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| **Council 2018Geneva, 17–27 April 2018** |  |
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| **Agenda item: ADM 3** | **Document C18/50** |
| **8 February 2018** |
| **Original: English** |

REPORT BY THE CHAIRMAN OF THE COUNCIL WORKING GROUP
ON FINANCIAL AND HUMAN RESOURCES (CWG-FHR)

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| **Summary**This document presents a report on the deliberations of the CWG-FHR, which was held on 22 and 23 January 2018.**Action required**The Council is invited **to take note** of the work of the CWG-FHR and also to **consider** and **offer views**, as appropriate, on the actions identified in the report.\_\_\_\_\_\_\_\_\_\_\_\_**References**[*C17/50*](http://www.itu.int/md/S17-CL-C-0050/en) *and* [*Council Decision 563*](http://www.itu.int/md/S13-CL-C-0113/en) |

Since the 2017 session of the Council, there has been one meeting of the Council Working Group on Financial and Human Resources (CWG-FHR). The meeting was held in Geneva on 22 and 23 January 2018 with Mr. Dietmar Plesse (Germany) as Chairman. The full report of the last meeting (22 and 23 January 2018) can be accessed at the following link: <https://www.itu.int/md/S18-CLCWGFHRM8-C-0028/en>. Council delegates should refer to this report for an expansion of the various views expressed during the discussions.

**1 Actions arising from the outcome of Council-17**

* **Progress report on the Union’s Headquarters premises Varembé-2 project: status and detailed specifications (oral presentation)**

1.1 The Deputy Secretary-General informed the meeting on progress made in respect of the Union’s Headquarters premises Varembé-2 project.

1.2 Competition over ten months of 2017 was a success, with 94 registrations from 16 countries, and 74 projects submitted to the first round. The Jury included professional architects from each ITU region, ITU Deputy Secretary-General, officials and ITU Staff Council, MSAG Chairman, Swiss federal and cantonal officials. The Jury selected 15 to qualify for a second round, then chose a winner and 3 laureates.

1.3 The competition was fully anonymous. The winner is a Swiss architect, second was a Danish architect, third French and fourth another Swiss architect. These designs will be exhibited in Montbrillant for delegates on 26 January 2018 and for the public next week. The laureate architects will be presented with certificates of ITU’s appreciation on 29 January 2018.

1.4 Following the first round, the requirements were amended to comply fully with UN security guidelines, the front of the building and main entrance facing the Place des Nations with a new road leading from the Guiseppe Motta road, and increased number of conference rooms. A security lodge will be placed at the entrance to the road leading to the new building. The winning design has glass walls looking onto an unroofed internal courtyard. A number of reasons for it being chosen included its large floor space, conference facilities and large amount of natural light. It was the tallest of the proposals and was the design favoured by the ITU Staff Council representatives.

1.5 As well as providing the necessary features and facilities already present in the Varembé Building and the Tower, a second main conference room of 500 seats is provided, divisible into two. This is in addition to a 500-seat conference room divisible by four.

1.6 With regard to Human Resources, a Senior Construction Project Advisor (P5) will join on 1 March 2018, (an architect currently working on the UN Strategic Heritage Plan), a Procurement Officer (P4) with construction project experience is now under recruitment, and we are looking to increase administrative assistance.

1.7 As to the finances, the competition was completed well within the budget and the design phase is expected to be completed within the budget as well. In the discussions with the architect some changes to the design have been made to exclude some unnecessary elements and ensure that the design, the construction and the overall project cost will fall within the budget allocated by the Council.

1.8 The project is well placed to move ahead according to the timescale Council agreed: Varembé building to be demolished in 2020, the new building open by the end of 2023, at which point the Tower would be put on the market. The new building will house all the facilities of the Montbrillant as well as the Tower and accommodate all the staff. As Varembé will need to be vacated next year, we are currently looking at options for temporary relocation. One option is to rent space in WMO. To reduce the rented space required, we are looking to increase the capacity of the Montbrillant by making it open plan. The Library would move out of the 6th floor and be replaced by meeting rooms to compensate for the meeting rooms in the Varembé.

**- Update on the implementation of revenue UIFN and IIN (Document** [**CWG-FHR 8/18**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0018/en)**)**

1.9 The Secretariat introduced Document CWG-FHR 8/18 by 1) summarizing the background of Council Decision 600 and 601 on UIFN and IIN, 2) updating the status of implementation of the Council Decisions, and 3) presenting the two proposals for CWG-FHR to review and endorse.

1.10 The upgraded UIFN and IIN assignment and registration systems went live on 16 January 2018 and so far, 23 UIFN requests have been processed following the new fee structure approved in Council Decision 600 via the upgraded systems.

1.11 Delegates expressed their appreciation to the Secretariat for the update and the progress made in implementing Council Decision 600 and 601.

1.12 Related to proposal 1, some delegates asked whether additional burden would be imposed on Member States by the first proposal on collecting up-to-date contacts.

1.13 The Secretariat clarified that this was a reminder of the invitation to MS to maintain an up-to-date record of Registered Operating Agencies (ROAs) on the ITU web site <https://www.itu.int/en/ITU-T/inr/Pages/roa.aspx> :

*Administrations of the Member States are invited to inform TSB, on a voluntary basis, of all entities which have been granted the status of ROAs in accordance with Article 6, and Nos. 1007 and 1008 of the Annex to, the Constitution of ITU, using the notification form of the list of Recognized Operating Agencies (ROAs). Administrations can either provide a written list or indicate a website where the information can be found.*

1.14 Related to proposal 2, some MS expressed concern about the implication of removing the records from ITU database and the deadline of 30 June 2018 is too short to go through the necessary legal at the national level.

1.15 The Secretariat clarified that removal of records from ITU database would need notifications or confirmations from national Administrations/regulators. The deadline of 30 June 2018 should be revised to allow the time needed by Member States.

1.16 The Chairman proposed that the Secretariat prepare a document for Council 2018 to discuss a revision of the second proposal.

**Recommendation:** The Council is invited to take note of the first proposal and to consider and discuss a revision of the second proposal.

**- Status report on misuse of IMEI numbers in mobile handset
 (Document** [**CWG-FHR 8/19**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0019/en))

1.17 The Secretariat presented Document CWG-FHR 8/19. The Chairman concluded by encouraging Membership to contribute to ITU-T SG11.

**- PP improvement - ethical guidelines and study on candidates hearing
 (Document** [**CWG-FHR 8/17**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0017/en))

1.18 The Secretariat presented Document CWG-FHR 8/17, *Possible improvements of the roll-out of the Plenipotentiary Conference: candidates’ hearings and ethics guidelines.* Regarding the section on the candidates' hearing, one delegate reminded the group that it had presented this proposal at PP-14, which then forwarded the issue to the Council, and now the Council is forwarding the issue back to PP-18. The delegate had hoped that these measures would be implemented during this cycle, and remains hopeful that PP-18 will take the necessary action to implement this proposal for the next election cycle. The delegate also proposed that regional organizations invite candidates to their meetings, in order to give them the time to present themselves and answer questions.  On behalf of CITEL, the delegate invited candidates to attend CITEL meetings to this effect. It was noted that the General Rules, specifically GR 170 regarding internal candidates, seemed to be the problem when it comes to timing of a hearing, as internal candidates generally wait until the deadline to officially declare their candidacy. This leaves only a one-month window for a hearing, which is not sufficient, as closer to the event administrations may have already given instructions on how to vote, thus rendering a hearing futile.

