|  |  |
| --- | --- |
| **Council Working Group on Financial and Human Resources****Eighth meeting – Geneva, 22-23 January 2018** |  |
|  |  |
|  | **Document CWG-FHR-8/22-E** |
| **28 December 2017** |
| **Original: Russian/English** |
| Russian Federation |
| CONTRIBUTION FROM THE RUSSIAN FEDERATION[[1]](#footnote-1)DRAFT Revised decision 5 (rev. busan, 2014) |

|  |
| --- |
| SummaryThe Document provides proposals on modification, where appropriate, of the structure and content of Decision 5 (Rev. Busan, 2014) "Revenue and expenses for the Union for the period 2016-2019" and its Annexes, for their consideration at 8-th CWG-FHR meeting in order to submit them to the Council-18 and PP-18.Action requiredThe CWG-FHR is invited to take into account the proposals made below while drafting the revised Decision 5 (Rev. Busan, 2014).\_\_\_\_\_\_\_\_\_\_**References***Documents*: *Decision 563 (С11, final modification С14);* *Resolution 1384 of Council-17; Resolution 71 (Rev. Busan 2014);* *Resolution 72 (Rev. Busan 2014); Resolution 91 (Rev. Guadalajara, 2010); Resolution 151 (Rev. Busan 2014); Resolution 48 (Rev. Busan 2014); Resolution 191 (Busan 2014);* *Resolution 200 (Busan 2014); Doc. C17/45; Doc. C17/82 Rev.2; Doc. C17/123; Doc. CWG-SFP-2/4; Doc. CWG-SFP-2/6 Rev.2, Financial Regulations and Financial Rules of the ITU, the ITU Constitution, the ITU Convention.*  |

# Introduction

Pursuant to the Council Doc. C17/123 (section 6.2) the structure and content of the Strategic plan of the ITU for 2020-2023 (Resolution 71 (Rev. Busan, 2014)) shall be revised, as well as Resolutions 72, 151, 191 and 200 that to some extent related to the issues of improvement of the ITU performance. Doc. CWG-SFP-2/4 highlights that all measures in Annex 2 to Decision 5 for improving the performance have been largely implemented leaving little room for any further savings to be achieved against these measures.

As Doc. С17/45 states, although it is increasingly difficult to identify further additional measures that would not impact on the Union’s core functions, Management will continue its efforts in finding innovative solutions, in particular through the use of new technologies, in its preparation for the draft Financial Plan 2020-2023.

The Russian Federation believes that it is critical for ITU focus not only on reduction (or saving) of expenses but rather on improving in a broader manner the usage of all resources available, optimization of work performance in each Union scope of activities.

In the view of the above-mentioned, while preparing for PP-18 the appropriate modifications to the texts of Decision 5 (Rev. Busan, 2014) and its Annexes should be discussed and submitted, including taking into account new realities in telecommunication/ICTs environment and the need for active involvement of the ITU in achievement of the 2030 Sustainable Development Goals of the United Nations.

# Proposals

All proposals on revision of Decision 5 (Rev. Busan, 2014) are contained in the Annex A to this contribution. Prerequisites for the revision are as following:

1. The text of Decision 5 is revised taking into account new strategic priorities of the ITU.
2. Duplication of other document texts is avoided where appropriate.
3. In order to increase the transparency of the ITU cash flows it is proposed to insert two Tables in Annex 1 to Decision 5 "Financial plan of the Union for 2020-2023: Revenue and expenses":

- Table 1 – Financial plan of the Union for 2020-2023: Revenue and expenses;

- Table 2 – Funds flows expended for the ITU development (RBB format).

Table 2 should contain financial resources advanced for Sectors and General Secretariat to ensure their activities in achieving the ITU strategic goals in Resolution 71.

1. The proposals for modification of Annex 2 to Decision 5 are focused on possible measures to improve the efficiency of the ITU performance.

Annex А

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 Strategic plan and goals established for the Union and its Sectors for the period 2020-2023 in compliance with Resolution 71 (Rev. Dubai, 2018), and the priorities identified therein,

*considering further*

a) that, in consideration of the draft Financial plan of the Union for 2020-2023, the challenge to increase efficiency in the use of the ITU resources to achieve goals and objectives of the Strategic plan is substential;

b) Resolution 91 (Rev. XXXX, XXXX) of the Plenipotentiary Conference, on general principles for cost recovery;

c) necessity of linking strategic, financial and operational planning in ITU;

*noting*

 Resolution 151 (Rev. XXXX, XXXX) on the improvement of results-based management in ITU, an important component of which relates to planning, programming, budgeting, monitoring and evaluation, and which implementation should facilitate further strengthening of the management system of the Union, including financial management,

