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**Contribution by the Secretariat**

DRAFT FINANCIAL PLAN FOR 2020-2023

This document presents the draft Financial Plan for 2020-2023. The preliminary draft revision of Decision 5 is reflected in Annex to this document.

**Annex:** 1

1. **Setting the Scene**
	1. **What is the financial plan?**

1.1 In a few words, the purpose of the draft Financial Plan for 2020-2023 is to provide a tool for the 2018 Plenipotentiary Conference to establish the basis for the preparation of the 2020-2021 and 2022-2023 budgets.

1.2 By setting the amount of the contributory unit for the 2020-2023 timeframe, it determines the related financial limits, until the next plenipotentiary conference, after considering all relevant aspects of the work of the Union during the period concerned.

* 1. **The legal bases**

1.3 The preparation of the financial plan is governed by provision 51, Article 8 of the Constitution.

1.4 The financial plan is approved by the plenipotentiary conference in Decision 5 that reflects the new financial plan as well as all related information.

* 1. **Linkage with the strategic plan**

1.5 The financial plan is linked to the strategic plan, the goals, objectives and the outputs identified therein.

1.6 The financial plan has dual approaches and layouts:

• Financial (to follow the revenue/expenses structures laid down in the financial regulations);

• Result-based (to follow the structure of the strategic plan).

* 1. **The key drivers / determinants**

1.7 The key drivers / determinants for the preparation of the financial plan have been the following:

• The 2020-2023 draft Strategic Plan;

• The amount of the contributory unit (CHF 318,000);

• The revenue level (ceiling);

• The work programme.

1. **The bases / assumptions**

2.1 The 2018-2019 Budget has served as primary basis for the preparation of the draft Financial Plan for 2020-2023, both for expenses and revenue levels.

2.2 No cost increases / decreases as compared to the 2018-2019 Budget have been reflected in the draft Financial Plan for 2020-2023, neither for salary increases / decreases, nor for inflation.

2.3 As for the 2018-2019 Budget, a 5 per cent vacancy rate is applied across the Union.

2.4 Eventual future cost increases / decreases will be taken into consideration during the preparation of the 2020-2021 and 2022-2023 Budgets.

1. **The programme variation**

3.1 As compared to the 2018-2019 Budget, the programme variation amounts to CHF 3.7 million of which CHF - 1.6 million on account of the schedule of conferences for
2020-2023 and CHF 5.9 million for actual programme variation.

3.2 The main elements of the programme variation are:

• ERP and CRM migration to a new technology: CHF 2.0 million;

• First instalment for the new building in 2023: CHF 3.0 million;

• Regional Office in Moscow (only included in the 2019 Budget): CHF 1.0 million.

1. **The planned 2020-2023 revenue**

4.1 The draft Financial Plan for 2020-2023 is based on the revenue that will be available for the 2020-2023 timeframe. The level of revenue is a key parameter for the preparation of the financial plan.

4.2 Assessed contributions represent more than 3/4 of the Union’s revenue. Any change in the number of contributory units will impact the 2020-2023 revenue forecast and thus the expenses forecast will have to be adjusted accordingly. The forecast is based on the
2018-2019 Budget assumptions for the number of contributory units as well as for cost recovery revenue and other revenue.

4.3 The forecast will be updated subsequently to reflect the changes in the number of contributory units. The planned revenue for the 2020-2023 timeframe amounts to CHF 653.5 million.

4.4 Table 1 presents the revenue forecast for the 2020-2023 timeframe.

1. **The planned 2020-2023 expenses**

5.1 The planned expenses presented in Table 2 below are based on the
2018-2019 approved Budget. Programme variations and schedule of events have been taken into consideration when preparing these estimates.

5.2 The total planned expenses for the period concerned amounts to CHF 653.5 million, offset by projected revenue of CHF 653.5 million, i.e. a balanced financial plan.

5.3 No cost increases/decreases have been reflected in the draft Financial Plan for
2020-2023 at this stage concerning the ICSC Decision on post adjustment for Geneva.

5.4 Draft financial plan 2020-2023 does not take into account the financial implications of WTSA-16, WTDC-17 and WRC-19.

5.5 Table 2 presents the expenses forecast for the 2020-2023 timeframe.

**Table 1**



**Table 2**



**6. The Result-based presentation of the 2020-2023 draft Financial Plan**

6.1 This section provides the details of the full costs by goal. These costs are being estimated on the bases of the cost allocation methodology approved by Council in Decision 535 (MOD).