1.19 The Ethics Office explained that the ethics guidelines, prepared in response to a request from Council, offered practical application of certain principles based on the existing legal framework and the current practice whereby campaign activities by potential candidates take place before candidatures are officially lodged.  In response to a question from the Chairman, the Ethics Officer clarified that the guidelines address internal candidates – including current elected official – but not the activities of candidates who do not hold a current position with the Union.

1.20 One delegation noted the flexible approach used regarding the ethics section on candidatures and campaigning, and was disappointed that this same approach was not used in regards to the possibility of candidates' hearings.

1.21 Another delegation aligned itself with comments made by other delegates, expressing disappointment that there would be no joint meeting at which all candidates would appear.

1.22 One delegation expressed its support for the ethics guidelines being presented to Council 2018 for adoption.

1.23 Concern was expressed by one delegation that internal and external candidates may be on uneven footing.

1.24 It was agreed to forward the ethics guidelines to Council-18 for further discussion and approval.

1.25 Regarding the discussion on a candidates' hearing, it was agreed that the comments made at this meeting would be included in the Chairman's report submitted to Council-18. The issue of the candidates’ hearing will be presented to Council-18 with the recommendation from the Chairman to forward the issue to PP-18.

**Recommendation:** The group recommends that Council approve the ethics guidelines and forward the Secretariat document to PP-18 in order to discuss the issues arising from consideration of this topic.

**- Reporting on measures to restore staffing level in BR (oral presentation)**

1.26 To address the issue which was previously highlighted by one delegate relating to delays in the treatment of notices and the need to increase the number of staff in BR, Mr. Francois Rancy, Director of ITU-R informed delegates that three P-3 posts had been advertised and should be filled-up in 2018. These posts are budgeted from 2018 onward.

**- Cost recovery for non-geostationary satellite systems (Document** [**CWG-FHR 8/20**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0020/en)**)**

1.27 Document [CWG-FHR 8/20](http://www.itu.int/md/S18-CLCWGFHRM8-C-0020/en) was introduced by the Secretariat. It responds to the Council’s request made at its 2017 session that the Radiocommunication Bureau (BR) submit a study on the technical issues arising in connection with processing of complex non-geostationary satellite (non-GSO) systems. This document presents the main conclusions of this study as well as the comments made in response to it by the Radio Regulations Board and ITU-R Working Parties. It proposes three possible, non-mutually exclusive, procedures for improving the cost recovery scheme of non-GSO satellite systems.

1.28 As requested by Council 2017, the BR’s final report to Council 2018 on non-GSO filings has to be posted on the Council Website no later than 1st February 2018. It will include practical examples and statistics of the impact of the proposed changes to Decision 482.

1.29 This report may at a later stage be updated to take into account feedback from the ITU membership and ITU-R study groups.

1.30 It was highlighted that any decision by the Council on this matter should be future-proof and avoid the need for corrective measures in the foreseeable future.

**Recommendation:** The Council is invited to **review** the BR’s final report on non-GSO filings and possibly **revise** Decision 482, if appropriate.

**- Contribution by the People’s Republic of China: Optimization of ITU’s high-level events of a global nature (Document** [**CWG-FHR 8/4**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0004/en))

1.31 The delegate from the People’s Republic of China presented the document highlighting the room for improvement in the arrangement and scheduling of high-level events.

1.32 For this purpose, high-level events include ITU Telecom, GSR, etc. and do not include PP, WTDC, WTSA and WRC.

1.33 The following elements were highlighted in the document:

* high-level events which are currently organized by ITU are numerous and held on “scattered” dates and venues;
* high-level participants from Member States are unable to attend frequently these events;
* excessive institutionalized yearly events are not conductive to ITU’s efficiency measures aimed at saving human, financial and other resources; and
* topics of some high-level events are related; organizing these events back-to-back will increase efficiency, strengthen the exchange of ideas among members, augment the number of participants and the impact of the events.

1.34 It was proposed that all current high-level events of the Union be reflected upon and systemized by the Secretariat so that it can come up with an optimized events arrangement and scheduling option to be submitted to Council 2018 for consideration.

1.35 Several delegates expressed support on the proposal and further mentioned the importance of combining events into one and in consolidating the invitation to events in one letter from ITU.

1.36 The Chairman recognized the valuable contribution which requires the need for internal coordination between the General Secretariat and the Sectors.

**Recommendation:** The Council is invited to endorse the Proposal in Item 2 to Document [CWG-FHR 8/4](http://www.itu.int/md/S18-CLCWGFHRM8-C-0004/en).

**- Accountability and transparency framework (Document** [**CWG-FHR 8/9**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0009/en)**)**

1.37 The Secretariat presented the document which provides an update on the progress achieved towards the implementation of the JIU benchmarks for the Accountability Framework.

1.38 The ITU Accountability Framework is based on the principle of fulfilling the mandate of the Union in a transparent manner and being accountable to its Membership. The core elements of accountability include delegation of authority instruments, financial disclosure policy, ITU internal letter of representation, performance management tools and risk management in strategic planning, results framework enabling Results-based Management (RBM), and creation of the Independent Management Advisory Committee (IMAC).

1.39 There are three (3) pillars in ITU Accountability Framework which are based on the structure presented in the JIU report: Covenant with Member States, Sector Members, Associates, Academia and users of ITU services; Risk management and internal controls; and Complaints and response mechanism. These pillars comprise a total of seventeen (17) benchmarks which measure a robust accountability framework based on transparency and a culture of accountability.

1.40 The following will be undertaken by ITU on its Accountability Framework:

* periodic review to strengthen organizational capacity and ensure continued relevance;
* update to reflect new requirements or improvements arising from new initiatives or lessons learned;
* continue to ensure that it remains relevant to the mandate and objectives of the Union; and
* continue to ensure that the framework responds to evolving circumstances and takes into account the best practices in the UN system.

**Recommendation:** The Council is invited to take note of [Document C18/20](https://www.itu.int/md/S18-CL-C-0020/en).

* **Contribution by the Federative Republic of Brazil: Enhancing the participation of non-State Members in the work of ITU (Document** [**CWG-FHR 8/3**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0003/en))

1.41 The delegate from the Federative Republic of Brazil presented the document.

1.42 Following consultations with Sector Members, three main principles were proposed to enhance the participation of non-state members in the work of ITU, and consequently retain current members and attract new members. These principles have been presented to Council-17 in Document C17/97. As decided by Council-17, the document was submitted to the eighth meeting of CWG-FHR for further study.

1.43 Below are the main principles proposed:

* providing more value for ITU membership;
* fostering participation by avoid duplication of work;
* respecting non-members’ competencies, expertise and inputs.

1.44 Delegates expressed support to the principles enumerated in the document and provided some comments and remarks. Equal treatment should be given to Sector Members and Member States in study groups. Duplication of work in study groups should be avoided since this has financial implications. Proposals to create regional study groups should be submitted to advisory groups i.e., TSAG, TDAG and RAG.

