|  |  |
| --- | --- |
| **Council 2019 Geneva, 10-20 June 2019** |  |
|  |  |
|  |  |
| **Agenda item: ADM 13** | **Document C19/42-E** |
| **28 May 2019** |
| **Original: English** |
| Report by the Secretary-General | |
| financial operating report for the financial year 2018 | |

|  |
| --- |
| 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 2018 financial year covers:  • The audited accounts for the 2018 financial year of the budget of the Union.  • The audited accounts for 2018 for technical cooperation projects, voluntary contributions and the ITU Staff Superannuation and Benevolent Funds.  • The audited ITU TELECOM World 2018 event.  Action required  The financial operating report on the audited accounts and the draft resolution in Annex A are submitted to the Council for **consideration** and **approval**.  Once examined and approved by the Council, the report will be communicated to the Member States and Sector Members.  \_\_\_\_\_\_\_\_\_\_\_\_  References  *Convention: No.* [*101*](https://www.itu.int/en/council/Documents/basic-texts/Convention-E.pdf)  *Financial Regulations of the Union:* [*Article 30*](https://www.itu.int/en/council/Documents/Financial-Regulations/S-GEN-REG_RGTFIN-2018-PDF-E.pdf) |

**Annexes:** 12



**Financial operating report**

In accordance with Article 30 of the Financial Regulations of the Union − Edition 2010, this financial operating report on the audited accounts gives the financial results at 31 December 2018 for accounts held by the International Telecommunication Union (ITU).

The 2018 Financial Statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). The 2018 Financial Statements constitute the tenth set of financial statements to have been prepared in accordance with IPSAS and cover the following:

– the Union’s financial year 2018

– the ITU Staff Superannuation and Benevolent Funds for 2018

– the United Nations Joint Staff Pension Fund for 2018

– technical cooperation projects funded by the United Nations Development Programme (UNDP) for 2018

– trust funds for 2018

– voluntary contributions for 2018

– the ICT Development Fund for 2018

– the ITU TELECOM World 2018 event

– the new building project

TABLE OF CONTENTS

**Page**

[Foreword by the Secretary-General 4](#_Toc357005994)

[Management Report 2018 14](#_Toc357005995)

Statement on Internal Control for 2018 16

Certification of the financial statements for the year ended 31 December 2018 20

[FINANCIAL STATEMENTS 21](#_Toc357005996)

[I REGULAR BUDGET (ANNEX B1)](#_Toc357005997) 70

II NEW HEADQUARTERS PREMISES (ANNEX B2) 74

[III STAFF SUPERANNUATION AND BENEVOLENT FUNDS (ANNEX B3)](#_Toc357005998) 74

[IV UNITED NATIONS DEVELOPMENT PROGRAMME (ANNEX B4)](#_Toc357005999) 75

[V TRUST FUNDS (ANNEX B5)](#_Toc357006000) 75

[VI VOLUNTARY CONTRIBUTIONS (ANNEX B6)](#_Toc357006001) 76

[VII ICT DEVELOPMENT FUND (ANNEX B7)](#_Toc357006003) 76

VIII ITU TELECOM WORLD 2018 (ANNEX B8) 76

IX EXTERNAL AUDIT OF THE UNION'S ACCOUNTS 77

[ANNEX A Draft resolution](#_Toc357006005) 78

[ANNEX B1](#_Toc357006005) 79

[ANNEX B2](#_Toc357006006) 80

[ANNEX B3](#_Toc357006007) 81

[ANNEX B4 8](#_Toc357006008)2

[ANNEX B5](#_Toc357006009) 83

[ANNEX B6](#_Toc357006011) 89

[ANNEX B7](#_Toc357006012) 93

ANNEX B8 94

ANNEX C 95

ANNEX D 107

ANNEX E 110

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 2018.
2. The Report of the External Auditor on the financial statements for 2018, 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 also be submitted to the Council in a separate document.
3. The 2018 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 2018 Financial Statements constitute the tenth set of financial statements to have been prepared in accordance with IPSAS. ITU has applied the IPSAS standards in force at 1 January 2018, 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 2018 financial period

1. The programme of activities carried out by the Union in 2018 included among numerous meetings and conferences, the following main events:
2. The WSIS Forum 2018 was held from 19 to 23 March 2018 in Geneva. More than 2500 information and communication technology (ICT) experts and implementation actors contributed to and participated in the recent World Summit on the Information Society (WSIS) Forum 2018 to foster partnerships, showcase innovation, exchange best practices and announce new tools and initiatives to use ICTs to advance the United Nations' Sustainable Development Goals (SDGs).
3. The 2nd editionof theAI for Good Global Summit was organized by ITU in Geneva on  
   15-17 May 2018, in partnership with [XPRIZE Foundation](https://www.xprize.org/), the global leader in incentivized prize competitions, the [Association for Computing Machinery (ACM)](https://www.acm.org/) and sister United Nations agencies. The AI for Good series is the leading United Nations platform for dialogue on AI. The action-oriented 2018 summit identified practical applications of AI and supporting strategies to improve the quality and sustainability of life on our planet. The summit continued to formulate strategies to ensure trusted, safe and inclusive development of AI technologies and equitable access to their benefits.
4. In July 2018, the Global Symposium for regulators took place in Geneva, under the central theme of "Global Dialogue on AI, IoT and Cybersecurity – Policy and regulatory challenges and opportunities”.
5. ITU Telecom World 2018 took place from 10 - 13 September in Durban, South Africa, on the theme of "Innovation for smarter digital development", bringing together governments, corporates and tech SMEs to exhibit innovative solutions, network, share knowledge and debate with experts. Approximately 300 exhibitors, sponsors and partners from 32 countries including National Pavilions, Thematic Pavilions, world famous tech brands and SMEs joined the event, demonstrating innovation, talent and investment opportunities from around the world. Technologies on show included e-health, e-agriculture, e-education, digital government services, digital finance, smart city solutions and more.
6. The ITU Plenipotentiary Conference was held in Dubai from 29 October to 16 November 2018, hosted by the United Arab Emirates. The plenipotentiary conference is the highest decision-making body of ITU, the United Nations specialized agency for ICTs. Held every four years, the conference is the key event at which ITU Member States build consensus on key international ICT issues, elect leaders for the Union's top posts, and decide on a roadmap for ITU's work over the next four-year period, including strategic and financial plans. A total of 2,363 participants representing 180 Member States and 75 observer organizations attended PP-18. A full report on PP-18 is available in Document C19/4.
7. These achievements and implementations have been possible thanks to consistent and optimum management of the Union’s financial resources.
8. During 2018, the Union continued its coordinated process improvements and cost saving efforts as requested by Decision 5, Annex 2 (Rev. Dubai, 2018).
9. 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 2018 as compared to 2017.

|  |  |  |  |
| --- | --- | --- | --- |
| KCHF |  | 2018 | 2017 |
| Revenue |  | 176,389 | 178,537 |
| Expenses |  | 184,365 | 195,615 |
| **Surplus (Deficit)** |  | **-7,976** | **-17,078** |
| Asset |  | 410,645 | 372,774 |
| Liabilities |  | 805,823 | 855,297 |
| **Net assets** |  | **395,178** | **482,524** |

1. 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.
2. On a budgetary basis, the Union presents a CHF 11.07 million surplus for the year 2018. 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 2018 budgetary surplus. CHF 2.369 million paid as per Resolution 1387, CHF 6 million paid to the new Building Reserve fund, CHF 1 million to the ASHI fund, CHF 1 million for the enhancement of the security and KCHF 200 for investigations. After the allocations were made, CHF 507.9 million were paid into the Reserve Account. At 31 December 2018, the Reserve Account shows a balance of CHF 27.4 million, corresponding to 17.1 per cent of the budget for 2018 (CHF 27.7 million for 2017).

19 In 2018, the ITU revenues amounted to KCHF 176’389 (KCHF 178’537 in 2017) reflected as follows:

20 The main source of revenue comes from assessed contributions representing 72 per cent in 2018 which has slightly increased compared to 2017, followed by the operating revenue representing 23 per cent which included mainly the sales of publications and the satellite network filings.

21 In 2018, the ITU expenses amounted to KCHF 184’365 (KCHF 195’615 in 2017) reflected as follows:

22 In 2018, a strict monitoring of the budget and a decrease of the debtors leaded to a global decrease of 6.5% of the expenses. The employee expenses remained the main expenses representing 82 per cent in 2018.

**Financial position: Asset representation for 2018**

**Financial position: Asset comparison between 2018 and 2017**

23 The asset comparison shows a stable picture. Since 2015 and the introduction of the negative interest on the Swiss Francs and the Euros, the ITU had to reorganize the treasury. The situation on the financial market remained the same in 2018 which explains the low level of investments compared to the cash and cash equivalent. The investments are mainly composed of short term deposits in USD.

**Financial position: liabilities representation for 2018**

**Liabilities comparison: The liabilities at 31 December 2018 totaled CHF 805,823**

24 The most significant liabilities were the future employee benefits accrued by staff members and retirees. These represented 71 per cent of the ITU’s total liabilities as at 31 December 2018.

25 The ASHI liability represented 96 per cent of the total employee benefits’ liability and in 2018 showed a decrease mainly due to the assumption change gain including the new medical claims table reflecting the good claims experience in the recent past and an increase in the discount rate to 1.2% (against 0.90 per cent in 2017).

26 The 2018 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.

27 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 2018 financial period.

1. Cash contributions received for trust funds amounted to CHF 12 million in 2018 (CHF 9.8 million in 2017).
2. Voluntary cash contributions received for the various activities amounted to CHF 1.8 million in 2018 (CHF 1.3 million in 2017).

30 The balance of the ICT Development Fund stood at CHF 4.3 million at 31 December 2018 (CHF 4.4 million at 31 December 2017).

31 In 2018, total expenses for trust funds amounted to CHF 6.5 million generating CHF 0.42 million of project support revenue.

32 The ITU TELECOM World 2018 closed the event with a surplus of KCHF 254 which was paid to the Exhibition Working Capital Fund. The balance of the Exhibition Working Capital Fund stood at CHF 7.95 million at 31 December 2018 (CHF 8.1 million at 31 December 2017).

33 Annex D hereto shows changes in arrears with respect to TELECOM events.

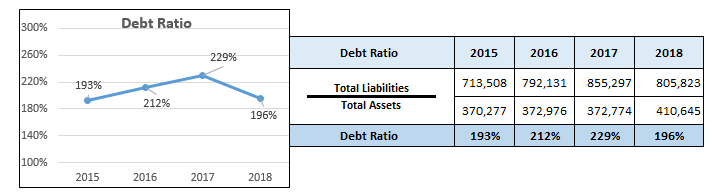
34 The accompanying notes to the financial statements provide relevant information on financial aspects pertaining to the 2018 period.

**Financial key indicators**

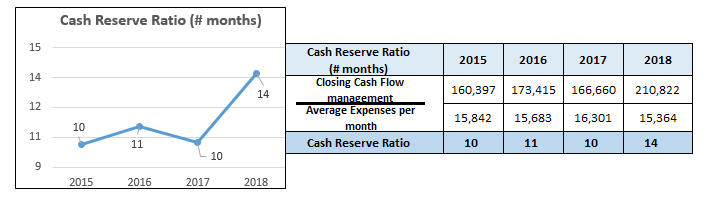
35 Following a recommendation made by the Council Working Group on Financial and Human Resources, ITU introduced in 2015 the presentation of Key indicators which is a useful tool in understanding the evolution of the financial situation of an organization and is of high importance in a results-based budgeting and results-based management framework.

36 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**

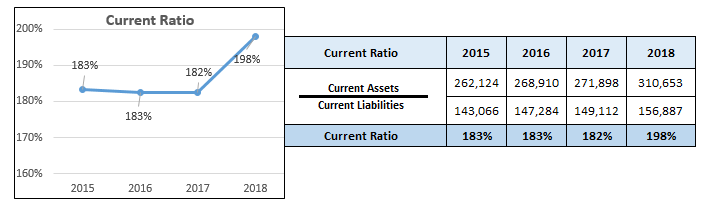


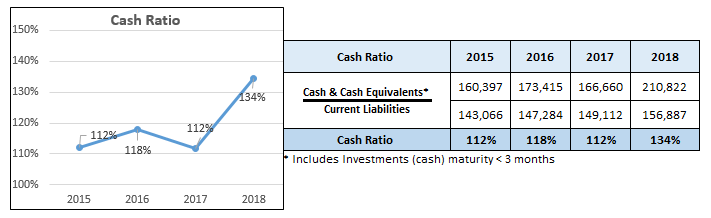
**Reserve of Equity and Cash**



37 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**



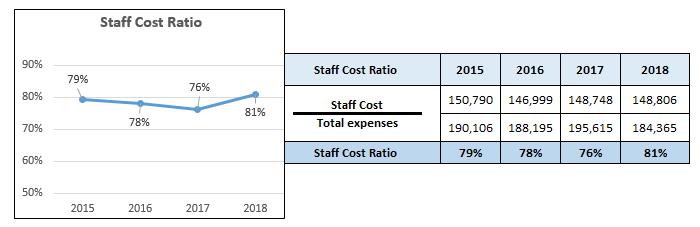


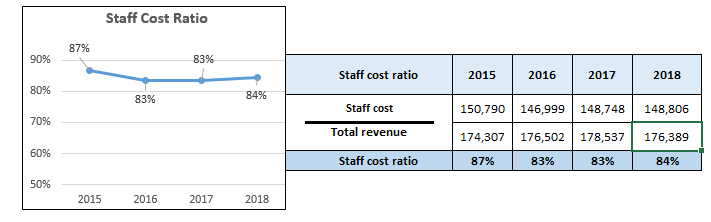
38 The solvency ratio helps to see the financial health of the ITU on a short term basis. The high

result respectively 198 per cent and 134 per cent of these two ratios confirm the good situation of the Union and its ability to fulfil the short term obligations.

**Financial Performance**

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





40 The evolution of the ratio related to staff costs has been relatively stable over the last four years. The major part of the revenue (81 per cent in 2018) 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

41 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.

1. 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.
2. The Statement of Internal Control for 2018 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 2018.

I. Statement of financial position - Balance sheet at 31 December 2018

II. Statement of financial performance for the period which closed on 31 December 2018

III. Statement of changes in net assets for the period which closed on 31 December 2018

IV. Statement of cash flows for the period which closed on 31 December 2018

V. Statement of comparison of budgeted amounts and actual amounts for 2018

Management Report 2018

|  |  |
| --- | --- |
|  | |
|  | |
|  | |
|  | Geneva, 27 March 2019 |
|  |  |
|  | |

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 2018 financial year at 31 December 2018, 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 2018 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:

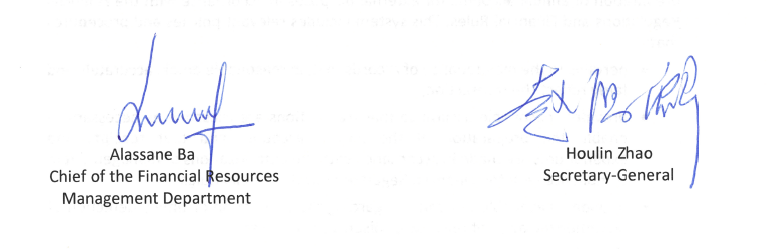
* pertains to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transaction;
* provides reasonable assurance that transactions are recorded as necessary to enable the preparation of the annual accounts and that receipts and expenditures are made in accordance with 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.
3. There were no new known cases of fraud or suspected fraud in 2018 as well as during the completion of the external audit. To the best of our knowledge and belief, the annual accounts present fairly the financial position at 31 December 2018. We have no knowledge of any events that might raise due doubt as to ITU’s capacity as a going concern.

10. 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.

11. 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. These procedures will be introduced in early 2019 on a trial basis and will be fully assessed before its definitive implementation. In addition, a procurement manual has been drafted in 2018 for promulgation in 2019, which will also further strengthen the procurement function at ITU.

12. 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 2018

## 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 provisions Nos 73 bis and 75 of the Constitution (Article 11), 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 provides 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 2018 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 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 within the procurement function which may need strengthening and I have asked the relevant offices to underact the necessary steps to improve the controls in these areas.

With this objective, new procedures for the procurement below CHF 20,000 have been developed to ensure the appropriate segregation of duties between the requisition, funding approval and the procurement function. These procedures will be introduced in early 2019 on a trial basis and will be fully assessed before its definitive implementation. In addition, a procurement manual has been drafted in 2018 for promulgation in 2019, which will also further strengthen the procurement function at ITU.

