

GENERAL AGREEMENT ON TARIFFS AND TRADE

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REPORT OF THE COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

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INTRODUCTION

1. The Committee on Budget, Finance and Administration, appointed by the Council on 15 July 1975, met at the Villa le Bodge, Geneva, from 29 September to 3 October 1975.

2. The Committee was chaired by Mr. K.I. Gates of Australia and the following twelve members attended:

Australia	Germany, F.R.	Sweden
Brazil	India	Switzerland
Canada	Israel	United Kingdom
France	Japan	United States

Italy was represented by an observer.

3. In accordance with its terms of reference, the Committee considered the Director-General's Financial Report on the 1974 Accounts of the GATT and the Report of the External Auditor thereon (L/4220) and the Budget Estimates for the Financial Year 1976 of the GATT (L/4190) as well as the Proposed Programme Budget of the International Trade Centre UNCTAD/GATT for the Biennium 1976-1977 (ITC/OD/BUD/1). In addition to the documents mentioned, the Committee examined the financial position of the GATT as at 31 August 1975 on the basis of out-turn figures prepared by the secretariat. The Committee also had before it the following working papers:

Final Position of the 1974 Budget of GATT (L/4212)

Outstanding Contributions as at 31 August 1975 (Spec(75)23)

Staff Assistance Fund (Spec(75)18)

GATT Accommodation - Progress Report (Spec(75)21)

Travel Allowance during Home Leave (Spec(75)17)

International Civil Service Commission (Spec(75)19)

Financial Report and Interim Accounts of the
International Trade Centre UNCTAD/GATT for the first year
of the 1974-1975 Biennium ended 31 December 1974 (Spec(75)22)

Performance Report on the Programme Budget of the International
Trade Centre UNCTAD/GATT for the Biennium 1974-1975 (ITC/OD/BUD/2)

Report of the Advisory Committee on Administrative and Budgetary
Questions on the Proposed Programme Budget of the International
Trade Centre UNCTAD/GATT for the Biennium 1976-1977 (Spec(75)20)

4. At the commencement of the meeting the Committee heard an introductory statement by the Director-General. He referred to the 1976 budget estimates and pointed out that an increase of 9.76 per cent over the 1975 budget was foreseen with respect to the regular GATT budget and the Trade Negotiations of which 7.72 per cent represented unavoidable increases and 2.04 per cent resulted from other requirements. Taking into account the heavily increased workload foreseen, he was of the opinion that the estimates represented the absolute minimum necessary for the implementation of the programme of work, especially in view of the growing expenditure incurred for the Multilateral Trade Negotiations. A further 3.79 per cent increase was foreseen for the GATT contribution to the International Trade Centre UNCTAD/GATT, while the contribution to the Building Fund represented an increase of 8.84 per cent.

5. No increase had been proposed in the total permanent establishment which remained at 198 posts. However, after the traditional very careful scrutiny, the Director-General had made proposals for the regrading of five posts in the professional category and four posts in the general service category.

6. Reminding the Committee of the situation in which GATT pensioners found themselves as a result of the combined effects of continuing inflation and currency fluctuations, the Director-General drew attention to the proposal he had made for the inclusion in the 1976 budget of a provision of SwF 20,000 to enable the CONTRACTING PARTIES to continue to assist, through the GATT Staff Assistance Fund, those ex-staff members most seriously affected.

7. On the question of future GATT accommodation, the Director-General referred the Committee to the progress report prepared by the secretariat. The provision of SwF 2.5 million in the 1976 budget estimates represented anticipated 1976 expenditure for renovations and equipment of the conference rooms and some other offices to be completed at the former ILO building before occupancy by GATT.

8. In addition to the documents that the Director-General had mentioned, the Committee had before it his proposals with regard to the increase of the flat rate of travel allowance payable during home leave and concerning the establishment of the International Civil Service Commission and contributions by GATT to the Commission's budgets.

9. Returning to the 1974 accounts, the Director-General drew the Committee's attention to the amount of SwF 515,610 from the 1974 surplus that had been set aside in a suspense account. In this connexion he recalled that the Council had requested him to submit proposals for dealing with the situation arising from the erosion of salaries and allowances to staff in the professional and higher categories. The Council had yet to reach a decision on these proposals but might wish to

wait until later in the year when information would be available in connexion with whatever action the United Nations itself might be taking. The Director-General therefore suggested that the Committee agree that the amount of SwF 515,610 remain in the suspense account on the understanding that, once a decision had been reached in this regard, any balance would be transferred to the Building Fund.