1.45 The Chairman reminded delegates that each region is different and approaches may vary depending on the region.

**Recommendation:** The eighth meeting of CWG-FHR endorses the principles outlined in Document CWG-FHR 8/3 together with [Document C17/97.](https://www.itu.int/md/S17-CL-C-0097/en)

**2 - Report and follow-up on the recommendations of the Independent Management Advisory Committee (IMAC) (Documents** [**CWG-FHR 8/12**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0012/en) **and** [**CWG-FHR 8/13**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0013/en)**)**

2.1 The Chair of IMAC Dr. Beate Degen joined the meeting via remote participation and introduced documents [CWG-FHR 8/12](http://www.itu.int/md/S18-CLCWGFHRM8-C-0012/en) and [CWG-FHR 8/13](http://www.itu.int/md/S18-CLCWGFHRM8-C-0013/en), the Summary Report of the 18thIMAC Meeting (Document 8/12) and the Review of IMAC Recommendations / Overview 2012-2017 (Document 8/13).

2.2 Dr. Degen introduced the latest IMAC report and thoroughly presented the areas covered by the report, explaining the observations of the Committee. The areas discussed included:

* Review of status of IMAC Recommendations (presented in further details in the related document);
* Financial management;
* Ethics Office;
* compliance and fraud management;
* Internal Audit function;
* External Audit;
* ITU headquarters construction project; and
* Risk management.

2.3 The Chair of IMAC also referred to the unfortunate situation of the resign of Ms. Aline Vienneau (from Canada) a member of IMAC and the ongoing replacement process undertaken by the IMAC Selection Panel. She expressed her hope to have the new member selected for the upcoming meeting of the Committee in March.

2.4 Introducing the document on the Review of the IMAC Recommendations, Dr. Degen noted the overall percentage of implementation at 84%, considering this a very good rate, appreciating the management response on the recommendations. Details on the implementation of the recommendations are provided in the document.

2.5 Several delegates thanked the Chair of IMAC for her presentation and very much appreciated the work of the Committee and the engagement with the group. Questions were raised on whether the Committee had the opportunity to review the SWOT (Strengths, Weaknesses, Opportunities and Threats) Analysis presented within the development of the draft ITU Strategic Plan for 2020-2023, as well as questions on providing financial implications for the implementation of the recommendations.

2.6 The Chair of IMAC thanked the delegates for the valid points raised; informed the group that the SWOT analysis had already been presented to IMAC and that the methodology used was in line with good practices; and expressed the availability of the Committee to re-discuss and review the exercise.

2.7 With regard to the financial implications of the recommendations, Dr. Degen highlighted that generally they are very hard to measure; and even if management can perhaps assess a financial implication regarding the cost to implement, the cost of not responding to an issue is also very difficult to capture. She highlighted that, in any case, the recommendations made by IMAC always have a clear reason, which should not be overruled by financial motivations.

2.8 The Chair of IMAC also emphasized the need for appropriate rules and procedures for the ITU, in a “fit for purpose” approach for the organisation. She also highlighted, for the consideration of the group, the risks identified by the External Auditor and underlined by the Committee, regarding the replacement of retirees if this is not done with the perspective of the future needs of the organization.

* **Report and follow-up on the recommendations of the External Auditor
(**[**Document CWG-FHR 8/7**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0007/en)**)**

2.9 The Secretariat presented the document containing the recommendations made by the External Auditor (Corte dei Conti), the comments by the Secretary-General and the status as reported by ITU Management with updates as of 31 December 2017:

* recommendations made in the External Auditor’s Report on the audit of financial statements for 2016;
* recommendations made in the External Auditor’s Report on the Audit of the Union’s accounts on ITU Telecom World 2016.

2.10 Following the CWG-FHR meeting in February 2016, all recommendations have been reviewed by the External Auditor during the audit of the 2016 accounts.

2.11 On the ITU Financial Operating Report, twelve (12) recommendations have been made by the External Auditor on the 2016 accounts. Updates have been provided by the Secretariat on open recommendations relating to 2015 (4 recommendations), 2014 (2 recommendations) and 2012 (3 recommendations). One (1) recommendation was made relating to ITU Telecom World 2016 for which the status was provided as of 31 December 2017.

2.12 The open recommendations will be reviewed and discussed further with the External Auditor during the audit of the 2017 accounts. An update of the status of these recommendations will be presented to Council 18 in the External Auditor’s Report.

**Recommendation:** The Council is invited to take note of the status as of 31 December 2017 of the Follow-up on the recommendations of the External Auditor.

* **Implementation status and plan of the JIU recommendations from the “review of management and administration in the ITU” (**[**Document CWG-FHR 8/14**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0014/en)**)**

2.13 The Deputy Secretary-General introduced the document presenting the implementation status for the JIU Recommendations on the ‘Review of Management and Administration in ITU’. ITU had welcomed the comprehensive review (Doc. C16/67) and had accepted the eleven (11) formal recommendations and 29 informal ones addressed to the Secretary-General. One (1) formal recommendation and six (6) informal recommendations were addressed to the ITU governing bodies.

2.14 Out of the eleven (11) formal Recommendations addressed to the ITU Secretariat, ten (10) were implemented before the last Council and one (1) is in progress –the recommendation on the HR handbook, which will be implemented by the 2018 Session of Council. Out of the thirty-five (35) informal Recommendations twenty-one (21) have already been implemented and twelve (12) are on track for implementation. Of the six (6) addressed to the governing bodies: two (2) are in progress, two (2) implemented and two (2) are to be considered by PP-18.

2.15 The presented document updates [Document C17/49](https://www.itu.int/md/S17-CL-C-0049/en) submitted to Council 2017. It will be further updated and presented to the 2018 Session of the Council. The Annex provides detailed information on the implementation of each formal and informal recommendation.

**3 Consideration of the elaboration of the draft Financial Plan and modifications to Decision 5 (Revenue and expenses for the Union for the period 2020-2023)
(Document** [**CWG-FHR 8/10**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0010/en)**)**

3.1 The Secretariat presented the draft Financial Plan for 2020-2023 with the preliminary draft Decision 5 as Annex to the document.

3.2 The Financial Plan for 2020-2023 provides the basis for the preparation of the 2020-2021 and 2022-2023 budgets.

3.3 The draft Financial Plan for 2020-2023 is based on the following assumptions:

* the 2018-2019 budget serves as primary basis for the financial plan;
* the contributory unit at CHF 318,000 as set by Council 2017 (zero nominal growth since 2006);
* no withdrawal from the Reserve Account.

3.4 The draft Financial Plan for 2020-2023 is balanced. 76% of the total revenue are assessed contributions. The programme variation totals CHF 5.9 million and there is a linkage with the five ITU goals of the Strategic Plan.

3.5 The tables were presented for 2020-2023 providing details on planned revenue and expenses as well as the results based visualization of the allocations to each of the five goals of the Strategic Plan.

3.6 The preliminary draft Decision 5 includes Annex 1 which outlines the planned revenue and planned expenses for 2020-2023 both totalling CHF 653.5 million. Annex 2 enumerates the thirty-two (32) measures for reducing expenses. The figures in the draft Financial Plan for 2020-2023 will be revised prior to Council 2018.

3.7 A number of delegates congratulated the Secretariat for presenting a balanced draft Financial Plan for 2020-2023 without withdrawal from the Reserve Account while maintaining the level of the contributory unit. Some delegates highlighted the importance of including in the revised draft Financial Plan the financial implications of ICSC decision on the post adjustment of professional staff members.

