



## **Report by the Secretary-General**

### **AUDITED FINANCIAL OPERATING REPORT FOR THE FINANCIAL YEAR 2023**

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#### **Purpose**

The purpose of this document is to inform the Council Working Group on financial and human resources on the Audited financial operating report for the financial year 2023.

#### **Action required**

This report is transmitted to the Council Working Group on financial and human resources **for information**.

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#### **References**

Council documents [C24/43](#); [C24/109](#) and [C24/120](#)

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## Report by the Secretary-General

### AUDITED FINANCIAL OPERATING REPORT FOR THE FINANCIAL YEAR 2023

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#### Purpose

Under No. 101 of the Convention of the International Telecommunication Union and Article 30 of the Financial Regulations of the Union, the Secretary-General requests to submit a financial operating report each year to the Council.

The Financial Operating Report for the financial year 2023 covers:

- The audited accounts for the financial year 2023 of the budget of the Union and extra-budgetary funds.

#### Action required by the Council

The financial operating report on the audited accounts and the draft resolution in [Annex A](#) are submitted to the Council for **consideration** and **approval** by correspondence.

Once examined and approved by the Council, the report will be communicated to the Member States and Sector Members.

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#### References

Convention: No. [101](#)

Financial Regulations of the Union: [Article 30](#)

Council documents [C24/43](#)

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# Financial operating report

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## Preface to the Financial Statements 2023

2023 was the year when digital climbed to the top of the global agenda.

From the G7 and G20 Summits to the Third United Nations Conference on the Least Developed Countries (LDC-III) and the latest World Radiocommunication Conference (WRC-23), digital technologies were front and center.

Never before have these technologies held so much potential to address the world's most pressing challenges and accelerate progress on the Sustainable Development Goals (SDGs).

As the UN agency for digital technologies, the International Telecommunication Union (ITU) rose to the occasion. ITU's driving force is the Strategic Plan for the Union for 2024-2027, adopted at the ITU Plenipotentiary Conference 2022. At its heart are universal connectivity and sustainable digital transformation.

Key highlights for 2023 included:

**1. Aligning digital inclusion with the pace of digital transformation.** Rapid advances and innovation in generative artificial intelligence (AI), computing and other fields dwarf the progress made in bridging the digital divide. While Internet use increased globally and, in every region, 2.6 billion people remain offline worldwide — with persistent disparities between high- and low-income countries, rural and urban areas, and men and women. ITU's efforts have focused not only on infrastructure but also on affordability, skills, safety and all the other elements that make connectivity meaningful.

**2. Harnessing the potential of radiocommunications to the fullest.** The agreement on updates to the Radio Regulations reached at WRC-23 identified new spectrum resources to support technological innovation, expand global connectivity, increase access to and equitable use of space-based radio resources, and enhance safety at sea, in the air and on land. These outcomes provide the legal certainty and regulatory stability needed for investment and innovation to thrive at a time when equitably managed radio-frequency spectrum and associated satellite orbits are essential to a digital future that works for all people and the planet.

**3. Realizing the true value of standards.** All AI governance initiatives recognize standards as a critical component. This is the latest indication of increasing attention being given to standardization in government, industry, academia, and civil society. ITU responds to this need with standards to support digital transformation from energy to healthcare, and by integrating different perspectives from human rights to sustainability. ITU standards make digital technologies more connected, efficient, affordable, safe, accessible, and sustainable. They are powerful tools for accelerating progress towards the SDGs.

**4. Thinking development first.** Inequalities between the world's digital haves and have-nots are widening. In high-income countries, for example, almost 90 per cent of the population is covered by a 5G network, while such service is nearly absent in low-income countries. ITU's efforts on network and digital infrastructure, policy and regulation, statistics, digital applications and inclusion, cybersecurity, capacity development, e-waste, emergency telecommunications, and other fundamental issues address all dimensions of sustainable development — economic, social, and environmental. Thus, ITU accompanies countries wherever they are in their digital transformation journey.

**5. Striking the right balance between the benefits and risks of emerging technologies.** The SDG Digital Acceleration Agenda launched by ITU and the United Nations Development Programme (UNDP) in September 2023 showed that game-changing digital solutions like AI can directly contribute to 70 per cent of targets under the 17 SDGs. Through the AI for Good platform and AI governance initiatives, ITU has stepped up its efforts to ensure the responsible development and deployment of AI without stifling innovation. Technical standards and capacity building are the cornerstones of an inclusive digital future, where emerging technologies empower everyone, not just a privileged few.

**6. Strengthening engagement in UN processes and beyond.** Throughout 2023, ITU actively participated in major UN processes — from the Doha Programme of Action for the Least Developed Countries to ongoing Global Digital Compact discussions. This strong engagement has resulted in landmark initiatives with UN sister agencies, such as the Early Warnings for All initiative, the Connectivity for Refugees initiative, and the Global AI for Health Initiative. Last year's G20 also saw ITU serve as a knowledge partner in the Development and Digital Economy tracks and take an active part in the Space Economy track.

**7. Unleashing the power of partnerships.** The level of commitment seen in 2023 to the Partner2Connect Digital Coalition, Giga, and other key multistakeholder partnerships is an integral part of the ITU Strategic Plan. These partnerships bring us closer to achieving universal connectivity and sustainable digital transformation and give hope to the millions who still find themselves on the wrong side of the digital divide.

If 2023 was the year when digital climbed to the top of the global agenda, 2024 could be the year when digital dominates the agenda — with the UN Summit of the Future presenting a once-in-a-generation opportunity to create a more inclusive, safe, and sustainable digital future for all.

Below you will find the analysis contained in ITU's Financial Operating Report for 2023. The forthcoming ITU Report on the implementation of the strategic plan and the activities of the Union (Document C24/35) will provide further operational details, reflecting the organization's steadfast commitment to data-driven insights and results-oriented strategies.

## Introduction

1 The Financial Statements and the Financial Operating Report for the year ended 31 December 2023 are submitted in accordance with Article 30 of the Financial Regulations of the Union - Edition 2018.

2 The Financial Statements are prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and cover all operations of the organization, including those funded by regular budget, extra-budgetary, operating and finance revenue.

a. The Financial Regulations specify a biennial financial period; however, in accordance with IPSAS, annual financial statements are required to be presented. ITU's biennial budget is prepared under a results-based budget format, the scope of which includes:

- i. the regular budget, covering the contributions from the Member States as well as those from the Sector Members, Associates and Academia;
- ii. Other operating revenue, which comprises cost-recovery revenue (including Publications, Satellite Network Filings), revenue from interest and other revenue-generating activities; and,
- iii. if necessary, withdrawals from the reserve account.

b. Other revenues, including extra-budgetary funds, are not reported under the budget of the Union.

3 Reporting financial statements on an IPSAS basis has no impact on the preparation or reporting of ITU's results-based budget, which continues to be presented on a modified cash basis. As the basis of the budget and the financial statements differ, a reconciliation between the budget and the IPSAS statement of financial performance is presented under Statement V: Statement of comparison – Budget and actual amounts in Note 24 to the Financial Statements.

## Financial operating report highlights for 2023

4 The Union's accounts are kept in Swiss francs. The financial statements presented include all sources of funds for ITU, including the regular budget and extra-budgetary funds.

5 Figure 1 below summarizes the financial situation of ITU in 2023 as compared to the previous year 2022.

**Figure 1: Financial Situation for the years 2023 and 2022**



- 6 As noted in Figure 1, above there is an increase in overall total revenue from 2022 compared to 2023 by CHF 8.7 million due to the increase in publications revenue (CHF 2.1 million), in other revenue (CHF 5.2 million), in extra-budgetary fund revenue (CHF 1.1 million) and satellite network fillings revenue (CHF 0.3 million). Expenses for 2023 have remained rather stable at CHF 197.2 million as compared to CHF 196.8 million in 2022, as a net result of an increase in non-staff costs, which have been partially offset by a decrease in staff costs. The next sections provide further analysis of the revenue and expenses.
- 7 Finance revenue / cost moved from CHF 6.5 million revenue in 2022 to CHF 8.3 million costs in 2023. The change of CHF14.8 million is mostly due to the decrease in the interest rates used for estimation of the net present value of the FIPOI loans (CHF 10.2 million), the change in realized and unrealized exchange losses (CHF 7.8 million) which is partially offset by the increase in interest earned on investments (CHF 3 million).
- 8 The organization's assets have decreased by CHF 6.1 million, mostly due to decreases in cash and cash equivalents, investments, and receivables offset by an increase in assets under construction of CHF 6.8 million. Liabilities have increased by CHF 38.2 million, driven by the increase in the value of the After-Staff Health Insurance (ASHI) fund and net present value of borrowings, due to changes in discount rates.
- 9 The 2023 deficit of CHF 24.8 million (compared to the deficit of CHF 18.3 million in 2022) is the net result of overall expenses exceeding revenue for the year for ITU as a whole. Notably, however, ITU closed the year with a surplus of CHF 1.4 million with respect to the implementation on the budget, which is detailed documented in Statement V and further described in Note 24 of the Financial Statements.

## Financial performance

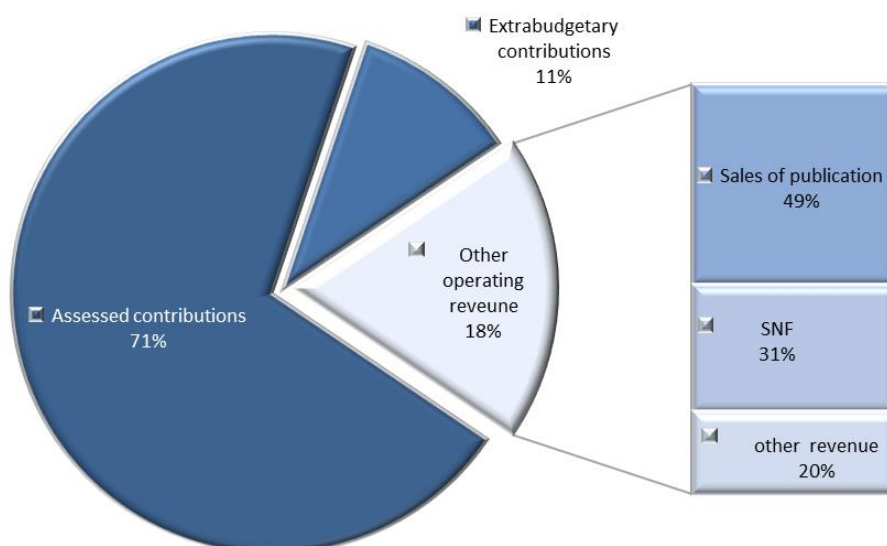
### Revenue

- 10 ITU revenues in 2023 amounted to CHF 180.7 million, compared to CHF 172.0 million in 2022. Table 1 below shows the major sources of revenue for both 2023 and 2022. Revenue for assessed and extrabudgetary contributions has increased by CHF 1.1 million. Revenues from publications and satellite network filings have increased by CHF 2.4 million. Other revenue has increased by CHF 5.2 million.
- 11 Despite a financial income of CHF 4.6 million on short-term investments placed during the year, the overall financial performance of the organization is negative due to the following two factors: the realized foreign exchange losses on short-term investments (CHF 3.6 million) due to strengthened Swiss franc compared to the US dollar and the Euro in 2023; and an exposure of unrealized losses on investments of CHF 2.6 million as at 31 December 2023 with maturity in 2024.



**Table 1 – Revenue sources 2023 and 2022**

Description (CHF millions)	2023	2022
Assessed contributions	127.6	127.6
Extrabudgetary contributions		
- Voluntary contributions	3.9	3.9
- Trust fund contributions	15.1	14.0
<i>Total Extrabudgetary contributions</i>	<i>19.0</i>	<i>17.9</i>
<i>Other operating revenue</i>		
- Publications	16.7	14.6
- Satellite Network Filings (SNF)	10.6	10.3
- Other revenue	6.8	1.6
<i>Total - Other operating revenue</i>	<i>34.1</i>	<i>26.5</i>
<b>Total Revenue</b>	<b>180.7</b>	<b>172.0</b>

**Figure 2 – Revenue Analysis breakdown for 2023**

- 12 As can be seen from Figure 2 above, the main source of revenue for ITU is assessed contributions representing 71 per cent, followed by other operating revenue representing 18 per cent which included the sales of publications and the satellite network filings (SNF).
- 13 Extra-budgetary contributions recognised for 2023 make up 11% of all revenue (CHF 19.0 million) (CHF 17.9 million in 2022). The reason for the increase is due to the increased implementation rate in 2023 compared to 2022 of trust funds.
- 14 The implementation of the Funds in Trust (FIT) projects generated a revenue of CHF 1.014 million in 2023 (CHF 0.941 million in 2022) as support cost.

## Expenses

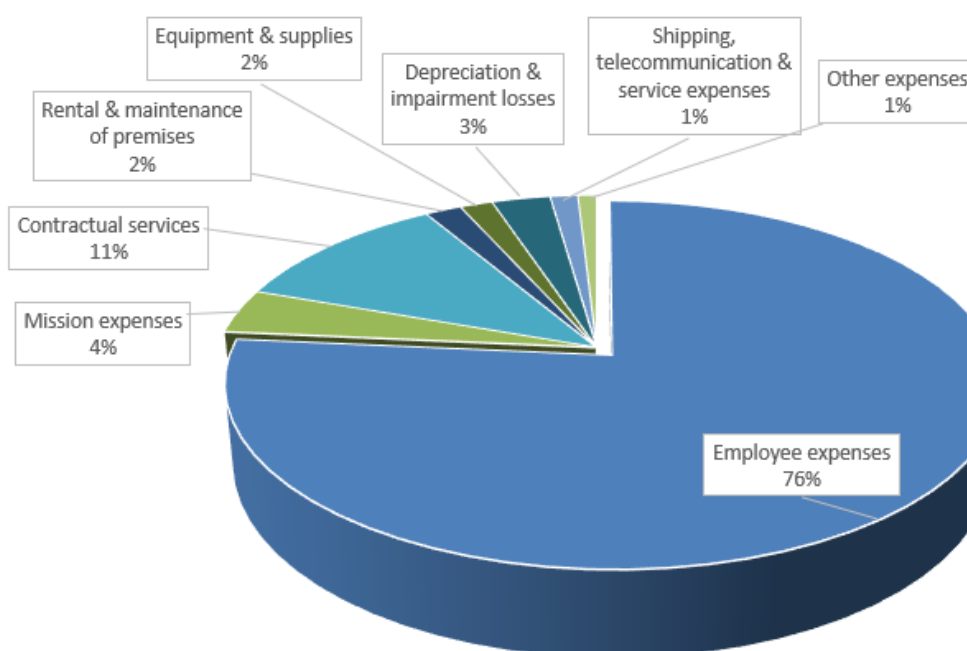
- 15 In 2023, ITU's expenses amounted to CHF 197.2 million (CHF 196.8 million in 2022) which represented a 0.2% increase compared to 2022. Table 2 shows the comparison of expenses for 2023 compared to 2022. It is noted that the biggest expense, employee expenses in 2023 is slightly lower than in 2022 and offsets the increases in non-staff expenses in 2023. The main increase for 2023 is related to the travel expenses which have increased to CHF 7.8 million surpassing the 2019 pre-COVID level of CHF 7.7 million. This is mostly due to the conferences held during the year.

**Table 2 – Comparison of expenses for 2023 to 2022**

Expressed in CHF '000	2023	2022
Employee expenses	150,724	153,510
Mission expenses	7,788	5,589
Contractual services	21,821	20,527
Rental and maintenance of premises and	3,537	2,860
Equipment and supplies	3,150	2,460
Depreciation and impairment losses	5,660	9,495
Shipping, telecommunication and service	2,673	2,242
Other expenses	1,808	122
<b>Total Expenses</b>	<b>197,161</b>	<b>196,805</b>

- 16 Figure 3, comparison of expenses in 2023, shows the breakdown of expense by nature, which highlights ITU's high level of staff costs which account for 76% of all costs. Contractual services are the next biggest category of expense at 11% which is comparable to 2022. Other expenses increased in 2023 due to the increase of the provision for the doubtful receivables.

**Figure 3 – Composition of expenses in 2023 (CHF 197.2 million)**



## Financial position

- 17 On 31 December 2023, the organization had negative net assets of CHF 257.4 million, with total assets of CHF 308.5 million and total liabilities of CHF 565.9 million as shown in table 3 below. The net assets were lower by CHF 44.3 million compared to 2022. This was largely due to changes in the discount rates and assumptions used for the ASHI valuation in 2023 as compared to 2022. These changes have resulted in an increase in the After-Service Health Insurance (ASHI) liability of CHF 31.2 million from CHF 344.1 million to CHF 375.3 million. Addressing the model for long-term staff benefits is a critical requirement for this trend to change.

**Table 3 – Summary of Assets, Liabilities, Net assets**

Expressed in CHF millions	2023	2022	Variation
Asset	308.5	314.6	(6.1)
Liabilities	(565.9)	(527.7)	(38.2)
Net assets	(257.4)	(213.1)	(44.3)

### Assets

- 18 Current assets exceed current liabilities by CHF 118.5 million (compared to CHF 128.3 million in 2022), mostly due to the significant level of cash and cash equivalents. As at 31 December 2023, cash and cash equivalent amounted to CHF 155.9 million, as compared to CHF 193.9 million in 2022.

### Assessed contributions-receivables

- 19 The collection of assessed contributions has a direct impact on ITU's liquidity position, and, as such, is extremely important for the smooth implementation of ITU's appropriated regular programme budget. While the Plenipotentiary Conference approves the operation of the reserve fund at a minimum level of 6% (CHF 10 million), this represents only three weeks of expenses, essential to maintain the operability of the organization. The reserve fund currently stands at CHF 26.3 million, representing 9 weeks of programme budget expenses for 2023. The collection rate for the year ended 31 December 2023 was around 92%, as compared to 93% at December 2022.
- 20 Gross assessed contributions are due and payable to ITU in accordance with its Constitution and Financial Regulations. As required under IPSAS, an allowance is made when payment of contributions is not expected as per the financial regulations and rules.

