|  |  |
| --- | --- |
| **Council Working Group on Financial and Human Resources****Twelfth meeting – Virtual, 25-26 January 2021** |  |
|  |  |
|  | **Revision 1 toDocument CWG-FHR-12/14** |
| **22 January 2021** |
| **English only** |

**Contribution by Republic of Belarus, Republic of Uzbekistan, the Russian Federation**

Proposals to clarify the provisions of Annex 2
«Rules, procedures and financial arrangements for
voluntary contributions and trust funds» of
the ITU Financial Regulations and Financial Rules

**Summary**

This document presents the proposed amendments to Annex 2 «Rules, procedures and financial arrangements for voluntary contributions and trust funds» of the ITU Financial Regulations and Financial Rules in order to be aligned with No. 486 of the ITU Convention, which states that the Financial Regulations should contain special provisions on the acceptance and use of voluntary contributions in cash or in kind, as well as No. 487, which indicates how such contributions should be reported as part of ITU's financial statements, as well as in a separate document containing data on each case of origin of funds, their intended use and action taken.

**Proposal**

The Council Working Group on Financial and Human Resources is invited to review and adopt the below proposed amendments to Annex 2 «Rules, procedures and financial arrangements for voluntary contributions and trust funds» of the ITU Financial Regulations and Financial Rules in order to present to the Council-21 for approval.

**FINANCIAL REGULATIONS AND FINANCIAL RULES**

**(2018 Edition)**

**ANNEX 2**

**Rules, procedures and financial arrangements for voluntary contributions and trust funds**

**1. Applicability**

These rules, procedures and financial arrangements shall apply to all voluntary contributions as referred to in the relevant provisions of the Convention. They also apply to any funds entrusted to the Union for the execution of specific programmes and projects.

**2. Voluntary contributions and trust funds**

1. a) The Secretary-General may accept voluntary contributions in cash or in kind provided that the conditions attached to such contributions are consistent with the purposes and programmes of the Union, and the decisions of the Plenipotentiary Conference, the Council, the World Radiocommunication Conference, the World Telecommunication Standardization Assembly, the World Telecommunication Development Conference as applicable and in conformity with these Financial Regulations.

b) The Secretary-General may also accept trust funds in cash or in kind for the execution of specific programmes or projects provided that the conditions attached to such trust funds are consistent with the purposes and programmes of the Union, and the decisions of the Plenipotentiary Conference, the Council, the World Radiocommunication Conference, the World Telecommunication Standardization Assembly, the World Telecommunication Development Conference as applicable, conform with these regulations and the effective legislation.

2. Subject to their acceptance by the Union and, if applicable, the recipient country, contributions in cash or in kind may include funding of conferences, meetings and seminars, as well as expert services, training services, fellowships, equipment or any other related services or requirements.

3. Voluntary contributions must not be used in place of the revenue in the budget of the Union as enumerated in Article 7 of these regulations, with the exception of the revenue foreseen to cover wholly or partly the support costs related to the implementation of technical cooperation programmes and projects.

4. Voluntary contributions shall be classified as follows:

a) Contributions intended for extrabudgetary activities for the:

i) General Secretariat;

ii) Radiocommunication Sector;

iii) Telecommunication Standardization Sector;

iv) Telecommunication Development Sector.

b) Contributions intended to supplement any activity already covered by the budget of the Union, by providing a complementary source of funds for enlarging the scope of the activities concerned.

5. Voluntary contributions and trust funds entrusted to the Union may be used strictly for the execution of specific programmes or projects and shall be used in accordance with the respective agreements or arrangements.

6. Voluntary contributions and trust funds shall be paid in currencies readily usable by the Union or in currencies readily convertible into currencies used by the Union. They shall be shown in the relevant accounts opened in host countries of the Union’s Headquarters or offices (regional and area offices).

**3. Relations between the interested parties**

7. Potential providers of funds shall inform the Secretary-General of their intention to do so in cash and/or in kind. The Secretary-General is authorized to seek their assistance in order to be able to respond to requests from potential recipient countries for the execution of programmes or projects.