3.8 In response to queries from some delegates, the Secretariat provided the following clarifications:

* posts are budgeted at 95% with 5% vacancy rate (through delay in recruitment or freezing of posts);
* the draft Financial Plan for 2020-2023 includes an amount based on WTSA-16 minimum financial implication for 2018-2019 of CHF 1.3 million;
* the ICSC post adjustment in Geneva has not been included in the first draft Financial Plan for 2020-2023 since the relevant notification of the Commission with the applicable percentage for Geneva post adjustment has not yet been received;
* WTDC-17 financial implications will also be discussed during the presentation of Document CWG-FHR 8/2.

3.9 The first draft Financial Plan for 2020-2023 will be revised taking into consideration the elements discussed in the eighth meeting of CWG-FHR.

* revenue: increase in the level of the contributory unit by 7 (China from 14 to 20 and Pakistan from 1 to 2);
* expenses: financial implications of the new ICSC decision on post adjustment of staff in the professional category;
* WTDC-17: the Secretariat has been requested to present options for partial implementation of regional initiatives that may be taken into account in a revised draft Financial Plan for 2020-2023.

**Recommendation:** It is proposed to use as a model Document [C17/DL/3](https://www.itu.int/md/S17-CL-170515-DL-0003/en) showing clearly the different alternatives and proposals on what have to be implemented and how such proposals will be financed.

* **Provisional choice of class of contribution for the period 2020-2023
(Document** [**CWG-FHR 8/15**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0015/en)**)**

3.10 The Secretariat presented the document on the preliminary amount of the contributory unit for Member States.

3.11 In order to have a reliable and realistic basis for the Financial Plan for the period 2020-2023, Council 2017 established the preliminary amount of the contributory unit at CHF 318,000 per annum for 2020-2023 (zero nominal growth).

3.12 The Secretariat requested the Member States in its letter of 28 July 2017 to announce their provisional class of contribution for 2020-2023.

3.13 Annex 1 of the document provides the list of Member States and their contributory units for 2016-2019 totalling 334 ¼ and the provisional number of contributory units for 2020-2023 amounting to 341 ¼. The augmentation is a result of the increase in the contributory units for China from 14 to 20 units and Pakistan from 1 to 2 units.

3.14 The Chairman expressed hope that in future similar exercises, more Member States than 18 out of 193 will announce their contributory units in order to give the Secretariat a better basis for establishing an accurate draft Financial Plan.

**Recommendation:** The Council is invited to take note of Document CWG-FHR 8/15.

* **Contribution by the Russian Federation, the Republic of Armenia, the Republic of Azerbaijan, the Republic of Belarus and the Kyrgyz Republic: Draft revised Decision 5
(Document** [**CWG-FHR 8/22**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0022/en)**)**

3.15 The delegate from the Russian Federation presented the document which provides proposals on modification, where appropriate, of the structure and content of Decision 5 (Rev. Busan, 2014) and its Annexes.

3.16 The Secretariat should continue its efforts in finding innovative solutions in particular through the use of new technologies, in the preparation of the draft Financial Plan for 2020-2023.

3.17 The document indicated that it is critical for ITU to focus not only on the reduction of expenses or having savings but also on improving in a broader manner the usage of all existing resources and the optimization of work performance in each scope of activities of the Union.

3.18 The following proposals were made:

* revision of Decision 5 taking into account new ITU strategic priorities;
* avoidance of duplication of texts in other documents;
* addition of two tables in Annex 1 to decision 5;
* Table 1 – Financial Plan of the Union for 2020-2023: revenue and expenses;
* Table 2 – Funds flows expanded for ITU development (RBB format);
* focus on modifications to Annex 2 to decision 5 on possible measures to improve the efficiency of ITU performance.

3.19 A number of delegates expressed their appreciation for the contribution from the Russian Federation and conveyed the following comments:

* draft revision to Annex 2 seems complicated and raises many questions and concerns;
* further consultations and discussions on the proposed draft revision are required;
* more efforts should be focused on undertaking efficiency measures to achieve further savings rather than reduce expenses;
* PP documents should refer to high-level documents.

3.20 The Secretariat informed the Group on its willingness to work with the Russian Federation in improving its draft revision to Decision 5 including Annexes 1 and 2 as contained in its Document CWG-FHR 8/22 taking into consideration the Secretariat’s own draft revision as presented in Document CWG-FHR 8/10. Experience in the implementation of Annex 2 to Decision 5 should be taken into account. The Secretariat is ready to provide any assistance required by Member States in this regard.

3.21 The Chairman acknowledged the proposal from the Secretariat to work together with the Russian Federation in coming up with a consolidated draft document. The exercise should take into consideration the relevant remarks made by delegates. A consolidated version should be presented at Council-18.

3.22 The Secretariat enumerated other activities which are being taken into consideration for cost efficiency:

* outsourcing of printing;
* more flexible hiring requirements – international consultancy contracts;
* consolidation of high-level events;
* study on the possibility of combining Telecom budget with ITU budget and integration of Telecom staff into ITU, subject to the decision of Member States;
* reduction in the number of missions;
* third party event organizers to provide financial support for ITU staff;
* interpretation and translation – machine translation, remote interpretation and machine captioning in meetings.

3.23 One delegate agreed that Telecom should be linked with harmonization of events but that the Telecom budget should remain separate from ITU’s budget since it is a self-financed activity, and moreover, translation and interpretation activities should be reduced.

**Recommendation:** The Council is invited to take note of the forthcoming consolidated version of the draft revision to Decision 5 including Annexes 1 and 2.

 **- Efficiency measures – new format (Document** [**CWG-FHR 8/6**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0006/en)**)**

3.24 The Secretariat presented an update on the implementation of the thirty (30) efficiency measures as outlined in Annex 2 to Decision 5 (Rev. Busan, 2014).

3.25 Savings of CHF 24.4 million in 2014-2015 and additional savings of CHF 17 million in 2016-2017 are envisaged as among the positive outcome of these efficiency measures. For 2018-2019 as approved by Council-17, further savings are foreseen in the amount of CHF 13.3 million from various efficiency measures (voluntary separation programme and 5% vacancy rate). The total of these savings from 2014 to 2019 amounts to more than CHF 54.7 million.

3.26 Further centralization of finance and administrative tasks, consolidation of events and reduction in the number of missions may generate further savings.

3.27 Identification of new and innovative efficiency measures will help balance future budgets and contribute to the optimization of the use of the finances of the Union.

3.28 A number of delegates expressed their appreciation to the Secretariat for the tremendous savings which were enumerated. Addressing a query from some delegates as to why some measures do not have corresponding amount of savings, the Secretariat replied that some have already been implemented or consolidated in other measures. Should there be no room for further savings, the Secretariat suggests that the item can be withdrawn and replaced with another measure.

3.29 With regard to a query on the translation pilot project, the Secretariat informed delegates that the translated documents had to be sent to ITU Translation Section which added to the initial cost and delay. The Secretariat suggested the possibility for these Member States to evaluate the quality of the translation and if satisfactory that such translated documents be posted by either the Member State or by the ITU Secretariat directly. CWG-LANG will be making a recommendation to Council with regard to this.

**Recommendation:** The Council is invited to take note of Document CWG-FHR 8/6.

* **Contribution by the Russian Federation, the Republic of Armenia, the Republic of Azerbaijan, the Republic of Belarus and the Kyrgyz Republic: Draft revised Resolution 41 - Arrears and special arrears accounts (Document** [**CWG-FHR 8/21**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0021/en)**)**

3.30 The delegate from the Russian Federation presented the document.

3.31 The following proposals were made:

* continue to take all measures to reduce all types of arrears which diminish the financial stability of the Union;
* PP-18 to consider the possibility of establishing 3% as the upper permissible level of interest accrued on debts for 3 months starting from the 4th month of each financial year and 6% from the 7th month;
* PP-18 to allow ITU Council for 2020-2023, on a temporary trial basis, to establish another amount of interest accrued on arrears of late contributions;
* proposed draft “Guidelines for repayment schedules for the settlement of arrears and special arrears accounts” to be annexed to Resolution 41.

