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| **Plenipotentiary Conference (PP-22)Bucharest, 26 September – 14 October 2022** |  |
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| PLENARY MEETING | **Addendum 1 toDocument 68-E** |
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| ITU Member States, members of the Regional Commonwealth in the field of Communications (RCC) |
| PROPOSALS FOR THE REVISION OF DECISION 5 (REV. DUBAI, 2018) |
| Revenue and expenses for the Union for the period 2020-2023 |
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| SummaryThe purpose of this document is to present proposals for amendments to the text of Decision 5 (Rev. Dubai, 2018) to the 2022 Plenipotentiary Conference, based on the outcomes of discussions held within the context of the Council Working Group on financial and human resources, the Council Working Group for strategic and financial plans for 2024-2027 and during the 2022 session of the ITU Council on ways to enhance efficiency in the use of ITU’s financial resources for the implementation of the strategic plan of the Union for 2024-2027.The proposed changes to the wording of a number of provisions of Decision 5 are aimed at ensuring more efficient use of ITU’s financial resources, including by enhancing the accountability and transparency of related activities, without compromising on requirements related to ensuring the Union’s business continuity and performance. Action requiredThe RCC member Administrations propose that the suggested amendments to the main body of the text of Decision 5 (Rev. Dubai, 2018), on revenue and expenses for the Union for the period 2020-2023, and Annex 2 thereto, be considered with a view to their adoption by the 2022 Plenipotentiary Conference.\_\_\_\_\_\_\_\_\_\_\_\_References– |

MOD RCC/68A1/1

DECISION 5 (REV. bucharest, 2022)

Revenue and expenses for the Union for the period 2024-2027

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

considering

*a)* the strategic plan of the Union for 2024-2027, including strategic goals, targets and outputs of the Union, in compliance with Resolution 71 (Rev. Bucharest, 2022) of the Plenipotentiary Conference, and the thematic priorities identified therein;

*b)* Resolution 91 (Rev. Guadalajara, 2010) of the Plenipotentiary Conference, on general principles for cost recovery;

*c)* Resolution 191 (Rev. [Bucharest, 2022]) of the Plenipotentiary Conference, on strategy for the coordination of efforts among the three Sectors of the Union and enhancing coordination and collaboration among the three Bureaux and the General Secretariat, with a view to avoiding internal duplication of effort and optimizing the use of resources,

considering further

*a)* that, in the consideration of the draft financial plan of the Union for 2024-2027, the challenge to use the Union's resources efficiently in order to achieve the goals and objectives in the strategic plan and increase revenues in support of the Union's business continuity is substantial;

*b)* the need to link strategic, financial and operational planning in ITU,

noting

Resolution 151 (Rev. [Bucharest, 2022]) of the Plenipotentiary Conference, on improvement of results-based management in ITU, an important component of which relates to planning, programming, budgeting, monitoring and evaluation, and the implementation of which should facilitate further strengthening of the management system of the Union, including financial management,

noting further

that Resolution 48 (Rev. Bucharest, 2022) of the Plenipotentiary Conference stresses the importance of management and development of the human resources of the Union for the fulfilment of its goals, objectives and outputs,

decides

1 that the ITU Council is authorized to draw up the two biennial budgets of the Union in such a way that the total planned expenses of the General Secretariat and the three Sectors of the Union are balanced by the anticipated revenue, on the basis of Annex 1 to this decision, taking into account the following:

1.1 that the amount of the contributory unit of Member States for the years 2024-2027 shall remain unchanged at CHF 318 000;

1.2 that expenses for interpretation, translation and text processing in respect of the official languages of the Union shall not exceed CHF 85 million for the years 2024-2027;

1.3 that, when adopting the biennial budgets of the Union, the Council may decide to give the Secretary-General the possibility, in order to meet unanticipated demand, to increase the budget for products or services which are subject to cost recovery, within the limit of the revenue from cost recovery for that activity;

1.4 that the Council shall each year review the revenue and expenses in the budget, the different activities and the related expenses, as well as key financial indicators relevant for the Union;

1.5 the Council shall take measures to maintain at the appropriate level all types of reserve funds of ITU intended to ensure the Union's business continuity;

2 that, if no plenipotentiary conference is held in 2026, the Council shall establish the biennial budgets of the Union for 2028-2029 and 2030-2031 and thereafter, having first obtained approval for the budgeted annual values of the contributory unit from a majority of the Member States of the Union and the extension of the classes of contribution announced at the previous plenipotentiary conference until a decision is taken by a new plenipotentiary conference;