## Liabilities

- 21 Total liabilities as at 31 December 2023 amounted to CHF 565.9 million (compared to CHF 527.7 million as at 31 December 2022).

## Employee Benefits

- 22 The most significant liabilities were the future employee benefits accrued by staff members and retirees. The After-Service Health Insurance (ASHI) liability alone represents 71% of ITU's total liabilities as at 31 December 2023. This ASHI liability has increased by CHF 31.1 million in 2023 compared to 2022. This was mostly driven by a decrease in the discount rate.
- 23 ITU finances payments due under its ASHI liability on a pay-as-you-go basis. Resolution 1405 of the budget for 2022-2023 includes a withdrawal of CHF 1 million each biennium from the reserve account to finance this long-term liability. In accordance with IPSAS-39, no plan assets have been offset against the liability; however, an amount of CHF 14 million has been accumulated in the ASHI Special Account as at 31 December 2023 to cover future liabilities.

## Long Term Borrowings

- 24 ITU currently has four interest-free loans with the Fondation des Immeubles pour les Organisations Internationale (FIPOI). As of 31 December 2023, three of these loans are reflected in the financial statements at fair value. The fourth loan currently does not have a repayment schedule and is therefore valued at amortized cost until repayments under this loan begin. Further information is available under Note 16. The benefit received by ITU, as a result of the interest free loans was estimated at CHF 0.93 million in 2023.

## Budget result vs IPSAS result

- 25 Statement V of the financial statements was prepared based on the regular budget of ITU's Budget Framework and provides a view of the utilization of the appropriated regular budget on a modified cash basis. On that basis, the organization achieved a surplus against the appropriated regular budget of CHF 1.4 million.
- 26 A reconciliation between budgeted results and IPSAS results is included in the financial statements (Statement V). Note that the financial performance statement (Statement II) includes other areas, such as extra-budgetary contributions, depreciation, and other entity differences that are not included in the budget. Statement V highlights the major differences in the Budget of the organization to the overall revenue and expenses.

**Responsibility**

27 As provided for in Article 30 of the Financial Regulations of the Union, the following financial statements have been prepared in accordance with IPSAS. The financial statements and notes thereto form an integral part of this document and present an accurate view of the Union's financial situation at 31 December 2023.

- I. Statement of financial position as at 31 December 2023
- II. Statement of financial performance for the year ended 31 December 2023
- III. Statement of changes in net assets for the year ended 31 December 2023
- IV. Statement of cash flows for the year ended 31 December 2023
- V. Statement of comparison: Budget and actual amounts for the year ended 31 December 2023

**External audit of the Union**

28 Pursuant to Article 28 of the Financial Regulations and Financial Rules, and in accordance with Decision 621 of the Council 2020 at its second virtual consultation, The National Audit Office of United Kingdom of Great Britain and Northern Ireland was appointed as External Auditor of the Union's accounts, in a manner decided by the ITU Plenipotentiary Conference and for a four-year term.



## **Statement on Internal Control for 2023**

**INTERNATIONAL TELECOMMUNICATION UNION, GENEVA**

## Statement on Internal Control for 2023

### Scope of responsibility

As Secretary-General, I am accountable for the administration of ITU, for the implementation of its mandate, programmes and other activities. In accordance with Nos 73 bis and 75 of the Constitution (Article 11), and Articles 1, 10, 16, 28, 29 and 30 of the Financial Regulations and Financial Rules, the responsibilities assigned to me include maintaining a system of internal controls designed to provide reasonable assurance on the achievement of objectives while ensuring reliable financial and non-financial reporting, effective and efficient operations, and compliance with regulations, rules, service orders and policies, including the prevention and detection of fraudulent activities.

### Control framework and effectiveness review

As Secretary-General of ITU, I recognize the dynamic nature of the global environment in which ITU operates. I have taken steps to ensure that ITU's internal controls are improving and adapt to emerging challenges. This involves a systematic approach to better embed risk management in business processes, enhance our information systems, and foster an accountable and transparent culture.

These efforts are guided by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework. The COSO framework provides a comprehensive model for effective organizational governance and risk management, emphasizing five interrelated components: control environment, risk assessment, control activities, information and communication, and monitoring activities.

### Enhancing Internal Controls Since January 2023

Upon assuming office as Secretary-General on 1 January 2023, I initiated efforts to refine ITU's internal controls to better serve our evolving organizational needs. ITU is in the process of further developing the transformation plan which was approved in July 2023. The Transformation Roadmap was presented to and approved by Council 2024, together with initial funding from budget savings. Council also decided that the secretariat should seek to fund the implementation of the Transformation from regular budget allocations going forward. This transformation aims at improving administrative processes, support systems, and internal controls throughout my tenure.

### Establishment and work of the Oversight Unit

In September 2023, following approval by the ITU Council, I established the Oversight Unit, which encompasses internal audit and investigation functions. An evaluation function will be added in 2024. The Oversight Unit, and particularly the internal audit function, provides independent assurance about the effectiveness of our internal control system and will contribute to enhanced transparency and accountability. With respect to the investigations function, the Oversight Unit was assigned six cases in 2023 for investigation. All six cases were finalized, of which two cases were closed with unsubstantiated allegations. Three of the remaining four cases do not have any financial impact. One specific case for CHF 57 000 has questionable transactions and has been reported to the External Auditor during 2023.

## Responsibilities and Accountability

In line with the Financial, Staff Regulations, and Rules, I have delegated authority and accountability to Elected Officials and senior management, ensuring that every ITU staff member contributes to our robust internal control environment. The Elected Officials and senior management are tasked with the effective application of internal controls within their areas of authority. Assurance of compliance is obtained through internal letters of representation signed by Elected Officials and senior management, confirming their adherence to our internal control and use of ITU funds. ITU implemented a self-assessment questionnaire focused on internal control objectives. In 2024, we will further our review of self-assessment questionnaires and internal letters of representation to provide feedback to senior management on areas of possible improvement.

## New ITU Accountability Model and Framework

The ITU Council endorsed a new Accountability Model and Framework in March 2022. We are advancing our management dashboards to deliver real-time business data from our ERP system and other sources, facilitating dynamic trend analysis and reporting. These enhancements are regularly reviewed with the Coordination Committee, the Management Coordination Group, and oversight bodies. Council 2024 requested that the Oversight Unit include in its 2025 workplan a review of the high-risk components of the accountability framework.

## Implementation of Oversight Recommendations

Recommendations from the Oversight Unit, Joint Inspection Unit, Independent Management Advisory Committee, and External Auditors are being addressed. These recommendations inform our ongoing measures to fortify governance, risk management, and control activities.

## Review of Effectiveness as of 2023

ITU introduced a corporate compliance dashboard in November 2020 to monitor and implement recommendations from our oversight bodies and the forensic audit of 2021. A comprehensive review conducted in August 2023 identified key operational, strategic, and fiduciary risks, informing the continuous update of our Corporate Risk Register.

## Key Internal control matters during 2023

In 2023, the International Telecommunication Union (ITU) conducted a thorough assessment of its internal control systems through various mechanisms, including self-assessment questionnaires and oversight assignments. This analysis highlighted several areas for improvement which are essential to enhancing our governance, risk management, and internal controls. To systematically address the top key internal control issues, we have structured our initiatives around the five key components of the COSO framework noted above. Detailed below are the key internal control matters identified during 2023, and action taken.

### 1. Control Environment

*Leadership commitment:* Our executive team sets the "tone at the top," demonstrating dedication to ethical practices and robust governance in line with the ITU constitutive regulatory framework, while ensuring that appropriate reporting structures are in place and cascade down and across the organization with clear delegation of authority, responsibility, and related accountability. The executive team is also committed to fostering a workplace culture built on competence, respect, and service to our membership. To that end, the team has paid close attention to the results of the 2023 staff survey with remedial actions for improvement where needed.



*Declaration of Interests:* Senior Management remains vigilant in overseeing and strengthening our internal control system, particularly in areas like consultant use and adherence to our Declaration of Interests Policy. The annual Declaration of Interests exercise, updated in 2022 to include Special Service Agreement holders, underscores our commitment to ethical governance. However, further work is required to ensure compliance on a timely basis and future follow-up on declarations not received.

*The Oversight Unit's findings* Underscore the need for enhanced governance and control effectiveness. Executive managers have committed to addressing these through recommended actions, with the Oversight Unit monitoring progress via the compliance dashboard. Additionally, the Independent Management Advisory Committee continues to provide expert guidance to me and the ITU Council, ensuring the effectiveness of our governance and internal control system.

*Transformation update:* The ITU is undergoing a significant transformation, driven by the need to address evolving challenges in its operations and service delivery and the roadmap has been approved by the Council 2024. This transformation has been guided by the EY report on digital excellence and has been instrumental in setting a blueprint particularly through its comprehensive Enterprise Architecture assessment. This assessment marks a crucial first step in the ITU's journey towards modernization, as it lays the groundwork for addressing key challenges identified within the organization. By re-evaluating and optimizing its enterprise architecture, the ITU aims to enhance its efficiency, adaptability, and overall effectiveness in fulfilling its mission. This transformation is not only about improving current systems but also about preparing the organization for future demands and technological advancements.

*Transformation Team creation:* The Council in 2023 approved the creation of the ITU Transformation Team with a mandate to support the transformation of ITU towards organizational excellence. An interim Chief was appointed, effective 11 December 2023, to build the Transformation team and to finalize the details and the timeline of the Transformation roadmap. The Transformation Roadmap was presented to and approved by Council 2024, together with initial funding from budget savings. Council also decided that the secretariat should seek to fund the implementation of the Transformation from regular budget allocations. The appointment of a Chief Transformation Team was completed and the selected staff member will join ITU in September 2024.

*Results Based Management (RBM):* In July 2023, the Council noted the Financial Transformation Plan under document C23/50. As per this plan, ITU will improve the accountability, transparency, and effectiveness of the organization's programmes through RBM. This will help to further ensure transparency on prioritization across the organization and effective resource allocation. Initial scoping has begun based on current processes and related systems. Further significant work is required in this area and is part of the transformation roadmap.

## 2. Risk Assessment

*Risk Management processes:* ITU risk management process, covering the identification, assessment and risk responses are recorded in a corporate risk register. Through the current update of the corporate risk register, the coverage was extended to include risks related to human resources management and procurement activities. In addition, significant risks are brought to the attention of the Management Coordination Group.

However, the systematic embedding of Enterprise Risk Management (ERM) remains a challenge due to the uneven clarity regarding objectives that ought to cascade down and across the department,

division, or unit level. The strengthening of result-based management – the approach for the articulation of strategic and operational objectives at ITU needed to anchor ERM – is already part of Senior Management 2024 plan to improve the internal control system.

### 3. Control Activities

*Financial reporting improvements:* The Financial Statements 2022 were signed off in January 2024 and work has continued on several key areas to improve ITU reporting for 2023 and future years. This work led to revised accounting policies, improved quality on reconciliations and a thorough review of ITU financial year end closure practices. ITU has been supported by external expertise to ensure we can meet our IPSAS reporting requirements for 2023 and has also reinforced the workforce by creating two additional posts to support accounting and financial reporting services in the longer term. Further work will be undertaken on financial reporting processes during 2024 to ensure that ITU improves in this key area. Ongoing enhancements are practical steps in strengthening ITU's control activities to ensure reliability and integrity of financial reporting.

*Cancellation of ex-gratia payments:* The decision to cancel these payments and propose the abolishment of Article 10.4 demonstrates a commitment to ethical standards and integrity. Indeed, in 2023, Council approved the proposed modification so that no further payments can be made by the Secretary-General. No ex-gratia payments have been made.

### 4. Information and Communication

*Portal Email and Corporate Intranet:* Regular updates are provided through these platforms, covering a variety of topics essential to internal control processes. This includes information on Teleworking Arrangements, reminders about UNDSS trip requirements, updates on Service Orders and notices about the abrogation of outdated Office Memoranda.

*Town Hall Meetings:* Control-related information is also communicated to staff during regular Town Hall meetings, ensuring widespread awareness and compliance across the organization.

These mechanisms ensure that all personnel are informed on internal control requirements critical to organizational integrity and regulatory compliance.

*New building project updates:* Proceeding with the new building project is awaiting a final decision by the majority of Member States. ITU has recently recruited a new Head of Building Project and Facilities Management division as from 1 May 2024. The project is overseen by the Deputy Secretary-General. Its governance structure includes the New Building Management Board (operational level) and the Steering Committee (strategic level), which include all relevant parts of the ITU Secretariat including the Staff Council, as well as the Member States Advisory Group (MSAG). The Secretariat presented an update in January 2024 to the CWG-FHR. The new proposal for the alternative reassessed project, with an adjusted scope and within the available budget, was submitted by the Secretary-General and approved by the ITU Council in June 2024 (Decision 640). Proceeding with the tendering, design, dismantling of the Varembe building, and subsequent construction is pending a final decision by the majority of ITU Member States, in accordance with No. 79 of the ITU Convention, with results expected by 31 August 2024.

## 5. Monitoring Activities

*Evaluation of ERP controls:* In 2023, ITU retained an external expertise to conduct a thorough review of our Enterprise Resource Planning (ERP) system, focusing on potential segregation of duty conflicts, weaknesses, and compliance issues, including in relation to critical activities and sub-processes susceptible to be exploited for fraudulent activities. From 2024 onwards, these reviews will be undertaken annually given the growing centrality of the ERP system in ITU business processes. In addition, ITU is considering oversight recommendation to acquire and include the Governance, Risk Management, and Compliance (GRC) component to our ERP system.

## Conclusion and future commitments

The Statement of Internal Control for ITU for the year ended 31 December 2023 demonstrates our commitment to enhancing the system of internal controls to guarantee the effective and efficient operation of the organization, alongside compliance with relevant regulations and policies. Throughout the year, progress has been achieved, notably with the establishment of an Oversight Unit and the effective implementation of recommendations from both internal and external audits. The audits conducted by the Oversight Unit in 2023 have led to the conclusion that while our internal control system is moderately adequate, it still requires targeted enhancements to improve effectiveness.

As ITU moves forward, we are dedicated to seeking to improve and enhance internal controls. I am committed to transparency, increased accountability, and strengthening our governance structures. By implementing recognized best practices and fostering a robust culture of integrity and compliance, ITU can achieve its strategic objectives more effectively and efficiently in the forthcoming years. This work is iterative and ongoing, reflecting our commitment to continuous improvement in the control environment to meet both current needs and future challenges.



Doreen Bogdan-Martin

Secretary-General

Geneva, 27 September 2024

## External audit opinion

### INDEPENDENT AUDITOR'S REPORT TO THE INTERNATIONAL TELECOMMUNICATION UNION

#### Opinion on financial statements

I have audited the financial statements of the International Telecommunication Union for the year ended 31 December 2023, which comprise the

- Statement of Financial Position as at 31 December 2023,
- Statement of Financial Performance, Statement of Changes in Net Assets, Statement of Cash Flows and Statement of comparison – Budget and actual amounts for the year then ended, and
- the related notes, including the significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects the financial position of the International Telecommunication Union as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

#### Emphasis of matter – impairment of assets under construction arising after the reporting date

Without qualifying my opinion, I draw attention to the disclosure in Note 27 to the financial statements in relation to the impact of the 2024 Council Decision on the valuation of new building costs capitalised as assets under construction. As at 31 December 2023, CHF 19.7 million of costs relating to the project are recorded as assets under construction. The disclosure explains that based on analysis performed by management to date, these costs will be impaired in 2024 as a result of the Council Decision to approve the alternative building project. My audit opinion is not modified in respect of this matter.

#### Opinion on regularity

In my opinion, in all material respects, the revenue and expenses have been applied to the purposes intended by the Council of the International Telecommunication Union and the financial transactions conform to the International Telecommunication Union's Financial Regulations.

#### Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) and the International Telecommunication Union's Financial Regulations. My audit of regularity was undertaken using the principles set out within the ISAs. My responsibilities under these standards are further described in the *Auditor's responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the International Telecommunication Union in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

#### Other Information

Management is responsible for the other information. The other information comprises information included in the Financial Operating Report, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Responsibilities of Management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the International Telecommunication Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the International Telecommunication Union or to cease operations, or has no realistic alternative but to do so. Management and those charged with governance are responsible for overseeing the International Telecommunication Union's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs,

- I exercise professional judgment and maintain professional scepticism throughout the audit.
- I identify the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the International Telecommunication Union's internal control.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- I conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the International Telecommunication Union's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the International Telecommunication Union to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

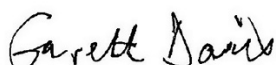
In addition, I am required to obtain evidence sufficient to give reasonable assurance that the revenue and expenses reported in the financial statements have been applied to the purposes intended by the Council of the International Telecommunication Union and the financial transactions confirm to the Financial Regulations which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

### Report

I issued a long-form report to the June Council on my 2023 audit. I have no further issues to report.