3.32 Some delegates supported the proposals by the Russian Federation. However, others expressed concerns and reservations on the proposals including the possible requirement to modify the Convention.

3.33 The Secretariat clarified that No. 474 of ITU Convention clearly stipulates the fixed percentage to be applied. The above-mentioned proposal indicates that the percentage should be seen as upper limits rather than fixed. It is within the scope of competence of PP-18 to modify such provisions of the Convention. Moreover, the proposal to change the percentage may result in problems with the cash flow. For debtors, such a low interest rate encourages the withholding of payment of contributions.

3.34 The Chairman noted that the proposals earned support from some delegates as well as concerns from others and suggested that the Russian Federation discuss with the Secretariat with a view of amending the proposals to ensure that there are no inconsistencies with the ITU Convention. Amending the Convention should be avoided in order to relieve some Member States from the painful ratification process required by their national legislation.

**Recommendation:** The Council is invited to take note of the forthcoming revised proposal from the Russian Federation on the draft revised Resolution 41.

**4 Outcome of WTDC-17 with financial implications - Report of the Budget Control Committee (Committee 2) to the Plenary Meeting (Document** [**CWG-FHR 8/2**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0002/en)**)**

4.1 The Secretariat presented the report of the Budget Control Committee of WTDC-17 contained in Document WTDC-17/85 and in [Document C18/INF/1](https://www.itu.int/md/S18-CL-INF-0001/en).

4.2 On the financial responsibilities of conferences, the attention of Committee 2 has been drawn to No. 142 of Article 22 of the ITU Constitution, to No. 488 of Article 34 of the ITU Convention and to Resolution 72 (Rev. Busan, 2014).

4.3 The WTDC-17 budget for 2016-2017 has been approved by Council-15 amounting to CHF 2,184,000 (CHF 1,026,000 for expenses plus documentation costs of CHF 1,158,000).

4.4 The Chairperson of WTDC-17 Budget Control Committee mentioned that five regional initiatives pertain to each of the six regions (Africa, Americas, Arab, Asia-Pacific, CIS and Europe). An amount for seed funding of CHF 1,250,000 per annum is shown for each region totalling CHF 30 million for the period 2018-2021. This seed money is supposed to generate funds for implementation of Regional Initiatives through sponsorships and partnerships in the six regions.

4.5 Some delegates highlighted the importance of implementing the Regional Initiatives which are beneficial to developing countries.

4.6 A number of delegates expressed several concerns. They needed clarification on how seed money is being currently administered. In order to assist members in taking a decision during Council-18 and PP-18, it is essential to understand how seed money is used, the amount utilized, the amount remaining, etc. It is important to address the valid needs and aspirations of developing countries. Financial responsibilities of conferences as stipulated in Nos. 488 and 489 of Article 34 of the ITU Convention must be taken into serious consideration. Moreover, delegates believe that they have to deal with one ITU and not as several entities. Consequently, the Secretary-General is considered to be responsible for proposals with financial implications established by the Secretariat and that the source of funding for the requested seed money should come from the General Secretariat and not from the Sectors.

4.7 In response to queries from delegates on the difference between priorities and initiatives, the Secretariat clarified that after the implementation of the action plans several years ago, it has been decided to focus on regional initiatives rather than broad priorities and from providing assistance to regions rather than specific countries. The Secretariat had been asked to submit the resource requirements for Regional Initiatives which can create a significant impact, totalling CHF 30 million. This amount takes into consideration the magnitude of the need in developing countries.

4.8 The Chairman clarified that seed money is not for the purpose of project implementation but for project preparation. External source of funding is intended for implementation of projects. A good report by the Secretariat has been prepared in WTDC-17. However, problems encountered with the implementation of Regional Initiatives should have been raised in order to avoid unpleasant surprises. The 2018-2019 budget has already been approved by Council-17 without additional provisions for Regional Initiatives. One possibility is to fund some regional initiatives from savings.

**Recommendation:** The Council is invited to take note of the Report of the Budget Control Committee of WTDC-17. The Secretariat has been requested to present options for partial implementation of Regional Initiatives that may be taken into account in a revised draft Financial Plan for 2020-2023.

**5 Amendments to the Financial Regulations and Financial Rules (Document** [**CWG-FHR 8/8**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0008/en)**)**

5.1 The Secretariat presented the document in accordance with Recommendation 2/2016 of the External Auditor (Corte dei Conti) that Management submit to Council a proposal amending the Financial Regulations and Financial Rules in order to be consistent and aligned with the procurement principles outlined in Service Order No. 14/06.

5.2 Proposed amendments to the following Articles are enumerated in the document:

* Article 1 – Management and control of the finances of the Union (added principles of procurement);
* Article 12 – Supervision of actual expenses, Rule 12.1 (new name of department);
* Article 15 – Liquid assets of the Union, Rule 15.1 (new name of department);
* Article 16 – Investment of funds, Rule 16.2 (new name of department);
* Article 18 – Keeping of accounts and presentation of financial statements, Rule 18.4 (new name of department);
* Article 27 – Net Assets including Reserve Account (IPSAS 25 abrogated and replaced simply by generic IPSAS and the relevant title).

**Recommendation:** The Council is invited to take note of Document CWG-FHR 8/8 and approve the proposed amendments to the Financial Regulations and Financial Rules as presented in Annex 1 to this Council document.

**6 Status of implementation of the SME pilot project and next steps
 (Document**[**CWG-FHR 8/INF/3**](https://www.itu.int/md/S18-CLCWGFHRM8-INF-0003/en)**)**

6.1 The Secretariat provided an update on the implementation of the SME pilot project. This project was launched following a decision of Council 2017, based on a contribution from Argentina. Council decided to launch this pilot project in interested ITU-T and ITU-D Study Groups, whereby SMEs may participate fully in the meetings of the participating Study Groups but they will have no role in the decision-making, including leadership roles and the adoption of resolutions or recommendations. SMEs must be approved by their relevant government administration, according to national definitions of SMEs. Council instructed the Secretariat to provide a progress report to Council-18, and a fuller report to PP-18 on outcomes. To date, ITU-T SG5 and SG20 have begun to implement the pilot project. Currently 4 SMEs have been approved by the relevant administrations to participate in ITU-T meetings under the pilot, with a further 6 currently in the pending approval stage. ITU-D 2018 Study Groups will also participate. A circular letter was sent to Member States. The first meetings will be just after Council, SG1: from 30 April to 4 May 2018 and SG2: from 7 to 11 May 2018. There was no discussion following the presentation, which was for information only.

* **Contribution by the Republic of India: Specific course on communication technology & finance at ITU academy (Document** [**CWG-FHR 8/24**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0024/en)**)**

6.2 The delegate from the Republic of India presented the document.

6.3 The following principles are highlighted in the document:

* financial instruments bridge the gap between technology development and business deployment;
* technology developers should have a good knowledge of finance and receive sound financial advice;
* there is an increasing convergence in the domains of technology and finance.

