amounts to be debited to the Reserve Account as prescribed by the accounting standards common to the organizations of the United Nations system.

##### Other funds

Other funds include the ITU Staff Superannuation and Benevolent Funds and well as the Pension and Intervention funds and the ASHI fund.

The ITU Staff Superannuation and Benevolent Funds comprise two funds:

– Provident Fund;

– Assistance Fund.

They are the set of funds that guarantee the pensions of employees who were in service prior to 1 January 1960, the date on which ITU became affiliated to the United Nations Joint Staff Pension Fund. In 2016, the Reserve and Complement Fund paid out 26 retirement pensions and 25 survivor’s pensions; and the Assistance Fund served to assist staff members and pensioners in difficult financial situations. The most recent calculation of the obligations to be provisioned for beneficiaries of the ITU Staff Superannuation and Benevolent Funds was made on 31 December 2011.

Pursuant to Resolution 7 (Geneva, 1959) of the Plenipotentiary Conference, the staff of ITU is affiliated, as from 1 January 1960, to the United Nations Joint Staff Pension Fund. Under Article 86 of the Regulations of the ITU Staff Superannuation and Benevolent Funds, those Funds are managed by the Union. The assets of the Funds must be invested in trustee securities. The accounts of these Funds are verified by the External Auditor as part of the periodic audits of the accounts of the Union. By Resolution 1211, adopted at its additional session in October 2003, the Council resolved that, with retroactive effect as from 1 January 2003, the statutory rate of interest of the Funds was removed from Article 86 of the Regulations of the Funds.

Other funds also include since 2013, a fund dedicated to the long-term funding of the ASHI unfunded liability as well as the new health insurance fund, which constitutes the guaranty fund for the ITU new health Insurance scheme since 2014.

**New building fund**

Council 2016, through [Decision 588](https://www.itu.int/md/S16-CL-C-0124/en), decided to replace the Varembé building by a new construction (herein called “Varembé-2”) that would also include the offices and facilities of the Tower building, and complement the Montbrillant building which would be retained and refurbished.

An interest-free loan of up to CHF 150 million to finance this project has been granted by the Swiss Confederation with a maximum budget for total project costs before sale of the Tower of CHF 140 million and an additional contingency fund of CHF 7 million to be used, if necessary, for unforeseen cost overruns.

The Secretary-General applied to Switzerland for the first tranche of the loan for the first phase of the project: the architectural competition, architectural studies and related expenses for the period up to 31/12/2019. The loan request amounted to CHF 12 million, with the first annual repayment being made only after the building is successfully received (at the earliest end-2023). The loan was granted by the Swiss Parliament in December 2016 and ITU has signed a contract with FIPOI for the administration of this loan. The funds have been available since the beginning of 2017.

To follow up on the implementation of this project, a new fund has been created. This fund is disclosed under the segment reporting and also under Annex A2.

##### Extrabudgetary activities related funds

– **ICT Development Fund**

In line with ITU’s mission of fostering the expansion of modern communication services worldwide, the Council assigns a share of the surplus revenue derived from ITU TELECOM events to the ICT Development Fund (ICTDF), which serves to finance various national and regional development projects. In the case of project financing through the ICTDF, only the expenses are recognized in the statement of financial performance. At the closure of each financial period, the allocated own funds appearing on the balance sheet are reduced by the total amount of the expenses incurred during the same period. This same principle applies for projects financed under the development action plan, the funds available for these programmes having already been recognized as revenue in prior financial periods.

The ICTDF also registers contributions paid by members or third parties for the financing of ICT development projects.

– **ITU TELECOM Exhibition Working Capital Fund**

ITU Telecom events provide a global platform for governments, corporates and Small and Medium Enterprises (SMEs) in order to accelerate ICT innovation for social and economic development. The events comprise an Exhibition showcasing innovative service, applications and solutions, and investments and partnership opportunities from around the world; and a world-class Leadership Summit and Forum offering debates at the highest level on the latest issues in the ICT industry while exploring in-depth developments in technology, policy and regulatory issues, strategy and business models in the digital economy. ITU Telecom events also bring together participants at the highest level including Heads of State, Ministers, Regulators, C-level executives and other influential leaders.

Following the closure of accounts of each ITU Telecom event, any surplus revenue or excess expense is transferred to the Exhibition Working Capital Fund, the balance of which is entered in the financial statements of the Union. Subject to Council’s approval, funds may be transferred from the Exhibition Working Capital Fund to the ICT Development Fund.

– **Reserves related to Extra-budgetary projects**

The Union has set up a reserve to receive any remaining balances from closed projects. This reserve will be used to finance new projects or regional initiatives, as well as to cover certain projects in deficit.

##### Recognition of revenue

The financial statements are drawn up on the basis of accrual accounting. Revenue is recognized at the beginning of each period for membership contributions (regular budget), or when contributions are confirmed in writing (voluntary contributions).

Revenue comprises assessed contributions, voluntary contributions and other recovered revenues.

Assessed contributions: This refers mainly to contributions from Member States, Sector Members and Associates. The Plenipotentiary Conference establishes the upper limit of the contributory unit to serve as the basis for calculating the Union’s revenue for the biennial budgets for the next four years. Member States and Sector Members are free to choose their class of contribution for defraying Union expenses in accordance with the relevant provisions of the ITU Constitution, and pay, in respect of the year of their accession or admission, a contribution calculated as from the first day of the month of accession or admission. This revenue is used for the purpose of implementing the Union’s activities as defined by the Plenipotentiary Conference.

Other recovered revenues comprise the products and services for which ITU applies the principle of cost recovery, namely:

– registration of universal international freephone numbers (UIFN);

– Memorandum of Understanding on global mobile personal communication systems (GMPCS-MoU);

– processing of satellite network filings;

– publication sales;

– project support revenue.

ITU receives contributions upfront for providing services for the registration of universal international freephone numbers (UIFN) and the registration of universal international premium-rate numbers (UIPRN) and universal international shared-cost numbers (UISCN).

Parties requesting these services must deposit upfront a sum of CHF 300 per number in the Union’s accounts. Non ITU-T and non ITU-R members are charged an annual maintenance fee of CHF 100 per number to be paid into the Union’s accounts. As the numbers are used, ITU invoices its services. It is at the stage when the numbers are used that the Union recognizes revenue in its accounts. The corresponding invoices are settled from the account containing the customers’ deposits. Every year an invoice for the maintenance fee of all the active numbers is issued and sent to all non ITU-T and non ITU-R members.

Voluntary contributions are recognized when there is an agreement signed by the donors. Contributions received which relate to future financial periods are recognized under deferred revenues. The balance of unused voluntary contributions at the date of closure is recognized under third-party funds. Other revenue pertaining to future financial periods is recognized under deferred revenues.

Revenue from sales of publications is recognized at the time when the publications are dispatched, and revenue from sales of services involving access to ITU statistics and data in electronic form is recognized at the time when the data become accessible.

##### Segment reporting

Segment reporting is based on ITU’s main activities and sources of financing, and is done in a manner consistent with the structure of the financial information provided to the Chief of the Financial Resources Management Department. The segments reflect the ITU’s work programme for 2016-2017:

– General Secretariat;

– Radiocommunication Sector (ITU-R): Management of international resources, namely the radio-frequency spectrum and satellite orbits;

– Telecommunication Standardization Sector (ITU-T): Shaping harmonized working methods and establishment of flexible collaboration mechanisms to meet market needs;

– Telecommunication Development Sector (ITU-D): Provision, under affordable conditions, of equitable and sustainable access to ICTs;

* New Building fund which represents the project on the construction of the new headquarters premises;
* Old pension fund which regroups the provident fund and the assistance fund;

– Projects: UNDP funds, trust funds, ICT Development Fund and voluntary contributions;

– ITU TELECOM.

On account of the nature of ITU’s activities, its tangible and intangible fixed assets are used jointly by all its Sectors and are not managed by the individual Sectors. The Union’s assets and liabilities, other than those representing its net assets, fall under the ownership or responsibility of the organization as a whole and do not constitute assets and liabilities of its component parts. Extra budgetary funds do not have any fixed assets. Assets and liabilities represent a wide range of activities that are common to the constituent parts of the Union. Any allocation of assets and liabilities to the different Sectors would inevitably be arbitrary and incoherent. It would thus run counter to the principles of IPSAS 18. It is for this reason that individual assets and liabilities will not be segmented.

##### Budget comparison

The draft budget of the Union for 2016-2017 is based on Decision 5 (Rev. Busan, 2014) entitled “Income and expenditure for the Union for the period 2016-2019” and the strategic plan for the Union for 2016-2019 set out in Resolution 71 (Rev. Busan, 2014) of the Plenipotentiary Conference.

Furthermore, the programme budget is coordinated with the operational plans of the Sectors and the General Secretariat.

Pursuant to IPSAS 24, the annual financial statements must include a comparison between budgeted amounts and actual amounts. The draft budget of the Union for 2016-2017 is composed of two annual budgets. A budget estimate has been made for each of the financial years.

The final budget for 2017 was approved by the Council at its 2015 session by Resolution 1375. Statement V contains a comparison of the final budget and actual amounts. Since the budget and the financial statements were not drawn up on the same basis, Statement V contains a reconciliation of the amounts in the budget and the amounts in Statement II (Statement of financial performance). The perimeter differences reflect the incorporation of extra budgetary funds in the Union’s financial statements.

##### Note 3 Management of net assets

The Union’s net assets consist of own funds allocated to the organization or set aside for projects as well as unallocated own funds set aside for projects.

Decision 582, adopted by the Council at its 2015 extraordinary session provided for a withdrawal of CHF 3 million from the Reserve Account for the implementation of the voluntary departure/early retirement programme. Nevertheless, the withdrawal from the reserve account was not necessary due to the level of savings realized in 2017.

At 31 December 2017, the assets of the Reserve Account stood at CHF 27.7 million after allocation of the 2017 surplus allocated to the Reserve Account. The assets of the Reserve Account represent 17.2 per cent of the 2017 budget, which is significantly above the six per cent threshold stipulated in Decision 5 (Rev. Busan, 2014) of the Plenipotentiary Conference.

##### Note 4 Financial risk management

In the course of its work, ITU is exposed to a number of financial risks including credit risk, market risk (Foreign exchange currency risk), interest rate risk and liquidity risk. This Note presents information on ITU exposure to each of the above risks and outlines the principles adopted by ITU to manage financial risks and preserve its capital. The management of financial risks is centralized under the responsibility of the Secretary-General.

**Fair value**

Set out below is a comparison by class of the carrying amounts and fair value of ITU’s financial instruments.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **In thousands of CHF** | **Carrying amount** | | **Fair value** | |
| Financial assets | **2017** | **2016** | **2017** | **2016** |
| Cash and cash equivalent | 135,297 | 108,434 | 135,297 | 108,434 |
| Financial instruments at fair value through surplus/ deficit | 31,363 | 64,980 | 31,363 | 64,980 |
| Receivable from exchange transactions – current | 8,934 | 9,033 | 8,934 | 9,033 |
| Receivable from non-exchange transaction- current | 88,139 | 76,469 | 88,139 | 76,469 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **In thousands of CHF** | **Carrying amount** | | **Fair value** | |
| Financial liabilities | **2017** | **2016** | **2017** | **2016** |
| Borrowings | 43,019 | 43,792 | 43,019 | 43,792 |
| Payables from exchange transactions | 5,103 | 5,404 | 5,103 | 5,404 |

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

The following methods and assumptions were used to estimate the fair value:

- Cash and cash equivalents, short term deposits, receivables from exchange transactions, other receivables, payables from exchange transactions, and other payables approximate their carrying amounts largely due to the short-term maturities of these investments;

- Short- and long-term receivables are valued as disclosed in Note 2;

- Borrowings are valued as disclosed in Note 2.

**Fair value hierarchy**

ITU uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices in active markets for identical assets and liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: Techniques, which use inputs that have a significant effect on the recorded fair value, that are not based on observable market data.

At 31 December 2017, all investments are bank deposits and short-term bank investments and valued at their fair value in the Statement of Financial Situation.

a) Credit risk

Credit risk is the risk of financial loss to ITU if customers or counterparties to financial instruments fail to meet their contractual obligations, and arises principally from investments, receivables and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 31 December was:

|  |  |  |
| --- | --- | --- |
| **In thousands of CHF** | **31.12.2017** | **31.12.2016** |
| Investments | 31’363 | 64’980 |
| Receivables | 104’575 | 94’950 |
| Cash and cash equivalents | 135’297 | 108’435 |
| Maximum exposure to credit risk | 271’235 | 258’144 |

b) Credit quality

Credit quality is the assessed risk of default attached to counterparties to which ITU extend credit as well as those parties with whom ITU invests.

Measures such as the sending of quarterly statements and suspension of participation in the work of ITU have been introduced to ensure that Member States, Sector Members and Associates settle their arrears. Furthermore, the loss of voting right has been introduced for Member States to encourage a timely settling of their arrears.

ITU mitigates credit risks on cash and cash equivalents and on investments by spreading them among several banking institutions with high grade credit ratings. According to Article 16 of the Financial Regulations and Financial Rules, the Secretary-General chooses the banks or other institutions in which the Union’s funds are to be deposited. In this respect, the Secretary-General shall ensure that funds are invested in such a way as to place primary emphasis on minimizing the risk to principal funds while ensuring the liquidity necessary to meet the Union’s cash-flow requirements. ITU does not make deposits with banks with a credit rating below A3.

In addition to these criteria, investments shall be selected on the basis of achieving the highest reasonable rate of return and shall accord with the principles of the United Nations.

The Secretary-General designates the banks in which the funds of the Union shall be kept, shall establish all bank accounts required for the Union and shall designate those officials to whom signing authority is delegated for the operation of those accounts. The Secretary-General also authorizes all bank account closures.

c) Interest rate risk

ITU is exposed to interest rate risks through its short term investments. Further to the introduction of the negative interest in 2015 on cash in hand by the financial institutions, ITU had reviewed carefully its policy in order to avoid impacting the cash and cash equivalent. Since then, the ITU has succeeded in securing all the funds, despite the need of a careful and daily monitoring.

d) Liquidity risk

Liquidity risk is the risk of ITU not being able to meet its obligations as they fall due. ITU approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due. ITU ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts.

Liquidity risk may be considered negligible as, in accordance with Article 17 of the Financial Regulations, advances of funds from the Government of the Swiss Confederation will be granted under conditions to be stipulated to meet temporary cash requirements of the Union.

The primary objective of managing ITU’s capital is to ensure that there is sufficient cash available to support ITU’s funding requirements, including capital expenditure, to ensure that ITU remains financially sound.

e) Currency risk

ITU receives Member States and regular budget contributions in CHF and Extra-budgetary contributions in other currencies than the CHF. ITU does not have recourse to fixed-term exchange contracts, futures, swaps or currency options to hedge realized or unrealized foreign exchanges gains or losses. When possible, natural hedging is applied by assigning the necessary currencies directly to the appropriate bank accounts.

It is to be noted that the new Health Insurance scheme is managed in Swiss francs, which is significantly reducing exposure to exchange rates fluctuations. The Union is still exposed to foreign exchange gains or losses arising from the payment of contributions to the UNJSPF in USD. However, since the Professional staff contributions are defined in USD and the General Staff contributions are defined in CHF and the number of staff in these two categories is equally distributed, the exchange rates fluctuations tend to counterbalance.

Extra-budgetary contributions are managed in the currency of the contribution and converted in CHF for presentation purposes.

f) Market risk

Market risk is the risk of changes in market prices, such as foreign-exchange rates and interest rates, affecting ITU’s income or the value of its financial instruments holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on the risk.

The maturity profiles on financial instruments as at 31 December 2017 are as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **In thousands of CHF** | **Weighted average interest rate** | **1 year or less** | **<10 years** | **>10 years** | **Total** |
| **Financial assets** |  |  |  |  |  |
| Investments |  | 31’363 | 0 | 0 | 31’363 |
| Cash and cash equivalent |  | 135’297 | 0 | 0 | 135’297 |
| **Total financial assets** |  | 166’660 | 0 | 0 | 166’660 |
| **Financial liabilities** |  |  |  |  |  |
| Borrowings | 0% | 1’493 | 14’219 | 27’307 | 43’019 |
| **Total liabilities** |  | 1’493 | 14’219 | 27’307 | 43’019 |

##### Note 5 Judgment and accounting estimates

Preparation of the financial statements under IPSAS calls for the use of estimates and/or assumptions having a bearing, on the one hand, on the amounts of the assets and liabilities disclosed and the disclosure of contingent assets and obligations at the date of the balance sheet and, on the other hand, on the amount of the revenues and expenses for the accounting period. Although the estimates are based on past experience and on various other factors deemed reasonable in the prevailing circumstances, the results actually obtained may differ from those foreseen when the estimates were made.

Areas entailing a high degree of judgment and complexity or in which assumptions and estimates have a negative impact on the establishment of the financial statements are:

• post-employment benefits, particularly where the ASHI plan is concerned;

• useful lives of fixed assets and their possible impairment;

• provisions for receivables;

• probability of sale in stocks of publications;

• deferred revenue from satellite network filings.

##### Note 6 Cash and cash equivalents

|  |  |  |
| --- | --- | --- |
| In thousands of CHF | **31.12.2017** | **31.12.2016** |
|  |  |  |
| Cash in CHF | 19 | 12 |
| Cash in foreign currency | 129 | 130 |
| Postal accounts in CHF | 818 | 848 |
| Bank current accounts in CHF | 9,787 | 74,982 |
| Bank current accounts in foreign currency | 5,758 | 25,912 |
| Sight accounts in CHF | 8,785 | 6,551 |
|  |  |  |
| **Cash and cash equivalents** | **135,297** | **108,435** |

Cash deposits are held in bank and postal accounts and remunerated at the market rates. The fair value of the cash deposits is equivalent to the carrying amount.

At 31 December 2017, ITU has no credit line. The available cash is subject to the following restrictions:

– Sight accounts in favor of beneficiaries of the ITU pension funds which have been operating as closed funds since the organization’s affiliation to UNJSPF and the Staff Health Insurance Fund, in the amount of CHF 6.2 million.