**Gareth Davis**  
**Comptroller and Auditor General**  
National Audit Office  
157-197 Buckingham Palace Road  
London, SW1W 9SP  
United Kingdom

**Date: 1 October 2024**

## Financial Statements

## Statement I: Statement of Financial Position

As at 31 December 2023

(In thousands of CHF)

Description	Notes	31 December 2023	31 December 2022 (restated)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	155 868	193 868
Investments	8	35 070	13 860
Receivables - exchange transactions	9	6 446	5 333
Receivables - non-exchange transactions	9	13 132	9 211
Inventories		-	307
Other receivables	10	6 238	5 441
<b>Total current assets</b>		<b>216 754</b>	<b>228 020</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	59 459	63 412
Intangible assets	12	2 949	3 431
Assets under construction	13	26 597	19 769
Receivables - non-exchange transactions, non-current	9	2 780	-
<b>Total non-current assets</b>		<b>91 785</b>	<b>86 612</b>
<b>Total ASSETS</b>		<b>308 539</b>	<b>314 632</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	14	13 042	10 541
Contributions received in advance	15	50 544	50 823
Deferred revenue	15	3 590	6 761
Borrowings and financial debts	16	1 391	1 391
Employee benefits	17	527	245
Provisions	18	1 778	1 459
Other debts	19	3 057	2 230
Third-party funds	20	24 359	26 226
<b>Total current liabilities</b>		<b>98 288</b>	<b>99 676</b>
<b>Non-current liabilities</b>			
Borrowings	16	51 657	46 940
Employee benefits	17	398 861	368 472
Allocated third-party funds, non-current	20	17 088	12 601
<b>Total non-current liabilities</b>		<b>467 606</b>	<b>428 013</b>
<b>TOTAL LIABILITIES</b>		<b>565 894</b>	<b>527 689</b>
<b>TOTAL NET ASSETS</b>		<b>(257 355)</b>	<b>(213 057)</b>
ITU reserve account	4	26 271	28 388
Other reserves & funds	4	65 557	64 322
Extrabudgetary funds	4	13 353	14 036
ASHI actuarial gains/(losses)	17	31 911	51 435
Accumulated Surpluses/(deficit)		(394 447)	(371 238)
<b>RESERVES AND FUNDS BALANCES</b>		<b>(257 355)</b>	<b>(213 057)</b>

**Statement II: Statement of Financial Performance**

As at 31 December 2023

(In thousands of CHF)

Description	Notes	31 December 2023	31 December 2022 Restated
<b>REVENUE</b>	21		
Assessed contributions		127 562	127 613
Extra-budgetary Contributions		18 952	17 965
Other operating revenue		34 145	26 473
<b>Total revenue</b>		<b>180 659</b>	<b>172 051</b>
<b>EXPENSES</b>	22		
Employee expenses		150 724	153 510
Mission expenses		7 788	5 589
Contractual services		21 821	20 527
Rental and maintenance of premises and equipment		3 537	2 860
Equipment and supplies		3 150	2 460
Depreciation and impairment losses		5 660	9 495
Shipping, telecommunications and service expenses		2 673	2 242
Movement in impairment / provision		4	(2 807)
Other expenses		1 804	2 929
<b>Total expenses</b>		<b>197 161</b>	<b>196 805</b>
Finance revenue / (cost)	21	(8 272)	6 489
<b>Surplus/(deficit) for the period</b>		<b>(24 774)</b>	<b>(18 265)</b>



**Statement III: Statement of Changes in Net Assets**

As at 31 December 2023

(In thousands of CHF)

Description	ITU Reserve Account	Other reserves & funds	Extra-budgetary Reserves	ASHI actuarial gains / (losses)	Accumulated surplus / (deficit)	Net assets Total
<b>31 December 2021</b>	<b>29,388</b>	<b>68,063</b>	<b>16,621</b>	<b>(164,075)</b>	<b>(360,781)</b>	<b>(410,784)</b>
Surplus/(deficit) for the year 2022 (Restated)		(4,440)	(2,886)		(10,941)	(18,267)
Other adjustments	(1,000)	699	301	215,510	485	215,995
<b>31 December 2022</b>	<b>28,388</b>	<b>64,322</b>	<b>14,036</b>	<b>51,435</b>	<b>(371,238)</b>	<b>(213,057)</b>
Surplus/(deficit) for the year 2023	(2,117)	1,235	(683)		(23,209)	(24,774)
Other adjustments				(19,524)		(19,524)
<b>31 December 2023</b>	<b>26,271</b>	<b>65,557</b>	<b>13,353</b>	<b>31,911</b>	<b>(394,447)</b>	<b>(257,355)</b>

For further information, see Note 4.

**Statement IV: Statement of Cash Flows**

For the year ended 31 December 2023

(In thousands of CHF)

Description	Notes	31 December 2023	31 December 2022 Restated
<b>Cash flow from operating activities</b>			
Total Surplus (deficit) for the period	Statement II	(24,774)	(18,266)
Depreciation and amortisation	11, 12	5,660	9,495
ASHI provision	22	11,645	13,976
(Increase) / decrease in receivables	9	(6,706)	7,360
(Increase) / decrease in other receivables	10	(1,084)	884
(Increase) / decrease in inventories		307	160
Increase / (decrease) in payables	14	2,497	3,086
Increase / (decrease) in contributions received in advance	15	(279)	(2,749)
Increase / (decrease) in deferred revenue	15	(3,172)	394
Increase / (decrease) in employee benefits - current	17	282	(179)
Increase / (decrease) in provision	18	319	87
Increase / (decrease) in other debts	19	827	(2,732)
Increase / (decrease) in employee benefit - non-current	17	(780)	77
Increase / (decrease) in third-party funds	20	2,621	(8,657)
Provision for doubtful receivables	9	(1,786)	(5,662)
Increase / (decrease) on revaluation of long-term borrowings	16	4,055	(6,176)
Interest (received) / paid	21	(4,559)	(1,523)
Unrealized exchange-rate gains/losses on operations	21	17	(617)
<b>Cash flow from operating activities</b>		<b>(14,910)</b>	<b>(11,041)</b>
<b>Cash flows from investing activities</b>			
Interest received from short-term investments	21	4,559	1,523
Investments purchased during the year	8	(75,802)	(59,746)
Proceeds from the sale of investments	8	52,928	67,161
Unrealized exchange-rate gains/losses on investments	21	2,614	950
Acquisition of property, plant and equipment	11	(86)	(283)
Acquisition of intangible assets	12	(773)	(3,286)
Increase in Assets under construction	13	(7,191)	(6,347)
<b>Net cash flows from investing activities</b>		<b>(23,751)</b>	<b>(28)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term borrowings	16	(1,391)	(1,391)
Increase in long term borrowings	16	2,053	2,517
<b>Net cash flows from financing activities</b>		<b>662</b>	<b>1,126</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(37,999)</b>	<b>(9,943)</b>
<b>Cash and cash equivalents at opening of period</b>	<b>7</b>	<b>193,868</b>	<b>203,811</b>
<b>Cash and cash equivalents at closure of period</b>		<b>155,868</b>	<b>193,868</b>

**Statement V: Statement of comparison – Budget and actual amounts**

For the year ended 31 December 2023

(In thousands of CHF)

	Budgeted amounts			Actual amounts on a comparable basis	Difference - final budget and actual amounts
	Initial Budget - 2023	Budget transfers - 2023	Final budget - 2023		
Revenue					
Assessed contributions	125,710	191	125,901	126,027	(126)
Cost recovery	36,500	-	36,500	28,674	7,826
Interests	300	-	300	2,935	(2,635)
Other revenue	200	-	200	630	(430)
Payment into to ICT and Building Funds	(1,250)	-	(1,250)	(1,250)	-
Saving from budget implementation	1,734	-	1,734	-	1,734
Total revenue	163,194	191	163,385	157,016	6,369
Expenses					
General Secretariat	90,307	-	90,307	86,564	3,743
Radiocommunication Sector	32,455	-	32,455	29,943	2,512
Telecommunication Standardization Sector	13,195	-	13,195	12,451	744
Telecommunication Development Sector	27,237	191	27,428	26,634	794
Total expenses	163,194	191	163,385	155,592	7,793
Programme Budget surplus				1,424	
Basis differences				(19,306)	
Entity differences				(6,892)	
Total IPSAS Differences				(26,198)	
Surplus/Deficit as shown in the statement of financial performance				(24,774)	

The interest earnings of CHF 2.9 million mentioned above are net of a CHF 0.5 million write-off. This write-off, approved by the Secretary-General in 2023, results from realized losses on extrabudgetary grants incurred between 2010 and 2020.

Further information on basis and entity differences is contained in Note 24.

## Notes to the financial statements

### Note 1 Objectives of the Union

The International Telecommunication Union (ITU) is the [United Nations](#) specialized agency for information and communication technologies (ICTs). As a global focal point bringing together governments and private sector, ITU assists the world in communicating through the General Secretariat and the three sectors: the [Radiocommunication](#) Sector, the [Telecommunication Standardization](#) Sector and the [Telecommunication Development](#) Sector. ITU fully recognizes each State's sovereign right to regulate its telecommunications.

ITU, was the entity with prime responsibility for organizing the [World Summit on the Information Society](#).

The organization is made up of 193 Member States and over 1000 companies, universities, and international and regional organizations. Headquartered in Geneva, Switzerland, and with regional offices on every continent, a United Nations liaison office in New York and a coordination unit at headquarters for Europe. ITU is the oldest agency in the UN family – connecting the world since the dawn of the telegraph in 1865. Its headquarters is Place des Nations, 1211 Geneva 20, Switzerland.

The purposes of the Union are:

- to maintain and extend international cooperation among all its Member States for the improvement and rational use of telecommunications of all kinds;
- to promote the development of technical facilities and their most efficient operation with a view to improving the efficiency of telecommunication services, increasing their usefulness, and making them, as far as possible, available to the public;
- to promote the extension of the benefits of the new telecommunication technologies to all the world's inhabitants;
- to promote the use of telecommunication services with the objective of facilitating peaceful relations;
- to harmonize the actions of Member States and promote fruitful and constructive cooperation and partnership between Member States and Sector Members in the attainment of those ends; and
- to promote, at the international level, the adoption of a broader approach to the issues of telecommunications in the global information economy and society, by cooperating with other world and regional intergovernmental organizations and those non-governmental organizations concerned with telecommunications.

To this end, the Union shall in particular:

- effect allocation of bands of the radio-frequency spectrum, the allotment of radio frequencies and the registration of radio-frequency assignments and, for space services, of any associated orbital position in the geostationary-satellite orbit or of any associated characteristics of satellites in other orbits, to avoid harmful interference between radio stations of different countries;
- coordinate efforts to eliminate harmful interference between radio stations of different countries and to improve the use made of the radio-frequency spectrum for radiocommunication services and of the geostationary-satellite and other satellite orbits;
- facilitate the worldwide standardization of telecommunications, with a satisfactory quality of service;
- foster international cooperation and solidarity in the delivery of technical assistance to the developing countries and the creation, development and improvement of telecommunication equipment and networks in developing countries by every means at its disposal, including through its participation in the relevant programmes of the United Nations and the use of its own resources, as appropriate;

- coordinate efforts to harmonize the development of telecommunication facilities, notably those using space techniques, with a view to full advantage being taken of their possibilities;
- foster collaboration among Member States and Sector Members with a view to the establishment of rates at levels as low as possible consistent with an efficient service and considering the necessity for maintaining independent financial administration of telecommunications on a sound basis;
- promote the adoption of measures for ensuring the safety of life through the cooperation of telecommunication services;
- undertake studies, make regulations, adopt resolutions, formulate recommendations and opinions, and collect and publish information concerning telecommunication matters;
- promote, with international financial and development organizations, the establishment of preferential and favorable lines of credit to be used for the development of social projects aimed, *inter alia*, at extending telecommunication services to the most isolated areas in countries; and
- promote participation of concerned entities in the activities of the Union and cooperation with regional and other organizations for the fulfillment of the purposes of the Union.

The Plenipotentiary Conference is ITU's supreme organ. Convened every four years, the conference:

- determines the Union's general policies;
- adopts four-year strategic and financial plans;
- examines the accounts of the Union and finally approve them, if appropriate;
- elects the Member States which serve on the Council;
- elects the Secretary-General, the Deputy Secretary-General, and the Directors of the Bureaux of the Sectors as elected officials of the Union; and
- elects the members of the [Radio Regulations Board](#).

The Plenipotentiary Conference is the key event at which ITU Member States decide on the future role of the organization, thereby determining the organization's ability to influence and affect the development of ICTs worldwide.

In conformity with Article 10 of the Constitution, the Council shall be composed of Member States elected by the Plenipotentiary Conference in accordance with the provisions of No. 61 of this Constitution. In the interval between Plenipotentiary Conferences, the Council shall act, as governing body of the Union, on behalf of the Plenipotentiary Conference within the limits of the powers delegated to it by the latter:

- I. The Council shall take all steps to facilitate the implementation by the Member States of the provisions of this Constitution, of the Convention, of the Administrative Regulations, of the decisions of the Plenipotentiary Conference, and, where appropriate, of the decisions of other conferences and meetings of the Union, and perform any duties assigned to it by the Plenipotentiary Conference;
- II. The Council shall consider broad telecommunication policy issues in accordance with the guidelines given by the Plenipotentiary Conference to ensure that the Union's policies and strategy fully respond to changes in the telecommunication environment. The Council shall prepare a report on the policy and strategic planning recommended for the Union, together with their financial implications, using the specific data prepared by the Secretary-General under Article number 74A below;
- III. It shall ensure the efficient coordination of the work of the Union and exercise effective financial control over the General Secretariat and the three Sectors; and
- IV. It shall contribute, in accordance with the purposes of the Union, to the development of telecommunications in the developing countries by every means at its disposal, including through the participation of the Union in the appropriate programmes of the United Nations.

Sector Members, regional telecommunication organizations and intergovernmental organizations, the United Nations, and its specialized agencies, likewise participate in the conference as observers.

## **Note 2      Basis for preparation and presentation**

The 2023 Financial Statements have been prepared on the accrual basis in accordance with the International Public Sector Accounting Standards (IPSAS) as developed and approved by the International Public Sector Accounting Standards Board (IPSASB). The financial year is from January to December. They have been prepared using the historical cost convention.

The ITU Financial Regulations and Financial Rules stipulate a biennial budgetary period; however, for a meaningful comparison with the 2023 financial statements, the budget for 2023 is presented on an annual basis in Statement V (Statement of comparison – Budget and actual amounts).

The statement cash flow (Statement IV) is prepared using the indirect method.

ITU has applied and complied with the requirements of the IPSAS standards in force at 1 January 2023, and the accounting principles applied are described in Note 3. Values are rounded to the nearest thousand, also denoted as CHF millions and / or thousands unless otherwise stated. Due to rounding, numbers presented in the notes below may not add up precisely.

ITU has prepared the financial statements on the basis it will continue to operate as a going concern, after taking into considerations the approved budget, funding forecast and the existing and anticipated effects of uncertainties relevant to the organization's activities.

**Restatements and changes in presentation or classification of items in the comparative information**

The change in the Net Present Value of the loan (CHF6.176 million), directly recognised within Statement of Changes in Net Assets in the 2022 Financial Operating Report, has been included in the 2023 Statement of Financial Performance. As a result, the Statement of Cash Flow has been restated along with Note 21, Finance revenue / (costs).

The line Receivables non-exchange transactions in Note 9 (CHF 12.5 million in 2022) was reduced by CHF 3.25 million for the sponsorship collections received during the year. The corresponding reductions was recorded in Deferred Revenue (Note 15).

The following comparative information has been reclassified or re-presented to improve the quality of presentation and to achieve consistency with current financial year and other disclosures:

- The line Deferred Revenue in Note 15 (CHF 10.8 million in 2022) was reduced as per the above to CHF 1.7 million and was disaggregated into Satellite Network filing (CHF 5.1 million in 2022) and new building sponsor. The line Contributions – Extra budgetary (CHF 0.798 million) has been reclassified under Extra budgetary funds in the line Third-party funds to be received (Note 20: Extra budgetary funds). Such funds are related to agreements signed and invoiced in 2023 for which the collection is expected in 2024.,
- The line Allocated third-party funds (CHF 35.4 million in 2022) included in Note 20 Extra budgetary funds, was disaggregated into non-current and current portion, of CHF 12.6 million and CHF 22.8 million, respectively,
- Within Finance revenue, note 21, Realized exchange loss (CHF 1.0 million in 2022) was disaggregated into Realized exchange gains on investment of CHF 1.9 million and Realized exchange loss on operations of CHF 2.9 million. Such breakdown allows to present separately the effects of the realized foreign exchange impacts on investments and on operational recurring activities,
- The lines Petty cash in CHF and Petty cash in foreign currency and the lines Bank current accounts in foreign currencies and Deposit accounts in EUR, as shown in Note 7 of the 2022 financial report, have been condensed in Petty cash and Bank current accounts in foreign currencies, respectively, to simplify the presentation.

In addition, the assets under construction have been disaggregated to provide separate disclosure of the amounts incurred in the new building project.

ITU has taken the decision to write off inventory in the 2023 Financial statements due to the immateriality of inventory values, all items were expensed. This approach ensures clarity and focus on more significant financial data, facilitating more straightforward and meaningful analysis. These assets are still controlled, but no value is ascribed in the financial statements.

**Future accounting changes**

As of 31 December 2023, the date of the Statement of Financial Position, the following IPSAS Standards had been issued, but had not taken effect:

Standard	Title	Effective date	Potential Impact in year of adoption
IPSAS 43	Leases	01 January 2025	Supersedes IPSAS 13 (Leases) and introduces right-of-use model for leases. It sets out the principles for recognition, measurement, presentation, and disclosure of leases. This new standard has currently no major impact on ITU's financial statements as ITU currently has no material leases. However, considering the development and the scope of this new standard, ITU will carefully review its accounting policy and systems to be ready for the entry into force of this standard.
IPSAS 44	Non-current assets held for sale and discontinued operations	01 January 2025	This new standard specifies the accounting for non-current assets held for sale and presentation and disclosure of discontinued operations. An analysis will be carried out to evaluate the potential impact on ITU's financial statements.
IPSAS 45	Property, plant and equipment	01 January 2025	IPSAS 45 replaces IPSAS 17, Property, Plant, and Equipment by adding current operational value as a measurement basis in the updated current value model for assets within its scope, identifying the characteristics of heritage and infrastructure assets, and adding new guidance on how these important types of public sector assets should be recognized and measured. Although this new standard is not expected to have major impact on ITU's financial statements as ITU currently does not have material heritage and infrastructure assets, a thorough review is ongoing to comply with the new standard.
IPSAS 46	Measurement	01 January 2025	IPSAS 46 provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. It brings in generic guidance on fair value for the first time, and introduces current operational value, a public sector specific current value measurement basis addressing constituents' views that an alternative current value measurement basis to fair value is needed for certain public sector assets. ITU is currently quantifying the impact of this standard on its financial accounts.
IPSAS 47	Revenue	01 January 2026	IPSAS 47, Revenue is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement. This new standard provides focused guidance to help entities apply the principles to account for public sector revenue transactions. ITU is currently quantifying the impact of this standard on its financial accounts.
IPSAS 48	Transfer expenses	01 January 2026	IPSAS 48, Transfer Expenses provides accounting guidance for transfer expenses, which account for a significant portion of expenditures for many public sector entities. This new standard fills a significant gap in the IPSASB's literature and provides guidance to help entities account for public sector transfer expense transactions. ITU is currently quantifying the impact of this standard on its financial accounts.

