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|  | **Document CWG-FHR-18/9** |
| **5 June 2024** |
| **English only** |

**Chair of the Council Working Group on Financial
and Human Resources**

**Summary report of the eighteenth meeting**

The Council Working Group on Financial and Human Resources is chaired by
Ms. Vernita D. Harris, (United States of America) assisted by six Vice-Chairs as follows:

AFR - Ms Seynabou Cisse Seck (Senegal)

AMS - Mr Ronaldo Moura (Brazil)

ARB - Ms Noha Gaafar (Egypt)

ASP - Mr Daniel Caruso (Australia)

CIS - Mr Erzhan Meiramov (Kazakhstan)

EUR - Mr Szabolcs Szentleleky (Hungary)

**1 Opening remarks and approval of the revised Agenda
(Document** [**CWG-FHR-18/1 rev.1**](https://www.itu.int/md/S24-CWGFHR18-C-0001/en)**)**

 **Opening remarks by the Chair**

1.1 The Chair, Ms. Vernita D. Harris (United States of America) welcomed delegates.

1.2 Expressing no further objections to the agenda, the revised Agenda
(CWG-FHR 18/1 (Rev. 1)) was approved.

 **Welcome remarks by the Secretary-General**

1.3 The Secretary-General, Ms. Doreen Bogdan addressing the Council Working Group on financial and human resources, expressed gratitude for the attendees' participation and emphasized the importance of the day's discussions for the upcoming 2024 Council session. She highlighted the significant progress made since the last meeting and thanked members for their involvement in various groups and recent events.

**2 Financial Regulations and Financial Rules:**

2.1 The January 2024 CWG-FHR session established an online correspondence group to review and continue discussion on the proposed changes to the Financial Regulations in Document [CWG-FHR-17/10](https://www.itu.int/md/S24-CWGFHR17-C-0010/en) with the aim of endorsing the recommendations to Council 2024. The correspondence group, which included 66 participants, conducted its work from February through April 2024 through a correspondence page to facilitate posting of proposed changes, their rationale, questions, comments, and other discussion. Final recommendations were posted on the correspondence page on 24 April 2024, and all Members were invited to provide any final comments. No Members expressed opposition. An additional document ([Summary and position paper – proposed changes to the FRFR](https://www.itu.int/en/council/ties/Documents/2024/Summary-and-Position-paper.docx)) was included in the Report as [Annex B](https://www.itu.int/md/S24-CWGFHR18-C-0002/en) at the request of several Member States. This document provides a record of the discussions which took place and as well as further details and context of the final recommendations. **CWG-FHR recommends Council-24 approve** theproposed updates to the Financial Regulations and Financial Rules – 2022 Edition ([FRFR](https://www.itu.int/en/council/ties/Documents/Financial-regulations/S-GEN-REG_RGTFIN-2022-PDF-E.pdf)).

**Recommendations:**

**PREAMBLE (No direct relevant IPSAS standard)**

• Paragraph 3, Second Sentence, this has been deleted as all funds managed by ITU including project funds should be administered under ITU’s Financial Regulations.

• **Recommendation**: The outcome of the CWG-FHR’s correspondence group virtual session on 2 April 2024 was to accept this deletion to the paragraph as all funds received should be solely administrated under ITU’s financial regulations and rules.

**Article 1 - Management and control of the finances of the Union (No direct relevant IPSAS standard)**

• No proposed changes.

• **Recommendation:** After discussion it was concluded by the CWG-FHR’s correspondence group virtual session to maintain these paragraphs under the financial regulations. Therefore, no change is proposed. Going forward, further work is required on the integration of the contracts committee role within existing ITU procurement manual. This will be done and reported back to Council.

**Article 3 - ITU TELECOM secretariat budget (No direct relevant IPSAS standard)**

• Propose to delete this Article as ITU Telecom is no longer an event.