6.4 Considered as the leading platform for all lTU capacity-building services, the ITU Academy offers a wide range of training activities and knowledge resources on information and communication technologies (ICTs).

6.5 It was proposed that the CWG-FHR directs the ITU Academy to promote more courses with focus on convergence of expertise, i.e. communication technology and finance.

6.6 Some members clarified that the CWG-FHR is not the right entity to manage the curricula of the ITU Academy.

**Recommendation:** The proposal in Document CWG-FHR 8/24 should be submitted to the Group on Capacity Building Initiative.

**7 ITU Gender Policy review**

* Presentation by the United Nations: System-wide strategy on gender parity
**(Document**[**CWG-FHR 8/INF/2**](https://www.itu.int/md/S18-CLCWGFHRM8-INF-0002/en)**)**

7.1 The Under-Secretary General Ms Ana María Menéndez, Senior Advisor on Policy presented the UN System-wide strategy on gender parity. Developed by some 30 entities over an eight month period, all UN entities are to meet the targets as set out in the strategy. Gender parity is required for the UN’s credibility and in being representative of who the UN serves. The strategy requires accountability backed by consequences. Reporting is biannually through the Senior Management Group and the CEB. USG stressed the importance of leadership and invited all ITU senior managers to make their own public commitments such as those of the International Gender Champions (IGC).

7.2 Delegates thanked Ms. Menéndez for the presentation of the document and commended the achievement of gender parity in the Senior Management Group for the first time in history, which serves as an example for all UN agencies and Member States. One delegation enquired about the situation when top leadership positions are elected rather than appointed, to which the USG invited consideration of the issues as needed for electing officials in order to achieve parity at all levels.

* **ITU’S gender equality and mainstreaming planning for 2018
 (Document** [**CWG-FHR 8/11**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0011/en)**)**

7.3 The Secretariat presented the progress of the gender equality and mainstreaming (GEM) implementation plan as endorsed by Council 2017. Three key advancements were highlighted: (1) the GEM policy review, (2) the implementation plan, and (3) allocation of resources. In preparing the 2018 implementation plan, the Secretariat will continue to align to UN system standards, specifically to UN-SWAP 2.0 and the UN System-wide Gender Parity Strategy.

7.4 Delegates acknowledged the Secretariat’s progress towards gender equality. One delegate enquired as to the current existence of a gender parity strategy in ITU and requested for it to be available for review.

7.5 In response to a delegate query as to why the recently advertised gender expert post was for the limited duration of one year without mention of renewal. The Secretariat noted Council 2017 decision and resolution 1388 wherein a gender post would be financed by savings in an interim period, and incorporated into the 2020-2023 budget. Delegations reiterated the importance of the post and continuity of its funding.

**Recommendation:** The Secretariat is requested to present ITU’s Gender Parity Strategy to delegates at Council 2018, in response to the UN System-wide gender parity strategy presented by the USG.

* **Contribution by the Republic of India: Promoting gender parity at ITU** **(Document**[**CWG-FHR 8/25**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0025/en)**)**

7.6 The delegate from India presented the document noting that bridging global digital divide is crucial in bridging gender divide and vice-versa. Acknowledging ITU’s efforts in promoting gender equality, further efforts and more aggressive outreach was requested of ITU in order to reaching qualified women globally and promoting leadership opportunities for women in different categories and grades.

7.7 The document proposes that: (1) member states increase their capacity building and recruitment efforts and recruitment of more women in technical positions, (2) encourage recruitment of young women, (3) encourage involvement of women delegates in ITU conferences, working groups and meetings, and (4) member states increase awareness of opportunities and challenges for women at the global level.

7.8 Delegates appreciated and agreed with the Indian proposal.

**Recommendation:** India is invited to submit the document to Council to be discussed on the agenda item on gender.

**8 Report on the implementation of PP Resolution 48**

**- Human Resources Reporting and Statistics (Document** [**CWG-FHR 8/26**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0026/en)**)**

8.1 The Chief of the Human Resources Management Department introduced the document as a part of the annual report from the Secretariat on the implementation of the HR strategic plan and PP Resolution 48, presenting a comprehensive set of data and information on the workforce of the ITU, by grade, contract type, gender, nationalities, etc.  He also provided the Working Group with clarifications as to the late publication of the document, explaining that, as it covers the entire previous year, the extraction and validation of the data is only possible from the first days of January of the year after.  He also indicated that the document continues to be developed over the years, presenting new information on new areas of activities, such as, for this year, the implementation of a new ITU Performance Management and Development system.

8.2 Replying to a question from a delegation, he provided the group with clarifications regarding the data in relation with consultancy services.  He indicated that those contractual arrangements are used for supporting activities being not continuing and not covered by regular positions, such as those in relation with conferences and meetings, such as remote participation moderation, interpretations services and logistic supports.  A large part of these contracts is also used by the BDT for hiring experts associated to projects implementation.

8.3 Another question was raised related to the issuance of vacancy notices at the P1 and P2 levels for a limited duration of contract (4 years).  It was recalled that this is limited to P1 and P2 positions, which are entry level positions, for junior professionals having no or limited experience, and not intended to be occupied for a long period of time.  Acquiring experience and skills over the years, incumbents may be afterwards promoted at higher levels, or may apply to other positions or leave the organization.  On a case by case basis, discussions already took place between the Secretary-General and the Directors and Chiefs of Department concerned for extending those contracts beyond the four-year limit, should the continuity of needs be established, the availability of funding and the satisfactory services of staff members concerned.

**- Contribution by the Republic of India: Framing policy for deputing the govt officials to ITU for capacity building and sharing best practices (Document** [**CWG-FHR 8/23**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0023/en)**)**

8.4 After the document was introduced by the representative of the delegation of India, it was confirmed by the Chief of the Human Resources Management Department that such a framework (ITU Framework for a loan/secondment policy) had been established in 2015, offering the possibility for officials of the administrations of Member States or even from Sector Members to be loaned or seconded to the ITU for a period of six months to two years, based on an agreement to be established between the ITU administration and the administration of the Member State concerned. It was mentioned that the system had been presented to Council in 2015, and used already by certain Member States, as shown in Document CWG-FHR 8/26 (page 22, table 21) presented to the Council Working Group.

**Recommendation:** The Council Working Group agreed that the existing framework would be presented again during the 2018 Council session.

**9 Modification of Resolution 11 (Rev. Busan, 2014) concerning ITU Telecom Events (Document**[**CWG-FHR 8/INF/1**](https://www.itu.int/md/S18-CLCWGFHRM8-INF-0001/en)**)**

9.1 The document detailing the proposed modifications to Resolution 11 was presented by Mr. Xin LIU, Executive Manager, ITU Telecom.

9.2 Following the presentation, one delegation voiced support for the amendments proposed to Resolution 11. They noted that these amendments reflect the current industry trends and the event itself. They commended the reform undertaken as well as creating a place to exchange views and support SMEs. They noted that the draft amendments also value the further integration of the Union, which can enhance ITU’s global influence. They also voiced support (as per their earlier intervention) for the ITU Telecom events to be a major platform, gathering high-level representatives from across the industry, ministers, regulators and academia.

9.3 One delegate felt that there were some contradictions in the document, as well as the notion that while some regions supported having the event, in other regions it is not felt to be as important. The delegate cited the large number of High Level meetings taking place in ITU. Furthermore, the delegate mentioned that Telecom events do not always generate revenue, and that any revenue generated is related to the HC agreements and therefore integrating these events in the ITU budget may generate losses. The Secretariat should provide more concrete examples of what is meant under new proposals. There is time to consider this Resolution until PP-18 where any modifications will be decided.

