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|  | **Revision 1 toDocument CWG-FHR-17/20** |
| **19 January 2024** |
| **English only** |
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| Contribution from China (People’s Republic of), South Africa (Republic of), Algeria (People's Democratic Republic of), Cuba (Republic of) |
| PROPOSAL OF ESTABLISHING GUIDELINES FOR COOPERATION WITH THIRD-PARTY WHICH MAY HAVE SUBSTANTIAL FINANCIAL AND/OR STRATEGIC IMPLICATIONS  |
| **Purpose (Objective)**The secretariat is invited to provide further information on cooperation with third parties and to establish related guidelines.**Action required**The Council Working Group on Financial and Human Resources is invited to **consider** the proposal and **take actions** as appropriate.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**References***JIU/REP/97/5 The challenge of outsourcing for the United Nations system;* *JIU/REP/2002/7 Management Audit Review of Outsourcing in the United Nations and United Nations Funds and Programmes;* *JIU/REP/2019/9 Review of contemporary practices in the external outsourcing of services to commercial service providers by United Nations system organizations;* [*CWG-FHR-17/11*](https://www.itu.int/md/S24-CWGFHR17-C-0011/en)*.* |

1. **Background**

During the past 3 years, ITU has cooperated with third-party in a number of important work, such as:

1. Dalberg, as the consultant appointed to support the ITU secretariat to drafting the strategic and financial plan of ITU (2024-2027), also moderated the virtual consultation for the draft of the strategic and financial plan;
2. Boston Consulting Group, as the knowledge partner for P2C, SDG Digital Day, GIGA and other initiatives of ITU, such as supporting the development of the P2C pledging framework and the conceptualization of the [online platform](https://www.itu.int/partner2connect-pledges/), supporting develop SDG Digital Acceleration Agenda, and developing report *Meaningful school connectivity: An assessment of sustainable business models;*
3. EY, provided the report evaluating current state and developing an IT Roadmap for ITU’s service excellence and growth to support the transformation of systems, processes and tools.

Third parties obviously could bring about professional knowledge and skills from one side, but may also have financial and/or strategic implications for the Union. For the strategic aspect, the third-party may conduct activities on its own behalf incomplete reflecting or being inconsistent with the overall strategic goals of ITU agreed by all the member states. For the financial aspect, cooperating with the third-party may also cause financial implications, such as hiring experts or consultants, but relevant service orders were not appropriately disclosed to Member States.

One approach to achieve third-party cooperation is by outsourcing, which has been reviewed by JIU in 1997 (JIU/REP/97/5), 2002 (JIU/REP/2002/7) and 2019 (JIU/REP/2019/9). The JIU report 2019 recommend the executive heads to conduct of a clearly documented strategic analysis and periodic review when outsourcing any strategic, sensitive or high-value service and related goods and periodic review.

In addition, it is unclear whether there are other approaches to cooperate with third-party. If these activities have financial and/or strategic implications, ITU Council should consider establishing guidelines to mitigate potential risks.

1. **Discussion**

Cooperating with third-party that have substantial financial and/or strategic implicationsmay expose ITU to several risks, including but not limited to:

- Access risk: Third party arrangements that hinder an organization’s ability to provide timely data or information to the Council.

- Compliance risk: The risk arising from violations of laws (including privacy laws), rules or regulations, or from noncompliance with ITU’s internal policies, procedures or business standards.

- Reputational risk: The risk arising from negative public opinion that can emanate from: unsatisfactory vendor performance; unexpected financial loss; violations of laws and regulations;

- Strategic risk: The third-party may conduct activities on its own behalf that are inconsistent with the overall strategic goals of ITU.

Transparency promotes accountability and contributes to building ITU Members’ knowledge and trust in ITU’s activities. In order to better deal with related risks, it is of great importance to formulate guidelines for ITU’s cooperation with third-party that have substantial financial and/or strategic implications.

**3. Proposals**

To promote transparency and accountability of the Union, it is advised that:

1. Pursuant to the proposed actions in CWG-FHR 17/11, the General Secretariat is kindly invited to prepare a comprehensive report to the 2024 ordinary session of ITU Council, regarding the status of ITU’s current cooperation with third-parties that have substantial financial and/or strategic implications. The report should include, but not limited to the partners(from both sides), financial implications, service orders (if any), duration, and outcomes.
2. The General Secretariat is advised to develop guidelines for cooperation with third-parties that have substantial financial and/or strategic implications to the Union, and submit to the next CWG-FHR for discussion.

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