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| **Council 2021 Virtual consultation of councillors, 8-18 June 2021** |  |
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| **Agenda item: ADM 4** | **Document C21/50-E** |
| **5 March 2021** |
| **Original: English** |

**Report by the Chairperson of the Council Working Group on Financial and Human Resources (CWG-FHR)**

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| **Summary**  This document presents a report on the deliberations of the virtual meeting of the CWG-FHR, which was held on 25 and 26 January 2021.  **Action required**  Councillors are invited **to take note** of the work of the CWG-FHR and also to **consider** and **offer views**, as appropriate, on the actions identified in the report.  \_\_\_\_\_\_\_\_\_\_\_\_  **References**  [*C20/50*](http://www.itu.int/md/S20-CL-C-0050/en) *and* [*Council Decision 563*](https://www.itu.int/md/S19-CL-C-0142/en) |

Since the 2020 virtual consultations of Councillors, there has been one virtual meeting of the Council Working Group on Financial and Human Resources (CWG-FHR). The virtual meeting was held on 25 and 26 January 2021 with Ms Vernita Harris (United States of America) as Chairperson assisted by the vice-chairs Ms Seynabou Seck Cisse (Senegal), Ms Xian Persaud (Bahamas), Mr Mohamed S. Ali Al Muathen Al Mazroei (United Arab Emirates), Ms Archana Goyal Gulati (India), Ms D.V. Kalyuga (Russian Federation) and Mr Vilem Vesely (Czech Republic). The full report of this meeting can be accessed at the following link: <https://www.itu.int/md/S21-CWGFHR12-C-0017/en>. Council delegates should refer to this report for an expansion of the various views expressed during the discussions.

**1** **Budget and Financial**

1. **Preparation of the draft biennial Budget of the Union for 2022-2023   
   (Document** [**CWG-FHR-12/2**](https://www.itu.int/md/S21-CWGFHR12-C-0002/en)**)**

1.1 The draft biennial Budget of the Union for 2022-2023 was presented by the secretariat based on Decision 5 (Rev. Dubai, 2018) and associated guidelines.

1.2 The amount of the contributory unit to be paid by Member States of CHF 318,000 has been maintained resulting in zero nominal growth since 2016. Expenses and revenue are balanced without any withdrawal from the Reserve Account.

1.3 As in previous budgets, a five per cent vacancy rate has been applied which implies recruitment delays, part-time service and leave without pay. Nevertheless, the implementation of the vacancy rate will pose as a significant challenge in the management of vacant positions and the recruitment process.

1.4 The 2022-2023 draft Budget totals CHF 326.186 million which is CHF 5.827 million lower than the 2020-2021 Budget. As compared to the Financial Plan, the 2022-2023 draft budget is lower by CHF 3.768 million.

1.5 The draft budget is based on the programme of activities of the Union, which includes three major events:

* The Plenipotentiary Conference (PP-22);
* The World Radiocommunication Conference (WRC-23);
* The World Telecommunication Standardization Assembly, originally foreseen in 2020 and postponed to 2022, funded by differed funding from the 2020-2021 budget.

1.6 Appropriations amounting to KCHF 840 have been included in the 2022-2023 budget to cover the COVID-19 recurring expenses.

1.7 On the revenue side, assessed contributions increased by almost CHF 1 million, mainly on account of Sector Members and Associates from the T sector. There is also a limited increase for Academia.

1.8 Cost recovery revenue will decrease by some CHF 5.8 million as compared to 2020-2021, mainly on account of a lower projection of sales revenue from the release of new publications planned for 2022-2023. This will be partially offset by the projected increase in cost recovery revenue from Satellite Network Filings (SNF).

1.9 After the meeting of the CWG-FHR, the budget will be revised/updated to reflect:

- The outcomes of the CWG-FHR;

- The budget rates as of January 2021;

- The result-based part based on the full cost allocation.

1.10 Two annexes were presented in the document:

• Annex 1 – Draft Budget 2022-2023 Breakdown of expenses by Sector and Section;

• Annex 2 - Documentation Volumes on Translation, Composition and Reprography.

1.11 The BR Director clarified the issue on the budgeted sales of publications for 2022-2023. He informed the group that ITU-R has not changed its schedule of major publications. If the budgeted revenue is less in 2022-2023 than in 2020-2021, it is in relation with the release of new publications in the years following WRC (New editions of five main publications released in 2020-2021, three main publications in 2022-2023 and returning to five main publications in 2024-2025).

