|  |  |
| --- | --- |
| **Council 2018 Geneva, 17-27 April 2018** |  |
|  |  |
| **Agenda item: PL 3.2, ADM 24** | **Addendum 5 to Document C18/64-E** |
| **19 April 2018** |
| **Original: English** |

**Chairman of the Council Working Group   
for Strategic and Financial Plans 2020-2023 (CWG-SFP)**

Draft Financial Plan for 2020-2023

This document presents the draft Financial Plan for 2020-2023.

1. **Setting the Scene**
   1. **What is the financial plan?**

1.1 In a few words, the purpose of the draft Financial Plan for 2020-2023 is to provide a tool for the 2018 Plenipotentiary Conference to establish the basis for the preparation of the 2020-2021 and 2022-2023 budgets.

1.2 By setting the amount of the contributory unit for the 2020-2023 timeframe, it determines the related financial limits, until the next plenipotentiary conference, after considering all relevant aspects of the work of the Union during the period concerned.

* 1. **The legal bases**

1.3 The preparation of the financial plan is governed by provision 51, Article 8 of the Constitution.

1.4 The financial plan is approved by the plenipotentiary conference in Decision 5 that reflects the new financial plan as well as all related information.

* 1. **Linkage with the strategic plan**

1.5 The financial plan is linked to the strategic plan, the goals, objectives and the outputs identified therein.

1.6 The financial plan has dual approaches and layouts:

• Financial (to follow the revenue/expenses structures laid down in the financial regulations);

• Result-based (to follow the structure of the strategic plan).

* 1. **The key drivers / determinants**

1.7 The key drivers / determinants for the preparation of the financial plan have been the following:

• The 2020-2023 draft Strategic Plan;

• The amount of the contributory unit (CHF 318,000);

• The revenue level (ceiling);

• The work programme.

1. **The bases / assumptions**

2.1 The 2018-2019 Budget has served as primary basis for the preparation of the draft Financial Plan for 2020-2023, both for expenses and revenue levels.

2.2 The revenue level reflects the situation prevailing as of 1st January 2018 for the assessed contributions (Member States, Sector Members, Associates and Academia).

2.3 The 5.2% cost decrease in salaries for professional and higher categories of staff has been reflected in the draft Financial Plan as consequence of the ICSC Decision on post adjustment for Geneva (equivalent to CHF -11.9 million).

2.4 A CHF 1.1 million increase in the contribution to the health insurance to compensate the correlated decrease induced by the above mentioned salary decrease.

2.5 In the same way as for the 2016-2017 and 2018-2019 Budgets, a 5 per cent vacancy rate is applied across the Union for the 2020-2023 timeframe.

2.6 Possible future cost increases / decreases for 2020-2023 (such as inflation, salary increase, health care cost inflation, etc.) have not been reflected in this draft financial plan and will be taken into consideration during the preparation of the 2020-2021 and 2022-2023 Budgets.

1. **The programme variation and cost increase/decrease**

3.1 As compared to the 2018-2019 Budget, the programme variation amounts to  
CHF -5.0 million, broken down as follows:

* CHF - 1.6 million on account of the schedule of conferences for 2020-2023;
* CHF - 10.8 for net cost decrease;
* CHF 7.4 million for actual programme variation.

3.2 The main elements of the programme variation are:

* ERP and CRM migration to a new technology: CHF 2.0 million;
* First instalment for the new building in 2023: CHF 3.0 million;
* Regional Office in Moscow new structure: 1 million;
* Radiocommunication Bureau at 2016-2019 budgets level: CHF 0.9 million;
* ITU-R CPM, RRB and study group meetings: CHF 0.5.

3.3 The 5.2% cost decrease in salaries for professional and higher categories of staff has been reflected in the draft Financial Plan for an amount of CHF -11.9 million. It is partially offset by a CHF 1.1 million increase in the contribution to the health insurance to compensate the correlated decrease induced by the salary decrease. The net cost decrease amounts to   
CHF -10.8 million for the 2020-2023 timeframe.

3.4 The Secretariat has been implementing the ICSC decisions since February 2018. Nonetheless, there are some strong indications of financial consequences (number of appeals to the ILO tribunal, independent expert findings, etc.) linked to the introduction of the new post adjustment in Geneva. To be on a safe side, and when more precise information will be made available, an adequate provision might have to be created.

1. **The planned 2020-2023 revenue**

4.1 The draft Financial Plan for 2020-2023 is based on the revenue that will be available for the 2020-2023 timeframe. The level of revenue is a key parameter for the preparation of the financial plan.

4.2 Assessed contributions represent more than 3/4 of the Union’s revenue. Any change in the number of contributory units will impact the 2020-2023 revenue forecast and thus the expenses forecast will have to be adjusted accordingly. The forecast is based on the number of contributory units as of January 2018 and on the 2018-2019 budget revenue level for cost recovery revenue and other revenue.

4.3 The forecast may be updated subsequently to reflect the changes in the number of contributory units. The planned revenue for the 2020-2023 timeframe amounts to CHF 644.2 million.

4.4 Table 1 presents the revenue forecast for the 2020-2023 timeframe.

1. **The planned 2020-2023 expenses**

5.1 The planned expenses presented in Table 2 are based on the  
2018-2019 approved Budget. Programme variations, schedule of events and cost increase/decrease have been taken into consideration when preparing these estimates.

5.2 The total planned expenses for the period concerned amounts to   
CHF 644.2 million, offset by projected revenue of CHF 644.2 million, i.e. a balanced financial plan.

5.3 The draft Financial Plan for 2020-2023 includes a provision of CHF 2.7 million for the financial implications of WTSA-16. It does not take into account the financial implications of WTDC-17, WRC-19, WTSA-20 and WTDC-21. These possible financial implications will be dealt with during the preparation of the 2020-2021 and 2022-2023 budgets.

5.4 Table 2 presents the expenses forecast for the 2020-2023 timeframe.

**Table 1**



**Table 2**



**6. The Result-based presentation of the 2020-2023 draft Financial Plan**

6.1 This section provides the details of the full costs by goal. These costs are being estimated on the basis of the cost allocation methodology approved by Council in Decision 535 (MOD).

6.2 These figures are still at a provisional and preliminary stage.

6.3 At this stage of the preparation of the draft Strategic Plan for 2020-2023 and as compared to the current plan for 2016-2019, the current fourth goal “Innovation and partnership” is proposed to be separated into two new goals:

• Goal 4: Innovation;

• Goal 5: Partnership.

6.4 Chart 1 and Table 3 show the Result-based presentation of the draft Financial Plan for 2020-2023.

**Chart 1**



**Table 3**



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