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| **Plenipotentiary Conference (PP-22)Bucharest, 26 September – 14 October 2022** |  |
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|  |  |
| PLENARY MEETING | **Document 54-E** |
|  | **5 July 2022** |
|  | **Original: English** |
|  |
| Report by the Council |
| EXAMINATION OF THE FINANCIAL MANAGEMENT OF THE UNION BY THE PLENIPOTENTIARY CONFERENCE |
| (YEARS 2018 TO 2021) |
|  |

1 The Constitution and Convention of the International Telecommunication Union stipulate as follows with regard to the examination of the financial management of the Union:

**CV/Art. 5, No. 101**

The Secretary-General shall

*r)* with the assistance of the Coordination Committee, prepare an annual financial operating report in accordance with the Financial Regulations of the Union and submit it to the Council. A recapitulative financial operating report and accounts shall be prepared and submitted to the next plenipotentiary conference for examination and final approval;

**CV/Art. 4, No. 74**

The Council shall

8) arrange for the annual audit of the accounts of the Union prepared by the Secretary-General and approve them, if appropriate, for submission to the next plenipotentiary conference;

**CS/Art. 8, No. 53**

The Plenipotentiary Conference shall

*e)* examine the accounts of the Union and finally approve them, if appropriate;

2 Annexed hereto are the statements of the accounts of the Union for the years 2018 to 2021, as published in the financial operating reports and approved by the Council.

**Annexes:**

A Statements of financial position, Statement of financial performance, Statement of changes in net assets, Cash Flow Statement and Comparison of Budgeted and actual amounts of the International Telecommunication Union for the 2018 financial period

B Statements of financial position, Statement of financial performance, Statement of changes in net assets, Cash Flow Statement and Comparison of Budgeted and actual amounts of the International Telecommunication Union for the 2019 financial period

C Statements of financial position, Statement of financial performance, Statement of changes in net assets, Cash Flow Statement and Comparison of Budgeted and actual amounts of the International Telecommunication Union for the 2020 financial period

D Statements of financial position, Statement of financial performance, Statement of changes in net assets, Cash Flow Statement and Comparison of Budgeted and actual amounts of the International Telecommunication Union for the 2021 financial period

E Financial management of the Union

F Draft resolution

ANNEX A

**Statements of financial position, Statement of financial performance, Statement of changes in net assets, Cash Flow Statement and Comparison of Budgeted and actual amounts of the International Telecommunication Union
for the 2018 financial period**

The financial statements are published in the financial operating report of the Union for the 2018 financial period and approved by the Council.

(Council Resolution 1397 relating to the approval of the financial operating reports audited by the External Auditor of the ITU accounts for the period from 1 January 2018 to 31 December 2018).

**I – Statement of financial position – Balance sheet at 31 December 2018 with comparative figures as at 31 December 2017**

|  |  |  |
| --- | --- | --- |
| (in thousands of CHF) | **31/12/2018** | **31/12/2017** |
| **ASSETS** |  |  |
| **Current assets** |   |   |
| Cash and cash equivalents |  161,826  |  135,297  |
| Investments |  48,996  |  31,363  |
| Receivables - exchange transactions |  5,407  |  8,934  |
| Receivables - non-exchange transactions |  85,356  |  88,139  |
| Inventories |  535  |  661  |
| Other receivables |  8,534  |  7,505  |
| **Total current assets** |  **310,653**  |  **271,898**  |
|  |  |  |
| **Non-current assets** |   |   |
| Receivables - non-exchange transactions |  -  |  -  |
| Property, plant and equipment |  95,625  |  99,000  |
| Intangible assets |  2,058  |  967  |
| Assets under construction |  2,309  |  908  |
| **Total non-current assets** |  **99,992**  |  **100,876**  |
| **Total ASSETS** |  **410,645**  |  **372,774**  |
| **LIABILITIES** |   |   |
| **Current liabilities** |   |   |
| Suppliers and other creditors |  8,905  |  9,671  |
| Deferred revenue |  136,273  |  134,275  |
| Borrowings and financial debts |  1,493  |  1,493  |
| Employee benefits |  187  |  226  |
| Provisions |  6,832  |  1,636  |
| Other debts |  3,195  |  1,810  |
| **Total current liabilities** |  **156,887**  |  **149,112**  |
| **Non-current liabilities** |   |   |
| Borrowings |  41,699  |  41,526  |
| Employee benefits |  573,412  |  638,365  |
| Allocated third-party funds |  31,034  |  22,994  |
| Third-party funds in process of allocation |  2,790  |  3,300  |
| **Total non-current liabilities** |  **648,936**  |  **706,185**  |
|  |  |  |
| **TOTAL LIABILITIES** |  **805,823**  |  **855,297**  |
| **NET ASSETS** |   |   |
| Organization's capital |   |   |
| Reserve account before reallocation of the surplus/ deficit of the period |  26,934  |  27,089  |
| Other Extra-budgetary reserves |  75,669  |  58,726  |
| ASHI actuarial losses |  -282,427  |  -369,704  |
| Cumulated balances |  -207,378  |  -181,557  |
| Surplus/Deficit for the period |  -7,976  |  -17,078  |
|  **TOTAL NET ASSETS**  |  **-395,178**  |  **-482,524**  |

**II – Statement of financial performance for the period which closed on
31 December 2018 with comparative figures as at 31 December 2017**

|  |  |  |
| --- | --- | --- |
| (in thousands of Swiss francs) | **31/12/2018** | **31/12/2017** |
|   |  |  |
| **REVENUE** |  |  |
|  |  |  |
| Assessed contributions | 125,191 | 122,390 |
| Voluntary contributions | 7,161 | 10,610 |
| Other operating revenue | 41,930 | 44,398 |
| In-kind contributions | 862 | 882 |
| Finance revenue | 1,245 | 258 |
|   |   |   |
| **Total revenue** | **176,389** | **178,537** |
|  |  |  |
| **EXPENSES** |   |   |
|  |   |   |
| Employee expenses | 148,806 | 148,748 |
| Mission expenses | 6,702 | 6,968 |
| Contractual services | 12,691 | 15,613 |
| Rental and maintenance of premises and equipment | 3,971 | 4,411 |
| Equipment and supplies | 4,509 | 3,875 |
| Depreciation and impairment losses | 4,497 | 5,212 |
| Shipping, telecommunication and service expenses | 1,772 | 1,576 |
| Other expenses | -67 | 7,656 |
| In-kind expenses | 862 | 882 |
| Finance expenses | 621 | 675 |
|   |   |   |
| **Total expenses** | **184,365** | **195,615** |
| **Surplus/deficit for the period** | -7,976 | -17,078 |

**III – Statement of changes in net assets for the period which closed
on 31 December 2018**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **(in thousands of CHF)** | **31.12.2017** | **Surplus deficit 2018** | **Other adjustments** | **31.12.2018** |
| **IPSAS transition**  | **-125,100** | **0** | **0** | **-125,100** |
| **Reserve Account** | **27,770** | **508** | **-837** | **27,241** |
| **Other reserves** | **53,638** | **8,414** | **9,425** | **71,477** |
| Savings grom previous year | 5,764 | 3,569 | -163 | 9,170 |
| Investment fund | 10,230 | -441 | 32 | 9,821 |
| New Building fund | -671 | -188 |   | -859 |
| New Building Reserve | 0 | 6,095 |   | 6,095 |
| Welfare fund | 393 |   | -18 | 375 |
| Centenary fund | 212 |   |   | 212 |
| SS&B Complement fund | 6,202 | -19 |   | 6,183 |
| SS&B Assistence fund | 278 |   | 0 | 278 |
| Ashi fund | 9,500 | 1,000 | 1,000 | 11,500 |
| Health Insurance fund | 13,808 |   | 8,541 | 22,349 |
| Extra budgetary allocated reserves | 7,039 | -1,602 | 177 | 5,614 |
| Currency exchange translation | 884 |   | -144 | 740 |
| **Extra-budgetary activities related funds** | **13,149** | **-182** | **-544** | **12,423** |
| TLC | 8,132 | -255 | 73 | 7,950 |
| Others | 5,017 | 72 | -617 | 4,473 |
| **ASHI actuarial losses** | **-369,704** | **0** | **87,277** | **-282,427** |
| **IPSAS cumulated deficit (statistical)** | **-82,278** | -16,715 | **0** | **-98,993** |
| **Total net assets**  | **-482,524** | **-7,976** | **95,321** | **-395,178** |

**IV – Table of cash flows for the period closed on 31 December 2018**

|  |  |  |
| --- | --- | --- |
| (in thousands of CHF) | **31/12/2018** | **31/12/2017** |
|  |   |   |
| Surplus (deficit) for the period |  -7,976  |  -17,078  |
| **Non-monetary movements** |   |   |
| Depreciation |  4,497  |  5,212  |
| ASHI provision |  22,267  |  18,214  |
| Provisions for repatriation (LT) |  431  |  -1,268  |
| Provisions for employee benefits (ST) |  93  |  174  |
| Provisions for accrued leave (LT) |  321  |  180  |
| Other provisions |  5,756  |  526  |
| Provision for doubtfull receivable |  -11,487  |  5,472  |
| Inventory depreciation |  19  |  -3  |
| Net (gain) or loss on sales of fixed assets |  -  |  5  |
| Interest received |  -748  |  -220  |
|   |   |   |
| **Restated surplus (deficit) from non-monetary movements** |  **13,172**  |  **11,215**  |
| (Increase) decrease in inventories |  107  |  -113  |
| (Increase) decrease in short-term receivables |  17,797  |  -17,042  |
| (Increase) decrease in other short-term receivables |  -1,029  |  1,944  |
| Increase (decrease) in suppliers |  -766  |  523  |
| Increase (decrease) in deferred revenue |  1,999  |  5,253  |
| Increase (decrease) in other debts |  1,385  |  -3,264  |
| Use of provisions for employee benefits (ST) |  -131  |  -1,042  |
| Use of provision for repatriation (LT) |  -575  |  -914  |
| Use of provision for accrued leave (LT) |  -119  |  -95  |
| Increase (decrease) Other provisions |  -560  |  -342  |
| Increase (decrease) in third-party funds |  7,530  |  -1,131  |
| Changes in own funds |  8,044  |  834  |
|   |   |   |
| **Cash flow from operating activities** |  **33,681**  |  **-15,392**  |
|   |   |   |
| **Net cash flows from investment activities** |   |   |
| (Increase) / decrease Investments |  -17,633  |  33,617  |
| Interest from short-term investments |  748  |  220  |
| (Acquisition) / sale of property, plant and equipment |  -393  |  -1,100  |
| (Acquisition) / sale of intangible assets |  -1,256  |  -353  |
| (Acquisition) / sale of Under construction assets |  -1,964  |  -571  |
| **Net cash flows from investment activities** |  **-20,498**  |  **31,813**  |
|   |   |   |
| **Cash flows from finance activities** |   |   |
| (Increase) / decrease Investmentst of FIPOI loan |  174  |  -773  |
| **Cash flows from finance activities** |  **174**  |  **-773**  |
|  |   |   |
| **Net increase / (decrease) in cash and cash equivalents** |  **26,528**  |  **26,862**  |
|   |   |   |
| **Cash and cash equivalents at opening of period** |  **135,297**  |  **108,435**  |
|  |   |   |
| **Cash and cash equivalents at closure of period** |  **161,826**  |  **135,297**  |

**V – Comparison of budgeted amounts and actual amounts for
the 2018 financial period**

**(in thousands of CHF)**



ANNEX b

**Statements of financial position, Statement of financial performance, Statement of changes in net assets, Cash Flow Statement and Comparison of Budgeted and actual amounts of the International Telecommunication Union
for the 2019 financial period**

The financial statements are published in the financial operating report of the Union for the 2019 financial period and approved by the First virtual consultation of councillors.