1.12 Some delegates expressed their appreciation and acknowledged the efforts of the secretariat in preparing the draft Budget for 2022-2023. They welcomed the fact that no withdrawal from the Reserve Account will be needed to balance the budget 2022-2023.

1.13 In response to queries from delegates, the secretariat provided the following clarifications:

* Following the postponement of WTSA, and as per the Financial Regulations and Financial Rules, its budget (KCHF 698 for the direct expenses and KCHF 700 for the documentation) is transferred to the Reserve Account. This amount will be added to ITU-T budget in 2022. There is no request for additional resources included in the draft budget 2022-2023. The same approach will apply, should the WTDC-21 be postponed as well.
* The BDT Director informed delegates that the preparation for the WTDC is on-going and that the COVID situation is monitored very closely by the secretariat.
* The revised draft Budget for 2022-2023 which will be submitted to Council 2021 will provide more detailed information.
* Additional information was provided concerning the appropriations amounting to KCHF 840 to cover the COVID-19 recurring expenses.
* The re-costing of conditions of employment as of 1 January 2021 will not have a significant impact on the overall budget.
* As foreseen in Council Decision 1396, CHF 1 million have been transferred to the ASHI Fund. In order to replenish this Fund it is also envisaged that as from January 2022, new staff’s contribution to the Fund will increase.

1.14 CWG-FHR took note of the document. The draft biennial budget of the Union for 2022-2023 will be submitted to Council 2021 for approval.

1. **Business continuity – Information management (Document** [**CWG-FHR-12/3**](https://www.itu.int/md/S21-CWGFHR12-C-0003/en)**)**

1.15 The secretariat introduced Document **CWG-FHR 12/3** which has been prepared in response to the requests by delegates during the Second Virtual Consultation of Councillors (VCC-2) for more details on Document [**C20/53**](https://www.itu.int/md/S20-CL-C-0053/en) covering Business Continuity.  The additional information covers:

1. a proposed funding schedule over the next seven years; and
2. details on each of the three projects.

1.16 Delegates were reminded that Business Continuity is a part of the development of ITU’s Organization Resilient Management Capacity, which was approved by the Council in 2017. The ORMS status report is available in Document [**C20/15**](https://www.itu.int/md/S20-CL-C-0015/en).

1.17 The three projects cover corporate services utilized by the three Bureaus and the General Secretariat for delivering services to Member States.

**Project 1**: Information and records management (CHF 8 million) needs to start urgently, and with a tight timeline, to ensure that staff can continue working uninterrupted while the preparation of the Tower and Montbrillant buildings for the relocation of staff takes place, and for the actual staff relocation period 2023-2025. It is important to reduce the likelihood that the [building project risks](https://www.itu.int/en/council/2020/Documents/007/007R1e-Complete-updated-Risk-Register.pdf) will materialize and impact the Building Risk Register fund. Delegates were reminded that work had already started with safeguarding the BR archives located in Varembé building, a project for which Council had already specifically approved CHF 1.07 million (Decision 619). Lessons learned from the UNNY master capital plan and UNOG renovation projects show that there is a significant risk of losing official organizational records if not managed and safeguarded in time.

**Project 2**: ITU working tools of the Union (CHF 3 million) is required to ensure business continuity following the end-of-life of some of the IT products ITU has been using for decades. This includes a) ITU’s administrative systems (EPR/CRM) which will need to be replaced by 2025 as the vendor (SAP) will cease support of the current platform; and b) ITU’s document management system (Documentum and Microsoft SharePoint) as the vendors ceased support for the current versions. Operating obsolete platforms is not only a risk but will also prevent the ITU from benefiting from new technological developments (introduction of AI /ML supported processes) and creating efficiency gains.

**Project 3**: ITU website (CHF 2 million) is needed to migrate its entire website to a new platform, thus ensuring business continuity, and address requests from Member States for full implementation of six language content across the website, as well as harmonization and improved usability for delegates and visitors. (Res 154).

1.18 CWG-FHRnoted the importance of the projects and requested that all ITU unfunded requests be consolidated in one document for consideration by Council 21. The secretariat added that all such requests were not included in either the 2020-2021 or 2022-2023 biennial budgets and therefore, would require a Council decision. One delegate encouraged ITU to implement the “OneITU” to avoid duplication and overlap between the Bureaus and the Departments in the General Secretariat.

