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| **Agenda item: ADM 1** | **Document C23/9-E** |
| **16 May 2023** |
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| Report by the Secretary-General | |
| ANNUAL REVIEW OF REVENUE AND EXPENSES  OF THE IMPLEMENTATION OF THE 2023 BUDGET | |
| **Purpose**  This document presents the key elements of 2023 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 ITU Council.  **Action required by the Council**  The Council is invited **to note** this document.  **Relevant link(s) with the Strategic Plan**  The budget of the Union provides funding for the overall strategic plan.  **Financial implications**  ITU management will take all necessary measures to avoid any deficit in the implementation of the 2023 budget.  **References**  [*Council Resolution 1405 (C21)*](https://www.itu.int/md/S21-CL-C-0097/en) | |

1. **Introduction**

1.1 The purpose of this document is to report on revenue and expenses of the implementation of the second year of the 2022-2023 budget of the Union.

1. **Budget of the Union for 2022-2023 pursuant to Council Resolution 1405 (C21)**
   1. The 2022-2023 budget of the Union was adopted in Resolution 1405 by the virtual consultation of Councillors during the 2021 session of the ITU Council. The updated biennial budget amounts to KCHF 163,861 for 2023. This is based on an annual contributory unit amount of CHF 318,000 for Member States, which represents zero nominal growth since 2006. The budget of the Union is being implemented in conformity with Article 10 of the ITU Financial Regulations and Financial Rules.
   2. The initial budget for 2023 of KCHF 163,194 was increased by KCHF 667 on account of the new area office in New Delhi. The updated budget for 2023 amounts to KCHF 163,861.
   3. Tables 1 and 2 show the status of the 2023 budget, giving revenue and expenses as at 31 March 2023 together with a forecast of revenue and expenses up to 31 December 2023.
   4. The preliminary forecast for 2023 shows a limited anticipated deficit of KCHF 2,398. Several efficiency and cost-optimization measures are under consideration to assist in balancing the budget implementation for 2023.
   5. **Table 1. Revenue statement as at 31 March 2023 in thousands of Swiss francs (kCHF)**



* 1. **Table 2. Expense statement as at 31 March 2023 in kCHF**



**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 2023 is estimated at KCHF -6,351.

3.2 Assessed contributions represent some 77 per cent of total planned revenue for 2023, including contributions from Member States, Sector Members, Associates and Academia. Table 3 gives a breakdown of assessed contributions.

3.3 **Table 3. Assessed-contribution statement as at 31 March 2023 in kCHF**



3.4 The amount of the annual contributory unit is set at CHF 318,000 for 2022-2023. As at 31 March 2023, total invoiced revenue from Member States is at the budgeted level.

3.5 For 2023, the amount of the annual contributory unit is set at CHF 63,600 for Sector Members and at CHF 10,600 for Associates. As at 31 March 2023, total invoiced revenue from Sector Members exceeds budgeted revenue by KCHF 142. Invoiced revenue for Associates is KCHF 13 below budgeted revenue. Invoiced revenue for Academia is higher than budgeted revenue by KCHF 20.

3.6 For 2023, cost recovery represents 22.3 per cent of total budgeted revenue. A breakdown of cost-recovery revenue is provided in Table 4. Revenue from cost recovery is likely to be lower than the budgeted amount for 2023 by KCHF -7,700. As for the processing of space notices, some proposals to review the schedule of charges and related methodology are included in Document C23/19.

3.7 **Table 4. Cost-recovery revenue as at 31 March 2023 in kCHF**

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**4 Expenses**

4.1 Estimated savings arising from the introduction of the voluntary separation programme have been included in Table 2, based on the requests received. Until this programme is finalized, the savings may change.

4.2 With regard to expenses, efficiency measures and efforts are being continuously applied in order to comply with Council Resolution 1405 (C21). The objective is to keep expenses within available revenue at year-end 2023 and avoid any deficit in 2023 budget implementation. Measures will be taken throughout the rest of the year to ensure balanced budget implementation.

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