ITU continues to assess the impact of the above standards on future financial statements in advance of their effective date.

Furthermore, ITU continues to monitor the development of the exposure drafts (EDs) and actively engages with the work of the IPSAS Board through the United Nations System Task Force on Accounting Standards, noting that their application may have an impact on ITU's future financial statements.



### Note 3 Significant accounting policies

#### 3.1 Functional currency rate of exchange

The Swiss franc (CHF) is ITU's functional currency, and the one used in the presentation of the financial statements. Transactions in currencies other than the Swiss franc are converted into Swiss francs at the United Nations operational rate of exchange (UNORE) at the date of the transaction. Monetary assets and commitments denominated in foreign currencies are converted into Swiss francs at the UNORE rate of exchange in force at the date of closure of the financial period. Exchange-rate losses and gains, realized or unrealized, resulting from the settlement of such transactions and from conversion of the assets and commitments denominated in foreign currencies at the date of closure are recorded in the Statement of Financial Performance (Statement II).

#### 3.2 Financial instruments

ITU's financial instruments include cash and short-term deposits, investments, receivables from exchange and from non-exchange transactions, trade payable, loans, and borrowings.

##### 3.2.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank and short-term deposits with maturity of three months or less.

##### 3.2.2 Investments

Fixed-term deposits with a maturity beyond three months and up to nine months that are highly liquid, convertible into a known cash amount and subject to a negligible risk of change in value and are recorded at amortized cost as per IPSAS 41. Investments are presented in the statement of financial position as current.

##### 3.2.3 Financial liabilities and FIPOI loan

Financial liabilities comprise borrowings, other financing, suppliers, and trade payables. They are shown on the statement of financial position as current or non-current liabilities according to whether they fall due in less than or more than one year, respectively.

The amounts shown as borrowings in these financial statements consist of interest-free borrowings granted by the Fondation des Immeubles pour les Organisations Internationale (FIPOI) for funding for the construction of the ITU buildings.

ITU accounts for loans at fair value. The outstanding amount of the loans has been discounted using the Swiss Confederation 30-year bonds rate of 0.499% at December 2023 (1.476% for 2022). Further details are contained in Note 16.

The reimbursement of the loan granted for the new ITU premises will start only after the successful delivery of the new building. This loan is recognized initially at amortized cost and will subsequently be measured at fair value. The treatment of this loan will follow a similar approach to other concessionary loans from FIPOI. At present, ITU's building project has not commenced, and no repayment plan has been arranged. As soon as new information is available, ITU will reflect these decisions in its financial statements.

The ITU Headquarters Buildings are situated on land owned by the Canton of Geneva. ITU has surface rights to the land owned by the Canton of Geneva. Under the surface rights agreement (the "droits de superficie") ITU has rights to use the land until 31 December 2079. ITU does not own the land, surface rights were granted at no cost. No value for land has been recognized as ITU cannot dispose of these rights in a commercial transaction. The useful life used for calculating depreciation of the ITU headquarters buildings is the lower of the useful life of the relevant components of the ITU Headquarters Buildings or the duration of the underlying surface rights agreement.

### 3.2.4 *Receivables*

ITU's receivables are classified as receivables and loans are non-derivative financial assets with fixed or determinable maturity dates that are not traded on an active market. They originate when ITU enters a contractual arrangement with a third party and remain so until the cash transfers associated with those financial assets have been executed and the associated risks and benefits have likewise been transferred to ITU. Such assets are classified as current assets, except those having maturity dates beyond 12 months after the date of closure, which are classified as non-current assets.

Receivables are divided into two distinct categories: receivables from exchange transactions, such as those resulting from the sale of publications or satellite network filing; and receivables from non-exchange transactions, notably those relating to assessed contributions made to ITU but also voluntary contributions and sponsorships.

Receivables are recognized at amortized cost. This is adjusted against the provision for doubtful debts when reviewing doubtful debts at the time of the annual closure of the accounts.

ITU assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events, occurring after the initial recognition of the asset, have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. The carrying amount of the asset is reduced using an allowance account and the amount of the loss is recognized in surplus or deficit. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to revenue in surplus or deficit.

## 3.3 Introduction of new IPSAS

Two new significant accounting standards have been reviewed for the financial year 2023: IPSAS 41, Financial Instruments, and IPSAS 42, Social Benefits.

The IPSAS 42 standard is designed to establish the principles and requirements for recognizing, measuring, and presenting social benefits in financial statements. Upon review, it has been determined that IPSAS 42 has not impacted ITU's financial statements and therefore has not been adopted.

IPSAS 41: this new standard replaces IPSAS 29, enhancing the principles for the financial reporting of financial assets and liabilities. This standard is pivotal in assessing the amounts, timing, and uncertainty of future cash flows for an entity. Notably, the adoption of IPSAS 41 has influenced our financial statements with regard to disclosure notes. The changes encompass terminology adjustments and introduce the requirement for Expected Credit Loss (ECL) calculations. ITU has leveraged guidance from the Finance and Budget Network of the United Nations in implementing this standard. Further information on the implementation of this standard is contained in Note 5.

### **Classification and measurement of financial instruments of ITU**

Financial instruments are recognized from the trade date when ITU becomes a party to the contractual provisions of the instrument until the rights to receive cash flows from those assets have expired or have been transferred and the Organization has transferred substantially all the risks and rewards of ownership.

The principles of IPSAS 41 in relation to the financial reporting of financial assets have been applied in the preparation of these financial statements, and in that respect, the following criteria have been considered in determining the classification and measurement of the financial assets and liabilities:

- a) the business model for managing the financial assets and liabilities; and
- b) the contractual cash flow characteristics of the financial assets and liabilities.

These classification criteria determine which of the measurement bases to apply under IPSAS 41 for each category of financial asset or liability: amortized cost, fair value through net assets/equity, or fair value through surplus or deficit.

The financial assets and liabilities have been classified under IPSAS 41 as follows:

### Classification of financial assets

#### Cash and cash equivalents

Cash and cash equivalents include current or deposit accounts, money market instruments (90 days or below) which involve one or two cash flows, the repayment of the principal and interest dependent on the applicable rate. Cash held in bank accounts includes cash held by ITU at headquarters and country offices in various currencies. Accounts are held in order to collect contractual cash flows. Current and deposit accounts are therefore classified as measured at amortized cost, in accordance with IPSAS 41 paragraph 40.

#### Loans and receivables

Receivables from non-exchange transactions, voluntary contribution agreements, other receivables and Investments in term deposits and other related instruments are measured at amortized cost. ITU does not hold investments in equity instruments or derivatives in its current portfolio.

The table below presents the classifications of the most common financial asset types of ITU which was determined based on a group of financial assets per ITU's Management model and the Solely Payment of Principal and Interest (SPPI) test to conclude on the respective classification category:

Category of Financial Assets	IPSAS 41 Analysis	IPSAS 41 Classification
Cash & Cash Equivalents	Cash in bank and on hand – convertible & non-convertible, cash in money market demand accounts and term deposits & financial investments with a maturity of 3 months or less	Amortized cost
Financial Investments	ITU does not hold investments in equity instruments or derivatives in its current portfolio. Financial investments are comprised of fix-term deposits with a maturity between 3 and 9 months	Amortized cost
Receivables	Accounts Receivables are mainly comprised of assessed contributions and voluntary contribution receivables. In addition, ITU holds other miscellaneous receivables and due for advances to employees, prepayments etc ...	Amortized cost
Derivatives (not currently applicable)	ITU does not operate with derivatives to manage foreign exchange risk and would, if used, be contracted with creditworthy counterparties in accordance with ITU's relevant investment guidelines.	Fair Value Through Surplus and Deficit

### Classification of financial liabilities

Financial liabilities are to be subsequently measured at:

- Amortized cost, measured using the effective interest method, or
- Fair value through surplus or deficit (FVSD)

There is no change in classification of financial liabilities for the Entity as a consequence of IPSAS 41 adoption.

Category of Financial Liabilities	IPSAS 41 Analysis	IPSAS 41 Classification
Accounts payable and accrued liabilities	Payables and accruals arising from the purchase of goods and services are recognized initially at fair value and subsequently measured at amortized cost when goods/services are delivered/rendered and accepted by ITU.	Amortized cost
Contributions received in advance	Not a financial liability because those are not expected to be settled with cash.	N/A
Funds held on behalf of third parties	ITU's financial statements do not contain liabilities for cash held by ITU on behalf of third parties.	Amortized cost
Derivative liabilities (Held for trading) (not currently applicable)	ITU does not operate with derivatives to manage foreign exchange risk and would, if used, be contracted with creditworthy counterparties in accordance with ITU's relevant investment guidelines.	Fair Value Through Surplus and Deficit
FIPOL Loans	ITU currently has four interest free loans with the Fondation des Immeubles pour les Organisations Internationales (FIPOL). Three loans are level 2 of the Fair value hierarchy and are recognized at fair value, while the fourth loan does not yet have a repayment schedule and is therefore recognized at amortized costs.	Fair Value Through Surplus and Deficit (for three FIPOL loans) and Amortized cost (the fourth FIPOL loan currently without repayment schedule)
All financial liabilities other than those at fair value through surplus or deficit	An entity shall classify all financial liabilities as subsequently measured at amortized cost.	Amortized cost
Other liabilities	<ul style="list-style-type: none"> <li>• Unearned income is not a financial liability.</li> <li>• ITU does not have Finance lease liabilities, that would be measured according to IPSAS 13, Leases.</li> <li>• Employee benefit liabilities are not financial liabilities</li> </ul>	In accordance with relevant standards

Under IPSAS 41, a single forward-looking impairment model is applied which requires the recognition of expected credit losses at all times.

The IPSAS 41 impairment model was applied to financial assets that are classified as at amortized cost, specifically cash and cash equivalents, investment portfolio and receivables. The calculation of the expected credit losses for all financial assets were not material in the context of these financial statements, and which are therefore not disclosed.

### 3.4 Inventory

In 2023, due to the immateriality of inventory values, all items were expensed. These assets are still controlled by ITU, but no value is ascribed in the financial statements.

### 3.5 Property, plant and equipment

Property, plant and equipment (PP&E) held by ITU are valued at historical cost less accumulated depreciation and accumulated impairment losses.

#### *Additions*

The cost of an item of PP&E is recognized as an asset if it is probable that future economic benefits or service potential associated with the item will flow to ITU and the cost of the item can be measured reliably. When an asset is donated, its initial cost is measured as the fair value of the asset as at the date of acquisition.

#### *Disposals*

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset and are included in the Statement of Financial Performance.

*Subsequent costs*

Costs incurred after initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to ITU and the cost of the item can be measured reliably.

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.

Goods with a value lower than CHF 5,000 are capitalized at the time of receipt and subsequently depreciated in full at the year of acquisition.

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.

Property and equipment acquired in connection with projects conducted under extra-budgetary activities (projects of the United Nations Development Programme, nationally executed projects, and voluntary contributions) are fully recognized as expenses in the statement of financial performance at the monthly closure following acquisition as they are not controlled by ITU.

The table below illustrates the estimated useful life for assets.

Categories and subcategories of property, plant and equipment and intangible assets	Estimated useful life (in years)
<b>Property, plant and equipment</b>	
<b>Buildings</b>	
- Structure	60
- Envelope (flat roof, insulation, sealing...)	40
- Envelope (metal façades, aluminium window-frames...)	40
- Interior finishing (raised flooring, partitions...)	25
- Interior finishing (floor, wall and ceiling coverings...)	25
- Special equipment	25
- Technical installations (electricity)	50
- Technical installations (plumbing)	40
- Technical installations (heating, ventilation)	30
- Transport facilities	40
- Other building assets	10
<b>Machinery and equipment</b>	5
<b>Furniture and fixtures</b>	5
<b>Vehicles</b>	5
<b>Computer hardware</b>	3
<b>Intangible assets</b>	
<b>IT licences and software</b>	3 - 10 *

\* The estimated useful life of acquired IT licenses and software is based on the duration of the license contracts.

The estimated useful life of internally developed software is based on the analysis performed by the respective business owners', as ITU owns the software and therefore there is not a set duration of the underlying licenses.

At each annual closure date, ITU assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated, and an impairment loss is recorded in the statement of financial performance when the carrying amount exceeds the recoverable amount. During 2023 there has been a detailed review of the Asset Under Construction and Note 27 details the process and scenarios available to ITU.

### 3.6 Intangible assets

Intangible assets (IT licenses and software) held by ITU, comprise of internally developed and externally acquired assets. They are recognized at historical cost less accumulated amortization and impairment losses.

Software developed in-house is capitalized if it is probable that ITU will benefit from future economic benefits or service potential attributed to them. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Union are recognized as intangible assets when the following criteria are met at the closing date:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial, and other resources to complete the development and to use or sell the software product are available; and the expenditure attributable to the software product during its development can be reliably measured.

#### *Capitalization Thresholds:*

- Intangible assets (IT licenses and software) acquired externally with a value less than CHF 5,000 are capitalized and fully depreciated within the same fiscal year to facilitate inventory tracking.
- Intangible assets (IT licenses and software) acquired externally with a value of CHF 5,000 and above are capitalized and depreciated over a default period of three years unless the agreement specifies an expiry date (licenses and, software), in which case the useful economic life aligns with the contractual terms.
- Internally developed intangible assets (software) with a value exceeding CHF 50,000 are capitalized and assigned a minimum useful economic life of three years. The determination of the useful economic life considers recommendations from business owners, aligning with business needs and anticipated future economic benefits. Only directly attributable development costs, including personnel costs engaged in software development and an appropriate portion of relevant overheads, are capitalized. Costs related to research phases are expensed.

#### *Amortization and Maintenance:*

Amortization for capitalized assets is calculated using the straight-line method over their estimated useful lives, which may be extended based on business needs and the duration of expected future economic benefits.

Costs associated with maintaining intangible assets are expensed.

### 3.7 Provisions

Provisions cover obligations for which the outcome, the due date or amount payable is uncertain. Provisions are recognized when ITU has a legal or constructive obligation resulting from a past event, when it is probable that an outflow of resources will be required to settle the obligation and when the amount of the obligation can be reliably estimated.

### 3.8 Contingent assets and liabilities

Contingent assets and liabilities are possible rights or obligations arising from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within ITU's control.

Contingent liabilities are disclosed where a possible obligation is uncertain but can be measured, or where ITU has a present obligation but cannot reliably measure the possible outflow of resources. At present ITU has no contingent assets and no material contingent liabilities.

### 3.9 Employee benefits

The following employee benefits are recognized:

- Short-term employee benefits are expected to be settled within 12 months of the reporting date and are measured at their nominal values based on accrued entitlements at current rates of pay. Short-term employee benefits comprise first-time employment benefits (assignment grants), regular monthly benefits (wages, salaries, allowances) and other benefits (education grant, home leave, etc.). An expense is recognized when employees render service to ITU, and a liability is recognized for an entitlement that has not been settled at the reporting date.
- Other long-term employee benefits are benefits which are expected to be settled more than 12 months after the end of the reporting period and relate to repatriation grants, and accumulated leave. The liability recognized for repatriation grants is the present value of the defined benefit obligations at the reporting date. This liability is calculated by an independent actuary using the Projected Unit Credit Method. Interest cost, current service costs and actuarial gains or losses arising from changes in actuarial assumptions or experience adjustments are recognized in the statement of financial performance.
- Obligations concerning the After-Service Health Insurance (ASHI); and
- Obligations relating to the former pension plan to define ITU's obligations at the date of closure of the period.

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 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.

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 able 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 Employee Benefits. ITU's contributions to the plan during the financial period are recognized as expenses in the Statement of Financial Performance.

As of 1 January 2020, ITU joined the United Nations Staff Mutual Insurance Society against sickness and accident (UNSMIS). ASHI obligations are the subject of an actuarial study pursuant to IPSAS 39 to identify and recognize the amount of ITU's future liability in relation to the corresponding benefits.

ITU's ASHI obligations provides the right to benefit from ASHI coverage which is acquired and accumulated during the retirees' active service in the organization. The liability recognized for this plan is the present value of the defined benefit obligations at the reporting date. The liability is calculated by an independent actuary

using the Projected Unit Credit Method. Interest cost and current service costs are recognized on the statement of financial performance as a component of staff costs. Actuarial gains or losses arising from changes in actuarial assumptions or experience adjustments are directly recognized in net assets.

The assumptions concerning ITU are described in the Notes 17 and 18 relating to employee benefits.

### **3.10 Recognition of revenue**

#### **Non-exchange revenue**

In accordance with IPSAS requirements, revenue from assessed contributions, voluntary contributions and sponsorships received or confirmed through a binding agreement are recognized as non-exchange transaction as per IPSAS 23: Revenue from Non-exchange Transactions.

##### **- Assessed contributions:**

Assessed contributions refer to contributions from Member States, Sector Members and Associates. The Plenipotentiary Conference establishes the upper limit of the contributory unit to serve as the basis for calculating the Union's revenue for the biennial budgets for the next four years. Member States and Sector Members are free to choose their class of contribution for defraying Union expenses in accordance with the relevant provisions of the ITU Constitution, and pay, in respect of the year of their accession or admission, a contribution calculated as from the first day of the month of accession or admission. This revenue is used to implement the Union's activities as defined by the Plenipotentiary Conference.