10. In answer to questions, the Director-General stated that recent changes in parities had done very little to alleviate the general situation of instability or the discrimination between staff with and without dependents, which was a result of using the post adjustment system to compensate for currency fluctuations. He considered the situation to be unhealthy and was convinced that something must be done to rectify the injustice.

11. With regard to the present financial situation, the Director-General informed the Committee that the current financial year was, at this moment, expected to close with savings on the expenditure budget and excess income on the income budget. However, the figures in the position statement were estimates and the year-end situation was as yet uncertain. In addition, contributions outstanding at 31 August 1975 amounted to SwF 3 million against some SwF 1.3 million last year and the Director-General appealed, through the Committee, to those contracting parties that had not yet paid their contributions to do so rapidly in order to avoid possible cash difficulties in the coming months.

12. Answering questions regarding the possibility of recommending transfers to the 1976 income of anticipated 1975 savings, the Director-General pointed out that the work programme of the Multilateral Trade Negotiations until the end of the year was extremely heavy and expenditure in this respect was still growing. In fact, expenditure in 1975 on meeting rooms and temporary assistance for the Multilateral Trade Negotiations was expected to exceed the estimates. It would be unwise to make commitments on a surplus which was still very uncertain at this stage.

13. Turning to the proposed programme budget of the International Trade Centre UNCTAD/GATT for the biennium 1976-1977 and to the report of the Advisory Committee on Administrative and Budgetary Questions thereon, the Director-General hoped that, as the Centre budget was established on a biennial basis following United Nations procedures, the Committee would be in a position to examine the estimates for both years 1976 and 1977. The budget proposals showed an increase of 30 per cent over the approved level for 1974-1975 of which 24.2 per cent represented unavoidable increases and 5.8 per cent staff or programme increases. The proposals were submitted after careful scrutiny by the Secretary-General of UNCTAD and himself.

A. GATT SECRETARIAT

I. REPORT ON THE 1974 ACCOUNTS AND REPORT
OF THE EXTERNAL AUDITOR THEREON

14. The Committee examined the Final Position of the 1974 Budget (L/4212) and the Report on the 1974 Accounts and the Report of the External Auditor thereon (L/4220) and was given additional information and explanations by representatives of the secretariat.

15. The Committee recommends that the CONTRACTING PARTIES approve the transfers set out in paragraph 5 of document L/4212 as follows:

<u>FROM:</u>	<u>SwF</u>	<u>TO:</u>	<u>SwF</u>
<u>Section 4 - Printing</u>	14,162	<u>Section 5 - Representation</u>	
		<u>and hospitality</u>	13,740
		<u>Section 6 - Public</u>	
		<u>information</u>	422
	14,162		14,162
	=====		=====

16. The Committee noted that an amount of SwF 515,610 from the 1974 surplus had been set aside in a suspense account in connexion with the Director-General's proposals for dealing with the situation arising from the erosion of salaries and allowances of staff in the professional and higher categories and agreed that this amount should remain in the suspense account awaiting a decision by the Council in this regard, on the understanding that once a decision had been reached any balance would be transferred to the Building Fund.

17. Some delegations pointed out that the Council had already come to a decision in November 1974 with regard to the distribution of the 1974 surplus and were of the opinion that this decision should be applied by transferring the entire final balance on the surplus account to the Building Fund. They were prepared, however, to leave the amount of SwF 515,610 in the suspense account that had been created pending the decision of the Council on this question.

18. The Committee recommends that the CONTRACTING PARTIES approve the audited accounts for 1974 and convey to the auditor their thanks for the valuable assistance given to the CONTRACTING PARTIES in the audit of these accounts.

II. FINANCING OF THE 1975 BUDGET

19. The Committee examined the financial position as at 31 August 1975 on the basis of out-turn figures prepared by the secretariat. It noted that on this basis the accounts might close with a year-end surplus of some SwF 700,000, although it recognized that the heavy work programme for the Multilateral Trade Negotiations until the end of the year did not permit a precise forecast of the final year-end position.