1. **Provisional forecast of the surplus 2020 (Financial) (Oral presentation)**

1.19 The secretariat made an oral presentation of the 2020 budget implementation preliminary results, prior to the official closing of accounts due by March 2021.

1.20 The salient points were as follows:

- On the expenses side, significant savings on travel and fellowships costs partially offset by COVID-19 specific expenses (CHF 1.7 million) as well as the annual payment to the UNSMIS (new health insurance for ITU) (CHF 1.6 million) leading to unspent appropriations of some CHF 9 million.

- On the revenue side, significant shortfall on the cost recovery side. CHF -1.5 million for Telecom that was cancelled, CHF -1.5 million for Satellite Network Fillings as well as roughly 1.5 million for sales of publications. The CHF 3.6 million of savings from budget implementation have been earmarked for being paid into the Building Risk Register Fund should the 2020 budget implementation result permit.

1.21 To conclude, the secretariat indicated that there will be no significant savings if any, to be expected from this period. There are still some unknown elements that may affect the 2020 result, such as differed revenue, provision for repatriation to be estimated through an actuarial study, etc. In the event there are funds available, they would be prioritized to meet Decision 619 requirements for 2021, which amount to KCHF 735.

1.22 CWG-FHR took note of this presentation and requested that an information document be prepared to summarize this oral presentation, as well as any future oral presentations, where possible.

1.23 The secretariat indicated that it is difficult to prepare a document on the surplus when the accounts are not closed. It is for this reason that an oral presentation was made pending the results of the actuarial study which will only be available at the end of February or early March 2021. In spite of this difficulty, the secretariat published an information document on this subject (Document [CWG-FHR-INF-12/3](https://www.itu.int/md/S21-CWGFHR12-INF-0003/en)).

**2 The review of ITU regional presence – Report by PWC (Documents CWG-FHR-12/4 and [CWG-FHR-12/9)](https://www.itu.int/md/S21-CWGFHR12-C-0009/en)**

2.1 The secretariat presented Document CWG-FHR-12/9, noting that PWC had presented Document CWG-FHR-12/4 to the second Virtual Consultation of Counsellors. The secretariat noted Document CWG-FHR-12/9 focuses on the Action Plan, set out in Paragraph 7 of the PWC report, which consists of a three Phase Roadmap, which suggests a three-year implementation period from when the report is accepted. It is split into Four Functional Components, namely Strategic Positioning, Internal Coordination, Roll-out of the Future Delivery Model, and Change Management, with a total of 50 recommendations. The secretariat also noted that the PWC report and all its recommendations are based on a Neutral Financing Proposal, that is, the changes are designed to fit within ITU’s existing resource envelope for the regional presence, without seeking additional funding from membership.

2.2 The secretariat analysis of the Action Plan divided the recommendations into three broad categories, namely:

1. Recommendations which are within the ITU Management’s authority and purview and which are already implemented or in the process of being implemented;
2. Recommendations within ITU’s management’s authority and purview which have not yet been implemented;
3. Recommendations which are not within the purview of ITU management, either because they are matters for council, or a member state conference.

2.3 The secretariat proposed that the implementation of recommendations in Category 1 be verified by CWG-FHR, those in the second category should be included in an action plan while category 3 recommendations will require detailed consideration by the CWG-FHR with assistance from the secretariat.

2.4 The secretariat noted that the report is lengthy and would require a significant effort by delegates involved in this work, and therefore suggested that perhaps a more focused ad hoc group should be considered, noting that this was proposed in the US contribution.

**Contribution by the United States of America: Terms of Reference for the Financial and Human Resources Working Group of Council Ad Hoc Group on the PWC External Report on Regional Presence (Documents** [**CWG-FHR-12/16**](https://www.itu.int/md/S21-CWGFHR12-C-0016/en) **and** [**CWG-FHR-12/DL-2**](https://www.itu.int/md/S21-CWGFHR12-210125-DL-0002/en)**)**

2.5 The delegate from the United States presented the contribution, noting that the PWC report is very lengthy and there would be inadequate time to properly address the recommendations in the CWG-FHR, so proposed the formation of an ad hoc group to consider the ITU Regional Presence and report back. It was noted that due to the timeframes, it would be desirable for this issue to be considered by Council 2021, so as to have outputs in time for WTDC-21. Discussion took place among delegates.