# 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 2018, and up to the date of the approval of the financial statements.



Geneva, 27 March 2019

**Certification of the financial statements for the year ended 31 December 2018**

**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 2018, together with the notes to the statements and relevant annexes, have been reviewed and are approved.

27 March 2019



FINANCIAL STATEMENTS

**Page**

[I Statement of financial position – Balance sheet at 31 December 2018 with comparative figures as at 31 December 2017 23](#_Toc329011603)

[II Statement of financial performance for the period which closed on 31 December 2018 with comparative figures as at 31 December 2017 24](#_Toc329011604)

[III Statement of changes in net assets for the period which closed on 31 December 2018 25](#_Toc329011605)

I[V Statement of cash flows for the period closed on 31 December 2018 26](#_Toc329011607)

[V Statement of comparison of budgeted amounts and actual amounts for the 2018 financial period 27](#_Toc329011606)

[Notes to the financial statements 28](#_Toc329011608)

[Note 1 Objectives of the Union 28](#_Toc329011609)

[Note 2 Main accounting principles 29](#_Toc329011611)

[Foreign currencies 29](#_Toc329011612)

[Financial instruments 30](#_Toc329011613)

[Determination of the provision for impairment of receivables 31](#_Toc329011614)

[Use and release of a provision for asset impairment 32](#_Toc329011615)

[Inventories 32](#_Toc329011617)

[Property and equipment 33](#_Toc329011618)

[Fixed assets acquired under lease 34](#_Toc329011619)

[Intangible assets 34](#_Toc329011620)

[Provisions 35](#_Toc329011621)

[Contingent assets and liabilities 35](#_Toc329011622)

[Employee benefits 35](#_Toc329011623)

[Recognition of funds 36](#_Toc329011624)

[Reserve Account 37](#_Toc329011625)

Other funds [38](#_Toc329011626)

New building fund 38

Extrabudgetary activities related funds 39

Recognition of revenue 39

[Segment reporting 40](#_Toc329011627)

[Budget comparison 41](#_Toc329011628)

[Note 3 Management of net assets 41](#_Toc329011629)

[Note 4 Financial risk management 4](#_Toc329011630)1

Note 5 Judgment and accounting estimates 44

[Note 6 Cash and cash equivalents 45](#_Toc329011631)

[Note 7 Investments 45](#_Toc329011632)

[Note 8 Receivables 46](#_Toc329011633)

[Note 9 Inventories 47](#_Toc329011634)

[Note 10 Other receivables 4](#_Toc329011635)8

[Note 11 Property and equipment 48](#_Toc329011636)

[Note 12 Intangible assets 49](#_Toc329011637)

Note 13 Assets under construction………………………………………………………………………………… 50

[Note 14 Suppliers and other creditors 50](#_Toc329011638)

[Note 15 Deferred revenue 5](#_Toc329011639)1

[Note 16 Borrowings and other financial debts 51](#_Toc329011640)

[Note 17 Employee benefits 5](#_Toc329011641)2

[17.1 Short-term employee benefits 5](#_Toc329011642)2

[17.2 Long-term employee benefits 5](#_Toc329011643)3

[Note 18 Provisions 5](#_Toc329011644)8

[Note 19 Other debts 5](#_Toc329011645)9

[Note 20 Allocated and unallocated extrabudgetary funds 59](#_Toc329011646)

[Note 21 Assessed contributions](#_Toc329011647) 60

[Note 22 Revenue](#_Toc329011648) 60

[Note 23 Expenses](#_Toc329011649) 61

[Note 24 Segment reporting – Statement of financial performance 2018](#_Toc329011650) 64

[Note 25 Regional presence](#_Toc329011650) 66

[Note 26 Reconciliation between budgeted amounts and actual amounts 6](#_Toc329011651)6

[Note 27 Related-party disclosures 6](#_Toc329011652)7

[Note 28 Obligations 6](#_Toc329011653)8

[Note 29 Events after the reporting date 6](#_Toc329011654)9

**I – Statement of financial position – Balance sheet at 31 December 2018 with comparative figures as at 31 December 201****7**

|  |  |  |  |
| --- | --- | --- | --- |
| (in thousands of CHF) | **Notes** | **31/12/2018** | **31/12/2017** |
| **ASSETS** |  |  |  |
| **Current assets** |  |  |  |
| Cash and cash equivalents | 6 | 161,826 | 135,297 |
| Investments | 7 | 48,996 | 31,363 |
| Receivables - exchange transactions | 8 | 5,407 | 8,934 |
| Receivables - non-exchange transactions | 8 | 85,356 | 88,139 |
| Inventories | 9 | 535 | 661 |
| Other receivables | 10 | 8,534 | 7,505 |
| **Total current assets** |  | **310,653** | **271,898** |
| **Non-current assets** |  |  |  |
| Receivables - non-exchange transactions | 8 | - | - |
| Property, plant and equipment | 11 | 95,625 | 99,000 |
| Intangible assets | 12 | 2,058 | 967 |
| Assets under construction | 13 | 2,309 | 908 |
| **Total non-current assets** |  | **99,992** | **100,876** |
|  |  |  |  |
| **Total ASSETS** |  | **410,645** | **372,774** |
| **LIABILITIES** |  |  |  |
| **Current liabilities** |  |  |  |
| Suppliers and other creditors | 14 | 8,905 | 9,671 |
| Deferred revenue | 15 | 136,273 | 134,275 |
| Borrowings and financial debts | 16 | 1,493 | 1,493 |
| Employee benefits | 17 | 187 | 226 |
| Provisions | 18 | 6,832 | 1,636 |
| Other debts | 19 | 3,195 | 1,810 |
| **Total current liabilities** |  | **156,887** | **149,112** |
| **Non-current liabilities** |  |  |  |
| Borrowings | 16 | 41,699 | 41,526 |
| Employee benefits | 17 | 573,412 | 638,365 |
| Allocated third-party funds | 20 | 31,034 | 22,994 |
| Third-party funds in process of allocation | 20 | 2,790 | 3,300 |
| **Total non-current liabilities** |  | **648,936** | **706,185** |
| **TOTAL LIABILITIES** |  | **805,823** | **855,297** |
| **NET ASSETS** |  |  |  |
| Organization's capital |  |  |  |
| Reserve account before reallocation of the surplus/ deficit of the period | 3 | 26,934 | 27,089 |
| Other Extra-budgetary reserves | 3 | 75,669 | 58,726 |
| ASHI actuarial losses | 17 | -282,427 | -369,704 |
| Cumulated balances |  | -207,378 | -181,557 |
| Surplus/Deficit for the period |  | -7,976 | -17,078 |
| **TOTAL NET ASSETS** |  | **-395,178** | **-482,524** |

**II – Statement of financial performance for the period which closed on  
31 December 2018 with comparative figures as at 31 December 2017**

|  |  |  |  |
| --- | --- | --- | --- |
| (in thousands of Swiss Francs) | **Notes** | **31/12/2018** | **31/12/2017** |
|  |  |  |  |
| **REVENUE** | 22 |  |  |
|  |  |  |  |
| Assessed contributions |  | 125,191 | 122,390 |
| Voluntary contributions |  | 7,161 | 10,610 |
| Other operating revenue |  | 41,930 | 44,398 |
| In-kind contributions |  | 862 | 882 |
| Finance revenue |  | 1,245 | 258 |
|  |  |  |  |
| **Total revenue** |  | **176,389** | **178,537** |
|  |  |  |  |
| **EXPENSES** | 23 |  |  |
|  |  |  |  |
| Employee expenses |  | 148,806 | 148,748 |
| Mission expenses |  | 6,702 | 6,968 |
| Contractual services |  | 12,691 | 15,613 |
| Rental and maintenance of premises and equipment |  | 3,971 | 4,411 |
| Equipment and supplies |  | 4,509 | 3,875 |
| Depreciation and impairment losses |  | 4,497 | 5,212 |
| Shipping, telecommunication and service expenses |  | 1,772 | 1,576 |
| Other expenses |  | -67 | 7,656 |
| In-kind expenses |  | 862 | 882 |
| Finance expenses |  | 621 | 675 |
|  |  |  |  |
| **Total expenses** |  | **184,365** | **195,615** |
| **Surplus/deficit for the period** |  | -7,976 | -17,078 |

III – Statement of changes in net assets for the period which closed  
on 31 December 2018

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **(in thousands of CHF)** | **31.12.2017** | **Surplus deficit 2018** | **Other adjustments** | **31.12.2018** |
| **IPSAS transition** | **-125,100** | **-** | **-** | **-125,100** |
| **Reserve Account** | **27,770** | **508** | **-837** | **27,441** |
| **Other reserves** | **53,638** | **8,414** | **9,425** | **71,477** |
| Savings from previous year | 5,764 | 3,569 | -163 | 9,170 |
| Investment fund | 10,230 | -441 | 32 | 9,821 |
| New Building fund | -671 | -188 | - | -859 |
| New Building Reserve | - | 6,095 | - | 6,095 |
| Welfare fund | 393 | - | -18 | 375 |
| Centenary fund | 212 | - | - | 212 |
| SS&B Complement fund | 6,202 | -19 | - | 6,183 |
| SS&B Assistance fund | 278 | - | - | 278 |
| ASHI fund | 9,500 | 1,000 | 1,000 | 11,500 |
| Health Insurance fund | 13,808 | - | 8,541 | 22,349 |
| Extra budgetary allocated reserves | 7,039 | -1,602 | 177 | 5,614 |
| Currency exchange translation | 884 | - | -144 | 740 |
| **Extra-budgetary activities related funds** | **13,149** | **-182** | **-544** | **12,423** |
| TLC | 8,132 | -255 | 73 | 7,950 |
| Others | 5,017 | 72 | -617 | 4,473 |
| **ASHI actuarial losses** | **-369,704** | **-** | **87,277** | **-282,427** |
| **IPSAS cumulated deficit (statistical)** | **-82,278** | -16,715 | **-** | **-98,993** |
| **Total net assets** | **-482,524** | **-7,976** | **95,321** | **-395,179** |

IV – Statement of cash flows for the period closed on 31 December 2018

|  |  |  |
| --- | --- | --- |
| (in thousands of CHF) | **31/12/2018** | **31/12/2017** |
|  |  |  |
| Surplus (deficit) for the period | -7,976 | -17,078 |
| **Non-monetary movements** |  |  |
| Depreciation | 4,497 | 5,212 |
| ASHI provision | 22,267 | 18,214 |
| Provisions for repatriation (LT) | 431 | -1,268 |
| Provisions for employee benefits (ST) | 93 | 174 |
| Provisions for accrued leave (LT) | 321 | 180 |
| Other provisions | 5,756 | 526 |
| Provision for doubtful receivable | -11,487 | 5,472 |
| Inventory depreciation | 19 | -3 |
| Net (gain) or loss on sales of fixed assets | - | 5 |
| Interest received | -748 | -220 |
|  |  |  |
| **Restated surplus (deficit) from non-monetary movements** | **13,172** | **11,215** |
| (Increase) decrease in inventories | 107 | -113 |
| (Increase) decrease in short-term receivables | 17,797 | -17,042 |
| (Increase) decrease in other short-term receivables | -1,029 | 1,944 |
| Increase (decrease) in suppliers | -766 | 523 |
| Increase (decrease) in deferred revenue | 1,999 | 5,253 |
| Increase (decrease) in other debts | 1,385 | -3,264 |
| Use of provisions for employee benefits (ST) | -131 | -1,042 |
| Use of provision for repatriation (LT) | -575 | -914 |
| Use of provision for accrued leave (LT) | -119 | -95 |
| Increase (decrease) Other provisions | -560 | -342 |
| Increase (decrease) in third-party funds | 7,530 | -1,131 |
| Changes in own funds | 8,044 | 834 |
|  |  |  |
| **Cash flow from operating activities** | **33,681** | **-15,391** |
|  |  |  |
| **Net cash flows from investment activities** |  |  |
| (Increase) / decrease Investments | -17,633 | 33,617 |
| Interest from short-term investments | 748 | 220 |
| (Acquisition) / sale of property, plant and equipment | -393 | -1,100 |
| (Acquisition) / sale of intangible assets | -1,256 | -353 |
| (Acquisition) / sale of Under construction assets | -1,964 | -571 |
| **Net cash flows from investment activities** | **-20,498** | **31,813** |
|  |  |  |
| **Cash flows from finance activities** |  |  |
| (Increase) / decrease Investments of FIPOI loan | 174 | -773 |
| **Cash flows from finance activities** | **174** | **-773** |
|  |  |  |
| **Net increase / (decrease) in cash and cash equivalents** | **26,528** | **26,863** |
|  |  |  |
| **Cash and cash equivalents at opening of period** | **135,297** | **108,435** |
|  |  |  |
| **Cash and cash equivalents at closure of period** | **161,826** | **135,297** |

V – Statement of comparison of budgeted and actual amounts for the 2018 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** |
| **31.12.2018** | **31.12.2018** | **31.12.2018** | **31.12.2018** | **31.12.2018** | **31.12.2018** |
| **Assessed contributions** | **124,401** |  |  | **124,401** | **125,191** | **790** |
| **Cost recovery** | **36,375** |  |  | **36,375** | **35,289** | **-1,086** |
| **Interests** | **300** |  |  | **300** | **377** | **77** |
| **Other revenue** | **100** |  |  | **100** | **1,994** | **343** |
| **Withdrawal from Reserve Account** | **-2,245** |  |  | **-2,245** | **-** | **2,245** |
| **Saving from budget implementation** | **946** |  |  | **946** | - | **-946** |
| **Total revenue** | **159,877** | **-** |  | **159,877** | **162,851** | **1,423** |
| **Expenses** | **Budgeted amounts** | | | | **Actual amounts on a comparable basis** | **Difference between final budget and actual amounts** |
| **Initial Budget** | **Deferred activity** | **Budget transfers** | **Final budget** |
| **31.12.2018** | **31.12.2018** | **31.12.2018** | **31.12.2018** | **31.12.2018** | **31.12.2018** |
| *General Secretariat* | *90,549* |  |  | *90,549* | *81,803* | *8,746* |
| *Radiocommunication Sector* | *27,988* |  |  | *27,988* | *25,052* | *2,936* |
| *Telecommunication Standardization Sector* | *13,505* |  |  | *13,505* | *13,243* | *262* |
| *Telecommunication Development Sector* | *27,835* |  |  | *27,835* | *26,863* | *972* |
| *Expenses not foreseen in approved budget* |  |  |  | *-* | *4,813* |  |
| **Total expenses** | **159,877** | **-** | **-** | **159,877** | **151,774** | **9,654** |
| **Result** |  |  |  |  | **11,077** |  |
| *ASHI* |  |  |  |  | *-22,267* |  |
| *Capitalization of fixed assets* |  |  |  |  | *2,246* |  |
| *Recognition of inventories* |  |  |  |  | *-41* |  |
| *Depreciation* |  |  |  |  | *-4,074* |  |
| *Exchange rate gains/losses* |  |  |  |  | *-162* |  |
| *Repayment of FIPOI loan not considered as expense* |  |  |  |  | *1,493* |  |
| *Changes in and use of provision for doubtful debts* |  |  |  |  | *6,065* |  |
| *Sales of assets* |  |  |  |  | *14* |  |
| *Other expenses* |  |  |  |  | *-5* |  |
|  |  |  |  |  |  |  |
| **Total IPSAS difference** |  |  |  |  | **-16,731** |  |
| Surplus/ Deficit on Fund 1000 |  |  |  |  | *11,077* |  |
| Increase of the investment fund |  |  |  |  | *-441* |  |
| Perimeter differences |  |  |  |  | *-1,881* |  |
|  |  |  |  |  |  |  |
| **Surplus/Deficit as shown in the statement of financial performance** |  |  |  |  | **-7,976** |  |

For further information, see Note 26.

**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](https://www.itu.int/en/ITU-R/Pages/default.aspx), [Telecommunication Standardization](https://www.itu.int/en/ITU-T/Pages/default.aspx) and [Telecommunication Development](https://www.itu.int/en/ITU-D/Pages/default.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](https://www.itu.int/online/mm/scripts/gensel8) and over 800 [Sector Members](https://www.itu.int/online/mm/scripts/gensel11), [Associates](https://www.itu.int/online/mm/scripts/gensel11?_memb=A) and [Academia](https://www.itu.int/online/mm/scripts/gensel11?_memb=U). 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 2018, amounted to an overall sum of CHF 14.9 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 2018, 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 2018, the Reserve and Complement Fund paid out 22 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.