(Council Resolution 1400 relating to the approval of the financial operating reports audited by the External Auditor of the ITU accounts for the period 1 January 2019 to 31 December 2019).

**I – Statement of financial position – Balance sheet at 31 December 2019 with comparative figures as at 31 December 2018**

|  |  |  |
| --- | --- | --- |
| (in thousands of CHF) | **31/12/2019** | **31/12/2018** |
| **ASSETS** |  |  |
| **Current assets** |   |   |
| Cash and cash equivalents |  178,852  |  161,826  |
| Investments |  33,329  |  48,996  |
| Receivables - exchange transactions |  6,471  |  5,407  |
| Receivables - non-exchange transactions |  88,315  |  85,356  |
| Inventories |  539  |  535  |
| Other receivables |  8,213  |  8,534  |
| Deferred expenses - Health insurance |  21,154  |  -  |
| **Total current assets** |  **336,873**  |  **310,653**  |
| **Non-current assets** |   |   |
| Receivables - non-exchange transactions |  -  |  -  |
| Property, plant and equipment |  92,675  |  95,625  |
| Intangible assets |  1,886  |  2,058  |
| Assets under construction |  5,190  |  2,309  |
| Deferred expenses - Health insurance |  20,877  |  -  |
| **Total non-current assets** |  **120,628**  |  **99,992**  |
| **Total ASSETS** |  **457,501**  |  **410,645**  |
| **LIABILITIES** |   |   |
| **Current liabilities** |   |   |
| Suppliers and other creditors |  8,508  |  8,905  |
| Deferred revenue |  135,642  |  136,273  |
| Borrowings and financial debts |  1,493  |  1,493  |
| Employee benefits |  178  |  187  |
| Provisions |  727  |  6,832  |
| Other debts |  4,931  |  3,195  |
| Equalization fund - Health Insurance |  21,154  |  -  |
| **Total current liabilities** |  **172,633**  |  **156,887**  |
| **Non-current liabilities** |   |   |
| Borrowings |  43,456  |  41,699  |
| Employee benefits |  634,857  |  573,412  |
| Allocated third-party funds |  35,140  |  31,034  |
| Third-party funds in process of allocation |  3,184  |  2,790  |
| Equalization fund - Health Insurance |  20,877  |  -  |
| **Total non-current liabilities** |  **737,514**  |  **648,936**  |
| **TOTAL LIABILITIES** |  **910,147**  |  **805,823**  |
| **NET ASSETS** |   |   |
| Organization's capital |   |   |
| Reserve account before reallocation of the surplus/ deficit of the period |  24,905  |  26,934  |
| Other Extra-budgetary reserves |  81,041  |  75,669  |
| ASHI actuarial losses |  -278,315  |  -282,427  |
| Cumulated balances |  -222,814  |  -207,378  |
| Surplus/Deficit for the period |  -57,463  |  -7,976  |
|  **TOTAL NET ASSETS**  |  **-452,646**  |  **-395,178**  |

**II – Statement of financial performance for the period which closed on
31 December 2019 with comparative figures as at 31 December 2018**

|  |  |  |
| --- | --- | --- |
| (in thousands of Swiss francs) | **31/12/2019** | **31/12/2018** |
|   |  |  |
| **REVENUE** |  |  |
|  |  |  |
| Assessed contributions | 126,485 | 125,191 |
| Voluntary contributions | 10,456 | 7,161 |
| Other operating revenue | 39,366 | 41,930 |
| In-kind contributions | 841 | 862 |
| Finance revenue | 10,030 | 1,245 |
|   |   |   |
| **Total revenue** | **187,177** | **176,389** |
|  |  |  |
| **EXPENSES** |   |   |
|  |   |   |
| Employee expenses | 203,942 | 148,806 |
| Mission expenses | 7,767 | 6,702 |
| Contractual services | 13,821 | 12,691 |
| Rental and maintenance of premises and equipment | 4,175 | 3,971 |
| Equipment and supplies | 3,816 | 4,509 |
| Depreciation and impairment losses | 4,570 | 4,497 |
| Shipping, telecommunication and service expenses | 1,619 | 1,772 |
| Other expenses | 411 | -67 |
| In-kind expenses | 841 | 862 |
| Finance expenses | 3,679 | 621 |
|   |   |   |
| **Total expenses** | **244,640** | **184,365** |
| **Surplus/deficit for the period** | -57,463 | -7,976 |

**III – Statement of changes in net assets for the period which closed
on 31 December 2019**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **(in thousands of CHF)** | **31.12.2018** | **Surplus deficit 2019** | **Other adjustments** | **31.12.2019** |
| **IPSAS transition**  | **-125,100** | **0** | **0** | **-125,100** |
| **Reserve Account** | **27,241** | **30** | **-2,336** | **24,935** |
| **Other reserves** | **71,677** | **3,425** | **-2,900** | **72,203** |
| Savings grom previous year | 10,370 | 3,543 | -3,661 | 10,252 |
| Investment fund | 9,821 | 876 | 1,288 | 11,985 |
| New Building fund | -859 | -2,677 | -1,326 | -4,862 |
| New Building Reserve | 5,095 | 3,039 | 48 | 8,182 |
| Risk Register fund | 0 | 0 | 1,425 | 1,425 |
| Welfare fund | 375 |  0 | -26 | 348 |
| Centenary fund | 212 |  0 | 0 | 212 |
| SS&B Complement fund | 6,183 | -17 | 0 | 6,166 |
| SS&B Assistence fund | 278 |  0 | 0 | 278 |
| Ashi fund | 11,500 | 500 | 0 | 12,000 |
| Health Insurance fund | 22,349 |   | -2,016 | 20,332 |
| Extra budgetary allocated reserves | 5,614 | -1,838 | 1,560 | 5,336 |
| Currency exchange translation | 740 |  0 | -191 | 549 |
| **Extra-budgetary activities related funds** | **12,423** | **918** | **-160** | **13,180** |
| TLC | 7,950 | 847 | -235 | 8,563 |
| Others | 4,473 | 71 | 75 | 4,618 |
| **ASHI actuarial losses** | **-282,427** | **0** | **4,112** | **-278,315** |
| **IPSAS cumulated deficit (statistical)** | **-98,993** | -61,836 | **1,279** | **-159,550** |
| **Total net assets**  | **-395,179** | **-57,463** | **-5** | **-452,646** |

**IV – Statement of cash flows for the period closed on 31 December 2019**

|  |  |  |
| --- | --- | --- |
| (in thousands of CHF) | **31/12/2019** | **31/12/2018** |
|  |   |   |
| Surplus (deficit) for the period |  -57,463  |  -7,976  |
| **Non-monetary movements** |   |   |
| Depreciation |  4,570  |  4,497  |
| ASHI provision |  71,694  |  22,267  |
| Provisions for repatriation (LT) |  1,717  |  431  |
| Provisions for employee benefits (ST) |  38  |  93  |
| Provisions for accrued leave (LT) |  817  |  321  |
| Other provisions |  -2,087  |  5,756  |
| Provision for doubtfull receivable |  -6  |  -11,487  |
| Inventory depreciation |  31  |  19  |
| Unrealized exchange-rate gains/losses |  -7,926  |  -  |
| Interest received |  -926  |  -748  |
| **Restated surplus (deficit) from non-monetary movements** |  **10,457**  |  **13,172**  |
| (Increase) decrease in inventories |  -35  |  107  |
| (Increase) decrease in short-term receivables |  -4,018  |  17,797  |
| (Increase) decrease in other short-term receivables |  -821  |  -1,029  |
| Increase (decrease) in suppliers |  -397  |  -766  |
| Increase (decrease) in deferred revenue |  -631  |  1,999  |
| Increase (decrease) in other debts |  2,878  |  1,385  |
| Use of provisions for employee benefits (ST) |  -46  |  -131  |
| Use of provision for repatriation (LT) |  -558  |  -575  |
| Use of provision for accrued leave (LT) |  -188  |  -119  |
| Increase (decrease) Other provisions |  -4,018  |  -560  |
| Increase (decrease) in third-party funds |  4,500  |  7,530  |
| Changes in own funds |  -4,117  |  8,044  |
|   |   |   |
| **Cash flow from operating activities** |  **-7,452**  |  **33,681**  |
|   |   |   |
| **Net cash flows from investment activities** |   |   |
| (Increase) / decrease Investments |  15,667  |  33,617  |
| Interest from short-term investments |  926  |  220  |
| (Acquisition) / sale of property, plant and equipment |  -656  |  -1,100  |
| (Acquisition) / sale of intangible assets |  -792  |  -353  |
| (Acquisition) / sale of Under construction assets |  -2,881  |  -571  |
| **Net cash flows from investment activities** |  **12,265**  |  **31,813**  |
|   |   |   |
| **Cash flows from finance activities** |   |   |
| (Increase) / decrease Investmentst of FIPOI loan |  1,757  |  174  |
| **Cash flows from finance activities** |  **1,757**  |  **174**  |
|  |   |   |
| **Net increase / (decrease) in cash and cash equivalents** |  **17,026**  |  **26,528**  |
|   |   |   |
| **Cash and cash equivalents at opening of period** |  **161,826**  |  **135,297**  |
|  |   |   |
| **Cash and cash equivalents at closure of period** |  **178,852**  |  **161,826**  |

**V – Comparison of budgeted amounts and actual amounts for the 2019 financial period**

 **(in thousands of CHF)**



ANNEX C

**Statements of financial position, Statement of financial performance, Statement of changes in net assets, Cash Flow Statement and Comparison of Budgeted and actual amounts of the International Telecommunication Union
for the 2020 financial period**

The financial statements are published in the financial operating report of the Union for the 2020 financial period and approved by the Council.