2.6 Following discussion by delegates, the Chairperson noted that there was agreement to form an ad hoc group to consider the ITU Regional Presence and the PWC report. The Chair noted that based on discussions among the CWG-FHR she had approached Nigeria, Ms Stella Erebor, to chair the ad hoc group, and invited Ms Erebor to take the floor. Following intervention by Ms Erebor, the chairperson requested that delegates contributing to the discussion engage to prepare the Terms of Reference for the ad hoc group and report back to the second day of the CWG-FHR meeting to finalize the formation of the ad hoc group.

2.7 After consultation between the delegates, the meeting approved the following Mandate and Composition of the Ad Hoc Group on Regional Presence Review:

Mandate

The Ad Hoc Group of the CWG-FHR on the ITU Regional Presence Review is convened to:

1. Review and analyze the recommendations of the PWC Report presented by the Secretary-General in Document [C20/74](https://www.itu.int/md/S20-CL-C-0074/en).

2. Consider and take into account proposals of the ITU Member States and the comments of the secretariat including those from Radiocommunication, Standardization and Development Bureaus concerning the improvement of the organization and the effectiveness of the regional presence of the Union in order to develop, use and promote the availability of telecommunications/ICTs worldwide and, in particular in developing countries, within the framework/format of One ITU.

3. Analyse the possible financial implications of various options for optimizing the structure of the ITU regional presence.

4. Prepare and submit recommendations to the next CWG-FHR scheduled to be May 2021 related to optimization of the structure and methods/approaches to increase the efficiency of the regional presence.

Composition and Work methods

* The Ad-Hoc Group is chaired by Stella Erebor, Nigeria with six (6) Vice Chairs of CWG-FHR;
* The Ad-Hoc Group is open to all Members States and Sector Members;
* The Ad Hoc Group shall advance their activity by electronic means and working methods.

2.8 The report of the Ad-Hoc Group is presented as an addendum to this report (See Addendum 1 to Document C21/50).

**3 Human Resources**

**Reporting and Statistics – Update 31 December 2019 (Document** [**CWG-FHR-12/13**](https://www.itu.int/md/S21-CWGFHR12-C-0013/en)**)**

3.1 The secretariat explained that the 2019 data had yet to be published due to shifts in priorities and HRMD will provide the 2020 data for the June 2021 Council meeting.

3.2 The updated report will provide the recent human resources trends in several tables, covering vital information – such as overall workforce by sector, grade, nationality, gender, retirements, etc.

3.3 Even if the update is only provided in June, a brief of the main trends in 2020 can be reflected as follows:

a. The overall population has been stable over the years (total staff 684 in 2019 and 691 in 2020).

b. In 2012, it was an even split between Professional and higher category staff and General Service staff, and since 2012, there has been a decrease in General Service staff and an increase in the Professional and higher category staff. This trend is continuing; in 2020, there were 59 per cent Professional and higher category staff, compared to 58 per cent in 2019.

c. There are 53 per cent women in ITU, with as much as 69.3 per cent in the General Service category, and only 40.7 per cent women in the Professional and higher categories, which concludes that more efforts are needed to attract women to Professional and higher-level vacancies and men to General Service vacancies.

d. 40 per cent of the workforce is in the age bracket 50-59 years of age.

e. Regarding retirements, in the next five years, between 2021 until 2025, it is anticipated that 124 staff will retire from ITU.

**Staff working conditions strategy and implementation plan (oral presentation)**

3.4 Document [C20/INF/13](https://www.itu.int/md/S20-CL-INF-0013/en) was submitted to the last virtual consultation of Councillors. It described a process and subsequent actions to transform the current headquarters work conditions and methods to contemporary practices in preparation for the interim period and beyond in the new ITU headquarters building. This process consists of two phases of staff relocation: the first one being the relocation from the current three buildings into the Tower and Montbrillant (end of 2022). The second move is from those two buildings into the new headquarters in 2026.

3.5 The priorities were identified through multi-level consultation with staff. The strategy and plan are related to item 67 of the risk register and following Joint Inspection Unit (JIU) recommendations related to change management. Decision 619 provides the necessary indirect cost allocation without additional financing to pay for the workplace analysis and related change management practices. Currently, a procurement process has been finalized, and an expert workplace strategy consultancy firm has been identified, and the contract will be set up in the weeks to come. The issues addressed through the staff working conditions strategy and implementation plan may impact the new building design and space allocation. ITU will keep delegates updated on the progress.

