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| **Extraordinary Council 2023 Bucharest, 14 October 2022** |  |
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|  | **Document C23/EXT/9-E** |
| **3 November 2022** |
| **Original: English** |
| SUMMARY RECORD  OF THE  EXTRAORDINARY SESSION OF THE COUNCIL | |
| Friday, 14 October 2022, from 0935 to 1355 hours | |
| Chairman: Mr C. MARTINEZ (Paraguay) | |

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| 9 | Appointment of representatives of Council Member States on the ITU Pension Committee | [C23/EXT/2](https://www.itu.int/md/S22-CEXT23-C-0002/en) |
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# 1 Opening of the session and address by the Secretary-General

1.1 The Secretary-General welcomed participants, in particular the new members, and declared the extraordinary session of the Council open. He delivered the address reproduced at: <https://www.itu.int/en/council/2023/Documents/SG_Opening_Remarks_C23_Ext.docx>.

# 2 Presentation to the outgoing Chairman of the Standing Committee on Administration and Management

2.1 The Secretary-General presented Ms Stella Erebor, the outgoing Chairman of the Standing Committee on Administration and Management, with a certificate of appreciation.

# 3 Election of the chairman and vice-chairman of the extraordinary session and 2023 session of the Council

3.1 The Secretary-General, recalling that the vice-chairman of the Council traditionally took on the role of chairman the following year, suggested that the Council elect Mr C. Martinez (Paraguay) as chairman of the extraordinary session and of the 2023 session of the Council.

3.2 **Mr C. Martinez was elected by acclamation and took the chair**.

3.3 The Secretary-General said that, according to the principle of geographic rotation, the vice-chairmanship of the 2023 session of the Council should be assumed by a country from Region B (Western Europe). Further to consultations, he proposed that Mr F. Sauvage (France) serve as vice-chairman of the 2023 session of the Council.

3.4 **Mr F. Sauvage was elected by acclamation**.

3.5Numerous councillors congratulated the chairman and vice-chairman on their appointment and warmly welcomed the new Council members.

# 4 Address by the Chairman

4.1 The Chairman delivered the address reproduced at: <https://www.itu.int/en/council/2023/Documents/Chair_Opening_speech_C23-Ext-e.docx>.

# 5 Election of the chairman and vice-chairmen of the Standing Committee on Administration and Management

5.1 The Secretary-General recalled that the chairman and two vice-chairmen of the Standing Committee on Administration and Management were elected for a two-year term of office in order to ensure a degree of continuity while respecting the principles of geographic rotation and representation. Further to consultations, he proposed that Mr D.-O. von der Emden (Switzerland) be elected chairman, that Ms A. Sharrma (India) continue to serve as vice-chairman and that Mr V. Vesely (Czech Republic), from Region C, be elected as vice-chairman.

5.2 It was so **agreed**.

# 6 Possible anticipated deficit in the 2022 budget implementation (Document [C23-EXT/4](https://www.itu.int/md/S22-CEXT23-C-0004/en))

6.1 The Chief of the Financial Resources Management Department (FRMD), introducing Document C23-EXT/4, said that the possible anticipated deficit in the 2022 budget implementation of an estimated CHF 1.4 million was due chiefly to revenue shortfalls resulting from a drop in cost recovery (the COVID-19 pandemic had made it impossible to hold ITU Telecom events and depressed the demand for satellite network filings). As soon as it had become aware of the situation, the secretariat had taken measures to reduce spending, freezing certain missions/recruitments. While those measures had had a considerable impact on the Union’s activities, they had also served to reduce the possible deficit from an initial amount of approximately CHF 7 million to the current estimate. The Council was requested to adopt the draft resolution set out in annex to the document, authorizing the Secretary-General to withdraw, as a last resort, an amount not exceeding CHF 1.4 million from the Reserve Account to balance the 2022 budget, in accordance with Article 27, § 3 of the Financial Regulations and Financial Rules.