20. Answering questions regarding the possibility of making a transfer at this stage from the 1975 anticipated surplus to 1976 income, a representative of the secretariat pointed out that until last year, when the volume of the surplus had been such that it could be safely earmarked before the end of the financial year, the practice in GATT had been to appropriate a surplus only once the financial year was closed. With regard to proposals for the use of the 1975 anticipated surplus, the Committee recognized that, in view of possible changes in the situation before the year-end, it would be perhaps unwise to recommend transfers now, and agreed to meet again in November to review the situation then with a view to making a final recommendation if, at that time, a significant surplus appeared in view.

21. On examining the situation with regard to outstanding contributions at 31 August 1975, the Committee noted with concern that an amount of over SwF 3 million was outstanding as compared to approximately SwF 1.3 million last year. The importance of prompt payment of contributions was again stressed since it was in the interest of all contracting parties to avoid financial management problems particularly during the Trade Negotiations. The Director-General was requested to pursue his efforts to obtain payment of outstanding contributions and the Committee agreed to recommend to the Council that governments be urged to pay pending contributions as soon as possible and to pay each year's contribution as early as possible in the year in which it falls due.

III. ESTIMATES OF EXPENDITURE FOR 1976

22. Before the Committee commenced its item-by-item examination of the 1976 expenditure estimates, some members of the Committee, while expressing their appreciation for the clear presentation of the budget estimates and the spirit of austerity applied in their preparation, nevertheless stated that their governments could not accept an overall budgetary increase of the order of 22.4 per cent as compared to 1975 and substantial cuts would have to be made. Furthermore, it was difficult to understand why different US dollar/Swiss franc exchange rates had been used in the preparation of the estimates for salaries and wages, for pension fund contributions and for the International Trade Centre UNCTAD/GATT. One delegation said that the increase in national contributions to the budget should not be more than 15 per cent per year.

23. The Director-General reminded the Committee that the overall increase of 22.4 per cent included 3.79 per cent in respect of the International Trade Centre, which should be considered as a separate entity, and 8.84 per cent in respect of the Building Fund, an item unconnected with GATT's day-to-day activities. With regard to the exchange rates used in the preparation of the 1976 budget estimates, US\$1/SwF 2.49 was the rate prevailing at the time that the budget estimates were prepared and, therefore, pension fund contributions for professional staff were calculated at that rate. However, in order to provide the organization with a certain protection against further changes in monetary parities, calculations in respect of salaries and allowances for professional staff had been maintained at the 1975 budget rate of US\$1/SwF 2.98. At present, salaries and allowances were being paid at the rate of US\$1/SwF 2.75. As regards the International Trade Centre UNCTAD/GATT, its budget for the 1976-1977 biennium had been established in accordance with instructions from the United Nations at the rate of US\$1/SwF 3.10. The GATT contribution to the Centre was calculated at that same rate, since about 90 per cent of the Centre's expenditures were in Swiss francs and any downward variation in the rate would inevitably give rise to requests for additional funds.

24. After detailed examination of the question of the exchange rate to be used for the calculation of salaries, allowances and pension fund contributions, one member of the Committee said that his Government was of the opinion that savings amounting to SwF 190,000 could be achieved by applying a lower rate of exchange (US\$1/SwF 2.75) for salaries and allowances but leaving the rate of US\$1/SwF 2.49 for pension fund calculations. It was suggested, however, that an alternative would be to use a composite rate of US\$1/SwF 2.80 covering both the calculations for salaries and allowances and the contribution to the pension fund which would result in overall savings of some SwF 20,000. Taking into account the present trend of exchange rates, the Committee, with the exception of one member, agreed to leave the provisions as proposed by the Director-General.

Meetings

25. The Committee was of the opinion that the provision for the 32nd Session of the CONTRACTING PARTIES, which was based on a two-week session at Geneva in 1976, could be reduced, particularly in view of the fact that the 31st Session, for which a two-week provision had been made in the 1975 budget, was now not likely to exceed three days. The 1973 and 1974 sessions had lasted two and three days respectively. In view of this, the Committee agreed that the provision be reduced by SwF 65,000 to SwF 60,000.

Regradings

26. The Committee examined the Director-General's proposals for regradings and noted that, following the Committee's recommendations resulting from its examination of the personnel promotion policy and practice of GATT

last year, the Director-General had related the justification for regradings to the incumbent where it was relevant to do so. In reply to a question, a representative of the secretariat informed the Committee that the proposal relating to the regrading of a translator to senior translator was purely related to the incumbent and that, in line with the Committee's recommendation, the post would revert to its present grading on departure of the incumbent. The other regradings requested were justified by increased responsibilities in each individual post.