**4 Fraud and related matters (permanent Agenda item)**

1. **Report of the ITU working group on internal controls (Document** [**CWG-FHR-12/11**](https://www.itu.int/md/S21-CWGFHR12-C-0011/en)**)**

4.1 The BDT Director presented Document CWG-FHR 12/11 that contains an overview of actions undertaken by the ITU Working Group on internal controls to date.

4.2 The implementation rate of all related recommendations of the Internal Audit, External Audit and IMAC is 80 per cent.

4.3 ITU management decided in November 2020 to set up a corporate compliance dashboard including the recommendations of EA, IMAC, JIU and IA. This tool enables ITU management and oversight bodies (Internal Audit, External Audit and IMAC) to have a clear view of the recommendations in progress, the risk related to these recommendations, real-time information concerning the progress made to implement the recommendations or to mitigate the residual risk and dispatch automated email notifications and reminders, where necessary.

4.4 The BDT Director also informed delegates that the following system and measures were under implementation:

* New e-recruitment system and competitive procedures for selection of consultants;
* Improved management and control of the use of consultants;
* Common IT Systems for BDT;
* Accountability Framework.

4.5 In relation to the Bangkok’s fraud case, ITU’s Legal Adviser informed the meeting that disciplinary sanctions have been completed. Simultaneously, a legal action has also been taken in Thailand and a law firm has been appointed to represent ITU.

4.6 Delegates welcomed this information and acknowledged the efforts made by the secretariat.

1. **Update on the process to select an external company specialized in financial crime investigations following the case of fraud at a Regional Office (Oral presentation)**

4.7 The secretariat provided an oral presentation on the process to select an external company specialized in financial crime investigations following the case of fraud at a Regional Office. Since the 2020 meeting of the CWG-FHR, and further to a recommendation from the IMAC, a consultant had been hired to fine-tune the terms of reference for the Request for Proposals (RFP). This RFP was issued and in April 2020 ten proposals were received. The Technical Evaluation Panel chaired by the DSG assessed the proposals, and in November 2020 the bidders that had passed the pass/fail criteria made presentations of their proposals to the Technical Evaluation Panel. In early January 2021, the contract was signed with the winning bidder, PWC, a major consulting firm. The PWC Team conducting the forensic audit is not the same as the one that had conducted a review of the regional presence. The work has started and it was agreed that by 1 May 2021, the final report would be provided to the ITU secretariat, in time for the 2021 Council session to be informed of that report.

The deliverables of the contract are:

1. A Final report with all identified fraud risk exposures, instances of fraud, financial misconduct and vulnerabilities. It shall also include all tasks performed together with an assessment, recommendations and conclusions in relation to those tasks.
2. An Action Plan for change, addressing all the related findings and recommendations provided by the External Auditor, the Internal Auditor and the IMAC.

4.8 In case a fraud was to be uncovered in the course of the main work by PWC, any individual investigation would be investigated in accordance with the applicable ITU administrative issuances but would not be completed by 1 May 2021. These individual investigations would in principle also be conducted by PWC. Further to a request for clarification, the secretariat indicated that the mandate covers the Organization's overall fraud risk exposure, and possible occurrence. The mandate is not meant to revisit the Bangkok case, which in the meantime was administratively closed, including the associated disciplinary processes. As explained by the Legal Adviser, only the referral to the Thai national authorities is still in the process of being worked on by the ITU secretariat.

**5 Risk management**

**Report on the implementation of the risk management action plan  
(Document** [**CWG-FHR-12/7**](https://www.itu.int/md/S21-CWGFHR12-C-0007/en)**)**

5.1 The secretariat presented the final report of the project implementing the Action Plan to strengthen the ITU Risk Management Framework. The report built on the progress reports previously presented to CWG-FHR and the Virtual Consultation of Councillors, confirming the successful implementation of the ten Action Items that had previously been identified. Delegates were reminded that the Council had already approved by correspondence the revised ITU Risk Management Policy and Appetite Statement, as well as the creation of the Risk Management and Internal Control function within available budget. The report presented all the activities that took place following the 2nd VCC, including the development of the Risk Management Manual, the two rounds of internal workshops and the development of the ITU-wide risk register and the Risk Management Dashboard. An overview of the register and the dashboard were introduced to the group. With the successful completion of the project, the related IMAC recommendations, as well as all nine Benchmarks from the 2020 JIU Report on Enterprise Risk Management have been successfully implemented. Several delegations took the floor to appreciate the work of the secretariat on this topic.