9.4 The Chairman noted that this is a PP Resolution so final decision on amendments will be taken at PP-18.

9.5 One delegation had two further questions – regarding the statement that there is support for the event to be an ITU platform to address strategic issues; firstly, they requested clarity on what the strategic issues are (related to ICT market development) and secondly in terms of selection of Host country venues if selection of a host for two years running is in line/interest of ITU Membership/Member States.

9.6 Another delegation noted that Telecom is an event of a commercial, profit making nature. They would support efforts and work to enhance this platform. Changing the name of the event is a good start to changing its nature. They looked forward to a study on Telecom merging activities in the Union, and bringing all elements together, as well as further discussion in Council.

9.7 The Chairman suggested, for a positive approach, that if there are related studies (such as the study that Mr. Malcom Johnson, Deputy Secretary-General, mentioned earlier) that the Council and PP should look at both at the same time. Reforming Telecom was a very important topic, noting that at least recent events have shown improvements.

9.8 One delegate noted that although they think there is support from one delegation, the delegate believed that the Secretariat could not provide amendments to a Resolution but only comments. So, this document should be an information document. Another delegate expressed that it was a good proposal, although it would require more time to study it. Delegates may be able to study and propose some other amendments, such as the new event name. Regarding Telecom, since ITU Telecom World 2012, it has started to generate income to cover past deficits and is a very good platform for high level officials, leaders to convene. It provides good forum and exhibition and they look forward to the event growing in the future.

9.9 One delegation noted the concern that under “instructs” it appears that mechanisms for Council review have been removed. They voiced concerns for transparency, and expressed that Council should have a role in this process.

9.10 Responding to questions Mr. Liu outlined the reform since 2015. Regarding one question on strategic issues to market development, as an important platform including for private sectors, many new issues were debated, e.g. Smart Cities, finance, AI. Regarding the Host Country selection, Mr. Liu would welcome Members proposals. Mr. Liu mentioned that many famous events such as CES and MWC take place in fixed venues on a yearly basis, but Telecom takes place each year in different venue, which is difficult- notably for clients to allocate a budget. Therefore, the Telecom Secretariat would be grateful for the flexibility to hold events on consecutive years in one venue.

9.11 The Chairman noted that the issue of transparency in selection was a big topic years ago but this has changed, as there are no longer regional events taking place in different regions. The solution provided at the time was to rotate the World event. It is appropriate that this issue be discussed, however discussions should involve the entire Membership, not just the limited Membership in this Council Working Group. The issue should be considered by the entire Council. If a Member State proposes a revision to Resolution 11, it will be looked at in this context. Critical areas to be addressed are transparency and adapting the Resolution to the current business model. Text needs to be reviewed in such a way that it reflects the new business model. The proposed text reflects views of the ITU but is not a contribution from a Member State. It should be taken into account by Members and Member States should come up with proposals to Council and PP.

9.12 One delegation voiced concerns on addressing smart technologies and AI in Telecom events, since many events already addressed these thematics. A further concern in this regard, was the numerous ITU events at any given time, therefore there is a necessity to streamline the events. The Chairman noted this was related to a proposal by one delegation to combine ITU events, which was already endorsed.

9.13 Another delegation noted that, after hearing more on the request for the same venue two years running, if the Resolution is amended, the process must still be transparent, e.g. if they bid for the 2nd year but another bidder for the said year has a better bid, it should be given to the country with the best bid. Due to the nature of the event, and the need to attract SMEs, it is different to other ITU events. The Secretariat should bring ideas to Council, Councillors can provide proposals and after endorsement these can be implemented for next World event.

9.14 The Chairman noted that aside from one delegation, there is need for more discussion and refinement on the issue of proposed modification to Resolution 11. There is a need to bring these ideas forward to Council for discussion. PP is the only entity that can make such amendments. The question was raised whether the Secretariat can present such a document for consideration and that Council can then decide on how to proceed. The question of whether there would be a need for it to come from a Member State was also raised.

9.15 The Secretariat proposed that perhaps the document could be sent directly to Council indicating that it is by instruction from the Council Working Group.

9.16 One delegate commented that from memory it was not for the Secretariat to propose such amendments but for a Member State to do so.

9.17 The Chairman as well as one delegate agreed. The delegate could not recall a time when a document was presented to Council by such means. Perhaps a Member State could take this further and submit it to Council as a Member State contribution. The Chairman noted that he would prefer this document to be submitted as a contribution by a Member State.

9.18 One delegate also noted that perhaps the Secretariat, during their report to Council, could put forward these proposals as suggestions and provide some justifications on why they wish Council to discuss this issue. One could also invite Member States to submit proposed changes to the Resolution, unless Council advises that the Secretariat can submit amendments to a Resolution.

9.19 The Chairman concluded that the next steps would be for the Secretariat to submit any suggestions on elements for the modifications to Resolution 11 as part of its report to Council (rather than amendments to Resolution 11). The Chairman also encouraged the Telecom team to address the issues discussed such as transparency in selection of HC details, reflecting market trends and the new Telecom business model, in its report to Council.

**Recommendation:** Document CWG-FHR 8/INF/1 was noted and it was agreed that the issue was worth further consideration. The Chairman encouraged Member States, if they so wished, to submit to Council and PP any amendments to Resolution 11 that they may deem necessary.

**10 Update on ITU’s security modernization project (Access control system)
 (Document** [**CWG-FHR 8/5**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0005/en)**)**

The summary of this item is available in the TIES protected version of Document [C18/50](https://www.itu.int/md/S18-CL-C-0050/en).

**11 Other business**

 **- Ethics (oral presentation)**

11.1 The Ethics Officer provided a summary of the work carried out by the Ethics Office in 2017.  Two streams of activities were outlined: (a) training and raising staff awareness on the importance of their ethical obligations; (b) enhancing the legal and administrative framework.  Significant achievements noted included a series of in-person awareness-raising sessions, communication materials and tailored training initiatives, Guidance Notes on specific topics, and work in drafting an anti-fraud policy to address a key gap in the existing framework.  The Ethics Officer observed the need for a charter to clarify the role and responsibilities of the Ethics Office and for modernization of the financial disclosure process.  The Ethics Officer also referred to two important reviews being concluded by the Joint Inspection Unit on ethics-related topics – conflicts of interest and whistleblowers and whistleblower protections – the results of which are expected to further inform ITU’s efforts to enhance its legal and administrative framework.  The Chairman expressed appreciation for the Ethics Office report and noted that a written report with further details would be submitted to Council 2018 based on the request made during Council 2017.

 **- Resolution 94 (Rev. Busan, 2014) Auditing the accounts of the Union – tendering arrangements for the selection of the new External Auditor
(Document** [**CWG-FHR 8/16**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0016/en)**)**

11.2 The Secretariat introduced Document CWG-FHR 8/16. Reference was made to Resolution 94 of the PP and to ITU Financial Regulation 28. In 2018, the ITU Secretariat would need to initiate the selection process for the External Audit appointment from 2019. The proposed process is similar to the one that was used back in 2011 when the Italian Corte dei Conti was appointed and the process would be led by an Appraisal Committee composed of Member States. This Committee would evaluate proposals in late 2018/early 2019 in accordance with the process and criteria set out in the Request for Proposals and make recommendations to the Council for decision at its session of 2019.