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.

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 31/12/2020. 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 2026). 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 B2.

##### 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 2018-2019:

– 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 2018-2019 is based on Decision 5 (Rev. Dubai, 2018) 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. Dubai, 2018) 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 2018-2018 is composed of two annual budgets. A budget estimate has been made for each of the financial years.

The final budget for 2018 was approved by the Council at its 2017 session by Resolution 1387. 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.

At 31 December 2018, the assets of the Reserve Account stood at CHF 27.4 million after allocation of the 2018 surplus allocated to the Reserve Account. The assets of the Reserve Account represent 17.1 per cent of the 2018 budget, which is significantly above the six per cent threshold stipulated in Decision 5 (Rev. Dubai, 2018) 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 | **2018** | **2017** | **2018** | **2017** |
| Cash and cash equivalent | 161’826 | 135’297 | 161’826 | 135’297 |
| Financial instruments at fair value through surplus/ deficit | 48’996 | 31’363 | 48’996 | 31’363 |
| Receivable from exchange transactions – current | 5’407 | 8’934 | 5’407 | 8’934 |
| Receivable from non-exchange transaction- current | 85’356 | 88’139 | 85’356 | 88’139 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **In thousands of CHF** | **Carrying amount** | | **Fair value** | |
| Financial liabilities | **2018** | **2017** | **2018** | **2017** |
| Borrowings | 43’193 | 43’019 | 43’193 | 43’019 |
| Payables from exchange transactions | 4’660 | 5’103 | 4’660 | 5’103 |

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 2018, 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** | **31.12.2018** | **31.12.2017** |
| Investments | 48’996 | 31’363 |
| Receivables | 97’746 | 104’575 |
| Cash and cash equivalents | 161’826 | 135’297 |
| Maximum exposure to credit risk | 308’568 | 271’235 |

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 2018 are as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **In thousands of CHF** | **Weighted average interest rate** | **1 year or less** | **<10 years** | **>10 years** | **Total** |
| **Financial assets** |  |  |  |  |  |
| Investments |  | 48’996 | 0 | 0 | 48’996 |
| Cash and cash equivalent |  | 161’826 | 0 | 0 | 161’826 |
| **Total financial assets** |  | 210’822 | 0 | 0 | 210’822 |
| **Financial liabilities** |  |  |  |  |  |
| Borrowings | 0% | 1’493 | 14’219 | 27’481 | 43’193 |
| **Total liabilities** |  | 1’493 | 14’219 | 27’481 | 43’193 |

##### 

##### 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 | **31.12.2018** | **31.12.2017** |
|  |  |  |
| Cash in CHF | 17 | 19 |
| Cash in foreign currency | 72 | 129 |
| Postal accounts in CHF | 843 | 818 |
| Bank current accounts in CHF | 25,695 | 19,787 |
| Bank current accounts in foreign currency | 25,444 | 25,758 |
| Sight accounts in CHF | 109,754 | 88,785 |
|  |  |  |
| **Cash and cash equivalents** | **161,826** | **135,297** |

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 2018, 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 6.4 million. Sight accounts also comprise CHF 103.3 million. Given the policy of negative interest on the financial market, this amount cannot be invested in short-term deposits. These amounts are therefore deposited in current accounts with partners with whom the ITU has been able to negotiate exemption ceilings.

##### 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 | **31.12.2018** | **31.12.2017** |
|  |  |  |
| Fixed-term investments | 48,996 | 31,363 |
|  |  |  |
| **Investments** | **48,996** | **31,363** |

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **In thousands for each currency** |  | **31.12.2018** | | | **31.12.2017** | | |
|  |  | CHF | USD | EUR | CHF | USD | EUR |
| Maturity |  |  |  |  |  |  |  |
| 0 - 3 months |  | 10,000 | 12,312 |  | 11 | 7,512 | 4 |
| 4 - 6 months |  |  | 18,500 |  |  | 16,000 |  |
| 7 - 9 months |  |  | 8,000 |  |  | 8,000 |  |
| over 9 months |  |  |  |  |  |  |  |
| **Investments** |  | **10,000** | **38,812** |  | **11** | **31,512** | **4** |

A deposit in Swiss Francs has been made possible with the Swiss National Bank who grants to the international organizations a threshold of CHF 10 million without negative 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 39.7 million at 31 December (CHF 42.2 million at 31 December 2017). The situation with respect to arrears in the Union’s regular budget at 31 December 2018 is set out in Annex C hereto.

|  |  |  |
| --- | --- | --- |
| **In thousands of CHF** | **31.12.2018** | **31.12.2017** |
| Current receivables – exchange transactions | 7,288 | 10,229 |
| Provision for losses on current receivables – exchange transactions | -1,881 | -1,296 |
|  |  |  |
| **Current receivables – exchange transactions: net value** | **5,407** | **8,934** |
| Current receivables – non-exchange transactions | 109,812 | 34,253 |
| Provision for losses on current receivables – non-exchange transactions | -24,456 | -46,114 |
|  |  |  |
| **Current receivables – non-exchange transactions: net value** | **85,356** | **88,139** |
| Non-current receivables – exchange transactions | - | - |
| Provision for losses on non-current receivables – exchange transactions | - | - |
|  |  |  |
| **Non-current receivables – exchange transactions: net value** | **-** | **-** |
| Non-current receivables – non-exchange transactions | 16,606 | 7,021 |
| Provision for losses on non-current receivables – non-exchange transactions | -16,606 | -7,021 |
|  |  |  |
| **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** | **31.12.2018** | **31.12.2017** |
|  |  |  |
| Publications – gross value | 334 | 402 |
| Depreciation | -203 | -186 |
| **Publications – net value** | 131 | 216 |
| Souvenirs – gross value | 139 | 129 |
| Depreciation | -88 | -86 |
| **Souvenirs – net value** | 51 | 43 |
| Supplies – gross value | 353 | 402 |
| Depreciation | 0 | - |
| **Supplies - net value** | 353 | 402 |
| **Inventories – net value** | **535** | **661** |

##### Note 10 Other receivables

|  |  |  |
| --- | --- | --- |
| **In thousands of CHF** | **31.12.2018** | **31.12.2017** |
|  |  |  |
| Employee advances | 1,762 | 1,723 |
| UNDP current account | 428 | 308 |
| Yugoslavia | 1,189 | 1,189 |
| ./. Provision for debt Yugoslavia | -1,189 | -1,189 |
| Withholding tax | 1,872 | 2,396 |
| Pensions | 236 | 239 |
| Accrued interest | 356 | 127 |
| Accounts receivable | 3,900 | 2,711 |
|  |  |  |
|  |  |  |
| **Other receivables** | **8,534** | **7,505** |

Employee advances mainly comprised the payment of 97 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 1.7 million at the end of 2018.

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 2018.

##### 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 2018 period are explained below.

As of December 2018, no property, or equipment had been pledged as security for debt.

At the end of 2018, the value of the items not present in the physical stock amounted to CHF 164.575 compared to CHF 29.971 in 2017.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Categories of asset** | **Buildings** | **Mach. & equip.** | **Furniture & fixtures** | **Computer equipment** | **Vehicles** | **Low value asset** | **Total** |
| **Cost at 1 January** | **124,877** | **2,149** | **1,641** | **9,019** | **384** | **15,092** | **153,160** |
| Additions |  |  | 47 | 346 |  | **799** | **1,192** |
| Gifts |  |  |  |  |  |  | - |
| Disposals |  | -76 | -5 | -822 | -124 | -807 | -1,834 |
| Impairment losses |  |  |  |  |  |  | - |
| Reclassifications & corrections |  |  |  |  |  |  | - |
| Revaluations |  |  |  |  |  |  | - |
| **Cost at 31 December** | **124,877** | **2,073** | **1,683** | **8,542** | **259** | **15,084** | **152,518** |
| **Depreciation at 1 January** | **27,153** | **2,083** | **1,585** | **7,927** | **319** | **15,092** | **54,160** |
| Recognized during the year | 3,066 | 22 | 24 | 640 | 17 | **799** | **3,769** |
| Disposals |  | -76 | -5 | -822 | -124 | -807 | **-1,028** |
| Impairment losses |  |  |  |  |  |  | **-** |
| Reclassifications & corrections |  |  |  |  |  |  | **-** |
| Revaluations |  |  |  |  |  |  | **-** |
| **Depreciation at 31 December** | **30,219** | **2,029** | **1,604** | **7,746** | **212** | **15,084** | **56,893** |
| **Net carrying amount at 1 January** | **7,723** | **66** | **56** | **1,091** | **64** | **-** | **99,000** |
| **Net carrying amount at 31 December** | **94,657** | **44** | **79** | **797** | **48** |  | **95,625** |

##### Note 12 Intangible assets

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Category of asset** | **Internal Dev** | **Software** | | **Software LVA** | **Total** |
|  | **2018** | **2018** |  | **2017** |  |
| **Cost at 1 January** | **1,854** | **5,829** |  | **629** | **8,312** |
| Additions | 443 | 813 |  | 180 | 1,436 |
| Gifts |  |  |  |  | - |
| Disposals |  | -186 |  | -151 | -337 |
| Impairment losses |  |  |  |  | - |
| Reclassifications & corrections | 563 |  |  | - | 563 |
| Revaluations |  |  |  |  | - |
| **Cost at 31 December** | **2,860** | **6,457** | **-** | **659** | **9,975** |
| **Depreciation at 1 January** | **1,390** | **5,326** |  | **629** | **7,345** |
| Recognized during the year | 298 | 419 |  | 180 | 898 |
| Disposals |  | -175 |  | -151 | -326 |
| Impairment losses |  |  |  |  | - |
| Reclassifications and corrections |  |  |  |  | - |
| Revaluations |  |  |  |  | - |
| **Depreciation at 31 December** | **1,688** | **5,570** |  | **659** | **7,917** |
| **Net carrying amount at 1 January** | **464** | **503** |  | **-** | **967** |
| **Net carrying amount at 31 December** | **1,172** | **886** | **-** | **-** | **2,058** |

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Category of asset** | **BuildingUnder constr.** | **Other Under constr.** | **Total** |
| **Cost at 1 January** | **-** | **908** | **908** |
| Additions | 1,326 | 638 | 1,964 |
| Gifts |  |  | - |
| Disposals |  |  | - |
| Impairment losses |  |  | - |
| Reclassifications & corrections |  | -563 | -563 |
| Revaluations |  |  | - |
| **Cost at 31 December** | **1,326** | **983** | **2,309** |
| **Depreciation at 1 January** |  | **-** | **-** |
| Recognized during the year |  |  | - |
| Disposals |  |  | - |
| Impairment losses |  |  | - |
| Reclassifications and corrections |  |  | - |
| Revaluations |  |  | - |
| **Depreciation at 31 December** | **-** | **-** | **-** |
| **Net carrying amount at 1 January** | **-** | **908** | **908** |
| **Net carrying amount at 31 December** | **1,326** | **983** | **2,309** |

##### It has been decided to disclose separately the assets under construction in order to anticipate on the new building project and thus allow for a transparent follow up of the project during the construction phase.

##### Note 14 Suppliers and other creditors

|  |  |  |
| --- | --- | --- |
| **In thousands of CHF** | **31.12.2018** | **31.12.2017** |
|  |  |  |
| Suppliers | 4,660 | 5,103 |
| Deposits received | 3,173 | 2,583 |
| Downpayments received | 1,072 | 1,985 |
|  |  |  |
| **Suppliers and other creditors** | **8,905** | **9,671** |

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 2018 and 2019 events such as PP-18 or GSR 19.

**Note 15 Deferred revenue**

|  |  |  |
| --- | --- | --- |
| **In thousands of CHF** | **31.12.2018** | **31.12.2017** |
|  |  |  |
| Contributions - Member States | 109,551 | 108,518 |
| Contributions - Sector Members | 14,049 | 14,085 |
| Contributions - Associates | 1,925 | 1,660 |
| Contributions - Academia | 376 | 328 |
| Publications and miscellaneous | - | - |
| SNF | 5,614 | 8,498 |
| Contributions - Extra-budgetary | 4,759 | 1,185 |
| **Deferred revenue** | **136,273** | **134,275** |

In 2018, 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 2018 with publication in 2019.

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

|  |  |  |  |
| --- | --- | --- | --- |
| **In thousands of CHF** | **Due date** | **31.12.2018** | **31.12.2017** |
|  |  |  |  |
| Amounts initially borrowed from FIPOI |  |  |  |
|  |  |  |  |
| CHF 2'634'780 - dès 1990 | 2020 | 203.80 | 306 |
| CHF 19'627'590 - dès 1990 | 2039 | 9,299 | 9,742 |
| CHF 45'427'250 - dès 2002 | 2051 | 29,982 | 30,891 |
| CHF 2'000'000 - dès 2002 | 2051 | 1,320 | 1,360 |
| New Building Project |  | 2,387 | 720 |
|  |  |  |  |
| **Borrowings** |  | **43,193** | **43,019** |
|  |  |  |  |
| of which short term |  | 1,493 | 1,493 |
| of which long term |  | 41,699 | 41,526 |
|  |  |  |  |
| **Borrowings** |  | **43,193** | **43,019** |
|  |  |  |  |
| Borrowings - of which short term |  | 1,493 | 1,493 |
|  |  |  |  |
| **Borrowings – current** |  | **1,493** | **1,493** |
|  |  |  |  |
| Borrowings - of which long term |  | 41,699 | 41,526 |
|  |  |  |  |
| **Borrowings - non current** |  | **41,699** | **41,526** |

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 beginning of 2026.

The present value of borrowings at 31.12.2018 is CHF 25.8 million, as against CHF 26.5 million at 31.12.2017. 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 31.12.2018**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Employee benefits – short term** | | |
| **In thousands of CHF** | **Overtime** | **Accumulated leave** | **Total employee benefits short term** |
| **Opening balance** | **51** | **175** | **226** |
| Increase | 39 | 148 | 188 |
| Used during year | -51 | -80 | -131 |
| Release | - | - | - |
| Transfer | - | -95 | -95 |
| Unrealized exchange gain | - | - | - |
| **Closing balance** | **39** | **148** | **187** |

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 31.12.2018**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Employee benefits – long term** | | | | |
| **In thousands of CHF** | **ASHI** | **Pensions** | **Installation/ repatriation** | **Accumulated leave** | **Total employee benefits long term** |
| **Opening balance** | **617,250** | **54** | **12,485** | **8,576** | **638,365** |
| Increase | - | - | 778 | 313 | 1,091 |
| Used during year | -65,010 | - | -575 | -119 | -65,704 |
| Release | - | - | -347 | -88 | -435 |
| Transfer to/from short term | - | - | - | 95 | 95 |
| Unrealized exchange gain | - | - | - | - | - |
|  |  |  |  |  |  |
| **Closing balance** | **552,240** | **54** | **12,341** | **8,777** | **573,412** |

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 2019, established at CHF 552.24 million ITU’s obligations in respect of post-employment sickness benefits due to employees meeting the specified conditions at 31 December 2018. 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 2018 and of the contribution for the 2018 period, ITU validates the assumptions and methods used by the actuaries. The assumptions and methods used for the valuation covering the 2018 period are described below.

|  |  |
| --- | --- |
| Discount rate | 1.20% for 2018 and 0.90% for 2017. |
| Increase in medical costs | 3.90% for 2019, falling by 0.30% per year to 3.10%. |
| Expected accounting rate of return on assets | N/A for 2018 |
| Salary increases | 3.5% assumptions used for the latest UNJSPF actuarial valuation. |
| Pension increases | 2.50% for 2018 and 2017 |
| Estimated annual average cost of claims for reimbursement of medical expenses in 2018 and variation in medical expenses according to age | The 2018 actuarial report is based on average cost of claims for reimbursement in CHF estimated at the end of the 2018 period as an average per age range of 50, 55, 60, 65, 70, 75 and 80 years at CHF 2’401, CHF 3’196, CHF 4’254, CHF 5’662, CHF 7’536, CHF 10’031, CHF 13’352 respectively, for men, and CHF 4’053, CHF 4’946, CHF 6’035, CHF 7’365, CHF 8’986, CHF 10’966, CHF 13’381, respectively, for women. |
| Administrative expenses | The annual average administrative cost per person was estimated at CHF 225.81 |
| 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 2018. |
| 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, years of service, professional categories. |
| 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 | All gains/losses are recognized in full immediately during the year in which they arise, but outside of profit and loss, through the Statement of Comprehensive Income (SoCI). |

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 2018.

|  |  |  |
| --- | --- | --- |
| **Amount of obligations under the ASHI plan at 31 December 2018 and 2017 in the statement of financial position** | **In thousands of CHF 31.12.2018** | **In thousands of CHF 31.12.2017** |
| Balance at 31 December 2018-2017 | 617,250 | 551,911 |
| Total expenses recognized in the statement of financial performance | 28,548 | 25,375 |
| Actuarial losses recognized in net assets | -87,277 | 47,125 |
| Contributions during the period | -6,281 | -7,161 |
| Unrealized exchange-rate loss / (gain) | 0 | 0 |
| Amount of obligations under the ASHI plan at 31 December 2018-2017 | 552,240 | 617,250 |

The ASHI-related obligation at 31 December 2018 amounts to CHF 552.24 million. This significant decrease compared to 2017  (CHF 617,250 ) is due to the gain emanating from the assumption change including the new medical claims table reflecting the good claims experience in the recent past  and also to  an increase in the discount from 0.90 per cent in 2017 to 1.2 per cent in 2018.