6.2 One councillor objected to the draft resolution, which she considered sought prior approval for deficit spending. The secretariat should continue to take measures to reduce spending until the end of 2022 and a resolution should be adopted when the exact amount of the deficit was known.

6.3 In reply to one councillor’s query about the financial consequences of not adopting the resolution, the Deputy Secretary-General said that a working group formed in August 2022 and comprising the deputies to the Directors of the three Bureaux and the chiefs of department of the General Secretariat had reduced the initial projected deficit to slightly under CHF 1.4 million by cancelling or postponing non-critical consultant recruitments and missions. Any further reductions in spending would result in the cancellation of missions/recruitments deemed critical to ITU’s mission.

6.4 Several councillors raised a number of questions: where could the list of critical missions/recruitments be found and what qualified them as such; could the funds needed to make up the shortfall be drawn from sources other than the Reserve Account; did the fact of freezing certain recruitments mean that some staff were no longer with ITU and what was the consequent impact; what plans had been made to replenish the Reserve Account?

6.5 The Deputy Secretary-General replied that the working group had discussed the list of critical missions/recruitments via a sharepoint and had moved some from the regular budget to project funding and others to the ICT Development Fund (in the case of the Information Services Department). Only consultancies, not staff contracts, had been put on hold.

6.6 One councillor endorsed the questions raised by previous speakers. Consternation at ITU’s growing deficit was mounting, and the deficit should not be compounded by drawing on reserves that might be needed later. Member States wanted to be supportive of leadership but did not want to simply rubberstamp requests for deficit spending. The proposal currently before the Council would require more detailed consultations in quick order.

6.7 One councillor said that he would also welcome more information. Given that the deficit was likely to grow in the coming years, the Council should instruct the Council Working Group on financial and human resources (CWG-FHR) to review the process by which the budget was prepared, in order to ensure that the budget was not only balanced but also realistic. It should also instruct CWG-FHR to examine how unfunded mandatory activities (UMACs), which already constituted a form of “frozen activity”, might be integrated into the budget – a difficult but not, he trusted, impossible task.

6.8 The Chief of FRMD, responding to questions and comments, recalled that, under the terms of the Financial Regulations and Financial Rules, the year could not end with a deficit. The working group mentioned by the Deputy Secretary-General had reviewed – and continued to review on a weekly basis – all possible measures to reduce spending. There was also some hope that revenues would rise by the end of the year, notably in terms of cost recovery. Future budgets must indeed reflect real income and spending; but it must be remembered that the 2021-2022 budget had been approved in 2019, well before the unforeseeable outbreak of the COVID-19 pandemic. It would be difficult to list the missions/recruitments that had been frozen; Member States should nonetheless rest assured that the secretariat was working with all concerned to reduce the deficit. Addressing the comment on UMACs, he pointed out that the amounts concerned corresponded to supplementary requests that did not figure in the current financial plan. UMACs and the possible deficit in budget implementation were two separate issues.

6.9 He added that the Council might also consider authorizing the Secretary-General to use the unused balance on amounts set aside for other activities, such as the forensic audit, to make up the shortfall.

6.10 Several councillors welcomed the suggestion to repurpose unexpended funds and asked whether figures could be made available before the end of the meeting.

6.11 The Director of BDT stressed that every effort had been made to reduce spending without impacting on business continuity and that the deficit was the result of a revenue shortfall and not overspending. Critical interventions could be defined as those made in response to the needs of the membership. As concerned ITU-D, failure to offset the deficit would mean that certain BDT technical assistance programmes would have to cease, some of the capacity-development work mandated by WTDC-22 would have to be cancelled and the operational plan for the fourth quarter would be affected.

6.12 The Director of BR said that failure to offset the deficit would force the Bureau to cancel, for example, missions to support regional group preparatory work for WRC-23; it would also affect capacity-building activities for Pacific island countries.

6.13 The Director of TSB said that, while ITU-T had been less affected by the spending cuts than the other Sectors, it might have to cancel missions to certain regional groups and key standardization organizations; it had already frozen a number of short-term contracts.