**6 Follow-up on the recommendations of the External Auditor (Document** [**CWG-FHR-12/8**](https://www.itu.int/md/S21-CWGFHR12-C-0008/en)**)**

6.1 Document CWG-FHR 12/8 was presented, showing the status of the open recommendations made by the External Auditor, as of end-December 2020.

6.2 Further to this audit of the 2019 accounts, the secretariat received eight new recommendations, and to date 26 recommendations are still considered as ongoing.

6.3 Globally there was a good implementation rate, considering the high number of new recommendations in 2018. The topics concerned were mainly in relation to the regional presence and the internal control, with a dedicated group created to follow implementation of these recommendations, as detailed previously by the BDT Director.

6.4 It was mentioned that the situation linked to COVID-19 and teleworking, in place since March 2020, have delayed some implementations since the External Auditors were not physically able to carry out their audit on-site and therefore unable to verify some recommendations, including nine from the period 2015-2018 which are still presented as open. These were actually implemented by ITU but now require verification by the External Auditors during their 2020 accounts audit. This action alone will significantly improve the implementation rate from the rate currently shown in Document CWG-FHR 12/8.

6.5 CWG-FHR expressed concern regarding the recommendations still open and their eventual impact. The pertinence of ranking recommendations according to urgence or importance was also discussed and the secretariat clarified that all recommendations are considered as important and that they are committed to responding to all of them in a timely manner.

6.6 One delegate also mentioned the relevance for future reports to include not only open recommendations, but also deadlines for the implementation and the particular department or unit in charge of the follow-up of each recommendation.

**7 Financial report on the Union’s headquarters premises project  
(Document** [**CWG-FHR-12/5**](https://www.itu.int/md/S21-CWGFHR12-C-0005/en)**)**

7.1 The representant of the secretariat introduceddocument **CWG-FHR-12/5, Financial report on the Union’s Headquarters Premises Project.** She announced that the project is on time and within the budget. She was also pleased to announce that the funding of the project has been ensured through the approval of the second part of the loan CHF 138,000,000 by the Swiss authorities. Document **CWG-FHR-12/5** contains information on the project cost estimate received at the end of November.

7.2 As mentioned in the document, the difference of +1.3 per cent between the estimated and the allocated budget is within the +/-10 per cent accuracy which is normal at this design stage. She recalled the explanatory graph included in Document **CWG-FHR-12/5** that was also presented at the extraordinary council session back in September 2019. She confirmed that the secretariat will wait until the real costs are known after the bid for the General Enterprise (GE) contract that will be launched in 2022. Any risk of overspend will be avoided by including “design options” into the request for proposals. This will require bidders to provide separate costs for each option. The secretariat will then remove any option that would result in the cost exceeding the approved budget. This procedure avoids deleting options at this stage that might possibly/probably be included in the General Enterprise contract and still within the approved budget. This could result in an enhanced building but still within budget.

7.3 She explained that mitigation measures will be put in place to monitor the cost to avoid any overspend. After a follow-up question from Mexico, she explained the project team will proceed identifying alternative design solution technically compliant and at a lower cost. She confirmed being in touch with other UN organizations such as the UNOG SHP and ILO to consult and take lessons learned on the general enterprise contract strategy to be decided on. She reminded also that there is a contingency of CHF 12,6 M part of the allocated budget but that the decision is to keep that amount safe until the construction works start.

7.4 The risk register fund initially contained CHF 1,42 million. A further allocation of CHF 3,6 million took place at the end of the 2020 financial year. The risk register fund does now contain CHF 5,02 million. If possible, the secretariat will allocate additional money to the funds as a priority as per Decision 5. Japan suggested to add the estimated amount of overspend to the risk register and the representant of the secretariat mentioned that those costs are already included in the risk register but not under one single line. A delegate from Russia posted a comment in the chat asking that this should be addressed, and it was agreed to identify the lines impacted and to discuss at the next MSAG meeting.

7.5 The MSAG Chairman took the floor stating that the group did not come to an agreement on how to proceed with the cost estimates preventing MSAG from having a consensus position to offer CWG-FHR but that his personal view is that the recommendation from the professional staff at ITU is a responsible, conservative one that reaffirms the maximum amount to be spent on the building project and reasonably addresses the cost estimates by recognizing the limits of their accuracy. The secretariat thanked the MSAG chair for his support.