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*** | |
|  | **31.12.2018** | **31.12.2017** |
| Obligation due to changes in assumptions | -98,029 | 75,452 |
| Obligation due to experience during the period | 10,752 | -28,327 |
| Variation over the period | -87,277 | 47,125 |
| Cumulative amount recognized in net assets at 31 December | 282,427 | 369,704 |

The decision on the arbitration between ITU and ILO regarding the splitting of the guarantee fund was made in July 2018. An amount of USD 9.4 million was paid by ILO to the ITU. This amount has been allocated to the guarantee fund of the health insurance scheme (CMIP).

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*** | |
|  | **31.12.2018** | **31.12.2017** |
| Present value | 552,240 | 617,250 |
| Fair value of assets under the plan | 0 | 0 |
| Obligation recognized in balance sheet at 31 December | 552,240 | 617,250 |

|  |  |  |
| --- | --- | --- |
| **Amounts recognized in the statement of financial performance** | ***In thousands of CHF*** | |
|  | **31.12.2018** | **31.12.2017** |
| Updating of obligation and contributions for the period |  |  |
| Service costs | 23,025 | 20,337 |
| Finance charge | 5,523 | 5,038 |
| Expected return on assets under the ASHI plan | 0 | 0 |
| Total | 28,548 | 25,375 |

17.2.3 ASHI plan, cost estimates for the 2018 period

A 1 per cent increase in healthcare rate would result in a rise in the aggregate of service cost and interest costs of CHF 11.980 million and have an impact on the defined-benefit obligation of HF 149.497 million. A 1 per cent decrease would result in a reduction of CHF 8.537 million in service cost and interest costs and of CHF 114.495 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 2018. The economic assumptions used are a discount rate of 1.2 per cent (0.90 per cent in 2017) and a rate of salary increase of 3.5 per cent (similar to 2017). For the valuation of 2018, 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 2018, the provision amounted to CHF 12.16 million against CHF 12.3 million in 2017. 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 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 Pension Fund is a funded, multi-employer defined benefit plan. As specified in 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. The Agency 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 were 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.

United Nations Joint Staff Pension Fund

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.

The Agency’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% for participants and 15.8% 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. As such, as an exception to the normal biennial cycle, a roll forward of the participation data as of 31 December 2013 to 31 December 2016 was used by the Fund for its 2016 financial statements.

The actuarial valuation as of 31 December 2017 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 139.2% (150.1% in the 2016 roll forward). The funded ratio was 102.7% (101.4% in the 2016 roll forward) 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 2017, 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 (2015, 2016 and 2017) amounted to USD 6,931.39 million, of which 1.06% was contributed by the ITU.

During 2018, contributions paid to UNJSPF amounted to USD 23.7 million (USD 23.8 million in 2017). Expected contributions due in 2019 are approximately USD 23 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 2018  
NUMBER OF PARTICIPANTS AT 31 DECEMBER 2018**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Number of participants at 31.12.2017** | **New participants** | **Transfers** | | **End of service** | **Number of participants at 31.12.2018** |
| **to ITU** | **to another organization** |
| 688 | 37 | 6 | 1 | 35 | 695 |

**Number of benefits paid during the financial year ending 31 December 2018**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Retirement benefits | Disability benefits | Survivor’s benefits | Child’s benefits | Other benefits |  |  | |
| Deferred life annuities | | TOTAL |
| 825 | 32 | 206 | 76 | 0 | 110 | | 1,249 |

**Recapitulation of contributions to the Fund for the period 1 January to 31 December 2018  
- United States dollars –**

|  |  |  |  |
| --- | --- | --- | --- |
| **Nature of contributions** | **Normal contributions** | **Service validation contributions** | **Total** |
| Contributions by participants | 7,869,781 | 76,598 | 7,946,380 |
| Contributions by the Union | 15,739,563 | 16,809 | 15,756,372 |
| **Total** | **23,609,344** | **93,408** | **23,702,753** |

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 2018, the Union did not consider it necessary to request a new actuarial study for the Staff Superannuation and Benevolent Funds. At 31 December 2018, 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 54 000, 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** | **501** | **1,135** | **1,636** |
| Increase | 604 | 6,068 | 6,673 |
| Used during year | -274 | -286 | -560 |
| Release | -227 | -689 | -917 |
| Transfer |  |  |  |
| Unrealized exchange gain |  |  |  |
| **Closing balance** | **604** | **6,228** | **6,832** |

##### Note 19 Other debts

|  |  |  |
| --- | --- | --- |
| **In thousands of CHF** | **31.12.2018** | **31.12.2017** |
|  |  |  |
| Accounts payable | 2,511 | 944 |
| Employees miscellaneous | 651 | 823 |
| Goods receipt/Invoice receipt | 21 | 21 |
| UNDP | 12 | 22 |
|  |  |  |
| **Other debts** | **3,195** | **1,810** |

##### 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** |
| **Balances at 31.12.2017** | 22,994 | 3,300 | **26,294** | **7,039** |
| Increase | 16,052 | 445 | **16,497** | 7,017 |
| Decrease | -8,012 | -955 | **-8,967** | -8,442 |
|  |  |  |  |  |
| **Closing balances 31.12.2018** | 31,034 | 2,790 | **33,824** | **5,614** |

There is an important increase in third-party funds allocated due to the fact that the external contributions increased as a consequence of various agreements being contracted in 2018. There is a slight decrease in the implementation of earmarked projects.

The decrease in third-party funds awaiting allocation is mainly due to the transfers of funds towards new earmarked projects. However, the total third-party funds significantly increased in 2018 (CHF 38,024) comparing to 2017 (CHF 26,294).

The decrease of ITU own funds allocated to projects is due to an extensive implementation of the various projects that almost doubled in 2018. The increase of ITU own funds is related to the amounts allocated from ICTDF and ITU budgetary allocations.

##### Note 21 Assessed contributions

The following table shows the contributions actually posted to account during the 2018 period.

|  |  |  |
| --- | --- | --- |
| **In thousands of CHF** | **2018** | **2017** |
| Contributions by Member States | 108,597 | 106,292 |
| Contributions by Sector Members | 14,219 | 14,210 |
| Contributions by Associates | 1,787 | 1,577 |
| Contributions by Academia | 358 | 306 |
| Contributions conferences | 230 | 6 |
| **Assessed contributions** | **125,191** | **122,390** |

By its Resolution 1387, adopted at its 2017 session, the Council approved the budget of the Union for the period 2018-2019.

The Council set the amount of the contributory unit for Member States at CHF 318’000 for 2018 and 2019, 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.

The increase in revenue from assessed contributions amounts to CHF 125,19 million in 2018 compared with CHF 122,39 million in 2017 and can be explained by the changes of class of contribution of China (14 to 20 units), Pakistan (1 to 2 units) and Paraguay (1/4 to ½ units).

##### 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 7.1 million in 2018 (CHF 10.6 million in 2017).

##### Other operating revenue

|  |  |  |
| --- | --- | --- |
| **In thousands of CHF** | **2018** | **2017** |
|  |  |  |
| Extra-budgetary revenue | 5,844 | 7,506 |
| Publications Sales | 13,865 | 19,592 |
| Satellite Network filing | 19,070 | 15,342 |
| UIFN/UIPRN-UISC | 905 | 139 |
| GMPCS-MoUs | 8 | 6 |
| Recovery –Publications | 14 | 24 |
| Other revenue | 2,222 | 1,789 |
|  |  |  |
| **Other operating revenues** | **41,930** | **44,398** |

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 decreased by 9 per cent to CHF 40.3 million in 2018. This can be explained by the decrease in revenue of the sales of publications and specifically to the unique scheduling calendar of flagship ITU-R Maritime Service Publications.

##### Finance revenue

|  |  |  |
| --- | --- | --- |
| **In thousands of CHF** | **2018** | **2017** |
|  |  |  |
| Investment interest | 748 | 220 |
| Realized exchange gains | 23 | 65 |
| Unrealized exchange gains | 475 | -27 |
|  |  |  |
| **Finance revenue** | **1,245** | **258** |

The situation on the financial market relevant to the Swiss Francs and the Euros still remained in 2018. Nevertheless, ITU has secured all the funds and no negative interests were applied on the cash kept in Swiss Francs. The increase in the USD rates in 2018 has led to better returns on USD investments which mainly explains the increase in the investment interests.

**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** | | **2018** | **2017** |
| Salaries and allowances | | 93,577 | 93,653 |
| other employee expenses | | **55,229** | **55,094** |
|  | Installations and repatriation | 947 | 519 |
|  | Education grant | 3,286 | 3,443 |
|  | Home leave | 891 | 1,056 |
|  | Accrued leave | 669 | 702 |
|  | Health & accident insurance | 10,635 | 11,181 |
|  | UNJSPF contribution | 15,872 | 15,994 |
|  | other expenses | 662 | 3,985 |
|  | ASHI adjustment | 22,267 | 18,214 |
| **employee expenses** | | **148,806** | **148,748** |

Despite a global increase of the employee expenses due to the ASHI adjustment we can note a decrease in salaries and allowances (3%).

##### 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 6.7 million in 2018.

##### 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 12.6 million in 2018 (CHF 15.6 million in 2017). A detailed situation is shown in the segment reporting (Note 24).

##### 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 3.9 million in 2018 (CHF 4.4 million in 2017).

##### 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 4.5 million in 2018 (CHF 3.8 million in 2017). Shipping, telecommunications and service expenses amounted to CHF 1.7 million in 2018 (CHF 1.6 million in 2017).

##### Other expenses

|  |  |  |
| --- | --- | --- |
| **In thousands of CHF** | **2018** | **2017** |
| External audit expenses | 135 | 93 |
| Participation to UN expenses | 660 | 533 |
| Legal expenses | 3,209 | 453 |
| Adjustment of provisions and other expenses | -4,072 | 6,577 |
|  |  |  |
| **Other expenses** | **-67** | **7,656** |

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 high level of the legal expenses correspond to a provision made in 2018 in relation to the pay cut and the consequent legal actions taken by the staff at the ILO.

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. Due to an effective debt collection, the provision decreased significantly in 2018.

##### Finance expenses

|  |  |  |
| --- | --- | --- |
| **In thousands of CHF** | **2018** | **2017** |
|  |  |  |
| Bank charges | 207 | 228 |
| Realized exchange loss | 84 | 268 |
| Unrealized exchange loss | 329 | 178 |
|  |  |  |
| **Finance expenses** | **621** | **675** |

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 2018

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **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** | **New building reserve** | **Insurance fund** | **Voluntary contribs** | **FIT** | **ICTDF** | **UNDP** | **Telecom** | **Inter-sectors eliminations** | **Total** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **REVENUE** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Assessed contributions | 230 | 6,706 | 7,747 | 1,552 | 108,955 | **125,191** |  |  |  |  |  |  |  |  |  | **125,191** |
| Voluntary contrib. |  |  |  |  | 1 | **1** |  |  |  | 2,006 | 5,155 | - | - | - |  | **7,161** |
| Publications | 34 | 13,616 | 34 | 173 | 7 | **13,865** |  |  |  |  |  |  |  |  |  | **13,865** |
| Cost recovery | 1,008 | 19,070 | 913 | 4 | 887 | **21,881** |  |  |  |  |  |  |  |  | -1,884 | **19,997** |
| Other revenus | 48 | 104 | 2 | 13 | 2,845 | **3,012** |  | 95 |  | 0 | 78 |  |  | 5,743 |  | **7,928** |
| Finance Revenue | 0 | 0 | 0 | 1 | 852 | **853** |  |  |  | 1 | 308 | 72 |  | 10 |  | **1,245** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total revenue** | **1,320** | **39,497** | **8,696** | **1,744** | **113,546** | **164,804** | **-** | **95** | **-** | **2,007** | **5,541** | **72** | **-** | **5,753** | **-1,884** | **176,389** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **EXPENSES** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Employee expenses | 64,868 | 23,113 | 11,417 | 21,448 | 22,267 | **143,113** | 171 |  | 19 | 877 | 1,787 | - | - | 2,838 |  | **148,806** |
| 30 | 46,210 | 17,937 | 8,847 | 16,270 | - | **89,264** | 133 |  |  | 710 | 1,293 | - |  | 2,177 |  | **93,577** |
| 31 | 18,658 | 5,176 | 2,570 | 5,177 | 22,267 | **53,849** | 39 |  | 19 | 167 | 494 | - |  | 661 |  | **55,229** |
| Mission expenses | 1,094 | 1,064 | 950 | 2,278 | 51 | **5,438** | - |  |  | 313 | 813 | - |  | 138 |  | **6,702** |
| Contractual services | 4,866 | 330 | 532 | 2,133 | 526 | **8,386** | 1 |  |  | 1,005 | 1,871 | - |  | 1,428 |  | **12,692** |
| Rental & maintenance of premises & equipment | 3,393 | 44 | 96 | 97 | 87 | **3,718** | - |  |  | 35 | 21 | - |  | 198 |  | **3,971** |
| Equipment & supplies | 1,352 | 269 | 175 | 644 | 121 | **2,560** | 15 |  |  | 259 | 1,568 | - |  | 106 |  | **4,509** |
| Depreciation | - | - | - | - | 4,372 | **4,372** | - |  |  | 111 | 14 | - |  | - |  | **4,497** |
| Shipping, telecommunication & services expenses | 1,389 | 179 | 56 | 140 | - | **1,764** | - |  |  | 0 | 4 |  |  | 5 |  | **1,773** |
| Auditing of accounts and inter-organizational contributions | 759 | - | - | 37 | - | **796** | - |  |  | - | - | - |  | - |  | **796** |
| Other expenses | 36 | 53 | 7 | 74 | 5 | **176** | - |  |  | - | 426 | - |  | 1,282 | -1,884 | **-1** |
| Finance expenses | 113 | 16 | 13 | 35 | 379 | **557** | 0 |  |  | 11 | 35 | 0 |  | 17 |  | **621** |
| **Total expenses** | **77,869** | **25,067** | **13,248** | **26,887** | **27,808** | **170,879** | **- 188** | **-** | **19** | **2,611** | **6,539** | **0** | **-** | **6,012** | **-1,884** | **184,365** |
| **Surplus / (deficit) for the period** | **-76,549** | **14,429** | **-4,552** | **-25,142** | **85,738** | **-6,076** | **-188** | **95** | **-19** | **604** | **-998** | **72** | **-** | **-259** | **-** | **-7,976** |

**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** |

##### 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 | 2,022 | 1,871 | 2,061 | 2,045 | 887 | 836 | 1,344 | 1,348 | 385 | 384 | 484 | 524 |
| Mission expenses | 50 | 86 | 50 | 76 | 32 | 42 | 36 | 38 | 23 | 22 | 18 | 18 |
| Contratual services | 21 | 28 | 4 | 1 | 5 | 1 | 3 | 2 | 3 | - | - | - |
| Rental and maintenance | 28 | 20 | 10 | 5 | 4 | 1 | 6 | 4 | 1 | - | - | - |
| Equipement and supplies | 19 | 6 | 11 | 7 | 4 | 1 | 4 | 5 | 5 | 5 | 2 | - |
| Shipping, telecommunication | 24 | 24 | 19 | 18 | 9 | 4 | 12 | 13 | 2 | - | 1 | - |
| Other expenses | 47 | 24 | 30 | 23 | 5 | 1 | 7 | 2 | 3 | - | 1 | - |
| Total is KCHF | **2,210** | **2,060** | **2,184** | **2,174** | **945** | **886** | **1,412** | **1,412** | **421** | **411** | **506** | **543** |

Efforts continued during 2018 towards enhancing ITU’s regional presence through a range of measures to enable the Union to be more responsive to the specific needs of the regions and to effectively deliver timely and high quality products and services at country and regional levels. Numerous technical assistance projects were under implementation in regions: Africa region (13 projects), Americas region (12 projects), Arab region (5 projects), Asia Pacific region (10 projects) and Europe region (2 projects). A document on Strengthening the Regional Presence containing more details is submitted to Council 2019 (document C19/25).

