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| **Council 2020Geneva, 9-19 June 2020** |  |
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| **Agenda item: ADM 1** | **Document C20/9-E** |
| **24 April 2020** |
| **Original: English** |
| Report by the Secretary-General |
| ANNUAL REVIEW OF REVENUE AND EXPENSESEfficiency measures |

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| **Summary**This document presents the key elements of the 2020-2021 Budget implementation, pursuant to No. 73 of the ITU Convention, which stipulates that an annual review of revenue and expenses shall be carried out by the Council.In conformity with paragraphs 1, 2 and 3 of *instructs the Secretary-General and the Directors of the Bureaux* of Decision 5 (Rev. Busan, 2014 and Rev. Dubai, 2018), this document provides an update on the implementation of the efficiency measures as outlined in Annex 2 to Decision 5 (Rev. Busan, 2014 and Rev. Dubai, 2018).**Action required**The Council is invited to **endorse** this document.**References***CV/Art. 4 (No. 73)*[*Council Resolution 1396 - (Biennial budget of the International Telecommunication Union for 2020-2021)*](https://www.itu.int/md/S19-CL-C-0122/en)[*Decision 5 (Rev. Busan, 2014)*](http://www.itu.int/pub/S-CONF-ACTF-2014) *and* [*Decision 5 (Rev. Dubai, 2018)*](https://www.itu.int/en/council/Documents/basic-texts/DEC-005-E.pdf) |

1. **Introduction**

1.1 The purpose of this document is to report on the status of the implementation of the first year of the 2020-2021 Budget of the Union for revenue and expenses.

1. **Budget of the Union for 2020-2021 (Resolution 1396)**
	1. The 2020-2021 Budget of the Union was adopted by the Council at its 2019 session by Resolution 1396. The biennial budget amounts to CHF 332,013,000, and is divided as follows: CHF 167,478,000 for 2020 and CHF 164,535,000 for 2021. It is based on an annual contributory unit amount of CHF 318,000 for Member States, i.e. zero nominal growth when compared to the previous biennia. The Budget of the Union is being implemented in conformity with Article 10 of the Financial Regulations.
	2. The following Tables 1 and 2 provide the status of the 2020 Budget showing expenses and revenue as of 20 April 2020 and provide a forecast of revenue and expenses up to 31 December 2020. The preliminary forecast for 2020 shows a CHF 0.4 million anticipated surplus.

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**3** **Revenue**

3.1 The revenue of the Union consists of assessed contributions, cost recovery, interest/other revenue and savings from budget implementation. Higher revenue from assessed contributions will not suffice to compensate for the anticipated shortfall foreseen from cost recovery revenue. The predicted shortfall in revenue for 2020 is estimated at CHF -4.8 million.

3.2 Revenue from assessed contributions represents some 75 per cent of the total planned revenue for 2020. It includes contributions from Member States, Sector Members, Associates and Academia. Table 3 below shows the breakdown of assessed contributions.



3.3 The amount of the annual contributory unit is set at CHF 318,000 for 2020-2021. As at 20 April 2020, the total invoiced revenue from Member States is higher than the budgeted revenue by KCHF 318.

3.4 For 2020, the amount of the annual contributory unit for Sector Members is set at CHF 63,600 and for Associates at CHF 10,600. At 20 April 2020, the total invoiced revenue from Sector Members is above the budgeted revenue by KCHF 289. The same applies to the invoiced revenue for Associates that is KCHF 298 above the budgeted revenue and to the invoiced revenue for Academia that is higher than the budgeted revenue by KCHF 26.

3.5 Cost recovery revenue represents 22.6 per cent of the total budgeted revenue. The breakdown is provided in Table 4 below. Revenue from cost recovery is likely to be significantly lower than the budgeted amount for 2020, CHF -5.8 million (-15.25 per cent). This is mainly due to the Sales of Publications revenue, cost recovery revenue for Satellite Network Filings (SNF) and Project support cost revenue as well as cost recovery for Telecom due to the postponement of Telecom 2020 to 2021.



3.6 Other revenue are estimated to remain consistent with their budgeted levels for 2020.

**4** **Expenses**

4.1 With regard to expenses, continuous application of efficiency measures and efforts are being made to comply with Resolution 1396. The objective is to keep expenses within the budget at the year-end 2020. Implementation of efficiency measures as well as consequences of the COVID-19 crisis and related delays incurred in budget implementation will generate unspent appropriations estimated to some CHF 5.2 million for 2020.

**5 ITU Reserve Account**

5.1 At 31 December 2019, the balance of the Reserve Account stood at CHF 24.93 million.

**6 Efficiency Measures**

6.1 The measures for implementation in the biennia 2014-2015, 2016-2017, and 2018-2019 were reported to the Council in Documents C15/45, C16/45, C17/45, C18/45 and C19/45. These measures resulted in savings of CHF 24.4 million in 2014-2015 and are assumed to save CHF 17 million in the biennium 2016-2017. As for 2018-2019, the savings amount to CHF 16.3 million.

6.2 Table A presents the savings under each of the 30 efficiency measures identified in Annex 2 to Decision 5 (Rev. Busan, 2014) for the 2014 to 2019 time-frame.

6.3 Table B presents the prospective savings under each of the 27 efficiency measures identified in Annex 2 to Decision 5 (Rev. Dubai, 2018) for the 2020-2021 time-frame. The estimated savings amount to CHF 15.1 million for the 2020-2021 period. These measures will be further analysed during the budget implementation and it will be possible to provide more detailed estimates of the achieved savings for some of these efficiency measures at that time.

Table A - Efficiency Measures - 2014-2019



Table B - Efficiency Measures – 2020-2021



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