• **Recommendation**: The CWG-FHR’s correspondence group virtual session supports this proposed change.

**Article 9 - Approval of the biennial budget**

• Propose to delete Paragraph 4 as it is outdated.

• **Recommendation:** The CWG-FHR’s correspondence group virtual session supports this proposed change.

**Article 10 - Implementation of the budget of the Union: Role of the Secretary-General (No direct relevant IPSAS standard)**

• Paragraph 6, delete the reference to ITU telecom activities.

• Paragraph 6, to move reporting to web-based platform.

• **Recommendation**: The CWG-FHR’s correspondence group virtual session supports this proposed change. ITU will ensure that historic quarterly information will be made available.

**Article 15 - Custody of Cash and Cash equivalents (IPSAS 2 – Cash flow statements)**

• Introduction of new text to strengthen financial accountability on ITU’s cash and cash equivalents.

• **Recommendation**: The CWG-FHR’s correspondence group virtual session supports this proposed change.

**Article 16 - Investment of Cash and Cash equivalents (IPSAS 2 – Cash flow statements)**

• Introduction of new text to strengthen investment accountability on ITU’s cash and cash equivalents.

• **Recommendation**: The CWG-FHR’s correspondence group virtual session supports this proposed change. As a result of this change, further work is required by the ITU secretariat to update investment policy so that ITU improve cash and cash equivalent management.

**Article 18 - Accounts and financial statements (IPSAS 1 - Presentation of Financial Statements)**

• Introduction of new text to strengthening accounts and financial statements.

• **Recommendation**: The CWG-FHR’s correspondence group virtual session supports this proposed change.

**Article 19 - ITU TELECOM exhibitions, forums and similar events organized by the Union (No direct relevant IPSAS standard)**

• Propose to delete this Article to reflect current business operations.

• **Recommendation**: The CWG-FHR’s correspondence group virtual session supports this proposed change.

**Article 19 - Funds (No direct relevant IPSAS standard)**

• Introducing fund accounting to better reflect accounting requirements.

• **Recommendation**: The CWG-FHR’s correspondence group virtual session supports this proposed change. The introduction of fund accounting allows ITU to accurately and transparently manage its financial reporting. It is not the creation of an additional reserve account, and its major purpose is to improve accounting structures to ultimately improve financial reporting.

**Article 26 - Accrued liability for other staff benefits – (IPSAS 25 – Employee benefits)**

• Updating text to reflect full IPSAS compliance.

• **Recommendation**: The CWG-FHR’s correspondence group virtual session supports this proposed change.

**Article 27 - Net Assets including Reserve Account – (IPSAS 1 - Presentation of Financial Statements)**

• Update text to reflect the actual business practices.

• **Recommendation**: The CWG-FHR’s correspondence group virtual session supports this proposed change.

2.2 Further details on these activities and recommendations approved by the correspondence group are included in [Annex A](https://www.itu.int/md/S24-CWGFHR18-C-0002/en), with additional information on the rationale and context underlying the proposed changes included in [Annex B](https://www.itu.int/md/S24-CWGFHR18-C-0002/en).

**3 Oversight Charter**

3.1 The January 2024 CWG-FHR session discussed the Oversight Charter at length and established an online correspondence group to continue discussions on the Oversight Charter. The correspondence group met three times, and 44 of the 91 registered participants actively participated in at least one of these meetings. As a result of these meetings, the correspondence group proposed text for a charter which had been fully agreed except for specific text with square brackets in three paragraphs. Given that the proposed Oversight Charter text is the result of numerous debates in January 2024 followed by further debate and agreement by several member states at the correspondence group, and considering the text in the proposed Oversight Charter has been reviewed by the ITU Legal Advisor, a decision was made at the June CWG-FHR meeting to remove the text between the 3 square brackets and finalize the oversight charter. The following contributions received by Member States ([CWG-FHR-18/5](https://www.itu.int/md/S24-CWGFHR18-C-0005/en) and [CWG-FHR 18/6](https://www.itu.int/md/S24-CWGFHR18-C-0006/en)) and the IMAC ([CWG-FHR-18/8](https://www.itu.int/md/S24-CWGFHR18-C-0008/en)) were considered; however they were not accepted in order to reach rough consensus and to recognize the extensive efforts of member states at the CWG-FHR sessions and correspondence group. CWG-FHR recommends Council-24 approve the oversight charter after reviewing IMAC’s ([CWG-FHR-18/8](https://www.itu.int/md/S24-CWGFHR18-C-0008/en)) inputs. CWG-FHR further recommends that Council-24 instruct the CWG-FHR to review the implementation of the oversight charter at its January 2025 session.