(Council Resolution 1409 relating to the approval of the financial operating reports audited by the External Auditor of the ITU accounts for the period 1 January 2020 to 31 December 2020).

**I – Statement of financial position – Balance sheet at 31 December 20120 with comparative figures as at 31 December 2019**

|  |  |  |
| --- | --- | --- |
| (in thousands of CHF) | **31/12/2020** | **31/12/2019** |
| **ASSETS** |  |  |
| **Current assets** |   |   |
| Cash and cash equivalents |  99,406  |  178,852  |
| Investments |  95,516  |  33,329  |
| Receivables - exchange transactions |  8,481  |  6,471  |
| Receivables - non-exchange transactions |  89,306  |  88,315  |
| Inventories |  459  |  539  |
| Other receivables |  9,439  |  8,213  |
| UNSMIS |  -  |  21,154  |
| **Total current assets** |  **302,607**  |  **336,873**  |
| **Non-current assets** |   |   |
| Receivables - non-exchange transactions |  -  |  -  |
| Property, plant and equipment |  78,040  |  92,675  |
| Intangible assets |  1,443  |  1,886  |
| Assets under construction |  9,443  |  5,190  |
| UNSMIS |  17,441  |  20,877  |
| **Total non-current assets** |  **106,367**  |  **120,628**  |
| **Total ASSETS** |  **408,974**  |  **457,501**  |
| **LIABILITIES** |   |   |
| **Current liabilities** |   |   |
| Suppliers and other creditors |  6,015  |  8,508  |
| Deferred revenue |  132,566  |  135,642  |
| Borrowings and financial debts |  1,391  |  1,493  |
| Employee benefits |  10  |  178  |
| Provisions |  1,105  |  727  |
| Other debts |  6,493  |  4,931  |
| UNSMIS |  1,493  |  21,154  |
| **Total current liabilities** |  **149,072**  |  **172,633**  |
| **Non-current liabilities** |   |   |
| Borrowings |  45,718  |  43,456  |
| Employee benefits |  656,021  |  634,857  |
| Allocated third-party funds |  38,430  |  35,140  |
| Third-party funds in process of allocation |  4,353  |  3,184  |
| UNSMIS |  17,441  |  20,877  |
| **Total non-current liabilities** |  **761,963**  |  **737,514**  |
| **TOTAL LIABILITIES** |  **911,036**  |  **910,147**  |
| **NET ASSETS** |   |   |
| Organization's capital |   |   |
| Reserve account before reallocation of the surplus/ deficit of the period |  25,803  |  24,905  |
| Other Extra-budgetary reserves |  68,637  |  81,041  |
| ASHI actuarial losses |  -263,101  |  -278,315  |
| Cumulated balances |  -284,650  |  -222,814  |
| Surplus/Deficit for the period |  -47,259  |  -57,463  |
|  **TOTAL NET ASSETS**  |  **-500,570**  |  **-452,646**  |

**II – Statement of financial performance for the period which closed on
31 December 2020 with comparative figures as at 31 December 2019**

|  |  |  |
| --- | --- | --- |
| (in thousands of Swiss francs) | **31/12/2020** | **31/12/2019** |
|   |  |  |
| **REVENUE** |  |  |
|  |  |  |
| Assessed contributions | 125,741 | 126,485 |
| Voluntary contributions | 8,300 | 10,456 |
| Other operating revenue | 40,213 | 39,366 |
| In-kind contributions | 820 | 841 |
| Finance revenue | -4,700 | 10,030 |
|   |   |   |
| **Total revenue** | **170,373** | **187,177** |
|  |  |  |
| **EXPENSES** |   |   |
|  |   |   |
| Employee expenses | 153,825 | 203,942 |
| Mission expenses | 1,003 | 7,767 |
| Contractual services | 14,512 | 13,821 |
| Rental and maintenance of premises and equipment | 3,004 | 4,175 |
| Equipment and supplies | 2,896 | 3,816 |
| Depreciation and impairment losses | 16,598 | 4,570 |
| Shipping, telecommunication and service expenses | 1,599 | 1,619 |
| Other expenses | 8,306 | 411 |
| In-kind expenses | 820 | 841 |
| Finance expenses | 15,069 | 3,679 |
|   |   |   |
| **Total expenses** | **217,632** | **244,640** |
| **Surplus/deficit for the period** | -47,259 | -57,464 |

**III – Statement of changes in net assets for the period which closed
on 31 December 2020**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **(in thousands of CHF)** | **31.12.2019** | **Surplus deficit 2020** | **Other adjustments** | **31.12.2020** |
| **IPSAS transition**  | **-125,100** |  **-**  |  **-**  | **-125,100** |
| **Reserve Account** | **24,935** |  **-**  | **867** | **25,802** |
| **Other reserves** | **72,203** | **4,875** | **-15,853** | **61,225** |
| Savings from previous year | 10,252 | -1,483 | -3,746 | 5,023 |
| Investment fund | 11,985 | 1,799 | 1,033 | 14,817 |
| New Building fund | -4,862 | -4,228 |  -  | -9,090 |
| New Building Reserve | 8,182 | 10,006 |  -  | 18,188 |
| Risk Register find | 1,425 |  -  | 2,005 | 3,430 |
| Welfare fund | 348 |  -  |  -  | 348 |
| Centenary fund | 212 |  -  |  -  | 212 |
| SS&B Complement fund | 6,166 |  8  |  -  | 6,174 |
| SS&B Assistance fund | 278 |  -  |  -  | 278 |
| ASHI fund | 12,000 |  -  | 1,000 | 13,000 |
| Health Insurance fund | 20,332 |  -  | -18,578 | 1,754 |
| Extra budgetary allocated reserves | 5,336 | -1,227 | 3,899 | 8,008 |
| Currency exchange translation | 549 |  -  | -1,465 | -916 |
| **Extra-budgetary activities related funds** | **13,181** | **-1,905** | **-893** | **10,383** |
| TLC | 8,563 | -1,905 | -42 | 6,616 |
| Others | 4,618 |  -  | -851 | 3,767 |
| **ASHI actuarial losses** | **-278,315** |  -  | **15,214** | **-263,101** |
| **IPSAS cumulated deficit (statistical)** | **-159,551** | -50,229 |  **-**  | **-209,780** |
| **Total net assets**  | **-452,646** | **-47,259** | **-665** | **-500,570** |

**IV – Statement of cash flows for the period closed on 31 December 2020**

|  |  |  |
| --- | --- | --- |
| (in thousands of CHF) | **31/12/2020** | **31/12/2019** |
|  |   |   |
| Surplus (deficit) for the period |  -47,259  |  -57,463  |
| **Non-monetary movements** |   |   |
| Depreciation |  16,598  |  4,570  |
| ASHI provision |  22,789  |  71,694  |
| Provisions for repatriation (LT) |  -518  |  1,717  |
| Provisions for employee benefits (ST) |  -124  |  38  |
| Provisions for accrued leave (LT) |  2,571  |  817  |
| Other provisions |  763  |  -2,087  |
| Provision for doubtful receivable |  348  |  -6  |
| Inventory depreciation |  -67  |  31  |
| Unrealized exchange-rate gains/losses |  12,399  |  -7,926  |
| Interest received |  -400  |  -926  |
|   |   |   |
| **Restated surplus (deficit) from non-monetary movements** |  **7,099**  |  **10,457**  |
| (Increase) decrease in inventories |  147  |  -35  |
| (Increase) decrease in short-term receivables |  -3,348  |  -4,018  |
| (Increase) decrease in other short-term receivables |  19,928  |  -821  |
| Increase (decrease) in suppliers |  -2,493  |  -397  |
| Increase (decrease) in deferred revenue |  -3,076  |  -631  |
| Increase (decrease) in other debts |  -19,592  |  2,878  |
| Use of provisions for employee benefits (ST) |  -44  |  -46  |
| Use of provision for repatriation (LT) |  -265  |  -558  |
| Use of provision for accrued leave (LT) |  -597  |  -188  |
| Increase (decrease) Other provisions |  -386  |  -4,018  |
| Increase (decrease) in third-party funds |  4,458  |  4,500  |
| Changes in own funds |  -15,877  |  -4,117  |
|   |   |   |
| **Cash flow from operating activities** |  **-21,146**  |  **-7,452**  |
| **Net cash flows from investment activities** |   |   |
| (Increase) / decrease Investments |  -62,188  |  15,667  |
| Interest from short-term investments |  400  |  926  |
| (Acquisition) / sale of property, plant and equipment |  -798  |  -656  |
| (Acquisition) / sale of intangible assets |  -722  |  -792  |
| (Acquisition) / sale of Under construction assets |  -4,252  |  -2,881  |
| **Net cash flows from investment activities** |  **-67,560**  |  **12,264**  |
|   |   |   |
| **Cash flows from finance activities** |   |   |
| (Increase) / decrease Investments of FIPOI loan |  2,161  |  1,757  |
| **Cash flows from finance activities** |  **2,161**  |  **1,757**  |
| **Net increase / (decrease) in cash and cash equivalents** |  **-79,446**  |  **17,026**  |
| **Cash and cash equivalents at opening of period** |  **178,852**  |  **161,826**  |
| **Cash and cash equivalents at closure of period** |  **99,406**  |  **178,852**  |

**V – Statement of comparison of budgeted and actual amounts for the 2020 financial period**

 **(in thousands of CHF)**



ANNEX D

**Statements of financial position, Statement of financial performance, Statement of changes in net assets, Cash Flow Statement and Comparison of Budgeted and actual amounts of the International Telecommunication Union
for the 2021 financial period**

The financial statements are published in the financial operating report of the Union for the 2021 financial period to be approved by the Council 2022 at its final session on 24 September 2022.

(Resolution 1411 relating to the approval of the financial operating reports audited by the External Auditor of the ITU accounts for the period 1 January 2021 to 31 December 2021.)