The assessed contributions are recognized as revenue on an annual basis, on the first day of the year to which they relate.

##### **- Voluntary contributions and sponsorships:**

Voluntary contributions and sponsorships are initially recognized as revenue at the time the agreement between ITU and the donor becomes binding and when control over the underlying asset is obtained unless the agreement includes conditions as per definitions under IPSAS 23.

Agreements containing such conditions require initial recognition of a liability and deferral of revenue recognition until such time as the liability is discharged through performance of the specific conditions included in the agreement and an enforceable return obligation to return the amounts if they are not used in the specified manner. The amount recognized as a liability is the best estimate of the amount required to settle the obligation at the reporting date.

In the situation where agreements are signed, no contributions are received, and the agreement relates to future financial periods then it is recognized as deferred revenue.

##### **- Allocated third-party funds (statement of financial position)**

This refers to funding provided by third parties to support the Union in implementing projects in developing and least-developed countries. Such contributions are tied to contractual conditions. Such fundings are recognized as revenue only where donors have committed in writing and as expenses are incurred. Funded projects begin only once the funds have been paid to ITU. At the financial period's closure, the unused balance of such funding is recognized in the third-party allocated funds in the statement of financial position. In some specific and exceptional cases, the funds are paid to ITU as a reimbursement of expenses already incurred.



- Allocated third-party funds are distributed as follows (statement financial position):

- i. Trust funds*

Trust funds are voluntary contributions with specific and restrictive utilization. These contributions generate support costs during the execution and implementation of the projects. In 2023 the implementation of the project generated CHF 1.014 million in support costs which were charged to the project and paid to the ITU budget.

- ii. Voluntary contributions*

Voluntary contributions are received from donors to complement specific regular budget activities like seminars, working groups, study groups, training, and fellowships. Voluntary contributions can finance long-term activities. Voluntary contributions do not generate any support costs.

ITU maintains accounts for voluntary contributions in the currency of the contribution and manages the projects based on the budget allocated in the currency of the funding, unless otherwise specified.

## Exchange revenue

The following revenue meet the definition of exchange transactions under IPSAS 9 – Revenue from Exchange Transactions are accounted in accordance with this standard.

ITU 's revenue from exchange transactions is measured at the fair value of the consideration received or receivable and are recognized as goods and services are delivered.

Exchange revenue comprise the products and services for which ITU applies the principle of cost recovery, namely:

- publication sales: Revenue from sales of publications is recognized at the time when the publications are dispatched, and revenue from sales of services involving access to ITU statistics and data in electronic form is recognized at the time when the data become accessible;
- processing of satellite network filings: revenue from satellite network filings is recognized at the time when the final publications of the filing have been done in the BR International Frequency Information Circular (IFIC); when a publication in the IFIC is not effective in the year of the initial invoicing the service is considered as non-finalized and the revenue will therefore be deferred up to the final publication in the IFIC;
- registration of universal international freephone numbers (UIFN: ITU receives contributions upfront for providing services for the registration of universal international freephone numbers (UIFN) and the registration of universal international premium-rate numbers (UIPRN) and universal international shared-cost numbers (UISCN).

### 3.11 Segment reporting

Segment reporting is based on ITU's main activities and sources of financing and is consistent with the constitutional structures of the organization and other funds established to manage the financial resources organization. The segments reflect ITU's work programme for 2022-2023:

- General Secretariat;
- Radiocommunication Sector (ITU-R): Management of international resources, namely the radio-frequency spectrum and satellite orbits;
- Telecommunication Standardization Sector (ITU-T): Shaping harmonized working methods and establishment of flexible collaboration mechanisms to meet market needs;
- Telecommunication Development Sector (ITU-D): Provision, under affordable conditions, of equitable and sustainable access to ICTs;
- New Building fund which represents the project on the construction of the new headquarters premises;
- Old pension fund which regroups the provident fund and the assistance fund;
- Extra-budgetary funds which comprise UNDP funds, trust funds, ICT Development Fund, and voluntary contributions and ITU TELECOM.

On account of the nature of ITU's activities, Member State contributions, tangible and intangible fixed assets are used jointly by all its Sectors and are not managed by the individual Sectors.

Inter-segment transfers include revenue and expense arising from transfers between segments. Such transfers are accounted for at cost for each segment and eliminated on consolidation.

For the purpose of the segment reporting, an allocation of these revenue and expenses to the four Sectors (including the General Secretariat) of ITU has been made based on the budget figures. The ASHI annual Adjustment has been allocated based on the headcount of each Sector.

The Union's assets and liabilities, other than those representing its net assets, fall under the ownership or responsibility of the organization as a whole and do not constitute assets and liabilities of its component parts. Extra budgetary funds do not have any fixed assets. Assets and liabilities represent a wide range of activities that are common to the constituent parts of the Union. Any allocation of assets and liabilities to the different Sectors would inevitably be arbitrary and incoherent. It would thus run counter to the principles of IPSAS 18. It is for this reason that individual assets and liabilities are not segmented.

### **3.12 Statement of comparison – Budget and actual amounts**

The budget of the Union for 2022-2023 is based on Decision 5 (Rev. Dubai, 2018) entitled "Income and expenditure for the Union for the period 2020-2023" and the Strategic Plan for the Union for 2020-2023 set out in Resolution 71 (Rev. Dubai, 2018).

Furthermore, the programme budget is coordinated with the operational plans of the Sectors and the General Secretariat.

Pursuant to IPSAS 24, the annual financial statements include a comparison between budgeted amounts and actual amounts (Statement V). The budget of the Union for 2022-2023 is composed of two annual budgets. A budget estimate has been made for each of the financial years.

The final budget for 2023 was approved by the Council at its 2021 session by Resolution 1405 (C21/97). Statement V contains a comparison of the budget and actual amounts. Since the budget and the financial statements were not prepared on the same basis, Statement V contains a reconciliation between the budget and the Statement of financial performance (Statement II). The Entity differences reflect the incorporation of extra budgetary funds in the Union's financial statements, while the Basis differences reflect expenses and revenue that are not included in the budget of ITU or treated differently under IPSAS requirements. Further details can be found under Note 24.

**Note 4 Management of net assets**

The Union's net assets consist of:

- ITU reserve account;
- Other reserves and funds;
- Extra-budgetary reserves;
- ASHI actuarial gains / (losses) through net assets and
- Accumulated surplus / (deficit).

**ITU Reserve Account**

In accordance with No. 485 of the Convention and Article 27 of the Financial Regulations, the Reserve Account is maintained 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; and
- 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.

Notwithstanding the provisions of Article 13, § 4 b) of the Financial Regulations, bearing in mind the need to maintain the Reserve Account at a minimum level determined by the plenipotentiary conference, withdrawals may be made from the Reserve Account by special decision of the Council, *inter alia*, for:

- a) reducing the amount of the contributory unit;
- b) balancing the budget of the Union;
- c) transfers to other reserves/funds; or
- d) any amounts to be debited to the Reserve Account as prescribed by the accounting standards common to the organizations of the United Nations system.

The movements on the ITU Reserve Account are noted in the table below.

Description (CHF '000)	31 December 2023	31 December 2022
<b>Opening balance - 01 January 2022 and 2023</b>	28,388	29,388
Allocation of surplus from Budget 2023	1,424	
Voluntary Separation Programme - ITU Council 6 of Decision 5 (Rev. Bucharest, 2022)	(3,410)	
Investigation costs - ITU Council ninth plenary meeting Decision 613	(131)	
Transfer to ASHI fund		(1,000)
<b>Total</b>	<b>26,271</b>	<b>28,388</b>

At 31 December 2023, the assets of the Reserve Account stood at CHF 26.3 million (CHF 28.4 million in 2022). The assets of the Reserve Account represent 16.3% of the 2023 budget, which is significantly above the 6% threshold stipulated in Decision 5 (Rev. Dubai, 2022). To enhance the management of ITU's Reserve Account and ensure its adequacy in meeting liquidity and operational requirements, a more detailed and comprehensive analysis will be conducted. This analysis will serve to safeguard the organization against any potential financial contingencies that may arise in the future.

## Other reserves and funds

Other reserves and funds include:

- The savings from previous year;
- The investment fund which comprises the building maintenance fund and the ICT fund;

Council 2016, Decision 588, decided to replace the Varembe building by a new construction (herein called “new building”) that would also include the offices and facilities of the Tower building, and complement the Montbrillant building which would be retained and refurbished. An interest-free loan of up to CHF 150 million to finance this project has been granted by the Swiss Confederation.

- The New building reserve;

this reserve was created to complement the budget financed through the loan granted by the host country. This additional budget represents CHF 20.14 million received from sponsors, donations and from savings allocated further to the 2018 surplus. Virtual Consultation of Councillors (VCC) 2021 revised *decide 4* of Decision 619 to allow for future sponsorships or donations under predefined conditions.

- The risk register fund;

the risk register fund was created for unforeseen cost overruns for the new building project. At 31 December 2023, the risk register fund amounted to CHF 3.43 million.

- The welfare fund;
- The centenary fund;
- The ITU Staff Superannuation and Benevolent Funds (SS&BF) comprise the Reserve and Complement fund, and the Assistance fund;

They are the set of funds that guarantee the pensions of employees who were in service prior to 1 January 1960, the date on which ITU became affiliated to the UNJSPF. The most recent calculation of the obligations to be provisioned for beneficiaries of the ITU Staff Superannuation and Benevolent Funds was made on 31 December 2011 (CHF 54,000). As this is not material, no further valuation was undertaken.

Pursuant to Resolution 7 (Geneva, 1959), the staff of ITU is affiliated, as from 1 January 1960, to the UNJSPF. Under Article 86 of the Regulations of the ITU Staff Superannuation and Benevolent Funds, those Funds are managed by the Union. The assets of the Funds are invested in trustee securities.

Since 2013 other funds also include a fund dedicated to the long-term funding of the ASHI unfunded liability, as well as the new health insurance fund, which constitutes the guarantee fund for ITU new ITU health Insurance scheme since 2014.

The movement in ITU of other reserves and funds are shown in the table below.

Description (CHF '000)	31 December 2023	Surplus / (deficit) - 2023	31 December 2022
<b>Other reserves</b>			
- Savings from previous year	2,771	(453)	3,224
- Decision 619 (expenses 2022)	1,037	(453)	1,490
- Deficit Financed from Resolution 1405 (Bucharest)	1,734	-	1,734
Investment fund	13,476	(1,373)	14,849
New Building Reserve	23,278	2,851	20,427
Risk Register fund	3,430	-	3,430
Welfare fund	314	(34)	348
Centenary fund	212	-	212
SS&B Reserve and Complement fund	6,528	244	6,284
SS&B Assistance fund	276	-	276
ASHI fund	14,000	-	14,000
Health Insurance fund	1,272	-	1,272
<b>Total net assets - other reserves and funds</b>	<b>65,557</b>	<b>1,235</b>	<b>64,322</b>

### Extra-budgetary reserves

#### - *Extra-budgetary allocated reserves*

The Union has set up a reserve to receive any balances from internal ongoing projects. The movements on that reserve represent the expenses related to the implementation of projects and the allocation of internal funds coming from the regular budget or the ICTDF fund.

#### - ITU exhibition working capital fund

ITU exhibition working capital fund: During the Plenipotentiary Conference held in Bucharest in 2022, Resolution 11 was abrogated, and it was decided that the remaining balance of the Exhibition Working Capital Fund (EWCF) would be transferred to the ICT Development Fund, after full completion of all the obligations towards TELECOM staff. In 2023 as per Res 1418, CHF 3 million has been paid to this fund.

#### - ICT Development Fund

In line with ITU's mission of fostering the expansion of modern communication services worldwide, the Council assigns a share of the surplus revenue derived from ITU TELECOM events to the ICT Development Fund (ICTDF), which serves to finance various national and regional development projects. In the case of project financing through the ICTDF, only the expenses are recognized in the statement of financial performance. This same principle applies for projects financed under the development action plan, the funds available for these programmes having already been recognized as revenue in prior financial periods. The ICTDF also registers contributions paid by members or third parties for the financing of ICT development projects.

- *Extra-budgetary unallocated reserves*

The Union has set up a reserve to receive any remaining balances from internal closed projects. This reserve will be used to finance new projects or regional initiatives, as well as to cover certain projects in deficit.

The movement in ITU extra-budgetary reserves are shown in the table below.

Description (CHF '000)	31 December 2023	Surplus / (deficit) - 2023	31 December 2022
<b>Extra-budgetary allocated Reserves</b>	<b>7,023</b>	<b>(3,333)</b>	<b>10,356</b>
- Extra budgetary allocated reserves	6,367	(212)	6,579
- ITU Exhibition working capital fund	656	(3,121)	3,777
<b>Extra budgetary unallocated reserves</b>	<b>6,330</b>	<b>2,650</b>	<b>3,680</b>
- ICT Development fund	5,699	3,009	2,690
- Other extrabudgetary unallocated reserves	631	(359)	990
<b>Total net assets - Extrabudgetary reserves</b>	<b>13,353</b>	<b>(683)</b>	<b>14,036</b>

The balance of the ICT Development Fund which is reported under Extra budgetary unallocated reserves line noted in the table above is CHF 5.7 million at 31 December 2023 (CHF 2.7 million at 31 December 2022). In 2023 further to Res. 1418, CHF 3 million was transferred from the Exhibition capital fund to the ICT capital fund.

## Note 5 Financial risk

In the course of its work, ITU is exposed to several financial risks including credit risk, market risk (Foreign exchange currency risk), interest rate risk and liquidity risk. This note presents information on ITU exposure to each of the above risks and outlines the principles adopted by ITU to manage financial risks and preserve its capital. The management of financial risks is centralized under the responsibility of the Secretary-General.

In accordance with International Public Sector Accounting Standards (IPSAS) 41, ITU's cash and cash equivalents are carried in the financial statements at amortized cost. This measurement reflects the amount of cash on hand and the value of assets that can be readily converted into known amounts of cash, minus any applicable reductions in value or impairments, as of the reporting date.

The fair value of supplier payables, and other current liabilities and voluntary contributions approximate their recorded carrying amount due to their short-term nature.

The borrowings (loans) are recorded in the accounts at the based on amortized costs (see Note 16).

### a) Credit risk

Credit risk is the risk of financial loss to ITU if customers or counterparties to financial instruments fail to meet their contractual obligations, and arises principally from investments, receivables and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk as at 31 December was:

Description (CHF '000)	31 December 2023	31 December 2022
Cash and cash equivalents	155 868	193 868
Investments	35 070	13 860
Receivables	22 358	14 544
Other receivables	4 384	3 943
Other debts	3 057	2 230
<b>Maximum exposure to credit risk</b>	<b>220 737</b>	<b>228 445</b>

*b) Credit quality*

Credit quality is the assessed risk of default attached to counterparties to which ITU extends credit and those parties with whom ITU invests. ITU has reviewed its levels of accounts receivables from assessed contributions and other sources. There is concern over the ageing of the accounts receivable from Member States, Sector Members and Associates. As per resolution 41, 2018 PP conference (Dubai), on arrears and special arrears account, this resolution highlights the high level of arrears, puts in place mechanisms for repayment, and encourages those in arrears to make payments in a timely manner to ensure sufficient financing for ITU. This level of arrears will affect ITU's financial stability if these amounts remain uncollected. In 2023 CHF 0.8 million was written off on the principal accounts receivable along with interest arrears of CHF 2.2 million. Further work is required to ensure that ITU collects its receivable in a timely manner going forward.

In addition, ITU sends quarterly statements on arrears and suspension of participation to encourage Member States, Sector Members and Associates to settle their arrears. Furthermore, the loss of voting rights for Member States is an additional incentive to encourage timely payments and settling of their arrears.

ITU mitigates credit risks on cash and cash equivalents and on investments by spreading them among several banking institutions with high-grade credit ratings. According to Article 16 of the Financial Regulations and Financial Rules, the Secretary-General chooses the banks or other institutions in which the Union's funds are to be deposited. In this respect, the Secretary-General shall ensure that funds are invested in such a way as to place primary emphasis on minimizing the risk to principal funds while ensuring the liquidity necessary to meet the Union's cash-flow requirements. ITU does not make deposits with banks with a credit rating below A3.

In addition to these criteria, investments are selected based on achieving the highest reasonable return rate and shall accord with the principles of the United Nations.

The Secretary-General designates the banks in which the funds of the Union are kept, establishes all bank accounts required for the Union and designates those officials to whom signing authority is delegated for the operation of those accounts. The Secretary-General also authorizes all bank account closures.

c) *Interest rate risk*

ITU is exposed to interest rate risks through its short-term investments. In 2023 we can also notice an increase of the interest rate for short term deposit in US dollars. This increase combined with the use of new deposit products allowed ITU to generate CHF 4.6 million interest earnings (CHF 1.5 million in 2022).

The cash, cash equivalents and investments (short term deposit) of ITU remains safe, as it holds high-quality assets aimed at preserving principal.

d) *Liquidity risk*

Liquidity risk is the risk of ITU not being able to meet its obligations as they fall due. ITU's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due. ITU ensures it has sufficient cash on hand to meet expected operating expenses through cash flow forecasts.

The primary objective of managing ITU's capital is to ensure that there is sufficient cash available to support ITU's funding requirements, including capital expenditure, to ensure that ITU remains financially sound.

e) *Currency risk*

ITU receives Member States and regular budget contributions in Swiss francs and extra-budgetary contributions in Swiss francs as well as in currencies other than Swiss francs, of which the majority are in US dollars and Euros. ITU does not have recourse to fixed-term exchange contracts, futures, swaps, or currency options to hedge realized or unrealized foreign exchange gains or losses. When possible, natural hedging is applied by assigning the foreign currencies directly to the appropriate bank accounts held in the same currencies.

