|  |  |
| --- | --- |
| **Council Working Group on  Financial and Human Resources**  **Fourteenth meeting – Virtual, 20 – 21 September 2021** |  |
|  |  |
|  | **Document CWG-FHR-14/3** |
| **19 July 2021** |
| **English only** |
| **Contribution by the Secretariat** | | |
| IN-KIND CONTRIBUTION GUIDELINES | | |

|  |
| --- |
| Summary  This document is established pursuant to the contribution by the Russian Federation at the CWG-FHR 2021 (Document CWG-FHR-12/15). At the twelfth meeting of the group (Document CWG-FHR-12/17), it was agreed that the secretariat should prepare a document setting out guidelines on in-kind contributions: “The meeting 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”. If these guidelines are approved by the Council, the secretariat will amend Annex 2 to the Financial Regulations and Financial Rules to reflect these guidelines on in-kind contributions.  Action required  The Council is invited to endorse and approve this document.  \_\_\_\_\_\_\_\_\_\_\_\_  References  No. 486 and No. 487 of the ITU Convention; Resolution 5 (Kyoto,1994); WTDC Resolution 17 (Rev. Buenos Aires. 2017); Documents [CWG-FHR-12/15](https://www.itu.int/md/S21-CWGFHR12-C-0015/en) and [CWG-FHR-12/17](https://www.itu.int/md/S21-CWGFHR12-C-0017/en) |

**I Introduction**

1.1 No. 486 of the ITU Convention provides that the Financial Regulations should contain special provisions on the acceptance and use of voluntary contributions in cash or in kind, and No. 487 indicates how such contributions should be reported as part of ITU's financial statements, as well as in a separate document indicating data on each case of origin of funds, their intended use and action taken.

1.2 Resolution 5 (Kyoto, 1994) continues to govern invitations to hold conferences, assemblies or meetings away from Geneva and in the “*resolves*” section, establishes the conditions for the additional costs to be covered by the host, including adequate accommodation, furniture and equipment.

1.3 WTDC Resolution 17 (Rev. Buenos Aires. 2017) on the implementation of regionally approved initiatives at the national, regional, interregional and global levels, *resolves* “… 4. that Member States should consider contributing in-kind and/or in cash to the budget foreseen for implementation of these initiatives and the realization of other projects foreseen within the framework of these initiatives at the national, regional, interregional and global levels”. In that respect, the availability in ITU of clear and concise guidelines on the valuation of in-kind contributions, including those intended for the implementation of regional initiatives, available in the form of a single document, would assist ITU Member States and other interested parties to seek and implement the appropriate and necessary resource opportunities. The development of the methodology mentioned can also contribute to the development of the capacity of national specialists, especially in developing countries, and help to achieve the goals of ITU and the SDGs.

1.4 These guidelines seek to offer a general definition of in-kind contributions and form part of the Financial Regulations and Financial Rules and provide for the recognition of these assets in the relevant financial and accounting statements.

**II Definition**

2.1 In-kind contributions are defined as non-cash contributions and may include services, goods and assets received at Field or Headquarters’ level to support ITU’s activities which can be reliably measured and audited.

2.2 Recognition of in-kind contributions from Governments and/or private sector entities and any other entity such as United Nations agencies, etc. shall be subject to ITU Rules, Regulations, Policy and procedures, including but not limited to Rules and procedures governing the placement of contracts, principles for resource mobilization approved by Council, ITU name, logo and acronym use policy and event-related sponsorship guidelines. ITU will conduct due diligence and risk assessment on any non-member private sector entity, such as companies and foundations to protect the integrity and reputation of the Union. Proper recording of in-kind contributions is an essential component of ITU’s donor and resource management. The correct and timely recording and reporting of these contributions is expected by our donors and by our External Auditor.

2.3 The ITU Legal affairs unit (JUR) shall be consulted for all in-kind contributions with a view to assist in negotiating and drafting, as appropriate, an agreement with the donor.

2.4 There should be criteria on the basis of which in-kind contributions in ITU can be included as project resources. In this case, the main criterion is the compliance of such contributions with the goals of the project or event concerned.

**III Evaluation and Monitoring**

3.1 Once in-kind contributions are accepted by ITU, the recognized revenue shall be recorded based upon the estimated fair market value of the contribution or, in the absence of an active market, through independent professional appraisal or an acceptable independent expert internal process and are classified as in-kind contribution and donation.

**-In kind services**

3.2 Donations of personnel are valued at the standard cost of an equivalent position within the Union. Contributions of services and contributions of human resources (secondments) should be addressed in consultation with HRMD and JUR on a case-by-case basis.

**-Goods in-kind below the threshold of capitalization[[1]](#footnote-1)**

3.3 Contributions of goods or equipment and services in-kind are recorded at an amount equal to their fair market value as determined at the time of donation based on an agreement between ITU and the contributor and upon confirmation of receipt of the goods/equipments/services.

3.4 In-kind contributions will be treated following the relevant IPSAS’s accounting standard.

3.5 In addition, FRMD should be consulted with a view to determining the value at which the donation will be recorded in ITU’s financial statements.

3.6 If a contribution in-kind can be accepted, the Bureaux and the General Secretariat departments are responsible for ensuring that adequate arrangements are made for storage (if necessary) and transportation and insurance during transportation to the recipient countries (including importation and customs clearance). The Bureaux and the General Secretariat departments are also responsible for ensuring that the necessary funds are available to manage the contribution in-kind (including for example, to cover the cost of transportation and insurance, assistance to recipient countries, monitoring and evaluation, etc.). If no such funds are available, such funds should be secured in advance of the acceptance of the donation in kind (i.e., either from the entity making the donation in-kind or from another source).

**-****Goods in-kind above the threshold of capitalization**

3.7 Contributions of goods in-kind (including tangible assets, such as equipment, land or buildings, and intangible assets, such as software) that meet the threshold for capitalization are recognized at fair value at the date of receipt.

**IV Reporting**

4.1 In-kind contributions are reported in the ITU Financial Operating Report and contributions are detailed by the donor in the Annex to the Financial Operating Report.

4.2 *As per ITU’s accounting policy, disclosed in the notes to the Financial Statements:*

“The financial statements of ITU have been prepared on the accrual basis of accounting in accordance with the IPSAS using the historic cost convention, modified by the inclusion of investments at fair value. Where an IPSAS does not address a particular issue, the appropriate International Financial Reporting Standard has been applied."

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

1. In accordance with ITU Accounting Policy, a threshold of capitalization amounts to CHF 5’000. [↑](#footnote-ref-1)