3 that the Council may authorize expenses exceeding the budget for conferences, meetings and seminars if such expenses can be compensated by savings from previous years or charged to the following year, subject to compliance with the provisions of the ITU Financial Regulations and Financial Rules;

4 that the Council shall, during each budgetary period and with the support of the General Secretariat, assess the changes that have taken place and the changes likely to take place in the current and coming budgetary periods under the following items:

4.1 salary scales, pension contributions and allowances, including post adjustments, established by the United Nations common system and applicable to the staff employed by the Union;

4.2 the exchange rate between the Swiss franc and the United States dollar insofar as this affects the staff costs for those staff members on United Nations scales;

4.3 the purchasing power of the Swiss franc in respect of non-staff items of expenses;

4.4 the interest rate applicable to ITU accounts;

4.5 the arrears of ITU members;

5 that the Council shall have the task of effecting every possible economy, in particular taking into account the measures for enhancing efficiency in the use of available financial resources and reducing expenses contained in Annex 2 to this decision, and considering the possible funding gaps, and that it shall establish the lowest possible balanced and transparent budgets commensurate with the needs of the Union, taking into account the requirements established by *decides* 1 above;

6 that the following minimum guidelines should be applied in relation to any reductions in expenses with a view to ensuring the Union's business continuity and performance:

a) the financial control functions of the Union, including internal and external audits and the Independent Management Advisory Committee (IMAC), should continue to be maintained at a strong and effective level;

b) there should be no reductions in expenses which would affect cost-recovery revenue;

c) fixed costs related to the reimbursement of loans shall not be reduced;

d) fixed costs related to after-service health insurance (ASHI) should be maintained at a level consistent with decisions taken by other organizations in the United Nations common system of salaries and benefits;

e) expenses in regular maintenance costs for ITU buildings which would be required to ensure the security and health of staff should be optimized;

f) the Union's information services function should be maintained at an effective level, including by ensuring that the One ITU website is properly maintained in view of the provisions of Resolution 154 (Rev. Bucharest, 2022) of the Plenipotentiary Conference, on use of the six official languages of the Union on an equal footing;

7 that the Council shall aim in all circumstances to keep the Reserve Account at a level above 6 per cent of total annual expenses,

instructs the Secretary-General, with the assistance of the Coordination Committee

1 to prepare draft balanced biennial budgets for the years 2024-2025, as well as 2026-2027, on the basis of the associated guidelines in *decides* above, the annexes to this decision and all relevant documents approved by the Plenipotentiary Conference;

2 to draw up and implement as soon as possible a programme of appropriate revenue increases, cost efficiencies and reductions across all ITU operations so as to ensure a balanced budget for the periods 2024-2025 and 2026-2027,

instructs the Secretary‑General

1 to provide to the Council, no less than seven weeks before its 2023 and 2025 ordinary sessions, complete and accurate data as needed for the development, consideration and establishment of a balanced biennial budget;

2 to implement the new ITU accountability model adopted during the 2022 session of the Council, monitor the status of its components, including Component 3, on risk management, and assess their effectiveness and efficiency with a view to further enhancing the accountability of ITU;

3 to propose amendments to the ITU accountability system through consultation with relevant entities, including the external auditor, internal auditor, IMAC and the United Nations Joint Inspection Unit, based on best practice models, with a view to improving the new ITU accountability model, which is dynamic in nature and may be reviewed at any time to allow for necessary improvements, and to report annually to the Council on the implementation of the new model, including the relevant updates;

4 to make every effort to achieve balanced biennial budgets, and to bring to the attention of the membership, through the Council Working Group on financial and human resources (CWG-FHR), any of its decisions that may have a financial impact likely to affect the achievement of such a balance, and to report annually to the Council;

5 to assist the ITU Council in making any necessary adjustments to the strategic and financial plans, while at all times respecting the financial limits as adopted by the Plenipotentiary Conference, in line with the mandate of the Council and in the light of changes in the telecommunication/ICT environment and/or as a result of the performance evaluation and the risk-management framework;

6 to ensure coherence between the financial plan, the strategic plan, the operational plans and the biennial budgets in the pursuit of the Union's statutory activities,

instructs the Secretary-General and the Directors of the Bureaux

1 to provide to the Council, on an annual basis, a report on ITU budget implementation for the previous year and anticipated implementation of the ITU budget for the current year, outlining expenses relating to each item in Annex 2 to this decision;

2 to make the necessary efforts to achieve reductions through a culture of efficiency and economy and to include the savings actually achieved within the overall approved budgets in the above report to the Council;

