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| **Council 2021Virtual consultation of councillors, 8-18 June 2021** |  |
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|  | **Document C21/87-E** |
| **16 June 2021** |
| **Original: English** |

SUMMARY RECORD

OF THE

THIRD MEETING

Thursday, 10 June 2021, from 1200 to 1505 hours

**Chairman:** Mr S. BIN GHELAITA (United Arab Emirates)

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|  | **Subjects discussed** | **Documents** |
| 1 | Outcomes of discussions held on 9 June 2021 | [C21/DT/1(Rev.1)](https://www.itu.int/md/S21-CL-210608-TD-GEN-0001/en) |
| 2 | Draft budget of the Union for 2022-2023 (continued)  | [C21/65+Add.1](http://www.itu.int/md/S21-CL-C-0065/en) |
| 3 | Preliminary value of the contributory unit for the financial plan for 2024‑2027 | [C21/56](http://www.itu.int/md/S21-CL-C-0056/en) |
| 4 | Unfunded mandatory activities (UMACs) and Digital transformation initiative (DT-I) | [C21/49](http://www.itu.int/md/S21-CL-C-0049/en), [C21/70](http://www.itu.int/md/S21-CL-C-0070/en), [INF/9](https://www.itu.int/md/S21-CL-INF-0009/en), [INF/12](https://www.itu.int/md/S21-CL-INF-0012/en) |
| 5 | Report by the Chairman of the Council Working Group on financial and human resources (CWG-FHR) | [C21/50+Add. 1](https://www.itu.int/md/S21-CL-C-0050/en) |
| 6 | Arrears and special arrears accounts | [C21/11](https://www.itu.int/md/S21-CL-C-0011/en), [INF/10](https://www.itu.int/md/S21-CL-INF-0010/en), [C21/DT/3](https://www.itu.int/md/S21-CL-210608-TD-GEN-0003/en) |
| 7 | Report of the Internal Auditor on internal audit activities | [C21/44](https://www.itu.int/md/S21-CL-C-0044/en)+Cor.1 |
| 8 | New investigation function and process | [C21/60](https://www.itu.int/md/S21-CL-C-0060/en) |

**1 Outcomes of discussions held on 9 June 2021 (Document** [**C21/DT/1(Rev.1)**](https://www.itu.int/md/S21-CL-210608-TD-GEN-0001/en)**)**

1.1 Document C21/DT/1(Rev.1) was **noted**.

**2 Draft budget of the Union for 2022-2023 (continued)
(Document** [**C21/65 + Addendum 1**](http://www.itu.int/md/S21-CL-C-0065/en)**)**

2.1 One councillor, observing that staff costs accounted for 89 per cent of the budget, of which 7 per cent for contractors, asked whether the latter figure was the norm and would remain stable going forward. She also asked how many individuals were currently on the ITU payroll (773 posts were indicated in the budget) and whether that figure was consistent with the estimated 5 per cent vacancy rate.

2.2 The Chief of the Financial Resources Management Department (FRMD), responding to questions raised at the previous and the current meeting, said that additional funds had been allocated to the ITU Regional Office for CIS pursuant to Resolution 1387, including one D-1 (upgraded from P-5), one P-4 and one G-6 posts. Staffing figures account for about 78% of the budget and remain unchanged from previous years with the budget at zero nominal growth since 2006. The percentage of contractual services remains stable at around 7%. Posts are budgeted at 95% with a 5% vacancy rate applied to all posts corresponding to delayed recruitments, part-time work and leave without pay. Relevant statistics relating to staff will be presented later by the Human Resource Management Department during the forthcoming sessions.

2.3 The Chairman took it that councillors wished to conclude that, keeping in mind the fact that the item was urgent, a consultation by correspondence of Council Member States would be undertaken to approve the draft resolution presented in Document C21/65.

* 1. It was so **concluded**.