**I – Statement of financial position – Balance sheet at 31 December 2021 with comparative figures as at 31 December 2020**

**(in thousands of CHF)**

|  |  |  |
| --- | --- | --- |
| (in thousands of CHF) | **31/12/2021** | **31/12/2020** |
| **ASSETS** |  |  |
| **Current assets** |   |   |
| Cash and cash equivalents |  130,392  |  99,406  |
| Investments |  95,033  |  95,516  |
| Receivables - exchange transactions |  10,989  |  8,481  |
| Receivables - non-exchange transactions |  76,931  |  89,306  |
| Inventories |  467  |  459  |
| Other receivables |  7,118  |  9,439  |
| **Total current assets** |  **320,930**  |  **302,607**  |
| **Non-current assets** |   |   |
| Receivables - non-exchange transactions |  -  |  -  |
| Property, plant and equipment |  71,671  |  78,040  |
| Intangible assets |  792  |  1,443  |
| Assets under construction |  13,732  |  9,443  |
| UNSMIS |  16,267  |  17,441  |
| **Total non-current assets** |  **102,462**  |  **106,367**  |
| **Total ASSETS** |  **423,392**  |  **408,974**  |
| **LIABILITIES** |   |   |
| **Current liabilities** |   |   |
| Suppliers and other creditors |  6,796  |  6,015  |
| Deferred revenue |  132,416  |  132,566  |
| Borrowings and financial debts |  1,391  |  1,391  |
| Employee benefits |  424  |  10  |
| Provisions |  1,372  |  1,105  |
| Other debts |  4,804  |  4,999  |
| UNSMIS |  1,539  |  1,493  |
| **Total current liabilities** |  **148,742**  |  **147,579**  |
| **Non-current liabilities** |   |   |
| Borrowings |  51,991  |  45,718  |
| Employee benefits |  570,083  |  656,021  |
| Allocated third-party funds |  46,336  |  38,430  |
| Third-party funds in process of allocation |  3,684  |  4,353  |
| UNSMIS |  16,267  |  17,441  |
| **Total non-current liabilities** |  **688,361**  |  **761,963**  |
| **TOTAL LIABILITIES** |  **837,103**  |  **909,542**  |
| **NET ASSETS** |   |   |
| Organization's capital |   |   |
| Reserve account before reallocation of the surplus/ deficit of the period |  27,464  |  25,802  |
| Other Extra-budgetary reserves |  70,698  |  68,637  |
| ASHI actuarial losses |  -162,135  |  -263,101  |
| Cumulated balances |  -334,880  |  -284,649  |
| Surplus/Deficit for the period |  -14,858  |  -47,259  |
|  **TOTAL NET ASSETS**  |  **-413,711**  |  **-500,570**  |

**II – Statement of financial performance for the period which closed on
31 December 2021 with comparative figures as at 31 December 2020**

**(in thousands of CHF)**

|  |  |  |
| --- | --- | --- |
| (in thousands of Swiss francs) | **31/12/2021** | **31/12/2020** |
|   |  |  |
| **REVENUE** |  |  |
| Assessed contributions | 125,611 | 125,741 |
| Voluntary contributions | 13,581 | 8,300 |
| Other operating revenue | 32,774 | 40,213 |
| In-kind contributions | 798 | 820 |
| Finance revenue | 2,792 | -4,700 |
|   |   |   |
| **Total revenue** | **175,556** | **170,373** |
|  |  |  |
| **EXPENSES** |   |   |
| Employee expenses | 150,417 | 153,825 |
| Mission expenses | 443 | 1,003 |
| Contractual services | 21,038 | 14,512 |
| Rental and maintenance of premises and equipment | 1,847 | 3,004 |
| Equipment and supplies | 2,297 | 2,896 |
| Depreciation and impairment losses | 9,693 | 16,598 |
| Shipping, telecommunication and service expenses | 1,505 | 1,599 |
| Other expenses | 2,937 | 8,306 |
| In-kind expenses | 798 | 820 |
| Finance expenses | -561 | 15,069 |
|   |   |   |
| **Total expenses** | **190,413** | **217,632** |
| **Surplus/deficit for the period** | -14,858 | -47,259 |

**III – Statement of changes in net assets for the period which closed
on 31 December 2021**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **(in thousands of CHF)** | **31.12.2020** | **Surplus deficit 2021** | **Other adjustments** | **31.12.2021** |
| **IPSAS transition**  | **-125,100** |  **-**  |  **-**  | **-125,100** |
| **Reserve Account** | **25,802** |  **44**  | **1,662** | **27,508** |
| **Other reserves** | **61,225** | **1,648** | **-1,321** | **61,553** |
| Savings from previous year | 5,023 | 3,622 | -1,273 | 7,372 |
| Investment fund | 14,817 | 982 |   | 15,799 |
| New Building fund | -9,090 | -5,188 |  -  | -14,278 |
| New Building Reserve | 18,188 | 2,227 |  -  | 20,415 |
| Risk Register find | 3,430 |  -  |   | 3,430 |
| Welfare fund | 348 |  -  |  -  | 348 |
| Centenary fund | 212 |  -  |  -  | 212 |
| SS&B Complement fund | 6,174 |  11  |  -  | 6,185 |
| SS&B Assistance fund | 277 |  -2  |  -  | 276 |
| ASHI fund | 13,000 |  -  |   | 13,000 |
| Health Insurance fund | 1,754 |  -  | -186 | 1,567 |
| Extra budgetary allocated reserves | 8,008 |  -   | 95 | 8,103 |
| Currency exchange translation | -916 |  -4  | 44 | -876 |
| **Extra-budgetary activities related funds** | **10,383** | **-1,989** | **411** | **8,805** |
| TLC | 6,616 | -2,003 | -39 | 4,573 |
| Others | 3,767 |  14  | 450 | 4,231 |
| **ASHI actuarial losses** | **-263,101** |  -  | **100,966** | **-162,135** |
| **IPSAS cumulated deficit (statistical)** | **-209,780** | -14,561 |  **-**  | **-224,341** |
| **Total net assets**  | **-500,570** | **-14,858** | **101,717** | **-413,711** |

**IV – Table of cash flows for the period closed on 31 December 2021**

|  |  |  |
| --- | --- | --- |
| (in thousands of CHF) | **31/12/2021** | **31/12/2020** |
|  |   |   |
| Surplus (deficit) for the period |  -14,858  |  -47,259  |
| **Non-monetary movements** |   |   |
| Depreciation |  9,693  |  16,598  |
| ASHI provision |  17,265  |  22,789  |
| Provisions for repatriation (LT) |  1,017  |  -518  |
| Provisions for employee benefits (ST) |  424  |  -124  |
| Provisions for accrued leave (LT) |  220  |  2,571  |
| Other provisions |  407  |  763  |
| Provision for doubtful receivable |  -1,492  |  348  |
| Inventory depreciation |  -129  |  -67  |
| Unrealized exchange-rate gains/losses |  -2,533  |  12,399  |
| Interest received |  -241  |  -400  |
| **Restated surplus (deficit) from non-monetary movements** |  **9,774**  |  **7,099**  |
| (Increase) decrease in inventories |  121  |  147  |
| (Increase) decrease in short-term receivables |  11,359  |  -3,348  |
| (Increase) decrease in other short-term receivables |  2,321  |  19,928  |
| Increase (decrease) in suppliers |  781  |  -2,493  |
| Increase (decrease) in deferred revenue |  -150  |  -3,076  |
| Increase (decrease) in other debts |  -149  |  -19,592  |
| Use of provisions for employee benefits (ST) |  -10  |  -44  |
| Use of provision for repatriation (LT) |  -404  |  -265  |
| Use of provision for accrued leave (LT) |  -536  |  -597  |
| Increase (decrease) Other provisions |  -141  |  -386  |
| Increase (decrease) in third-party funds |  7,237  |  4,458  |
| Changes in own funds |  751  |  -15,877  |
|   |   |   |
| **Cash flow from operating activities** |  **21,180**  |  **-21,146**  |
|   |   |   |
| **Net cash flows from investment activities** |   |   |
| (Increase) / decrease Investments |  483  |  -62,188  |
| Interest from short-term investments |  241  |  400  |
| (Acquisition) / sale of property, plant and equipment |  -2,213  |  -798  |
| (Acquisition) / sale of intangible assets |  -460  |  -722  |
| (Acquisition) / sale of Under construction assets |  -4,289  |  -4,252  |
| **Net cash flows from investment activities** |  **-6,238**  |  **-67,560**  |
|   |   |   |
| **Cash flows from finance activities** |   |   |
| (Increase) / decrease Investments of FIPOI loan |  6,272  |  2,161  |
| **Cash flows from finance activities** |  **6,272**  |  **2,161**  |
|  |   |   |
| **Net increase / (decrease) in cash and cash equivalents** |  **30,987**  |  **-79,446**  |
|   |   |   |
| **Cash and cash equivalents at opening of period** |  **99,406**  |  **178,852**  |
| **Cash and cash equivalents at closure of period** |  **130,392**  |  **99,406**  |

**V – Comparison of budgeted amounts and actual amounts for the 2021 financial period**

**(in thousands of CHF)**



ANNEX E

**Financial management of the Union**

**Table of contents**

1 Implementation of the decisions and resolutions of the Plenipotentiary Conference (Guadalajara, 2010) concerning the finances of the Union (CS/Article 28, Decision 5, (Rev. Dubai,2018), Resolutions 38 (Kyoto 1994), 45 (Rev. Minneapolis 1998), 91 (Rev. Guadalajara, 2010) and 94 (Rev. Dubai 2018)

2 Budget of the Union

3 Assets, liabilities and net assets at 31 December 2021

4 Reserve Account and net assets

5 Exhibition Working Capital Fund and Telecom events

6 Cash and cash equivalent

7 Receivable

8 Fixed assets

9 Employee benefits

10 Special accounts

11 Voluntary contributions

12 Funds in trust

13 Information and Communication Technology Development Fund (ICTDF)

14 Other financial management questions

FINANCIAL MANAGEMENT OF THE UNION

The finances of the Union are governed by the relevant provisions of the Constitution and the Convention of the International Telecommunication Union (Geneva, 1992), as amended in Kyoto in 1994, Minneapolis in 1998, Marrakesh in 2002, Antalya in 2006, Guadalajara in 2010, Busan in 2014 and Dubai in 2018, the Financial Regulations and Financial Rules adopted by the Council and the decisions and resolutions adopted by the Council in accordance with such provisions.

**1 Implementation of the decisions and resolutions of the Plenipotentiary Conference (Guadalajara, 2010) concerning the finances of the Union (CS/Article 28, Decision 5, Resolutions 38 (Kyoto, 1994), 45 (Rev. Minneapolis, 1998), 91 (Rev. Guadalajara, 2010) and 94 (Rev. Dubai, 2018)**

**CS/Article 28: Finances of the Union: Procedure for choosing classes of contribution**

1.1 Pursuant to Article 28 of the Constitution, Member States, upon invitation by the Secretary-General, shall announce their definitive choice of class of contribution by the date set by the plenipotentiary conference, which shall be a date within the penultimate week of the conference. Member States which have failed to notify the Secretary-General of their decision by the date set by the plenipotentiary conference shall retain the class of contribution previously chosen. The Secretary-General shall inform the Sector Members of the definitive upper limit of the amount of the contributory unit and invite them to notify, within three months from the closing date of the plenipotentiary conference, the class of contribution they have chosen. Sector Members which have failed to notify the Secretary-General of their decision within this three-month period shall retain the class of contribution previously chosen. Details of the evolution of the number of contributory units are given in § 2.7, Regular *budget – Revenue*.