*noting further*

that Resolution 48 (Rev. XXXX, XXXX) stresses the importance of management and development of the human resources of the Union for the fulfilment of its goals and objectives,

*decides*

1 that the Council is authorized to draw up the two biennial balanced budgets of the Union in such a way that the total expenses of the General Secretariat and the three Sectors of the Union are 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 be 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 analyse budget implementation (the revenue and expenses) as well as the different activities and the related expenses;

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 in excess of the limits for conferences, meetings and seminars if such excess can be compensated by sums within the savings limits accrued 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 reasonable economy, in particular

5.1 taking into account the measures for reducing expenses contained in Annex 2 to this decision, recommendations of internal and external auditor and IMAC,

5.2 considering the application of the concept of unfunded mandatory activities (UMAC)[[2]](#footnote-2);

5.3 establishing the lowest possible authorized level of expenses, commensurate with the needs of the Union, within the limits established by *decides* 1 above, if necessary, taking into account the provisions of *decides* 6 and 7, below;

6 that the following minimum guidelines should be applied in relation to any expenses reductions which should not decline the performance of the ITU, in particular, its Sectors:

а) 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 income;

с) fixed costs related to the reimbursement of loans or after-service health insurance should be maintained at the required level;

d) expenses in regular maintenance costs for ITU buildings which would be required to ensure the security and health of staff should be optimized;

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

7 that the Council, in determining the amount of withdrawals from or allocations to the Reserve Account, 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 balanced 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 draw up and implement a programme for increasing budget revenues and efficiency in the use of financial resources across all ITU operations in order to balance the budget (the Programme) for 2020-2023, including through the reimbursement of loans, expansion of existing types of activity and looking for new types based on principles of reimbursement of expenses,*instructs the Secretary-General*

1 to undertake studies on the current status of and forecasts regarding financial stability and related reserve accounts of the Union under the changing circumstances after the introduction of the International Public Sector Accounting Standards (IPSAS), with a view to develop the strategies for long-term financial stability, and to report annually to the Council;2 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;

3 according to section 2 of *instructs the Secretary-General, with the assistance of the Coordination Committee* to make every efforts 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 ITU budget implementation for the previous year and anticipated implementation of the ITU budget for the current year;

2 to provide to the Council, on an annual basis, a report with analysesof expenses relating to each item in Annex 2 to this decision;

3 to make necessary efforts to achieve implementation of the Programme referred to in section 2 of *instructs the Secretary-General, with the assistance of the Coordination Committee*  through improvement of organization culture, increase in performance efficiency,

*instructs the Council*

1 to authorize the Secretary-General, in accordance with Article 27 of the Financial Regulations and Financial Rules, to allocate to the After-Service Health Insurance (ASHI) Fund, from the Reserve Account, am amount up to that which is actually used to balance the biennial budget from the Reserve Account;

2 to review and approve the balanced 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 documents submitted to the Plenipotentiary Conference;

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

4 to examine the Programme drown up by the Secretary-General in accordance with section 2 of *instructs the Secretary-General, with the assistance of the Coordination Committee* ;

5 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, where this can be funded from budgetary savings or through a withdrawal from the Reserve Account;

6 in addition to *instructs the Council* 4 above, in view of a possible unanticipated reduction of revenue due to the drop in classes of contribution from Member States and Sector Members, to authorize a one-time withdrawal from the Reserve Account, within the limits established in *decides* 7 above, in order to minimize the impact on staffing levels in the ITU biennial budgets for 2020 – 2021 and 2022 – 2023; any unused funds are to be returned to the Reserve Account at the end of each budgetary period;

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 continue 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* 7 above;

9 to consider the report of the Secretary-General relating to the matter referred to in *instructs the Secretary-General* 1 above, and report to the nextPlenipotentiary 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. DIBAI, 2018 г.)

**Table 1 – Financial plan of the Union for 2020-2023: Revenue and expenses**



**Table 2 – Funds allocation for the ITU development** **for the 2020-2023 period**

**(RBB format)**



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

**Measures for improving efficiency and reducing expenses of the ITU**

1) Following Resolution 191 (Rev. ХХХХ, ХХХХ) for coordination and tighter cooperation between all stakeholders in the ICT ecosystem to achieve SDGs, identify and eliminate all forms and instances of duplication of functions and activities between all ITU structural bodies, optimizing, inter alia, management methods, logistics, coordination and support by the Secretariat.

2) To implement the concept "One ITU", increasing the role of regional offices/regional presence in implementation of goals and objectives of the ITU and Sectors, as well as in order to gain from the utilization of local experts and local contacts and resources networks, as well as maximum coordination with regional organizations, to continue striving for rational utilization of financial and human resources available, including saving on travel costs and costs related to planning and organization of events outside Geneva (Resolution 25 (Rev. ХХХХ, ХХХХ)).

