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| Contribution by China (People's Republic of) | |
| RECOMMENDATIONS ON ENHANCING EFFICIENCY IN THE IMPLEMENTATION OF THE BUDGET OF THE UNION AND RATIONALIZATION OF EXPENDITURES | |
| **Purpose**  This contribution provides recommendations to enhance efficiency in the implementation of the budget of the Union and to rationalize expenditures.  **Action required**  The Council Working Group on financial and human resources is invited to **consider** this contribution, **take appropriate action**, and **submit its proposals** to the 2026 session of the Council **for approval**.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **References**  *Recommendations on enhancing efficiency in the implementation of the budget of the Union and rationalization of expenditures (*[*C25/86*](https://www.itu.int/md/S25-CL-C-0086/en)*); Efficiency measures implemented in 2023-2024 and future plans (*[*C25/62*](https://www.itu.int/md/S25-CL-C-0062/en)*); Reorganization of the Administration and Finance Department, General Secretariat (*[*C11/18*](http://www.itu.int/md/S11-CL-C-0018/en)*); Council Resolution* [*1412*](https://www.itu.int/md/S22-CEXT23-C-0006/en) *(C23-EXT); Transformation roadmap to achieve organizational excellence (*[*C23/52*](https://www.itu.int/md/S23-CL-C-0052/en)*,* [*C24/52*](https://www.itu.int/md/S24-CL-C-0052/en)*); Financial management transformation plan (*[*C23/50*](https://www.itu.int/md/S23-CL-C-0050/en)*); Proposals for the establishment of an oversight unit (*[*C23/53*](https://www.itu.int/md/S23-CL-C-0053/en)*,* [*C23/DL/6*](https://www.itu.int/md/S23-CL-230711-DL-0006/en)*); Financial operating report for the financial year 2022 (*[*C24/40*](https://www.itu.int/md/S24-CL-C-0040/en)*); Financial operating report for the financial year 2023 (*[*C24/43*](https://www.itu.int/md/S24-CL-C-0043/en)*); External Auditor's report on ITU's 2023 financial statement and 2023 financial operating report (*[*C24/144*](https://www.itu.int/md/S24-CL-C-0144/en)*); Update on the use of third-party consulting firms (*[*CWG-FHR-20/INF/1*](https://www.itu.int/md/S25-CWGFHR20-INF-0001/en)*)* | |

**1 Background**

The United Nations system is currently facing a severe systemic funding crisis with multiple challenges to its financial sustainability. ITU, as the United Nations specialized agency for information and communication technologies, is also facing difficult budget implementation pressures, both internally and externally. In recent years, ITU has developed a number of reform initiatives to adapt to the changing international environment and organizational development needs, and proposed new departments such as the Oversight Unit, Gender and Youth Office, Special Initiatives, Transformation Team, etc. The implementation of transformation initiatives involving relatively large funding requirements and relying heavily on the regular budget could lead to a crowding out of budgetary resources originally earmarked for priority areas of the Union and for unfunded mandatory activities (UMACs), placing additional financial pressure on the organization. At the same time, the creation of additional posts and expansion of the workforce further increase operating costs and pose greater challenges to budget implementation.

During the 2025 Council, the secretariat's report on EFFICIENCY MEASURES IMPLEMENTED IN 2023-2024 AND FUTURE PLANS ([C25/62](https://www.itu.int/md/S25-CL-C-0062/en)) outlined the efforts and outcomes of the ITU's efficiency initiatives over the past two years. Key measures included organizational structure and process optimization, financial and operational transformation, IT modernization, and human resource management. China, Cuba, and the Russian Federation, in their joint contribution on RECOMMENDATIONS ON ENHANCING EFFICIENCY IN THE IMPLEMENTATION OF THE BUDGET OF THE UNION AND RATIONALIZATION OF EXPENDITURES ([C25/86](https://www.itu.int/md/S25-CL-C-0086/en)), put forward specific recommendations addressing the financial sustainability challenges, optimal allocation of budgetary resources, and the efficiency of financial utilization currently faced by the ITU. During the meeting, many councilors expressed support for the joint contribution and offered suggestions for improving the secretariat's report. Key viewpoints raised included:

1. Recommend that the secretariat clarify the reinvestment and allocation mechanisms for budget surplus in its report on efficiency measures and consider, as appropriate, directing relevant resources to support developing countries in bridging the digital divide, enhancing capacity building, and advancing digital transformation.
2. Proposals for reform initiatives, including the establishment of new functions and departmental structures, entail substantial financial commitments. Considering that the General Secretariat and the three Bureaux have not yet clarified their operational priorities in alignment with their core mandates, strategic objectives, and practical requirements, the implementation of such reforms may impose considerable pressure on existing sectoral budgets. This could subsequently hinder the effective pursuit of strategic priorities and core functions within each Sector. Accordingly, it is recommended that a thorough assessment and review of the necessity of these reforms be conducted.