**Article 28, No. 165B:**

1.2 In 2018, Pakistan increased its class of contribution from 1 to 2 units, China increased from 14 to 20 units and Paraguay increased from 1/4 to 1/2 units.

1.3 In 2019, Iraq increased its class of contribution from 1/4 to 1 unit, Kazakhstan increased from 1/4 to 1/2, Kuwait increased from 3 to 5 units, Qatar increased from 1 to 2 units.

1.4 In 2020, Angola decreased its class of contribution from 1/4 to 1/8-unit, Canada decreased from 13 to 11, Cote d’Ivoire increased from 1/4 to 2 units, Guinea reduced from 1/4 to 1/8, Portugal reduced from 1 1/2 to 1 unit, Togo increased from 1/16 to 1/4 unit.

1.5 As of 1 January 2020, further to Resolution 1402, Virtual consultation of councillors 2020, Pakistan reduced from 2 to 1 unit.

**Decision 5 (Rev. Dubai, 2018): Revenues and expenses of the Union for the period 2018-2021**

1.6 Pursuant to this decision, the Plenipotentiary Conference (Dubai, 2018) set the upper limit of the amount of the contributory unit of Member States for the years 2018-2021. Details of the limits and the arrangements for the implementation of Decision 5 (Rev. Dubai, 2018) are given in § 2.5: *Regular budget – Expenses.*

**Resolution 38 (Kyoto, 1994): Contributory shares in Union expenses**

1.7 Resolution 38 (Kyoto, 1994) instructs the Council to review, on request, the situation of countries not included in the United Nations list of the least developed countries in order to decide which of them may be considered as being entitled to contribute to defraying Union expenses in the 1/8 or 1/16 unit class.

**Resolution 45 (Rev. Minneapolis, 1998): Assistance given by the Government of the Swiss Confederation in connection with the finances of the Union**

1.8 By this resolution, the Plenipotentiary Conference expressed its appreciation to the Government of the Swiss Confederation for its generous assistance in financial matters and also expressed the hope that these arrangements might be renewed. The resolution was brought to the notice of the Government of the Swiss Confederation.

**Resolution 91 (Rev. Guadalajara, 2010): Cost recovery for some ITU products and services**

1.9 The implementation of this resolution is examined by the Secretary‑General from an administrative and accounting standpoint in Document PP-22/20.

**Resolution 94 (Rev. Dubai, 2018): Auditing of the accounts of the Union**

1.10 This resolution was brought to the notice of Corte dei Conti, Italy, which informed the Secretary-General of ITU that the existing arrangements for the auditing of the Union's accounts would be renewed in the short term. By this resolution, the Plenipotentiary Conference (Busan, 2014) expressed its warmest thanks to Corte dei Conti, Italy, for the services rendered for the auditing of the Union's accounts.

1.11 The Plenipotentiary Conference instructed the Secretary-General to initiate, when considered appropriate by the Council, tendering arrangements for the selection of the external auditor consistent with the best practice.

1.12 Following the report of the Appraisal Committee on the selection of the external auditor of the ITU, the Council 2020 appointed, as per Decision 621, the UK’s National Audit Office as the external auditor of the ITU for auditing its 2022, 2023, 2024 and 2025 financial statements.

1.13 The detailed reports of the external auditor have been examined each year by the Council, which has taken note of the audit certificates issued, confirming the correctness of the financial statements.

**2 Budget of the Union**

2.1 The budget of the Union covered a budgetary period of two consecutive calendar years beginning on 1 January of an even-numbered year. Since the implementation of IPSAS in 2010, the budget of the Union has been allocated on an annual basis in order to enable the presentation of budget information in financial statements according to IPSAS 24. The ordinary budget comprises appropriations and expenses for the:

– General Secretariat;

– Radiocommunication Sector;

– Telecommunication Standardization Sector;

– Telecommunication Development Sector.

2.2 The plenipotentiary conferences authorized the Council to draw up the budgets for the General Secretariat and the three Sectors for the 2016-2019 period by Decision 5 (Rev. Busan, 2014) and for the 2020-2023 period by Decision 5 (Rev. Dubai, 2018).

2.3 In accordance with Resolution 1387, adopted by the Council at its 2017 session, the Secretary-General was authorized to adjust the appropriations in relation to the items of expenses in a) and b) below in accordance with the incurred changes through the use of the Reserve Account, and provided that the Reserve Account is kept at the level prescribed in Decision 5 (Rev. Busan, 2014):

a) increases in salary scales, pension contributions and allowances, including post adjustments, applicable to Geneva, as adopted by the United Nations common system;

b) fluctuations in the exchange rate between the US dollar and the Swiss franc in so far as this affects the staff costs for those staff members on United Nations scales.

With this Resolution, the Secretary-General was instructed to withdraw CHF 1,000,000 from the Reserve Account on 1 January 2018 to the ASHI fund in order to address the unfunded long-term liabilities.

2.4 In accordance with Resolution 1396, adopted by the Council at its 2019 session, the Secretary-General was authorized to adjust the appropriations in relation to the items of expenses in a) and b) below in accordance with the incurred changes through the use of the Reserve Account, and provided that the Reserve Account is kept at the level prescribed in Decision 5 (Rev. Dubai, 2018):

a) increases in salary scales, pension contributions and allowances, including post adjustments, applicable to Geneva, as adopted by the United Nations common system;

b) fluctuations in the exchange rate between the US dollar and the Swiss franc in so far as this affects the staff costs for those staff members on United Nations scales;

to authorize to balance the 2020-2021 accounts, should the need arise, from surplus in revenue;

to instruct the Secretary-General to transfer CHF 1,000,000 from the Reserve Account in January 2020 to the ASHI fund in order to address the unfunded long-term liabilities.

**Regular budget**

***Expenses***

2.5 Pursuant to its terms of reference as laid down by the plenipotentiary conference, the Council approved the following ordinary biennium budgets for the years 2018-2019 by Resolution 1387 and, 2020-2021 by Resolution 1396:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Year** | **General Secretariat**  | **Radiocommunication Sector** | **Telecommunication Standardization Sector** | **Telecommunication Development Sector** | **TOTAL** |
| *- Thousands of CHF -* |
| **2018** | 90,549 | 27,988 | 13,505 | 27,835 | 159,877 |
| **2019** | 90,935 | 31,598 | 13,631 | 28,576 | 164,740 |
| **2020** | 91,920 | 28,831 | 14,328 | 31,399 | 167,478 |
| **2021** | 91,924 | 29,696 | 13,354 | 29,561 | 164,535 |

2.6 The table below compares the expenses approved by the Council with actual expenses on a comparable basis for the 2018, 2019, 2020, and 2021 financial periods.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Period** | **2018** | **2019** | **2020** | **2021** | **Total 2018-2021** |
|  |  |  | \* | \* |  |
| **Regular budget** | 159,877 | 164,740 | 165,611 | 162,954 | 653,182 |
| **Actual expenses** | 162,851 | 157,757 | 153,435 | 153,187 | 627,230 |
| **Unused appropriations**  | * 2,974
 | 6,983 | 12,176 | 9,766 | 25,951 |
| **%** | -1.9% | 4.2% | 7.3% | 6.0% | 3.9% |

*\* Deferred activity WTSA budget transfer from 2020 to 2021 for CHF 1,867 thousand and WTDC budget transfer from 2021 to 2022 for CHF 1,640*

***Revenue***

2.7 Regular budget revenue was calculated to balance expenses by means of the contributions by Member States, Sector Members and Associates, cost recovery, withdrawals from the Reserve Account and savings from budget implementation. Details of regular budget revenue are given below.

**Contributions by Member States**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Year** | **Number of Member States\*** | **Number of contributory units\*** | **Amount of contributory unit** | **Revenue entered in the budget** | **Revenue posted to account\*\*** |
|  |  |  | Thousands of CHF | Thousands of CHF | Thousands of CHF |
| 2018 | 193 | 334 1/4 | 318 | 106,292 | 108,597 |
| 2019 | 193 | 334 1/4 | 318 | 106,292 | 109,869 |
| 2020 | 193 | 343 11/16 | 318 | 109,293 | 109,293 |
| 2021 | 193 | 343 11/16 | 318 | 109,293 | 109,293 |
| \* At the time of establishment of the budget.\*\* These amounts include invoiced contributions and unpaid contributions at 31 December. |

**Contributions by Sector Members**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Year** | **Radiocommunication Sector\*** | **Telecommunication Standardization Sector\*** | **Telecommunication Development Sector\*** | **Total units\*** | **Amount of contributory unit** | **Revenue entered in the budget** | **Revenue posted to account\*\*** |
|  | Units | Units | Units | Units | Thousands of CHF | Thousands of CHF | Thousands of CHF |
| **2018** | 103 7/16 | 119 13/16 | 26 1/16 | 249 10/16 | 63.6 | 15,875 | 14,219 |
| **2019** | 103 7/16 | 119 13/16 | 26 1/16 | 249 10/16 | 63.6 | 15,875 | 14,173 |
| **2020** | 99 1/4 | 97 7/16 | 22 7/8 | 219 9/16 | 63.6 | 13,964 | 13,939 |
| **2021** | 99 1/4 | 97 7/16 | 22 7/8 | 219 9/16 | 63.6 | 13,964 | 13,869 |
| \* At the time of establishment of the budget.\*\* These amounts include invoiced contributions and unpaid contributions at 31 December. |

**Contributions by Associates**

2.8 The annual contribution for Associates amounts to CHF 10’600 for Radio communication and Telecommunication Standardization Sectors and CHF 3’975 for Telecommunication Development Sector. The contribution for Associates from Developing countries amounts to CHF 1’987.50.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Year** | **Radiocommunication Sector\*** | **Telecommunication Standardization Sector\*** | **Telecommunication Development Sector\*** | **Total units\*** | **Revenue entered in the budget** | **Revenue posted to account\*\*** |
|  | Units | Units | Units | Units | Thousands of CHF | Thousands of CHF |
| **2018** | 26 7/8 | 154 1/4 | 3 5/16 | 184 7/16 | 1,955 | 1,787 |
| **2019** | 26 7/8 | 154 1/4 | 3 5/16 | 184 7/16 | 1,955 | 2,054 |
| **2020** | 21 1/16 | 157 | 3 | 181 1/16 | 1,919 | 2,111 |
| **2021** | 21 1/16 | 157 | 3 | 181 1/16 | 1,919 | 2,120 |
| \* At the time of establishment of the budget.\*\* These amounts include invoiced contributions and unpaid contributions at 31 December. |