6.14 Many councillors said that the secretariat’s efforts to reduce the deficit were commendable, especially in a year that had seen three major conferences take place. All the activities described by the three Directors were of great importance, and the Council should therefore approve the resolution without delay, ensuring that the Union had the funds it needed to pursue ongoing projects. At the same time, the secretariat should seek further ways to reduce spending.

6.15 For one councillor, the deficit was partly the outcome of the failure to pay due attention to Nos. 488 and 489 of the Convention, according to which all decisions had to be analysed in the light of their financial implications. He also approved the suggestion to put the balance of the amount set aside for the forensic audit towards absorbing the deficit and requested that the relevant figures be provided before the end of the meeting.

6.16 One councillor, referring to the contribution (Document C22/103) submitted by her administration to the final meeting of Council-22 and to PP-22, on a healthy and balanced budget for the Union, said that human resource considerations should take precedence and that funds should be withdrawn from the Reserve Account for meaningful purposes only.

6.17 The Secretary-General underscored the exceptional nature of the situation. He explained that as soon as he was informed about the situation at the end of August, he suspended all SSAs, staff missions and restricted some other operations. Having reduced the possible deficit from CHF 7 million to 4.2 million and finally to 1.4 million, the secretariat remained hopeful that revenues from cost recovery would increase in the coming three months, but would continue to identify potential savings and to postpone non-crucial spending in the meantime. It had brought the situation to the Council’s attention because it was important for the sake of business continuity that fourth-quarter activities should not be affected more than others. It is not possible to completely stop those actions planned for the last Quarter.

6.18 One councillor said that it was important to consider the issue from the point of view of the risks involved. Councillors needed to be assured that the withdrawal from the Reserve Account represented a lesser risk than cancelling certain activities.

6.19 Another councillor agreed, adding that, in view of the discussions at PP-22 about connecting the unconnected and bridging the digital divide, the political risk of discontinuing activities was too high. She was in favour of the withdrawal from the Reserve Account but also requested further information on the possibility of covering the deficit using other funds.

6.20 The Chief of FRMD pointed out that, on 31 December 2021, the balance of the Reserve Account stood at CHF 27.5 million, or 16.8 per cent of the total budget, which was well above the minimum of 6 per cent (equivalent to CHF 9 million) stipulated by Decision 5 (Rev. Bucharest, 2022). He also drew attention to Document C22/102(Rev. 1), submitted to the final meeting of Council-22, which contained full information on the anticipated implementation rate, explanations of the financial situation, projections to the end of the year and a description of the measures taken to achieve a balanced budget.

6.21 Several councillors said that it would have been useful to have a clearer explanation in Document C23-EXT/4 of how the figure of CHF 1.4 million had been reached. It was not always easy for councillors to synthesize the information made available in documents prepared for different meetings.

6.22 The Chief of FRMD suggested that part of the deficit could be offset by using the balances from the amounts set aside for the analysis of the regional presence (CHF 82 000) and for the forensic audit carried out following a case of fraud (CHF 650 000). In that case, the Secretary-General could ask the Council for authorization to reallocate those funds to the 2022 budget implementation, and to draw CHF 700 000 from the Reserve Account only if the budget still presented a deficit at the end of the year. To that end, he proposed that the paragraph currently following *resolves* in the draft resolution be replaced by “that 700 000 Swiss francs may be reserved in the Reserve Account to be used by the Secretary‑General if at the end of the year there remains a deficit in the 2022 budget implementation”.

6.23 One councillor said that, while he had no objection to the proposal, under the Convention the Reserve Account was intended to cover essential expenditures and to ensure that the Union did not have to contract debts. It was difficult, however, for Member States to determine whether the activities to be financed under the draft resolution were essential in nature or not. It was also unclear whether the Financial Regulations and Financial Rules allowed funds to be transferred in the manner proposed. Like other organizations, ITU should consider stopping activities for which funding was no longer available.