4 Resource Mobilization Strategy

4.1 A correspondence group was established to continue discussions on the draft resource mobilization strategy following the brainstorming session which took place during the January meeting of the CWG-FHR. The secretariat thanked the more than 50 delegates who participated in the onsite and online sessions. One online session was organized for each of the three main areas of action of the strategy: strengthening membership; leveraging events, products and services; and increasing voluntary contributions. Significant background information was provided. Following these three online sessions, one last session was held to review a marked-up version of the strategy (as originally presented to Council-23), taking into account the inputs from delegates over the course of this consultation process. The secretariat then finalized the document ([C24/70](https://www.itu.int/md/S24-CL-C-0070/en)) and submitted it for Council-24.

4.2 Delegates thanked the secretariat for organizing the sessions, noting that it was a positive and informative process. They requested that the strategy be further refined to include details such as estimated required funds within the broader financial context of the Union, assigned actions / roles of Bureaux, General Secretariat and regional offices, and KPIs to monitor to progress.

**5 ITU Headquarters Project**

5.1 Based on the direction provided by the January 2024 CWG-FHR and activities since, the secretariat provided a progress report on the Union’s headquarters premises project ([C24/7](https://www.itu.int/md/S24-CL-C-0007/en)) and several Member State and multi-country contributions were introduced ([C24/83](https://www.itu.int/md/S24-CL-C-0083/en); [C24/94](https://www.itu.int/md/S24-CL-C-0094/en); [C24/104](https://www.itu.int/md/S24-CL-C-0104/en); [CWG-FHR-18/](https://www.itu.int/md/S24-CWGFHR18-C-0007/en)7). Finally, the Member States Advisory Group (MSAG) provided a report on activities and outcomes since the Extraordinary Session of Council 2023 ([C24/48](https://www.itu.int/md/S24-CL-C-0048/en)).

5.2 After additional discussion, and based on the activities informed by the CWG-FHR in October 2023 and January 2024, and MSAG meetings held on 8 and 28 March, 22 April, 13 and 23 May, and noting the contributions by Member States and MSAG Members, consensus was reached on recommending to the Council to take a decision to approve the alternative reassessed project which shall not exceed CHF 172.69M, subject to the concurrence of the majority of ITU Member States in accordance with CV79, and instruct the Secretary-General take subsequent steps necessary to implement the alternative reassessed project, reflective of Member State and MSAG contributions and interventions.

5.3 Should the Council approve the alternative reassessed project, CWG-FHR recommends Council instruct the Secretary-General to develop an assessment and strategic plan regarding the long-term vision of the entire ITU Geneva campus and provide an initial draft to the January 2025 CWG-FHR, considering, at a minimum, several factors raised during interventions and in contributions.

5.4 The above is reflected as an addendum with one paragraph in square brackets related to the timeline for which the Secretary-General shall present to the MSAG a statement of work, which will include design requirements and a design concept. Legal noted that this process must be consistent with procurement rules, which is also reflected in the addendum.

