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**Addendum 1 to  
Document C21/65-E  
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**REPORT BY THE SECRETARY-GENERAL**

**DRAFT BUDGET FOR 2022-2023**

**Summary**

The following report is presented for general information as Addendum 1 to Document C21/65:

The ITU Telecom Secretariat Budget for 2022-2023.

**Action required**

Council is requested to **take note** of this document.

International Telecommunication Union  
Financial Resources Management Department

**BUDGET**

**ITU TELECOM SECRETARIAT**

**2022-2023**

as of 18 March 2021

# ITU TELECOM Secretariat Budget 2022-2023

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## ITU TELECOM Secretariat Budget 2022-2023

1. The ITU Telecom Secretariat budget is established to allocate provisions for ITU Telecom Secretariat estimated expenses that are not directly related to an ITU Telecom event or to a specific output. It includes cost recovery charges from the other areas of the ITU General Secretariat and the Bureaux. The ITU Telecom Secretariat budget is essential for the planning and monitoring of expenses, which are then charged to the different ITU Telecom events during the corresponding year. In line with the ITU biennial budget cycle (2022-2023), the periodicity of ITU Telecom Secretariat budget is on a yearly basis.

### ITU TELECOM SECRETARIAT EXPENSES

2. The ITU Telecom Secretariat budget for 2022-2023 totals CHF 8.6 million which is 14% lower compared with the 2020-2021 budget. This is due to the lower number of posts as shown in Table 1 below. The biggest objects of expense in the budget are the Staff and other Staff costs, as well as the cost recovery which has been maintained at the same budget level of CHF 1.5 million per annum since 2014.

3. The budget is presented in categories of expenses in accordance with Article 6 Rule 6.1 of the ITU Financial Regulations and Rules. Table 1 below shows the estimated expenses by category. Staff costs and Other staff costs together represent 62% of the total biennium budget. The cost recovery of CHF 3 million is equivalent to 35% of the total biennial budget for 2022-2023.

**Table 1**  
**Budget by Category of Expenses**

<i>in thousands of Swiss francs (CHF)</i>											
Cat.	Expenses	Budget 2018- 2019	Actuals 2018- 2019	Budget 2020	Actuals 2020	Budget 2021	Budget 2022	Budget 2023	Budget 2022- 2023	Variance 2020-21 2022-23	as % of 2020- 2021
		a	b	c	d	e	f	g	h	i=h-(c+e)	j=i/(c+e)
1-2	Staff and Other Staff costs	7,756	5,155	3,490	2,163	3,490	2,693	2,693	5,387	- 1,593	-23%
3	Travel on duty	50	6	15	-	15	15	15	30	-	0%
4	Contractual services	150	91	60	29	60	60	60	120	-	0%
5	Rental and maintenance	30	2	10	-	10	10	10	20	-	0%
6	Materials and supplies	40	9	15	2	15	15	15	30	-	0%
7	Acquisition	50	23	25	2	25	25	25	50	-	0%
8	Public & internal service utilities	50	7	10	-	10	-	-	-	20	-100%
9a	Miscellaneous	20	0	10	-	10	10	10	20	-	0%
9b	Cost Recovery	3,000	2,500	1,500	-	1,500	1,500	1,500	3,000	-	0%
	<b>Total</b>	<b>11,146</b>	<b>7,793</b>	<b>5,135</b>	<b>2,196</b>	<b>5,135</b>	<b>4,328</b>	<b>4,328</b>	<b>8,657</b>	<b>- 1,613</b>	<b>-14%</b>

## ITU TELECOM SECRETARIAT RESOURCES

4. "Staff costs" refer to base salary, post adjustment, family and housing allowances (for professional and higher categories) while "Other Staff Costs" consist of the Union's contribution to the pension fund, health and accident insurance, education grant and travel, travel on appointment and separation, installation and repatriation allowance, travel on home leave, accrued leave, repatriation grant and removal expenses. The ITU Telecom Secretariat in 2022-2023 has 18 budgeted posts while there were 23 posts in 2020-2021. The transfer of staff to other departments resulted in the reduction in budget for 5 posts as shown below.