##### Note 7 Investments

Fixed-term investments are remunerated at market rates and classified as financial instruments at fair value through surplus/deficit. The fair value of the cash deposits is equivalent to the carrying amount.

|  |  |  |
| --- | --- | --- |
| In thousands of CHF | **31.12.2017** | **31.12.2016** |
| Fixed-term investments | 31,363 | 64,980 |
|  |  |  |
| **Investments** | **31,363** | **64,980** |

A breakdown of fixed-term investments by date of maturity (period remaining) and by currency is shown below:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **In thousands for each currency** |  | **31.12.2017** | | | **31.12.2016** | | |
|  |  | CHF | USD | EUR | CHF | USD | EUR |
| Maturity |  |  |  |  |  |  |  |
| 0 - 3 months |  | 11 | 7,512 | 4 | 56,902 | 1,083 | 4 |
| 4 - 6 months |  |  | 16,000 |  |  | 6,500 |  |
| 7 - 9 months |  |  | 8,000 |  |  |  |  |
| over 9 months |  |  |  |  |  |  |  |
| **Investments** |  | **11** | **31,512** | **4** | **56,902** | **7,583** | **4** |

The decrease in the investments is mainly due to the introduction of the negative interest on the cash accounts in Swiss francs and the policy of diversification put in place in 2015.

In 2017, the threshold granted by our financial partners had decreased and therefore, some deposit accounts were closed in order to use new cash accounts with some negotiated positive interests.

##### Note 8 Receivables

Receivables represent as yet uncollected revenue that Member States, Sector Members and Associates have committed to pay to ITU in respect of annual contributions, purchase of publications, satellite network filings or other invoices. Amounts due on contributions bear interest from the beginning of the fourth month of each financial year of the Union at three per cent per annum during the following three months, and at six per cent per annum as from the beginning of the seventh month.

Non-current, non-exchange receivables represent receivables from the debt repayment schedules applicable to members having undertaken to repay such debts under an agreement spanning several financial periods.

Other receivables represent uncollected revenue for services associated with TELECOM and voluntary contributions.

It is worth emphasizing that, since the implementation of IPSAS, a provision of 100 per cent has been recognized for all arrears, special arrears accounts and cancelled special arrears accounts. The main indicators show the Union’s immediate financial situation to be healthy, despite a level of debtors with 12 months or more overdue payments (arrears, special arrears accounts and cancelled special arrears accounts) totaling CHF 45.2 million at 31 December (CHF 46.7 million at 31 December 2016). The situation with respect to arrears in the Union’s regular budget at 31 December 2017 is set out in Annex B hereto.

##### 

|  |  |  |
| --- | --- | --- |
| **In thousands of CHF** | **31.12.2017** | **31.12.2016** |
|  |  |  |
| Current receivables – exchange transactions | 10,229 | 10,100 |
| Provision for losses on current receivables – exchange transactions | -1,296 | -1,067 |
|  |  |  |
| **Current receivables – exchange transactions: net value** | **8,934** | **9,033** |
|  |  |  |
| Current receivables – non-exchange transactions | 134,253 | 116,814 |
| Provision for losses on current receivables – non-exchange transactions | -46,114 | -40,345 |
|  |  |  |
| **Current receivables – non-exchange transactions: net value** | **88,139** | **76,469** |
|  |  |  |
| Non-current receivables – exchange transactions | - | 23 |
| Provision for losses on non-current receivables – exchange transactions | - | -23 |
|  |  |  |
| **Non-current receivables – exchange transactions: net value** | **-** | **-** |
|  |  |  |
| Non-current receivables – non-exchange transactions | 7,021 | 7,524 |
| Provision for losses on non-current receivables – non-exchange transactions | -7,021 | -7,524 |
|  |  |  |
| **Non-current receivables – non-exchange transactions: net value** | **-** | **-** |

##### Note 9 Inventories

Publications include publications for sale and publications distributed free of charge. Supplies include paper to be used for the printing of ITU publications and documents, items handled by the Supplies and Stores Service and various consumables.

|  |  |  |
| --- | --- | --- |
| **In thousands of CHF** | **31.12.2017** | **31.12.2016** |
|  |  |  |
| Publications – gross value | 402 | 303 |
| Depreciation | -186 | -183 |
| **Publications – net value** | 216 | 120 |
| Souvenirs – gross value | 129 | 122 |
| Depreciation | -86 | -92 |
| **Souvenirs – net value** | 43 | 30 |
| Supplies – gross value | 402 | 395 |
| Depreciation | - | - |
| **Supplies - net value** | 402 | 395 |
| **Inventories – net value** | **661** | **545** |

##### Note 10 Other receivables

|  |  |  |
| --- | --- | --- |
| **In thousands of CHF** | **31.12.2017** | **31.12.2016** |
|  |  |  |
| Employee advances | 1,723 | 2,048 |
| UNDP current account | 308 | 434 |
| Yugoslavia | 1,189 | 1,189 |
| ./. Provision for debt Yugoslavia | -1,189 | -1,189 |
| Withholding tax | 2,396 | 2,215 |
| Pensions | 39 | 247 |
| Accrued interest | 127 | 64 |
| Accounts receivable | 2,711 | 4,440 |
|  |  |  |
| **Other receivables** | **7,505** | **9,448** |

Employee advances mainly comprised the payment of 93 per cent of education expenses for staff members’ children.

Tax at source comprises the withholding tax that is reimbursable by the Swiss Confederation’s Federal Tax Administration as well as the income tax to be recovered from the Government of the United States of America. The balance to be recovered from that administration stands at CHF 2.3 million at the end of 2017.

The debt of the former Federal Republic of Yugoslavia has been provisioned at 100 per cent. The amounts due have not yet been settled. The Union is awaiting a decision by the United Nations General Assembly regarding the handling of this debt.

Accounts receivable mainly represented the prepaid expenses related to the budget 2017.

##### Note 11 Property and equipment

The ITU buildings comprise the following:

– Tower building, rue de Varembé, Geneva;

– Varembé building, rue de Varembé, Geneva;

– Extension C and Cafeteria, rue de Varembé, Geneva;

– Montbrillant building, rue de Varembé, Geneva.

These buildings were valued at an amount determined independently by external consultants for the IPSAS first financial statements in 2010. This value represented the estimated value of the buildings at their completion as well as the estimated value of renovations and repairs accomplished since the occupation of the buildings, after deduction of accumulated depreciation.

The changes in the net carrying amount of property, and equipment, including low value assets, during the 2017 period are explained below.

As of December 2017, no property, or equipment had been pledged as security for debt.

At the end of 2017, the value of the items not present in the physical stock amounted to CHF 29.971 compared to CHF 22.023 in 2016.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Categories of asset** | **Buildings** | **Mach. & equip.** | **Furniture & fixtures** | **Computer equipment** | **Vehicles** | **Low value asset** | **Total** |
| **Cost at 1 January** | **124,625** | **2,156** | **1,592** | **8,535** | **384** | **14,930** | **152,222** |
| Additions | 251 | 30 | 49 | 770 | - | **850** | **1,951** |
| Gifts |  |  |  |  |  |  | - |
| Disposals |  | -24 |  | -286 |  |  | -310 |
| Impairment losses |  |  |  |  |  |  | - |
| Reclassifications & corrections |  | -14 |  |  |  |  | -14 |
| Revaluations |  |  |  |  |  |  | - |
| **Cost at 31 December** | **124,876** | **2,149** | **1,641** | **9,019** | **384** | **15,780** | **153,848** |
| **Depreciation at 1 January** | **24,069** | **2,087** | **1,573** | **7,828** | **302** | **14,930** | **50,789** |
| Recognized during the year | 3,084 | 34 | 12 | 365 | 17 | **853** | **4,365** |
| Disposals |  | -24 |  | -265 |  |  | **-289** |
| Impairment losses |  |  |  |  |  |  | **-** |
| Reclassifications & corrections |  | -14 |  |  |  |  | **-14** |
| Revaluations |  |  |  |  |  |  | **-** |
| **Depreciation at 31 December** | **27,153** | **2,083** | **1,585** | **7,928** | **319** | **15,783** | **54,851** |
| **Net carrying amount at 1 January** | **100,556** | **69** | **19** | **707** | **81** | **-** | **101,432** |
| **Net carrying amount at 31 December** | **97,723** | **66** | **56** | **1,091** | **64** |  | **99,000** |

##### 

##### Note 12 Intangible assets

|  |  |  |  |
| --- | --- | --- | --- |
| **Category of asset** | **Internal Dev** | **Software** | **Total** |
|  | **2017** | **2017** |  |
| **Cost at 1 January** | **1,737** | **5,603** | **7,854** |
| Additions | 117 | 236 | 496 |
| Gifts |  |  | - |
| Disposals |  | -11 | -38 |
| Impairment losses |  |  | - |
| Reclassifications & corrections |  |  | - |
| Revaluations |  |  | - |
| **Cost at 31 December** | **1,854** | **5,829** | **8,312** |
| **Depreciation at 1 January** | **976** | **4,071** | **5,559** |
| Recognized during the year | 414 | 1,259 | 1,816 |
| Disposals |  | -4 | -31 |
| Impairment losses |  |  | - |
| Reclassifications and corrections |  |  | - |
| Revaluations |  |  | - |
| **Depreciation at 31 December** | **1,390** | **5,326** | **7,345** |
| **Net carrying amount at 1 January** | **762** | **1,533** | **2,294** |
| **Net carrying amount at 31 December** | **464** | **503** | **967** |

According to IPSAS 31, internal developments related to the improvement of services offered to members, specifically for the access, management and archiving of the Union documentation have been capitalized.

Software capitalized are standard software and upgrade packages used in the Union’s operating activities.

##### Note 13 Assets under construction

|  |  |  |  |
| --- | --- | --- | --- |
| **Catégories d'actifs** | **Building Under constr.** | **Other Under constr.** | **Total** |
| **Coût au 1er janvier** | **-** | **340** | **340** |
| Additions | - | 571 | 571 |
| Gifts |  |  | - |
| Disposals |  |  | - |
| Impairment losses |  |  | - |
| Reclassifications & corrections |  | -3 | -3 |
| Revaluations |  |  | - |
| **Cost at 31 December** | **-** | **908** | **908** |
| **Depreciation at 1 January** |  | **-** | **-** |
| Recognized during the year |  |  | - |
| Disposals |  |  | - |
| Impairment losses |  |  | - |
| Reclassifications & corrections |  |  | - |
| Revaluations |  |  | - |
| **Depreciation at 31 December** | **-** | **-** | **-** |
| **Net carrying amount at 1 January** | **-** | **340** | **340** |
| **Net carrying amount at 31 December** | **-** | **908** | **908** |

##### Note 14 Suppliers and other creditors

|  |  |  |
| --- | --- | --- |
| **In thousands of CHF** | **31.12.207** | **31.12.2016** |
|  |  |  |
| Suppliers | 5,103 | 5,404 |
| Deposits received | 2,583 | 3,070 |
| Downpayments received | 1,985 | 674 |
|  |  |  |
| **Suppliers and other creditors** | **9,671** | **9,148** |

The amount shown for suppliers relates mainly to unpaid invoices, staff accounts and IOV invoices open for settlement with UNDP.

Deposits have been received for satellite network filings and for future publication purchases. These sums will be refunded to the beneficiaries or used to settle future contributions and/or invoices for satellite network filings and publications.

The down payments are advance payments made to the Union’s accounts by the host countries for the organization of the 2017 and 2018 events such as WDTC-17 and PP-18.

**Note 15 Deferred revenue**

|  |  |  |
| --- | --- | --- |
| **In thousands of CHF** | **31.12.2017** | **31.12.2016** |
| Contributions - Member States | 108,518 | 106,292 |
| Contributions - Sector Members | 14,085 | 14,138 |
| Contributions – Associates | 1,660 | 1,585 |
| Contributions – Academia | 328 | 293 |
| Publications and miscellaneous | - | 28 |
| SNF | 8,498 | 6,686 |
| Contributions - Extra-budgetary | 1,185 | - |
| **Deferred revenue** | **134,275** | **129,022** |

In 2017, the deferred revenue for contributions represented the revenue associated with the year 2018. The deferred revenue for satellite network filings relates to requests prepared at the end of 2017 with publication in 2018.

**Note 16** **Borrowings and other financial debts**

|  |  |  |  |
| --- | --- | --- | --- |
| **In thousands of CHF** | **Due date** | **31.12.2017** | **31.12.2016** |
| Amounts initially borrowed from FIPOI |  |  |  |
| CHF 2'634'780 - from 1990 | 2020 | 306 | 408 |
| CHF 19'627'590 - from 1990 | 2039 | 9,742 | 10,152 |
| CHF 45'427'250 - from 2002 | 2051 | 30,891 | 31,800 |
| CHF 2'000'000 - from 2002 | 2051 | 1,360 | 1,400 |
| New Building Project |  | 720 |  |
|  |  |  |  |
| **Borrowings** |  | **43,019** | **43,760** |
|  |  |  |  |
| of which short term |  | 1,493 | 1,493 |
| of which long term |  | 1,526 | 42,267 |
|  |  |  |  |
| **Borrowings** |  | **43,019** | **43,760** |
|  |  |  |  |
| Borrowings - of which short term |  | 1,493 | 1,493 |
|  |  |  |  |
| **Borrowings – current** |  | **1,493** | **1,493** |
|  |  |  |  |
| Borrowings - of which long term |  | 41,526 | 42,267 |
|  |  |  |  |
| **Borrowings - non current** |  | **41,526** | **42,267** |

The reimbursement of the loan granted for the new ITU premise will start only after the successful delivery of the new building at the earliest end of 2023.

The present value of borrowings at 31.12.2017 is CHF 26.5 million, as against CHF 27.1 million at 31.12.2016. The difference in relation to the gross amount represents the present value of total unpaid interest up to the end of the borrowing term.

##### Note 17 Employee benefits

Employee benefits refer to all forms of consideration given by ITU in return for services rendered by its employees. They are recognized as and when they are earned by employees.

**17.1 Short-term employee benefits**

**Figures at 31.12.2017**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Employee benefits – short term** | | |
| **In thousands of CHF** | **Overtime** | **Accumulated leave** | **Total employee benefits short term** |
| **Opening balance** | **60** | **1,034** | **1,094** |
| Increase | 51 | 175 | 226 |
| Used during year | -60 | -982 | -1,042 |
| Release |  |  | - |
| Transfer |  | -52 | -52 |
| Unrealized exchange gain |  |  | - |
| **Closing balance** | **51** | **175** | **226** |

Overtime is calculated in accordance with the conditions established in the Staff Regulations and Staff Rules on the basis of local conditions and practices of local organizations of the United Nations common system.

Accrued leave refers to leave accrued during the financial period.

##### 17.2 Long-term employee benefits

**Figures at 31.12.2017**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Employee benefits – long term** | | | | |
| **In thousands of CHF** | **ASHI** | **Pensions** | **Installation/ repatriation** | **Accumulated leave** | **Total employee benefits long term** |
| **Opening balance** | **551,911** | **54** | **14,667** | **8,491** | **575,123** |
| Increase | 65,339 |  | 809 | 143 |  |
| Used during year |  |  | -914 | -95 |  |
| Release |  |  | -2,077 | -27 |  |
| Transfer to/from short term |  |  |  | 64 |  |
| Unrealized exchange gain |  |  |  |  |  |
|  |  |  |  |  |  |
| **Closing balance** | **617,250** | **54** | **12,485** | **8,576** | **638,365** |

Long-term benefits are post-employment benefits, namely the ASHI plan, repatriation grant, accrued leave, and obligations under former pension and health insurance plans for some former ITU employees.

17.2.1 Actuarial valuation of post-employment benefits under the ASHI plan

The accounting for the ASHI related obligations is based on an annual actuarial study carried out by an independent consultancy. The most recent valuation, carried out in January 2018, established at CHF 617.25 million ITU’s obligations in respect of post-employment sickness benefits due to employees meeting the specified conditions at 31 December 2017. The actuarial study was carried out based on data provided by the ITU.

17.2.2 Actuarial valuation − assumptions and methods

Within the framework of the valuation of obligations relating to the ASHI plan at 31 December 2017 and of the contribution for the 2017 period, ITU validates the assumptions and methods used by the actuaries. The assumptions and methods used for the valuation covering the 2017 period are described below.

|  |  |
| --- | --- |
| Discount rate | 0.90% for 2017 and 0.92% for 2016. |
| Increase in medical costs | 4.20% for 2017, falling by 0.30% per year to 3.00%. |
| Expected accounting rate of return on assets | N/A for 2017 |
| Salary increases | 3.5% assumptions used for the latest UNJSPF actuarial valuation / assumption used for 2014 Professional Staff and 3.32% for General Service Staff. |
| Pension increases | 3.00% for 2017 and 2016 |
| Estimated annual average cost of claims for reimbursement of medical expenses in 2015 and variation in medical expenses according to age | The 2017 actuarial report is based on average cost of claims for reimbursement in CHF estimated at the end of the 2017 period as an average per age range of 50, 55, 60, 65, 70, 75 and 80 years at CHF 6’080, CHF 7’151, CHF 8’536, CHF 10’484, CHF 12’780, CHF 14’557, CHF 15’667 respectively, for men, and CHF 5’710, CHF 6’717, CHF 8’016, CHF 9’847, CHF 12’003, CHF 13’673, CHF 14’714, respectively, for women. |
| Administrative expenses | The annual average administrative cost per person was estimated at CHF 222.92 |
| Mortality | The mortality is based on the 2017 United Nations Mortality Tables respectively for current Actives, for Service Pensioners, Widows and Widowers and for Disability Pensioners. Base year is 2017 with generational improvement scale applied through 2037 for Current Healthy Inactive. No generational improvement scale is applied for Current Disabled Inactive. |
| Valuation of assets | ITU has no more asset under the Guarantee Funds as of 31 December 2017. |
| Disability rate | Varies according to age and gender and for Professional Staff and General Service Staff and increases with age. The rate is based on the United Nations Disability table. |
| Rates of conversion of benefit rights | Vary according to age and number of years of service, with requests for conversion being more frequent in the first year. |
| Employee turnover | The separation rate for employees leaving the organizations considered in the valuation varies according to age and gender. |
| Retirement rate | For all staff, retirement rates are set equal to the rates from the 31 December 2015 valuation of UNJSPF. Rates vary according to age, with a higher probability for employees aged 60 and over. |
| Participation | 97.5% of future retirees will opt to participate in the CMIP. |
| Spouse coverage | 75% and 25% of male and female retirees have a spouse having requested affiliation to CMIP. Men are assumed to be five years older than their spouse. |
| Actuarial method | Projected unit credit method with an allocation period beginning at 45 years of age to reflect the fact that employees must be at least 55 years old and have completed 10 years of service in order to be eligible. |
| OCI approach | Net gains and losses resulting from variations due to the gap between assumptions and actual values and to changes in calculation assumptions are a component of net assets, in accordance with the option proposed in IPSAS 39. |

Staff members (and their spouses, dependent children and survivors) separating from service at age 55 or over are entitled to after-service health insurance coverage provided they have completed at least ten years’ service with the United Nations or a specialized agency and were insured under the Staff Health Insurance Fund (CMIP) during the five years immediately preceding their separation from service. The same benefits apply to staff members in receipt of a disability allowance from the United Nations Joint Staff Pension Fund. This regime is jointly financed, with ITU contributing 2/3 and the insured person 1/3.