**2 Discussion**

Currently, ITU faces the following key financial sustainability challenges ([C25/86](https://www.itu.int/md/S25-CL-C-0086/en)): **First,** the ongoing organizational transformation and reform initiatives continue to generate substantial additional funding requirements, exacerbating existing budgetary pressures and creating further constraints on the financing of strategic priorities and core operations. **Second,** the steadily increasing personnel expenditures have become the largest component of the budget structure, and the creation of new high-level positions (P-level and above) in oversight and financial management will further intensify the budget burden. **Third,** administrative and operational costs continue to rise, particularly reflected in the growing expenditure on outsourced services. **Fourth,** excessive reliance on short-term consultants and third-party institutions in critical areas such as strategy development and financial management has led to extra-budgetary and non-essential spending, while also potentially undermining the independence of the Union’s decision-making.

Regarding the secretariat's report ([C25/62](https://www.itu.int/md/S25-CL-C-0062/en)), the multiple efficiency measures already implemented by the ITU have laid a solid foundation for enhancing operational effectiveness and optimizing resource utilization. However, the following aspects of the report require further clarification and improvement:

1. On efficiency measures across Sectors: The report outlines key measures implemented by the Bureaux over the past two years to improve efficiency and reduce costs. While the operational nature of each Bureau differs and the measures taken are highly tailored to specific functions, there exist commonly applicable efficiency-enhancing approaches—such as promoting process optimization and digital transformation, expanding the use of smart technologies, strengthening project management, and implementing centralized procurement and resource coordination. These proven practices have demonstrated effectiveness and should be systematically promoted and coordinated within the Union framework to facilitate experience-sharing and overall performance improvement. Furthermore, given that the General Secretariat's budget has long accounted for over 50% of the Union's total budget, its cost-saving outcomes have a decisive impact on the overall expenditure control of ITU. Therefore, we seek a comprehensive understanding of the specific measures and substantive results achieved by the General Secretariat in reducing costs and improving efficiency, which may serve as a reference for optimizing the ITU's overall budget.
2. On the adoption of UN global shared services: The report indicates that ITU has opportunities to enhance operational efficiency by adopting UN global shared services—for instance, by outsourcing special Service Agreements (SSA) and Short-Term (ST) administration to UNICEF to enhance service delivery and optimize resource allocation; outsourcing the ombudsman function to UNOMS. According to the HR dashboard, ITU currently employs 368 non-staff personnel (accounting for 34.7% of total staff), among which 226 are engaged under SSA, representing 61.4% of non-staff personnel[[1]](#footnote-1). Currently, a significant portion of ITU's project activities heavily relies on outsourced services such as SSAs and third-party consulting institutions. This reliance has extended into critical functional areas including financial management and institutional transformation, resulting in substantial involvement of external entities in the Union's core decision-making processes and potentially leading to biased recommendations.

**3 Proposals**

The effectiveness of the Union's financial management and budget execution will directly impact the organization's strategic implementation and sustainable development. To this end, the Administration of China proposes the following on strengthening budget management and execution efficiency:

1. In order to ensure that the Union's financial and human resource investments match the priorities and expected outputs of each Sector, the General Secretariat and the three Bureaux should clarify their priorities based on their core responsibilities, strategic goals and actual needs. A priority list, accompanied by corresponding budget requirements, will be formulated according to their importance and priority for the organization and submitted for review by the Council. The Council will subsequently allocate annual budget funds based on the established priorities, maximizing the efficiency of resource use and transparency of financial management.
2. It is proposed to establish a joint assessment team composed of the Independent Management Advisory Committee (IMAC) and the Inter-Sector Coordination Group (ISCG). The mandate of the joint assessment team should be twofold: **First,** to develop a mechanism for evaluating the effectiveness and efficiency of measures, enabling a quantitative assessment of all cost-saving and efficiency-enhancing initiatives implemented by the Union—including those outlined in Decision 5 (Annex 2). This evaluation shall employ key financial metrics, such as actual fund saving rates, to deliver an objective and accurate quantitative analysis of the outcomes of each measure, thereby scientifically distinguishing highly effective practices from less efficient ones. **Second,** to conduct a comprehensive review of the necessity and rationality of relevant expenditures across the Union. This team will systematically assess whether existing expenditures are consistent with ITU's core functions, identify and eliminate duplications and redundancies, and consider adopting relevant best practices from the United Nations system to reduce spending on outsourced services —including SSAs and third-party consulting institutions. It should also ensure that all funds are used in accordance with legal, contractual and ethical requirements, striving to guarantee that ITU's resources are used in an effective, efficient and economical manner. The results of the efficiency initiatives and expenditure reviews should be submitted to the Council for monitoring and review by Member States.

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1. HR Dashboard: <https://council.itu.int/2025/en/resources/> [↑](#footnote-ref-1)