##### 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 2018-2019 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 17. 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 2018 financial year, revenue and expenses of CHF 159.87 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 11.07 million.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2018** | | | |
|  | **Operating** | **Investment** | **Finance** | **Total** |
|  | in thousands of CHF | | | |
| **Results on a comparable basis** | 11,077 |  |  | **11,077** |
| Changes in and use of provision for doubtful debts | 6,065 |  |  | 6,065 |
| Recognition of inventories | -41 |  |  | -41 |
| Capitalization of fixed assets |  | 2,246 |  | 2,246 |
| Depreciation | -4,074 |  |  | -4,074 |
| Exchange-rate gains and losses | -162 |  |  | -162 |
| ASHI | -22,267 |  |  | -22,267 |
| Repayment of FIPOI loan not considered as expense |  |  | 1,493 | 1,493 |
| In-kind revenue | 862 |  |  | 862 |
| In-kind expenses | -862 |  |  | -862 |
| Sale of assets | 14 |  |  | 14 |
| Other | -5 |  |  | -5 |
| **Total IPSAS differences** | **-20,470** | **2,246** | **1,493** | **-25794** |
| Gain Fund 1000/1010 | -9,393 | 2,246 | 1,493 | -5,653 |
| Increase of Fund 1010 reserves | -441 |  |  | -441 |
| **Total surplus** | **-9,835** | **2,246** | **1,493** | **-6,095** |
| **Perimeter differences** | **-1,881** |  |  | **-1,881** |
| **Surplus as shown in the statement of financial performance** | **-11,715** | **2,246** | **1,493** | **-7,976** |

**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 17 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 2018, the Union granted to the former Elected Official of BR (Mr. Rancy) an amount of CHF 52,092 and to the former Elected Official of BDT (Mr. Sanou) an amount of CHF 52,092 for services rendered to the Union during their respective mandates.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **31.12.2018** | | **31.12.2017** | |
| **In thousands of CHF** | **Number of persons** | **Total remuneration** | **Number** | **Total remuneration** |
| **of persons** |
| 5 elected officials | 5 | 2,139 | 5 | 2143 |
| **Main management officials** | **5** | **2,139** | **5** | **2,143** |
| D.2 directors | 4 | 1,148 | 4 | 1,196 |
| D.1 directors | 17 | 5,102 | 20 | 4,656 |
| **Total chiefs of department** | **21** | **6,250** | **24** | **5,852** |
| **Total main management officials – ITU** | **26** | **8,389** | **29** | **7,995** |

##### 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** | **31.12.2018** | **31.12.2017** |
|  |  |  |
| Less than one year | 278 | 278 |
| Between one and five years | 278 | 556 |
| Over five years | - | - |
|  |  |  |
| **Leasing obligations** | **556** | **834** |

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 2018 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 28 March 2019.**I REGULAR BUDGET (Annex B1)**

Regular budget

1. In the 2018 financial year, revenue and expenses of 159.87 million were budgeted.

Revenue

1. A budget of CHF 1.25 million was allocated for the Building (CHF 0.75 million) and ICT projects (CHF 0.5 million) for 2018.The related expenses for 2018 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 2018-2019. Total contributions actually posted to account amounted to CHF 125.19 million in 2018.
2. In 2018, ITU’s traditional industry players continued to consolidate their memberships, following various mergers and acquisitions, and as part of an effort to reduce costs. At the same time, ITU reached out to new audiences to diversify and strengthen its membership, and in the process has evolved it industry participation to reflect the ever-changing ICT ecosystem.
3. ITU’s total industry and academia membership reached almost 1,200 memberships and over 800 entities in 2018. These are the highest membership levels on record. ITU attracted more than 100 new memberships in the year, while maintaining the annual rate of member loss at about 5 per cent.
4. In all, ITU gained twice as many new members as it lost in 2018. Despite the continued growth in membership, revenues have remained relatively stable as new industry players for the most part have chosen to become Associates rather than Sector Members. The lower fee category of Academia also contributed to recent growth. This trend towards increased numbers of membership with stable to modest growth in revenues is expected to continue in the coming years due to ongoing consolidation and diversification.

**Project support cost revenue**

1. Project support cost revenue for 2018 was budgeted at CHF 1.37 million. Actual revenue amounted to CHF 0.4 million which represented a decrease of 10% compared with 2017.

Sales of publications

1. Revenue from sales of publications in 2018, due to the unique scheduling calendar of flagship ITU-R Maritime Service Publications, was below the budget at CHF 13.86 million.   The confirmed release of new editions in 2019 during 2Q and 4Q will result to an increased revenue for ITU more in line with the 2018-2019 budget.   Sales development activities continued in 2018, including the addition of more global resellers for continued expansion of distribution channels and the contacting of several hundred Port inspectors to give advice on the enhanced anti-counterfeit controls developed by ITU-T.   Traditional users of ITU-D’s Indicators Database, including the Economist Intelligence Unit, were engaged for coordination of customized data license agreements and royalty payments to ITU, while all previously signed data agreements with others were each renewed for another year.

Products and services under cost recovery

1. Products and services under cost-recovery revenue was forecast at CHF 16 million in the regular budget 2018. Actual revenue came to CHF 21 million (CHF 17 million in 2017). This increase of 24 per cent is due to the good result of the Satellite network filings.

Interest revenue

1. Interest revenue was budgeted at CHF 0.3 million. Actual revenue came to KCHF 377 (KCHF 29 in 2017). Despite an unchanged situation of the market conditions related to the Swiss Francs, the ITU was able to do some deposits in USD where rates with good return can be granted.

Expenses

1. Information related to expenses is provided in Note 23.
2. Total expenditure of the Telecommunication Standardization Bureau (TSB) amounted to CHF 13.2 million in 2018, or 98 per cent of the approved budget of CHF 13.5 million. The unspent balance of approximately CHF 262k mainly comes from savings on staff expenses.
3. During the 2018 period, the budget of the Radiocommunication Bureau (BR) has been managed with rigour and in accordance with the established Financial Regulations and Financial Rules of the Union.
4. During the ITU plenipotentiary conference’s preparatory meetings, the Radiocommunication Bureau had the opportunity to present its work to the membership.
5. BR did its utmost to maintain the 2018 expenses within the limits approved in the budget. Total expenditure of BR amounts to CHF 25 million in 2018 or 90 per cent of the approved budget of CHF 27.9 million.
6. The year 2018 was important for the Telecommunication Development Bureau (BDT). The 23rd meeting of the Telecommunication Development Advisory Group (TDAG) took place from 9 to 11 April 2018 at ITU headquarters in Geneva. The 18th Edition of the Global Symposium for Regulators (GSR) was held from 9 to 12 July 2018 in Geneva under the theme of “New Regulatory Frontiers”. The 16th World Telecommunication/ICT Indicators Symposium (WTIS) was held in Geneva from 10 to 12 December 2018.
7. BDT carried out numerous capacity buildings, support and assistance programmes in the field of telecommunication/ICT for the benefit of ITU membership. Partnership and resource mobilization were further enhanced in 2018.
8. In total, 38 new partnership agreements were signed with various stakeholders. A detailed situation on all areas of activities carried out by BDT is presented through the 2018 Performance Report.
9. As at 31 December 2018, out of a total of 253 actions (specific activities) planned for 2018 by BDT from the operational budget, 251 have been implemented and 2 were postponed.
10. The total expenditure of BDT amounted to CHF 26.9 million in 2018, or 96.5 per cent of the approved budget of CHF 27.8 million. The overall savings amounted to CHF 0.9 million, mainly under staff costs.

Expenses not foreseen in the budget

1. An amount of CHF 22.22 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 2018, this contribution represents a saving for the Union of some KCHF 862, based on a long-term interest rate of 3.25 per cent.
3. An amount of CHF 4.3 million was recognized as expense for depreciation registered during the 2018 period.

Fraud case

1. Following the case of fraud at the ITU Regional Office for Asia and the Pacific region which was investigated in the course of 2018, the investigation process concluded on the financial damage suffered by ITU amounting to CHF 1’550’970. The concerned staff member was dismissed in early 2019. The implicated vendors, their owners/shareholders and implicated consultants have been excluded from participating in any kind of contractual relation with ITU.
2. In accordance with the IPSAS requirements, a provision was created in the 2018 Financial Statements corresponding to the amount above, in the event that the donors decide to claim the amounts corresponding to the fraud. An equivalent amount, i.e. CHF 1’550’970 is also recognized in the assets of the financial position.
3. Through an official letter dated 15 February 2019, the staff member concerned was requested to reimburse the above-mentioned amount due. Part of this amount could be reimbursed by making the necessary arrangements with United Nations Staff Pension Fund (UNSPF) by transferring the staff member’s accumulated pension right to the ITU Administration through a withdrawal settlement of the staff member’s accumulated contributions to the UNJSPF. The ITU Secretary-General reserves the ITU’s right to introduce any other possible courses of action open for obtaining a reparation of these damages, including through procedures at the national level.

Reserve for debtors

1. Following the payment of receivables amounting to CHF 8.8 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 2.7 million for the regular budget and KCHF 216 for Telecom World 2018 related doubtful debts.

Fellowships

Table in thousands of CHF

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Budget 2018** | **Expenses 2018** | **Available** | **Utilization rate** |
| Regular budget | **1,568** | **924** | **644** | **59%** |
| ITU-R | 150 | 83 | 67 | 56% |
| ITU-T | 450 | 423 | 27 | 94% |
| ITU-D | 968 | 417 | 551 | 43% |
| Extrabudgetary fund | 805 | 183 | 622 | 23% |
| **Total** | **2,373** | **1,107** | **1,266** | **53%** |

Geographical representation

Document C19/31 provides further detailed information on fellowships.

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 B2)

1. During 2018, the winning architect and the secretariat have worked extensively to optimize the design for the overall project cost, respecting the programme requirements.
2. The architect is now creating technical documentation to support the “second message” to the Host Country requesting the second and final loan tranche for the demolition and construction phases. The first loan tranche, covering the current phase, was intended to be available until 31 December 2019.
3. However, the Host Country indicated that the first loan tranche could be extended beyond the end of 2019 to allow more time to determine the exact total project cost envelope. Since the decision was made to extend the concept design, the architect has continued cost-optimizing the initial concept design that was delivered in October 2018. The final version is due on 1 April 2019.
4. A comprehensive cost estimate, taking into account the recommendation in Resolution 212 (Dubai, 2018) has been developed and will be shared with Members States at the Council 2019 Session.
5. To assist the team with professional expertise in the construction business, an external consultancy firm has been hired for the first time to provide technical support consultancy until April 2019. In the meantime, an international procurement action was launched in November 2018 for the long-term project management, technical and risk support (ECPSS – External Construction Project Support Services) from April 2019 onwards.
6. Following the endorsement of Resolution 212 (Dubai, 2018) the ITU has signed two sponsorship agreements, one with the Administration of Saudi Arabia for CHF 10 million and one with the Administration of the United Arab Emirates for CHF 5 million.
7. The ITU also received a donation from the Czech Republic amounting to USD 100,000.
8. An amount of CHF 1,667,000 has been received from the loan and in 2018, the expenses for the new building project amounted to CHF 1,479,209.

III STAFF SUPERANNUATION AND BENEVOLENT FUNDS (ANNEX B3)

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 2018, the Reserve and Complement Fund paid out 22 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 19’363.80.

IV UNITED NATIONS DEVELOPMENT PROGRAMME (ANNEX B4)

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 2018, the operating fund with UNDP shows a balance of CHF 335’815 in ITU’s favor (CHF 317’959 in ITU’s favor in 2017).

V TRUST FUNDS (ANNEX B5)

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 28.1 million in 2018 (CHF 20.1 million in 2017). The balance of third-party funds in the process of allocation, which stood at CHF 1.3 million at the end of 2018 (CHF 1,9 million at the end of 2017), 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 2018, liquid assets amounted to CHF 16.4 million (CHF 21.3 million in 2017). Investments amounted to CHF 18.4 million at the end of 2018 (CHF 9.3 million in 2017). These deposits yielded interest amounting to KCHF 298 in 2018 (KCHF 172 in 2017).

**Project delivery and support costs 2018**

1. In 2018, expenses for all types of trust fund projects amounted to CHF 8.9 million, as against CHF 9 million in 2017. The support costs amounted to KCHF 526 in 2018 (KCHF 568 in 2017).

VI VOLUNTARY CONTRIBUTIONS (ANNEX B6)

1. In 2018, liquid assets amounted to CHF 9.7 million (CHF 9 million in 2017).
2. In 2018, expenses for all types of Voluntary contributions amounted to CHF 2.6 million, as against CHF 2.8 million in 2017.

VII ICT DEVELOPMENT FUND (ANNEX B7)

1. The balance of the ICT Development Fund stood at CHF 4.3 million at 31 December 2018 (CHF 4.4 million at 31 December 2017).
2. In 2018, an amount of KCHF 295 was allocated for the financing of ICT projects and the interest on deposit which amounted to KCHF 72 was transferred to the ICTDF Capital Fund.

VIII ITU TELECOM WORLD 2018 (ANNEX B8)

1. The revised ITU Telecom World 2018 budget was approved on 17 July 2018 with an expected total revenue of CHF 7,046,000 and total expenses of CHF 6,670,000 that would generate an Event result of CHF 376,000. Due to the forecasted decline in total revenue, the need to reduce expenses had become a necessity which has led to the revision of the budget.
2. As of 31 December 2018, ITU Telecom World 2018 shows an Event result of -CHF 254,867.62 with a total actual revenue of CHF 5,743,749.64 and overall actual expenses of CHF 5,998,617.26. The negative Event result is mainly due to the shortfall in sponsorships and sales in rental space as well as the unpaid debts. Without the provisions for such debts amounting to CHF 215,970.95 the event result would have been -CHF 38,896.67.
3. Actual total revenue represents 82% of revenue budget of CHF 7,046,000. An important market for Telecom Events is the national industry in the Host Country. However, several entities that ITU had targeted for sponsorships and space were instead engaged directly by the Host Country as their supporter to help them fulfill their financial obligation to the Event.
4. The Host Country has contributed 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 South Africa. The amount of monetary contributions from the Host Country totaled CHF 1,601,112.04 which comprise a lump sum payment of CHF 1.5 million to share ITU Telecom’s core expenses in the preparation, planning and implementation of the Event. In addition, CHF 101,112.04 has been received from the Government for staff missions to the Host Country. Such financial support represented 28% of the total actual revenue and 99% of the budgeted amount as Host Country contribution. Goods and services of significant value have also been 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.
5. The Exhibition consists of a total of 3,048 m2 paid exhibition space which includes raw space of 2,250 m2 and turnkey stands of 798 m2. The rented raw space of 2,250 m2 corresponds to 65% of 3,450 m2 which was the area forecasted in the budget. Actual revenue from rental of raw space amounted to CHF 1,121,255 which is equivalent to 64% of the budget. In 2017, the actual revenue from rental of raw space totaled CHF 1,853,924 which represented about the same amount as that year’s budget. The 2018 actual revenue from raw space corresponds to 60% of that in 2017. The space rental included discounted rates in line with policies and procedures. Sales from Turnkey Solution packages total CHF 724,300 for 798 m2 which correspond to 67% of the amount foreseen in the budget and 66% of the space forecasted to be sold (1,212 m2). In 2017, the actual revenue from Turnkey was CHF 1.036 million for 1,307 m2 while in 2016, 914 m2 have been sold for CHF 625,790.
6. Actual revenue from all admissions fees amounts to CHF 319,710 which is significantly higher than the budget of CHF 150,000. Forum admission revenue exceeded the budget by 24%. There were 407 forum admission passes sold amounting to CHF 315,425 compared with the budgeted amount of CHF 141,000 and forecasted 120 participants. The increase is significant compared with the revenue in 2017 for 121 forum admission passes sold which amounted to only CHF 113,600. Total revenue from exhibition admission fee amounted to CHF 4,285 which represents 48% of the budget. International visitors were charged CHF 20 while South African nationals paid CHF 5. There were 479 paid visitors during the Event compared with 2,509 in 2017, 381 in 2016 and 212 in 2015.
7. Actual overall expenses of CHF 5,998,617.26 represents 90% of total expense budget of CHF 6,670,000. The continuous application of efficiency measures by ITU Telecom Secretariat and the financial controls exercised by the Financial Resources Management Department led to some savings. Out of the total direct cost budget of CHF 2,470,000 only CHF 2,286,703.19 (93%) were spent. This includes provisions for unpaid debts totaling CHF 215,970.95.
8. Core expenses comprise ITU cost recovery and ITU Telecom Secretariat cost during the period when the staff have rendered services for the event. Such indirect cost totaling CHF 3,711,914.07 represents only 88% of the core expense budget. A fixed amount of CHF 1 million for ITU cost recovery was foreseen in the budget which represents the salaries and remunerations of staff in other departments who have rendered services for ITU Telecom World 2018. The lower amount of core expenses is due to savings made from ITU Telecom Secretariat vacant posts and partial reimbursable detachments of ITU Telecom staff to other ITU departments.