The following tables provide additional information and analyses concerning the liabilities arising from employee allowances, as well as valuation of the assets held by the Fund according to the actuarial study performed to obtain the amounts at 31 December 2017.

|  |  |  |
| --- | --- | --- |
| **Amount of obligations under the ASHI plan at 31 December 2017 and 2016 in the statement of financial position** | ***In thousands of CHF* 31.12.2017** | ***In thousands of CHF* 31.12.2016** |
| Balance at 31 December 2017-2016 | 551’911 | 472’801 |
| Total expenses recognized in the statement of financial performance | 25’375 | 22’229 |
| Actuarial losses recognized in net assets | 47’125 | 65’443 |
| Contributions during the period | -7’161 | -8’562 |
| Unrealized exchange-rate loss / (gain) | 0 | 0 |
| Amount of obligations under the ASHI plan at 31 December 2017-2016 | **617’250** | **551’911** |

The ASHI-related obligation at 31 December 2017 amounts to CHF 617.25 million. This significant increase from CHF 551.9 million at the end of 2016 is mainly due to the update of the demographic assumptions base on the table provided by the United Nations and also the decrease in the discount rate used to calculate the present value of the future cumulated claims.

The actuarial loss due to changes in actuarial estimates is recognized in net assets using the OCI method.

|  |  |  |
| --- | --- | --- |
| Analysis of actuarial losses recognized in net assets | ***In thousands of CHF*** | |
|  | **31.12.2017** | **31.12.2016** |
| Obligation due to changes in assumptions | 75,452 | 42’746 |
| Obligation due to experience during the period | -28,327 | 22’697 |
| Variation over the period | 47,125 | 65’433 |
| Cumulative amount recognized in net assets at 31 December | 369,704 | 322’ 579 |

Since the ITU separation from the SHIF in 2014, there is a litigation between ITU and ILO regarding the splitting of the guarantee fund. The arbitration took place in March and the result of this arbitration should be know during the year.

The following table shows the change in the net amount of the obligation at the end of the financial period.

|  |  |  |
| --- | --- | --- |
| **Net amount of the obligation under the ASHI plan, as recognized in the statement of financial position** | ***In thousands of CHF*** | |
|  | **31.12.2017** | **31.12.2016** |
| Present value | 617’250 | 551’911 |
| Fair value of assets under the plan | 0 | 0 |
| Obligation recognized in balance sheet at 31 December | 617’250 | 551’911 |

|  |  |  |
| --- | --- | --- |
| **Amounts recognized in the statement of financial performance** | ***In thousands of CHF*** | |
|  | **31.12.2017** | **31.12.2016** |
| Updating of obligation and contributions for the period |  |  |
| Service costs | 20’337 | 16’042 |
| Finance charge | 5’038 | 6’187 |
| Expected return on assets under the ASHI plan | 0 | 0 |
| Total | 25’375 | 22’229 |

17.2.3 ASHI plan, cost estimates for the 2017 period

A 1 per cent increase in healthcare costs would result in a rise in the aggregate of service cost and interest costs of CHF 12.631 million and have an impact on the defined-benefit obligation of CHF 160.972 million. A 1 per cent decrease would result in a reduction of CHF 9.091 million in service cost and interest costs and of CHF 123.079 million in the defined-benefit obligation.

17.2.4 Repatriation

In principle, a repatriation grant shall be payable to staff members whom the Union is obliged to repatriate. Detailed conditions and definitions relating to eligibility and requisite evidence of relocation shall be determined by the Secretary-General.

Length of service, base salary and any language allowances were taken into account in calculating the total amount of the obligation at 31 December 2017. The economic assumptions used are a discount rate of 0.90 per cent (0.92 per cent in 2016) and a rate of salary increase of 3.5 per cent (similar to 2016). For the valuation of 2017, the assumptions for the actuarial study on the repatriation grant have been aligned with the ASHI assumptions.

17.2.5 Payment of the repatriation grant

Payment of the repatriation grant is governed by the conditions and definitions set out in the Staff Regulations and Staff Rules. As of December 2017, the provision amounted to CHF 12.3 million against CHF 14.6 million in 2016. This decrease is mostly explained by the reduction of the base salary for Professional Staff (6 per cent reduction on average).

This provision is funded by a deduction of 1 per cent from the remuneration of staff members other than those engaged for conferences and other short-term service.

An IPSAS-compliant actuarial valuation is carried out each year by an independent consultancy.

17.2.6 Employee benefits under the United Nations staff pension plan

The Fund’s Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the Open Group Aggregate Method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.

ITU’s financial obligation to the UNJSPF consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9 per cent for participants and 15.8 per cent for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

During 2017, the Fund identified that there were anomalies in the census data utilized in the actuarial valuation performed as of 31 December 2015. Therefore, an exception to the normal biennial cycle was made and a roll forward of the participation data as of 31 December 2013 to 31 December 2016 was used by the Fund for their 2016 financial statements. An actuarial valuation as of 31 December 2017 is currently being performed.

The roll forward of the participation data as of 31 December 2013 to 31 December 2016 resulted in a funded ratio of actuarial assets to actuarial liabilities of 150.1 per cent (127.5% in the 2013 valuation) with the assumption that there would be no future pension adjustments. The funded ratio was 101.4 per cent (91.2 per cent in the 2013 valuation) when the current system of pension adjustments was taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2016, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the UNJSPF pension plan, deficiency payments required from each member organization would be based upon the proportion of that member organization’s contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the UNJSPF during the preceding three years (2014, 2015 and 2016) amounted to USD 6,750.98 million, of which 1.1% was contributed by ITU.

During 2017, contributions paid to UNJSPF amounted to USD 23.8 million (2016 24.4 million). Expected contributions due in 2018 are approximately USD 24 million.

Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

The United Nations Board of Auditors carries out an annual audit of the UNJSPF and reports to the UNJSPF Pension Board and to the United Nations General Assembly on the audit every year. The UNJSPF publishes quarterly reports on its investments and these can be viewed by visiting the UNJSPF at [www.unjspf.org](http://www.unjspf.org).

In accordance with the Administrative Rules of UNJSPF, the Union submits a statement at the end of each financial year to the Secretariat of the Fund showing, in respect of each participant, the total contributions of every kind paid into the Fund, the total pensionable remuneration earned and any changes made in the amount of pensionable remuneration, with the dates on which they became effective. The movements of employees participating in the Fund during the year in question (including staff engaged for technical assistance projects) and the number of benefits granted and contributions paid are shown below.

The figures are taken from the Union’s files and accounts.

**POSITION AT 31 dEcembEr 2017  
NUMBER OF PARTICIPANTS AT 31 DECEMBER 2017**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Number of participants at 31.12.2016** | **New participants** | **Transfers** | | **Withdrawals** | **Number of participants at 31.12.2017** |
| **to ITU** | **to another organization** |
| 737 | 37 | 4 | 2 | 57 | 719 |

**Number of benefits paid during the financial year ending 31 December 2017**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Retirement benefits | Disability benefits | Survivor’s benefits | Child’s benefits | Other benefits |  |  | |
| Deferred life annuities | | TOTAL |
| 835 | 57 | 201 | 77 | 0 | 117 | | 1287 |

**Recapitulation of contributions to the Fund for the period 1 January to 31 December 2017  
- United States dollars –**

|  |  |  |  |
| --- | --- | --- | --- |
| **Nature of contributions** | **Normal contributions** | **Service validation contributions** | **Total** |
| Contributions by participants | 7,913,341.93 | 60,860.52 | 7,974,202.45 |
| Contributions by the Union | 15,826,683.87 |  | 15,826,683.87 |
| **Total** | **23,740,025.80** | **60’860.52** | **23,800,886.32** |

Obligations related to other employee benefits

Before the establishment of UNJSPF and SHIF and ITU’s affiliation thereto, the Union had set up funds to provide retirement, death, disability and health insurance benefits to its staff members. Since ITU’s affiliation to the above-mentioned funds, the funds previously created have functioned as a closed fund. Obligations thereunder are shown as long-term liabilities. Agreements have been concluded between ITU and its funds to ensure the latter’s financing.

In 2017, the Union did not consider it necessary to request a new actuarial study for the Staff Superannuation and Benevolent Funds. At 31 December 2017, the provision for the obligations arising from pensions currently being paid to former employees affiliated to the Staff Superannuation and Benevolent Funds, recognized in 2010 in the amount of CHF 90 000, remains unchanged.

##### Note 18 Provisions

The provisions for risks and expenses comprise the provision for litigation which represents a valuation at the date of closure of future obligations associated with a past event in respect of various disputes to which ITU is a party, as well as the average cost for the administrative expenses in respect of each case brought before the tribunal.

The provision for satellite network filings (SNF) comprises the amount corresponding to the free-of-charge publication that Administrations are entitled to request in the course of any given year. The entirety of this provision was used in the course of the financial period.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Provision** | | |
| **In thousands of CHF** | **SNF** | **Litigation** | **TOTAL** |
| **Opening balance** | **543** | **909** | **1,452** |
| Increase | 501 | 546 |  |
| Used during year | -116 | -226 |  |
| Release | -427 | -93 |  |
| Transfer |  |  |  |
| Unrealized exchange gain |  |  |  |
| **Closing balance** | **501** | **1,135** | **1,636** |

##### Note 19 Other debts

|  |  |  |
| --- | --- | --- |
| **In thousands of CHF** | **31.12.2017** | **31.12.2016** |
| Accounts payable | 944 | 3,592 |
| Employees miscellaneous | 823 | 651 |
| Goods receipt/Invoice receipt | 21 | 91 |
| UNDP | 22 | 740 |
| **Other debts** | **1,810** | **5,075** |

##### Note 20 Allocated and unallocated extra budgetary funds

In accordance with IPSAS 23, the balance of funds at the date of closure represents financing received and not yet expensed. Balances are presented in the corresponding line of the balance sheet and the movements in these funds are illustrated in the following table, which indicates whether or not the financing is allocated to a project from third party sources or from ITU funding.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Third-party funds allocated | Third-party funds awaiting allocation | **Total third-party funds** | **Own funds allocated to Extra-budgetary projects** |
| **Balance at 31.12.2016** | 23,612 | 3,813 | **27,425** | **7,654** |
| Increase | 10,189 | 686 | **10,875** | **3,767** |
| Decrease | -10,807 | -1,199 | **-12,006** | **-4,382** |
|  |  |  |  |  |
| **Closing balances 31.12.2017** | 22,994 | 3,300 | **26,294** | **7,039** |

There is a slight decrease in third-party funds allocated mainly due to the fact that external contributions and other allocations almost doubled in 2017. The implementation of earmarked projects maintained the same level as in the previous years.

The decrease in third-party funds awaiting allocation is mainly due to the transfers of funds towards new earmarked projects.

##### The decrease of ITU own funds allocated to projects is related to intensifying efforts in implementing various projects in 2017. There were also some amounts allocated from the 2017 budgetary surplus to BDT and TSB.

##### Note 21 Assessed contributions

The following table shows the contributions actually posted to account during the 2017 period.

|  |  |  |
| --- | --- | --- |
| **In thousands of CHF** | **31.12.2017** | **31.12.2016** |
| Contributions by Member States | 106’292 | 106’292 |
| Contributions by Sector Members | 14’210 | 14’710 |
| Contributions by Associates | 1’577 | 1’587 |
| Contributions by Academia’s | 306 | 299 |
| **Assessed contributions** | **122’384** | **122’888** |

By its Resolution 1375, adopted at its 2015 session, the Council approved the budget of the Union for the period 2016-2017.

The Council set the amount of the contributory unit for Member States at CHF 318’000 for 2016 and 2017, on the basis of 334 1/2 units. In the same Resolution, it set at CHF 63’600 the amount of the contributory unit for Sector Members for 2016 and 2017, this being 1/5 of the contributory unit for Member States. The financial contribution of Associates was set as follows: CHF 10’600 for Associates participating in the work of ITU-R and ITU-T, CHF 3’975 for Associates participating in the work of ITU-D, and CHF 1’987.50 for Associates participating in the work of ITU-D in the case of Associates from developing countries. The financial contribution for Academia, universities and their associated research establishments is set as follows: CHF 3’975 for developed countries and CHF 1’987.50 for developing countries participating in the work of the three sectors.

Regarding the regular budget, decreased revenues in contributions from Member States, Sector Members, Associates and Academia (CHF 122.8 million in 2016 and CHF 126.4 million in 2015), can be explained by the decrease of Units registered during the PP-14 in Busan. The choice of contributory units was done for the years 2016 to 2020.

##### Note 22 Revenue

##### Voluntary contributions

Voluntary contributions are sources of funding from third parties to support the Union in implementing development projects in favor of the UN-designated least developed countries. The total of voluntary contributions amounted to CHF 10.6 million in 2017 (CHF 10.2 million in 2016).

##### Other operating revenue

|  |  |  |  |
| --- | --- | --- | --- |
| **In thousands of CHF** | | **2017** | **2016** |
|  |  |  |  |
| Extra-budgetary revenue | | 7,506 | 8,960 |
| Publications Sales | | 19,592 | 18,995 |
| Satellite Network filing | | 15,342 | 13,231 |
| UIFN/UIPRN-UISC | | 139 | 113 |
| GMPCS-MoUs | | 6 | 10 |
| Recovery –Publications | | - | - |
| Other revenue | | 1,789 | 610 |
|  |  |  |  |
| **Other operating revenues** | | **44,374** | **41’919** |

Other operating revenue includes mostly cost recovery activities. The products and services for which ITU applies cost recovery are primarily registration of universal international freephone numbers (UIFN), Memorandum of Understanding on global mobile personal communication systems (GMPCS MoUs), publication sales. Project support revenue is included in inter-funds eliminations to provide a consolidated view of the financial performance of the Union.

Total other operating revenue increased by 5.5 per cent to CHF 44.3 million in 2017. This can be explained by the results of the main activities subject to cost recovery: sales of publications and Satellite network filings which amounted to CHF 34.9 million compared to CHF 32.2 million in 2016.

##### Finance revenue

|  |  |  |  |
| --- | --- | --- | --- |
| **In thousands of CHF** | | **2017** | **2016** |
|  |  |  |  |
| Investment interest | | 220 | 241 |
| Realized exchange gains | | 65 | 60 |
| Unrealized exchange gains | | -27 | 261 |
|  |  |  |  |
| **Finance revenue** | | **258** | **562** |

The situation of the negative interests on the Swiss francs and the Euros in place since 2015 still remained in 2017. Nevertheless, ITU has secured all the funds and no negative interest were applied on the cash kept in Swiss francs. The only currency where interest can be paid is the USD which explains the quite low level of investment revenue.

**Note 23 Expenses**

##### Employee expenses

Employee expenses cover all remuneration paid to staff members on permanent posts and all staff recruited for conferences or holding short-term contracts, such as base salary, post adjustment, language allowance, non-resident allowance, dependency allowance and overtime, as well as other employee expenses.

|  |  |  |
| --- | --- | --- |
| **In thousands of CHF** | **31.12.2017** | **31.12.2016** |
| Salaries and allowances | 93’653 | 96’025 |
| Other employee expenses | **55’095** | **50’974** |
| Installation and repatriation | 519 | 3,076 |
| Education grant | 3,443 | 3,594 |
| Home leave | 1,056 | 977 |
| Accrued leave | 702 | 865 |
| Health & accident insurance | 11,181 | 11,105 |
| UNJSPF contributions | 15,994 | 16,262 |
| Other expenses | 3,985 | 1,428 |
| ASHI adjustment | 18,214 | 13,667 |
| **Employee expenses** | **148’748** | **146’999** |

Despite a global increase of the employee expenses due to the ASHI adjustment we can note a decrease in salaries and allowances (2.5%).

##### Mission expenses

Mission expenses cover travel by experts and staff members sent on mission or participating in conferences or meetings. Mission expenses remained stable amounting to CHF 6.9 million in 2017. In 2017, several other UN organizations joined the Swisscard AECS Travel Agency for issuing their air tickets which resulted in an increase of the incentives ITU received, amounting to CHF 25.762 in 2017 (CHF 17.725 in 2016).

##### Contractual services

This category covers all emoluments, fees and expenses paid to companies providing consultants within the framework of agreements and contractual arrangements. It also covers special service agreements, expenses pertaining to language courses as part of training, and costs in respect of subcontracted services. Contractual contracts amounted to CHF 15.6 million in 2017 (CHF 14.1 million in 2016). A detailed situation is shown in the segment reporting (Note 23).

##### Rental and maintenance of premises and equipment

This category covers the rental of conference premises and meeting rooms, storage areas and parking spaces, IT equipment and other office equipment. It also covers the maintenance of buildings, green spaces, vehicles, technical and IT equipment and insurance against fire, flooding and other types of damage. Rental and equipment expenses amounted to CHF 4.4 million in 2017 (CHF 4.87 million in 2016).