6.2 These figures are still at a provisional and preliminary stage.

6.3 At this stage of the preparation of the draft Strategic Plan for 2020-2023 and as compared to the current plan for2016-2019, the current fourth goal “Innovation” is proposed to be broken down into two new goals:

• Goal 4: Innovation;

• Goal 5: Partnership.

6.4 Table 3 and chart 1 show the Result-based presentation of the draft Financial Plan for 2020-2023.

6.5 At this stage of the preparation of the draft Strategic Plan for 2020-2023, the objectives have not yet been finalized. This is the reason why the RBB presentation is presented at Goals level only.

**Table 3**



**Chart 1**



**7. Preliminary Draft revision of Decision 5**

7.1 Decision 5 will be revised at the 2018 Plenipotentiary Conference to reflect the new Financial Plan for 2020-2023 as well as all related information. The annex to this document provides a preliminary draft revision of Decision 5.

7.2 Annex 2 to the preliminary draft revision of Decision 5 has been revised in light of the results achieved in the implementation of the efficiency measures in the existing Decision 5 and some new proposed areas for efficiency measures have been identified. It should be noted that the existing measures have achieved savings of approximately CHF 41 million since the beginning of 2015.

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ANNEX

DECISION 5 (Rev. DUBAI, 2018)

**Revenue and expenses for the Union for the period 2020-2023**

The Plenipotentiary Conference of the International Telecommunication Union (Dubai, 2018),

*considering*

the 2020-2023 strategic plan including goals, objectives and outputs of the Union,

*considering further*

*a)*Resolution 91 (Rev. Guadalajara, 2010) of the Plenipotentiary Conference, on general principles for cost recovery;

*b)* that, in the consideration of the draft financial plan of the Union for 2020‑2023, the challenge to increase revenues in support of increasing programme demands is substantial,

*noting*

that Resolution 151 (Rev.XXX, XXX), on the implementation of results-based management in ITU, is an important component of which relates to planning, programming, budgeting, monitoring and evaluation, and which should lead, *inter alia*, to further strengthening of the financial management,

*noting further*

that Resolution 48 (Rev. Busan, 2014) of this conference stresses the importance of the human resources of the Union for the fulfilment of its goals, objectives and outputs,

*decides*

1 that the ITU Council is authorized to draw up the two biennial budgets of the Union in such a way that the total expenses of the General Secretariat and the three Sectors of the Union is balanced by the anticipated revenue, on the basis of Annex 1 to this decision, taking into account the following:

1.1 that the amount of the contributory unit of Member States for the years 2020-2023 shall remain unchanged at CHF 318 000;

1.2 that expenses on interpretation, translation and text processing in respect of the official languages of the Union shall not exceed [CHF 85 million] for the years 2020-2023;

1.3 that, when adopting the biennial budgets of the Union, the Council may decide to give the Secretary-General the possibility, in order to meet unanticipated demand, to increase the budget for products or services which are subject to cost recovery, within the limit of the revenue from cost recovery for that activity;

1.4 that the Council shall each year review the revenue and expenses in the budget;

2 that, if no plenipotentiary conference is held in 2022, the Council shall establish the biennial budgets of the Union for 2024-2025 and 2026-2027 and thereafter, having first obtained approval for the budgeted annual values of the contributory unit from a majority of the Member States of the Union;

3 that the Council may authorize expenses e exceeding the budget for conferences, meetings and seminars if such over expenses can be compensated by savings from previous years or charged to the following year;

4 that the Council shall, during each budgetary period, assess the changes that have taken place and the changes likely to take place in the current and coming budgetary periods under the following items:

4.1 salary scales, pension contributions and allowances, including post adjustments, established by the United Nations common system and applicable to the staff employed by the Union;

4.2 the exchange rate between the Swiss franc and the United States dollar in so far as this affects the staff costs for those staff members on United Nations scales;

4.3 the purchasing power of the Swiss franc in respect of non-staff items of expenses;

5 that the Council shall have the task of effecting every possible economy, in particular taking into account the options for reducing expenses contained in Annex 2 to this decision, and considering the eventual funding gaps, and, to this end, that it shall establish the lowest possible budgets commensurate with the needs of the Union, within the limits established by *decides* 1 above.;

6 that the following minimum guidelines should be applied in relation to any expenses reductions:

a) the internal audit function of the Union should continue to be maintained at a strong and effective level;

b) there should be no expenses reductions which would affect cost-recovery revenue;

c) fixed costs such as those related to the reimbursement of loans or after-service health insurance (ASHI) should not be subject to expenses reductions;

d) there should be no expenses reductions in regular maintenance costs for ITU buildings which would affect the security or the health of staff;

e) the information services function in the Union should be maintained at an effective level;