**Contribution by the Chair of CWG-FHR: MSAG discussions on financing the Risk Register Fund for the new ITU HQ (Document** [**CWG-FHR-12/10**](https://www.itu.int/md/S21-CWGFHR12-C-0010/en)**)**

7.6 The Chairman of MSAG presented document CWG-FHR 12/10 which provides relevant extractions from the MSAG reports for meetings where the importance of adequate financing of the Risk Register Fund has been discussed.

7.7 The secretariat reminded the meeting that this Fund was created in 2019, even though it was not foreseen in the Financial Plan 2020-2023. The Secretary-General already approved the replenishment of some CHF 1.4 million at the end of 2019 and it is planned to allocate CHF 3.6 million to the Fund from budgetary surpluses and the replenishment should continue if the situation allows. In the future, the inclusion of a budget appropriation to replenish the Risk Register Fund will have to be discussed when preparing the Financial Plan 2024-2027.

7.8 CWG-FHR took note of this document.

**8 Contribution by the Russian Federation: Development of a method for calculation of in kind contributing (Document** [**CWG-FHR-12/15**](https://www.itu.int/md/S21-CWGFHR12-C-0015/en)**)**

8.1 The Russian Federation presented Document CWG-FHR 12/15, which asks the secretariat:

* To develop general guidelines for the financial and other types of contributions of ITU Member States, Sector Members and other partners in regional initiatives, which would be based on the principles and criteria arising from their mandates in the resolves section of Resolution 17 (Rev. Buenos Aires. 2017), and which would contain developed provisions that disclose these principles.

8.2 These provisions should include:

* Criteria formulated for the correct classification by MS’s part of project funds as contributions in-kind.
* A developed method for calculating MS in-kind contributions to the budget of the projects provided for the implementation of regional initiatives, based on combining, if possible, standard projects with similar content, containing the general structure of the corresponding agreement between ITU, MS and partners, and taking into account the national legislation in the country, the provisions of the ITU Financial Regulations and Financial Rules, related IPSAS clauses and other relevant documents to facilitate MS to identify and implement appropriate opportunities.

8.3 To report to ITU Council, on an annual basis, further to experience in implementing regional initiatives, including projects with in-kind contributions.

8.4 This contribution was welcomed by the delegates and the secretariat.

8.5 CWG-FHR agreed that the Russian Federation and the secretariat will work together to establish a methodology for calculating in-kind contributions and will report to the next CWG-FHR session.

**9 Contribution by the Republic of Belarus, the Republic of Uzbekistan and the Russian Federation: Proposals to clarify the provisions of Annex 2 «Rules, procedures and financial arrangements for voluntary contributions and trust funds» of the ITU Financial Regulations and Financial Rules (Document** [**CWG-FHR-12/14**](https://www.itu.int/md/S21-CWGFHR12-C-0014/en) **(Rev.1)**

9.1 The Russian Federation presented document CWG-FRH-12/14 which is a contribution from the Republic of Belarus, the Republic of Uzbekistan, and the Russian Federation.

9.2 This document presents some proposed amendments to Annex 2 «Rules, procedures and financial arrangements for voluntary contributions and trust funds» of the ITU Financial Regulations and Financial Rules.

9.3 As suggested by the secretariat, CWG-FHR agreed that this contribution will be further reviewed at the next session of the CWG-FHR, along with the methodology for calculating the in-kind contribution (agenda item 10).

**10 JIU Reports on United Nations system-wide issues for 2019-2020 and recommendations to executive heads and legislative bodies (Document** [**CWG-FHR-12/6**](https://www.itu.int/md/S21-CWGFHR12-C-0006/en)**)**

10.1 Delegates expressed appreciation for the report which merited close consideration by the Working Group, particularly regarding JIU Recommendations 3 and 4 of JIU/REP/2020/1 “Review of the state of the investigation function: progress made in the United Nations system organizations in strengthening the investigation function” and requested clarification as to why these two recommendations were marked as ‘not accepted’ by the secretariat.