It is to be noted that the new Health Insurance scheme is managed in Swiss francs, which is significantly reducing exposure to exchange rates fluctuations. The Union is still exposed to foreign exchange gains or losses arising from the payment of contributions to the UNJSPF in US dollars. However, since the Professional staff contributions are defined in US dollars and the General Staff contributions are defined in Swiss francs and the number of staff in these two categories is equally distributed, the exchange rates fluctuations tend to counterbalance.

ITU investments generated a realized loss in 2023 of CHF 3.6 million (CHF 2.0 million gain in 2022).

Extra-budgetary contributions are managed in the currency of the contribution received and converted in Swiss francs for presentation purposes. The table below captures the major amounts held in foreign currencies, with ITU's banks in Euros and US dollars as cash and cash equivalents, and investments.

Effect of exchange rate fluctuations between the Swiss Franc on other currencies				
(CHF '000) Currency	Balance in foreign currency	CHF equivalent of balance	Effect in CHF of increase / decrease in the value of foreign currency	
			of +/- 5%	of +/- 10%
EUR	26,838	24,872	1,244	2,487
USD	108,356	90,468	4,523	9,047
<b>Total - 31 December 2023</b>		<b>115,340</b>	<b>5,767</b>	<b>11,534</b>



f) *Market risk*

Market risk is the risk of changes in market prices, such as foreign-exchange rates and interest rates, affecting ITU's income or the value of its financial instruments holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on the risk.

The maturity profiles on financial instruments as at 31 December 2023 are as follows:

In thousands of CHF	Weighted average interest rate	1 year or less	>1 year	Total
<b>Financial assets</b>				
Cash and cash equivalents		155,868	-	155,868
Investments		35,070	-	35,070
Receivables		19,578	2,780	22,358
Other receivables		4,384	-	4,384
<b>Total financial assets</b>		<b>214,899</b>	<b>2,780</b>	<b>217,679</b>
<b>Financial liabilities</b>				
Payables		13,042	-	13,042
Other debts		3,057	-	3,057
Borrowings outstanding	0%	1,391	51,657	53,048
<b>Total Financial liabilities</b>		<b>17,490</b>	<b>51,657</b>	<b>69,147</b>

**Note 6 Judgment and accounting estimates**

The preparation of the financial statements under IPSAS require management to make estimates and/or assumptions having a bearing, on the one hand, on the amounts of the assets and liabilities disclosed and the disclosure of contingency liabilities and obligations at the date of the balance sheet and, on the other hand, on the amount of the revenues and expenses for the accounting period. Although the estimates are based on past experience and on various other factors deemed reasonable in the prevailing circumstances, the results obtained may differ from those foreseen when the estimates were made. Changes in estimates are reflected in the period in which they become known.

Areas entailing a high degree of judgment and complexity or in which assumptions and estimates have a negative impact on the establishment of the financial statements are:

- employment benefits, particularly where the ASHI plan is concerned (see Note 18);
- impairment assessment of new building project (see Note 13 and Note 27);
- useful lives of fixed and intangibles assets and their possible impairment (see notes 3.3, 3.4 and 12-13);
- impairment of receivables (see Note 9);
- deferred revenue from satellite network filings (see Note 16) and extra-budgetary funds (see Note 20); and
- Provisions for satellite network filings and litigation (see Note 19).

ITU has taken the decision to write off inventory in the 2023 Financial statements due to the immateriality of inventory values, all items were expensed. This approach ensures clarity and focus on more significant

financial data, facilitating more straightforward and meaningful analysis. These assets are still controlled, but no value is ascribed in the financial statements.

## Note 7 Cash and cash equivalents

The table below includes a breakdown of the cash and cash equivalents balances as at 31 December 2023 and 2022.

Description (CHF '000)	31 December 2023	31 December 2022
Petty cash	95	118
Bank current accounts in CHF	68,021	68,637
Bank current accounts in foreign currency	20,178	65,436
Short term investment 0-3 months	67,574	59,677
<b>Cash and cash equivalents</b>	<b>155,868</b>	<b>193,868</b>

The amount of restricted cash and cash equivalents for 2023 and 2022 is CHF 27.5 million and CHF 28.6 million, respectively. Restrictions on cash and cash equivalents are primarily related to FIPOI and donations received for the new building, as well as to investments related to the ITU old pension fund.

Description (CHF '000)	31 December 2023	31 December 2022
<b>Non restricted cash</b>	<b>128,408</b>	<b>165,280.0</b>
Petty cash in CHF	95	118.0
Bank current accounts in CHF	45,884	45,692.0
Bank current accounts in foreign currency	20,178	65,436.0
Short term investment 0-3 months	62,251	54,034.0
<b>Restricted cash</b>	<b>27,460</b>	<b>28,588.0</b>
Bank current accounts in CHF	22,137	22,945.0
Short term investment 0-3 months	5,323	5,643.0
<b>Cash and cash equivalents</b>	<b>155,868</b>	<b>193,868.0</b>

## Note 8 Investments

Investments in term deposits and other related instruments are measured at amortized cost. ITU does not hold investments in equity instruments or derivatives in its current portfolio.

The increase in investments is the consequence of the increase in contributions received and the availability of excess funds, which further increased funds available for investment.

A breakdown of fixed-term investments by date of maturity (period remaining) and by currency is shown below:

Description (CHF '000)	31 December 2023	31 December 2022
<b>Maturity</b>		
4-6 months	25,070	13,860
7-9 months	10,000	
<b>Total Investments</b>	<b>35,070</b>	<b>13,860</b>

## Note 9 Receivables

Non-current, non-exchange receivables represent receivables from members having undertaken to repay their arrears under repayment agreements scheduled over several financial periods.

Receivables represent uncollected revenue from assessed and voluntary contributions, publications, and satellite network filings.

Description (CHF'000)	31 December 2023	31 December 2022 (restated)
Current receivables – exchange transactions	7,687	6,437
Provision for losses on current receivables – exchange transactions	(1,241)	(1,104)
<b>Current receivables – exchange transactions: net value</b>	<b>6,446</b>	<b>5,333</b>
Current receivables – non-exchange transactions	40,541	29,560
Provision for losses on current receivables – non-exchange transactions	(27,409)	(20,349)
<b>Current receivables – non-exchange transactions: net value</b>	<b>13,132</b>	<b>9,211</b>
Non-current receivables – non-exchange transactions	9,101	14,677
Provision for losses on non-current receivables – non-exchange transactions	(6,321)	(14,677)
<b>Non-current receivables – non-exchange transactions: net value</b>	<b>2,780</b>	<b>-</b>

**Note 10 Other receivables**

The major category under other receivables is employee advances. These are advances provided to staff members as per ITU's staff regulations.

The withholding tax comprises the tax which is reimbursable by the Swiss Confederation's Federal Tax Administration as well as the income tax to be recovered from the Government of the United States of America.

Description (CHF '000)	31 December 2023	31 December 2022
Employee advances	2,043	2,184
Withholding tax	1,328	1,390
Pensions	96	126
Accrued interest	917	242
Prepaid expenses	1,854	1,499
<b>Total - other receivables</b>	<b>6,238</b>	<b>5,441</b>

**Note 11 Property, plant and equipment**

The ITU buildings comprise the following:

- Tower building, rue de Varembé, Geneva;
- Varembé building, rue de Varembé, Geneva. This building has been fully depreciated as at 31 December 2022 in anticipation of commencement of the new building project. Currently this building is still in use;
- Extension C and Cafeteria, rue de Varembé, Geneva;
- Montbrillant building, rue de Varembé, Geneva.

ITU does not own the land on which its properties are situated; instead, it has been granted surface rights at no cost by the government, which retains the title to the land. Given that ITU lacks the authority to commercially dispose of these rights, the value of the land is not recognized in the financial statements.

The inability to freely sell or commercialize the land implies that determining a reliable fair value, or assessing any difference between the fair value and the historical cost less accumulated depreciation, is not feasible. Consequently, these legal and practical restrictions are disclosed to ensure transparency with IPSAS requirements regarding the recognition and valuation of property, plant, and equipment.

As of 31 December 2023, no property, or equipment had been pledged as security for debt. ITU maintains a comprehensive schedule of property, plant, and equipment. This schedule includes assets that have reached full depreciation but are still in active use within the organization. The gross carrying amount of fully depreciated property, plant and equipment that remains in use as of 31 December 2023 is as follows (these amounts are also included in the two subsequent tables related to this note), which predominately relate to the Varembé building:

Asset Category (CHF '000)	Gross Carrying Amount
Buildings	38,076
Machinery & equipment	887
Computer equipment	5,564
Vehicles	199
Furniture & fixtures	1,298
<b>Total</b>	<b>46,025</b>

**2023**

Categories of asset (CHF '000)	Buildings	Mach. & equip.	Furniture & fixtures	Computer equipment	Vehicles	Total 2023
<b>Cost at 1 January 2023</b>	126,344	1,395	1,363	7,205	296	<b>136,603</b>
Additions	18	5	7	62	-	<b>93</b>
Disposals	-	(302)	(24)	(531)	-	<b>(857)</b>
Reclassifications	39	22	-	-	-	<b>61</b>
<b>Cost at 31 December 2023</b>	<b>126,402</b>	<b>1,121</b>	<b>1,346</b>	<b>6,736</b>	<b>296</b>	<b>135,900</b>
<b>Accumulated depreciation at 1 January 2023</b>	<b>63,920</b>	<b>1,270</b>	<b>1,342</b>	<b>6,403</b>	<b>255</b>	<b>73,190</b>
Depreciation	3,514	47	16	512	19	<b>4,107</b>
Disposals	-	(302)	(24)	(531)	-	<b>(857)</b>
<b>Accumulated depreciation at 31 December 2023</b>	<b>67,434</b>	<b>1,015</b>	<b>1,334</b>	<b>6,384</b>	<b>275</b>	<b>76,441</b>
<b>Net carrying amount at 1 January 2023</b>	<b>62,424</b>	<b>125</b>	<b>21</b>	<b>801</b>	<b>41</b>	<b>63,412</b>
<b>Net carrying amount at 31 December 2023</b>	<b>58,968</b>	<b>106</b>	<b>12</b>	<b>351</b>	<b>21</b>	<b>59,459</b>

## 2022

Categories of asset (CHF '000)	Buildings	Mach. & equip.	Furniture & fixtures	Computer equipment	Vehicles	Total 2022
Cost at 1 January 2022	126,338	2,112	1,394	8,803	296	138,943
Additions	6	43	10	224	-	283
Disposals		(760)	(41)	(1,822)		(2,623)
Cost at 31 December 2022	126,344	1,395	1,363	7,205	296	136,603
Accumulated depreciation at 1 January 2022	56,111	1,989	1,362	7,574	236	67,272
Depreciation	7,809	41	21	652	19	8,542
Disposals		(760)	(41)	(1,822)		(2,623)
Accumulated depreciation at 31 December 2022	63,920	1,270	1,342	6,404	255	73,191
Net carrying amount at 1 January 2022	70,227	123	32	1,229	60	71,671
Net carrying amount at 31 December 2022	62,424	125	21	801	41	63,412

## Note 12 Intangible assets

Intangible assets held by ITU comprise of internally developed and externally acquired IT licenses and software.

Category of asset (CHF '000)	Internal Development		Software		Total 2023	Total 2022
	2023	2022	2023	2022		
Cost at 1 January	5,551	3,288	6,786	6,817	12,337	10,105
Additions	567	2,263	205	1,023	773	3,286
Disposals	-		(275)	(1,360)	(275)	(1,360)
Reclassifications	192		107	306	299	306
Cost at 31 December	6,310	5,551	6,823	6,786	13,133	12,337
Amortization at 1 January	3,301	3,063	5,605	6,249	8,906	9,312
Amortization	763	238	790	610	1,553	848
Write off			(275)	(1,254)	(275)	(1,254)
Amortization at 31 December	4,064	3,301	6,120	5,605	10,183	8,906
Net carrying amount at 1 January	2,250	225	1,181	568	3,431	793
Net carrying amount at 31 December	2,246	2,250	703	1,181	2,949	3,431

In accordance with IPSAS 31.121(c), individual intangible assets that are material to the entity's financial statements are disclosed. As at 31 December 2023, our evaluation has led to the identification of 9 projects within the intangible asset category which have average useful economic life of almost 5 years and are valued at CHF 2.4 million. These projects include development of Space administration, SAP development and recruitment modules.

**Note 13 Assets under construction**

It has been decided to disclose separately the assets under construction relating to the new building project and thus allow for a more transparent follow-up of the project during the construction phase.

Given various existing scenarios for the continuation of the project the Secretariat has undertaken a comprehensive assessment of impairment indicators and concluded that, in accordance with IPSAS 21, paragraph 31, although certain uncertainties exist, such uncertainties are not indicators of impairment on the asset under construction as of 31 December 2023 as the project is still active and decisions regarding its cessation or modification have not been finalized. More information on the new building project is available in Note 27.

As of 31 December 2023, the total costs incurred for the project amount to CHF 19.7 million.

Category of asset (CHF '000)	New building project		Other building project		Other intangibles under construction		Total	Total
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Cost at 1 January</b>	17,283	13,362	199	-	2,287	370	<b>19,769</b>	<b>13,732</b>
Additions	2,482	3,944	1,344	199	3,365	2,204	<b>7,191</b>	<b>6,347</b>
Reclassifications	(30)	(23)	(25)	-	(308)	(287)	<b>(363)</b>	<b>(310)</b>
<b>Net carrying amount at 31 December</b>	<b>19,735</b>	<b>17,283</b>	<b>1,518</b>	<b>199</b>	<b>5,344</b>	<b>2,287</b>	<b>26,597</b>	<b>19,769</b>

**Note 14 Payables**

Account payables relate to unpaid invoices, staff accounts and IOV (inter office vouchers) invoices open for settlement with UNDP.

Advanced payments from customers have been received for satellite network filings and for future publication purchases or invoices. These amounts maybe refunded to the beneficiaries or used to settle future invoices for satellite network filings and publications. Advances for conferences are payments made to the Union's accounts by the host countries for the organization of events such as world conferences. After the closing of an event, the remaining balance is refunded to the host countries in conformity with signed agreements.

Description (CHF '000)	31 December 2023	31 December 2022
Suppliers	3,911	4,156
Advances from customers	6,871	5,993
Advances for conferences	2,260	392
<b>Total - Suppliers and other creditors</b>	<b>13,042</b>	<b>10,541</b>

**Note 15 Contributions received in advance and deferred revenue**

The amount for contributions received in advance concerns payments received from Member States in 2023 for their 2024 assessed contributions.

Description (CHF '000)	31 December 2023	31 December 2022
Contributions - Member States	45,814	45,913
Contributions - Sector Members	3,882	4,121
Contributions - Associates	714	639
Contributions - Academia	135	150
<b>Contributions received in advance</b>	<b>50,544</b>	<b>50,823</b>

As described in Note 2, the 2022 information included in the table below has been re-presented to provide more qualitative information and to disaggregate Deferred Revenue components.

As of 31 December 2023, the current portion of deferred revenue is entirely related to satellite network filings requests processed and invoiced during the year, for which the final publication in the BR International Frequency Information Circular (BR IFIC) was not done by the end of the year.

All deferred revenues related to the sponsorship of the new building accrued as of 31 December 2022 have been recognized in 2023.

Description (CHF '000)	31 December 2023	31 December 2022 (restated)
Deferred revenue, current - Satellite Network Filings	3,590	5,096
New building sponsors	-	1,665
<b>Deferred revenue</b>	<b>3,590</b>	<b>6,761</b>

## Note 16 Borrowings and other financial debts

Description (CHF'000)	Loan	Due date	31 December 2023	31 December 2022
<b>Net present value of borrowings</b>				
CHF 19,627,590 - from 1990	I	2039	6,793	6,615
CHF 45,427,250 - from 2002	II	2051	23,687	21,307
CHF 2,000,000 - from 2002	III	2051	1,043	938
New Building Project	IV		21,525	19,471
of which short term			1,391	1,391
of which long term			51,657	46,940
<b>Borrowings - Net present value</b>			<b>53,048</b>	<b>48,331</b>

ITU currently has four interest free loans with the Fondation des Immeubles pour les Organisations Internationale (FIPOI). As of 31 December 2023, three of these loans are reflected in the financial statements at fair value.

The total amount outstanding, as at 31 December 2023, is CHF 55.2 million and the net present value is CHF 53.0 million.

The first three loans on existing buildings have a value of CHF 33.7 million; net present value is CHF 31.5 million.



In 2017, a new interest-free loan amounting to CHF 150 million was granted for the ITU new building project. The loan amount drawn down by ITU on this fourth loan stands at CHF 21.5 million as at 31 December 2023. The reimbursement of the loan granted for the new ITU premises will start only after the successful delivery of the new building.

## Note 17 Employee benefits

Employee benefits refer to all forms of consideration given by ITU in return for services rendered by its employees. These are recognized as and when they are earned by employees.

Description (CHF '000)	31 December 2023	31 December 2022
Accumulated leave	319	221
Overtime	208	24
<b>Total current employee benefits liabilities</b>	<b>527</b>	<b>245</b>
Accumulated leave	11,328	11,745
Installation / repatriation	12,208	12,571
Pensions	54	54
ASHI	375,271	344,102
<b>Total non-current employee benefits liabilities</b>	<b>398,861</b>	<b>368,472</b>
<b>Total employee benefits liabilities</b>	<b>399,388</b>	<b>368,717</b>

### 17.1 After-service health insurance

#### 17.1.1 Actuarial valuation of post-employment benefits under the ASHI plan

The accounting for ASHI-related obligations is based on an annual actuarial study carried out by an independent consultancy. The most recent valuation, carried out in January 2024, established at CHF 375.3 million ITU's obligations in respect of post-employment sickness benefits due to employees meeting the specified conditions at 31 December 2023, compared to CHF 344.1 million at end-2022). The actuarial study was carried out based on data (claim cost /contribution paid/ eligible population) provided by ITU.