##### Equipment and supplies, shipping, telecommunication and service expenses

Equipment and supplies includes office supplies, printer supplies, forms, cards, journals, books and bindings, IT supplies and software products that are not recorded as assets. Equipment and supplies amounted to CHF 3.87 million in 2017 (CHF 3.29 million in 2016). Shipping, telecommunications and service expenses amounted to CHF 1.57 million in 2017 (CHF 1.8 million in 2016).

##### Other expenses

|  |  |  |  |
| --- | --- | --- | --- |
| **In thousands of CHF** | | **2017** | **2016** |
| External audit expenses | | 93 | 65 |
| Participation to UN expenses | | 533 | 521 |
| Legal expenses | | 453 | 302 |
| Adjustment of provisions and other expenses | | 6,577 | 2,319 |
|  |  |  |  |
| **Other expenses** | | **7,656** | **3,207** |

Other expenses relate to the statutory annual audit of ITU’s books and accounts, carried out by the Corte dei Conti, as well as to the Union’s participation in the inter-organizational committees and services of the United Nations such as the Joint Inspection Unit, the United Nations High-Level Committee on Management and the Office for Information and Communications Technology.

Legal expenses include estimated costs for the outcome of open legal cases as well as the average cost for the administrative expenses in respect of each case brought before the tribunal.

The “Adjustment of provisions and other expenses” resulted mainly from the dissolution of the provision for doubtful debts due to the payment of overdue receivables but also from the use of the provision as per Decision 602 to withdraw unrecoverable. Despite this increase of adjustment, the overall provision for Debtors remained stable in 2017.

##### Finance expenses

|  |  |  |  |
| --- | --- | --- | --- |
| **In thousands of CHF** | | **2017** | **2016** |
|  |  |  |  |
| Bank charges | | 228 | 270 |
| Realized exchange loss | | 268 | 168 |
| Unrealized exchange loss | | 178 | -31 |
|  |  |  |  |
| **Finance expenses** | | **675** | **407** |

The realized and unrealized exchange losses stem essentially from the revaluation of open items in other currencies at the time of the annual closure. This revaluation is reverted as at 1 January of following year.

##### Note 24 Segment reporting – Statement of financial performance 2017

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **In thousands of CHF** | **Gen. Secret.** | **Radioc. Sector** | **Telec. Stand. Sector** | **Telec. Dev't Sector** | **Not attributable to a segment** | **Total Funds 1000+1010** | **New Building fund** | **Insurance fund** | **Voluntary contribs** | **FIT** | **ICTDF** | **UNDP** | **Telecom** | **Inter-sectors eliminations** | **Total** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **REVENUE** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Assessed contributions |  | 6,683 | 7,505 | 1,598 | 106,604 | **122,390** |  |  |  |  |  |  |  |  | **122,390** |
| Voluntary contributions |  |  |  |  | 8 | **8** |  |  | 2,261 | 8 ,316 |  | 25 |  |  | **10,610** |
| Publications | 69 | 19,280 | 35 | 202 | 6 | **19,592** |  |  |  |  |  |  |  |  | **19,592** |
| Cost recovery | 6 | 15,342 | 141 | - | 2,093 | **17,582** |  |  |  |  |  |  |  |  | **17,582** |
| Other revenue | 40 | 312 | 8 | 3 | 1,844 | **2,207** | 47 |  | 40 | 21 |  |  | 7,409 | -2,501 | **7,223** |
| Finance Revenue |  | 0 |  | 3 | 60 | **62** |  | 1 | 2 | 176 | 35 |  | -18 |  | **258** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total revenue** | **115** | **41,617** | **7,689** | **1,806** | **110,616** | **161,842** | **47** | **1** | **2,303** | **8,513** | **35** | **25** | **7,391** | **-2,501** | **177,655** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **EXPENSES** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Employee expenses | 66,100 | 25,324 | 10,857 | 22,257 | 18,214 | **142,752** | 18 | 22 | 837 | 1,786 | 81 | 22 | 3,230 |  | **148,748** |
| Mission expenses | 872 | 1,088 | 811 | 2,561 |  | **5,331** | 53 |  | 416 | 796 |  | - | 372 |  | **6,969** |
| Contractual services | 4,821 | 298 | 469 | 2,075 | 447 | **8,110** | 287 |  | 1,101 | 4,573 |  |  | 1,542 |  | **15,613** |
| Rental and maintenance of premises and equipment | 3,723 | 69 | 33 | 103 | 17 | **3,945** | 35 |  | 104 | 5 |  |  | 322 |  | **4,411** |
| Equipment and supplies | 1,141 | 395 | 65 | 482 | 224 | **2,307** | 5 |  | 280 | 1,145 |  |  | 139 |  | **3,875** |
| Depreciation |  |  |  |  | 5,070 | **5,070** | 0 |  | 86 | 56 |  |  |  |  | **5,212** |
| Shipping, telecommunication and services expenses | 1,099 | 251 | 52 | 157 |  | **1,560** |  |  | 1 | 10 |  |  | 6 |  | **1,576** |
| Auditing of accounts and inter-organizational contributions | 573 |  |  | 53 |  | **626** |  |  |  |  |  |  |  |  | **626** |
| Other expenses | 40 |  | 0 | 17 | 6,811 | **6,868** | 320 |  | 0 | 569 |  | 2 | 1,771 | -2,501 | **7,030** |
| Finance expenses | 135 | 17 | 11 | 39 | 369 | **571** |  |  | 22 | 51 | 16 |  | 12 |  | **674** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total expenses** | **78,504** | **27,442** | **12,298** | **27,744** | **31,152** | **177,140** | **718** | **22** | **2,848** | **8,990** | **98** | **25** | **7,394** | **-2,501** | **194,733** |
| **Surplus / (deficit) for the period** | **-78,389** | **14,175** | **-4,609** | **-25,939** | **79,463** | **-15,298** | **-671** | **-21** | **-545** | **-477** | **-63** | **0** | **-3** | **-** | **-17,078** |

**Segment reporting – Statement of financial performance 2016**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **In thousands of CHF** | **Gen. Secret.** | **Radioc. Sector** | **Telec. Stand. Sector** | **Telec. Dev't Sector** | **Not attributable to a segment** | **Total Funds 1000+1010** | **Insurance fund** | **Voluntary contribs** | **FIT** | **ICTDF** | **UNDP** | **Telecom** | **Inter-sectors eliminations** | **Total** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **REVENUE** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Assessed contributions |  | 6,776 | 7,879 | 1,642 | 106,591 | 122,888 |  |  |  |  |  |  |  | 122,888 |
| Voluntary contributions |  |  |  |  | 3 | 3 |  | 3,053 | 6,328 |  | 847 |  |  | 10,232 |
| Publications | 90 | 18,703 | 39 | 163 |  | 18,994 |  |  |  |  |  |  |  | 18,994 |
| Cost recovery | 10 | 13,231 | 118 | - | 152 | 13,510 |  |  |  |  |  |  | 2,517 | 16,027 |
| Other revenues | 38 | 280 | 1 | 1 | 176 | 495 |  | 1 | 72 |  |  | 8,846 |  | 9,414 |
| Finance Revenue |  | 0 |  | 1 | 360 | 361 | 1 | 1 | 183 | 1 |  | 15 |  | 562 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total revenue** | **138** | **38,990** | **8,037** | **1,807** | **107,281** | **156,252** | **1** | **3,055** | **6,583** | **1** | **847** | **8,861** | **2,517** | **178,117** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **EXPENSES** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Employee expenses | 68,005 | 25,288 | 11,696 | 22,165 | 13,667 | 140,822 | 22 | 874 | 1,038 | 80 | 766 | 3,397 |  | 146,999 |
| Mission expenses | 854 | 949 | 979 | 2,416 |  | 5,199 |  | 578 | 805 |  | 2 | 413 |  | 6,997 |
| Contractual services | 4,440 | 186 | 488 | 2,164 | 183 | 7,461 |  | 854 | 4,298 |  |  | 1,494 |  | 14,107 |
| Rental and maintenance of premises and equipment | 3,850 | 44 | 59 | 89 | 174 | 4,216 |  | 137 |  |  |  | 519 |  | 4,872 |
| Equipment and supplies | 1,101 | 535 | 143 | 567 | 18 | 2,363 |  | 180 | 635 |  |  | 113 |  | 3,291 |
| Depreciation |  |  |  |  | 5,359 | 5,359 |  | 249 | 2 |  |  |  |  | 5,610 |
| Shipping, telecommunication and services expenses | 1,359 | 192 | 67 | 147 |  | 1,765 |  | 2 | 12 |  |  | 25 |  | 1,804 |
| Auditing of accounts and inter-organizational contributions | 537 |  |  | 50 |  | 587 |  |  |  |  |  |  |  | 587 |
| Other expenses | 25 |  | 10 | 10 | 1,980 | 2,024 |  | 146 | -3 |  |  | 453 | 2,517 | 5,137 |
| Finance expenses | 228 | 25 | 20 | 52 | -15 | 309 |  | 12 | 65 |  |  | 21 |  | 407 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total expenses** | **80,854** | **27,219** | **13,462** | **27,658** | **21,366** | **170,104** | **22** | **3,032** | **6,852** | **80** | **768** | **6,435** | **2,517** | **189,810** |
| **Surplus / (deficit) for the period** | **-80,717** | **11,770** | **-5,426** | **-25,852** | **85,915** | **-13,852** | **-21** | **23** | **-269** | **-79** | **79** | **2,426** | **-** | **-11,693** |

##### Note 25 Regional Presence

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **AFRICA** | | **AMERICAS** | | **ARAB** | | **ASIA & PACIFIC** | | **CIS** | | **EUROPE** | |
|  | **Budget** | **Actuals** | **Budget** | **Actuals** | **Budget** | **Actuals** | **Budget** | **Actuals** | **Budget** | **Actuals** | **Budget** | **Actuals** |
| Employee expenses | 1,865 | 1,954 | 2,036 | 2.066 | 860 | 788 | 1,267 | 1,214 | 390 | 313 | 535 | 473 |
| Mission expenses | 55 | 48 | 55 | 52 | 35 | 38 | 40 | 43 | 25 | 23 | 20 | 23 |
| Contractual services |  | 7 |  | 1 |  | 2 |  | 6 |  | - |  | - |
| Rental and maintenance |  | 30 |  | 6 |  | 1 |  | 5 |  | - |  | - |
| Equipment and supplies |  | 6 |  | 8 |  | 1 |  | 2 |  | 4 |  | 4 |
| Shipping, telecommunication |  | 27 |  | 17 |  | 5 |  | 9 |  | 1 |  | 1 |
| Other expenses |  | 47 |  | 23 |  | 1 |  | 3 |  |  |  | - |
| Total is KCHF | **1,920** | **2,255** | **2,091** | **2,173** | **895** | **835** | **1,307** | **1,282** | **415** | **340** | **555** | **495** |

The variances under non-staff costs are mainly due to the fact that, in the 2016-2017 biennium, the budget for operating expenditure (equipment, supplies, audit, etc.) for BDT as a whole, including regional offices, was centralized under BDT common expenditure, whereas the actual expenditure was booked under each regional office.  This situation has been reviewed in the 2018-2019 budget, for operating expenditures, contributions to the pension fund and MORSS entitlements where the related appropriations have been adjusted and allocated to the regional offices budgets.

Over-expenditure in staff costs for the Africa and America regional offices is mainly due to the under-estimation of staff and other staff costs for the staff members, especially for the contributions to the pension fund, the family allowance, the education grants, the travel allowances, MORSS entitlements and the assignment expenses.

##### Note 26 Reconciliation between budgeted amounts and actual amounts

The financial statements include:

• ITU regular budget;

• ITU TELECOM events;

• Voluntary contributions;

• SS&B funds;

• UNDP, trust funds and ICTDF projects.

The Union’s budget and financial statements are established on different bases. The 2016-2017 budget is established on a mixed basis, with a number of specific items that are not dealt with on an accrual basis. Furthermore, the ITU budget deals solely with the Union’s core activity and not with activities financed by voluntary contributions, projects and funds.

The Union’s financial statements are drawn up on an accrual basis using a classification based on the nature of the expenses recorded in the statement of financial performance (see Table II).

The perimeter differences are due to the Extra-budgetary funds, which are not part of the regular budget. In order to reconcile the final result for budgetary control of the net result of the period after IPSAS adjustments, account has to be taken of the differences between the budget presentation and the accrual accounting (see Table V). In the budget, expenses relating to non-expendable equipment are recognized as investment expenses. In accrual accounting, non-expendable equipment (items over CHF 5’000) are entered in the accounts as fixed assets and depreciated over their probable period of use, with the exception of fixed assets acquired with Extra-budgetary funds and transferred to the beneficiary of the project. The depreciation expense associated with the fixed assets is recognized in the statement of financial performance and is not taken into account in the budget.

In the budget, expenses corresponding to employee benefits are taken into account as and when they are paid, whereas in accrual accounting a part of the expenses is estimated by an actuary using a methodology set out in the accounting standards. After-service health insurance obligations are recognized in the statement of financial position, as indicated in Note 16. Realized and unrealized exchange-rate differences are not taken into account in the budget but reflected in the statement of financial performance. The same goes for the provision for doubtful debts and recognition of inventories. Repayment of the FIPOI loan was not considered as an expense in the statement of financial performance, even though it had been budgeted.

Interest associated with the interest-free loans granted by FIPOI was calculated under normal market conditions and was not paid but was recognized as an in-kind contribution and expense in the statement of financial performance.

In the 2017 financial year, revenue and expenses of CHF 160.86 million were budgeted. A constant monitoring of expenses as well as increase revenue from cost recovery and sales of publications resulted in a budgetary surplus of CHF 11.36 million.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2017** | | | |
|  | **Operating** | **Investment** | **Finance** | **Total** |
|  | in thousands of CHF | | | |
| **Results on a comparable basis** | 11,365 |  |  | **11,365** |
| Changes in and use of provision for doubtful debts | -5,939 |  |  | -5,939 |
| Recognition of inventories | 128 |  |  | 128 |
| Capitalization of fixed assets |  | 2,021 |  | 2,021 |
| Depreciation | -4,656 |  |  | -4,656 |
| Exchange-rate gains and losses | -604 |  |  | -604 |
| ASHI | -18,214 |  |  | -18,214 |
| Repayment of FIPOI loan not considered as expense |  |  | 1,493 | 1,493 |
| In-kind revenue | 882 |  |  | 882 |
| In-kind expenses | -882 |  |  | -882 |
| Sale of assets | 5 |  |  | 5 |
| Other | -29 |  |  | -29 |
| **Total IPSAS differences** | **-29,309** | **2021** | **1493** | **-25794** |
| Gain Fund 1000/1010 | -17,944 | 2,021 | 1,493 | -14,429 |
| Increase of Fund 1010 reserves | -869 |  |  | -869 |
| **Total surplus** | **-18,813** | **2,021** | **1,493** | **-15,298** |
| **Perimeter differences** | **-1,780** |  |  | **-1,780** |
| **Surplus as shown in the statement of financial performance** | **-20,593** | **2,021** | **1,493** | **-17,078** |

**Note 27 Related-party disclosures**

The following entity is to be considered as a related party:

– the United Nations Joint Staff Pension Fund (UNJSPF).

The ITU Council comprises 48 Member States, without specific individuals being designated.

The Union is managed by the Secretary-General, as executive head, assisted in that task by the Deputy Secretary-General and the Directors of the Union’s three sectors (high-ranking officials sitting on the Coordination Committee): Radiocommunication Sector (ITU-R), Telecommunication Standardization Sector (ITU-T) and Telecommunication Development Sector (ITU-D). The five Elected Officials are assisted by four Senior Officials at grade D.2), and by 20 other management officials at grade D.1 (chiefs of department or heads of unit).

The total remuneration paid to key management officials comprises net salary, post adjustment, allowances such as representation expenses, installation grant, repatriation grant, accrued leave, rental subsidy and removal of personal effects.

Key management officials are also entitled to the same benefits as staff in the Professional category, namely:

– home leave;

– education grant;

– post-employment benefits.

These benefits cannot be separately quantified in a reliable manner.

Key management officials are ordinary participants in the United Nations Joint Staff Pension Fund.

In 2017, the Union did not grant any loan or pay any other remuneration to the main management officials or to members of their families.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **31.12.2017** | | **31.12.2016** | |
| **In thousands of CHF** | **Number of persons** | **Total remuneration** | **Number** | **Total remuneration** |
| **of persons** |
| 5 elected officials | 5 | 2,143 | 5 | 1,973 |
| **Main management officials** | **5** | **2,143** | **5** | **1,973** |
| D.2 directors | 4 | 1,119 | 4 | 1,217 |
| D.1 directors | 20 | 4,656 | 19 | 5,606 |
| **Total chiefs of department** | **24** | **5,852** | **23** | **6,823** |
| **Total main management officials – ITU** | **29** | **7,995** | **28** | **8,796** |

##### Note 28 Obligations

ITU has concluded a contract with a third-party provider for the rental, installation and maintenance of digital black/white and colour printing systems. This contract entered into force in 2014 and will run until 2020. ITU has no finance leases. Rentals payable under operating leases are recognized as expenses in the statement of financial performance. ITU will bear additional costs according to the number of photocopies actually processed on the basis of a contractually defined cost per page.

Future minimum payments to be effected under this contract are as follows:

|  |  |  |
| --- | --- | --- |
| **In thousands of CHF** | **31.12.2017** | **31.12.2016** |
|  |  |  |
| Less than one year | 278 | 278 |
| Between one and five years | 556 | 834 |
| Over five years | - | - |
|  |  |  |
| **Leasing obligations** | **834** | **1’112** |

The Union has contractual obligations with different service providers. These contracts, which can be terminated at short notice, do not represent a predefined financial commitment.

##### Note 29 Events after the reporting date

No event after the date of closure having a significant impact on the financial statements for the 2017 financial year is to be noted subsequent to the signature of the financial statements and their submission to the Council by the Secretary-General for approval on 26 March 2017.

**I REGULAR BUDGET (Annex A1)**

Regular budget

1. In the 2017 financial year, revenue and expenses of 160.86 million were budgeted.

Revenue

1. A budget of CHF 1.3 million was allocated for the Building (CHF 0.75 million) and ICT projects (CHF 0.5 million) for 2017.The related expenses for 2017 are included in the total expenses of the General Secretariat.