6.24 One councillor requested the Secretary-General to identify ways to improve and increase the revenue of the Union.

6.25 Another councillor, stressing the need to avoid a reoccurrence of the situation, proposed two further amendments to the draft resolution: the insertion of a second paragraph under *having noted,* to read “the need to improve the financial management that the situation has demonstrated”; and the insertion of a second paragraph under *resolves,* to read “to request the Secretary-General to take measures to strengthen the financial management and report on the measures taken to the 2023 session of the Council”.

6.26 One councillor endorsed the proposal to add a second paragraph under *resolves*.

6.27 Another councillor commended the secretariat’s efforts to minimize the amount to be withdrawn from the Reserve Account as a matter of prudent management. She suggested that the words “reserved in” be replaced by “withdrawn from” in the proposed amendment, so that the secretariat would not to have to return to the Council for approval of the withdrawal.

6.28 The draft resolution contained in Document C23-EXT/4, as amended, was **adopted**.

6.29 The Chairman took it that the Council wished to authorize the Secretary-General to use the balance of the funds allocated for the forensic audit and the analysis of the regional presence to offset the anticipated deficit in the 2022 budget implementation.

6.30 It was so **agreed**.

6.31 The Secretary-General thanked councillors for their support and useful suggestions.

# 7 Decisions of the Plenipotentiary Conference calling for action to be taken by the Council at its extraordinary session (Document [C23-EXT/3](https://www.itu.int/md/S22-CEXT23-C-0003/en))

7.1 The Chief of FRMD, introducing Document C23-EXT/3, recalled that in Decision 5 (Rev. Bucharest, 2022), the Plenipotentiary Conference had agreed to authorize a withdrawal from the Reserve Account of a maximum of CHF 6 million to fund a voluntary/agreed separation and early-retirement scheme. As staff costs represented some 80 per cent of the Union’s budget, such a scheme was the most efficient tool to reduce the Union’s expenses and help it to tackle the budgetary difficulties it faced. The Council was invited to adopt the draft resolution annexed to Document C23-EXT/3.

7.2 Councillors welcomed the secretariat’s efforts to help the Union address the difficult financial situation. One councillor observed that when such a scheme had been implemented in 2014, staff numbers had declined initially but had then increased, suggesting that savings had been generated in the short term only. In order to achieve savings in the long term, the Council might instruct the Secretary-General to freeze the posts vacated under the scheme and to establish clear criteria for refilling them, since rehiring staff would limit the savings made. The Council should also instruct the Secretary-General to allocate the savings resulting from the scheme, as a priority, to programmes of strategic importance to the Union, such as business continuity and information management.

7.3 In response to questions from councillors, the Chief of FRMD recalled that a similar scheme implemented in 2019 had allocated the equivalent of 12 months salary per person; on that basis, the average cost of early separation was expected to be between CHF 125 000 and 150 000 per individual. As to the liquidity of the Reserve Account, he said that ITU did not speculate. The maximum term of any financial investment was 12 months, and a return was guaranteed. Given the value of the Swiss franc, some investments had been made in dollars and euros to generate a higher return and offset the negative interest rate. Once a voluntary separation and early-retirement scheme had been established, criteria would be defined by the Secretary-General in consultation with ITU staff and set out in a service order. Requests for voluntary separation were granted only if they were found to be in the interests of the Union, i.e. if the post could be frozen over the long term or filled at a lower grade. Outsourcing certain activities could also be an option if that was more cost effective. ITU’s contribution to the pension fund would cease upon an individual’s retirement, although the Union would still have to contribute to the after-service health insurance, the costs of which were reflected in the biennial draft budget.

7.4 Some councillors sought clarification of the implications of freezing posts in the long term or of filling them at a lower grade for the Union’s efficiency and work and of the eligibility criteria and applicability of the scheme. If staff were promoted internally to fill senior roles, the potential for savings could be reduced. Another councillor stressed that care should be taken to ensure that the most talented personnel did not leave ITU through such a scheme.