**3 Preliminary value of the contributory unit for the financial plan for 2024-2027 (Document**[**C21/56**](http://www.itu.int/md/S21-CL-C-0056/en)**)**

3.1 The Chief of FRMD, introducing Document C21/56, confirmed that the preliminary value of the contributory unit remains unchanged at CHF 318,000. Once that amount had been approved by the Council, the Secretary-General would invite Member States to announce their provisional choice of class of contribution by 31 December 2021, enabling the Council Working Group on financial and human resources (CWG-FHR) to commence the review of the financial plan for 2024-2027.

3.2 One councillor expressed support on the proposed same amount of the contributory unit and for the procedure for drawing up the financial plan for 2024-2027. However, as the budget had been subject to zero nominal growth since 2006, the Council might wish to review the amount of the contributory unit in preparation for PP‑26.

3.3 The Chief of FRMD pointed out that the amount of the contributory unit was established on a preliminary basis to enable Member States to plan ahead. The contributory unit is used as basis for the financial plan, the definitive amount of which was decided by the Plenipotentiary Conference. Nevertheless, the secretariat welcomes proposals from Member States on the amount of contributory unit, to be presented to the Plenipotentiary Conference for decision.

3.4 The Chairman took it that the councillors wished to conclude that, keeping in mind the fact that the item was urgent, a consultation by correspondence of Council Member States would be undertaken to approve the proposal to maintain the contributory unit at the current level of CHF 318 000.

3.5 It was so **concluded**.

**4 Unfunded mandatory activities (UMACs) and Digital transformation initiative (DT-I) (Documents** [**C21/49**](http://www.itu.int/md/S21-CL-C-0049/en)**,** [**C21/70**](http://www.itu.int/md/S21-CL-C-0070/en)**,** [**INF/9**](https://www.itu.int/md/S21-CL-INF-0009/en) **and** [**INF/12**](https://www.itu.int/md/S21-CL-INF-0012/en)**)**

4.1 The Chief of FRMD presented Document C21/49, which listed unfunded mandatory activities from 2021 to 2027 and the estimated amounts required for their implementation. Possible sources of funding for activities from 2021 to 2023 are potential budget surpluses, voluntary contributions and/or withdrawals from the Reserve Account. Longer-term requirements could be incorporated into the financial plan for 2024-2027. Detailed information on the activities concerned, which are classified by order of priority, are provided in Documents C21/INF/9 and C21/INF/12. For 2021, UMACs totalled CHF 2.2 million.

4.2 The Deputy Secretary-General, introducing Document C21/70, said that, as the lead United Nations agency for ICTs, and in preparation for the transition to the new building, ITU required a comprehensive digital transformation of its processes, systems, culture and services in order to ensure information protection and availability for business continuity and accountability, and the best possible working environment for ITU staff and delegates. He also drew attention to Document C21/22, in which the Independent Management Advisory Committee had underscored that the digital transformation would help promote the One ITU concept and had recommended that ITU pursue that initiative and allocate specific resources to it. Document C21/49 therefore contained a proposal to create a P.5 post, to ensure a coordinated approach to the initiative across the Union.

4.3 Two councillors expressed support for the digital transformation initiative, which would help ITU enhance internal management efficiency and harmonize business operations, and for the measures to bolster TSB and promote remote work set out in Document C21/49.

4.4 Several councillors expressed concerns about the measures contained in Document C21/49. The secretariat should provide a list of priority UMACs and further information on whether the TSB request for tools and applications relate to the increase in virtual meetings. The main source of financing proposed – budget surpluses – appeared highly uncertain, given the impact of the health crisis on the budget in general. In addition, it was especially difficult for Member States to gauge the situation, as some of the items concerned had not been included in the draft budget for 2022‑2023 and therefore did not figure in the financial plan adopted at PP-18. Moreover, the proposal to have Member States fund the digital inclusion posts previously financed by a private-sector institution, the Bill and Melinda Gates Foundation, might affect their overall level of financial commitment under the budget, and it would therefore be better to seek new voluntary contributions, perhaps from other private-sector institutions.