**Assessed contributions**

1. Revenue from assessed contributions is budgeted at CHF 124.4 million a year for the biennium 2016-2017. Total contributions actually posted to account amounted to CHF 122.39 million in 2017.
2. Overall, the total of Sector Members, Associates and Academia was up slightly in 2017. Behind this stability in membership totals, there has been significant movement of new members joining and others leaving the Union. Industry consolidation, including merges/acquisitions, and rationalization of costs, led to a decrease in Sector Memberships in the previous year. However, a successful retention and acquisition strategy in 2017, including reaching out to new non-traditional industry players, continued gains in Academia and a significant reduction in the member “churn” rate (from 9% to 4%), resulted in a small positive net growth.

**Project support cost revenue**

1. Project support cost revenue for 2017 was budgeted at CHF 1.3 million. Actual revenue amounted to CHF 0.5 million, and remained stable compared with 2016.

Sales of publications

1. Revenue from sales of publications in 2017 reached CHF 19.5 million exceeding annual budget expectations by CHF 1.0 million, benefiting from stable stales of ITU maritime-related publications.  The bi-annual 2016-2017 budgeted sales of CHF 37.0 million for sales of ITU publications thus exceeded CHF 1.5 million.  Sales development activities continued in 2017 to ensure expansion of sales income.  Seven new resellers joined ITU to expand distribution/availability via traditional reseller channels of ITU-R maritime publications, which benefitted in 2017 from an added level of anti-counterfeit controls developed by ITU-T.  Several licensing agreements for use of data from the ITU-D’s Indicators Database, including with Financial Times and Ernst & Young, were renewed.  Newly signed agreements with OECD and UN Publications to include sales of digital versions of ITU publications (with royalty benefits) via new platforms including the ITU iLibrary, UN Publications, the Amazon.com networks, and iBooks were implemented in 2017.

Products and services under cost recovery

1. Products and services under cost-recovery revenue was forecast at CHF 14.75 million in the regular budget 2017. Actual revenue came to CHF 17 million (CHF 15 million in 2016). This increase of 16% is due to the good result of the Satellite network filing.

Interest revenue

1. Interest revenue was budgeted at CHF 0.3 million. Actual revenue came to KCHF 29 (KCHF 68 in 2016). In 2017, the market conditions related to the Swiss francs had tightened and although the ITU fund was secured, no positive interest was paid.

Expenses

1. Information related to expenses is provided in Note 23.
2. Given the strong activity within the Telecommunication Standardization Sector, and as was already the case in 2016, the implementation rate of its 2017 budget is close to 100%. The unspent balance of approximately CHF 142,000 is mainly attributable to staff costs.
3. The Radiocommunication Bureau (BR) managed its 2017 activities effectively, with rigorous control and in the most efficient manner, to ensure that funds are applied according to planned activities. It is important to underline that although BR has been able to achieve some financial savings, there are still a number of ongoing activities and additional funding would be required during 2018-2019, particularly with the forthcoming World Radiocommunication Conference (WRC-19) scheduled for October/ November 2019.  Furthermore, it is important to highlight the significant amount of work put in place for the modernization of its operational systems as requested by WRC-15 (Res.907 and Res.908).
4. There has been some revenue increase in the Satellite Network Filings (SNFs) cost recovery and publications which has generated an increased workload for the BR staff. Additional human resources are required to enable BR to meet the deadlines set by Member States to eliminate filing backlogs. The situation is currently managed through the use of temporary assistance; however should the trend continue in the same pattern, a more stable solution would have to be considered.
5. The finances of the Radiocommunication Bureau are in a stable and positive state and it is expected that the same level will be maintained in 2018.
6. 2017 has been another important year for the ITU-D Sector. The seventh World Telecommunication Development Conference (WTDC-17) was held from 9 to 20 October 2017 in Buenos Aires, Argentina, under the theme of "ICT for Sustainable Development Goals”. The main outcomes of the conference, inter alia, were the following:

- Adoption of the Buenos Aires Declaration, highlighting the main conclusions and priorities established by the conference, and reinforcing the political support towards ITU’s development mission and strategic objectives;

- Agreement on the ITU-D contribution to the strategic plan of ITU for 2020-2023, to be considered at the next plenipotentiary conference to be held in in Dubai, UAE in 2018;

- Adoption of the Buenos Aires Action Plan (BaAP) that aligns the work of the ITU-D with the strategic objectives of ITU so as to assist countries in harnessing the full benefits of ICTs.

1. As at 31 December 2017, out of total of 270 actions (specific activities) planned for 2017 by BDT from the operational budget, 260 have been implemented and 10 were postponed. Details of all implemented activities are found in [the Performance Report 2017](https://www.itu.int/en/ITU-D/Pages/OperationalPlansPerformanceReports.aspx).
2. Total expenditure of BDT amounted to 27.7 million Swiss francs in 2017, or 95.1 per cent of the approved budget of 29.2 million Swiss francs. The overall savings amounted to 1.4 million Swiss francs. Over half of the savings (0.76 million Swiss francs) was related to the operations of the BDT Bureau under the acquisition of materials, mission expenses and contractual services.

Expenses not foreseen in the budget

1. An amount of CHF 18.2 million was recognized as expense for adjustment of the After-Service Health Insurance (ASHI) provision for employees.
2. An in-kind contribution was recognized as both an expense and a revenue. This recognition of the in-kind contribution is further to the Swiss Parliament’s decision, which took effect on 1 January 1996, to cease charging interest on loans granted by the Building Foundation for International Organizations (FIPOI). At 31 December 2017, this contribution represents a saving for the Union of some KCHF 882, based on a long-term interest rate of 3.25 per cent.
3. An amount of CHF 4.6 million was recognized as expense for depreciation registered during the 2017 period.

Reserve for debtors

1. Following the payment of receivables amounting to CHF 2.7 million for which a provision had been constituted in past years, the provision for doubtful debts has been reduced accordingly. At year end, an adjustment was recorded amounting to CHF 5.9 million for the regular budget and KCHF 240 for Telecom World 2017 related doubtful debts.

Fellowships

Table in thousands of CHF

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Budget 2017 | Expenses 2017 | Available | Utilization rate |
| Regular budget | 1’686 | 1’131 | 555 | 67% |
|  |  |  |  |  |

1. The expenses allocated to fellowships for 2017 by the Extra-budgetary funds amounted to KCHF 275, including KCHF 12.5 for TELECOM.

Reserve Account

1. In accordance with No. 485 of the Convention and Article 27 of the Financial Regulations, the Reserve Account is maintained mainly from unused appropriations. It is thus made up of ITU’s own funds.
2. The Reserve Account also includes funds derived from those activities in respect of which ITU applies the cost-recovery principle pursuant to Council Resolution 1113 (Document C97/133). The products and services to which ITU applies cost recovery are currently:

– registration of universal international freephone numbers (UIFN);

– Memorandum of Understanding on global mobile personal communication systems (GMPCS MoUs);

– processing of satellite network filings;

– registration of universal international premium-rate numbers (UIPRN) and universal international shared-cost numbers (UISCN);

– TELECOM;

– publication sales;

– project support revenue.

II NEW HEADQUARTERS PREMISES (ANNEX A2)

1. ITU, in collaboration with the Building Foundation for International Organizations (FIPOI), has organized a competition for the construction of a new building to replace the Varembé building, which will be demolished. This new building will represent ITU Headquarters in Geneva.
2. An international project architecture competition, in a multi-stage open procedure, was organized in accordance with the "Procedures and forms for awarding architectural services mandates" of the Swiss Society of Engineers and Architects (SIA).
3. The first meeting of the Jury took place from 27 to 29 June 2017 in Geneva at ITU Headquarters. About fifteen projects were selected for which the Jury Members requested further development. The 2nd meeting of the Jury took place from 7 to 9 November 2017 in Geneva at ITU Headquarters. During this meeting, the 15 candidates of the selected projects of the 1st round were examined, among which 4 successful candidates.
4. Of these 4 winners, the members of the Jury made the final selection of the winner Mr. Christian Dupraz for his Microcosm Project.
5. The Project Competition Phase for this new building lasted one year according to the established Plan. The expenses related to the activities of this first phase amounted to CHF 718,158 and are below the allocated budget.

III STAFF SUPERANNUATION AND BENEVOLENT FUNDS (ANNEX A3)

1. The ITU Staff Superannuation and Benevolent Funds are the set of funds that guarantee the pensions of employees who were in service prior to 1 January 1960, the date on which ITU became affiliated to the United Nations Joint Staff Pension Fund. They originally comprised several individual funds and accounts. At the end of 2017, the Reserve and Complement Fund paid out 23 retirement pensions and 22 survivor’s pensions; and the Assistance Fund served to assist staff members and pensioners in difficult financial situations. The most recent calculation of the obligations to be provisioned for beneficiaries of the ITU Staff Superannuation and Benevolent Funds was made on 31 December 2011.
2. Pursuant to Resolution 7 (Geneva, 1959) of the Plenipotentiary Conference, the staff of ITU is affiliated, as from 1 January 1960, to the United Nations Joint Staff Pension Fund. Under Article 86 of the Regulations of the ITU Staff Superannuation and Benevolent Funds, those Funds are managed by the Union. The assets of the Funds must be invested in trustee securities. The accounts of these Funds are verified by the External Auditor as part of the periodic audits of the accounts of the Union.
3. A current account for each of the two remaining Funds is held with the Credit Mutuel in France. The Reserve and Complement fund presented a deficit of CHF 21’862.80.

IV UNITED NATIONS DEVELOPMENT PROGRAMME (ANNEX A4)

1. Within the various categories of UNDP projects, ITU can be the executing agency either on an exclusive basis or jointly with UNDP.
2. In general, there are two categories of UNDP projects: projects executed by ITU and projects executed by governments.
3. For projects that are either partially or entirely executed by ITU, the Union has a budgetary allocation from UNDP. At the end of each year, on the basis of the project delivery report (PDR), UNDP reimburses ITU for all expenditure incurred, within the allocation. For the support that ITU provides to the projects, ITU has an allocation that is based pro rata on the expenditure recorded in the PDRs.
4. In 2017, the operating fund with UNDP shows a balance of CHF 317’959 in ITU’s favor (CHF 740’420 in UNDP’s favor in 2016).
5. In 2017, UNDP project expenses amounted to CHF 24,676 (including CHF 2’260 for support costs).

V TRUST FUNDS (ANNEX A5)

1. The Special Fund for Technical Cooperation (SFTC) was designed to meet the needs of developing countries requesting urgent assistance. It is based on voluntary contributions, either in cash in any currency or in some other form.
2. Unused appropriations for all types of projects from third parties as well as ITU funds amounted to CHF 20.6 million in 2017 (similar in 2016). The balance of third-party funds in the process of allocation, which stood at CHF 1.9 million at the end of 2017 (CHF 2,4 million at the end of 2016), represents newly received funds for projects about to start as well as residual funds from closed projects, which balance will either be returned to donors or allocated to new projects.
3. In 2017, liquid assets amounted to CHF 21.3 million (CHF 20.6 million in 2016). Investments amounted to CHF 9.3 million at the end of 2016 (CHF 7.4 million in 2016). These deposits yielded interest amounting to KCHF 172 in 2017 (KCHF 171 in 2016).

**Project delivery and support costs 2017**

1. In 2017, expenses for all types of trust fund projects amounted to CHF 9 million, as against CHF 7.3 million in 2016. The support costs amounted to KCHF 568 in 2017 (KCHF 458 in 2016).

VI VOLUNTARY CONTRIBUTIONS (ANNEX A6)

1. In 2017, liquid assets amounted to CHF 9 million (CHF 2.9 million in 2016). This decrease is explained by the reclassification of investments (deposit accounts) into cash accounts. Due to the negative interests on the Swiss francs, the deposit accounts are in the process of being closed.
2. In 2017, expenses for all types of Voluntary contributions amounted to CHF 2.8 million, as against CHF 3 million in 2016.

VII ICT DEVELOPMENT FUND (ANNEX A7)

1. At the end of 2017, the available funds of the ICT Development Fund (ICTDF) amounted to CHF 1 million (CHF 1.4 million in 2016). For 2017, an amount of KCHF 250 (KCHF 74 in 2016) was allocated to the financing of ICT development projects.
2. In 2017, interest from projects financed by the ICTDF was calculated on total appropriations.
3. The interest amounted to KCHF 33 and was transferred to the ICTDF.

VIII ITU TELECOM WORLD 2017 (ANNEX A8)

1. The event budget was approved on 30 March 2017 with an expected total revenue of CHF 8,213,000 and total expenses of CHF 7,711,500 that would generate an event result of CHF 501,500.
2. The Host Country made significant contributions both in monetary terms and in-kind allocation of free goods and services, in accordance with the Host Country Agreement between ITU and the Government of the Republic of Korea. The amount of monetary contributions from the Host Country totaled CHF 2.3 million which comprised a lump sum payment of CHF 2 million to share ITU Telecom’s core expenses in the preparation, planning and implementation of the Event including costs relating to the Fellowship Programme. In addition to the lump sum, an amount of CHF 301,725.63 was received from the Government for staff missions to the Host Country and contribution for a mobile stand at ITU to promote the event during Council 2017. Such financial support from the Host Country represented 31% of the total actual revenue. Goods and services of a significant value were also provided by the Host Country, free-of-charge including the venue with electricity and cleaning services, security services, local staff, IT equipment, local transportation for participants, etc.
3. As of December 2017, ITU TELECOM WORLD 2017 showed an event result of CHF 22,753.45 with a total actual revenue of CHF 7,411,099.17 (90% of revenue budget of CHF 8,213,000) and overall actual expenses of CHF 7,388,345.72 (96% of total expense budget of CHF 7,711,500). Provisions for unpaid debts as of 31 December 2017 in the amount of CHF 240,400 have been included in the total expense. Out of the direct cost budget of CHF 3,132,500 only CHF 2,883,314.90 (92%) were spent. The continuous application of efficiency measures by the ITU Telecom Secretariat and the financial controls exercised by the Financial Resources Management Department led to these savings. The actual indirect cost of CHF 4,505,030.82 represents 98% of the core expense budget.
4. Actual total revenue represents 90% of the budget. Earnings from sponsorships and contributions correspond to 80% of the budget while actual revenue from space rental is equivalent to 98% of the budget. Host Country contribution was estimated at CHF 2,208,500 while actual amount paid to ITU was CHF 2,301,725.63 (104%). This is mainly due to the request from the Host Country for ITU to purchase on their behalf 30 business class air tickets for staff event missions in order to avail of reduced rates, representing some savings for the Host Country. The cost of these 30 air tickets have been paid by the Host Country to ITU and reflected as revenue. The total actual revenue consists of 44% sponsorships and contributions, 39% space rental, 15% other event-related revenue and 2% admission fees.
5. Actual total expenses represented only 96% of the budget as explained in Annexes C and D below. The concerted efforts between ITU Telecom and the Financial Resources Management Department in carefully monitoring and reducing expenses made possible the lower level of direct costs which correspond to only 92% of the budget.
6. Core expenses comprising ITU cost recovery and ITU Telecom Secretariat cost during the period when the staff have rendered services for the event, are slightly lower than the budget (98%). Actual amount of cost recovery is the same as the budget.
7. A positive event result of CHF 22,753.45 as of 31 December 2017 has been generated by the Event. As of 31 December 2017, provisions for the outstanding debts from five (5) entities totaled CHF 240,400. Taking into consideration the joint efforts of ITU Telecom and the Financial Resources Management Department to regularly follow-up on the payment of outstanding amounts, CHF 50,000 was received after 31 December 2017 reducing the number of debtors to four (4) and leading to an event result of CHF 72,753.45 as of the time of this writing.
8. The Exhibition had a total of 5,968 m2 paid exhibition space which included raw space of 4,661 m2 and turnkey stands of 1,307 m2. The sold exhibition space was significantly higher than during ITU Telecom World 2016 wherein the total exhibition space sold was 3,956.50 m2 (66% of 2017) comprising 3,042.50 m2 (65%) of raw space and 914 m2 (70%) of turnkey stands. The rented raw space of 4,661 m2 corresponded to 130% of the area forecasted in the budget which is 3,600 m2.
9. Actual revenue from rental of raw space amounted to CHF 1,853,924 which is almost the same as the budget. The space rental included discounted rates in line with policies and procedures.
10. Total income from exhibition admission fee amounted to CHF 12,545 which represents 81% of the budget. In order to entice more visitors, the admission fee for this event was established at CHF 5 which is the lowest compared to past events. There were 2,509 paid visitors during this event while there were only 381 in 2016 (CHF 10) and 212 in 2015 (CHF 30). Therefore, there was a significant increase in the number of paid visitors by 2,128 compared with 2016 and 2,297 compared with 2015.
11. A fixed amount of CHF1.5 million for ITU cost recovery (core expense) has been foreseen in the budget, which represented the salaries and remunerations of staff in other departments who have rendered services for ITU Telecom World 2017.
12. The actual cost of ITU Telecom Secretariat (core expense) which was charged to the event represented 98% of the budget. These charges were calculated based on the information conveyed by ITU Telecom management on the percentage of time that ITU Telecom staff dedicated to the event during 2016 and 2017 or 20% and 80%, respectively.

IX EXTERNAL AUDIT OF THE UNION’S ACCOUNTS

1. Pursuant to Article 28 of the Financial Regulations, the External Auditor of the Union’s accounts is the supreme audit institution of Italy which has been appointed by Council at its 2011 session, in a manner decided by the Plenipotentiary Conference and for a four-year term. The audit was carried out in accordance with generally accepted common auditing standards and, subject to any special directions of the Council, in accordance with the Additional terms of reference governing external audit set out in Annex 1 to the Financial Regulations.
2. Pursuant to the United Nations accounting standards, the information submitted for auditing is presented in the form of statements or tables.
3. The audited accounts are submitted to the Council for approval. They are accompanied by the reports of the External Auditor, who will be invited to introduce his reports at the relevant meeting of the Council.