27. With regard to the regrading of the post of Chief Statistician from P.5 to D.1 the Committee, while accepting the proposal, expressed some concern that the incumbent of the post would report in future to a Director of Division at the same grade and questioned the wisdom of such a situation. The Director-General informed the Committee that he had shared the Committee's misgivings with regard to officers reporting to superiors at the same grade and that the situation was a result of the lack of flexibility in the promotional system. It was unfair and counter-productive, however, to have to deny promotion to a staff member performing functions at a higher level than the post he was occupying and the Director-General would not be in favour of creating new divisions to accommodate such cases. His own reservations were of a formal nature and did not refer to this specific case, but referred rather to the system itself.

Travel on official business

28. The Committee noted that the estimate for travel on official business included an amount of SwF 60,000 to assist trainees participating in GATT commercial policy training courses. The attendance of the participants at these training courses was financed by UNDP. However, in recent months emphasis with regard to the disbursement of UNDP funds had moved from inter-regional projects to individual government projects and, for this reason, the UNDP allocation for 1976, which had already been fixed, had not been adjusted to provide for the effects of inflation. The Committee was of the opinion that the trainees should receive an adequate rate of stipend, particularly in view of the importance of the courses to developing countries. The Committee was strongly of the opinion, however, that such financing should properly be forthcoming through UNDP allocations. The Committee agreed to maintain the provision which would be used only if further representations by the Director-General should not result in an adequate allocation from UNDP and requested the Director-General to take up the matter with the administration of UNDP as soon as possible. The Committee would deplore a state of affairs, if it arose, whereby UNDP did not provide realistic subsistence for trainees from developing countries. One member of the Committee was of the opinion that the additional provision of SwF 60,000 within the GATT budget for the training programme should be deleted and reserved his delegation's position in this respect.

Joint services

29. The Committee examined the Director-General's note in connexion with the establishment of the International Civil Service Commission (ICSC) and contributions by GATT to ICSC budgets. A representative of the secretariat explained that GATT had been assessed and requested to pay its share of the Commission's budget. Authority was sought for the payment from the 1975 budget of the 1975 contribution, pending a decision by the Council concerning GATT's relationship with the Commission, and to increase the 1976 budget estimate for joint services by SwF 22,000 in order to provide for the 1976 contribution.

30. The Committee agreed to recommend to the Council that a provisional payment be made to International Civil Service Commission (ICSC) from the 1975 budget in respect of the contribution for 1975, pending a decision concerning GATT's relationship with the Commission. It further agreed that the 1976 budget estimate for joint services be increased by SwF 22,000 to SwF 102,000 to provide for the payment of the contribution to ICSC for 1976.

Public information

31. The Committee examined the estimate for public information and one member wondered whether the amount of SwF 5,000 was sufficient. A representative of the secretariat indicated that the basic intention of the estimate was to improve the accuracy of what was written about GATT and its work. The funds were used in connexion with arranging for senior journalists to visit the GATT for consultations and, in the opinion of the Director-General, they were adequate.

Permanent equipment

32. During the examination of the item for permanent equipment a representative of the secretariat gave additional information with regard to the replacement of and additions to equipment foreseen for 1976. The Committee accepted the estimate. However, one member stated that his government was convinced that economies amounting to SwF 60,000 could be made on this item and reserved the position of his delegation in this respect.

Contribution to a Staff Assistance Fund

33. The Committee took note of the report of the Chairman of the GATT Staff Council, submitted through the Director-General, with regard to disbursements made to GATT pensioners. The Committee accepted the provision included in the 1976 budget on the understanding that the contribution should not be considered to constitute a precedent. This agreement was reached on the understanding that the funds be administered following the same principles as had been applied to the contributions made in previous years.

Unforeseen expenditure

34. Some members of the Committee were of the opinion that a reduction could be made in the item for unforeseen expenditure. A representative of the secretariat pointed out that some degree of protection was necessary with regard to expenditure that it was impossible to foresee and that on two occasions in recent years recourse to this item had enabled the secretariat to avoid requests for additional funds during the financial year. The amount provided was very small compared to the overall budgetary level. It would be most unwise to reduce the estimate in a year when Trade Negotiations activities were still increasing. The Committee agreed to maintain the estimate at the level of SwF 200,000. One member of the Committee maintained that it was possible to make a reduction of SwF 150,000 in this item and reserved his position.