11.3 The document was presented to the Group to request recommendation to Council’s vetting of the process described in this document and, through the Chairman of this Group, to call for nominations to the Appraisal Committee composed of Member States to be agreed by Council at its meeting in April of this year.

11.4 The Chairman opened the floor for comments but no delegations took the floor. The Chairman then concluded that (i) this selection process would be transmitted for Council’s approval in April 2018 and (ii) in the meantime the Regional Organizations would be approached for nominating Members to the Appraisal Committee so that at its April 2018 meeting Council can agree on the representatives nominated.

 **- Sponsorship possibilities for the HQ premises (Document** [**CWG-FHR 8/27**](http://www.itu.int/md/S18-CLCWGFHRM8-C-0027/en)**)**

11.5 On behalf of the Secretary-General, the Secretariat presented an information document on the HQ Premises Project that was approved through [Council Decision 588](https://www.itu.int/md/S16-CL-C-0124/en), considering possibilities for Sponsorship in the New Building of ITU HQ. The document was requested by the 3rd MSAG meeting, to cover sponsorship principles and guidelines to sponsorship of elements in the New Building. It will be presented to MSAG as Document MSAG 4/4. The Geneva Group (ITU) has given feedback on a draft version of this document

11.6 The document presented principles from Document [C17/67](https://www.itu.int/md/S17-CL-C-0067/en), endorsed by Council 2017; proposed sponsorship guidelines for the New Building; and listed elements of the New Building that might be of interest to sponsors. The Secretariat remains available for any discussions from Member States interested in exploring sponsorships. In response to a question from one delegate, the Chairman recalled that MSAG was created by Council to advise the Secretary-General and Council on the HQ Premises Project, and that it is a closed group with one representative per ITU region. Another delegate raised the potential sponsorship of ICT-Discovery, noting that recent Councils had agreed positions on this matter.

ANNEX 1

**PROPOSED AMENDMENTS TO THE FINANCIAL REGULATIONS AND
FINANCIAL RULES**

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| **FINANCIAL REGULATIONS AND FINANCIAL RULES CURRENTLY IN FORCE** | **PROPOSED AMENDMENTS TO THE FINANCIAL REGULATIONS AND FINANCIAL RULES**  |
| **Article 1Management and control of the finances of the Union**5. The Contracts Committee shall assist the Secretary-General in the examination of projects for contracts to be concluded by the Union, the amount of which exceeds a limit to be set by the Secretary-General. It shall make recommendations on how to fulfil the proposed requirements bearing in mind economy, quality and the best interests of the Union. Its membership shall be determined by the Secretary-General, in consultation with the Coordination Committee. Its terms of reference and the procedures to be followed for the conclusion of contracts by the Union shall be established by the Secretary-General, in consultation with the Coordination Committee. | **Article 1Management and control of the finances of the Union**5. The Contracts Committee shall assist the Secretary-General in the examination of projects for contracts to be concluded by the Union, the amount of which exceeds a limit to be set by the Secretary-General. It shall make recommendations on how to fulfil the proposed requirements bearing in mind economy, quality and the following principles of procurement:1. fairness, integrity and transparency;
2. effective competition, when appropriate international;
3. best value for money; and,
4. best interest of the Union.

Its membership shall be determined by the Secretary-General, in consultation with the Coordination Committee. Its terms of reference and the procedures to be followed for the conclusion of contracts by the Union shall be established by the Secretary-General, in consultation with the Coordination Committee. |
| **Article 12Supervision of actual expenses****Rule 12.1****Certifying officers**2. Certifying officers are responsible for managing the utilization of resources, in accordance with the purposes for which those resources were approved whilst respecting the principles of efficiency, effectiveness and economy and all regulations, rules and instructions of the Union that may apply to the use of these resources. The Chief of the Administration and Finance Department shall ensure that certifying officers have ready access to information on the expenses and obligations recorded against their budget appropriations. Certifying officers must be prepared to submit any supporting documents, explanations and justifications requested by the Secretary-General, or any officials designated by him, or by the External Auditor | **Article 12Supervision of actual expenses****Rule 12.1****Certifying officers**2. Certifying officers are responsible for managing the utilization of resources, in accordance with the purposes for which those resources were approved whilst respecting the principles of efficiency, effectiveness and economy and all regulations, rules and instructions of the Union that may apply to the use of these resources. . The Chief of the Financial Resources Management Department shall ensure that certifying officers have ready access to information on the expenses and obligations recorded against their budget appropriations. Certifying officers must be prepared to submit any supporting documents, explanations and justifications requested by the Secretary-General, or any officials designated by him, or by the External Auditor. |
| **Article 15Liquid assets of the Union****Rule 15.1****Receipt of funds**Only officials designated by the Secretary-General shall be authorized to issue official receipts. If other officials receive money intended for the Union, they must immediately convey this money to an official authorized to issue official receipts. The Chief of the Administration and Finance Department, or an official designated by him, shall acknowledge all receipts of funds, sign all pertinent documents related thereto and endorse all cheques made out to the Union. | **Article 15Liquid assets of the Union****Rule 15.1****Receipt of funds**Only officials designated by the Secretary-General shall be authorized to issue official receipts. If other officials receive money intended for the Union, they must immediately convey this money to an official authorized to issue official receipts. The Chief of the Financial Resources Management Department, or an official designated by him, shall acknowledge all receipts of funds, sign all pertinent documents related thereto and endorse all cheques made out to the Union. |
| **Article 16Investment of funds****Rule 16.2****Investments**1. The authority to make and prudently manage investments is delegated by the Secretary-General to the Chief of the Administration and Finance Department. | **Article 16Investment of funds****Rule 16.2****Investments**1. The authority to make and prudently manage investments is delegated by the Secretary-General to the Chief of the Financial Resources Management Department. |
| **Article 18Keeping of accounts and presentation of financial statements****Rule 18.4****Accounting of bank transactions**2. At least every month, or more frequently if necessary, all financial transactions, including bank charges and commissions, must be reconciled with the information submitted in the bank statements, unless a waiver is granted in writing by the Chief of the Administration and Finance Department. | **Article 18Keeping of accounts and presentation of financial statements****Rule 18.4****Accounting of bank transactions**2. At least every month, or more frequently if necessary, all financial transactions, including bank charges and commissions, must be reconciled with the information submitted in the bank statements, unless a waiver is granted in writing by the Chief of the Financial Resources Management Department. |

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| **Article 27****Net Assets including Reserve Account**1. The Net Assets include:

- the effects of transition to IPSAS;- the Reserve Account;- the Superannuation, benevolent and investment funds;- the ASHI actuarial losses as defined by IPSAS 25, since ITU elected to recognize the actuarial gains and losses in the period when they occur;- the variation of Net Assets of the extra-budgetary funds and the effect of presenting them in the financial statements presentation currency;- the surplus or deficit for the period according to IPSAS. | **Article 27****Net Assets including Reserve Account**1. The Net Assets include:

- the effects of transition to IPSAS;- the Reserve Account;- the Superannuation, benevolent and investment funds;- the ASHI actuarial losses as defined by the IPSAS on employee benefits, since ITU elected to recognize the actuarial gains and losses in the period when they occur;- the variation of Net Assets of the extra-budgetary funds and the effect of presenting them in the financial statements presentation currency;- the surplus or deficit for the period according to IPSAS. |

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