7 that the Council should aim under normal circumstances at keeping the Reserve Account at a level above six per cent of total annual expenses,

*instructs the Secretary-General, with the assistance of the Coordination Committee*

1 to prepare the draft biennial budgets for the years 2020-2021, as well as 2022-2023, on the basis of the associated guidelines in *decides* above, the annexes to this decision and all relevant documents submitted to the Plenipotentiary Conference;

2 to ensure that, in each biennial budget, revenue and expenses are balanced;

3 to draw up and implement a programme of appropriate revenue increases, cost efficiencies and reductions across all ITU activities so as to ensure a balanced budget;

4 to implement the aforementioned programme as soon as possible,

*instructs the Secretary‑General*

1 to provide to the Council, no less than seven weeks before its 2019 and 2021 ordinary sessions, complete and accurate data as needed for the development, consideration and establishment of the biennial budget;

2 to make every effort to achieve balanced biennial budgets, and to bring to the attention of the membership, through the Council Working Group on Financial and Human Resources (CWG-FHR), any of its decisions that may have a financial impact likely to affect the achievement of such a balance,

*instructs the Secretary-General and the Directors of the Bureaux*

1 to provide to the Council, on an annual basis, a report on the implementation of the measures described in Annex 2 to this decision, and to propose further appropriate measures to be undertaken to reduce expenses;

2 to make every effort to achieve reductions through a culture of efficiency and economy and to include the savings actually achieved within the overall approved budgets in the above report to Council,

*instructs the Council*

1 to authorize the Secretary-General, in accordance with Article 27 of the Financial Regulations and Financial Rules, to allocate the necessary funds to the After-Service Health Insurance (ASHI) Fund from the savings made during the budget implementation or the Reserve Account, to keep the fund at a sustainable level;

2 to review and approve the biennial budgets for 2020-2021 and 2022‑2023, giving due consideration to the associated guidelines in *decides* above, the annexes to this decision and all pertinent documents submitted to the Plenipotentiary Conference;

3 to ensure that, in each biennial budget, revenue and expenses are balanced;

4 to consider further appropriations in the event that additional sources of revenue are identified or savings achieved;

5 to examine the cost-efficiency and cost-reduction programme drawn up by the Secretary-General;

6 to take account of the impact of any cost-reduction programme on the staff of the Union, including the implementation of a voluntary separation and early retirement scheme, funded from budgetary savings or through a withdrawal from the Reserve Account for a maximum amount of CHF 5 million within the limits established in *decides* 7 above;

7 in considering measures that could be adopted to strengthen control of the finances of the Union, to take into account the financial impact of such issues as ASHI funding, and the medium- to long-term maintenance and/or replacement of buildings at the premises of the Union;

8 to invite the external auditor, the Independent Management Advisory Committee and CWG-FHR to develop recommendations to ensure greater financial control of the finances of the Union, taking into account, *inter alia*, the issues identified in *instructs the Council*8 above;

9 to consider the report of the Secretary-General relating to the matter referred to in *instructs the Secretary-General* 2 above, and report to the next plenipotentiary conference, as appropriate.

*invites the Council*

to fix, to the extent practicable, the preliminary amount of the contributory unit for the period 2024-2027 at its 2021 ordinary session,

*invites Member States*

to announce their provisional class of contribution for the period 2024-2027 before the end of the calendar year 2021.

ANNEX 1 TO DECISION 5 (REV. DUBAI, 2018)

**Financial plan of the Union for 2020-2023: Revenue and expenses**



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ANNEX 2 TO DECISION 5 (REV. DUBAI, 2018)