10.2 The secretariat provided clarification that the recommendations directed at the Legislative Bodies were only suggestions for delegates to consider and that this could be modified to reflect that further consideration was necessary. The secretariat also explained that currently, the decision to start an investigation lies with the ITU Secretary-General. The ITU secretariat has already requested the ITU Council to authorize that a new P.4/P.5 grade investigator post be funded through the Union's Reserve Fund, given that, to date, there is none formally focusing on such function. This was considered by the Second Virtual Consultation of Councillors and approval by correspondence for a P.5 investigator post is expected in the coming weeks.

10.3 Delegates considered that there seemed to be a disconnect between the explanation and the decision not to accept the above-mentioned recommendations and that more consideration is required. The decision to further discuss this issue within a small group of the CWG was decided so that a revised document, with more information on acceptance and implementation clarification, be presented to Council at its next session.

**11 Impact of the Covid-19 pandemic on the functioning and activities of ITU  
(Document [CWG-FHR-12/12)](https://www.itu.int/md/S21-CWGFHR12-C-0012/en)**

11.1 The secretariat introduced Document CWG-FHR 12/12.

11.2 In response to a request by the Second Virtual Consultation of Councillors (VCC-2), Document VC\13 (Rev.1) has been updated to cover the progress since VCC-2 on the impact of the current pandemic on the functioning and activities of ITU, and measures introduced in response to COVID-19.

11.3 ITU has introduced an extensive number of measures to continue to provide services uninterrupted during the pandemic as outlined in section 3. ITU staff have worked from home and access to ITU Headquarter premises has been strictly reserved for persons who need to be in the premises to undertake essential official business that cannot be conducted remotely. ITU has implemented various mitigation measures which have so far proven effective.

11.4 COVID-19 vaccination campaigns are expected to start early 2021. ITU staff members will be invited to participate in the national campaign of their duty station. In later stages, when vaccine single doses become available, COVID-19 vaccination is expected to be a condition for international air travel. For ITU official trips to resume, ITU will follow the developments of COVID-19 vaccines procurement and procure single doses if possible or organize care pathways to get official travellers vaccinated.

11.5 In December 2020, Zoom Video Communications Inc. informed that U.S. authorities have issued general licenses allowing Zoom to provide services to sanctioned countries for services on official business of the UN, specialized agencies, Programmes, Funds and related organizations. Zoom can hence allow the unrestricted use of its platform for ITU statutory/official meetings. Cisco has advertised the new version of WebEx for Q1 2021 for enabling fully remote and hybrid legislative bodies to convene via WebEx.

11.6 All ITU meetings and events have been held virtually. Since the last report, we held Virtual Consultations of Councillors in November 2020, ITU Virtual Digital World 2020, ITU Satellite Webinars, and TSAG, Regional and World Radiocommunication Seminar 2020, among others. The WRS20 was expanded to two weeks and, for the first time, the WRS plenary sessions were open to non-ITU members, while the workshops were provided as an ITU-R Members-only event.

11.7 Actions have been taken by ITU to allow events and meetings to transition from physical to fully virtual. Events have been reorganized to be more accommodating to the global virtual audience, including reducing the number of hours per day and increasing the number of days as compared to physical events.

11.8 To ensure business continuity of the Union‘s governing bodies, Councillors agreed to hold Virtual Consultations of Councillors to discuss the most urgent topics for the Union, and draw proposed conclusions to be approved either by a next physical session of the Council or by correspondence for those calling for an urgent decision by the Council. VCC-1 was held in June 2020 and VCC-2 was organized in November 2020. These virtual consultations have allowed Member States to address most of the items initially included on the agenda of the annual 2020 physical session of the Council.

11.9 With regards to the payment of ITU’s Member States contributions, the figures to date tend to show that the rate of payments is similar to previous years. As of December 2020, 94 per cent of the current Member States contributions have already been received and 40 per cent as far as the 2021 contributions are concerned. A strict follow up of debtors is always done.

11.10 In summary, ITU staff has performed exceptionally well in the circumstances. Mitigation measures were introduced early and have been successful, and many significant lessons have been learned with regard to flexible working which will prove particularly helpful to cope with the forthcoming building project.

11.11 One delegate expressed his concern with regard to the future revenues of the Union. The secretariat informed the meeting that the rate of payment of members contributions is similar to previous years.

11.12 Following the request of one delegate, BDT Director informed the meeting that they received many requests to support countries in 2021 towards the development of their national emergency telecommunication plans.

11.13 CWG-FHR acknowledged the efforts made by the secretariat for the hard and excellent work done throughout the difficult situation.

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