4.5 One councillor, stressing the importance of not withdrawing from the Reserve Account, sought clarification on the sources of financing that would be required to fund UMACs, in addition to all ITU’s other activities and obligations and the debts to be written off.

4.6 Another councillor asked what the impact would be on Member States if no funding were obtained for the activities listed in Document C21/49.

4.7 With regard to the digital transformation initiative, councillors expressed concern about the coordination of activities across the Sectors and the difficulty in discerning the correlation between the conditions that had led to the initiative’s development and its expected outcomes, and between it and business continuity/information management activities.

4.8 One councillor said that the creation of a new P.5 post to coordinate digital transformation across the Union was not in conformity with the One ITU approach and she therefore could not support dedicating resources to it. Moreover, it was questioned if the creation of an internal management group for inter-sector coordination of digital transformation would lead to additional costs; the relevant amounts and sources of financing had to be determined, and the initiative should be carefully planned and developed.

4.9 Another councillor suggested that the Council should consider Documents C21/49 and C21/70 together with Document C21/15, on the Organization Resilience Management System (ORMS). Information management systems were central to ITU’s functioning and would grow exponentially in the coming years. It was therefore a matter of urgency to discuss their governance and their financing as part of the regular ITU budget.

4.10 The Chief of FRMD confirmed that some of the UMACs corresponded to needs that have been identified after PP-18 had approved the financial plan for 2020-2023. In line with Decision 5, The Secretary-General cannot commit funds beyond what had already been approved in PP-18. The Member States were therefore requested to give flexibility to the Secretary-General to utilize the 2021 savings and decide on priorities among UMACs. In response to a query from a councillor, the Chief of FRMD clarified that the writing off of debts does not have any negative consequence on the budget since provisions have already been made for this purpose.

4.11 The Deputy Secretary-General, addressing concerns about intersectoral coordination, said that a digital transformation initiative steering committee had been formed under his chairmanship. Its members were the deputy directors of the three Bureaux and the chiefs of departments of the General Secretariat.

4.12 The Deputy Director of TSB, pointing out that ITU-T, with a growing membership, hosted thousands of meetings attended by tens of thousands of participants each year, said that upgrades were urgently required to over a dozen databases and to the digital Alternative Approval Process for ITU-T Recommendations. ITU-T was also providing new machine-learning tools for automatic translation and interpretation and had been asked by TSAG to map ITU work in the light of the Sustainable Development Goals. The impact of its work on digital and financial inclusion was also enormous and of benefit to most Member States.,

4.13 The Chief of the Information Services Department, observing that business continuity was a component of the ORMS framework approved by Council-17, said that Document C21/15 on ORMS set out the correlation between unfunded items and organizational resilience. IT processes, systems and services were key to ensuring the protection and availability of information for business continuity and accountability in the new working environment. He drew attention to Document C20/53, which presented a forecast of expected investments in connection with information and records management, IT working tools and the ITU website. If the capital investment required was not forthcoming, ITU would be unable to benefit from vendor support and take advantage of new tools. Difficulties might also be encountered in safeguarding information in the transition to the new headquarters building.

4.14 The Chairman, noting the broad support expressed by councillors, said that the VCC might wish to conclude by authorizing the Secretary-General to use the savings generated during the budget implementation to satisfy the requests for 2021, and by instructing the secretariat to present information on the implementation of the requests and details of UMACs for 2022 and beyond to the September 2021 meeting of CWG-FHR and future Council sessions.

4.15 The Chief of FRMD emphasized the need for councillors to express confidence in the Secretary-General by giving him flexibility to use the 2021 budget implementation surplus, in accordance with the Financial Regulations, to finance those UMACs for 2021 listed in the first column of Table 1 of Document C21/49 which are considered as priority. Should additional needs arise, they will be presented to Council 2022. Any posts funded from savings would not be considered as permanent and would be filled only on a short-term basis.

4.16 While recognizing the importance of the issue, councillors emphasized the need to have a clear understanding of which UMACs for 2021 would be considered a priority and the estimated amount required before authorizing the Secretary-General to act. Two councillors said that further details on the priority UMACs to be financed from the 2021 budget surplus and on savings made should be submitted to the September 2021 meeting of CWG-FHR for consideration before a decision was taken.