Measures for reducing expenses

1. Identification and elimination of duplication (and overlap of functions, activities, workshops, seminars), and centralization of finance and administrative tasks, in order to avoid inefficiencies and to gain from a specialized workforce.
2. Coordination and harmonization of all seminars, workshops and cross sector activities by the secretariat’s inter-sectoral task force (ISC-TF) in order to avoid duplication of topics, to optimize management, logistics, coordination and secretariat support and to benefit from synergy between the Sectors and a holistic approach to the subjects covered.
3. Full involvement of regional offices in the planning and organization of, and participation in, seminars/workshops/meetings/conferences, including conference preparatory meetings outside Geneva, in order to gain from the utilization of local expertise and local contact networks and to save on travel costs of staff from headquarters.
4. Maximum coordination with regional organizations with a view to organizing collocated and/or joint events/meetings/conferences, including conference preparatory meetings, so as to share the expenses and minimizing the costs of participation.
5. Savings from attrition, redeployment of staff and review and possible reduction of grades of vacant posts, in particular in non-sensitive parts of the General Secretariat and the three Bureaux, in order to reach optimal levels of productivity, efficiency and effectiveness.
6. Prioritize staff redeployment for the implementation of new or additional activities. New hiring should be the last option, while taking into account gender balance, geographical distribution and new skill requirements.
7. The use of consultants should only occur when the relevant skills or experience cannot be found among existing staff and after confirmation of this requirement in writing by senior management.
8. Upgrading the capacity-building policy to qualify the staff, including staff in regional offices, for multi-sector proficiency, in order to improve staff mobility and their flexibility for redeployment to new or additional activities.
9. The General Secretariat and the three Sectors of the Union should reduce the cost of documentation of conferences and meetings by conducting paperless events/meetings/conferences and fostering the adoption of ICTs as viable and most sustainable substitutes for paper.
10. Reducing to the absolute minimum necessary the printing and distribution of ITU promotional/non-revenue generating publications.
11. Implementation of initiatives towards making ITU a completely paperless organization, such as providing Sector reports only online, adopting digital signatures, digital media and digital advertising and promotion, encouraging staff to avoid printing of emails and documents, archiving of paper documentation, among others.
12. Consideration of further possible savings in languages (translation, interpretation) for meetings and publications, without prejudice to the goals of Resolution 154 (Rev. Busan, 2014) including limiting the length of documents.
13. Evaluation and use of alternative translation procedures that could reduce the cost of translations while maintaining or improving their current quality and the accuracy of telecommunication/ICT terminology and adequacy of quality of translation.
14. Implementation of WSIS activities through the redeployment of staff responsible for such activities within the existing resources and, as appropriate, through cost recovery and voluntary contributions. Involvement of regional offices in collaborating with other UN bodies in regional WSIS activities.
15. Reviewing the number of study group meetings and their duration with a view to reducing their costs and those of other relevant groups.
16. Evaluation of regional groups established by ITU study groups in order to avoid duplication and overlap.
17. Limitation of the number of days of meetings for the advisory groups to three days per year maximum with interpretation. Consider possible sequential and joint sessions of advisory groups.
18. Reduction of the number and duration of physical meetings of the Council working groups, where possible.
19. Reduction of number of Council working groups to the absolute minimum necessary, by combining them into a smaller number of groups, terminating their activities if no further development occurred on their scope of activities.
20. Regular assessment of the level of achievement of the strategic goals, objectives and outputs with a view to increasing efficiency by the reallocation of budget, when necessary.
21. For new activities or those having additional financial resource implications, a "value-added" assessment shall be made in order to justify how the proposed activities differ from current and/or similar activities and to avoid overlap and duplication.
22. Sound consideration of the size , location and resources allocated to regional initiatives, outputs and assistance to members, to the regional presence both in the regions and at headquarters, as well as those resulting from the outcome of WTDC and the Buenos Aires Action Plan, and financed directly as activities from the Sector budget.
23. Reduction of the cost of travel on duty, by developing and implementing criteria in order to reduce travel costs. The criteria should consider and aim at minimizing business travel, reducing the extra daily subsistence allowance (DSA) as far as possible, prioritizing the allocation of staff from the regional and area offices to limit time on mission as well as through joint representation in meetings, rationalizing the number of staff sent on mission from various departments/divisions of the General Secretariat and the three Bureaux.
24. Increased use of remote participation to reduce and/or eliminate travel to meetings the proceedings which are webcast and preferably captioned, and provide for remote presentation of documents and contributions.
25. Improving and prioritizing internal electronic and flexible working methods in order to reduce operational and capital costs as well as travel to/from regional offices to Geneva.
26. Taking into account No. 145 of the Convention, a full range of electronic working methods needs to be explored to possibly reduce the costs, number and duration of the Radio Regulations Board meetings in the future, e.g. reduction of the number of meetings in one calendar year from four to three.
27. Introduce innovative cross-cutting means and working methods to improve the Union's productivity.
28. Discontinue to the greatest extent possible communications by fax and traditional postal mail between the Union and Member States and replace it with modern electronic communication methods.

29) Appeal to the Member States to reduce the number of issues to be considered by WRCs to the minimum necessary.

30) Continue the efforts to simplify, harmonise (or suppress), as appropriate, internal administrative processes followed by their digitisation and automation.

1. Consider further sharing of some common services with other UN organizations and implement where beneficial.

32) Any additional measures adopted by the Council.

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