Multilateral Trade Negotiations

35. With regard to the necessity for 4 new professional and 9 general service category temporary posts for the Trade Negotiations in 1976, a representative of the secretariat informed the Committee that, as had been noted, expenditure in 1975 was expected to exceed the appropriation. For 1976, although an increase had been provided for, a calculated risk had been taken in not increasing the estimate even further, particularly in view of the very heavy requirements for servicing meetings, including additional interpretation facilities, and the additional assistance required by developing countries participating in the negotiations. Some members of the Committee felt, nevertheless, that economies could be made on this item. Other members expressed concern that any cut in the level of temporary assistance for the Trade Negotiations would be extremely damaging to the developing countries which relied heavily on the secretariat for technical assistance. The Committee agreed to maintain the estimate at the level of SwF 3,220,000. One member of the Committee maintained that it was possible to make a reduction of SwF 290,000 in this item and reserved his position.

36. The Committee felt that expenses for rental of meeting rooms were too high. This comment was made with regard to the item for rental of meeting rooms and additional office space both for the regular work of the secretariat and for the Trade Negotiations. A representative of the secretariat, however, pointed out that there was already considerable overspending in 1975 on the item for meeting rooms for the Trade Negotiations. He underlined the difficulties in which the secretariat finds itself as a result of having no meeting facilities of its own and of seeing larger organizations take precedence for outside meeting rooms. It was often necessary for the secretariat to accept more expensive or less comfortable accommodation as the only space available. The volume of meetings was intense and the funds available were not over-abundant. A cut in the estimate would inevitably result in a reduction in the programme of meetings. The Committee accepted the explanations of the secretariat and recognized the difficulties but urged that the secretariat

continue its efforts to constrain the costs of rented space, within the limits of acceptable accommodation. In view of the secretariat's explanations, the Committee agreed to maintain the estimate as budgeted. One member of the Committee maintained that it was possible to make a reduction of SwF 100,000 in this item and reserved his position.

37. With regard to a request by one member of the Committee that the estimate for general expenses for the Trade Negotiations be cut by SwF 50,000, a representative of the secretariat pointed out that the estimate had been calculated very closely and that, if it were cut, the secretariat would not be able to provide the services needed for the Trade Negotiations in 1976. The Committee agreed that the item should be maintained at SwF 300,000. One member of the Committee maintained that it was possible to make a reduction of SwF 50,000 on this item and reserved his position.

38. After consideration of the item for hospitality for the Trade Negotiations, the Committee agreed that, taking into account expenditure in 1973 and 1974 and expected expenditure in 1975, the estimate be reduced by SwF 5,300 from SwF 13,300 to SwF 8,000.

Contribution to the International Trade Centre UNCTAD/GATT

39. The Committee examined the estimate of SwF 6,761,100 representing GATT's contribution to the International Trade Centre UNCTAD/GATT in 1976, as reflected in Part B of this report. As a result of its examination, the Committee agreed to reduce the estimate by SwF 133,300 to SwF 6,627,800.

Contribution to the Building Fund

40. In accordance with a proposal that the Director-General had made in view of the difficulties experienced by some governments in accepting the overall level of budgetary increase, the Committee agreed that the provision of SwF 2.5 million for a contribution in 1976 to the Building Fund be reduced by SwF 220,000 to SwF 2,280,000. This could be achieved by deferring some payments for renovations to the former ILO building from the end of 1976 to the beginning of 1977.

IV. INCOME BUDGET ESTIMATES FOR 1976

41. A representative of the secretariat gave additional information in connexion with the estimates of miscellaneous income. Subject to the agreement reached with regard to the disposal of the anticipated 1975 surplus (paragraph 20), the Committee, with the exception of one member, agreed that the budget for 1976 be financed as follows:

	<u>Swiss francs</u>
(a) Contributions assessed on contracting parties	33,568,000
(b) Miscellaneous income	<u>627,400</u>
	34,195,400
	=====

V. OTHER MATTERS

GATT Accommodation - Progress Report

42. The Committee took note of the progress report prepared by the secretariat with regard to the renovations being carried out at the former ILO building before occupancy by the GATT secretariat. The wish was expressed that, in studying the equipment of specialized services and conference rooms, account be taken of the needs of the delegates who were to make use of them.