4.17 One councillor pointed out that any conclusion of the VCC was subject to a consultation by correspondence of Council Member States.

4.18 The Secretary-General said that a small number of unfunded mandatory activities for 2021 required urgent implementation in the Sectors before the September meeting of CWG-FHR. Those urgent tasks could be funded from savings already made by the Sectors. To respond to the comments from councillors, the secretariat would be pleased to provide a list of those tasks identified as urgent from among the UMACs for 2021 and the corresponding amounts required, for consideration by the VCC. It would also be able to submit further information on UMACs and potential savings for 2021 to the September meeting of CWG-FHR.

4.19 The Chairman took it that councillors wished to defer consideration of the item to enable the secretariat to provide in the coming days a list of unfunded mandatory activities that needed to be urgently implemented between now and September 2021 so that the discussion on the matter might be finalized.

4.20 It was so **agreed**.

**5 Report by the Chairman of the Council Working Group on financial and human resources (CWG-FHR) (Document** [**C21/50 + Addendum 1**](https://www.itu.int/md/S21-CL-C-0050/en)**)**

5.1 The Chairman of CWG-FHR introduced Document C21/50, noting that the outcomes of the meetings of the ad hoc Group on the PwC External Report on regional presence, created in January 2021, were contained in Addendum 1. The ad hoc group had agreed that the Council would need to put forward proposals on the PwC report and had recommended that it approve the creation of a dashboard to enable systematic monitoring of the implementation of approved PwC recommendations and reporting to CWG-FHR and the Council on progress and status in that regard. That would allow all councillors and the Union to monitor progress on the recommendations and ensure that Member States were able to actively review them and submit proposals for action by the Council and CWG-FHR. Other issues covered in Document C21/50 were on the Council’s agenda for consideration under other agenda items.

5.2 In response to the observation by one councillor that the regional organizational structure was shaped by multiple political, social, cultural and historical aspects not easily measured in statistical or other terms, she clarified that there were no plans to change the structure and that, moreover, any proposed change would need the approval of the Council.

5.3 The Chairman took it that councillors wished to conclude that, keeping in mind that the issues were urgent, a consultation by correspondence of Council Member States would be undertaken to: instruct the ITU secretariat to create a dashboard to enable systematic monitoring of the implementation of the approved PwC recommendations and report to CWG-FHR and the Council on its progress (including on the status of all PwC recommendations); and note Document 21/50+Add.1.

5.4 It was so **concluded**.

**6 Arrears and special arrears accounts (Documents** [**C21/11**](https://www.itu.int/md/S21-CL-C-0011/en), [**INF/10**](https://www.itu.int/md/S21-CL-INF-0010/en)**,** [**DT/3**](https://www.itu.int/md/S21-CL-210608-TD-GEN-0003/en)**)**

6.1 The Chief of FRMD presented Document C21/11 containing themeasures taken in respect of arrears and special arrears accounts. Although the amounts are still quite significant, total arrears have been substantially reduced since 2013 owing to sanctions imposed through Resolution 152 (Rev. Busan, 2014) and efforts to collect and write off debts. In accordance with the Council’s guidelines of 1999, debtors who failed to comply with agreed repayment schedules are subject to penalties. Regarding cost recovery for satellite network filings, 27 out of 28 entities had settled their debts, and only one debt had to be written off for non-payment, thus leaving just one outstanding debt to the Union. Since the publication of Document C21/11, additional requests for the cancellation of interest on arrears and irrecoverable debts have been received, bringing the total amount of interest on arrears and irrecoverable debts that the Council was requested to write off to approximately CHF 3 million. Annex B should be revised to reflect the additional amount.

6.2 The Chairman concluded that, keeping in mind that the item was urgent, a consultation by correspondence of Council Member States would be undertaken to: take note of Document C21/11; authorize the Secretary-General to write off CHF 3 001 808.34 of interest on arrears and irrecoverable debts; and adopt the revised draft decision contained in Document C21/DT/3.