3 to include in the report to the Council referred to in *instructs the Secretary General and the Directors of the Bureaux* 1 above data on extrabudgetary activities and related expenses,

instructs the ITU Council

1 to review and approve the balanced biennial budgets for 2024-2025 and 2026-2027, giving due consideration to the associated guidelines in *decides* above, the annexes to this decision and all relevant documents approved by the Plenipotentiary Conference;

2 to authorize the Secretary-General, in accordance with Article 27 of the current Financial Regulations and Financial Rules, in the event that a surplus is achieved during the budget implementation, to prioritize allocating an appropriate amount to the ASHI Fund, with a view to topping up the Fund to the maximum extent possible;

3 to authorize the Secretary-General, in the event that a surplus is achieved during the budget implementation, to allocate an appropriate amount to the New Building Project Fund and/or the Risk Register Fund for the new building, subject to approval by the Council, to finance the costs that cannot be financed through the loan agreement concluded with the host country;

4 to consider further appropriations in the event that additional sources of revenue are identified or savings achieved;

5 to examine and approve programmes aimed at increasing revenues, enhancing efficiency in the use of financial resources and reducing the costs of ITU drawn up by the Secretary-General with the assistance of the Coordination Committee;

6 to take account of the impact of any cost-reduction programme on the staff of the Union, including the implementation of a voluntary separation and early retirement scheme, where this can be funded from budgetary surplus;

7 in considering measures that could be adopted to strengthen control of the finances of the Union, to take into account the financial impact of such issues as ASHI funding and the medium- to long-term maintenance and/or replacement of buildings at the premises of the Union, and recommendations of the external and internal auditors and IMAC;

8 to invite the external auditor, internal auditor, IMAC and CWG-FHR to continue to develop recommendations to ensure greater financial control of the finances of the Union, taking into account, *inter alia*, the issues identified in *instructs the ITU Council* 7 above;

9 to consider the reports relating to the matter, and report to the next plenipotentiary conference, as appropriate,

invites the ITU Council

to fix, to the extent practicable, the preliminary amount of the contributory unit for the period 2028-2031 at its 2025 ordinary session,

invites Member States

to announce their provisional class of contribution for the period 2028-2031 before the end of the calendar year 2025.

[ANNEX 1 TO DECISION 5 (REV. BUCHAREST, 2022)

Table 1

Financial plan of the Union for 2020-2023: Revenue and expenses



Table 2



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ANNEX 2 TO DECISION 5 (REV. bucharest, 2022)

Measures for improving ITU's efficiency and reducing its expenses

1) Regular assessment of the level of achievement of the strategic goals, objectives and outputs with a view to increasing efficiency through budget reallocation, when necessary.

2) Member States, Sector Members and other ITU members taking all possible measures to settle/eliminate arrears to the Union.

3) Identification and elimination of all forms and instances of duplication of functions and activities between all ITU structural bodies and measures. Coordination, harmonization and closer cooperation among the Sectors, including optimization of management methods, logistics, coordination and support by the secretariat as well as centralization of finance and administrative tasks.

4) Coordination and harmonization of all seminars, workshops and cross-sector activities by the secretariat's Inter-Sectoral Coordination Task Force (ISC-TF) in order to avoid duplication of topics, to optimize management, logistics, coordination and secretariat support and to benefit from synergy between the Sectors and a holistic approach to the subjects covered.

5) Enhanced efficiency in respect of the regional presence, including regional and area offices in implementing the strategic goals and objectives of ITU as a whole, including in the use of local experts and local networks of contacts and resources. Maximum coordination of activities with regional and other interested organizations in the rational use of existing financial and human resources, including savings on travel costs and costs associated with the planning and organization of events held outside Geneva.

6) Rational use of staff to achieve high levels of productivity, efficiency and effectiveness by achieving a quantitative and qualitative balance between the number of staff and the number of posts; promotion of flexible forms of employment; providing conditions and workplaces that enable employees to realize their full potential, etc.; and possible reduction of grades of vacant posts, in particular in non-sensitive parts of the General Secretariat and the three Bureaux and where there is no increased risk of a drop in performance.

7) Prioritizing staff redeployment for the implementation of new or additional activities. New hiring should be the last option, while taking into account gender balance, geographical distribution and new skill requirements.

8) The use of consultants should only occur when the relevant skills or experience cannot be found among existing staff and after confirmation of this requirement in writing by senior management.

9) Upgrading the capacity-building policy to qualify the staff, including staff in regional and area offices, for multi-sector proficiency, in order to improve staff mobility and their flexibility for redeployment to new or additional activities.

10) Reduction by the General Secretariat and the three Sectors of the Union of the cost of documentation by, among other measures, pursuing initiatives aimed at making ITU a fully paperless organization; and fostering the adoption of innovative information and communication technology (ICT) solutions, without any significant decrease in the quality of the information provided to event participants or to ITU staff in the course of their day-to-day work.