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.

ANNEX A

DRAFT RESOLUTION

Financial operating report for the 2018 financial year

The Council,

in view of

[No. 101](https://www.itu.int/en/council/Documents/basic-texts/Convention-E.pdf) of the Convention of the International Telecommunication Union and [Article 30](https://www.itu.int/en/council/Documents/Financial-Regulations/S-GEN-REG_RGTFIN-2018-PDF-E.pdf) of the Financial Regulations of the Union,

having examined

the financial operating report for the 2018 financial year, covering the audited accounts for the 2018 financial year of the budget of the Union, the situation of the ITU TELECOM 2018 accounts and the audited 2018 accounts for technical cooperation projects, voluntary contributions and the ITU Staff Superannuation and Benevolent Funds,

having noted

that the External Auditor's reports are set out in [Document C19/40,](http://www.itu.int/md/S19-CL-C-0040/en)

resolves

to approve the financial operating report for the 2018 financial year ([Document C19/42](https://www.itu.int/md/S19-CL-C-0042/en)), covering the audited accounts of the Union, the situation of the ITU TELECOM 2018 accounts and the 2018 audited accounts for technical cooperation projects, voluntary contributions and the ITU Staff Superannuation and Benevolent Funds.

ANNEX B1

**Regular Budget**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Revenue** | **Budgeted amounts** | | | | | **Actual amounts** | | **Difference between final budget and actual amounts** |
| **Initial Budget** | **Deferred Activity** | **Budget transfers** | | **Final budget** |
| **31.12.2018** | **31.12.2018** | **31.12.2018** | | **31.12.2018** | **31.12.2018** | | **31.12.2018** |
|  |  |  |  | |  |  | |  |
| *Assessed contributions Member States* | *106,371* |  |  | | *106,371* | *108,597* | | *2,226* |
| *Assessed contributions Sector Members* | *15,875* |  |  | | *15,875* | *14,219* | | *-1,656* |
| *Assessed contributions Associates* | *1,955* |  |  | | *1,955* | *1,787* | | *-168* |
| *Assessed contributions Academia* | *200* |  |  | | *200* | *358* | | *158* |
| *Conferences contributions* |  |  |  | |  | *230* | | *790* |
| **Assessed contributions** | **124,401** |  |  | | **124,401** | **125,191** | | **790** |
|  |  |  |  | |  |  | |  |
| *Support cost* | *1,375* |  |  | | *1,375* | *426* | | *-949* |
| *Sales of Publications* | *19,000* |  |  | | *19,000* | *13,865* | | *-5,135* |
| *UIFN* | *500* |  |  | | *250* | *905* | | *655* |
| *TELECOM* | *1,500* |  |  | | *1,500* | *1,000* | | *-500* |
| *SNF Cost recovery* | *14,000* |  |  | | *13,000* | *19,070* | | *6,070* |
| *Cost recovery other* |  |  |  | | *-* | *22* | | *22* |
| **Cost recovery** | **36,375** |  |  | | **35,125** | **35,289** | | **164** |
|  |  |  |  | |  |  | |  |
| **Interests** | **300** |  |  | | **300** | **377** | | **77** |
| **Other revenue** | **100** |  |  | | **100** | **1,994** | | **343** |
| **Withdrawal from Reserve Account** | **-2,245** |  |  | | **-2,245** | **-** | | **2,245** |
| **Savings from previous years** | **946** |  |  | | **946** |  | |  |
| **Total revenue** | **159,877** |  | **-** | | **158,627** | **162,851** | | **2,673** |
| **Expenses** | **Budgeted amounts** | | | | | **Actual amounts** | | **Difference between final budget and actual amounts** |
| **Initial Budget** |  | **Budget transfers** | **Final budget** | |  |  | |
| **31.12.2018** |  | **31.12.2018** | **31.12.2018** | | **31.12.2018** | **31.12.2018** | |
| *General Secretariat* | *90,549* |  |  | *90,549* | | *81,803* | *8,746* | |
| *Radiocommunication Sector* | *27,988* |  |  | *27,988* | | *25,052* | *2,936* | |
| *Telecommunication Standardization Sector* | *13,505* |  |  | *13,505* | | *13,243* | *262* | |
| *Telecommunication Development Sector* | *27,835* |  |  | *27,835* | | *26,863* | *972* | |
| *Expenses not foreseen in approved budget* |  |  |  | *-* | | *4,813* | *-3,262* | |
| **Total expenses** | **159,877** |  | **-** | **159,877** | | **151,774** | **9,654** | |
| **Result** |  |  |  |  | | **11,077** | **12,327** | |

ANNEX B2

**New headquarters premises**

|  |  |  |
| --- | --- | --- |
| (in thousands of Swiss francs) | **31/12/2018** | **31/12/2017** |
|  |  |  |
| **REVENUE** |  |  |
|  |  |  |
| Operating revenue | 0 | 48 |
|  |  |  |
| **Total revenue** | **0** |  |
|  |  |  |
| **EXPENSES** |  |  |
|  |  |  |
| Employee expenses | 171 | 18 |
| Mission expenses | 0 | 52 |
| Contractual services | 1 | 287 |
| Rental and maintenance of premises and equipment | 0 | 35 |
| Equipment and supplies | 15 | 5 |
| Shipping, telecommunication and service expenses | 0 | 0 |
| Other expenses | 0 | 320 |
| Finance expenses | 0 | 0 |
|  |  |  |
| **Total expenses** | **188** | **718** |
| **Surplus/deficit for the period** | -188 | -718 |

|  |  |  |
| --- | --- | --- |
| (in thousands of CHF) | **31/12/2018** | **31/12/2017** |
| **ASSETS** |  |  |
| **Current assets** |  |  |
| Cash and cash equivalents | 296 | 407 |
| Investments |  |  |
| **Total current assets** | **296** | **407** |
|  |  |  |
| **Non-current assets** |  |  |
| Property, plant and equipment |  |  |
| Intangible assets |  |  |
| Assets under construction | 1,279 |  |
| **Total non-current assets** | **1,279** | **-** |
| **Total ASSETS** | **1,575** | **407** |
| **LIABILITIES** |  |  |
| **Current liabilities** |  |  |
| Suppliers and other creditors | 39 | 358 |
| **Total current liabilities** | **39** | **358** |
|  |  |  |
| **Non-current liabilities** |  |  |
| Borrowings | 2,387 | 720 |
| Employee benefits | 8 |  |
| **Total non-current liabilities** | **2,395** | **720** |
| Own fund allocated | **-859** | **-671** |
|  |  |  |
| **TOTAL LIABILITIES** | **1,575** | **407** |

ANNEX B3

Staff Superannuation and Benevolent Funds - See Note 2

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Statement of financial performance for the 2018 period with 2017 comparative figures** | | | | |
|  | **Reserve and Complement fund** | | **Assistance fund** | |
|  | CHF | | CHF | |
|  | 2018 | 2017 | 2018 | 2017 |
| EXPENSES |  |  |  |  |
|  |  |  |  |  |
| Pensions | 19,363.80 | 21,862.80 | - | - |
| Donations |  |  |  |  |
| Other expenses |  |  | - | - |
| Total expenses | 19,36380 | 21,862.80 | - | - |
| Surplus of the year |  |  | - | 34.35 |
| **TOTAL** | **19,363.80** | **21,862.80** | - | **34.35** |
|  |  |  |  |  |
| REVENUE |  |  |  |  |
|  |  |  |  |  |
| Investment interests | - | 784.65 | - | 34.35 |
| Total revenue | - | 784.65 | - | 34.35 |
| Deficit of the year | 19,363.80 | 21,078.15 |  |  |
|  |  |  |  |  |
| **TOTAL** | **19,363.80** | **21,862.8080** | - | **34.35** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Statement of financial situation at 31 December 2018 with 31 December 2017 comparative figures** | | | | |
|  | **Reserve and Complement fund** | | **Assistance fund** | |
|  | CHF | | CHF | |
|  | 2018 | 2017 | 2018 | 2017 |
| ASSETS |  |  |  |  |
|  |  |  |  |  |
| Cash and cash equivalent | 6,236,867.40 | 6,256,231.20 | 277,580.84 | 277,441.84 |
| Funds to receive |  |  |  |  |
| Debtors |  |  |  |  |
| Transitory Assets |  |  | - | 139.00 |
| **TOTAL** | **6,236,867.40** | **6,256,231.20** | **277,580.84** | **277,580.84** |
| LIABILITIES |  |  |  |  |
|  |  |  |  |  |
| Employee benefits | 54,000.00 | 54,000.00 |  |  |
| Own fund allocated | 6,182,867.40 | 6,202,231.20 | 277,580.84 | 277,580.84 |
|  |  |  |  |  |
|  |  |  |  |  |
| **TOTAL** | **6,236,867.40** | **6,256,231.20** | **277,580.84** | **277,580.84** |
|  |  |  |  |  |

ANNEX B4

UNDP projects (in US dollars) - See Note 20

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Projects | Balance at 31.12.2017 | Revenue/Closure | Expenses | | Balance at 31.12.2018 |
| Funds Received/ Reimbursed in 2018 | Project Expenses | Support Costs |
|  |  |  |  |  |  |
| P.40552.1.01 | 187,457.54 | (187,457.54) | - | - | - |
| **Total** | **187,457.54** | **(187,457.54)** | **-** | **-** | **-** |

ANNEX B5

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 B6

Voluntary contributions – in Swiss francs – See Note 20



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

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



**Voluntary contributions (*end*)**



ANNEX B7

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

**Changes in the ICT Capital Fund**

|  |  |  |  |
| --- | --- | --- | --- |
| **Decrease** | **2018** | **Increase** | **2018** |
|  |  |  |  |
| Financing of Projects | 295,253.29 | Contributions 2018 | - |
|  |  |  |  |
| Administrative expenses | 92.00 | Interest | 72,495.69 |
|  |  |  |  |
| Reversal revaluation 2017 | 67,139.05 | Interest transferred from trust fund | 37,983.31 |
|  |  |  |  |
|  |  | Transfer of balances from closed ICTDF projects | 45,493.05 |
|  |  |  |  |
|  |  | Revaluation 2018 | 98,361.00 |
|  |  |  |  |
|  |  | Surplus | 108,151.29 |
|  |  |  |  |
|  | 362,484.34 |  | 362,484.34 |
|  |  |  |  |
|  |  |  |  |

