Chairman of the Working Group


Background

1 In line with the ITU Constitution (No. 62A), the 2005 session of the ITU Council initiated the preparation process for a draft new strategic plan for 2008-2011. It adopted Decision 527, which foresees the establishment of a working group on the elaboration of the Draft Strategic and Financial Plans. It should be noted that the discussions on the Financial Plan are open to ITU Member States only.

2 At its 2006 session, Council decided to continue the activities of the working group in order to prepare a report on the Draft Financial Plan for 2008-2011 and on the revision of Resolution 91 (Minneapolis, 1998) to the final meeting of the Council (4th November 2006) for submission to the Plenipotentiary Conference 2006. The final draft of the Financial Plan would have to be sent to the ITU Member States no later than 25 September 2006.

3 The working group held its fifth meeting on 27-28 June 2006. As tasked by Council, the Secretariat had prepared the revised estimates for income and expenditures (Document WG-SF-FP-06/27), complemented with a memo on the ratio of the unit payable by Sector Members (Document WG-SF-FP-06/28) and an assessment matrix between objectives and outputs (Document WG-SF-FP-06/29), as well as a draft revision of Resolution 91 (Document WG-SF-FP-06/31). The Secretariat also produced an update of the costs of outputs presented at Council in Annex I of Document C06/23 (Document WG-SF-FP-06/34) and information about unfunded short, medium and long-term security requirements (Document WG-SF-FP-06/36).

4 Three contributions were presented by Australia (Document WG-SF-FP-06/32), Romania (Document WG-SF-FP-06/33) and Sudan (Document WG-SF-FP-06/30b). The oral presentations from Ghana and Portugal were further issued respectively as Documents WG-SF-FP-06/38 and 37.

Outcome of the Meeting

5 In her opening remarks, the Chairman reminded the participants of the outcome of the discussions in Council, in particular Council decision on the provisional amount of the contributory unit (CHF 318 000) and the resulting shortage of income of CHF 53 millions. She outlined the
difficult task of the working group in trying to find ways and means to fill this gap and suggested that this meeting might agree upon a list of principles to progress the work. She also proposed that the meeting be focused on the Draft Financial Plan with a limited time spent on Resolution 91.

1/- Financial Plan

6 Following these remarks, the work started on the Draft Financial Plan. All contributions were introduced to the meeting. The Australian contribution received a very large support. The Romanian contribution was also broadly supported.

7 During the course of the discussion, the working group agreed on the following general principles:
   - efficiency measures were still possible; they had to be identified and reflected in the Financial Plan;
   - there was a clear need to identify duplications of functions, activities and outputs between and within the Sectors as well as the General Secretariat;
   - functions should be better coordinated and harmonized;
   - as far as income was concerned, forecasts should be cautious;
   - a global cut to balance income and expenditure should be avoided; instead new options to further reduce expenditures had to be identified;
   - new activities should be implemented through redeployment;
   - since the new accounting methodology approved in 2005 by Council in its Decision 535 had been used in the preparation of the Draft Financial Plan, a more detailed matrix should be provided by the Secretariat with a clear breakdown of direct and indirect costs. This would contribute to a better understanding of appropriations by output.

8 Furthermore, specific comments or explanations were made regarding some of the options already in or to be included in the Draft Financial Plan:
   - Increase the ratio from 1/5 to ¼: the meeting was not convinced by this proposal. The arguments put forward by the Secretariat in Document WG-SF-FP-06/28 were not felt fully justified. There was a lack of objective and detailed data regarding the coverage of the costs of Sector Members’ participation in Sector activities. Its consequences on the level of participation of Sector Members in Sector activities were questioned: possible decrease of the total number of Sector Members, lack of interest in the status of Sector Member to the benefit of the one of Associate. In conclusion, the meeting felt that such a proposal could only be put forward as a very last solution and strongly asked that the Financial Plan continue to be drafted on the basis of the present ratio, i.e. 1/5. The Secretariat was tasked to provide more details for the next meeting.

   - Free access to ITU-T recommendations: the loss expected by the Secretariat was questioned since the figure of CHF 7 millions did not appear accurate enough. However, this level should be considered as a maximum potential loss and could be further reviewed.

   - RRC-06 post-conference work: whilst the costs of the conference itself (RRC-04/06) were covered by cost recovery, the expenditures foreseen (CHF 5.2 millions) for the post-conference work fall under the regular budget of the ITU as this work is considered as general activities of the Union to the benefit of the membership. It is therefore appropriate that they appear in the Draft Financial Plan.
- **Additional expenditures**: an estimate of the resources needed for the implementation of IPSAS in the ITU should be included in the Financial Plan. The organization of seminars on electronic magnetic compatibility should also be included in some way.