11) Reducing to the absolute minimum necessary the printing and distribution of ITU promotional/non-revenue generating publications, including by using the ITU website to its fullest potential in line with the provisions of Resolution 154 (Rev. Bucharest, 2022) of the Plenipotentiary Conference.

12) Implementation of practicable measures for making savings in the provision of interpretation and the translation of ITU documents, including minimizing the length of documents, and in the preparation of publications for events of all kinds and at all levels, without prejudice to the goals of Resolution 154 (Rev. Bucharest, 2022) of the Plenipotentiary Conference, as well as through optimization of resource usage in the language services, including through the use of alternative translation procedures, while maintaining translation quality and the accuracy of telecommunication/ICT terminology.

13) Increasing the efficiency of World Summit on the Information Society (WSIS) programme activities and activities aimed at achievement of the Sustainable Development Goals, consistent with the financial plan and the biennial budget and, as appropriate, through cost recovery and voluntary contributions in accordance with the ITU Financial Regulations and Financial Rules. Participation by the regional and area offices, in collaboration with other United Nations agencies, in WSIS activities being carried out at the regional level.

14) Optimization of the number and duration of meetings, and holding such meetings with the aid of telecommunication/ICT capabilities. Reduction of the number of groups to the minimum necessary through their restructuring and/or termination of their work in the absence of any outcomes and/or where there is duplication of activities, while avoiding any risk, in particular, of failure to fulfil the strategic and operational goals and objectives of the Union.

15) For new activities or those having additional financial resource implications, a "value-added" assessment shall be made and implemented in order to improve efficiency, to avoid overlap and duplication and to minimize the need for additional funding for the so-called unfunded mandatory activities, through the development of criteria aimed at selecting the minimum number of necessary objectives.

16) Sound consideration of the size of, location of and resources allocated to regional initiatives, outputs and assistance to members, the regional presence both in the regions and at headquarters, as well as those actions resulting from the outcome of the World Telecommunication Development Conference and the ITU-D Action Plan, and financed directly as activities from the Sector budget.

17) Reduction of the cost of travel on duty, by developing and implementing criteria in order to reduce travel costs. The criteria should consider and aim at minimizing business travel, as far as possible, by prioritizing the allocation of staff from the regional and area offices, by limiting time on mission, through joint representation in meetings, and by rationalizing the number of staff sent on mission from various departments/divisions of the General Secretariat and the three Bureaux.

18) Continued implementation by the Union of the comprehensive plan to improve the stability and predictability of the financial base of the Union, mobilizing the necessary resources and, *inter alia*, improving the management of internal corporate projects requiring significant long-term investments.

19) Optimization of expenses related to maintenance, routine repair and renovation/reconstruction of the ITU buildings and facilities and to the provision of safety in accordance with applicable United Nations system standards.

20) Increased use of virtual meetings and remote participation in physical meetings in order to reduce and/or eliminate travel to meetings the proceedings of which are held interactively online and, preferably, captioned, with interpretation where necessary, including remote presentation of documents and contributions. It shall be necessary to ensure, however, the equal rights of physically present and remote participants in line with Resolution 167 (Rev. [Dubai, 2018]) of the Plenipotentiary Conference.

21) Use of innovative cross-cutting means and working methods for improving the effectiveness of the Union's activities.

22) Discontinuing to the greatest extent possible communications by fax and traditional postal mail between the Union and Member States, and replacing them with modern electronic communication methods.

23) Continuing the efforts to simplify, harmonize or eliminate, as appropriate, internal administrative processes, for subsequent digitization and automation.

24) Consideration of further sharing of some common services with other United Nations organizations, and practice of such sharing where beneficial to the Union.

25) Appeals to Member States, to the extent possible, with the support of the secretariat, to include in their proposals to ITU conferences an annex with relevant information in order to allow the Secretary-General/Directors of the Bureaux to identify the probable financial implications of such proposals in order to comply with Article 34 of the ITU Convention, on financial responsibilities of conferences.

26) Appeals to Member States to reduce to the minimum necessary the number of issues raised and the time devoted to their consideration at all conferences, assemblies and other meetings. Broader use of interregional discussions during the preparatory process with a view to a greater alignment of positions.

27) Any additional measures adopted by the Council and the ITU management, including measures to increase the efficiency of the internal audit function, institutionalize evaluation functions, assess and minimize the risk of fraud and other risks, implement external auditor, internal auditor, Independent Management Advisory Committee and United Nations Joint Inspection Unit recommendations for implementation of the strategic and financial plans of the Union for 2024-2027.

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