

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/3289

8 December 1969

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COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

RESUMPTION OF MEETING ON 4 DECEMBER 1969

1. In the Report of the Committee on Budget, Finance and Administration, document L/3259 Part B - International Trade Centre UNCTAD/GATT, paragraph 14, the CONTRACTING PARTIES were advised that "With respect to the question of whether overheads accruing to the Centre from extra-budgetary assistance projects should be credited to the regular budget or treated as a separate account, the Committee could not reach any conclusion and decided to revert to this question at an early date".
2. On 4 December 1969 the Committee resumed its consideration of this matter.
3. Some Committee members favoured crediting the overhead contributions to miscellaneous income in the regular budget of the Centre and providing in that budget also for the whole of the necessary backstopping of the voluntary assistance programme. In view of the links between the programmes financed from the regular budget and from extra-budgetary resources, it was felt that it was difficult to relate overhead income to precise items of expenditure. A further reason in favour of this procedure was that, because overhead costs can be estimated at a higher level than the fixed percentages contributed, assistance projects financed from extra-budgetary resources had an impact on the size of the base resources provided through the regular budget.
4. Other members indicated they were in favour of crediting overhead contributions to a special account. They pointed out that the special account enabled an immediate and flexible response to be made in meeting the constantly changing needs of an operational programme. Expenditures should be mainly for specialized staff hired on a temporary basis which would avoid adding to the manning table of the Centre and thereby establishing a presumption of continuity of tenure. The use of the special account would eliminate the need to budget two years ahead of known facts¹ for a programme that is dependent on voluntary contributions which are not fully predictable and requests by governments to UNDP for projects in the field of trade promotion. The special account is credited only if there is a voluntary programme and the credit is directly proportional to the size of the programme.

¹For example, the 1971 budget estimates and the 1972 planning estimates are prepared in the last quarter of 1969.

5. The Committee noted that a consolidated picture of the Centre's total work programme would continue to be established on the basis of the total resources available to the Centre, as far as these could be foreseen, and the financial implications of such a work programme would be made available to the joint UNCTAD/GATT Advisory Group on the Trade Centre. The document presented to the budgetary organs would also reflect this total picture.

6. After full consideration, the Committee agreed that the budget estimates of the Centre should be presented in a form in which the anticipated contributions towards overhead costs relating to extra-budgetary assistance projects are taken into account under a separate heading in the income budget and the overhead costs are shown, clearly identified, in a separate part within a consolidated expenditure budget. The budget document should also contain a list of projects financed from extra-budgetary sources, indicating the cost of each project. The Committee therefore recommends to the Council that future budget estimates of the Centre be set out in the following manner:

A. EXPENDITURE ESTIMATES

Part I - Direct Operational Cost of the Centre

(Details to be shown)

Part II - Services provided through UNCTAD and GATT secretariats

(Details to be shown)

Part III - Overhead costs relating to extra-budgetary projects

(Details to be shown)

B. INCOME ESTIMATES

GATT contribution

UN contribution

Miscellaneous income

Contributions towards overhead costs relating to extra-budgetary projects

7. This method will give governments a clear picture of the resources available to the Centre and of the total projected expenditure of the Centre. It will enable extra-budgetary resources to be clearly identified and assist in the avoidance of erroneous impressions regarding the disposal of these resources. An additional advantage of the method is that overhead contributions and expenditure would be estimated on the basis of a proper programme with, of course, the understanding that this programme would be dependent on certain factors which were indefinite at the time of its preparation.

8. The Committee noted that agreements entered into by the Centre with donor countries provided for the return to the donor of unused balances of voluntary funds, including the element of overhead contributions, and that, under the proposed accounting method, these provisions would continue to be honoured. It was also noted that, in practice, overhead contributions were credited to income, on the basis of project expenditure as and when it occurred, with the result that any unexpended balance remained outside the budgetary framework.

9. The representative of the Secretary-General of UNCTAD stated that, in the Secretary-General's view, the foregoing proposals constituted a positive step towards the solution of the problems which had arisen in the handling of overhead income. He considered it essential that the Centre be given the possibility to meet quickly changing requirements in a field operations programme by using actual total receipts of overhead contributions rather than being limited to resources at a predetermined level. It was also his understanding, as noted in paragraph 8 above, that should a given project extend beyond the fiscal year, any unspent portion of the income received on account of this project would remain available for use in subsequent years. This was also the understanding of the GATT secretariat.

10. The Committee noted the statement on behalf of the Secretary-General of UNCTAD that, since the handling of the United Nations technical assistance funds was a matter of interest and concern to the financial organs of the United Nations, he proposed to transmit the views of the Committee on Budget, Finance and Administration of GATT to these financial organs.