**Contributions by Academia**

2.9 As per Resolution 169 (Rev. Dubai, 2018), Academia, Universities, and their related research establishments (designated as Academia) have been admitted as a new member category to participate in the work of the three Sectors of ITU. Resolution 169 (Rev. Dubai, 2018) allows academia to participate in all three sectors of ITU at one single fee.

|  |  |  |  |
| --- | --- | --- | --- |
| **Year** | **Total units\*** | **Revenue entered in the budget** | **Revenue posted to account\*\*** |
|  |  | Thousands of CHF | Thousands of CHF |
| **2018** | 70 | 279 | 358 |
| **2019** | 70 | 279 | 390 |
| **2020** | 94 | 376 | 398 |
| **2021** | 94 | 376 | 389 |
| \* At the time of establishment of the budget.\*\* These amounts include invoiced contributions and unpaid contributions at 31 December. |

2.10 The table below provides a summary of revenue in the regular budget for the years 2018 to 2021 in thousands of CHF.

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Year** | **Contributions by Member States** | **Contributions by Sector Members** | **Contributions by Associates** | **Contributions by Academia** | **Project support cost revenue** | **Publication sales** | **Cost recovery** | **Interest revenue** | **Other revenue** | **Payment/ Withdrawal to/from Reserve Account** | **Savings from budget implementation** | **Total** |
| **2018** | 106,292 | 15,875 | 1,955 | 279 | 1,375 | 19,000 | 16,000 | 300 | 100 | -2,245 | 946 | 159,877 |
| **2019** | 106,292 | 15,875 | 1,955 | 279 | 1,375 | 19,000 | 16,000 | 300 | 100 | 1,095 | 2,469 | 164,740 |
| **2020** | 109,293 | 13,964 | 1,919 | 376 | 1,375 | 19,000 | 17,500 | 300 | 100 | 0 | 3651 | 167,478 |
| **2021** | 109,293 | 13,964 | 1,919 | 376 | 1,375 | 19,000 | 17,500 | 300 | 100 | 0 | 708 | 164,535 |

**3 Assets, liabilities and net assets at 31 December 2021**

3.1 In order to assess the financial state of the Union, the Plenipotentiary Conference may wish to take note of the position of the assets and liabilities of the Union at 31 December 2021. The Statements of financial situation for the four financial periods are included in Annexes A, B, C and D. The statements of financial situation are presenting a comprehensive view of ITU activities.

3.2 IPSAS mandatory information related to each Statement of financial situation and statement of financial performance position are included in the financial operating reports presented to Council (C19/42, C20/42, C22/42 and C22/43). This Document focuses on specific significant positions of ITU financial operating reports.

**4 Reserve Account and net assets**

4.1 Unlike other United Nations specialized agencies, ITU does not have a working capital fund to ensure the financing of its activities. In accordance with No. 485 of the Convention and Article 27 of the Financial Regulations, the Reserve Account is maintained mainly from unused appropriations. Variations in the Reserve Account are detailed in the statement of changes in the net assets of the Union. It is made up of:

a) the positive or negative net balance from the regular budget implementation for each financial year;

b) transfers from other reserves/funds as decided by the Council;

c) any amounts to be credited to the Reserve Account as prescribed by the accounting standards common to the organizations of the United Nations system.

4.2 By its Decision 5 (Rev. Dubai, 2018), the Plenipotentiary Conference requested the Council to aim under normal circumstances at keeping the Reserve Account (after integration of unused appropriations) at a level above six per cent of the total budget.

4.3 The table below summarize the movement of the funds in the Reserve Account for 2018 to 2021:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Reserve Account** | **2018** | **2019** | **2020** | **2021** |
| **(In thousands of CHF).** |
| **Opening balance** |  27,770  |  27,241  |  24,935  |  25,802  |
| **Payments** |  508  |  30  |  0  |  44  |
| **Withdrawals** |  (1,037) |  (2,336)  |  867 |  1,662  |
| **Closing balance** |  27,241  |  24,935  |  25,802  |  27,508  |
| **% of annual budget** | 17% | 16.7% | 16.4% | 17% |

4.4 The table below shows the details of the Union’s own funds allocated to the organization according to the statement of changes in ITU’s net assets and the Reserve Account at 31 December 2021 after allocation of the surplus of the year:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **In thousands CHF** | **31.12.2018** | **31.12.2019** | **31.12.2020** | **31.12.2021** |
| **Reserve Account (Fund 1000)** |  **27,241**  |  **24,935**  |  **25,802**  |  **27,508**  |
| **Other allocated reserves** |  **65,323**  |  **66,318**  |  **54,133**  |  **54,326**  |
| New Building reserve |  5,095  |  8,182  |  18,188  |  20,415  |
| New Building fund |  (859) |  (4,862) |  (9,090) |  (14,278) |
| Risk register  |   |  1,425  |  3,430  |  3,430  |
| Investment Fund |  9,821  |  11,985  |  14,817  |  15,799  |
| Welfare Fund |  375  |  348  |  348  |  348  |
| Centenary Fund |  212  |  212  |  212  |  212  |
| ASHI fund |  11,500  |  12,000  |  13,000  |  13,000  |
| Health Insurance guaranty fund | 22,349  |  20,332  |  1,754  |  1,567  |
| Staff Superannuation & Benevolent Complement Fund |  6,183  |  6,166  |  6,174  |  6,185  |
| Staff Superannuation & Benevolent Assistance Fund |  278  |  278  |  278  |  276  |
| Saving from previous year |  10,370  |  10,252  |  5,023  |  7,372  |
| **Own funds allocated to the organization according to the statement of changes in net assets** | **92,564**  |  **91,253**  |  **79,935**  |  **81,834**  |

4.5 In order to meet the requirements of certain functions or activities, the Union operates a number of special funds, which are described briefly below.

4.6 The ASHI fund was established in 2013 in order to constitute a reserve dedicated to the long-term funding of the ASHI liability. This fund will be credited with revenue from future budgetary surpluses and monitored in order to take into account future variations of ITU obligations due to changes in actuarial assumptions.

4.7 The Health Insurance guaranty fund also established in 2013 will be dedicated to the financing of ITU’s new Health Insurance scheme on a pay-as-you-go basis and will be credited with surpluses of contributions over claims.

4.8 The total net assets of the Union presented in the statement of financial situation are including the positions disclosed here above as well as the effects of transition to IPSAS and the extra-budgetary reserves.

**Other special funds**

***ITU Centenary Prize Fund***

4.9 The Council decided in 1978 to institute an "ITU Centenary Prize Fund" intended to reward an individual or a group of individuals who have contributed to the development of international telecommunications. Centenary prizes were awarded in 1979 and 1983. In 1992, the Council resolved to use the Centenary Prize Fund for the modernization and upgrading of the ITU Central Library. At 31 December 2021, the balance of the fund stood at KCHF 212.

***Staff Welfare Fund***

4.10 The Staff Welfare Fund is administered by the Secretary-General in consultation with the ITU Staff Council. The revenue of the fund is the Union's share of the caterer's profits and the expenses correspond to the sums used for the welfare of the staff. The balance of the fund stood at KCHF 348 at 31 December 2021.

***Capital Budget Fund***

4.11 Revenue in the Capital Budget Fund dedicated to buildings maintenance consists of the annual payments debited to the ordinary budget and annual payments by the caterer. Expenses consist of the costs of maintaining the Union's buildings. The balance of the Capital Budget Fund dedicated to buildings maintenance stood at KCHF 6’649 at 31 December 2021.

4.12 The Capital Budget Fund also serves to finance the purchase and development of the main computer systems and cover the new systems and the replacement and upgrading of existing ones. Budgetary allocations are decided by the Council. The balance of the Capital Budget Fund dedicated to purchase and development of computer systems amounted to KCHF 8’168 at 31 December 2021.

**5 Exhibition Working Capital Fund and Telecom events**

5.1 According to the Financial Regulations of the Union, any surplus revenue or excess expenses resulting from world and regional TELECOM exhibitions and related activities shall be transferred to an Exhibition Working Capital Fund where a minimum amount of CHF 5 million should be maintained. Resolution 11 (Rev. Dubai, 2018) stipulates that a significant part of any surplus derived from TELECOM activities should be used for specific telecommunication development projects, primarily in the least developed countries.

5.2 The Exhibition Working Capital Fund has evolved as follows since 31 December 2017:

|  |  |  |
| --- | --- | --- |
| **Year** |  | **Thousands of CHF** |
|  | **Balance at 31.12 2017** | **8,132** |
| **2018** | Result of TELECOM World 2018 | -255 |
| Result on past events after closing of the accounts | 73 |
|   |   |
|  | **Balance at 31.12 2018** | **7,950** |
| **2019** | Result of TELECOM World 2019 | 847 |
| Result on past events after closing of the accounts | -235 |
|  |   |
|  | **Balance at 31.12 2019** | **8,563** |
| **2020** | Result of TELECOM World 2020 | -1,905 |
| Result after closing of the accounts | -42 |
|  | **Balance at 31.12 2020** | **6,616** |
| **2021** | Result of Digital TELECOM World 2021 | -2,003 |
| Result on past events after closing of the accounts | -39 |
|  |   |
|  | **Balance at 31.12.2021** | **4,573** |

**ITU TELECOM events**

5.3 In accordance with Resolution 11 (Rev. Dubai, 2018), ITU, in collaboration with its membership, has continued to organize telecommunication exhibitions and forums on a regular basis. From 2018 to 2021, TELECOM organized ITU TELECOM World 2018 (Durban) and ITU TELECOM World 2019 (Budapest). In 2020 and 2021, TELECOM organized the ITU Virtual Digital World due to the COVID pandemic.

5.4 The accounts of the different TELECOM events and those of the TELECOM secretariat responsible for organizing these activities are kept in strict accordance with the Financial Regulations of the Union. Services provided by the ITU General Secretariat to TELECOM are subject to partial cost recovery. Like all the Union's accounts, the TELECOM accounts are audited by the External Auditor of the Union. The surplus of revenue over expenses resulting from TELECOM activities has been transferred to the Exhibition Working Capital Fund (see under *Exhibition Working Capital Fund* in § 5.1, *Special funds*).

5.5 The ITU Telecom events results are included in the table in 5.2.

**6 Cash and cash equivalent**

6.1 The cash resources of the Union are drawn mainly from the assessed contributions of Member States, Sector Members and Associates. If these contributions, payable in advance by 1 January each year, are not sufficient to cover the Union's cash requirements, the Secretary-General may resort to advances from the Government of the Swiss Confederation under the prevailing arrangements. From 2018 to 2021, no funds had to be sought from this source. The Plenipotentiary Conference may wish to express its gratitude to the Government of the Swiss Confederation, and the hope that the current arrangements will be maintained in the future.