AUDIT CERTIFICATE

*(To be inserted in the audited Financial Operating Report for the financial year 2017)*

ANNEX A1

**Regular Budget**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Revenue** | **Budgeted amounts** | | | | **Actual amounts** | **Difference between final budget and actual amounts** |
| **Initial Budget** | **Deferred Activity** | **Budget transfers** | **Final budget** |
| **31.12.2017** | **31.12.2017** | **31.12.2017** | **31.12.2017** | **31.12.2017** | **31.12.2017** |
|  |  |  |  |  |  |  |
| *Assessed contributions Member States* | *106,371* |  |  | *106,371* | *106,292* | *-80* |
| *Assessed contributions Sector Members* | *15,875* |  |  | *15,875* | *14,210* | *-1,665* |
| *Assessed contributions Associates* | *1,955* |  |  | *1,955* | *1,577* | *-378* |
| *Assessed contributions Academia* | *200* |  |  | *200* | *306* | *106* |
|  |  |  |  |  | *7* |  |
| **Assessed contributions** | **124,401** |  |  | **124,401** | **122,390** | **-2,011** |
|  |  |  |  |  |  |  |
| *Support cost* | *1,375* |  |  | *1,375* | *571* | *-804* |
| *Sales of Publications* | *18,500* |  |  | *18,500* | *19,592* | *1,092* |
| *UIFN* | *250* |  |  | *250* | *139* | *-111* |
| *TELECOM* | *1,500* |  |  | *1,500* | *1,500* | *-* |
| *SNF Cost recovery* | *13,000* |  |  | *13,000* | *15,342* | *2,342* |
| *Cost recovery other* |  |  |  | *-* | *30* | *30* |
| **Cost recovery** | **34,625** |  |  | **34,625** | **37,174** | **2,549** |
|  |  |  |  |  |  |  |
| **Interests** | **300** |  |  | **300** | **29** | **-271** |
| **Other revenue** | **100** |  |  | **100** | **1,441** | **1,341** |
| **Withdrawal from Reserve Account** | **1,117** | **317** |  | **1,434** | **-** | **-1,434** |
|  |  |  |  |  |  |  |
| **Total revenue** | **160,543** |  | **-** | **160,860** | **161,034** | **174** |
| **Expenses** | **Budgeted amounts** | | | | **Actual amounts** | **Difference between final budget and actual amounts** |
| **Initial Budget** | **Deferred activity** | **Budget transfers** | **Final budget** |
| **31.12.2017** |  | **31.12.2017** | **31.12.2017** | **31.12.2017** | **31.12.2017** |
| *General Secretariat* | *90,761* |  | *-116* | *90,645* | *81,762* | *8,883* |
| *Radiocommunication Sector* | *28,603* |  |  | *28,603* | *27,234* | *1,369* |
| *Telecommunication Standardization Sector* | *12,438* |  |  | *12,438* | *12,296* | *142* |
| *Telecommunication Development Sector* | *28,741* | *317* | *116* | *29,174* | *27,733* | *1,441* |
| *Expenses not foreseen in approved budget* |  |  |  | *-* | *644* | *-644* |
| **Total expenses** | **160,543** |  | **-** | **160,860** | **149,669** | **11,191** |
| **Result** |  |  |  |  | **11,365** | **11,365** |

ANNEX A2

**New headquarters premises**

|  |  |
| --- | --- |
| **Statement of financial performance for the 2017 period** | |
| (in thousands of Swiss francs) | **31/12/2017** |
|  |  |
| **REVENUE** |  |
|  |  |
| Operating revenue | 48 |
|  |  |
| **Total revenue** | **48** |
|  |  |
| **EXPENSES** |  |
|  |  |
| Employee expenses | 18 |
| Mission expenses | 52 |
| Contractual services | 287 |
| Rental and maintenance of premises and equipment | 35 |
| Equipment and supplies | 5 |
| Shipping, telecommunication and service expenses | 0 |
| Other expenses | 320 |
| Finance expenses | 0 |
|  |  |
| **Total expenses** | **718** |
| **Surplus/deficit for the period** | **-671** |

|  |  |
| --- | --- |
| **Statement of financial situation at 31 December 2017** | |
| (in thousands of CHF) | **31/12/2017** |
| **ASSETS** |  |
|  |  |
| Cash and cash equivalents | 407 |
| Investments | - |
| Receivables | - |
|  |  |
| **Total ASSETS** | **407** |
| **LIABILITIES** |  |
|  |  |
| Suppliers and other creditors | 358 |
| Borrowings and financial debts | 720 |
| Own fund allocated | -671 |
|  |  |
| **TOTAL LIABILITIES** | **407** |

ANNEX A3

Staff Superannuation and Benevolent Funds - See Note 2

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Statement of financial performance for the 2017 period with 2016 comparative figures** | | | | |
|  | **Reserve and Complement fund** | | **Assistance fund** | |
|  | CHF | | CHF | |
|  | 2017 | 2016 | 2017 | 2016 |
| EXPENSES |  |  |  |  |
|  |  |  |  |  |
| Pensions | 21,862.80 | 21,862.80 | - | - |
| Donations |  |  |  |  |
| Other expenses |  | 25.00 | - | 25.00 |
| Total expenses | 21,862.80 | 21,887.80 | - | 25.00 |
| Surplus of the year |  |  | 34.35 | 92.91 |
| **TOTAL** | **21,862.80** | **21,887.80** | **34.35** | **117.91** |
|  |  |  |  |  |
| REVENUE |  |  |  |  |
|  |  |  |  |  |
| Investment interests | 784.65 | 767.90 | 34.35 | 117.91 |
| Total revenue | 784.65 | 767.90 | 34.35 | 117.91 |
| Deficit of the year | 21,078.15 | 21,119.90 |  |  |
|  |  |  |  |  |
| **TOTAL** | **21,862.80** | **21,887.80** | **34.35** | **117.91** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Statement of financial situation at 31 December 2017 with 31 December 2016 comparative figures** | | | | |
|  | **Reserve and Complement fund** | | **Assistance fund** | |
|  | CHF | | CHF | |
|  | 2017 | 2016 | 2017 | 2016 |
| ASSETS |  |  |  |  |
|  |  |  |  |  |
| Cash and cash equivalent | 6,256,231.20 | 6,276,541.45 | 277,441.84 | 274,930.58 |
| Funds to receive |  | 767.90 |  | 117.91 |
| Debtors |  |  |  | 2,359.00 |
| Transitory Assets |  |  | 139.00 | 139.00 |
| **TOTAL** | **6,256,231.20** | **6,277,309.35** | **277,580.84** | **277,546.49** |
| LIABILITIES |  |  |  |  |
|  |  |  |  |  |
| Employee benefits | 54,000.00 | 54,000.00 |  |  |
| Own fund allocated | 6,202,231.20 | 6,223,309.35 | 277,580.84 | 277,546.49 |
|  |  |  |  |  |
|  |  |  |  |  |
| **TOTAL** | **6,256,231.20** | **6,277,309.35** | **277,580.84** | **277,546.49** |
|  |  |  |  |  |

ANNEX A4

UNDP projects (in US dollars) - See Note 20

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Projects | Balance at 31.12.2016 | Revenue | Expenses | | Balance at 31.12.2017 |
| Funds Received in 2017 | Project Expenses | Support Costs |
|  |  |  |  |  |  |
| P.40552.1.01 | 213,139.60 | - | 23,347.06 | 2,335.00 | 187,457.54 |
| **Total** | **213,139.60** | **-** | **23,347.06** | **2,335.00** | **187,457.54** |

ANNEX A5

Trust Funds (unused appropriations) – See note 20



Trust Funds (unused appropriations) (*cont’d*)



Trust Funds (unused appropriations) (*cont’d*)



Trust Funds (unused appropriations) (*cont’d*)



**Trust Funds (unused appropriations) (*cont’d*)**



**Trust Funds (unused appropriations) (*end*)**



ANNEX A6

Voluntary contributions – in Swiss francs – See Note 20



**Voluntary contributions (*cont’d*)**



**Voluntary contributions (*cont’d*)**



**Voluntary contributions (*end*)**



ANNEX A7

Information and Communication Technology Development Fund (ICTDF) – in Swiss francs - See Note 20