43. The Committee considered the possibility of accelerating the renovation of the conference rooms in the former ILO building with a view to reducing expenditure for rental of outside meeting rooms. A representative of the secretariat informed the Committee that it would not be technically possible to make use of the conference rooms before the completion of the entire renovation work in the building. It noted that work was now well under way and should be completed by about the middle of 1977.

Travel allowance during home leave travel

44. The Committee took note of the proposal by the Director-General to adjust the travel allowance payable to staff members during home leave travel with effect from 1 January 1976. The present rates had been set by the CONTRACTING PARTIES at their twenty-fifth session in 1968 and the Director-General now proposed that they be brought into line with present requirements. The Committee noted the proposal and the fact that the financial implications were insignificant.

External audit

45. The Committee noted that the Director-General intended to make the necessary arrangements with the External Auditor for the final audit of the 1975 accounts of the GATT, for an interim audit of the 1976 accounts and for the submission to the CONTRACTING PARTIES of the Auditor's report for 1975 in accordance with the decision taken by the CONTRACTING PARTIES in 1951.

VI. CONCLUSION

46. The Committee submits to the CONTRACTING PARTIES for consideration and approval a draft resolution on the expenditure of the CONTRACTING PARTIES and ways and means to meet such expenditure.^{1/}

<u>POINTS FOR DECISION:</u>	Paragraph 15
	Paragraph 18
	Paragraph 21
	Paragraph 30
	Paragraph 46

^{1/} One member reserved his position in paragraphs 24, 28, 32, 34, 35, 36, 37 and 46.

DRAFT RESOLUTION IN THE EXPENDITURE OF THE CONTRACTING PARTIES
IN 1976 AND THE WAYS AND MEANS TO MEET SUCH EXPENDITURE

The CONTRACTING PARTIES

HAVING CONSIDERED

the estimates of expenditure of the CONTRACTING PARTIES for 1976 as set forth in schedules annexed to this Resolution,

RESOLVE that:

1. The Director-General is authorized to repay promptly ICITO for the services rendered during the year 1976, provided that such repayment does not exceed a total of 34,195,400 Swiss francs;
2. The repayment referred to in paragraph 1 shall be financed as follows:
 - (a) by contributions from contracting parties in the amount of 33,568,000 Swiss francs,
 - (b) by miscellaneous income estimated at 627,400 Swiss francs;
3. The Director-General shall report to the CONTRACTING PARTIES or to the Council on the status of budgetary expenditure over the first nine months of 1976;
4. The contributions of the contracting parties shall be assessed in accordance with the attached scale of contributions. Contributions from contracting parties are considered as due and payable in full as from 1 January 1976.

SCHEDULE I

REVISED ESTIMATES OF EXPENDITURE FOR THE FINANCIAL YEAR 1976

SUMMARY

		<u>Original</u> <u>Estimates</u> <u>(L/4190)</u> <u>SwF</u>	<u>Increases/</u> <u>(Decreases)</u> <u>SwF</u>	<u>Revised</u> <u>Estimates</u> <u>SwF</u>
PART I: <u>MEETINGS</u>				
<u>Section</u>				
1	Thirty-second session of the CONTRACTING PARTIES	125,000	(65,000)	60,000
2	Meetings of the Council and other meetings	<u>380,000</u>	<u>-</u>	<u>380,000</u>
	Total Part I:	<u>505,000</u>	<u>(65,000)</u>	<u>440,000</u>
PART II: <u>SECRETARIAT</u>				
<u>Section</u>				
1	Salaries and wages and official travel	14,041,000	-	14,041,000
2	Common staff costs	3,553,000	22,000	3,575,000
3	Common services	1,734,100	-	1,734,100
4	Printing	340,000	-	340,000
5	Representation and hospitality	78,000	-	78,000
6	Public information	5,000	-	5,000
7	Permanent equipment	197,000	-	197,000
8	Special projects	20,000	-	20,000
9	Contribution to a Staff Assistance Fund	<u>20,000</u>	<u>-</u>	<u>20,000</u>
	Total Part II	<u>19,988,100</u>	<u>22,000</u>	<u>20,010,100</u>