6.2 The satisfactory inflow of contributions has made it possible to invest available funds. As from 1 January 1998, interest revenue is entered as revenue in the budget of the Union (the interest account having been abolished by Council-97 in Resolution 1100).

6.3 Cash is managed separately for ordinary budget and special accounts activities, for telecommunication exhibitions, for technical cooperation projects funded by UNDP, for technical cooperation projects funded by trust funds and for voluntary contributions. Amounts due between these separate funds are settled regularly as far as possible.

6.4 Deposits in convertible currencies with Swiss and foreign banks are converted at the United Nations rate.

6.5 In January 2015, the banks introduced the negative interest on liquidity kept in Swiss francs and Euros. A negative rate from 0.75 per cent up to 1 per cent is applied by our different financial partners. Seven years later, this negative interest policy remains and has become even more strict. Despite putting in place a policy of diversification of the financial institutions, ITU had to support for the first time in 2021 some negative interests which was not possible to offset by positive interests earned on investments done.

**7 Receivables**

7.1 Receivables represent as yet uncollected revenue that Member States, Sector Members and Associates have committed to pay to ITU in respect of annual contributions, purchase of publications, satellite network filings or other invoices. Amounts due on contributions bear interest from the beginning of the fourth month of each financial year of the Union at three per cent per annum during the following three months, and at six per cent per annum as from the beginning of the seventh month. Interest is credited to the Reserve for debtors’ accounts in accordance with Article 24 of the Financial Regulations.

7.2 Non-current, non-exchange receivables represent receivables from the debt repayment schedules applicable to members having undertaken to repay such debts under an agreement spanning several financial periods.

7.3 A 100 per cent provision is constituted for Member States, Sector members, Associates and Academia having arrears of over two years. The provision is including interests on arrears.

7.4 Satellite Network Filings (SNF) invoices are payable within six months. A 100 per cent provision is constituted for SNF invoices at 31 December of the year following their presentation.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **In thousands of CHF** | **31.12.2018** | **31.12.2019** | **31.12.2020** | **31.12.2021** |
| Current receivables – exchange transactions | 7,288 | 7,518 | 9,571 | 12,212 |
| Provision for losses on current receivables – exchange transactions | -1,881 | -1,046 | -1,090 | -1,223 |
| **Current receivables** – **exchange transactions: net value** | **5,407** | **6,471** | **8,481** | **10,989** |
| Current receivables – non-exchange transactions | 109,812 | 125,881 | 125,022 | 111,534 |
| Provision for losses on current receivables – non-exchange transactions | -24,456 | -37,566 | -35,716 | -34,603 |
| **Current receivables** – **non-exchange transactions: net value** | **85,356** | **88,315** | **89,306** | **76,931** |
| Non-current receivables – exchange transactions | 0 | 0 | 0 | 0 |
| Provision for losses on non-current receivables – exchange transactions | 0 | 0 | 0 | 0 |
| **Non-current receivables** – **exchange transactions: net value** | 0 | 0 | 0 | 0 |
| Non-current receivables – non-exchange transactions | 16,606 | 4,325 | 6,479 | 5,967 |
| Provision for losses on non-current receivables – non-exchange transactions | -16,606 | -4,325 | -6,479 | -5,967 |
| **Non-current receivables** – **non-exchange transactions: net value** | **0** | **0** | **0** | **0** |

7.5 The Member State, Sector Member and Associate contributions invoiced and representing revenue associated with the following financial period according to the budget adopted by Council, are included in the receivables of the financial period and the related revenues are deferred.

7.6 The table below gives the evolution of deferred revenue:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **In thousands of CHF** | **31.12.2018** | **31.12.2019** | **31.12.2020** | **31.12.2021** |
| Contributions – Member States |  109,551  |  109,611  |  109,293  |  109,293  |
| Contributions – Sector Members |  14,049  |  14,166  |  13,829  |  13,931  |
| Contributions – Associates |  1,925  |  2,123  |  2,184  |  2,161  |
| Contributions – Academia |  376  |  381  |  399  |  406  |
| SNF |  5,614  |  8,097  |  6,404  |  5,703  |
| Contributions - Extra-budgetary |  4,759  |  1,263  |  458  |  922  |
| **Deferred revenue** |  **136,273**  |  **135,642**  |  **132,566**  |  **132,416**  |

**Settlement of arrears**

7.7 The evolution of arrears and the slow settlement of arrears and special arrears accounts continue to be of great concern to the Council. In addition to the regular reminders regarding outstanding amounts, each debtor has been requested to submit a repayment schedule and to settle the debt as soon as possible. Details on arrears, special arrears accounts and cancelled special arrears accounts as well as proposed measures to speed up the settlement of arrears are given in Document PP-22/56 – *Arrears and special arrears.*

**8 Fixed Assets**

8.1 Property, plant and equipment held by ITU are valued at historical cost less accumulated depreciation and accumulated impairment losses. Land is not taken into account when calculating the intrinsic value of the buildings. The land rights (right of superficies) concerning the land areas made available by the State of Geneva is without cost to the Union.

8.2 In-kind gifts are measured at fair value estimated at the date of receipt of the movable assets. Recognition of revenue associated with in-kind gifts intended for the creation or purchase of a specific asset is spread over a period equal to the depreciation time of the concerned asset as from the date of its bringing into use.

8.3 Goods with a value equal to or higher than CHF 5’000 are capitalized at the time of receipt and subsequently depreciated on a straight-line basis.

8.4 Goods with a cost lower than CHF 5’000 (low-value goods) are capitalized during the month of acquisition and fully recognized as expenses in the statement of financial performance at the monthly closure following acquisition.

8.5 Subsequent costs related to fixed assets are capitalized and depreciated when they bring about an increase in service potential associated with use of the fixed asset and do not concern maintenance or repair costs for the concerned fixed asset, these being recognized in the statement of financial performance.

8.6 Where a fixed asset comprises several significant components having different useful lives, each component is recognized separately. Depreciation is calculated on a straight-line basis according to the estimated useful life of each item, with a final residual period, if applicable. The residual values and useful lives of assets, as well as the depreciation methods, are reviewed, and adjusted if necessary, at each annual closure.

8.7 The net book value of fixed assets as of 31 December 2021 is shown in the table below:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Categories of asset** | **Buildings** | **Mach. & equip.** | **Furniture & fixtures** | **Computer equipment** | **Vehicles** | **Under constr.** | **Total** |
| **(in thousands of CHF)** |
|   |
| Net carrying amount at 1 January 2018 |  97,723  |  66  |  56  |  1,091  |  64  |  -  |  99,000  |
| Net carrying amount at 31 December 2018 |  94,657  |  44  |  79  |  797  |  48  |  1,326  |  96,950  |
| Net carrying amount at 31 December 2019 |  91,714  |  41  |  76  |  776  |  67  |  3,948  |  96,623  |
| Net carrying amount at 31 December 2020 |  76,985  |  132  |  57  |  772  |  93  |  8,176  |  86,215  |
| Net carrying amount at 31 December 2021 |  70,226  |  123  |  32  |  1,229  |  59  |  13,362  |  85,032  |

8.8 Buildings constitute the most significant position in ITU fixed assets. A detailed table of fixed assets movements is included in each financial operating report.

8.9 At 31 December 2021, the balance still owed to FIPOI stood at CHF 53.6 million.

8.10 It should also be noted that, as from 1 January 1996, outstanding and new advances of loans bear no interest.

8.11 The table below displays the net book value for each building as well as of 31 December 2021, as well as the residual amount of the related loans to be reimbursed to the FIPOI:

|  |  |  |
| --- | --- | --- |
| **Building** | **Balance of FIPOI loans** | **FIPOI loans final repayment date** |
| **at 31.12.2021** |
| **In thousands of CHF** |
| **Varembé**  |  306  | 2020 |
| **Tour et Sous-sols** |  7,971  | 2039 |
| **Montbrillant** |  27,257  | 2051 |
| **New Cafeteria and Extension C** |  1,200  | 2051 |
| **New Building**  |  16,954  |   |
| **Total** |  53,688  |   |

8.12 The Extension C consists in a building linking the Montbrillant and Varembé buildings.

8.13 Council 2016, through [Decision 588](https://www.itu.int/md/S16-CL-C-0124/en), decided to replace the Varembé building by a new construction (herein called “Varembé-2”) that would also include the offices and facilities of the Tower building, and complement the Montbrillant building which would be retained and refurbished.

8.14 An interest-free loan of up to CHF 150 million to finance this project has been granted by the Swiss Confederation. Following a special session of the Council 2019, Decision 619 fixed the budget of the new building to CHF 170 139 000. CHF 150 million coming from the loan granted by the host country, CHF 20.14 million coming from sponsors, donations and from savings allocated further to the 2018 surplus. Virtual Consulation of Councillors (VCC) 2021 revised *decide 4* of Decision 619 in order to allow for future sponsorships or donations under predefined conditions. Since then, ITU has signed additional sponsorship agreements and the total project costs amount to CHF 172,640,000.

8.15 In addition, a contingency fund of CHF 12.6 million is to be used, if necessary, for unforeseen cost overruns. The risk register fund was created for that purpose. At 31 December 2021, the risk register fund amounted to CHF 3.43 million.

8.16 The Secretary-General applied to Switzerland for the first tranche of the loan for the first phase of the project: the architectural competition, architectural studies and related expenses for the period up to 30 June 2021. The loan request amounted to CHF 12 million, with the first annual repayment being made only after the building is successfully received (at the earliest 2026). The loan was granted by the Swiss Parliament in December 2016 and ITU has signed a contract with FIPOI for the administration of this loan. The funds have been available since the beginning of 2017.

8.17 The second tranche of the loan amounting to CHF 138 million was validated at the beginning of 2021. In 2021, an amount of CHF 4.9 million has already been requested on this second part of the loan.

**9 Employee benefits**

9.1 The following employee benefits are recognized:

– Short-term benefits due to be settled within twelve months after the end of the accounting period in which employees render the related service;

– Long-term benefits resulting from the possible deferral of benefits acquired during the prior period or periods;

– Long-term post-employment benefits;

– Other long-term employee benefits.

9.2 Long-term benefits cover:

– Obligations associated with the possibility of accruing unused leave days and having them taken into account when establishing the date of retirement;

– Obligations associated with repatriation;

– Obligations associated with the pension plan of the United Nations Joint Staff Pension Fund;

– Obligations concerning the After-Service Health Insurance (ASHI), as specified under the United Nations ASHI programme;

– Obligations relating to the former pension plan in order to define ITU’s obligations at the date of closure of the period.