ANNEX A8

**ITU TELECOM WORLD 2017**



ANNEX B

**Situation of Arrears at 31 December 2017**

**Amounts due in respect of contributions and publications**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **A. Member States of the Union** | **Year** | **Contributions** | **Publications** | **Total** |
|  |  |  |  |  |
| Antigua and Barbuda | 1987-2016 | 1,773,686.15 | 36,622.45 | 1,810,308.60 |
| Bahrain | 2015 | 9,805.00 | 0.00 | 9,805.00 |
| Brazil | 2016 | 42,436.15 | 0.00 | 42,436.15 |
| Cameroon | 2014-2016 | 101,867.98 | 0.00 | 101,867.98 |
| Congo Rep. of | 2015-2016 | 139,490.99 | 0.00 | 139,490.99 |
| Dominica | 2001-2016 | 413,617.55 | 0.00 | 413,617.55 |
| Gabon | 2014-2016 | 181,071.30 | 0.00 | 181,071.30 |
| Gambia | 2015-2016 | 44,841.35 | 0.00 | 44,841.35 |
| Guinea | 2014-2016 | 92,004.75 | 90.20 | 92,094.95 |
| Guinea-Bissau | 2015-2016 | 45,026.45 | 0.00 | 45,026.45 |
| Iran | 2016 | 61,151.53 | 0.00 | 61,151.53 |
| Lao P.D.R. | 2010-2016 | 8,090.40 | 0.00 | 8,090.40 |
| Liberia | 1994-2016 | 2,055,996.80 | 0.00 | 2,055,996.80 |
| Libya | 2014-2016 | 1,112,609.00 | 0.00 | 1,112,609.00 |
| Marshall Islands | 2016 | 5,487.75 | 0.00 | 5,487.75 |
| Nauru | 1991-2016 | 1,465,741.70 | 0.00 | 1,465,741.70 |
| Nepal | 2013-2016 | 6,713.65 | 42.00 | 6,755.65 |
| Nicaragua | 2015-2016 | 180,106.10 | 0.00 | 180,106.10 |
| Nigeria | 2014-2016 | 252,994.65 | 0.00 | 252,994.65 |
| Peru | 2014-2016 | 7,128.50 | 0.00 | 7,128.50 |
| Saint Vincent and the Grenadines | 2009-2016 | 21,360.40 | 0.00 | 21,360.40 |
| South Sudan | 2015-2016 | 22,632.35 | 0.00 | 22,632.35 |
| United States | 2014-2016 | 812,211.75 | 0.00 | 812,211.75 |
| Vanuatu | 2014-2016 | 10,340.29 | 0.00 | 10,340.29 |
| Venezuela | 2013-2016 | 731,081.08 | 0.00 | 731,081.08 |
|  |  | 9,597,493.62 | 36,754.65 | 9,634,248.27 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **B. Sector Members and other entities** | **Year** | **Contributions** | **Publications** | **Total** |
| **Algeria** |  |  |  |  |
| - Centre de dévelop. des tech. avancées, Alger | 2015 | 2,316.90 | 0.00 | 2,316.90 |
| - Institut National de la Poste et des Technologies de l'Information et de la Comm., Alger | 2012-2013 | 3,074.25 | 0.00 | 3,074.25 |
| - Orascom Telecom Algérie, Algiers | 2010 | 6,201.10 | 0.00 | 6,201.10 |
| - Wataniya Telecom Algérie Spa, Algiers | 2005-2007 | 7,512.10 | 0.00 | 7,512.10 |
| **Argentina** |  |  |  |  |
| - Cooperativa Telefónica (COTELCAM), Buenos Aires | 2003-2006 | 33,981.90 | 0.00 | 33,981.90 |
| - IMPSAT Corp. S.A., Buenos Aires | 1999-2006 | 54,284.00 | 0.00 | 54,284.00 |
| **Australia** |  |  |  |  |
| - NewSat Limited Pty. Ltd., Sydney | 2015 | 5,300.10 | 0.00 | 5,300.10 |
| **Azerbaijan** |  |  |  |  |
| - AZ-EVRO TEL, Baku | 2012 | 11,037.90 | 0.00 | 11,037.90 |
| - Azerbaijan Technical University, Baku | 2016 | 2,209.60 | 0.00 | 2,209.60 |
| - Azerfon LLC, Baku | 2016 | 32,038.50 | 0.00 | 32,038.50 |
| - Caspian American Telecomm. LLC, Baku | 2005-2007 | 29,952.10 | 0.00 | 29,952.10 |
| **Bahrain** |  |  |  |  |
| - Gateway Gulf LLC, Manama | 2010 | 6,201.10 | 0.00 | 6,201.10 |
| **Belarus** |  |  |  |  |
| - Belarsat LLC, Minsk | 2009-2010 | 19,615.05 | 0.00 | 19,615.05 |
| **Belgium** |  |  |  |  |
| - AnSem, Heverlee | 2010 | 16,536.20 | 0.00 | 16,536.20 |
| **Botswana** |  |  |  |  |
| - Mascom Wireless Botswana (Pty), Garbone | 2012-2013 | 5,242.30 | 0.00 | 5,242.30 |
| **Canada** |  |  |  |  |
| - Avvasi Inc., Waterloo | 2015 | 12,356.80 | 0.00 | 12,356.80 |
| - The Institute of Mobile Technologies, Toronto | 2011-2012 | 5,978.80 | 0.00 | 5,978.80 |
| **China (People's Rep. of)** |  |  |  |  |
| - PCCW Limited, Hong Kong | 2002-2006 | 956,595.25 | 0.00 | 956,595.25 |
| **Côte d'Ivoire** |  |  |  |  |
| - Associat. des Consommat. de Télécomm., Abidjan | 2007-2008 | 7,744.60 | 0.00 | 7,744.60 |
| - Côte d'Yvoire Telecom, Abidjan | 2002-2006 | 735,397.35 | 0.00 | 735,397.35 |
| **Equatorial Guinea** |  |  |  |  |
| - GETESA, Malabo | 2015-2016 | 2,480.40 | 0.00 | 2,480.40 |
| **Egypt** |  |  |  |  |
| - Barkotel Communications, Cairo | 2002-2006 | 41,891.20 | 0.00 | 41,891.20 |
| - Egyptian Company for Networks, Cairo | 2000-2007 | 23,560.20 | 0.00 | 23,560.20 |
| - LINKdoNET, Cairo | 2008-2009 | 6,695.05 | 0.00 | 6,695.05 |
| - Telecom Consultants, Cairo | 2002-2006 | 43,751.65 | 0.00 | 43,751.65 |
| - Trade Fairs International, Cairo | 2000-2006 | 57,597.80 | 0.00 | 57,597.80 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **B. Sector Members and other entities (*cont’d*)** | **Year** | **Contributions** | **Publications** | **Total** |
| **Fiji** |  |  |  |  |
| - South Pacific Commission, Suva | 2012-2013 | 5,239.00 | 0.00 | 5,239.00 |
| **Finland** |  |  |  |  |
| - Octagon Telecom Oy (Ex. Oy Cubio Communications Ltd.), Helsinki | 2012-2013 | 14,406.65 | 0.00 | 14,406.65 |
| **France** |  |  |  |  |
| - LegalBox, Paris | 2016 | 11,657.35 | 0.00 | 11,657.35 |
| - Viable France, Paris | 2010-2012 | 13,095.30 | 0.00 | 13,095.30 |
| **Ghana** |  |  |  |  |
| - Regional Maritime University, Accra | 2012 | 2,094.96 | 0.00 | 2,094.96 |
| **Guinea** |  |  |  |  |
| - SOTELGUI, Conakry | 2010-2012 | 6,524.58 | 0.00 | 6,524.58 |
| **Haiti** |  |  |  |  |
| - Communicat. Cellulaire d'Haïti, Port-au-Prince | 2006-2007 | 106,379.60 | 0.00 | 106,379.60 |
| - Haiti Télécommunicat. Int. S.A., Petion-Ville | 2008 | 55,740.10 | 0.00 | 55,740.10 |
| **Honduras** |  |  |  |  |
| - UNITEC, Tegucigalpa | 2012 | 2,759.45 | 0.00 | 2,759.45 |
| **India** |  |  |  |  |
| - Centre for Internet and Society, Bangalore | 2014-2015 | 4,657.30 | 0.00 | 4,657.30 |
| **-** Data Access Ltd., New Delhi | 2005-2007 | 176,863.50 | 0.00 | 176,863.50 |
| - Luna Ergonomics Pvt. Ltd., Noida | 2011 | 5,850.10 | 0.00 | 5,850.10 |
| - Mahanagar Telephone Nigam Ltd., New Delhi | 2012 | 49,670.35 | 0.00 | 49,670.35 |
| - Raitel Corporation of India Ltd., New Delhi | 2013 | 5,206.55 | 0.00 | 5,206.55 |
| - Reliance Infocom Ltd., Navi Mumbai | 2009 | 111,743.15 | 0.00 | 111,743.15 |
| - Shyam Telecom Limited, Gurgaon | 2010-2012 | 5,537.15 | 0.00 | 5,537.15 |
| - Sinhgad Tech. Education Society, Pune | 2011-2012 | 3,934.20 | 0.00 | 3,934.20 |
| - Tata Communications Ltd., New Delhi | 2013 | 5,206.55 | 0.00 | 5,206.55 |
| - Telecommunications Consultants, New Delhi | 2006-2007 | 121,714.05 | 0.00 | 121,714.05 |
| - TranSwitch India Pvt. Ltd., New Delhi | 2012 | 14,717.15 | 0.00 | 14,717.15 |
| - Vihaan Networks Ltd., Gurgaon | 2013 | 46,858.80 | 0.00 | 46,858.80 |
| **Indonesia** |  |  |  |  |
| - PT Bakrie Telecom Tbk., Jakarta | 1997-2002 | 60,836.10 | 0.00 | 60,836.10 |
| **Iraq** |  |  |  |  |
| - Atheer Telecom Iraq Limited, Baghdad | 2016 | 4,371.50 | 0.00 | 4,371.50 |
| **Israel** |  |  |  |  |
| - Actelis Networks, Petah Tikva | 2014 | 13,098.20 | 0.00 | 13,098.20 |
| - Alvarion Ltd., Tel Aviv | 2011 | 14,717.15 | 0.00 | 14,717.15 |
| - B-Deltacom Ltd., Herzlia | 2009-2010 | 17,166.55 | 0.00 | 17,166.55 |
| - Foris Telecom, Rishon Le-Zion | 2009-2010 | 11,718.70 | 0.00 | 11,718.70 |
| - Gilat Satellite Networks Ltd., Petah Tikva | 1997-2002 | 101,130.05 | 0.00 | 101,130.05 |
| - Metalink Ltd., Yakum Business Park | 2004-2007 | 26,837.65 | 0.00 | 26,837.65 |
| - TangoTec, Il Haifa | 2015-2016 | 11,880.85 | 0.00 | 11,880.85 |
| - Telrad Networks Ltd., Rosh Ha‎’ayin | 1998-2006 | 88,316.00 | 0.00 | 88,316.00 |
| **B. Sector Members and other entities (*cont’d*)** | **Year** | **Contributions** | **Publications** | **Total** |
| **Italy** |  |  |  |  |
| - Aethra S.p.A., Palombina | 2007-2008 | 35,276.45 | 0.00 | 35,276.45 |
| - Selex Communications S.p.A., Genova | 2001-2007 | 515,526.40 | 0.00 | 515,526.40 |
| **Jordan** |  |  |  |  |
| - Jordan Mobile Telecomm., Amman | 2016 | 4,371.50 | 0.00 | 4,371.50 |
| - Middle East Communications (MEC), Amman | 2008-2009 | 6,604.25 | 0.00 | 6,604.25 |
| - Talal Abu-Ghazaleh & Co., Amman | 2006-2007 | 15,214.35 | 0.00 | 15,214.35 |
| - Xpress, Amman | 2007-2009 | 6,325.65 | 0.00 | 6,325.65 |
| **Kazakhstan** |  |  |  |  |
| - Kazakh Academy of Transp. & Comm., Almaty | 2008-2009 | 7,168.40 | 0.00 | 7,168.40 |
| **Kenya** |  |  |  |  |
| **-** Intersat Africa Limited, Nairobi | 2010-2012 | 5,724.90 | 0.00 | 5,724.90 |
| - Telcom Kenya Limited, Nairobi | 2005-2007 | 314,529.60 | 0.00 | 314,529.60 |
| **Korea (Rep. of)** |  |  |  |  |
| - Ericsson-LG, Anyang-Shi | 2013-2014 | 13,186.55 | 0.00 | 13,186.55 |
| **Kuwait** |  |  |  |  |
| - The Arabian Business Franchise, Hawalli | 2006-2007 | 15,214.35 | 0.00 | 15,214.35 |
| **Kyrgyzstan** |  |  |  |  |
| - Alippe TV, Bishkek | 2013 | 5,206.55 | 0.00 | 5,206.55 |
| - Kyrgyztelecom OJSC, Bishkek | 2016 | 4,371.50 | 0.00 | 4,371.50 |
| **Lebanon** |  |  |  |  |
| - Al-Iktissad Wal-Aamal Group, Beyrouth | 2015 | 4,633.80 | 0.00 | 4,633.80 |
| - Arabcom Hitek, Beirut | 2001-2006 | 54,099.50 | 0.00 | 54,099.50 |
| - ExiCon International Group, Beirut | 2010-2011 | 5,885.65 | 0.00 | 5,885.65 |
| - IDMI Sal offshore, Beirut | 2011 | 5,850.10 | 0.00 | 5,850.10 |
| - MNT/Investcom LLC, Beirut | 2008 | 6,967.55 | 0.00 | 6,967.55 |
| - Telecommunicat. Regulatory Authority, Beirut | 2015 | 6,740.60 | 0.00 | 6,740.60 |
| **Liberia** |  |  |  |  |
| - West Africa Telecomm. Inc., Monrovia | 2007 | 7,385.60 | 0.00 | 7,385.60 |
| **Libya** |  |  |  |  |
| - Libyana Mobile Phone Company, Tripoli | 2010-2012 | 131,734.30 | 0.00 | 131,734.30 |
| **Mauritania** |  |  |  |  |
| - Agence de Promotion de l'Accès aux Services (APAUS), Nouakchott | 2012 | 5,518.95 | 0.00 | 5,518.95 |
| - Chinguitel SA, Nouakchott | 2013-2015 | 4,681.50 | 0.00 | 4,681.50 |
| - Société mauritaniennes des télécommunications (MAURITEL S.A.), Nouakchott | 2008 | 62,707.70 | 0.00 | 62,707.70 |
| **Mexico** |  |  |  |  |
| - CANITEC, Mexico | 2011-2013 | 5,385.40 | 0.00 | 5,385.40 |
| **Morocco** |  |  |  |  |
| - CKM Holding, Casablanca | 2000-2006 | 51,099.20 | 0.00 | 51,099.20 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **B. Sector Members and other entities (*cont’d*)** | **Year** | **Contributions** | **Publications** | **Total** |
| **Mozambique** |  |  |  |  |
| - Southern Africa Telecomm. Associat., Maputo | 2002-2006 | 280,002.65 | 0.00 | 280,002.65 |
| **Netherlands** |  |  |  |  |
| - Smitcoms N.V., St. Maarten | 2004-2007 | 514,292.65 | 0.00 | 514,292.65 |
| **Nigeria** |  |  |  |  |
| - Nigerian Communications Ltd. (NITEL), Abuja | 2004-2007 | 282,301.85 | 0.00 | 282,301.85 |
| **Pakistan** |  |  |  |  |
| - Callmate Telips Telecom Ltd., Karachi | 2006-2007 | 87,372.75 | 0.00 | 87,372.75 |
| - CMPak Limited, Islamabad | 2015 | 2,316.90 | 0.00 | 2,316.90 |
| - e Worlwide Group, Islamabad | 2011-2013 | 5,286.05 | 0.00 | 5,286.05 |
| - Pakistan Institute of Human Rights, Islamabad | 2012-2013 | 6,740.70 | 0.00 | 6,740.70 |
| - Paktel Limited, Islamabad | 2007 | 7,385.60 | 0.00 | 7,385.60 |
| - Sysnet Pakistan (Pvt) Ltd., Karachi | 2003-2006 | 29,174.30 | 0.00 | 29,174.30 |
| **Philippines** |  |  |  |  |
| - PhilCom, Makati City | 2007-2009 | 6,697.05 | 0.00 | 6,697.05 |
| **Romania** |  |  |  |  |
| - Polytechnic School Bucharest, Bucharest | 2009-2010 | 6,294.40 | 0.00 | 6,294.40 |
| - Telemobil S.A., Balotesti | 2003-2007 | 23,653.05 | 0.00 | 23,653.05 |
| **Russian Federation** |  |  |  |  |
| - IRPO ACISO, Moscow | 2013-2014 | 4,679.55 | 0.00 | 4,679.55 |
| - Mobix Chip LLC, Moscow | 2013-2014 | 13,162.70 | 0.00 | 13,162.70 |
| - National Telemedicine Agency, Moscow | 2012 | 4,139.20 | 0.00 | 4,139.20 |
| **Saudi Arabia** |  |  |  |  |
| - Bayanat Aloula for Network Services, Riyadh | 2005-2008 | 7,220.65 | 0.00 | 7,220.65 |
| - Electronia, Ltd., Al Khubar | 2008-2010 | 6,221.80 | 0.00 | 6,221.80 |
| - Saudi Telecom, Riyadh | 2012-2015 | 5,128.20 | 0.00 | 5,128.20 |
| - Tuwaiq Communications Company, Riyadh | 2008-2009 | 70,175.50 | 0.00 | 70,175.50 |
| - Zajoul for Advance Comm. Tech., Riyadh | 2005-2007 | 22,107.95 | 0.00 | 22,107.95 |
| **Somalia** |  |  |  |  |
| - Telcom Somalia, Mogadishu | 2005-2007 | 15,837.10 | 0.00 | 15,837.10 |
| **South Africa** |  |  |  |  |
| - Cell C (Pty) Ltd., Benmore | 2004-2007 | 491,642.40 | 0.00 | 491,642.40 |
| - Radio Surveillance Sec. Serv. SA (Pty), Durban | 2010 | 15,600.20 | 0.00 | 15,600.20 |
| - Transtel, Johannesburg | 2002-2006 | 742,952.00 | 0.00 | 742,952.00 |
| - Vodacom SA (Pty) Ltd., Midrand | 2015-2016 | 4,583.80 | 0.00 | 4,583.80 |
| **Sri Lanka** |  |  |  |  |
| - Sri Lanka Telecom Ltd., Colombo | 2002-2012 | 6,954.45 | 0.00 | 6,954.45 |
| **Sudan** |  |  |  |  |
| - Canartel, Khartoum | 2013 | 46,858.80 | 0.00 | 46,858.80 |
| - Garden City College for Science & Tech. | 2013-2014 | 3,179.60 | 0.00 | 3,179.60 |
| - Open University of Sudan, Khartoum | 2013-2014 | 3,179.60 | 0.00 | 3,179.60 |
| - Pulse Company Ltd., Khartoum | 2016 | 4,371.50 | 0.00 | 4,371.50 |
| - University of Khartoum, Khartoum | 2013-2014 | 3,179.60 | 0.00 | 3,179.60 |
| **B. Sector Members and other entities (*cont’d*)** | **Year** | **Contributions** | **Publications** | **Total** |
| **Sweden** |  |  |  |  |
| - GlobeTouch AB, Stockholm | 2016 | 11,657.35 | 0.00 | 11,657.35 |
| - UpZide Labs AB, Lulea | 2009 | 17,528.35 | 0.00 | 17,528.35 |
| **Switzerland** |  |  |  |  |
| - ACN Advanced Comm. Networks SA, Neuchatel | 2016 | 11,657.35 | 0.00 | 11,657.35 |
| **Syrian Arab Republic** |  |  |  |  |
| - Arab Regional Isps Association (ARISPA), Manama | 2009 | 6,573.15 | 0.00 | 6,573.15 |
| **Togolese Republic** |  |  |  |  |
| - Centre Rég. de Maintenan. des Télécom (CMTL), Lomé | 2003-2007 | 223,191.90 | 0.00 | 223,191.90 |
| **Tunisia** |  |  |  |  |
| - Ecole Nationale d'Ingénieurs de Tunis, Tunis | 2011-2012 | 10,529.69 | 0.00 | 10,529.69 |
| - Orascom Telecom Tunisie, Tunis | 2013 | 5,206.55 | 0.00 | 5,206.55 |
| - University of Sfax, Sfax | 2011-2012 | 3,509.83 | 0.00 | 3,509.83 |
| **Turkey** |  |  |  |  |
| - Telsim Mobile Telecom. Services SA, Istanbul | 2001-2006 | 408,297.65 | 0.00 | 408,297.65 |
| - TTNET, Istanbul | 2016 | 8,743.05 | 0.00 | 8,743.05 |
| **Ukraine** |  |  |  |  |
| - Ukrainian National Information Systems, Kiev | 2014-2015 | 19,137.74 | 0.00 | 19,137.74 |
| **United Arab Emirates** |  |  |  |  |
| - American University in Dubai, Dubai | 2014 | 2,455.90 | 0.00 | 2,455.90 |
| - Teralight, FZ LLC, Chandler | 2016 | 4,371.50 | 0.00 | 4,371.50 |
| **United Kingdom of Great Britain and Northern Ireland** |  |  |  |  |
| - Celtel International, London | 2004-2007 | 14,322.55 | 0.00 | 14,322.55 |
| - KRE Corporate Recovery LLP (Ex. ICO Satellite Limited), Berks | 2012-2013 | 26,815.50 | 0.00 | 26,815.50 |
| - Malden Electronics, Ewell | 2016 | 11,657.35 | 0.00 | 11,657.35 |
| - Semtech Limited, Romsey | 2016 | 11,657.35 | 0.00 | 11,657.35 |
| - Times Publications Ltd., London | 1998-2002 | 78,148.15 | 0.00 | 78,148.15 |
| - Vectone Group Holding Ltd., London | 2010 | 10,638.85 | 0.00 | 10,638.85 |
| **United States of America** |  |  |  |  |
| - Actiontec Electronics, Inc., Sunnyvale | 2008 | 18,580.05 | 0.00 | 18,580.05 |
| - Animatele Inc., New York | 2011 | 15,600.20 | 0.00 | 15,600.20 |
| - AOL, New York | 2002-2003 | 189,939.10 | 0.00 | 189,939.10 |
| - Calient Networks Inc., San José | 2003-2006 | 271,854.55 | 0.00 | 271,854.55 |
| - Compuware Corporation, Detroit | 2009-2010 | 12,581.25 | 0.00 | 12,581.25 |
| - ConceroConnect, L3C, Park City | 2015 | 9,267.65 | 0.00 | 9,267.65 |
| - Conversay, Redmon | 2007-2008 | 74,877.60 | 0.00 | 74,877.60 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **B. Sector Members and other entities (*cont’d*)** | **Year** | **Contributions** | **Publications** | **Total** |
| - Covad Communications Company, San José | 2001-2002 | 118,950.75 | 0.00 | 118,950.75 |
| - Cypress Semiconductor Corp., San José | 2004-2005 | 35,648.75 | 0.00 | 35,648.75 |
| - Dynasat Inc., Austin TX | 2016 | 8,743.05 | 0.00 | 8,743.05 |
| - Actiontec Electronics, Inc., Sunnyvale | 2005-2007 | 45,280.95 | 0.00 | 45,280.95 |
| - EnVerv Inc., Milpitas | 2015 | 12,356.80 | 0.00 | 12,356.80 |
| - ESS Technology Inc., Fremont | 2004 | 69,671.05 | 0.00 | 69,671.05 |
| - Extreme Networks, Santa Clara | 2012 | 3,679.15 | 0.00 | 3,679.15 |
| - Ezenia Inc., Salem | 2000-2006 | 350,451.50 | 0.00 | 350,451.50 |
| - Graphnet Inc., New York | 1987-2002 | 1,378,163.10 | 0.00 | 1,378,163.10 |
| - Ikanos Communications, Red Bank NJ | 2016 | 34,972.05 | 0.00 | 34,972.05 |
| - ITXC Corporation, Princeton | 2004-2007 | 64,286.70 | 0.00 | 64,286.70 |
| - Lighsand Communications Inc., Plano | 2001-2002 | 18,522.75 | 0.00 | 18,522.75 |
| - Lightwaves Inc., Austin | 2009 | 17,528.35 | 0.00 | 17,528.35 |
| - Nextwave Wireless Inc., San Diego | 2009 | 29,565.90 | 0.00 | 29,565.90 |
| - Nortel Networks USA, Richardson | 2009 | 29,812.50 | 0.00 | 29,812.50 |
| - Overture Networks Inc. (Ex. Ceterus & Hatteras Networks ), Morrisville | 2008-2009 | 35,454.20 | 0.00 | 35,454.20 |
| - Puerto Rico Telephone Co., Guaynabo | 1995-2002 | 731,856.40 | 0.00 | 731,856.40 |
| - Range Networks, Inc., San Fracisco | 2013-2014 | 13,144.60 | 0.00 | 13,144.60 |
| - Razoom Inc., Palo Alto | 2010 | 16,536.20 | 0.00 | 16,536.20 |
| - Teraburst Networks Inc., Sunnyvale | 2003-2007 | 108,671.25 | 0.00 | 108,671.25 |
| - The Gores Technology Group LLC (Ex. Forgent Networks Inc.), Los Angeles | 1998-2006 | 403,947.25 | 0.00 | 403,947.25 |
| - The Village Group Inc., Waltham | 2007-2008 | 13,972.10 | 0.00 | 13,972.10 |
| - Tollgrade Communicat. Inc., Cranberry Township | 2015 | 12,356.80 | 0.00 | 12,356.80 |
| - UTStarcom, Inc., Fremont | 2004-2010 | 55,837.15 | 0.00 | 55,837.15 |
| - Visible Energy Inc., Palo Alto | 2010 | 15,157.65 | 0.00 | 15,157.65 |
| - Vocal Technologies Ltd., Amherst | 1998-2002 | 408,896.15 | 0.00 | 408,896.15 |
| - Wave7 Optics, Alpharetta | 2008 | 17,528.35 | 0.00 | 17,528.35 |
| - WI-FI Alliance, Austin | 2013 | 41,652.20 | 0.00 | 41,652.20 |
| - Xerox Ltd., Washington | 2004-2007 | 75,784.90 | 0.00 | 75,784.90 |
| - Zhone Technologies, Oakland | 2002-2005 | 272,851.85 | 0.00 | 272,851.85 |
| **Uzbekistan** |  |  |  |  |
| - Tashkent University of Information Technologies, Tashkent | 2014 | 2,455.90 | 0.00 | 2,455.90 |
| **Zambia** |  |  |  |  |
| - Airtel Zambia, Lusaka | 2014 | 79,824.55 | 0.00 | 79,824.55 |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Zimbabwe** | |  |  | |  | |  | |
| - Africom Private Ltd., Harare | | 2004-2007 | 23,133.25 | | 0.00 | | 23,133.25 | |
| - Broadcasting Authority of Zimbabwe, Harare | | 2002-2006 | 295,318.45 | | 0.00 | | 295,318.45 | |
| - NetOne Cellular Ltd., Harare | | 2003-2006 | 303,489.98 | | 0.00 | | 303,489.98 | |
| - University of Zimbabwe, Harare | | 2008-2009 | 21,166.70 | | 0.00 | | 21,166.70 | |
| **Resolution 99 (Rev. Busan, 2014)** | |  |  | |  | |  | |
| - BCI Communicat. & Advanced Tech., Ramallah | | 2007-2008 | 8,747.30 | | 0.00 | | 8,747.30 | |
|  | |  | 13,927,800.33 | | 0.00 | | 13,927,800.33 | |
|  | |  |  | |  | |  | |
| **C. Other Debtors** | | **Year** | **Contributions** | | **Publications** | | **Total** | |
|  | |  |  | |  | |  | |
| - Ministry of Information, Riyadh | | 2011 | 0.00 | | 5,073.15 | | 5,073.15 | |
|  | |  | 0.00 | | 5,073.15 | | 5,073.15 | |
|  | |  |  | |  | |  | |
| **D. Other Miscellaneous Debtors\*** | |  | **51,995.53** | | **357.40** | | **52,352.93** | |
|  | |  |  | |  | |  | |
| Total at 31.12.2017 | |  | 23,577,289.48 | | 42,185.20 | | 23,619,474.68 | |
|  | |  |  | |  | |  | |
| \* Includes debtors with amounts below CHF 5 000 for Member States of the Union and CHF 2000 for Sector Members, other | | | | | | | | |
| entities or organizations and other debtors. |  | | |  | |  | |  |