3) Promoting new trends in the field of ICTs and encouraging them to facilitate the achievement of SDGs and strengthening the role of ITU as the leading UN organization in the sphere of telecommunication/ICT development, to continue activities related to improving staff utilization/hiring, which is the critical strategic resource, without lowering the quality and amount of planned work in the interests of all ITU Members and its key partners (identification and maintenance of the optimal staff number, increase in the skill level and performance, application of progressive forms of the pay system according to methods approved in the UN system, increase in motivation, improvement of the performance appraisal system, observation of gender balance and geographical distribution), based on the transparency of the relevant legal framework stipulated in the ITU Staff Regulations (see Resolution 48 (Rev. ХХХХ, ХХХХ), JIU Recommendation 9, Doc. С17/49).

4) The use of consultants/experts 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.

5) The General Secretariat and the three Sectors of the Union should continue reducing the cost of documentation, by conducting paperless conferences/meetings of all levels and forms, where appropriate, implementing initiatives towards making the ITU a completely paperless organization, fostering the adoption of ICT innovations as viable and most sustainable substitutes for paper, without degrading the quality of information provided to event participants.

6) Reducing to the absolute minimum necessary the printing and distribution of ITU promotional/non-revenue generating publications.

7) Taking all necessary measures for efficient use of the six official languages of the Union on an equal footing both when providing interpretation/translation of ITU documents and reflecting the same information on the ITU website, to optimize resource utilizationin languages (translation, interpretation) for events of different levels and forms, when preparing publications, without prejudice to the goals of Resolution 154 (Rev. XXXX XXXX) and quality of translation/accuracy of telecommunication/ICT terminology.

8) Increasing efficiency of WSIS programme activities and ensuring activities towards achieving SDGs within PP-18 allocated resources and, as appropriate, through cost recovery and voluntary contributions.

9) Optimizing the duration of Council working group meetings, ITU study groups, regional groups established by ITU study groups, advisory groups and others, using the ICT opportunities to carry them out, reducing the number of groups to the absolute minimum necessary by combining them into a smaller number of groups and/or terminating their activities if no further development occurred on their scope of activities, eliminating duplication and overlap of their activities to utilize ITU resources efficiently without the risks, in particular, of failure to fulfill strategic and operational goals and objectives of the Union.10) Appeal to the Member States to reduce the number of issues and time for their consideration by all conferences, assemblies and other meetings to the minimum necessary.

11) According to Resolution 71 (Rev. Dubai, 2018) the Council (with the involvement of the General Secretariat) should perform regular assessment of the level of achievement of the strategic goals, implementation of objectives and outputs with a view to monitor and increase efficiency of resource usage by their reallocation and adjusting ITU budget, when or if necessary (taking into consideration ITU Financial Regulations and Financial Rules).

12) 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 eliminate overlap and duplication.

13) The General Secretariat should continue carrying out comprehensive plan to improve the stability and predictability of the financial base of the Union, mobilizing resources, in accordance with the principles outlined in the Doc.C17/67 “Improving the stability and predictability of the financial base of the Union”, as well as improving, inter alia, management of corporate projects requiring significant long-term investments; and report to the Council (annually) and to PP.

14) Member States, Sector Members and other ITU members to take all possible measures on settling/eliminating arrears to the Union according to Resolution 41 (Rev. ХХХХ, ХХХХ) and Resolution 152 (Rev. ХХХХ, ХХХХ), as well as relevant provisions of the ITU Constitution and Convention.

15) 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 2014 Dubai Declaration , and financed directly as activities from the Telecommunication Development Sector budget.

16) To optimize expenses related to maintenance, routing repair and renovation/reconstruction of the ITU facilities, provision of safety according to standards applicable in the UN system.

17) Any additional measures adopted by the Council and the ITU Management, including measures to increase efficiency of the internal audit, institutionalize functions of evaluation, assess and minimize risk of fraud and other risks, timely implement recommendations from external auditor, IMAC and JIU, implement Information Technology and Information Management Strategy for the Secretariat (see Doc. C17/20).

1. The contribution was considered and supported by the 19th meeting of Working Group on the work with ITU of the RCC Commission on coordination of international cooperation, 30 November 2017. [↑](#footnote-ref-1)
2. The concept of UMACs may be applied, where necessary, as a means of highlighting a number of activities within the overall programme of work mandated by the governing bodies of the Union, as well as those support activities which are deemed essential to implement the mandated activities, which could not be accommodated within the financial limits set by the Plenipotentiary Conference. The Secretary-General would be authorized to incur expenditure on these activities provided that savings are achieved or additional income is generated. (Reference to the document with the UMAC concept should be inserted). [↑](#footnote-ref-2)