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| **Council 2018Geneva, 17-27 April 2018** |  |
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| **Agenda item: ADM 1** | **Document C18/9-E** |
| **8 February 2018** |
| **Original: English** |
| Report by the Secretary-General |
| ANNUAL REVIEW OF REVENUE AND EXPENSES |

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| SummaryThis document presents the key elements of the 2018-2019 Budget implementation, pursuant to No. 73 of the ITU Convention, which provides that an annual review of revenue and expenses shall be carried out by the Council.Action requiredThe Council is invited to **take note** of this document.\_\_\_\_\_\_\_\_\_\_\_\_References[*CV/Art. 4, No. 73*](https://www.itu.int/pub/S-CONF-PLEN-2015)[*Council Resolution 1387*](https://www.itu.int/md/S17-CL-C-0132/en) *(Biennial Budget of the Union for 2018-2019)* |

1. **Introduction**

1.1 The purpose of this document is to report on the status of the implementation of the first year of the 2018-2019 Budget of the Union in relation to revenue and expenses.

1. **Budget of the Union for 2018-2019 (Resolution 1387)**
	1. The 2018-2019 Budget of the Union was adopted by the Council at its 2017 session by Resolution 1387. The biennial budget amounts to CHF 324,617,000, and is divided as follows: CHF 159,877,000 for 2018 and CHF 164,740,000 for 2019. It is based on an annual contributory unit amount of CHF 318,000 for Member States, i.e. zero nominal growth when compared to the previous biennia. The Budget of the Union is being implemented in conformity with Article 10 of the Financial Regulations.
	2. Table 1 below provides the status of the 2018 Budget showing expenses at 31 January 2018 and provides a forecast of revenue and expenses up to 31 December 2018. The preliminary forecast for 2018 shows a CHF 3 million variance mainly due to the implementation of the ICSC decision on the Geneva post adjustment.

**Table 1 – Implementation of Budget Resolution 1387**



3 **Revenue**

3.1 The revenue of the Union consists of assessed contributions, cost recovery, interest/other revenue and overall negative withdrawal from the Reserve Account (Document [C17/10](https://www.itu.int/md/S17-CL-C-0010/en), paragraph 13). Higher revenue from assessed contributions from Member States will help compensate for the shortfall foreseen from Sector Members and cost recovery revenue.

3.2 Revenue from assessed contributions represents 77.8% of the total budget for 2018. It includes contributions from Member States, Sector Members, Associates and Academia. Table 2 below shows the breakdown of assessed contributions.

**Table 2 – Revenue from Assessed Contributions**



3.3 The amount of the annual contributory unit is set at CHF 318,000 for 2018-2019. The number of units from Member States invoiced at 31 January 2018 is 341 ¼, which is 7 units more than the budgeted units of 334 ½ (China increased from 14 units to 20 units and Pakistan increased from 1 to 2 units).

3.4 For 2018, the amount of the annual contributory unit for Sector Members is set at CHF 63,600 and for Associates at CHF 10,600. At 31 January 2018, the total invoiced revenue from Sector Members is below the budgeted revenue by CHF 1.8 million (-11%). The same applies to the invoiced revenue for Associates that is CHF 0.29 million below the budgeted revenue (- 15%).

3.5 Since 2011, the implementation of Resolution 169 (Rev. Busan, 2014) has generated new sources of revenue from admission of Academia, universities and their associated research establishments. At 31 January 2018, there is a total of 120 registered Academia.

3.6 Cost recovery revenue represents 21.8% of the total budgeted revenue. The breakdown is provided in Table 3. Revenue from cost recovery is likely to be lower than the budgeted amount for 2018, this is mainly due to Project support cost recovery revenue, partially offset by higher revenue from UIFN and INN.

**Table 3 – Revenue from Cost recovery**



4 **Expenses**

4.1 With regard to expenses, continuous application of efficiency measures and efforts are being made to comply with Resolution 1387. The objective is to keep expenditure within the budget at the year-end 2018. Implementation of the ICSC decision to lower the post adjustment for the professional and higher categories of staff in Geneva will generate savings estimated to some CHF 3 million for 2018.

**5 ITU Reserve Account**

5.1 An amount of CHF 1.15 million was to be deposited to the Reserve Account during the period 2018-2019 as per Resolution 1387, as the same amount was withdrawn for the Biennium 2016-2017. In addition, management is committed to make savings from the budget implementation for an amount of CHF 0.946 million in order to balance the 2018 Budget.

5.2 The actual amount to be deposited/withdrawn from the Reserve Account will be determined at the year-end closure of the 2018 accounts.

5.3 In addition, Council instructed the Secretary-General to withdraw CHF 1.0 million from the Reserve Account on 1 January 2018 to add to the ASHI fund in order to address the unfunded long-term liabilities.

**6 Results-based Budget**

6.1 Table 4 below provides the expenses at 31 January 2018 for the four strategic goals of the Union contained in the Strategic Plan of the Union for 2016-2019 set forth in Resolution 71 (Rev. Busan, 2014). No significant variances are noticeable at this early stage of the year.

**Table 4 - Cost of ITU strategic Goals at 31 January 2018**



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