6.3 It was so **concluded**.

**7 Report of the Internal Auditor on internal audit activities
(Document** [**C21/44+Corrigendum 1**](https://www.itu.int/md/S21-CL-C-0044/en) **)**

7.1 The Internal Auditor introduced Document C21/44, which outlined the orientation and scope of internal audit activities and provided an overview of assurance engagements conducted during the reporting period, from May 2020 to March 2021. After a period taken up mostly by investigations, audit work had commenced later in 2020, and time allotted for investigations in the Internal Audit plan for 2021 had been minimized so as to focus on the unit’s core mandate, oriented towards assurance engagements. Under its fraud/mismanagement investigation and internal advisory function, Internal Audit had conducted six investigations, detailed in the report, as well as providing support to an external investigator in a case involving ITU staff members, and secretarial support to the selection process for a forensic auditor further to Council Decision 613.

7.2 The Chairman observed that the report reflected the principles of accountability, responsibility and transparency, which were important to ITU. He took it that councillors wished to conclude that, keeping in mind that the item was urgent, a consultation by correspondence of Council Member States would be undertaken to note Document C21/44.

7.3 It was so **concluded**.

**8 New investigation function and process (Document** [**C21/60**](https://www.itu.int/md/S21-CL-C-0060/en)**)**

8.1 The Chief of the Human Resources Management Department (HRMD), introducing Document C21/60, recalled that following VCC-2 in 2020, the Council had approved by correspondence the strengthening of the ITU’s investigation function through the creation of an independent and dedicated position at the P.5 level. The new unit would perform independent investigations to ensure the effective, efficient and economical management and use of ITU resources; plan, organize and implement a comprehensive investigation programme, the scope of which would be determined in consultation with the Secretary-General; and investigate allegations or presumptions of misconduct in accordance with ITU policies and procedures. The recruitment process was in the final stages. Once the appointment was made, investigation guidelines, policies and procedures would be reviewed and updated, and the review of ITU disciplinary procedures would continue and deepen to ensure alignment with United Nations best practices.

8.2 One councillor said that both external and internal controls and processes needed strengthening to prevent fraud and corruption and ensure transparency. Another councillor said that the creation of the position demonstrated the Union’s commitment to addressing misconduct and would be cost-effective. Two councillors expressed interest in the new unit’s terms of reference, particularly in relation to its independence and its accountability to the Council, specifically noting that they should include United Nations best practices set forth in the recent report of the Joint Inspection Unit ([JIU/REP/2020/1](https://www.unjiu.org/sites/www.unjiu.org/files/jiu_rep_2020_1_english_0.pdf)) and flagging recommendations 1, 4 and 5 thereof. This included establishing specific charters for the audit and for the investigation functions before the end of 2021. One councillor asked what the involvement of the Ethics Office would be in the unit’s activities. Another councillor asked about staff numbers and resources allocated to the unit. A further councillor expressed support for the decision to create the position at the P.5 level.

8.3 The Chief of HRMD said that the comments and suggestions had been noted and information on new guidelines, procedures and terms of reference would be shared. The investigation unit’s functions would be clearly delineated in relation to other units. The unit currently consisted of one P.5 staff member with a budget for activities, but could evolve.

8.4 The Secretary-General said that the Council had decided to create the position at the P.5 level to attract more experienced candidates with recognized competence. No additional budget or staff were currently available. The investigation function was of importance. When the new investigator arrived, the Ethics Office and others would work together to ensure that services were strengthened.

8.5 The Chairman noted that all Member States were keen to understand how the investigation function would impact the work of the Union, relate to other units and strengthen governance, transparency and accountability within the Union. He took it that councillors wished to conclude that, keeping in mind that the item was urgent, a consultation by correspondence of Council Member States would be undertaken to note Document C21/60.

8.6 It was so **concluded**.

The Secretary-General: The Chairman:

H. ZHAO S. BIN GHELAITA

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