#### 17.1.2 Actuarial valuation – assumptions and methods

Within the framework of the valuation of obligations relating to the ASHI plan at 31 December 2023 and of the contribution for the 2023 period, ITU validates the assumptions and methods used by the actuaries. The assumptions and methods used for the valuation covering the 2023 period are described below.

Discount rate	1.90% for 2023 and 2.50% for 2022. The discount rates used for this valuation were first determined separately for each of the major currencies including CHF, USD, and EUR by using Aon AA Corporate Bond Yield Curve as at 31 December 2023. The ultimate discount rate was then determined by averaging the currency-denominated discount rates, weighted by the benefit payments paid to current inactive in each currency.
Increase in medical costs	2.60% for 2023, and 2.80% for 2022.
Salary increases	3.10% for 2023 and 3.00% for 2022 plus UNJSPF Static salary scale.
Pension increases	2.60% for 2023 and 2.50% for 2022

Estimated annual average cost of claims for reimbursement of medical expenses in 2023 and variation in medical expenses according to age	The 2023 actuarial report is based on average cost of claims for reimbursement in CHF estimated at the end of the 2023 period as an average per age range of 50, 55, 60, 65, 70, 75, 80, 85, and 90 years at CHF 3,226, CHF 4,038, CHF 5,063, CHF 6,357, CHF 7,995, CHF 10,074, CHF 12,715, CHF 14,736 and CHF 16,953.
Administrative expenses	The annual average administrative cost per person was estimated at CHF 164
Mortality	The mortality is based on the last Sex-distinct United Nations Mortality Tables (Jan. 2023) with no longevity improvement for actives and disable retirees, and with generational longevity improvement through 2043, with base year 2017 for Service Pensioners, Widows and Widowers.
Valuation of assets	ITU has no asset under the Guarantee Funds as of 31 December 2023.
Disability rate	Varies according to age and gender and for Professional Staff and General Service Staff and increases with age. The rate is based on the United Nations Disability table communicated in January 2024.
Employee turnover	The separation rate for employees leaving the organizations considered in the valuation varies according to age from 25 to 55 and from 18.3% to 5.0%, respectively.
Retirement rate	For all staff, retirement rates are set equal to the rates from United Nations Task force message January 2024. Rates vary according to age, gender, years of service, professional category.
Participation	97.5% of future retirees will elect coverage in the ASHI.
Spouse coverage	75% and 25% of male and female retirees have a spouse who will elect coverage with the ASHI. Men are assumed to be five years older than their spouse.
Actuarial method	Projected unit credit method with Service Prorate. The allocation period beginning at 45 years of age to reflect the fact that employees must be at least 55 years old and have completed 10 years of service in order to be eligible.
Net assets approach	All gains/losses are recognized in full immediately during the year in which they arise, but outside of surplus or deficit through the statement of changes in net assets.

Staff members separating from service at age 55 or over, along with their spouses, dependent children, and survivors, are entitled to after-service health insurance coverage provided they have completed at least 10 years of service with the United Nations or a specialized agency and were insured under the UNSMIS health plan during the five years immediately preceding their separation from service. The same benefits apply to staff members in receipt of a disability allowance from the United Nations Joint Staff Pension Fund. This regime is jointly financed, with ITU contributing 2/3 and the insured person 1/3.

The following table provides additional information and analyses concerning the after-service health insurance liabilities arising from employee allowances according to the actuarial study performed to obtain the amounts at 31 December 2023.

Description (CHF '000)	31 December 2023	31 December 2022
Balance as at 01 January	344,102	545,636
- Net Current Service Cost	10,165	19,685
- Finance charge	8,489	2,703
<b>Total expenses recognized in the statement of financial performance</b>	<b>18,654</b>	<b>22,388</b>
- Obligation due to changes in Demographic assumptions	(574)	(80,067)
- Obligation due to changes in Financial assumptions	24,687	(133,642)
- Obligation due to experience during the period	(4,589)	(1,801)
<b>Total Actuarial (gain) loss recognized in net assets</b>	<b>19,524</b>	<b>(215,510)</b>
<b>Contributions during the period</b>	<b>(7,009)</b>	<b>(8,412)</b>
<b>Total - Obligations under ASHI plan</b>	<b>375,271</b>	<b>344,102</b>

The main element impacting the valuation of the ASHI is the discount rate which is used to calculate the present value of the future claims. In 2023, the discount rate decreased from 2.5% (2022) to 1.9% (2023), reversing the previous trend observed in 2022 when it increased from 0.5% (2021) to 2.5% (2022). Such trends resulted in an actuarial loss amounting to CHF 24.7 million in 2023 as compared to an actuarial gain amounting to CHF 133.6 million in 2022.

The second element with a significant impact on the ASHI liability is experience gains of CHF 4.6 million corresponding to changes in census data after 31 December 2021 were due to many factors, including more deaths of inactive members than expected (or more leavers for other reasons), lower salary increases than expected, and fewer claims paid than expected.

The contributions paid by the organization for the ASHI amounted CHF 7 million in 2023 (CHF 8.4 million in 2022). The employer expected contribution for 2024 amount is estimated to be CHF 8.8 million.

Since January 2020, ITU is part of the United Nations staff mutual insurance society against sickness and accident (UNSMIS). It is a medical insurance fund for UN staff members. Established in 1947 and headquartered in Geneva. UNSMIS is designed to reimburse medical expenses for its members, which can include costs arising from sickness, accidents, and maternity. The society serves both active and retired UN employees and their families.

UNSMIS operates on contributions from participating organizations and staff members, to ensure that its members receive medical care reimbursements under the society's rules and regulations. In addition to handling claims, UNSMIS is responsible for maintaining agreements with health providers and ensuring the financial stability of the insurance plan.

The actuarial reserve for long-term risks within UNSMIS was established in 1995 to cover the continuous increase in health-care costs and the progressive increase in the average age of members. Investment income from this reserve for long-term risks should make it possible to limit the rise in premiums and absorb any unforeseen costs. The study by EY proposed that the total for this reserve be established at USD 87.4 million (31 December 2022). As of 31 December 2022, this reserve is fully financed.

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

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 contribution had been agreed at the level of USD 19.5 million (CHF 19.5 million), which was paid from the CMIP (Continuation Medical Insurance Plan) guarantee fund in early 2020. In addition, an extraordinary contribution will be paid yearly for 13 years starting 2020. This extra-contribution aims to regularize the impact of ITU joining this medical plan based on the staff and retiree age, demographics and other agree factors. This extra-contribution represents a total amount of USD 22.5 million split to be paid yearly over 13 years.

The follow-up of the cost containment is managed by the UNSMIS Committee, where ITU has a seat as a new member. Further details can be found in Document C24/46 on the annual report on ASHI.

### 17.1.3 Sensitivity information for healthcare plan

The sensitivity of defined benefit obligation (DBO) at 31 December 2023 and of the service cost and interest cost for fiscal year 2023 related to changes in the assumed healthcare trend are shown below:

Financial year (CHF '000)	31 December 2023
1% increase in healthcare trend rate - effect on service and interest costs	6,908
1% decrease in healthcare trend rate - effect on service and interest costs	(5,050)
1% increase in healthcare trend rate - effect on Defined Benefit Obligation	94,849
1% decrease in healthcare trend rate - effect on Defined Benefit Obligation	(73,844)

The discount rates used for this valuation were determined by using Aon AA Corporate Bond Yield Curves as at December 31, 2023. The sensitivity of defined benefit obligation (DBO) at 31 December 2023 related to changes in the discount rate are shown below.

Financial year (CHF '000)	31 December 2023
1% increase in discount rate - effect on Defined Benefit Obligation	(63,226,734)
1% decrease in discount rate - effect on Defined Benefit Obligation	83,539,939

## 17.2 Repatriation grant

### 17.2.1 Definition

In principle, a repatriation grant shall be payable to staff members who have at least 5 years of continuous services and whom the Union is obliged to repatriate. Costs include accrued annual leave, repatriation travel and removal on repatriation. Detailed conditions and definitions relating to eligibility and requisite evidence of relocation shall be determined by the Secretary-General.

Length of service, gross salary less staff assessment (including any language allowances and nonresident's allowance if applicable for General service staff) were taken into account in calculating the total amount of the obligation at 31 December 2023. The economic assumptions used are a discount rate of 1.9% (compared to 2.5% in 2022) and a rate of salary increase of 3.1% (compared to 3.0% in 2022). For the valuation of 2023, the assumptions for the actuarial study on the repatriation grant have been aligned with the ASHI assumptions.

### 17.2.2 *Payment of the repatriation grant*

Payment of the repatriation grant is governed by the conditions and definitions set out in the Staff Regulations and Staff Rules. As of December 2023, the employee benefit liability for repatriation amounted to CHF 12.0 million compared to CHF 12.4 million in 2022. This provision is funded by a deduction of one per cent (1%) from the remuneration of staff members other than those engaged for conferences and other short-term services.

The liability recognized for these other long-term benefits is the present value of the defined benefit obligations at the reporting date. The liability is calculated by an independent actuary using the Projected Unit Credit Method. Interest cost, current service costs, and actuarial gains or losses arising from changes in actuarial assumptions or experience adjustments are recognized in the statement of financial performance.

An IPSAS-compliant actuarial valuation is carried out each year by an independent consultancy.

### **17.3 Employee benefits under the United Nations staff pension plan**

ITU is a member organization participating in the United Nations Joint Staff Pension Fund (the “Fund”), which was established by the United Nations General Assembly to provide retirement, death, disability, and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in 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.

The Fund 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 Fund. ITU and the Fund, 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: Employee benefits. ITU’s contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance.

The Fund’s Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities.

ITU’s financial obligation to the Fund consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9% for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

The latest actuarial valuation for the Fund was completed as of 31 December 2021, and the valuation as of 31 December 2023 is currently being performed. A roll forward of the participation data as of 31 December 2021 to 31 December 2022 was used by the Fund for its 2022 financial statements.

The actuarial valuation as of 31 December 2021 resulted in a funded ratio of actuarial assets to actuarial liabilities of 117.0%. The funded ratio was 158.2% when the current system of pension adjustments was not taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2021, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2020, 2021 and 2022) amounted to USD 8,937.68 million, of which 0.98% was contributed by ITU.

During 2023, contributions paid to the Fund amounted to CHF 27.2 million (CHF 27.7 million in 2022) (USD 30.25 million in 2023 and USD 29.04 million in 2022). Expected contributions due in 2024 are approximately CHF 26.7 million) (USD 30.8 million).

Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund publishes quarterly reports on its investments, and these can be viewed by visiting the Fund at [www.unjspf.org](http://www.unjspf.org).

#### Summary of contributions to the Fund for the period 1 January to 31 December 2023

Description (CHF '000)	Normal contributions	Service validation contributions /restitution	Voluntary contributions	Total
Contributions by participants	8,955	51	98	9,104
Contributions by the Union	17,910	7	155	18,072
<b>Total</b>	<b>26,865</b>	<b>58</b>	<b>253</b>	<b>27,176</b>

#### Obligations related to other employee benefits

Before the establishment of UNJSPF and ITU's affiliation thereto, the Union had set up funds to provide retirement, death, disability, and health insurance benefits to its staff members. Since ITU's affiliation to the above-mentioned funds, the funds previously created have functioned as a closed fund. Obligations thereunder are shown as long-term liabilities. Agreements have been concluded between ITU and its funds to ensure the latter's financing.

In 2022, the Union did not consider it necessary to request a new actuarial study for the Staff Superannuation and Benevolent Funds. At 31 December 2023, the provision for the obligations arising from pensions currently being paid to former employees affiliated to the Staff Superannuation and Benevolent Funds, recognized in 2010 in the amount of CHF 54,000, remains unchanged.

**Note 18 Provision**

The provision for risks and expenses comprises the provision for litigation which represents management's best estimate, at the date of closure, of future obligations associated with a past event in respect of various disputes to which ITU is a party. The administrative expenses related to the cases are communicated periodically by the tribunal and are recognized as incurred. There is uncertainty for ITU related to the final value and timing of the outflows of these disputes.

The provision for satellite network filings (SNF) comprises the amount corresponding to the unclaimed free-of-charge publication that Administrations are entitled to request each year. The entirety of this provision will be used during the 2024 financial period.

Description (CHF '000)	Total					
	Satellite Network Filings		Litigation		31 December	31 December
	2023	2022	2023	2022	2023	2022
Opening balance	370	279	1,089	1,093	1,459	1,372
Increase	693	370	61	748	754	1,118
Used during year	(306)	(212)	(48)	(712)	(354)	(924)
Unused amounts reversed	(65)	(67)	(19)	(42)	(84)	(109)
Unrealized exchange gain	-	-	3	1	3	1
<b>Total - 31 December 2023</b>	<b>693</b>	<b>370</b>	<b>1,085</b>	<b>1,088</b>	<b>1,778</b>	<b>1,459</b>

**Note 19 Other debts**

Description (CHF '000)	31 December 2023	31 December 2022
Accounts payable	677	967
Employees miscellaneous	2,176	1,236
Goods receipt/Invoice receipt	202	21
UNDP	3	6
<b>Total - Other debts</b>	<b>3,057</b>	<b>2,230</b>

**Note 20 Extra budgetary funds**

Allocated third-party funds are related to signed binding agreements, third-party funds in process of allocation are funds in process of allocation and third-party funds to be received related to are agreements signed in the current financial year and invoiced but yet to be received.

As described in Note 2, the 2022 information included in the table below has been re-presented to provide more qualitative information and to disaggregate current and non-current third-party funds at year-end. In addition, the table includes Third-party funds to be received, related to agreements signed and invoiced during each respective year, and for which the collection is expected in following period.

Description (CHF '000)	31 December 2023	31 December 2022 (restated)
Allocated third-party funds, current	19 614	22 749
Third-party funds in process of allocation	3 405	2 679
Third-party funds to be received	1 340	798
<b>Total current Third-party funds</b>	<b>24 359</b>	<b>26 226</b>
Allocated third-party funds, non-current	17 088	12 601
<b>Total Non-current Third-party funds</b>	<b>17 088</b>	<b>12 601</b>
<b>Total - Third-party funds</b>	<b>41 447</b>	<b>38 827</b>

## Note 21 Revenue

### Assessed Contributions

By its Resolution 1405, adopted at its 2021 session, the Council approved the budget of the Union for the period 2022-2023.

The 2023 revenue from Member States is in line with the financial plan as presented at PP-18. The assessed contributions from Member States are based on 343 11/16 Units.

Conference contributions have been recognised for:

- The World Radiocommunication Conference (WRC) and Radiocommunication Assembly (RA) in Dubai, United Arab Emirates. The Emirates government covered the transport cost and accommodation of all ITU staff who travelled there. The Government also directly provided logistics and security for all participants.
- The Global Symposium for Regulators (GSR) held in Sharm El-Sheikh, Egypt. As per the Host Country Agreement the Egyptian government financed the transport cost and accommodation of all ITU staff who travelled there and directly provided logistics and security for all participants.

The following table shows the assessed contributions recognized in 2023 and 2022.

Description (CHF '000)	31 December 2023	31 December 2022
Contributions by Member States	109,293	109,293
Contributions by Sector Members	13,967	13,797
Contributions by Associates	2,164	2,180
Contributions by Academia	413	408
Contributions conferences	1,725	1,935
<b>Total - Assessed Contributions</b>	<b>127,562</b>	<b>127,613</b>

### Extra-budgetary contributions

Voluntary contributions and FIT projects are sources of funding from third parties to support the Union in implementing development projects in favour of the developing, UN-designated least developed countries



but also to complement the ITU budget on regular activities. The total of voluntary contributions and fund in trust received amounted to CHF 19.0 million in 2023 (CHF 18 million in 2022).

Description (CHF '000)	31 December 2023	31 December 2022
<b>Extrabudgetary contributions</b>		
- Voluntary contributions	3,889	3,947
- Trust fund contributions	15,063	14,018
<b>Total - Extrabudgetary Funds</b>	<b>18,952</b>	<b>17,965</b>

### Other operating revenue

In 2023, our sales revenue from publications reached CHF 16.7 million, surpassing the anticipated CHF 15.5 million by CHF 1.2 million and previous year sales by CHF 2.1 million. This increase is mostly attributable to a 10% price increase for both List V (released in April 2023) and List IV (released in November 2023).

The increase in Other revenue is mostly due to additional revenue for the new building project.

Description (CHF '000)	31 December 2023	31 December 2022
<b>Cost recovery</b>		
- Publications	16,724	14,604
- Satellite Network Filings (SNF)	10,643	10,285
- Other cost recovery	296	337
<b>Total cost recovery</b>	<b>27,663</b>	<b>25,226</b>
- Other revenue	6,482	1,247
<b>Total - Other Operating Revenue</b>	<b>34,145</b>	<b>26,473</b>

### Finance revenue / (cost)

As described in Note 2, the 2022 information included in the table below has been restated to include the positive change in the Net Present Value of the loan for CHF 6.2 million (negative change of CHF 4.1 million in 2023) due to the decrease of the Swiss Confederation 30-year bonds rate as described in Note 3.2.

In addition, with the aim to provide more qualitative information, the 2022 foreign exchange gains and losses have been re-presented to show separately the impacts on investments and on operations.

The interest rate on short-term deposits in US dollars has risen in 2023 allowing investment income to reach CHF 4.6 million, which explains the increase compared to 2022 (CHF 1.5 million). Investments are held in US dollars and as a result, in 2023 ITU realized foreign exchange losses on investments of CHF 3.6 million due to strengthened Swiss Franc compared to US dollar. In 2022 ITU realized a foreign exchange gain of CHF 2.3 million.