ANNEX B8

**ITU TELECOM WORLD 2018**



ANNEX C

**Situation of Arrears at 31 December 2018**

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **A. Member States of the Union** | **Year** | **Contributions** | **Publications** | **Total** |
|  |  |  |  |  |
| Antigua and Barbuda | 1987-2017 | 1,901,920.20 | 38,819.80 | 1,940,740.00 |
| Brazil | 2016-2017 | 16,863.47 | 0.00 | 16,863.47 |
| Cameroon | 2014-2017 | 174,280.98 | 0.00 | 174,280.98 |
| Comoros | 2014-2017 | 5,402.50 | 0.00 | 5,402.50 |
| Dominica | 2001-2017 | 458,649.65 | 0.00 | 458,649.65 |
| Egypt | 2017 | 174,860.25 | 0.00 | 174,860.25 |
| Guinea | 2014-2017 | 82,953.07 | 0.00 | 82,953.07 |
| Iran | 2016-2017 | 73,457.68 | 0.00 | 73,457.68 |
| Libya | 2014-2017 | 1,529,086.10 | 0.00 | 1,529,086.10 |
| Malawi | 2015-2017 | 22,389.15 | 0.00 | 22,389.15 |
| Nauru | 1991-2017 | 1,575,295.50 | 0.00 | 1,575,295.50 |
| Nepal | 2013-2017 | 8,160.05 | 42.00 | 8,202.05 |
| Nicaragua | 2015-2017 | 278,342.60 | 0.00 | 278,342.60 |
| Pakistan | 2017 | 9,381.00 | 0.00 | 9,381.00 |
| Peru | 2014-2017 | 7,572.35 | 0.00 | 7,572.35 |
| Tunisia | 2015-2017 | 7,786.35 | 0.00 | 7,786.35 |
| United States | 2014-2017 | 1,167,584.70 | 0.00 | 1,167,584.70 |
| Vanuatu | 2014-2017 | 32,642.89 | 0.00 | 32,642.89 |
| Venezuela | 2013-2017 | 1,124,027.08 | 0.00 | 1,124,027.08 |
|  |  | 8,650,655.57 | 38,861.80 | 8,689,517.37 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **B. Sector Members and other entities** | **Year** | **Contributions** | **Publications** | **Total** |
|  |  |  |  |  |
| **Algeria** |  |  |  |  |
| - Centre de dévelop. des tech. avancées, Alger | 2015 | 2,455.90 | 0.00 | 2,455.90 |
| - Institut National de la Poste et des Technologies de l'Information et de la Comm., Alger | 2012-2013 | 3,258.70 | 0.00 | 3,258.70 |
| - Orascom Telecom Algérie, Alger | 2010 | 6,573.15 | 0.00 | 6,573.15 |
| - Wataniya Telecom Algérie Spa, Alger | 2005-2007 | 7,955.25 | 0.00 | 7,955.25 |
| **Argentina** |  |  |  |  |
| - Cooperativa Telefónica (COTELCAM), Buenos Aires | 2003-2006 | 36,020.85 | 0.00 | 36,020.85 |
| - IMPSAT Corp. S.A., Buenos Aires | 1999-2006 | 57,530.00 | 0.00 | 57,530.00 |
| **Australia** |  |  |  |  |
| - NewSat Limited Pty. Ltd., Sydney | 2015 | 5,300.10 | 0.00 | 5,300.10 |
| **Azerbaijan** |  |  |  |  |
| - Azerbaijan Technical University, Baku | 2016 | 2,340.75 | 0.00 | 2,340.75 |
| **Bahrain** |  |  |  |  |
| - Gateway Gulf LLC, Manama | 2010 | 6,573.15 | 0.00 | 6,573.15 |
| **Belarus** |  |  |  |  |
| - Belarsat LLC, Minsk | 2009-2010 | 20,791.95 | 0.00 | 20,791.95 |
| **Belgium** |  |  |  |  |
| - AnSem, Heverlee | 2010 | 17,528.35 | 0.00 | 17,528.35 |
| **Botswana** |  |  |  |  |
| - Mascom Wireless Botswana (Pty), Garobone | 2012-2013 | 5,554.70 | 0.00 | 5,554.70 |
| **Canada** |  |  |  |  |
| - Avvasi Inc., Waterloo | 2015 | 13,098.20 | 0.00 | 13,098.20 |
| - The Institute of Mobile Technologies, Toronto | 2011-2012 | 6,337.55 | 0.00 | 6,337.55 |
| **China (People's Rep. of)** |  |  |  |  |
| - PCCW Limited, Hong Kong | 2002-2006 | 1,013,990.95 | 0.00 | 1,013,990.95 |
| **Costa Rica** |  |  |  |  |
| - Universidad de Costa Rica, San José | 2017 | 2,185.75 | 0.00 | 2,185.75 |
| **Côte d'Ivoire** |  |  |  |  |
| - Associat. des Consommat. de Télécomm., Abidjan | 2007-2008 | 8,209.30 | 0.00 | 8,209.30 |
| - Côte d'Ivoire Telecom, Abidjan | 2002-2006 | 779,521.15 | 0.00 | 779,521.15 |
| **Equatorial Guinea** |  |  |  |  |
| - GETESA, Malabo | 2015-2016 | 2,480.40 | 0.00 | 2,480.40 |
| **Egypt** |  |  |  |  |
| - Barkotel Communications, Cairo | 2002-2006 | 44,404.70 | 0.00 | 44,404.70 |
| - LINKdoNET, Cairo | 2008-2009 | 7,089.45 | 0.00 | 7,089.45 |
| - Telecom Consultants, Cairo | 2002-2006 | 46,376.80 | 0.00 | 46,376.80 |
| - Trade Fairs International, Cairo | 2000-2006 | 61,053.70 | 0.00 | 61,053.70 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **B. Sector Members and other entities** | **Year** | | **Contributions** | | **Publications** | **Total** |
| **Fiji** |  | |  | |  |  |
| - South Pacific Commission, Suva | 2012-2013 | | 5,551.40 | | 0.00 | 5,551.40 |
| **Finland** |  | |  | |  |  |
| - Octagon Telecom Oy (Ex. Oy Cubio Communications Ltd.), Helsinki | 2012-2013 | | 14,406.65 | | 0.00 | 14,406.65 |
| **France** |  | |  | |  |  |
| - LegalBox, Paris | 2016-2017 | | 16,242.58 | | 0.00 | 16,242.58 |
| - Viable France, Paris | 2010-2012 | | 13,095.30 | | 0.00 | 13,095.30 |
| **Gambia** |  | |  | |  |  |
| Africel Ltd., Banjul | 2015-2017 | | 4,496.05 | | 0.00 | 4,496.05 |
| **Ghana** |  | |  | |  |  |
| - Regional Maritime University, Accra | 2012 | | 2,220.66 | | 0.00 | 2,220.66 |
| **Guinea** |  | |  | |  |  |
| - SOTELGUI, Conakry | 2010-2012 | | 6,912.48 | | 0.00 | 6,912.48 |
| **Guyana** |  | |  | |  |  |
| - Guyana Telephone and Telegraph, Georgetown | 2017 | | 39,343.55 | | 0.00 | 39,343.55 |
| **Haiti** |  | |  | |  |  |
| - Haiti Télécommunicat. Int. S.A., Petion-Ville | 2008 | | 59,084.50 | | 0.00 | 59,084.50 |
| **Honduras** |  | |  | |  |  |
| - UNITEC, Tegucigalpa | 2012 | | 2,925.00 | | 0.00 | 2,925.00 |
| **Hungary** |  | |  | |  |  |
| - Tel2tel Kft., Budapest | 2017 | | 11,657.35 | | 0.00 | 11,657.35 |
| **India** |  | |  | |  |  |
| - Amity Institute of Telecom Eng., Noida | 2017 | | 2,185.75 | | 0.00 | 2,185.75 |
| - Centre for Internet and Society, Bangalore | 2014-2015 | | 4,935.35 | | 0.00 | 4,935.35 |
| - Luna Ergonomics Pvt. Ltd., Noida | 2011 | | 6,201.10 | | 0.00 | 6,201.10 |
| - Mahanagar Telephone Nigam Ltd., New Delhi | 2012 | | 52,650.55 | | 0.00 | 52,650.55 |
| - Raitel Corporation of India Ltd., New Delhi | 2013 | | 5,518.95 | | 0.00 | 5,518.95 |
| - Reliance Infocom Ltd., Navi Mumbai | 2009 | | 118,447.75 | | 0.00 | 118,447.75 |
| - Shyam Telecom Limited, Gurgaon | 2010-2012 | | 5,868.30 | | 0.00 | 5,868.30 |
| - Sinhgad Tech. Education Society, Pune | 2011-2012 | | 4,170.25 | | 0.00 | 4,170.25 |
| - Tata Communications Ltd., New Delhi | 2013 | | 5,518.95 | | 0.00 | 5,518.95 |
| - Telecommunications Consultants, New Delhi | 2006-2007 | | 129,016.85 | | 0.00 | 129,016.85 |
| - TranSwitch India Pvt. Ltd., New Delhi | 2012 | | 15,600.20 | | 0.00 | 15,600.20 |
| - Vihaan Networks Ltd., Gurgaon | 2013 | | 49,670.35 | | 0.00 | 49,670.35 |
| **Indonesia** |  | |  | |  |  |
| - PT Bakrie Telecom Tbk., Jakarta | 1997-2002 | | 64,486.25 | | 0.00 | 64,486.25 |
| **Israel** |  | |  | |  |  |
| - Gilat Satellite Networks Ltd., Petah Tikva | 1997-2002 | | 107,197.90 | | 0.00 | 107,197.90 |
| - IP Light, Petach Tikva | 2017 | | 11,657.35 | | 0.00 | 11,657.35 |
| - TangoTec, Il Haifa | 2015-2016 | | 11,880.85 | | 0.00 | 11,880.85 |
| - Telrad Networks Ltd., LOD | 1998-2006 | | 93,566.20 | | 0.00 | 93,566.20 |
|  |  | |  | |  |  |
| **B. Sector Members and other entities** | | **Year** | | **Contributions** | **Publications** | **Total** |
| **Italy** | |  | |  |  |  |
| - Aethra S.p.A., Palombina | | 2007-2008 | | 35,276.45 | 0.00 | 35,276.45 |
| - Intermatica S.p.A., Roma | |  | | 2,162.40 | 0.00 | 2,162.40 |
| - Selex Communications S.p.A., Genova | | 2001-2007 | | 546,384.00 | 0.00 | 546,384.00 |
| **Jordan** | |  | |  |  |  |
| - Jordan Mobile Telecomm., Amman | | 2016 | | 4,633.80 | 0.00 | 4,633.80 |
| - Middle East Communications (MEC), Amman | | 2008-2009 | | 6,998.65 | 0.00 | 6,998.65 |
| - Talal Abu-Ghazaleh & Co., Amman | | 2006-2007 | | 16,127.25 | 0.00 | 16,127.25 |
| **Kazakhstan** | |  | |  |  |  |
| - Kazakh Academy of Transp. & Comm., Almaty | | 2008-2009 | | 7,598.50 | 0.00 | 7,598.50 |
| **Kenya** | |  | |  |  |  |
| **-** Intersat Africa Limited, Nairobi | | 2010-2012 | | 6,056.05 | 0.00 | 6,056.05 |
| - Telcom Kenya Limited, Nairobi | | 2005-2007 | | 332,786.75 | 0.00 | 332,786.75 |
| **Korea (Rep. of)** | |  | |  |  |  |
| - Ericsson-LG, Anyang-Shi | | 2013-2014 | | 13,972.45 | 0.00 | 13,972.45 |
| **Kuwait** | |  | |  |  |  |
| - The Arabian Business Franchise, Hawalli | | 2006-2007 | | 16,127.25 | 0.00 | 16,127.25 |
| - Zain Kuwait, Safat | | 2017 | | 2,385.00 | 0.00 | 2,385.00 |
| **Kyrgyzstan** | |  | |  |  |  |
| - Kyrgyztelecom OJSC, Bishkek | | 2016 | | 6,455.25 | 0.00 | 6,455.25 |
| **Lebanon** | |  | |  |  |  |
| - Al-Iktissad Wal-Aamal Group, Beirut | | 2015 | | 4,911.85 | 0.00 | 4,911.85 |
| - Arabcom Hitek, Beirut | | 2001-2006 | | 57,345.50 | 0.00 | 57,345.50 |
| - ExiCon International Group, Beirut | | 2010-2011 | | 6,236.65 | 0.00 | 6,236.65 |
| - IDMI Sal offshore, Beirut | | 2011 | | 6,201.10 | 0.00 | 6,201.10 |
| - MNT/Investcom LLC, Beirut | | 2008 | | 7,385.60 | 0.00 | 7,385.60 |
| **Liberia** | |  | |  |  |  |
| - West Africa Telecomm. Inc., Monrovia | | 2007 | | 7,828.75 | 0.00 | 7,828.75 |
| **Libya** | |  | |  |  |  |
| - Libyana Mobile Phone Company, Tripoli | | 2010-2012 | | 139,542.45 | 0.00 | 139,542.45 |
| **Mauritania** | |  | |  |  |  |
| - Agence de Promotion de l'Accès Universel aux Services (APAUS), Nouakchott | | 2012 | | 5,850.10 | 0.00 | 5,850.10 |
| - Chinguitel SA, Nouakchott | | 2013-2015 | | 4,959.55 | 0.00 | 4,959.55 |
| - Société mauritanienne des télécommunications (MAURITEL S.A.), Nouakchott | | 2008 | | 66,470.15 | 0.00 | 66,470.15 |
| **Mexico** | |  | |  |  |  |
| - CANITEC, Mexico | | 2011-2013 | | 5,697.80 | 0.00 | 5,697.80 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **B. Sector Members and other entities** | **Year** | **Contributions** | **Publications** | **Total** |
| **Netherlands** |  |  |  |  |
| - Smitcoms N.V., St. Maarten | 2004-2007 | 545,150.25 | 0.00 | 545,150.25 |
| **Pakistan** |  |  |  |  |
| - CMPak Limited, Islamabad | 2015 | 2,455.90 | 0.00 | 2,455.90 |
| - e Worlwide Group, Islamabad | 2011-2013 | 5,598.45 | 0.00 | 5,598.45 |
| - Pakistan Institute of Human Rights, Islamabad | 2012-2013 | 7,145.15 | 0.00 | 7,145.15 |
| - Paktel Limited, Islamabad | 2007 | 7,828.75 | 0.00 | 7,828.75 |
| - Sysnet Pakistan (Pvt) Ltd., Karachi | 2003-2006 | 30,924.80 | 0.00 | 30,924.80 |
| **Philippines** |  |  |  |  |
| - PhilCom, Makati City | 2007-2009 | 7,091.45 | 0.00 | 7,091.45 |
| **Qatar** |  |  |  |  |
| Qatar National Broadband Network, Doha | 2017 | 34,972.05 | 0.00 | 34,972.05 |
| **Romania** |  |  |  |  |
| - Polytechnic School Bucharest, Bucharest | 2009-2010 | 6,666.45 | 0.00 | 6,666.45 |
| **Russian Federation** |  |  |  |  |
| - IRPO ACISO, Moscow | 2013-2014 | 4,949.85 | 0.00 | 4,949.85 |
| - Mobix Chip LLC, Moscow | 2013-2014 | 13,948.60 | 0.00 | 13,948.60 |
| - National Telemedicine Agency, Moscow | 2012 | 4,387.55 | 0.00 | 4,387.55 |
| **Saudi Arabia** |  |  |  |  |
| - Bayanat Aloula for Network Services, Riyadh | 2005-2008 | 7,220.65 | 0.00 | 7,220.65 |
| - Electronia, Ltd., Al Khubar | 2008-2010 | 6,593.85 | 0.00 | 6,593.85 |
| - Saudi Telecom, Riyadh | 2012-2017 | 10,640.20 | 0.00 | 10,640.20 |
| - Tuwaiq Communications Company, Riyadh | 2008-2009 | 74,386.05 | 0.00 | 74,386.05 |
| **Somalia** |  |  |  |  |
| - Telcom Somalia, Mogadishu | 2005-2007 | 16,787.35 | 0.00 | 16,787.35 |
| **South Africa** |  |  |  |  |
| - Cell C (Pty) Ltd., Benmore | 2004-2007 | 521,140.95 | 0.00 | 521,140.95 |
| - MTN Group, Sandton | 2017 | 3,642.95 | 0.00 | 3,642.95 |
| - Vodacom SA (Pty) Ltd., Midrand | 2015-2017 | 6,453.35 | 0.00 | 6,453.35 |
| **Sri Lanka** |  |  |  |  |
| - Sri Lanka Telecom Ltd., Colombo | 2002-2012 | 6,954.45 | 0.00 | 6,954.45 |
| **Sudan** |  |  |  |  |
| - Canartel, Khartoum | 2013 | 49,670.35 | 0.00 | 49,670.35 |
| - Garden City College for Science & Technology, Khartoum | 2013-2014 | 3,370.40 | 0.00 | 3,370.40 |
| - Open University of Sudan, Khartoum | 2013-2014 | 3,370.40 | 0.00 | 3,370.40 |
| - Pulse Company Ltd., Khartoum | 2016 | 4,633.80 | 0.00 | 4,633.80 |
| - University of Khartoum, Khartoum | 2013-2014 | 3,370.40 | 0.00 | 3,370.40 |
|  |  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **B. Sector Members and other entities** | **Year** | | **Contributions** | | **Publications** | **Total** |
| **Sweden** |  | |  | |  |  |
| - GlobeTouch AB, Stockholm | 2016 | | 12,356.80 | | 0.00 | 12,356.80 |
| - UpZide Labs AB, Lulea | 2009 | | 17,528.35 | | 0.00 | 17,528.35 |
| **Switzerland** |  | |  | |  |  |
| - ACN Advanced Comm. Networks SA, Neuchatel | 2016 | | 12,356.80 | | 0.00 | 12,356.80 |
| **Syrian Arab Republic** |  | |  | |  |  |
| - Arab Regional Isps Association (ARISPA), Manama | 2009 | | 6,967.55 | | 0.00 | 6,967.55 |
| **Togolese Republic** |  | |  | |  |  |
| - Centre Rég. de Maintenan. des Télécom (CMTL), Lomé | 2003-2007 | | 236,583.45 | | 0.00 | 236,583.45 |
| - Togo Telecom, Lome | 2015-2017 | | 39,731.10 | | 0.00 | 39,731.10 |
| **Tunisia** |  | |  | |  |  |
| - Ecole Nationale d'Ingénieurs de Tunis, Tunis | 2011-2012 | | 11,161.44 | | 0.00 | 11,161.44 |
| - Orascom Telecom Tunisie, Tunis | 2013 | | 5,518.95 | | 0.00 | 5,518.95 |
| - Telnet Technocentre, Tunis | 2012-2017 | | 12,532.70 | | 0.00 | 12,532.70 |
| **Ukraine** |  | |  | |  |  |
| - Ukrainian National Information Systems, Kiev | 2014-2015 | | 20,286.04 | | 0.00 | 20,286.04 |
| **United Arab Emirates** |  | |  | |  |  |
| - American University in Dubai, Dubai | 2014 | | 2,603.25 | | 0.00 | 2,603.25 |
| - Higher College of Technology, Abu Dhabi | 2017 | | 2,185.75 | | 0.00 | 2,185.75 |
| - Teralight FZ LLC, Dubai | 2016 | | 4,633.80 | | 0.00 | 4,633.80 |
| **United Kingdom of Great Britain and Northern Ireland** |  | |  | |  |  |
| - KRE Corporate Recovery LLP (Ex. ICO Satellite Limited), Berks | 2012-2013 | | 26,815.50 | | 0.00 | 26,815.50 |
| - Malden Electronics, Ewell | 2016 | | 12,356.80 | | 0.00 | 12,356.80 |
| - Times Publications Ltd., London | 1998-2002 | | 82,607.95 | | 0.00 | 82,607.95 |
| **United States of America** |  | |  | |  |  |
| - Actiontec Electronics, Inc., Sunnyvale | 2008 | | 19,694.85 | | 0.00 | 19,694.85 |
| - Animatele Inc., New York | 2011 | | 16,536.20 | | 0.00 | 16,536.20 |
| - AOL, New York | 2002-2003 | | 201,335.45 | | 0.00 | 201,335.45 |
| - Applied Micro Circuits Corporation, Andover | 2017 | | 34,972.05 | | 0.00 | 34,972.05 |
| - Calient Networks Inc., San José | 2003-2006 | | 288,165.80 | | 0.00 | 288,165.80 |
| - Compuware Corporation, Detroit | 2009-2010 | | 13,325.35 | | 0.00 | 13,325.35 |
| - ConceroConnect, L3C, Park City | 2015 | | 9,823.70 | | 0.00 | 9,823.70 |
| - Conversay, Redmond | 2007-2008 | | 79,370.25 | | 0.00 | 79,370.25 |
| - Covad Communications Company, San José | 2001-2002 | | 126,087.80 | | 0.00 | 126,087.80 |
| - Cypress Semiconductor Corp., San José | 2004-2005 | | 37,787.65 | | 0.00 | 37,787.65 |
| - Dynasat Inc., Austin TX | 2016 | | 9,267.65 | | 0.00 | 9,267.65 |
| - E-MAC Corporation, Arlington | 2005-2007 | | 47,997.80 | | 0.00 | 47,997.80 |
| - EnVerv Inc., Milpitas | 2015 | | 13,098.20 | | 0.00 | 13,098.20 |
| **B. Sector Members and other entities** | | **Year** | | **Contributions** | **Publications** | **Total** |
| - ESS Technology Inc., Fremont | | 2004 | | 69,671.05 | 0.00 | 69,671.05 |
| - Extreme Networks, Santa Clara | | 2012 | | 3,899.90 | 0.00 | 3,899.90 |
| - Ezenia Inc., Salem | | 2000-2006 | | 371,452.25 | 0.00 | 371,452.25 |
| - Graphnet Inc., New York | | 1987-2002 | | 1,460,690.10 | 0.00 | 1,460,690.10 |
| - Ikanos Communications, Red Bank NJ | | 2016 | | 37,070.35 | 0.00 | 37,070.35 |
| - ITXC Corporation, Princeton | | 2004-2007 | | 68,143.85 | 0.00 | 68,143.85 |
| - Lighsand Communications Inc., Plano | | 2001-2002 | | 18,522.75 | 0.00 | 18,522.75 |
| - Lightwaves Inc., Austin | | 2009 | | 18,580.05 | 0.00 | 18,580.05 |
| - Navajo Nation Telecommunicat., Window Rock | | 2017 | | 8,743.05 | 0.00 | 8,743.05 |
| - Nextwave Wireless Inc., San Diego | | 2009 | | 31,339.85 | 0.00 | 31,339.85 |
| - Nortel Networks USA, Richardson | | 2009 | | 29,812.50 | 0.00 | 29,812.50 |
| - Overture Networks Inc. (Ex. Ceterus & Hatteras Networks ), Morrisville | | 2008-2009 | | 36,505.90 | 0.00 | 36,505.90 |
| - Range Networks, Inc., Santa Clara | | 2013-2014 | | 13,930.50 | 0.00 | 13,930.50 |
| - Razoom Inc., Palo Alto | | 2010 | | 17,528.35 | 0.00 | 17,528.35 |
| - 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 | | 424,948.00 | 0.00 | 424,948.00 |
| - The Village Group Inc., Waltham | | 2007-2008 | | 14,808.20 | 0.00 | 14,808.20 |
| - UTStarcom, Inc., Fremont | | 2004-2010 | | 59,180.75 | 0.00 | 59,180.75 |
| - Visible Energy Inc., Palo Alto | | 2010 | | 16,067.10 | 0.00 | 16,067.10 |
| - Vocal Technologies Ltd., Amherst | | 1998-2002 | | 429,656.80 | 0.00 | 429,656.80 |
| - WI-FI Alliance, Austin | | 2013 | | 44,151.35 | 0.00 | 44,151.35 |
| - Xerox Ltd., Washington | | 2004-2007 | | 80,332.05 | 0.00 | 80,332.05 |
| - Zhone Technologies, Oakland | | 2002-2005 | | 272,851.85 | 0.00 | 272,851.85 |
| **Uzbekistan** | |  | |  |  |  |
| - Tashkent University of Information Technologies, Tashkent | | 2014 | | 2,603.25 | 0.00 | 2,603.25 |
| **Zambia** | |  | |  |  |  |
| - Airtel Zambia, Lusaka | | 2014 | | 84,614.00 | 0.00 | 84,614.00 |
| **Zimbabwe** | |  | |  |  |  |
| - NetOne Cellular Ltd., Harare | | 2003-2006 | | 318,637.98 | 0.00 | 318,637.98 |
| - University of Zimbabwe, Harare | | 2008-2009 | | 22,436.70 | 0.00 | 22,436.70 |
| **Resolution 99 (Rev. Busan, 2014)** | |  | |  |  |  |
| - BCI Communicat. & Advanced Tech., Ramallah | | 2007-2008 | | 9,272.15 | 0.00 | 9,272.15 |
|  | |  | | 11,197,697.78 | 0.00 | 11,197,697.78 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **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\*** |  | 47,365.01 | 48,870.05 | 96,235.06 |
|  |  |  |  |  |
| **Total at 31.12.2018** |  | 19,895,718.36 | 92,805.00 | 19,988,523.36 |
|  |  |  |  |  |
| \* 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/ Write off** | **Payments** | **Balance at** |
| **Companies** |  | **Special Arrears** | **31.12.2017** | **2018** | **2018** | **2018** | **31.12.2018** |
|  |  | **Account** |  |  |  |  |  |
| **Member States** |  |  |  |  |  |  |  |
| Sudan | Res. 38 PP 1989 | 567,047.95 | 141,028.45 | 0.00 | 0.00 | -89,178.53 | 51,849.92 |
| Grenada | Res. 41- 2008 | 662,554.65 | 239,033.00 | 0.00 | -239,033.00 | 0.00 | 0.00 |
| Bolivia | Res. 41- 2009 | 6,515,226.72 | 3,559,066.20 | 0.00 | -3,230,603.92 | -328,462.28 | 0.00 |
| Benin | Res. 41- 2011 | 462,317.50 | 158,176.74 | 0.00 | 0.00 | -86,897.36 | 71,279.38 |
| Tajikistan | Res. 41- 2011 | 745,617.40 | 558,581.32 | 0.00 | 0.00 | -23,379.51 | 535,201.81 |
| Comoros | Res. 41- 2012 | 376,005.93 | 233,796.27 | 0.00 | 0.00 | -23,701.61 | 210,094.66 |
| Central African Republic | Res. 41- 2014 | 159,474.68 | 126,459.76 | 0.00 | 0.00 | -8,253.73 | 118,206.03 |
| Equatorial Guinea | Res. 41- 2017 | 171,043.75 | 118,043.75 | -118,043.75 | 0.00 | 0.00 | 0.00 |
| Federation of Saint Kitts and Nevis | Res. 41- 2017 | 251,777.75 | 198,115.25 | 0.00 | 0.00 | -125,212.51 | 72,902.74 |
| Somalia | Res. 41- 2017 | 2,281,017.16 | 2,218,432.35 | 0.00 | 0.00 | -62,584.81 | 2,155,847.54 |
| Congo (Rep. of the) | Res. 41- 2018 | 1,730,027.81 | 0.00 | 1,730,027.81 | 0.00 | -84,263.42 | 1,645,764.39 |
| Gabon | Res. 41- 2018 | 343,052.55 | 0.00 | 343,052.55 | 0.00 | -75,418.66 | 267,633.89 |
| Gambia | Res. 41- 2018 | 332,385.98 | 0.00 | 332,385.98 | 0.00 | -79,500.00 | 252,885.98 |
| Guinea-Bissau | Res. 41 - 2018 | 4,430,568.52 | 0.00 | 4,430,568.52 | 0.00 | -79,225.17 | 4,351,343.35 |
| Liberia | Res. 41 - 2018 | 4,885,078.20 | 0.00 | 4,885,078.20 | 0.00 | -116,061.96 | 4,769,016.24 |
| Sierra Leone | Res. 41 - 2018 | 2,827,393.64 | 0.00 | 2,827,393.64 | 0.00 | -136,490.91 | 2,690,902.73 |
|  |  |  |  |  |  |  |  |
| **Sector Members/Companies** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Bay Microsystems Inc., United States | Res. 41 - 2015 | 19,503.76 | 6,314.90 | 0.00 | -6,314.90 | 0.00 | 0.00 |
| Marcatel Com. S.A. de C.V., Mexico | Res. 41 - 2016 | 4,392.35 | 417.35 | 0.00 | -417.35 | 0.00 | 0.00 |
| Systel, Egypt | Res. 41 - 2016 | 47,918.25 | 40,141.70 | 0.00 | 0.00 | -3,937.50 | 36,204.20 |
| Alphion Corporation, United States | Res. 41 - 2017 | 11,657.35 | 1,057.35 | 0.00 | -1,057.35 | 0.00 | 0.00 |
| INTTIC, Algeria | Res. 41 - 2017 | 7,856.74 | 2,391.55 | 0.00 | -2,391.55 | 0.00 | 0.00 |
|  |  |  |  |  |  |  |  |
| **Total at 31 December 2018** |  | **26,831,918.64** | **7,601,055.94** | **14,430,462.95** | **-3,479,818.07** | **-1,322,567.96** | **17,229,132.86** |