8. The precise terms and conditions governing voluntary contributions, whether in cash or in kind, or trust funds shall be agreed upon between the interested parties.

9. Any such agreement may take the form of a formal agreement, contract or an exchange of letters, including other relevant supporting documents, and shall be signed by the parties concerned.

**4. Execution of programmes and projects**

10. Programmes and projects as well as supplementary activities (see § 4 b) above) which are to be executed within the framework of the present annex shall be funded entirely by voluntary contributions or trust funds.

11. The Union shall not assume any commitments for, or continue the execution of, any programme, project or supplementary activity, unless its terms of full financing has been secured (apart from exceptional and duly documented cases, subject to prior written approval by the Secretary-General) and the funds (in cash or in kind) have been deposited in accordance with the payment schedule and/or supporting documents laid down in the agreement (see § 9 above).

12. Any agreement as referred to in § 9 above shall contain provisions relating to the case of late payment or non-payment of a contribution or trust fund or part thereof, as well as of a default by a party. In such a case, the Secretary-General is also authorized to stop immediately any further execution of the programme, project or supplementary activity, with any damages to the parties to be borne by the party in default.

13. The decision on implementing any programme, project or supplementary activity under a voluntary contribution or trust funds rests with the Secretary-General, after consultation with the Director of the Bureau of the Sector concerned, or in order to avoid the duplication of efforts after consultation with the Directors of the Bureau of three Sectors, when the General Secretariat is involved. The responsibility for the related administration, coordination and execution lies with the Director of the Bureau of the Sector concerned, under the policy guidance and the control of the Secretary-General. The responsibility for the related administration, coordination, execution, and control of any programme, project or supplementary activity, performed by the General Secretariat, lies with the Secretary-General.

14. When an activity falling within the framework of the present annex requires administrative and operational services to be provided by the Union, the cost of these necessary support services shall, as provided in the agreement, form part of the project expenses. The agreement shall specify that part, if any, of the contribution which the parties agree shall be used to defray support costs. This amount shall be credited to the accounts of the Union in accordance with Article 6, § 1 c) of these regulations. Unless otherwise stipulated by the agreement, the interest on the voluntary contribution accrued in the project accounts shall be credited to ITU as cost recovery revenue.

**5. Accounts for voluntary contributions and trust funds**

15. A separate account for each voluntary contribution or trust fund shall be opened in a special account of the Union, showing:

a) as revenue: cash contributions from all sources, as well as miscellaneous revenue such as interest accrued from contributions advanced or the sale of items purchased under such funding. Appraisal in cash of contributions in kind is carried out in accordance with the ITU methodology;

b) as expenses: project implementation expenses, costs for support services foreseen in the respective agreement as well as any interest charged for payments overdue.

16. Any separate accounts may be kept in the currency of the country in which the Union has its seat or in another currency as determined by the Union. In the latter case, payments and receipts shall be converted and recorded at the United Nations rate of exchange applicable at the time of each transaction.

17. Any funds remaining unused when a programme, project or supplementary activity is terminated may be used by decision of the Secretary-General himself for other purposes unless otherwise stipulated in the respective agreement.

18. Accounts kept in conformity with the present annex shall be audited in accordance with the relevant provisions in Section V and in Annex 1 of the Financial Regulations.

19. If so stipulated in the respective agreement, the Union shall provide a statement of accounts certified by its External Auditor.

**6. Reporting**

20. Each agreement governing a programme, project or supplementary activity shall contain a clause defining project follow-up and appraisal reporting, as well as its source of funding.

21. Depending on the nature and size of the project, as well as on the specific requirements of the interested parties, guidelines on project follow up and appraisal shall be established by the Secretary-General in consultation with the Coordination Committee.

22 All voluntary contributions and trust funds shall be reported by the Secretary-General to the Council in the financial operating report as well as in a summary indicating for each case the origin (in cash or in kind), proposed and actual use and action taken with respect to each voluntary contribution and trust fund.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_