9.3 These last two benefits come under the heading of defined-benefit plans and, as is also the case for repatriation obligations, are the subjects of actuarial studies.

9.4 ITU is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined benefit plan. As specified by Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

9.5 The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual organizations participating in the plan. ITU and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify ITU’s proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence ITU has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39. ITU’s contributions to the plan during the financial period are recognized as expenses in the statement of financial performance.

9.6 Since May 2014, the ITU implemented a staff health insurance scheme called the ITU Collective Medical Insurance Plan (CMIP). The plan, administered by the ITU, was based on a contract signed with the Companies Cigna/Vanbreda International, Cigna being the insurer and Cigna/Vanbreda being the claims administrator.

9.7 Considering the increasing deficit of the plan for two years but also the constant increase of the premium requested by CIGNA, the CMIP Committee investigated alternatives to improve the long-term sustainability of the plan. After discussions and negotiations, a recommendation from the CMIP Committee, validated by the Join Advisory Committee (JAC), was made to the Coordination Committee (CoCo). After an unanimous approval, the Secretary-General took the decision to leave the CMIP with Cigna and to join the UNSMIS as of 1 January 2020.

9.8 In order to join the UNSMIS medical plan in January 2020, ITU had to contribute to the reserve fund of this plan for an equalization. The level of the participation had been agreed at the level of USD 19,53 million which was paid from the CMIP guarantee fund early 2020.

9.9 In addition, an extraordinary contribution to the reserve fund, started in 2020, will be paid yearly for thirteen years. This extra-contribution aims at compensating the impact of the entrance of ITU population on an overall plan and represents a total amount of USD 22.53 million split over thirteen years.

9.10 Joining this UN medical plan presents advantages for the staff as the contribution rate has been decreased and the deductible removed but also for ITU on a long-term approach due to the size of this plan. This plan brings together several organizations and specialized agencies of the United Nations based in Geneva. This health insurance plan includes the staff of the UN office in Geneva; UNHCR and WMO.

9.11 ASHI obligations are the subject of an actuarial study pursuant to IPSAS 39 in order to identify and recognize the amount of ITU’s future liability in relation to the corresponding benefits. An independent actuarial valuation was contracted by ITU to evaluate the ASHI obligation as of end of December. Recognition of the actuarial gains and losses of this plan follows the Other Comprehensive Income (OCI) method, which calls for recognition of actuarial gains and losses during the period as net assets in the statement of financial position.

9.12 The actuarial assumptions are described in the Notes relating to employee benefits in each financial period reflected in the financial operating report.

9.13 The following table shows the balance of short and long term employee benefits at 31 December 2021.

|  |  |
| --- | --- |
| **In thousands of CHF** | **Employee benefits – short term** |
| **Overtime** | **Accrued leave** | **Total employee benefits - short term** |
|  |
| Opening balance 1.1.2018 |  51  |  175  |  226  |  |
| Closing balance 31.12.2018 |  39  |  148  |  187  |  |
| Closing balance 31.12.2019 |  46  |  132  |  178  |  |
| Closing balance 31.12.2020 |  10 |  -  |  10  |  |
| Closing balance 31.12.2021 |  34  |  390  |  424 |  |

|  |  |
| --- | --- |
| **In thousands of CHF** | **Employee benefits – long term** |
| **ASHI** | **Pensions** | **Installation/Repatriation** | **Accrued leave** | **Total employee benefits – long term** |
|  |
|  |
|  |
| Opening balance 1.1.2018 | 617,250  |  54  |  12,485  |  8,576  |  638,365  |  |
| Closing balance 31.12.2018 |  552,240  |  54  |  12,341  |  8,777  |  573,412  |  |
| Closing balance 31.12.2019 |  611,896  |  54  |  13,500  |  9,407  |  634,857  |  |
| Closing balance 31.12.2020 |  631,870  |  54  |  12,717  |  11,380  |  656,021  |  |
| Closing balance 31.12.2021 |  545,636  |  54  |  13,330  |  11,063  |  570,083  |  |

9.14 The ASHI related obligation constitutes the most significant liability for ITU. The table below shows the evolution of the obligation and its impact on ITU net assets since the IPSAS implementation.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **In thousands of CHF** | **31.12.2018** | **31.12.2019** | **31.12.2020** | **31.12.2021** |
| **Present value of unfunded obligation recognized as liability in the statement of financial position** | -552,240 | -611,896 | -631,870 | -545,636 |
| **Actuarial losses/gains recognized in net assets** | -87,277 | -12,038 | -2,815 | -103,499 |
| **Cumulated ASHI actuarial gains and losses in net asses** | 282,427 | 270,389 | 267,574 | 277,923 |

9.15 Since 2018, the decrease of the discount rate (from 1.50 per cent in 2018? down to 0.50 per cent in 2021) used to calculate ITU’s obligation related to ASHI, resulted in significant actuarial losses, impacting negatively the net assets and increasing the ASHI related liability.

**10 Special accounts**

10.1 By decision of the Council, the following special accounts were opened in 1996: "GMPCS Memorandum of Understanding (GMPCS‑MoU)" and "Universal international freephone number (UIFN)". Further to Decision 600 of the Council 2017, parties requesting these services of UIFN must deposit upfront a sum of CHF 300 per number in the Union’s accounts. Non ITU-T and non ITU-R members are charged an annual maintenance fee of CHF 100 per number to be paid into the Union’s accounts. As the numbers are used, ITU invoices its services.

**11 Voluntary contributions**

11.1 In accordance with No. 486 of the Convention, the Secretary‑General may accept voluntary contributions in cash or kind provided that the conditions attached to such contributions are consistent with the purposes of the Union and in conformity with the Financial Regulations. The Secretary-General may equally accept trust funds for the execution of specific programmes or projects.

11.2 Voluntary contributions are received from donors for specific regular budget activities such as for example seminars, working groups, study groups, training and fellowships. Voluntary contributions can finance long-term activities. Voluntary contributions do not generate any support costs.

11.3 The table below shows the evolution of voluntary contributions between 2018 and 2021:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Voluntary contributions (in thousands of CHF, USD or EUR)** |  | **Balance at****1 January 2018** | **Balance at****31 December 2018** | **Balance at****31 December 2019** | **Balance at****31 December 2020** | **Balance at****31 December 2021** |
| **General Secretariat** | CHF |  1,138  |  2,057  |  1,317  |  1,222  |  1,081  |
| **Radiocommunication Sector** | CHF | 1,693  |  1,135  |  626  | 1,198  |  1,096  |
| **Telecommunication Standardization Sector** | CHF |  1,038  |  1,445  |  763  |  1,088  |  1,589  |
| USD |  6  |  6  |  6  |  6  |  -  |
| **Telecommunication Development Sector** | CHF | 247  |  190  |  694  |  1,262  |  529  |
| USD |  666  |  770  |  938  |  1,368  |  1,835  |
| EUR |  4  |  32  |  8  |  225  |  227  |

**12 Funds in trust**

12.1 Trust funds are used to execute projects financed by earmarked contributions, by the ICT Development Fund (ICTDF) or by governments. In all cases, the funds have to be credited to the projects before the expenses are committed. Trust funds are voluntary contributions with specific and restrictive utilization. These contributions generate support costs during the execution and implementation of the projects. Since 2011, the details of the Funds in trust balances annexed to the financial operating report are disclosed in the currency of the management of the project.

12.2 The table below shows the evolution of Funds in Trust, unused appropriations between 2018 and 2021:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Funds in trust (in thousands of CHF, USD or EUR)** |  | **Balance at 1. January 2018** | **Balance at 31 December 2018** | **Balance at 31 December 2019** | **Balance at 31 December 2020** | **Balance at 31 December 2021** |
| **ICTDF** | USD |  2,847  |  2,734  |  2,727  |  1,877  |  2,058  |
| EUR |  -  |  -  |  -  |  442  |  647  |
| CHF |  258  |  242  |  -  |  759  |  681  |
| **Development Action Plan** | CHF |  882  |  1,440  |  1,001  |  2,507  |  1,163  |
| USD |  144  |  514  |  847  |  1,393  |  3,186  |
| EUR |  1  |  1  |  166  |  204  |  63  |
| **Other FIT** | CHF |  1,109  |  1,190  |  3,323  |  3,549  |  3,819  |
| USD |  13,814  |  17,938  |  22,858  |  27,260  |  30,666  |
| EUR |  1,329  |  4,057  |  2,620  |  2,227  |  5,615  |

**13 Information and Communication Technology Development Fund (ICTDF)**

13.1 The Council approved the establishment of a TELECOM surplus development programme. During the period 2018-2021, there was no decision to allocate funds from the Exhibition capital fund to the Information and Communication Technology Development Fund.

13.2 The ICTDF has evolved as follows since 31 December 2017:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year |   | Revenue |   | Allocations/ Expenses | Balance of fund at 31 December |
|   | Contributions | Interest | Other |   |   |
|  |  | *CHF in thousand* |  |  |   |
| 2017 |   |   |   |   |  3,222  |
| 2018 |   |  110  |  31  |  249  |  3,114  |
| 2019 |   |  113  |  11  | -146  |  3,384  |
| 2020 |   |  53  | - 286  |  628  |  2,523  |
| 2021 |   |  14  |  111  | -344  |  2,992  |

**14 Other financial management questions**

**Cost attribution and cost recovery**

14.1 In accordance with Resolution 91 (Rev. Guadalajara, 2010), the Council has established the methodology for cost attribution in order to identify the costs of the various ITU activities and services provided. The Council has also identified possible areas of cost recovery in addition to those where the cost‑recovery principle is already applied, for example universal international freephone number (UIFN). Currently, cost recovery applies to UIPRN/UISCN, GMPCS‑MoU, TELECOM, publications and satellite network filings.

**Approval of the accounts of the Union for the years 2018 to 2021**

14.2 In accordance with No. 53 of Article 8 of the Constitution, the Plenipotentiary Conference gives final approval to the accounts of the Union.

MOD CL/54/1

RESOLUTION 150 (Rev. Bucharest, 2022)

Approval of the accounts of the Union for the years 2018 to 2021

The Plenipotentiary Conference of the International Telecommunication Union (Bucharest, 2022),

considering

*a)* No. 53 of the ITU Constitution;

*b)* the report of the ITU Council to this conference in Document PP-22/54, relating to the financial management of the Union during the years 2018 to 2021, and the report of the Administration and Management Committee of this conference (Document PP-22/XXX),

resolves

to give its final approval of the accounts of the Union for the years 2018 to 2021.

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