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| **Council 2021Virtual consultation of councillors, 8-18 June 2021** |  |
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| **Agenda item: ADM 1** | **Document C21/9-E** |
| **14 April 2021** |
| **Original: English** |
| Report by the Secretary-General |
| ANNUAL REVIEW OF REVENUE AND EXPENSESEFFICIENCY MEASURES |

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| SummaryThis document presents the key elements of the 2020-2021 Budget implementation, pursuant to No. 73 of the ITU Convention, which stipulates that an annual review of revenue and expenses shall be carried out by the Council.In conformity with paragraphs 1, 2 and 3 of *instructs the Secretary-General and the Directors of the Bureaux* of Decision 5 (Rev. Busan, 2014 and Rev. Dubai, 2018), this document provides an update on the implementation of the efficiency measures as outlined in Annex 2 to Decision 5 (Rev. Busan, 2014 and Rev. Dubai, 2018).The 2020 version of this report (Document C20/9) was prepared for submission to the 2020 session of the Council but was not reviewed.Action requiredThe Council is invited to endorse this document. The Council is also invited to note Document [C20/9](https://www.itu.int/md/S20-CL-C-0009/en).\_\_\_\_\_\_\_\_\_\_\_\_References[*Council Resolution 1396 - (Biennial budget of the International Telecommunication Union for 2020-2021)*](https://www.itu.int/md/S19-CL-C-0122/en)[*Decision 5 (Rev. Busan, 2014)*](http://www.itu.int/pub/S-CONF-ACTF-2014) and [*Decision 5 (Rev. Dubai, 2018)*](https://www.itu.int/en/council/Documents/basic-texts/DEC-005-E.pdf) |

1. **Introduction**

1.1 The purpose of this document is to report on the status of the implementation of the second year of the 2020-2021 Budget of the Union for revenue and expenses.

1. **Budget of the Union for 2020-2021 (Resolution 1396)**
	1. The 2020-2021 Budget of the Union was adopted by the Council at its 2019 session by Resolution 1396. The biennial budget amounts to CHF 332,013,000, and is divided as follows: CHF 167,478,000 for 2020 and CHF 164,535,000 for 2021. 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 and Financial Rules.
	2. The budget for 2021 has been increased by CHF 398,000 on account of the deferment from 2020 to 2021 of the WTDC regional preparatory meetings (RPMs AFR and CIS) as well as the deferment from 2020 to 2021 of the WTSA preparatory meetings. The updated budget for 2021 amounts to CHF 164,933,000.
	3. The following Tables 1 and 2 provide the status of the 2021 Budget showing expenses and revenue as of 7 April 2021 and provide a forecast of revenue and expenses up to 31 December 2021. The preliminary forecast for 2021 shows a CHF 3.3 million anticipated surplus.





**3 Revenue**

3.1 The revenue of the Union consists of assessed contributions, cost recovery, interest/other revenue, and savings from budget implementation. The predicted shortfall in revenue for 2021 is estimated at CHF -1.4 million.

3.2 Revenue from assessed contributions represents some 76 per cent of the total planned revenue for 2021. It includes contributions from Member States, Sector Members, Associates and Academia. Table 3 below shows the breakdown of assessed contributions.

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3.3 The amount of the annual contributory unit is set at CHF 318,000 for 2020-2021. As of 7 April 2021, the total invoiced revenue from Member States is at the budgeted level.

3.4 For 2021, the amount of the annual contributory unit for Sector Members is set at CHF 63,600 and for Associates at CHF 10,600. On 7 April 2021, the total invoiced revenue from Sector Members is below the budgeted revenue by KCHF 33. The invoiced revenue for Associates is KCHF 272 above the budgeted revenue and to the invoiced revenue for Academia that is higher than the budgeted revenue by KCHF 22.

3.5 Cost recovery revenue represents 23 per cent of the total budgeted revenue. The breakdown is provided in Table 4 below. Revenue from cost recovery is likely to be lower than the budgeted amount for 2021, CHF -1.1 million.

3.6 KCHF 398 will be withdrawn from the Reserve Account due to the deferment from 2020 to 2021 of 2 RPMs (AFR and CIS) and the WTSA preparatory meetings. The same amount was paid into the Reserve Account at the end of 2020, thus no financial impact on the level of the Reserve Account.



3.7 Other revenue and revenue from interest are estimated to be above their budgeted levels for 2021 by KCHF 100.

**4** **Expenses**

4.1 With regard to expenses, continuous application of efficiency measures and efforts are being made to comply with Resolution 1396. The objective is to keep expenses within the budget at the year-end 2021. Implementation of efficiency measures as well as consequences of the COVID-19 pandemic and related delays incurred in budget implementation will generate unspent appropriations estimated to some CHF 4.7 million for 2021.

**5 Efficiency Measures**

5.1 The measures for implementation in the biennia 2014-2015, 2016-2017, and 2018-2019 were reported to the Council in Documents [C15/45](https://www.itu.int/md/S15-CL-C-0045/en), [C16/45](https://www.itu.int/md/S16-CL-C-0045/en), [C17/45](https://www.itu.int/md/S17-CL-C-0045/en), [C18/45](https://www.itu.int/md/S18-CL-C-0045/en), [C19/45](https://www.itu.int/md/S19-CL-C-0045/en), and [C20/9](https://www.itu.int/md/S20-CL-C-0009/en). These measures resulted in savings of CHF 57.6 million for 2014-2019.

5.2 [Table A](#TableA) presents the savings under each of the 30 efficiency measures identified in Annex 2 to Decision 5 (Rev. Busan, 2014) for the 2014 to 2019 time-frame.

5.3 [Table B](#TableB) presents the actual and prospective savings under each of the 27 efficiency measures identified in Annex 2 to Decision 5 (Rev. Dubai, 2018) for the 2020-2023 time-frame. The estimated savings amount to CHF 13.9 million for 2020 of which CHF 7.5 million are on account of COVID-19 consequences as unspent appropriations (Travel, fellowship, operational expenses, …). These CHF 13.9 million have been fully offset by a significant shortfall in revenue as well as by some unplanned expenses (COVID-19, UNSMIS…). For 2021-2023, these measures will be further analysed during the budget implementation and it will be possible to provide more detailed estimates of the achieved savings for some of these efficiency measures at that time.

Table A - Efficiency Measures - 2014-2019



Table B - Efficiency Measures – 2020-2023



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