		<u>Original</u> <u>Estimates</u> <u>(L/4190)</u> <u>SwF</u>	<u>Increases/</u> <u>(Decreases)</u> <u>SwF</u>	<u>Revised</u> <u>Estimates</u> <u>SwF</u>
PART III: <u>UNFORESEEN EXPENDITURE</u>				
<u>Section</u>				
1	Unforeseen expenditure	200,000	-	200,000
PART IV: <u>TRADE NEGOTIATIONS</u>				
<u>Section</u>				
1	Trade Negotiations	4,642,800	(5,300)	4,637,500
PART V: <u>INTERNATIONAL TRADE CENTRE</u> <u>UNCTAD/GATT</u>				
<u>Section</u>				
1	Contribution to the Inter- national Trade Centre UNCTAD/GATT	6,761,100	(133,300)	6,627,800
PART VI: <u>ACCOMMODATION</u>				
<u>Section</u>				
1	Contribution to the Building Fund	<u>2,500,000</u>	<u>(220,000)</u>	<u>2,280,000</u>
	Grand Total	<u>34,597,000</u> =====	<u>(401,600)</u> =====	<u>34,195,400</u> =====

SCHEDULE II

REVISED ESTIMATES OF EXPENDITURE
FOR THE FINANCIAL YEAR 1976

DETAILED SCHEDULES

Swiss francs

PART I: MEETINGS

Section 1 - Thirty-second session of
the CONTRACTING PARTIES

(i)	Temporary assistance (including overtime)	43,000
(ii)	Travel and subsistence of temporary staff	5,000
(iii)	Rental of meeting rooms and additional office space	10,000
(iv)	Other services	<u>2,000</u>

Total Section 1: 60,000

Section 2 - Meetings of the Council
and other Meetings

(i)	Temporary assistance (including overtime)	300,000
(ii)	Travel and subsistence of temporary staff	8,000
(iii)	Rental of meeting rooms and additional office space	70,000
(iv)	Other services	<u>2,000</u>

Total Section 2: 380,000

Total PART I: 440,000
=====

Swiss francs

PART II: SECRETARIAT

Section 1 - Salaries and Wages and Official Travel

(i)	Established posts	12,810,000
(ii)	Temporary assistance (including overtime) and consultants	921,000
(iii)	Travel on official business	<u>- 310,000</u>

Total Section 1: 14,041,000

Section 2 - Common Staff Costs

(i)	Installation grants	30,000
(ii)	Travel and removal expenses of staff and their dependants	110,000
(iii)	Separation payments	85,000
(iv)	Contributions to the United Nations Joint Staff Pension Fund	2,143,000
(v)	Repatriation grants	100,000
(vi)	Travel on home leave	160,000
(vii)	Family allowance, education grants and related travel	
	(a) Family allowances	370,000
	(b) Education grants and related travel	230,000
(viii)	Joint services	102,000
(ix)	Other common staff costs	<u>245,000</u>

Total Section 2: 3,575,000

Swiss francs

Section 3 - Common Services

(i)	Cables and telephone communications	19,000
(ii)	Freight and cartage	9,000
(iii)	Books and information material	61,000
(iv)	Rental and maintenance of premises and equipment:	
	(a) Rent	15,000
	(b) Electricity	30,000
	(c) Water supply	5,400
	(d) Heating	40,000
	(e) Telephone (rental and local calls)	28,000
	(f) Insurance premiums	95,000
	(g) Cleaning materials	3,700
	(h) Maintenance expenditure	140,000
	(i) Casual labour	204,000
	(j) Maintenance of service cars	11,000
(v)	Postal services	190,000
(vi)	Stationery and office supplies	85,000
(vii)	Reproduction and distribution of documents	460,000
(viii)	External audit	23,000
(ix)	Other services and miscellaneous expenditure	<u>315,000</u>

Total Section 3: 1,734,100

Section 4 - Printing 340,000

Section 5 - Representation and Hospitality 78,000

Section 6 - Public Information 5,000

Section 7 - Permanent Equipment 197,000

Section 8 - Special Projects 20,000

Section 9 - Contribution to a Staff Assistance Fund 20,000

Total PART II: 20,010,100

Swiss francs

PART III: UNFORESEEN EXPENDITURE

Section 1 - <u>Unforeseen Expenditure</u>	200,000
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PART IV: TRADE NEGOTIATIONS