**Amounts due in respect of special arrears accounts (repayment agreements)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Member States - Sector Members/** | **PP Resolutions** | **Transfer to** | **Balance at** | **Movements** | **Interest** | **Payments** | **Balance at** |
| **Companies** |  | **Special Arrears** | **31.12.2016** | **2017** | **2017** | **2017** | **31.12.2017** |
|  |  | **Account** |  |  |  |  |  |
| **Member States** |  |  |  |  |  |  |  |
| Sudan | Rés. 38 PP 1989 | 567,047.95 | 0.00 | 171,028.45 | 0.00 | -30,000.00 | 141,028.45 |
| Grenada | Rés. 41- 2008 | 662,554.65 | 265,236.44 | 0.00 | 0.00 | -26,203.44 | 239,033.00 |
| Bolivia | Rés. 41- 2009 | 6,515,226.72 | 3,887,528.48 | 0.00 | 0.00 | -328,462.28 | 3,559,066.20 |
| Benin | Rés. 41- 2011 | 462,317.50 | 201,625.42 | 0.00 | 0.00 | -43,448.68 | 158,176.74 |
| Tajikistan | Rés. 41- 2011 | 745,617.40 | 581,960.83 | 0.00 | 0.00 | -23,379.51 | 558,581.32 |
| Comoros | Rés. 41- 2012 | 376,005.93 | 257,497.88 | 0.00 | 0.00 | -23,701.61 | 233,796.27 |
| Central African Republic | Rés. 41- 2014 | 159,474.68 | 0.00 | 136,346.33 | 0.00 | -9,886.57 | 126,459.76 |
| Sierra Leone | Rés. 41- 2015 | 3,132,182.47 | 2,808,760.57 | -2,808,760.57 | 0.00 | 0.00 | 0.00 |
| Equatorial Guinea | Rés. 41- 2017 | 171,043.75 | 0.00 | 171,043.75 | 0.00 | -53,000.00 | 118,043.75 |
| Federation of Saint Kitts and Nevis | Rés. 41- 2017 | 251,777.75 | 0.00 | 251,777.75 | 0.00 | -53,662.50 | 198,115.25 |
| Somalia | Rés. 41- 2017 | 2,281,017.16 | 0.00 | 2,281,017.16 | 0.00 | -62,584.81 | 2,218,432.35 |
|  |  |  |  |  |  |  |  |
| **Sector Members/Companies** |  |  |  |  |  |  |  |
| CYNAPSYS, Tunisia | Rés. 41 - 2012 | 6,070.25 | 1,101.50 | -1,101.50 | 0.00 | 0.00 | 0.00 |
| Bay Microsystems Inc., United States | Rés. 41 - 2015 | 19,503.76 | 11,353.76 | 0.00 | 0.00 | -5,038.86 | 6,314.90 |
| Ellipsat Inc., United States | Rés. 41 - 2016 | 37,865.90 | 32,865.90 | -27,865.90 | 0.00 | -5,000.00 | 0.00 |
| Marcatel Com. S.A. de C.V., Mexico | Rés. 41 - 2016 | 4,392.35 | 2,404.85 | 0.00 | 0.00 | -1,987.50 | 417.35 |
| Systel, Egypt | Rés. 41 - 2016 | 47,918.25 | 44,079.20 | 0.00 | 0.00 | -3,937.50 | 40,141.70 |
| Alphion Corporation, United States | Rés. 41 - 2017 | 11,657.35 | 0.00 | 11,657.35 | 0.00 | -10,600.00 | 1,057.35 |
| INTTIC, Algeria | Rés. 41 - 2017 | 7,856.74 | 0.00 | 7,856.74 | 0.00 | -5,465.19 | 2,391.55 |
|  |  |  |  |  |  |  |  |
| **Total at 31 December 2017** |  | **15,459,530.56** | **8,094,414.83** | **192,999.56** | **0.00** | **-686,358.45** | **7,601,055.94** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Amounts due in respect of cancelled special arrears accounts (repayment agreements cancelled for non-payment)** | | | | | | |  |
|  | **PP Resolutions** | **Transfer to** | **Balance at** | **Movements** | **Interest** | **Payments** | **Balance at** |
| **Member States - Sector Members/** |  | **Cancelled Special** | **31.12.2016** | **2017** | **2017** | **2017** | **31.12.2017** |
| **Companies** |  | **Arrears Account** |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Member States** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Liberia | Rés. 38 PP 1989 | 1,001,829.30 | 2,630,741.60 | 0.00 | 157,844.50 | 0.00 | 2,788,586.10 |
| Congo (Republic of the) | Rés. 41 - 2015 | 1,258,821.17 | 1,347,693.92 | 0.00 | 80,861.65 | 0.00 | 1,428,555.57 |
| Guinea-Bissau | Rés. 41 - 2015 | 3,867,914.36 | 4,099,989.21 | 0.00 | 245,999.35 | 0.00 | 4,345,988.56 |
| Somalia | Rés. 41 - 2015 | 2,123,547.13 | 2,218,664.36 | -2,218,664.36 | 0.00 | 0.00 | 0.00 |
| Central African Republic | Rés. 41 - 2016 | 136,346.33 | 136,346.33 | -136,346.33 | 0.00 | 0.00 | 0.00 |
| Gambia | Rés. 41 - 2016 | 192,014.03 | 194,862.23 | 0.00 | 11,691.75 | 0.00 | 206,553.98 |
| Nicaragua | Rés. 41 - 2016 | 1,462,488.98 | 1,549,994.58 | 0.00 | 92,999.70 | 0.00 | 1,642,994.28 |
| Sudan | Rés. 41 - 2016 | 171,028.45 | 171,028.45 | -171,028.45 | 0.00 | 0.00 | 0.00 |
| Sierra Leone | Rés. 41- 2017 | 2,744,076.19 | 0.00 | 2,744,076.19 | 0.00 | 0.00 | 2,744,076.19 |
|  |  |  |  |  |  |  |  |
| **Sector Members/Companies** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| TIT, Lebanon | Rés. 41 - 2008 | 25,000.00 | 39,846.15 | 0.00 | 2,390.75 | 0.00 | 42,236.90 |
| Cameroon Telecomm., Cameroon | Rés. 41 - 2014 | 149,588.50 | 150,722.50 | 0.00 | 9,043.35 | 0.00 | 159,765.85 |
| Ellipsat Inc., United States | Rés. 41 - 2015 | 27,865.90 | 0.00 | 27,865.90 | 0.00 | 0.00 | 27,865.90 |
| Apprentissages sans Frontières, Switzerland | Rés. 41 - 2016 | 6,658.15 | 6,857.90 |  | 411.50 | 0.00 | 7,269.40 |
|  |  |  |  |  |  |  |  |
| **Total at 31 December 2017** |  | **13,167,178.49** | **12,546,747.23** | **245,902.95** | **601,242.55** | **0.00** | **13,393,892.73** |

|  |  |  |  |
| --- | --- | --- | --- |
| **Amounts due in respect of invoices established for satellite network filings** | | | |
|  |  |  |  |
| **Notifying Administration** | **Operating Entity** | **Year** | **Amount due** |
|  |  |  |  |
| **Canada** | Space Services Directorate Engineering, Planning & Standards Branch, Ontario | 2010 | 14,613.50 |
| **Iran** | Ministry of Information & Communication Technology (MICT), Tehran | 2012 | 3,315.15 |
| **Nigeria** | Federal Ministry of Communication Technology, Abuja | 2012 | 2,049.00 |
| **Russian Federation** | EA SAT Closed Joint Stock Company, Moscow | 2014 | 87,926.95 |
|  | Global Information Systems GIS, Moscow | 2003 | 354,759.86 |
| **United States of America** | Leading Technologies, LLC c/o SWANsat Holdings, LLC, La Mirada CA | 2008-2009 | 121,313.60 |
| **Total Arrears at 31.12.2017** |  |  | **583,978.06** |

|  |  |  |  |
| --- | --- | --- | --- |
| **Amounts due in respect of miscellaneous invoices** | | | |
|  |  |  |  |
| **Country** | **Entity** | **Year** | **Amount due** |
|  |  |  |  |
| **Saudi Arabia** | Saudi Telecom, Riyadh | 2010 | 62,560.00 |
| **Turkmenistan** | Ministry of Foreign Affairs of Turkmenistan, Ashgabat | 2015 | 3,200.95 |
|  |  |  |  |
| **Total Arrears at 31.12.2017** |  |  | **65,760.95** |

|  |  |  |
| --- | --- | --- |
| **Summary: Situation of arrears at 31 December 2017** | | |
| **AMOUNTS DUE** |  | **CHF** |
| Contributions |  | **23,577,289.48** |
| Publications |  | **42,185.20** |
| Special Arrears Accounts (Repayment Agreements) | | **7,601,055.94** |
| Cancelled Special Arrears Accounts (Repayment Agreements Cancelled for non-payment) | | **13,393,892.73** |
| Satellite Network Filings | | **583,978.06** |
| Miscellaneous Invoices | | **65,760.95** |
| **TOTAL ARREARS** |  | **45,264,162.36** |

ANNEX C

List of debtors at 31 December 2017 for closed ITU TELECOM events

(This list does not take into account payments received after 31.12.2017)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Event** | **Country** | **Company** | **Amount invoiced** | **Payment received** | **Balance due** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| AFT08 | South Africa | MPCELL (Pty) Ltd. | 3,690.00 | 0.00 | 3,690.00 |
| AFT08 | Canada | Broad Connect Telecom Ltd. | 14,760.00 | 5,850.00 | 8,910.00 |
| AFT08 | China | SipRing Telecommunication | 8,200.00 | 0.00 | 8,200.00 |
| AFT08 | Côte d'Ivoire | Apex Technologies | 7,380.00 | 0.00 | 7,380.00 |
| AFT08 | Lebanon | Splendor | 12,300.00 | 0.00 | 12,300.00 |
|  |  |  |  |  |  |
| **AFT08** |  |  |  |  | **40,480.00** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Event** | **Country** | **Company** | **Amount invoiced** | **Payment received** | **Balance due** |
|  |  |  |  |  |  |
| TLC 2006 | China | American Consulate Hong Kong | 400.00 | 0.00 | 400.00 |
| TLC 2006 | China | ChongQing Chong You | 7,200.00 | 0.00 | 7,200.00 |
| TLC 2006 | China | Jiangxi Lianchuang | 7,200.00 | 0.00 | 7,200.00 |
| TLC 2006 | China | Naike (HK) Digital | 7,200.00 | 0.00 | 7,200.00 |
| TLC 2006 | China | Shenzhen Orea Design | 3,600.00 | 0.00 | 3,600.00 |
| TLC 2006 | China | Sipnovo | 7,200.00 | 0.00 | 7,200.00 |
| TLC 2006 | China | Tiger NetCom | 3,150.00 | 0.00 | 3,150.00 |
| TLC 2006 | China | Vapel Power | 4,800.00 | 0.00 | 4,800.00 |
|  |  |  |  |  |  |
| **TLC 2006** |  |  |  |  | **40,750.00** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Event** | **Country** | **Company** | **Amount invoiced** | **Payment received** | **Balance due** |
|  |  |  |  |  |  |
| TLC 2009 | USA | E: Telesis Energy and Data | 10,800.00 | 0.00 | 10,800.00 |
| TLC 2009 | India | REVE Systems (S) Pte Ltd | 10,800.00 | 0.00 | 10,800.00 |
| TLC 2009 | USA | UTStarcom Inc. | 94,050.00 | 47,025.00 | 47,025.00 |
|  |  |  |  |  |  |
| **TLC 2009** |  |  |  |  | **68,625.00** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Event** | **Country** | **Company** | **Amount invoiced** | **Payment received** | **Balance due** |
|  |  |  |  |  |  |
| TLC 2011 | Switzerland | Client World 2011 | 203,243.05 | 194,643.25 | 8,599.80 |
|  |  |  |  |  |  |
| **TLC 2011** |  |  |  |  | **8,599.80** |

**List of debtors at 31 December 2017 for closed ITU TELECOM events (*cont’d*)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Event** | **Country** | **Company** | **Amount invoiced** | **Payment received** | **Balance due** |
|  |  |  |  |  |  |
| TLC 2014 | Germany | LS Telcom | 13,650.00 | 13,650.00 | 0.00 |
| TLC 2014 | Cameroon | Ministère des Postes | 110,000.00 | 110,000.00 | 0.00 |
| TLC 2014 | Congo | Ministère des Postes | 110,000.00 | 0.00 | 110,000.00 |
| TLC 2014 | Qatar | Ooreddo Qatar | 2,743,966.60 | 2,743,966.60 | 0.00 |
| TLC 2014 | India | TCIL | 5,400.00 | 5,400.00 | 0.00 |
| TLC 2014 | Qatar | Ministry of ICT | 14,000.00 | 14,000.00 | 0.00 |
| TLC 2014 | Nigeria | NCC | 12,000.00 | 12,000.00 | 0.00 |
| TLC 2014 | Saudi Arabia | Saudi Telecom | 20,250.00 | 20,250.00 | 0.00 |
|  |  |  |  |  |  |
| **TLC 2014** |  |  |  |  | **110,000.00** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Event** | **Country** | **Company** | **Amount invoiced** | **Payment received** | **Balance due** |
|  |  |  |  |  |  |
| TLC 2015 | South Sudan | National Communication Authority | 100,000.00 | 0.00 | 0.00 |
| TLC 2015 | Sri Lanka | Negete Private Ltd. | 1,200.00 | 0.00 | 1,200.00 |
| TLC 2015 | Egypt | Tawasol IT | 1,200.00 | 0.00 | 1,200.00 |
| TLC 2015 | Uganda | Uganda Communications Commission | 130,000.00 | 130,000.00 | 0.00 |
|  |  |  |  |  |  |
| **TLC 2015** |  |  |  |  | **2,400.00** |

**List of debtors at 31 December 2017 for closed ITU TELECOM events (*end*)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Event** | **Country** | **Company** | **Amount invoiced** | **Payment received** | **Balance due** |
|  |  |  |  |  |  |
| TLC 2016 | Uganda | Abercom(U) | 1,200.00 | 0.00 | 1,200.00 |
| TLC 2016 | Kenya | FarmDrive | 1,200.00 | 0.00 | 1,200.00 |
| TLC 2016 | Algeria | Ministère de la Poste & des Tech. | 11,900.00 | 11,900.00 | 0.00 |
| TLC 2016 | Argentina | Ministerio de Comunicaciones | 40,000.00 | 0.00 | 40,000.00 |
| TLC 2016 | Sudan | National Information Center | 50,000.00 | 0.00 | 50,000.00 |
| TLC 2016 | Japon | OKI Electric Industry | 1,200.00 | 1,200.00 | 0.00 |
| TLC 2016 | EAU | Telecom. Regulatory Authority | 100,000.00 | 100,000.00 | 0.00 |
| TLC 2016 | Singapor | Voxvalley Tech. | 1,200.00 | 1,200.00 | 0.00 |
|  |  |  |  |  |  |
| **TLC 2016** |  |  |  |  | **92,400.00** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Event** | **Country** | **Company** | **Amount invoiced** | **Payment received** | **Balance due** |
|  |  |  |  |  |  |
| TLC 2017 | Yemen | AnaMehani | 1,200.00 | 0.00 | 1,200.00 |
| TLC 2017 | Cameroon | Citizen Assoc. For Tech. Development | 1,200.00 | 0.00 | 1,200.00 |
| TLC 2017 | Benin | Ministère de l'Economie Numérique | 50,000.00 | 0.00 | 50,000.00 |
| TLC 2017 | South Africa | Department of Telecom. & Postal Serv.\* | 50,000.00 | 0.00 | 50,000.00 |
| TLC 2017 | Korea | Lee Convention\* | 50,250.00 | 0.00 | 50,250.00 |
| TLC 2017 | Gabon | Ministère de l'Economie Numérique | 138,000.00 | 0.00 | 138,000.00 |
|  |  |  |  |  |  |
| **TLC 2017** |  |  |  |  | **290,650.00** |
| World debtors | **613,424.80** |  |
| Africa Debtors | **40,480.00** |  |
| **Total of Debtors** | **653,904.80** |  |

\*Payment received after 31.12.2017

ANNEX D

List of sponsors at 31 December 2017

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |
| **WBS element** | **Country** | **Company** | **Invoice amount** | **CUR** | **Balance owed** | **CUR** | **Equivalent** |
|  |  |  |  |  |  |  | **CHF** |
| P.10002.1.01 | USA | IEEE Standards Association USA | 15,000.00 | CHF | 15,000.00 | CHF | 15,000.00 |
| P.10015.1.01 | Netherlands | VEON | 8,000.00 | USD | 8,000.00 | USD | 7,696.01 |
| P.10019.1.01 | China | HUAWEI Technologies | 500.00 | CHF | 500.00 | CHF | 500.00 |
| P.10030.1.01 | Singapore | MASTERCARD ASIA/PACIFIC | 20,000.00 | USD | 20,000.00 | USD | 19,859.99 |
| P.10030.1.01 | Switzerland | BAKOM, Bern | 15,000.00 | CHF | 15,000.00 | CHF | 15,000.00 |
| P.40663.1.01 | Saudi Arabia | MCIT Riyadh | 800,800.00 | USD | 800,800.00 | USD | 797,593.67 |
| P.40663.1.01 | Zimbabwe | POTRAZ | 398,400.00 | USD | 398,400.00 | USD | 387,243.51 |
|  |  | **TOTAL** |  |  |  |  | **1,242,893.18** |

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_