**Recommendation:**

The Council Working Group on Financial and Human Resources (CWG-FHR), taking into account Resolution 212 (Rev. Bucharest, 2022) of the Plenipotentiary Conference on *The Union’s Future Headquarters Premises,* recommends that Council-24 take a decision, which includes the following elements:

1. approve the alternative reassessed project which shall not exceed CHF 172.69M, subject to the concurrence of the majority of ITU member states in accordance with CV79, and instruct the Secretary-General to:
	1. take all necessary steps to implement the alternative reassessed project to meet the needs of the ITU Membership and staff as reflected in the tables below;

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| **Alternative Reassessed Project Scope** |
| **Conference facilities** | **Large conference room (sponsored by Saudi Arabia)**Approx. 500 seats**Conference Lobby**Proportionally sized |
| **Catering** | **Cafeteria** A dining room of approx. 150 seats**Delegate lounge**Approx. 120 seats |
| **Meeting rooms** | Approx. 23 rooms |
| **Workplace** | Approx. 200 seats |
| **Essential amenities** | Adequate to support these facilities |
| **Building projected size** | Approx. 15’000 sqm (Similar to the one it will replace) |

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| **Alternative Reassessed Project Milestones** |
| **Planning and design** | 2024-2026 |
| **Tender and Contact** | 2027 |
| **Permit and Execution** | 2028-2031 |
| **Handover** | 2031 |

* 1. liaise with the host country and take the necessary steps to repurpose the CHF 150M loan for the reassessed project;
	2. engage with sponsors and interested parties, with a view of keeping the committed sponsorships as outlined in Resolution 212 (e.g. noting d.), and finding mutually acceptable solutions to address the commitments that may not be possible to meet in the alternative reassessed project;
	3. ensure the design and implementation of the reassessed project meets the needs of the Union by providing the MSAG with the information necessary to:
		1. provide general advice and recommendations on the implementation of the project, with the aim of ensuring adherence to timeline and budget (not to exceed CHF 172.69M);
		2. provide guidance regarding any funding changes as a result of cost fluctuations, savings, or any eventual additional sponsorship or donation; and
		3. provide guidance on engagement with sponsors and interested parties.
	4. [Provide a status update to the MSAG by December 2024 regarding the statement of work, which will include design requirements and design concept, while being consistent with procurement rules; and]
	5. Continue consultation with the MSAG throughout the duration of the design and build process, while being consistent with procurement rules.
1. Instruct the Secretary-General to develop an assessment and strategic plan, and provide an initial draft to the January 2025 CWG-FHR, on the long-term vision of the entire ITU Geneva campus, considering, at a minimum, the following factors:
	1. overall financial impact and sustainability of the ITU Geneva campus;
	2. safety and security requirements;
	3. management and operational requirements;
	4. optimizing usage of all facilities;
	5. ensuring business continuity;
	6. include allocation of the regular budget for maintenance for the entire ITU Geneva campus;
	7. staff working flexibility (i.e. hybrid working arrangements);
	8. options for alternative venues for ITU meetings outside of the ITU Geneva campus; and
	9. liaise with the Strategic Plan and Financial Plan Working group.
2. Instruct the Secretary-General to provide all reports on the implementation of 1 and 2 to internal and external ITU oversight entities and Member States.
3. Instruct the MSAG to update its Terms of Reference and provide timely updates and reports to the CWG-FHR.

**6 Other business**

6.1 The Chair thanked everyone for their hard work, highlighted the consensus reached despite disagreements, and mentioned preparing a report and addendum. The floor was then handed to the Deputy Secretary-General, before closing the meeting.

6.2 The Deputy Secretary-General highlighted the intense productivity and commitment of the Member States, expressed gratitude to the Chairs of the Correspondents Groups, the Chair of the Member States Advisory Group, the secretariat, and supporting colleagues for their diligent work, gave special thanks to the Chair for her steady guidance on complex issues, emphasized the importance of continuing the Correspondents Groups, and concluded with thanks to all involved, noting intentions to document the achievements and looking forward to the next day's activities.

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