**Table 2**  
**Budgeted Posts**

<b>Budgeted Posts</b>	<b>2020-2021</b>	<b>2022-2023</b>	<b>Variance</b>	<b>Variance</b>
	<b>a</b>	<b>b</b>	<b>c=b-a</b>	<b>d=c/a</b>
Number of budgeted posts	23	18	-5	-22%
Cost (CHF'000)	6,980	5,387	-1,593	-23%

5. Categories 3 to 9 of the budget relate to travel on duty, contractual services, rental and maintenance, materials and supplies, acquisition, public and internal service utilities and miscellaneous.

- a. Category 3 pertains to travel on duty which includes per diem (United Nations Daily Subsistence Allowance or DSA), terminal expenses and insurance. Efforts are being made to ensure that missions for ITU Telecom are conducted in a cost-efficient manner. Electronic correspondence and teleconferences are being utilized as much as possible in order to avoid unnecessary expenses on travel. Some staff travel on mission with shared terms of reference while the duration of the trips is kept at a minimum. The estimated cost of travel on duty for 2022-2023 is the same as in the 2020-2021 budget. Event-specific missions are charged to the appropriate event budget.
- b. Category 4 covers contractual services. The marketing activities and campaigns which include event promotion are charged to the relevant event budgets. The overall budget for contractual services in 2020-2021 has been maintained in 2022-2023.
- c. Category 5 relates to rental and maintenance of premises and equipment which pertains to the requirements for meetings and activities to promote ITU Telecom events in general. The estimated cost of rental and maintenance remains the same as in the 2020-2021 budget.

- d. Category 6 pertains to materials and supplies such as office stationery, printing supplies, IT supplies, reference materials, as well as printing and production of brochures. There is no need to increase the budget of 2020-2021 in view of the same estimated low quantity of printed materials in favor of digital which is in line with ITU policy, as well as the printing of some brochures in-house. Provisions are also being made available for printing and production of brochures for a specific event in the relevant event budget.
- e. Category 7 refers to costs on acquisition of furniture, IT and other technical equipment and installations. No increase in this budget line is foreseen in 2022-2023.
- f. Category 8 covers public and internal service utilities costs including the official services rendered by the local and national service providers, such as postal and telephone services. Since 2020, expenses relating to postal and telephone services at the Headquarters are charged to a common ITU cost centre. Therefore, no budget is foreseen for ITU Telecom Secretariat under this category in 2022-2023. However, these items are accounted for in specific budgets for events which are held outside Geneva.

## **COST RECOVERY FROM ITU TELECOM**

6. ITU cost recovery is a fixed amount representing the services rendered by staff from other ITU departments, units, or sectors to ITU Telecom. This is based on the estimated cost of staff salaries and other remuneration as well as all the elements that are required for other ITU staff to perform their functions in relation to ITU Telecom activities e.g., computer and other ICT equipment and materials, office space, furniture, office supplies, etc. For the last biennial 2018 and 2019, the cost recovery in the Telecom Secretariat budget amounted to CHF 1.5 million per annum. Since 2014, the same budgeted amount has been charged each year. However, for 2018, it was decided by the Secretary-General to reduce the actual amount of cost recovery charged to CHF 1 million to assist the ITU Telecom Secretariat and alleviate the difficulties that it has experienced during the 2018 event. For 2020-2021, the budgeted amount of cost recovery has been maintained as CHF 1.5 million per annum. However, with the deferment of the ITU Digital World 2020 event due to the COVID-19 pandemic, the Secretary-General decided not to charge cost recovery to ITU Telecom in 2020.

## **RESOURCE UTILIZATION**

7. Core expenses in ITU Telecom event budgets consist of Secretariat costs and ITU cost recovery. Core expenses are allocated to each ITU Telecom event budget based on the estimated amount of service time that is rendered by ITU Telecom staff for each specific event.

Table 3 below shows the estimated percentages of staff time that are used as the basis in the allocation of cost to the relevant outputs in line with the Results-based Budget (RBB). The table also indicates the corresponding cost for each output in relation to the percentage of the total ITU Telecom Secretariat 2022-2023 budget. In accordance with IPSAS, all event accounts are closed as of 31 December in the same year when the event took place.