7.5 Other councillors noted that the proposed amount to be withdrawn from the Reserve Account in light of the decisions taken by the Council at the current meeting was significant, totalling some 24 per cent of its value (CHF 700 000 under the previous agenda item and CHF 6 million under the current item). One said that the secretariat should inform the Council of the mechanism to be used to recover the sum and of the exact amount to be withdrawn at the end of the year. Another suggested that the voluntary separation and early-retirement scheme might run between 2023 and 2024 to alleviate pressures on budget implementation in 2023.

7.6 One councillor asked why, given the anticipated deficit of CHF 1.4 million in the 2022 budget, there was a planned expenditure burden of CHF 6 million to fund a voluntary separation and early-retirement scheme. While he supported the concept, it would be preferable to have an idea of the number of staff in each Sector likely to use such a scheme before estimating the amount required. Staff should also be consulted on the scheme. Details including the anticipated budgetary impact might be discussed further in the CWG-FHR.

7.7 The Chief of FRMD, responding to further questions, said that once the Council approved the withdrawal from the Reserve Account, management would begin discussions of the scheme with the Staff Council, the Directors of the three Bureaux and heads of General Secretariat departments, as it had done on other occasions since PP-02. The criteria would be set out in a service order. The impact on the activities of the Union would be considered, and any staff separations would have to be beneficial to ITU and the staff member concerned. Recalling the draft resolution adopted by the Council under the previous item, he said that if, at the end of the year, there remained a deficit in the 2022 budget implementation, the Secretary-General was authorized to use up to CHF 700 000 from the Reserve Account. In the draft resolution currently under consideration, the Council would authorize the Secretary-General to withdraw a maximum amount of CHF 6 million from the Reserve Account to finance a voluntary/agreed separation and early-retirement scheme. It would cover the period 2023-2027.

7.8 The Chief of the Human Resources Management Department (HRMD) said that the rules on who could apply for the scheme were very specific and any applications granted must be beneficial to ITU. There might well be cases where ITU did not want to lose the position or talent, and care would be taken to maintain operations at the right level. The scheme would provide flexibility in the event of the need to restructure or adopt a more tailored approach to staff reduction and would help to avoid budget difficulties in the future.

7.9 The Secretary-General recalled that early-separation schemes had been implemented by ITU in the past. Although authorized to do so by the Plenipotentiary Conference, he had not withdrawn any money from the Reserve Account for such a scheme between 2015 and 2018, only in 2019. Clear criteria had been developed by management in consultation with the Staff Council, and the scheme had been applicable to staff on a permanent contract with over one year remaining before expiry. The new management team needed a decision from the Council before proceeding with the establishment of a new scheme in 2023. The concerns and expectations of councillors would be noted. If authorization was given, the Council would be informed about implementation of the scheme and every effort would be made to ensure that the best interests of ITU were served.

7.10 The draft resolution annexed to document C22-EXT/3 was **adopted**.

7.11 One councillor, commenting on the conduct of the discussion, stressed that all requests for the floor by Council members must be honoured on an equal footing.

# 8 Creation of a Council expert group to revise the schedule of processing charges – Decision 482 (Document [C23-EXT/5](https://www.itu.int/md/S22-CEXT23-C-0005/en))

8.1 The Chief of FRMD, introducing Document C23-EXT/5, noted that, given the significant amount of additional time and resources required to process recent satellite network filings and various cost increases, cost-recovery revenue no longer covered all processing costs. The Council was therefore invited to create a Council expert group to review the schedule of processing charges applied to satellite network filings. A draft decision and draft terms of reference were set out in the annex to the document.

8.2 The Director of BR said that many councillors had approached him to request more time for consultations before considering the issue. While such an expert group had been reconvened in the past when there was a clear difference between cost-recovery revenue and actual costs, there was no urgency to do so at the current meeting. He proposed that BR be invited to prepare a report for the 2023 Council session on the situation and on the need to reassess the cost-recovery scheme set out in Decision 482 (Modified 2020). If the Council decides at its 2023 session to reconvene the expert group or establish a new group, the report already prepared by BR would facilitate its work.