11. With respect to the expected income of \$56,000 in 1969 from contributions to cover overhead costs relating to projects financed from voluntary funds, the Committee recognized that the greater part of these funds would not be spent this year. Recognizing that uncertainty exists regarding forthcoming UNDP overhead contributions in 1970, the Committee recommends to the Council that the remaining balance as at 31 December 1969 be transferred to income for overhead costs relating to extra-budgetary projects in 1970.

12. In accordance with the above conclusions, the Committee recommends to the Council that the budget estimates of the Centre for the financial year 1970, as detailed in the Annex of this report, be approved as follows, it being understood that, in view of the contingent nature of the estimates under overheads, which are dependent upon the level of the extra-budgetary projects under execution, the expenditure estimates under Part III may be exceeded in parallel with any increase of actual receipts of overhead contributions to ensure effective backstopping of such projects:

A. EXPENDITURE ESTIMATES

Part I - Direct Operational
Cost of the Centre
\$ 935,600

Part II - Services provided
through UNCTAD and
GATT secretariats \$ 221,400^{1/}

Sub-total \$1,157,000

Part III - Overhead costs
relating to extra-
budgetary projects \$ 150,000

Total \$1,307,000

B. INCOME ESTIMATES

GATT contribution \$ 671,600^{1/}

UN contribution \$ 477,400

Miscellaneous income \$ 8,000

Sub-total \$1,157,000

Contributions towards
overhead costs relating
to extra-budgetary
projects
\$ 150,000

Total \$1,307,000

POINTS FOR DECISION: Paragraph 6
Paragraph 11
Paragraph 12

^{1/} This amount does not include the estimated amount of \$194,800 for additional supporting services provided by GATT without charge to the Centre.

ANNEX
Detailed Schedules

A.	<u>EXPENDITURE ESTIMATES</u>	<u>Amount in US dollars</u>
<u>PART I: DIRECT OPERATIONAL COST</u> <u>OF THE CENTRE</u>		
Section 1 - <u>Salaries and wages</u>		
(i)	Established posts	537,700
(ii)	Temporary assistance	10,000
(iii)	Overtime and night differential	<u>1,000</u>
Total Section 1:		548,700
Section 2 - <u>Common staff costs</u>		
(i)	Dependency allowance	26,500
(ii)	Education grants and related travel	15,200
(iii)	Contribution to the United Nations Joint Staff Pension Fund	90,300
(iv)	Travel and removal expenses on appointment and separation	7,000
(v)	Installation grants	6,000
(vi)	Travel on home leave	16,700
(vii)	Separation payments	6,500
(viii)	Other common staff costs	<u>6,600</u>
Total Section 2:		174,800
Section 3 - <u>Travel on official business</u>		40,000
Section 4 - <u>Hospitality</u>		1,000
Section 5 - <u>Permanent equipment</u>		5,500

Amount in US dollars

Section 6 - General expenses

(i)	Rental of premises and related expenses	25,000
(ii)	Maintenance of equipment and car	3,400
(iii)	Cables and long-distance calls	5,000
(iv)	Telephone (rental and local calls)	2,700
(v)	Postage and freight	16,000
(vi)	Stationery and office supplies	11,000
(vii)	Books and information material	3,000
(viii)	Insurance premiums	1,200
(ix)	External audit	1,500
(x)	Miscellaneous supplies and services	<u>3,200</u>

Total Section 6: 72,000

Section 7 - Printing

93,600

Total Part I:

935,600

PART II: SERVICES PROVIDED THROUGH UNCTAD AND GATT SECRETARIATS

Section 8 - Salaries of staff providing services to the Centre

(i)	Established posts	143,100
(ii)	Temporary assistance	32,700
(iii)	Overtime and night differential	<u>1,000</u>

Total Section 8:

176,800

Amount in US dollars

Section 9 - Common staff costs for posts under Section 8

(i)	Dependency allowance	8,800
(ii)	Education grants and related travel	4,500
(iii)	Contributions to the United Nations Joint Staff Pension Fund	24,000
(iv)	Travel and removal expenses on appointment and separation	1,000
(v)	Installation grants	1,000
(vi)	Travel on home leave	2,000
(vii)	Separation payments	1,500
(viii)	Other common staff costs	<u>1,800</u>

Total Section 9: 44,600

Total Part II: 221,400

Sub-total 1,157,000

PART III: OVERHEAD COSTS RELATING TO EXTRA-BUDGETARY PROJECTS

Section 10 - Salaries and wages 84,000

Section 11 - Travel on official business 35,000

Section 12 - General expenses 31,000

Total Part III: 150,000

Total 1,307,000

Amount in US dollars

B. INCOME ESTIMATES

GATT contribution	671,600	
United Nations contribution	477,400	
Miscellaneous income	<u>8,000</u>	
Sub-total		1,157,000
Contributions towards overhead costs relating to extra-budgetary projects (including carry-over from 1969)		<u>150,000</u>
Total		<u><u>1,307,000</u></u>