**AMOUNTS DUE IN RESPECT OF CANCELLED SPECIAL ARREARS ACCOUNTS**

**(REPAYMENT AGREEMENTS CANCELLED FOR NON PAYMENT)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Member States - Sector Members/** | **PP Resolutions** | **Transfer to Canc.** | **Balance at** | **Movements** | **Interest** | **Payments** | **Balance at** |
| **Companies** |  | **Special Arrears** | **31.12.2017** | **2018** | **2018** | **2018** | **31.12.2018** |
|  |  | **Account** |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Member States** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Liberia | Res. 38 PP 1989 | 1,001,829.30 | 2,788,586.10 | -2,788,586.10 | 0.00 | 0.00 | 0.00 |
| Congo (Republic of the) | Res. 41 - 2015 | 1,258,821.17 | 1,428,555.57 | -1,428,555.57 | 0.00 | 0.00 | 0.00 |
| Guinea-Bissau | Res. 41 - 2015 | 3,867,914.36 | 4,345,988.56 | -4,345,988.56 | 0.00 | 0.00 | 0.00 |
| Gambia | Res. 41 - 2016 | 192,014.03 | 206,553.98 | -206,553.98 | 0.00 | 0.00 | 0.00 |
| Nicaragua | Res. 41 - 2016 | 1,462,488.98 | 1,642,994.28 | 0.00 | 98,579.65 | 0.00 | 1,741,573.93 |
| Sierra Leone | Res. 41- 2017 | 2,744,076.19 | 2,744,076.19 | -2,744,076.19 | 0.00 | 0.00 | 0.00 |
| Equatorial Guinea | Res. 41- 2018 | 118,043.75 | 0.00 | 118,043.75 | 0.00 | 0.00 | 118,043.75 |
|  |  |  |  |  |  |  |  |
| **Sector Members/Companies** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| TIT, Lebanon | Res. 41 - 2008 | 25,000.00 | 42,236.90 | 0.00 | 2,534.20 | 0.00 | 44,771.10 |
| Cameroon Telecomm., Cameroon | Res. 41 - 2014 | 149,588.50 | 159,765.85 | 0.00 | 9,585.95 | 0.00 | 169,351.80 |
| Ellipsat Inc., United States | Res. 41 - 2015 | 27,865.90 | 27,865.90 | 0.00 | 1,671.95 | 0.00 | 29,537.85 |
| Apprentissages sans Frontières, Switzerland | Res. 41 - 2016 | 6,658.15 | 7,269.40 | 0.00 | 436.15 | 0.00 | 7,705.55 |
|  |  |  |  |  |  |  |  |
| **Total at 31 December 2018** |  | **10,854,300.33** | **13,393,892.73** | **-11,395,716.65** | **112,807.90** | **0.00** | **2,110,983.98** |

**AMOUNTS DUE IN RESPECT OF INVOICES ESTABLISHED FOR SATELLITE NETWORK FILINGS**

|  |  |  |  |
| --- | --- | --- | --- |
| **Notifying Administration** | **Operating Entity** | **Year** | **Amount due** |
| **Iran** | Ministry of Information & Communication Technology (MICT), Tehran | 2012 | 3,315.15 |
| **Nigeria** | Federal Ministry of Communication Technology, Abuja | 2012 | 2,171.95 |
|  |  |  |  |
| **Russian Federation** | EA SAT Closed Joint Stock Company, Moscow | 2014 | 93,202.55 |
|  | Global Information Systems GIS | 2003 | 156,663.86 |
|  |  |  |  |
| **United States of America** | Leading Technologies, LLC | 2008-2009 | 128,592.45 |
|  | Steptoe & Johnson LLP | 2017 | 72.85 |
| **Total Arrears at 31.12.2018** |  |  | **384,018.81** |
|  |  |  |  |
|  |  |  |  |
| **AMOUNTS DUE IN RESPECT OF MISCELLANEOUS INVOICES** | | | |
|  |  |  |  |
| **Country** | **Entity** | **Year** | **Amount due** |
|  |  |  |  |
| **Saudi Arabia** | Saudi Telecom, Riyadh | 2010 | 62,560.00 |
|  |  |  |  |
| **Total Arrears at 31.12.2018** |  |  | **62,560.00** |

|  |  |  |
| --- | --- | --- |
| **SUMMARY: SITUATION OF ARREARS AT 31.12.2018** | | |
|  |  |  |
| **AMOUNTS DUE** |  | **CHF** |
| Contributions |  | **19,895,718.36** |
| Publications |  | **92,805.00** |
| Satellite Network Filings | | **384,018.81** |
| Miscellaneous Invoices | | **62,560.00** |
| Special Arrears Accounts (Repayment Agreements) | | **17,229,132.86** |
| Cancelled Special Arrears Accounts (Repayment Agreements Cancelled for non-payment) | | **2,110,983.98** |
| **TOTAL ARREARS** |  | **39,775,219.01** |

ANNEX D

List of debtors at 31 December 2018 for closed ITU TELECOM events

(This list does not take into account payments received after 31.12.2018)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **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** |

**List of debtors at 31 December 2018 for closed ITU TELECOM events (*cont’d*)**

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **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 | Saudo 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** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **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 | Algeira | 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** |

**List of debtors at 31 December 2018 for closed ITU TELECOM events (*end*)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **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 | South Africa | Department of Telecom. & Postal Serv. | 50,000.00 | 50,000.00 | 0.00 |
| TLC 2017 | South Korea | Lee Convention | 50,250.00 | 50,250.00 | 0.00 |
| TLC 2017 | Benin | Ministère de l'Economie Numérique | 50,000.00 | 47,048.89 | 2,951.11 |
| TLC 2017 | Gabon | Ministère de l'Economie Numérique | 138,000.00 | 0.00 | 138,000.00 |
|  |  |  |  |  |  |
| TLC 2017 |  |  |  |  | **143,351.11** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Event** | **Country** | **Company** | **Amount invoiced** | **Payment received** | **Balance due** |
|  |  |  |  |  |  |
| TLC 2018 | South Africa | Ekasi Gaming | 800.00 | 0.00 | 800.00 |
| TLC 2018 | Cameroon | Iplans SA | 1,200.00 | 0.00 | 1,200.00 |
| TLC 2018 | Zimbabwe | POTRAZ | 190,000.00 | 7,829.05 | 182,170.95 |
| TLC 2018 | United Kingdom | Quika Limited | 31,800.00 | 0.00 | 31,800.00 |
|  |  |  |  |  |  |
| TLC 2018 |  |  |  |  | **215,970.95** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| World debtors | **682,096.86** |  |  |  |  |
| Africa debtors | **40,480.00** |  |  |  |  |
|  |  |  |  |  |  |
| **Total of Debtors** | **722,576.86** |  |  |  |  |

ANNEX E

List of sponsors at 31 December 2018

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |
| **WBS element** | **Country** | **Company** | **Invoice amount** | **CUR** | **Balance owed** | **CUR** | **Equivalent** |
|  |  |  |  |  |  |  | **CHF** |
|  |  |  |  |  |  |  |  |
| P.40718.1.01 | Bahamas | Utilities Regulation & Corporation Authority | 1,500 | CHF | 1,500 | CHF | 1,500 |
| P.40685.1.01 | Zimbabwe | POTRAZ | 344,218 | EUR | 344,218 | EUR | 397,205 |
| P.40730.1.01 | Japan | MIC Japan | 8,000 | USD | 8,000 | USD | 7,768 |
| P.40736.1.01 | Brazil | ANATEL | 7,000,000 | USD | 4,385,243 | USD | 4,391,205 |
|  |  |  |  |  |  |  |  |
|  |  | **TOTAL** |  |  |  |  | **4,797,679** |

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