Description (CHF '000)	31 December 2023	31 December 2022 Restated
Interest on investments	4,559	1,523
Realized exchange gains / (loss) on investments 0-3 months	(3,570)	1,995
Unrealized exchange gains / (loss) on investments	(2,614)	(950)
Bank charges	(193)	(422)
Change in Net Present Value of loan	(4,055)	6,176
Realized exchange gains / (loss) on operations	(2,382)	(2,949)
Unrealized exchange gains / (loss) on operations	(17)	1,116
<b>Total - Finance revenue</b>	<b>(8,272)</b>	<b>6,489</b>

## Note 22 Expenses

### Employee expenses

Employee expenses cover all remunerations paid to staff members on permanent posts and all staff recruited for conferences or holding short-term contracts, such as base salary, post adjustment, language allowance, non-resident allowance, dependency allowance and overtime, as well as other employee expenses. The adjustment for ASHI is related to the net service costs. It represents the increase in the ASHI obligation during the period as calculated in the actuarial study for 2023, in accordance with IPSAS 39.

Globally the employee expenses slightly decreased in 2023. This decrease is largely the result of:

- decreases in Salaries and allowances - (CHF 3.2 million);
- decreases in ASHI adjustment - (CHF 2.4 million); offset by
- increases in other expenses – (CHF 3.2 million), mostly related to the Voluntary separation programme.

Description (CHF '000)	31 December 2023	31 December 2022
<b>Salaries and allowances</b>	<b>97 804</b>	<b>101 037</b>
- Installations and repatriation	1 143	1 085
- Education grant	4 152	3 736
- Home leave	954	741
- Accrued leave	1 307	1 680
- Health & accident insurance	11 408	11 785
- UNJSPF contribution	18 761	19 138
- Other expenses	3 550	331
- ASHI: net service charge	11 645	13 977
<b>Other employee expenses</b>	<b>52 920</b>	<b>52 473</b>
<b>Total - Employee expenses</b>	<b>150 724</b>	<b>153 510</b>

### Non staff costs

#### Mission expenses

In 2022, most of the travel restrictions due to COVID-19 have been lifted allowing missions to take place as planned. This trend continues in 2023 and travel costs have increased by CHF 2.2 million to CHF 7.8 million reach pre-COVID levels of spend on mission expenses.

*Contractual services*

This category covers all emoluments, fees and expenses paid to companies providing consultants within the framework of agreements and contractual arrangements. It also covers special service agreements, expenses pertaining to language courses as part of training, and costs in respect of subcontracted services.

*Rental and maintenance of premises and equipment*

Rental and equipment expenses amounted to CHF 3.5 million in 2023 (CHF 2.8 million in 2022). This 24% increase is explained by the WTSA conference held at CIG where the venue and audiovisual equipment were rented.

*Depreciation and impairment losses*

Depreciation has fallen by CHF 3.8 million since the Varembe building was fully depreciated in 2022 and therefore not included in 2023 depreciation costs.

Description (CHF '000)	31 December 2023	31 December 2022 (restated)
<b>Non staff costs</b>		
- Mission expenses	7 788	5 589
- Contractual services	21 821	20 527
- Rental and maintenance of premises and equipment	3 537	2 860
- Equipment and supplies	3 150	2 460
- Depreciation and impairment losses	5 660	9 495
- Shipping, telecommunications and service expenses	2 673	2 242
- Movement in impairment / provision	4	(2 807)
- Other expenses	1 804	2 929
<b>Total - non staff costs</b>	<b>46 437</b>	<b>43 295</b>

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**Note 23 Segment reporting – Statement of financial performance 2023**

Description (CHF '000)	General Secretariat	ITU-R	ITU-T	ITU-D	Total Regular Funds	New Building	SS&B Funds	Total Extra-budgetary Funds	Inter-segment Elimination	Total
<b>REVENUE</b>										
Assessed contributions	58,048	31,611	16,893	21,009	<b>127,562</b>					<b>127,562</b>
Extra-budgetary contributions	4	1	1	192	<b>198</b>			18,754		<b>18,952</b>
Other operating revenue										
- Publications	50	16,634	1	35	<b>16,719</b>			5		<b>16,725</b>
- Satellite Network Filings (SNF)		10,643			<b>10,643</b>					<b>10,643</b>
- Other Cost recovery	30	39	395	846	<b>1,310</b>				(1,014)	<b>296</b>
- Other revenue	329	328	46	99	<b>802</b>	2,570		3,110		<b>6,482</b>
<b>Total revenue</b>	<b>58,460</b>	<b>59,257</b>	<b>17,336</b>	<b>22,180</b>	<b>157,233</b>	<b>2,570</b>		<b>21,870</b>	<b>(1,014)</b>	<b>180,659</b>
<b>EXPENSES</b>										
Employee expenses	72,881	31,485	12,627	25,272	<b>142,266</b>	(8)		8,466		<b>150,724</b>
Mission expenses	917	2,284	519	1,796	<b>5,516</b>			2,272		<b>7,788</b>
Contractual services	8,586	871	524	2,184	<b>12,165</b>	8		9,649		<b>21,821</b>
Rental and maintenance of premises and equipment	2,304	171	89	147	<b>2,711</b>			826		<b>3,537</b>
Equipment and supplies	1,431	411	137	302	<b>2,281</b>	10		860		<b>3,150</b>
Depreciation	3,080	1,111	438	884	<b>5,514</b>	7		139		<b>5,660</b>
Shipping, telecommunication and services expenses	2,368	92	40	130	<b>2,630</b>			43		<b>2,673</b>
Other expenses	638	170	67	210	<b>1,085</b>			1,737	(1,014)	<b>1,808</b>
<b>Total expenses</b>	<b>92,205</b>	<b>36,595</b>	<b>14,441</b>	<b>30,926</b>	<b>174,167</b>	<b>17</b>		<b>23,991</b>	<b>(1,014)</b>	<b>197,161</b>
<b>Finance Revenue / (cost)</b>	<b>(3,361)</b>	<b>(1,340)</b>	<b>(526)</b>	<b>(1,123)</b>	<b>(6,349)</b>	<b>(61)</b>	<b>(312)</b>	<b>(1,550)</b>		<b>(8,272)</b>
<b>Surplus / (deficit) for the period</b>	<b>(37,105)</b>	<b>21,322</b>	<b>2,369</b>	<b>(9,869)</b>	<b>(23,283)</b>	<b>2,491</b>	<b>(312)</b>	<b>(3,671)</b>	<b>-</b>	<b>(24,774)</b>

The inter-segment elimination consists of the support costs (AOS) charged to projects and transferred to the ITU regular budget.

# ITU ANNUAL FINANCIAL OPERATING REPORT AND FINANCIAL STATEMENTS 2023

## Segment reporting – Statement of financial performance 2022, restated

Description (CHF '000)	General Secretariat	ITU-R	ITU-T	ITU-D	Total Regular Funds	New Building	Insurance	Total Extra-budgetary Funds	Inter-segment Elimination	Total
<b>REVENUE</b>										
Assessed contributions	58,721	28,035	17,721	23,137	127,613					127,613
Extra-budgetary contributions	-	-	-	-	-			17,965		17,965
<i>Other operating revenue</i>										
- Publications	39	14,518	3	43	14,603			-		14,603
- Satellite Network Filings (SNF)		10,285			10,285					10,285
- Other Cost recovery	3		313	1	317			21		338
- Other revenue	493	276	78	171	1,017	270	18	(58)		1,247
<b>Total revenue</b>	<b>59,256</b>	<b>53,114</b>	<b>18,114</b>	<b>23,351</b>	<b>153,836</b>	<b>270</b>		<b>17,928</b>	<b>-</b>	<b>172,051</b>
<b>EXPENSES</b>										
Employee expenses	73,542	30,926	13,566	27,733	145,766		4	7,740		153,510
Mission expenses	1,502	498	323	1,671	3,994			1,596		5,589
Contractual services	7,862	879	748	2,143	11,632			8,896		20,527
Rental and maintenance of premises and equipment	2,473	75	174	76	2,798			62		2,860
Equipment and supplies	1,397	286	94	263	2,040			420		2,460
Depreciation	5,084	1,795	810	1,664	9,352	5		138		9,496
Shipping, telecommunication and services expenses	1,759	124	63	221	2,167			76		2,242
Other expenses	(521)	(155)	(76)	(147)	(899)			1,021		122
<b>Total expenses</b>	<b>93,096</b>	<b>34,427</b>	<b>15,701</b>	<b>33,624</b>	<b>176,849</b>	<b>5</b>		<b>19,948</b>	<b>-</b>	<b>196,805</b>
<b>Finance Revenue / (cost)</b>	<b>3,382</b>	<b>1,277</b>	<b>586</b>	<b>1,248</b>	<b>6,492</b>	<b>(12)</b>	<b>75</b>	<b>(66)</b>		<b>6,489</b>
<b>Surplus / (deficit) for the period</b>	<b>(30,459)</b>	<b>19,963</b>	<b>2,999</b>	<b>(9,025)</b>	<b>(16,521)</b>	<b>253</b>	<b>75</b>	<b>(2,086)</b>	<b>-</b>	<b>(18,266)</b>

**Note 24 Reconciliation between budgeted amounts and actual amounts**

The financial statements include:

- ITU regular budget;
- Other funds; and
- Extra-budgetary funds

**Reconciliation**

The Union's budget and financial statements are accounted for differently. The 2022-2023 budget is established on a modified cash basis, with several specific items that are not dealt with on an accrual basis. Furthermore, the ITU budget deals solely with the Union's core activity and not with activities financed by extra-budgetary funds.

The Union's financial statements are drawn up on an accrual basis using a classification based on the nature of the expenses recorded in the statement of financial performance (see Statement II).

To reconcile statements II and V transactions are broken into two categories of differences - basis and entity differences.

**Basis differences:** include expenses that are not included in the budget of ITU or treated differently under IPSAS requirements. These expenses typically include changes to the provision of doubtful debts, recognition of inventories, capitalization of fixed assets, depreciation, exchange gains and losses, ASHI, FIPOI loan repayment and surplus and / or deficit on investments.

**Entity differences:** typically refer to revenue and expenses that are outside of the approved ITU programme Budget, i.e. extra-budgetary funds and other funds not under the Union's budget.

Description (CHF'000)	2023			
	Operating	Investing	Financing	Total
<b>Results on a comparable basis</b>	<b>1,424</b>			<b>1,424</b>
Changes in and use of provision for doubtful debts	(36)			(36)
Revenue not included in Regular Budget				-
Capitalization of fixed assets/intangibles		5,570		5,570
Recognition of inventories	31			31
Depreciation	(5,514)			(5,514)
Exchange-rate gains and losses	(5,123)			(5,123)
ASHI	(11,645)			(11,645)
Repayment of FIPOI loan not considered as expense			1,391	1,391
Other expenses	(4,008)			(4,008)
Sale of assets	28			28
<b>Total basis differences</b>	<b>(26,268)</b>	<b>5,570</b>	<b>1,391</b>	<b>(19,306)</b>
<b>Entity differences</b>	<b>(6,892)</b>			<b>(6,892)</b>
<b>Surplus / (deficit) as shown in the statement of financial performance</b>	<b>(31,736)</b>	<b>5,570</b>	<b>1,391</b>	<b>(24,774)</b>

## Summary of Budget to Actual differences

In the 2023 financial year, the budget was approved for CHF 163.2 million (resolution 1405). This budget was increased by CHF 0.2 million (total CHF 163.4 million) because of Secretary General's delegated authority under the council resolution 1405 and related financial regulations. This increase was due to a contribution for the new area office in New Delhi.

As noted in Statement V the revenue is CHF 157 million. This has resulted in a shortfall of revenue compared to budget of CHF 6.4 million. This shortfall is due to the decrease in cost recovery revenue for the processing of satellite network fillings (SNF). This shortfall is partially offset by an increase in interest revenue which was CHF 2.9 million in 2023.

To manage the shortfall in revenue received ITU had performed monthly reviews to ensure that expense levels remained below the revenue for 2023.

This close monitoring ensured that ITU ended the year with a surplus of CHF 1.4 million.

The 2023 budget implementation had been particularly challenging due to critical factors weighing on the 2023 budget, such as a shortfall of cost recovery revenue, salary and other expenses increases.

Below is a summary of expenses under each of the Sectors of ITU.

### *General Secretariat*

Total expenses of the General Secretariat amounted to CHF 86.6 million in 2023, or 95.9% of the budget of CHF 90.3 million.

The main savings were related to documentation, with a significant reduction in the documentation costs through a productivity increase and a reduction of fixed costs. Other savings were also achieved by some departments on account of recruitment delays or positions maintained vacant. Lastly, some saving versus approved budget were achieved on common expenses.

### *ITU - Radiocommunication Sector (ITU-R)*

Total expenses of ITU-R amounted to CHF 30.0 million, or 92.6% of a budget of CHF 32.4 million. Key savings were under interpretation, staff costs and mission expenses.

Three major events were held during the year:

- the Radiocommunication Assembly (RA);
- the World Radiocommunication Conference (WRC); and
- the Conference Preparatory Meeting (CPM).

As a result of WRC decisions, additional funding will be required in 2024 and beyond for activities related to the modernization of ITU-R systems.

### *ITU - Telecommunication Standardization Sector (ITU-T)*

Total expenses of ITU-T amounted to CHF 12.5 million in 2023, or 94.7% of the budget of CHF 13.2 million.

Savings were made in all sections of the ITU-T budget (TSAG, Study Groups, Activities and Programmes, Workshops and Bureau).

Most of the savings are on account of Staff, Missions, Interpretation and Fellowships categories of expenses. Key areas of expenses reduction had been in travel (66% of travel budget utilized) and interpretation (46% of interpretation budget utilized).

*ITU - Telecommunication Development Sector (ITU-D)*

The total expenditure of ITU-D amounted to CHF 26.6 million, or 97.1% of the approved budget of CHF 27.4 million.

The Telecommunication Development Bureau (BDT), responsible for ITU-D, was able to achieve financial savings on activities and programs section (operational plan), under mission and contractual services category of expenses. Furthermore, a decision was made to delay recruitments for some 2023 vacant posts which resulted in additional savings.

**Note 25 Related-party disclosures**

The following entity is to be considered as a related party:

- The ITU Council comprises 48 Member States, without specific individuals being designated.
- The Union is managed by the Secretary-General, as executive head, assisted in that task by the Deputy Secretary-General and the Directors of the Union's three sectors (high-ranking officials sitting on the Coordination Committee): Radiocommunication Sector (ITU-R), Telecommunication Standardization Sector (ITU-T) and Telecommunication Development Sector (ITU-D).

The total remuneration paid to key management officials comprises net salary, post adjustment, allowances such as representation expenses, installation grant, repatriation grant, accrued leave, rental subsidy, and removal of personal effects.

Key management officials are also entitled to the same benefits as staff in the Professional category, namely:

- home leave;
- education grant; and
- post-employment benefits.

All the payments made in 2023 to/from the Key management people have been included in the table below.

In thousands of CHF	31 December 2023		31 December 2022	
	Number of persons	Total remuneration	Number of persons	Total remuneration
Elected officials	5	2,274	5	2,623



**Note 26 Future commitments**

ITU signed a contract with UNSMIS as of 1 January 2020 of which the payment of an additional annual contribution is required to be paid until 2032. At 31 December 2023, the remaining additional contributions total CHF 13.3 million (USD 15.9 million) (31 December 2022 – CHF 16.2 million (USD 17.5 million)).

**Note 27 Events after the reporting date**

ITU's reporting date is 31 December 2023 and these Financial Statements were authorized for issue on the same date at the External Auditor's opinion.

At the ITU Council session held in June 2024, the Secretariat reported on progress in connection with the new building project. The Council was informed that (i) proposals submitted for appointing a general contractor for the headquarters premises project significantly exceed the approved budget of CHF 172.69 million, that (ii) two calls for voluntary contributions and additional sponsorship yielded no interest, and that (iii) the Varembe building is nearing the end of its serviceable life and therefore it has become urgent to decide on its replacement.

Subject to the concurrence of the majority of ITU Member States in accordance with No. 79 of the Convention, the ITU Council approved the continuation of the new building project and requested ITU to revise and scale down the project to fit within the approved budget and available financing.

Such revision has also required the Secretariat to review all the assets recorded in connection with the project, including the costs incurred to date, the sponsorships received and to be received to assess whether such assets are still valuable under the reassessed scenario or require an impairment. As of 31 December 2023, ITU incurred total costs for CHF 19.7 million. In addition, CHF 2.3 million of further costs have been incurred in 2024 and ITU could be exposed to claims, contractual obligations and retentions for an amount of CHF 3.8 million.

The review concluded that the costs incurred were almost entirely no longer relevant under the revised scope of the project, and the additional costs of CHF 2.3 million incurred in 2024 will no longer serve the revised project. During the financial year 2024, ITU will therefore recognise an impairment of the Asset Under Construction.

Certain sponsorships were received for the funding of specific features of the previous building project such as meeting room, lobby, courtyard, cafeteria and others for a total of CHF 16.9 million and recognised sponsorship receivables for CHF 1.4 million. The Secretariat is committed to including such features in the new architectural project and, upon completion of the design phase, it will discuss with the sponsoring members whether the revised project design may impact on the sponsored funds.

ITU has been notified of certain decisions reached by the ILO Tribunal during 2024. The impact of those decisions resulted in costs to be incurred in excess of the provisions recognised as of December 31, 2023. Such impact is recognised in 2024, as deemed not material.

ANNEX A

DRAFT RESOLUTION

**Audited financial operating report for the 2023 financial year**

The ITU Council,

*in view of*

[No. 101](#) of the Convention of the International Telecommunication Union and [Article 30](#) of the Financial Regulations of the Union,

*having examined*

the audited financial operating report for the 2023 financial year, covering the accounts for the 2023 financial year of the budget of the Union, and the audited 2023 accounts for technical cooperation projects, voluntary contributions and the ITU Staff Superannuation and Benevolent Funds,

*having noted*

that the External Auditor's reports are set out in Document [C24/42](#),

*resolves*

to approve the financial operating report for the 2023 financial year (Document [C24/45](#)), covering the accounts of the Union, and the 2023 accounts of extra-budgetary funds, ITU Staff Superannuation and Benevolent Funds.