8.3 Several councillors supported the approach put forward by the Director of BR, although one councillor said that, while he would be prepared to go with the consensus, it would be preferable to establish such a group at the current meeting. Another councillor said that the terms of reference of any such group should include a timeline of activities.

8.4 The Chairman took it that the Council wished to invite BR to submit a report to its 2023 session and to defer further consideration of the matter until that time.

8.5 It was so **agreed**.

# 9 Appointment of representatives of Council Member States on the ITU Staff Pension Committee (Document [C23-EXT/2](https://www.itu.int/md/S22-CEXT23-C-0002/en))

9.1 The Chief of HRMD, introducing Document C23‑EXT/2, noted that the ITU Staff Pension Committee was a statutory body made up of representatives of the Member States, management and staff. At each extraordinary session following a plenipotentiary conference, the Council was required to designate three of its Member States to sit on the Pension Committee as members, and three others to serve as alternates. As indicated in the draft resolution appended to the document, it was proposed that India, the Czech Republic and the United States should represent the Member States as members of the Pension Committee, and that Senegal, Canada and Italy and should serve as alternates. He thanked the outgoing Member State, Burkina Faso, for its excellent work and support.

9.2 The proposed appointments were **approved**.

9.3 Taking into account the approved appointments, the draft resolution annexed to Document C23-EXT/2 was **adopted**.

9.4 The councillor of the Czech Republic, speaking in his capacity as the chairman of the ITU Staff Pension Committee, thanked Burkina Faso for its work on the committee and welcomed the new Member State, Senegal. The Pension Committee would continue to work in the best interests of ITU staff.

# 10 Appointment of the chairmen and vice-chairmen of Council working groups and expert groups

10.1 Some councillors suggested that discussion of the item be deferred to the 2023 Council session to give councillors and regional groups more time to consider the list of nominees. The new Council members, in particular, might not have had sufficient time to consult with their capitals, and should have the opportunity to be fully considered for positions. Other nominations might also be forthcoming. Furthermore, some nominations had been received quite late and certain regions were seeking reappointment to the same position. One councillor stressed that leadership of such expert groups had to be allocated in accordance with the principles of geographic representation and possible rotation, while another suggested that the chairmen and vice-chairmen should be appointed as a package. One councillor asked whether it would not be better, in the light of the earlier discussions on the financial stability of the Union, to appoint the chairman and vice-chairmen of the CWG-FHR at the current meeting, particularly as the group was scheduled to meet in February. Another suggested that it would also be prudent to proceed with appointments for the Expert Group on the International Telecommunication Regulations (EG-ITRs); EG-ITRs might have been omitted from the list currently before the Council because the decision to reconvene the group had only been taken by the plenipotentiary conference the previous day. One councillor said that all Council working groups were equally important and that their leadership should be appointed at the same time. Some councillors asked how the Council working groups would be able to meet in February if the chairmen and vice-chairmen were not appointed at the current meeting. Others considered that the working groups could simply meet after or on the margins of the 2023 Council session once the appointments had been made.

10.2 The Secretary-General acknowledged that some nominations had been received quite late and that more time might be required for consultations.

10.3 One councillor asked whether it would be possible to decide on the chairmen and vice-chairmen of Council working groups and expert groups by correspondence. One observer, speaking as the regional coordinator for RCC and CIS, said that further consultations were required and agreed that the issue might be decided by correspondence as provided for in Rule 3.2 of the Rules of Procedure of the Council.

10.4 Two councillors said that they could not support invoking Rule 3 of the Rules of Procedure of the Council, drawing attention to Rule 12. There were specific reasons why the appointment of Council working group chairmen and vice-chairmen was done in person, including the need for discussion and consensus.

10.5 In the light of the discussion, the Chairman suggested that the Council should agree to postpone the appointment of the chairmen and vice-chairmen of Council working groups and expert groups to the 2023 Council session.

10.6 It was so **agreed**.

# 11 Closure

11.1 The Chairman thanked the members of the Council for their participation and closed the extraordinary session.

The Secretary-General: The Chairman:  
H. ZHAO C. MARTINEZ

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