**All these principles and comments as well as a list of specific options for reducing expenditures are included in Annex 1 to this report. They shall serve as guidelines to the Secretariat for further elaboration of the Draft Financial Plan. In view of the next meeting of the working group, the Secretariat should deliver the information requested no later than 15 August 2006.**

**2/- Resolution 91**

9 Regarding Resolution 91, the working group reviewed the draft document prepared by the Secretariat and generally supported the proposed changes. It agreed on additional amendments mainly:

- to introduce the principle of pre-payment for new services and products subject to cost recovery;
- to refer to market-testing and benchmarking.

**A revised updated document will be posted no later than 15 August 2006.**

**Next meeting**

10 The next meeting of the working group will be held in Geneva on **14-15 September 2006**. The circular-letter announcing this meeting will also invite Member States to make any additional proposals for options to balance the income and expenditure.

M.-O. Beau
Chairman
ANNEX

OUTCOME OF THE COUNCIL WORKING GROUP MEETING
OF 27-28 JUNE 2006

The Draft Financial Plan reflects the general orientations of the Draft Strategic Plan (see Document C06/DT/10 (Rev. 2)) and is based on the present structure of the ITU.

I  Principles to guide the elaboration of the Draft Financial Plan

1  Income and expenditure should be balanced in order to avoid a global cut and to limit the use of the Reserve Account for this purpose.

2  In the elaboration of the Draft Financial Plan, basic underlying assumptions should be based on cautious scenarios as far as income is concerned, that include the following:
   2.1 a contributory unit for Member States of CHF 318,000;
   2.2 the maintenance of the ratio between Member States and Sector Members contributions of 1/5;
   2.3 the same number of contributory units as indicated.

II  Some options for reducing expenditure

1  Identify duplications (functions, activities, workshops, seminars) and centralize finance and administrative tasks.

2  Coordination and harmonization of seminars and workshops in order to avoid duplication of the subjects covered and to optimize the Secretariat attendance.

3  Coordination with the Regional Organizations in view to share the available resources of the regional organizations and minimizing the costs of participation (workshops, seminars, preparatory meetings for world conferences).

4  Possible savings taking into account the natural attrition (opportunity for keeping vacant positions unfilled and for the redeployment of staff).

5  Reduction in the cost of documentation of conferences and meetings by:
   5.1 requesting at the time of registration whether paper copies are required;
   5.2 requesting how many copies are needed within the maximum number decided by the Plenipotentiary Conference or by Council;
   5.3 deciding on the maximum sets to be determined up to three per delegation;
   5.4 reducing the number of paper copies sent to administrations; currently five sets. Could be reduced to two or three sets maximum.
6 Consideration of savings in languages (translation, interpretation) for study group meetings and publications.

7 Implementation of activities of WSIS through staff redeployment within the existing resources.

8 Full breakdown of the costs of Study Groups, Working Parties, Task Groups and providing statistics on participation (Member States, Sector Members).

9 Limit the number of Study Groups meetings and their duration.

10 Limit the number of days of Advisory Groups to 3 days per year maximum. Additional meetings may be held on cost recovery basis, i.e. costs are financed by the requesting Sectors.

11 Elimination as much as possible of physical meetings of the working groups of the Council.

12 Reduction of WRC to 18 days maximum taking into account the scope and complexity of the agenda.

13 Cancellation of regional preparatory meetings for the WTDC (CHF 1,104,000), for the WTSA (CHF 353,000), and for the WRC, - except for Africa region.

14 Identification of the level of achievement of the different programmes in view to utilize these resources for other new activities.

15 For new programmes or those having additional financial resources implications, a “value-added impact statement” should justify how the proposed programmes differ from current and/or similar programmes to avoid overlap and duplication.

16 New Programme for Regional initiatives in the Doha Action Plan: CHF 1 million instead of CHF 4.5 millions (for one pilot project for all regions).

17 Information requested on the allocation of resources for regional initiatives, programmes and assistance to members as well as results of the WTDC and Doha Action Plan.

18 Regional presence: Review the cost of the regional presence both in the regions and at the Headquarters and reorganize the regional offices.

19 The proposed P5 position of youth and gender coordinator is not needed; further it should not be devoted to gender issues but to all new initiatives and it should be funded within the existing resources.

20 Travel on duty: limit the time on mission, limit the participation to meetings and benefit from reductions in air ticket prices.

21 Requested information on Decision 6, Table B of PP-02 on the implementation of the reductions for the Financial Plan 2004-2007 and on the same basis proposals to balance the Financial Plan (see Annex C, Document 71, PP-02).

22 Proposals on improvement of the forecast on expenditure and introduction of results-based management (see Document WG-SP-FP-06/37).
III Additional expenditure to be taken into consideration

1 Inclusion in the Financial Plan of an estimate of the resources needed for the implementation of IPSAS.

2 Consideration of inclusion of EMC in one/any of the periodic seminars, e.g. BR biennial seminar (see Document WG-SP-FP-06/38).

IV Income

1 Better estimation of the support cost income derived from the implementation of technical cooperation projects.