**Table 3**  
**Time Allocation to Outputs**

Output	<i>in thousands of Swiss francs</i>				
	2022 Staff Time %	Cost	2023 Staff Time %	Cost	2022-2023 Total Core Cost
1 ITU Telecom World 2022	80%	3,462			3,462
2 ITU Telecom World 2023	10%	433	80%	3,462	3,895
3 ITU Telecom World 2024			10%	433	433
4 ICT Relations Platform	2%	87	2%	87	173
5 Strengthening Other ITU Events	8%	346	8%	346	692
<b>Total</b>	100%	4,328	100%	4,328	8,656

## RESOURCE FUNDING

8. The gross revenue generated from ITU Telecom events is the source of funding for the ITU Telecom Secretariat budget. Table 4 below shows the estimated revenue and expenses for 2022-2023. With an estimated total revenue of CHF 14,985,000 foreseen for the biennium and estimated total expenses amounting to CHF 13,455,000, a positive net result of CHF 1,531,000 is envisaged for 2022-2023.

9. The sources of revenue are space rental, sponsorships and host country contributions, admission fees and other event-related revenue. ITU Telecom is continuously seeking ways and means to provide additional services to satisfy the ever-changing needs of its clients, while earning revenue for ITU. Total expenses comprise ITU Telecom Secretariat core expenses of CHF 8.6 million which include the cost recovery of CHF 3 million, as well as expenses that are dedicated to the events i.e., staff costs, travel costs, contractual services, rental and maintenance services, materials and supplies, public services and miscellaneous expenses.

**Table 4**  
**2022-2023 Funding**

	<i>in thousands of Swiss francs</i>		
	2022	2023	Total ITU TELECOM 2022-2023
<b>Revenue</b>			
Space and event-related revenue	3,060	3,600	6,660
Admission Passes	170	200	370
Sponsorships & contributions	3,655	4,300	7,955
<b>Total Revenue (A)</b>	<b>6,885</b>	<b>8,100</b>	<b>14,985</b>
<b>Expenses</b>			
Core Expenses (Table 1)	4,328	4,328	8,656
Staff and Other Staff Costs (Event)	102	120	222
Travel Costs (Event)	340	400	740
Contractual services (Event)	1,190	1,400	2,590
Rental and Maintenance (Event)	468	550	1,018
Materials and Supplies (Event)	85	100	185
Public Services (Event)	2	2	4
Miscellaneous Expenses (Event)	20	20	40
<b>Total Expenses (B)</b>	<b>6,535</b>	<b>6,920</b>	<b>13,455</b>
<b>Net Result (C = A - B)</b>	<b>351</b>	<b>1,180</b>	<b>1,531</b>



## EXHIBITION WORKING CAPITAL FUND (EWCF)

10. Following the closure of accounts for each ITU Telecom event, the net result is transferred to the Exhibition Working Capital Fund in accordance with Article 19 Rule 4 of the ITU Financial Regulations and Financial Rules. A positive event result increases the EWCF balance while a negative event result leads to a reduction in the amount of EWCF which offsets the financial deficit.

11. It has been decided by the ITU Council that the Exhibition Working Capital Fund must have a minimum level of CHF 5 million in order to allow ITU Telecom to operate and meet its financial obligations. The table below indicates the amounts available in the Exhibition Working Capital Fund at the end of each year from 2015 until 2020.

**Table 5**  
**Exhibition Working Capital Fund**

<i>in thousands of Swiss francs (year-end)</i>						
<b>EWCF</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Year-end balance	9,210	10,076	8,132	7,950	8,563	6,483

12. The positive event result of ITU Telecom World 2015 is reflected in the balance for 2015. The significantly higher event result in 2016 compared with the budget is in line with the more than 9% increase in the balance for 2016 compared with 2015. Although the event result in ITU Telecom World 2017 has been positive, the balance for 2017 appears lower by almost 20% compared with 2016 due to the transfer of CHF 2 million to ICT Development Fund. The 2018 balance reflects the negative event result of ITU Telecom World 2018 which takes into account the outstanding debtors at the time of accounts closure. On the other hand, the positive event result of ITU Telecom World 2019 is shown in the year-end balance for 2019. The 2020 balance is 24% lower than 2019 due to the deferment of the ITU Digital World 2020 event resulting in significantly lower revenue (only from 2020 virtual event) while salaries of Telecom Secretariat staff continue to be paid. The consultancy fees paid to Dalberg in 2019-2020 have been derived from the Exhibition Working Capital Fund.