Section 1 - Trade Negotiations

(i)	Temporary assistance (including overtime)	3,220,000	
(ii)	Common staff costs	549,500	
(iii)	Travel	60,000	
(iv)	Rental of meeting rooms and additional office space	500,000	
(v)	General expenses	300,000	
(vi)	Hospitality	<u>8,000</u>	
	Total PART IV:		4,637,500
			=====

PART V: INTERNATIONAL TRADE CENTRE UNCTAD/GATT

Section 1 - <u>Contribution to the International Trade Centre UNCTAD/GATT</u>	6,627,800
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PART VI: ACCOMMODATION

Section 1 - <u>Contribution to the Building Fund</u>	2,280,000
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Grand Total:	34,195,400
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SCHEDULE III

SCALE OF CONTRIBUTIONS FOR 1976

(Scale including a single minimum of 0.12%)

Country	Contributions in Swiss francs
<u>Contracting parties</u>	
Argentina.	134,300
Australia.	543,800
Austria.	392,700
Bangladesh	40,300
Barbados	40,300
Belgium.	1,285,600
Brazil	459,900
Burma.	40,300
Burundi.	40,300
Cameroon	40,300
Canada	1,681,700
Central African Republic	40,300
Chad	40,300
Chile.	60,400
Congo, People's Republic of the.	40,300
Cuba	77,200
Cyprus	40,300
Czechoslovakia	396,100
Dahomey.	40,300
Denmark.	433,000
Dominican Republic	40,300
Egypt, Arab Republic of.	80,500
Finland.	278,600
France	2,410,200
Gabon.	40,300
Gambia	40,300
Germany, Federal Republic of	3,823,400
Ghana.	40,300
Greece	151,000
Guyana	40,300
Haiti.	40,300
Hungary.	265,200
Iceland.	40,300
India.	208,100

Country	Contributions in Swiss francs
<u>Contracting parties (cont'd)</u>	
Indonesia.	214,800
Ireland.	157,800
Israel	171,200
Italy.	1,658,200
Ivory Coast.	50,300
Jamaica.	40,300
Japan.	2,554,500
Kenya.	40,300
Korea, Republic of	238,300
Kuwait	218,200
Luxembourg	110,800
Madagascar	40,300
Malawi	40,300
Malaysia	177,900
Malta.	40,300
Mauritania	40,300
Mauritius.	40,300
Netherlands, Kingdom of the.	1,634,700
New Zealand.	147,700
Nicaragua.	40,300
Niger.	40,300
Nigeria, Federal Republic of	221,500
Norway	345,700
Pakistan	63,800
Peru	57,000
Poland	469,900
Portugal	161,100
Rhodesia	40,300
Romania.	181,300
Rwanda	40,300
Senegal.	40,300
Sierra Leone	40,300
Singapore.	295,400
South Africa	292,000
Spain.	496,800
Sri Lanka (Ceylon)	40,300
Sweden	748,600
Switzerland.	654,600

Country	Contributions in Swiss francs
<u>Contracting parties (cont'd)</u>	
Tanzania	40,300
Togo	40,300
Trinidad and Tobago.	70,500
Turkey	117,500
Uganda	40,300
United Kingdom of Great Britain and Northern Ireland	2,588,100
United States of America	4,817,000
Upper Volta.	40,300
Uruguay.	40,300
Yugoslavia	265,200
Zaire.	47,000
<u>Associated Governments:</u>	
Cambodia	40,300
Philippines.	127,500
Tunisia.	40,300
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	33,568,000
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B. INTERNATIONAL TRADE CENTRE UNCTAD/GATT

I. FINANCIAL REPORT AND INTERIM ACCOUNTS FOR THE FIRST YEAR
OF THE 1974-1975 BIENNIUM ENDED 31 DECEMBER 1974 OF THE
INTERNATIONAL TRADE CENTRE UNCTAD/GATT

47. The Committee had before it, for information, the Financial Report and the Interim Accounts for the First Year of the 1974-1975 Biennium ended 31 December 1974 of the Centre.

48. The Committee took note of the fact that, under the agreed administrative arrangements for the Centre, the 1974 Centre accounts had been audited by the United Nations Board of Auditors and would be submitted to the United Nations General Assembly for approval.

II. PERFORMANCE REPORT ON THE PROGRAMME BUDGET
FOR THE BIENNIUM 1974-1975

49. The Committee noted that, due to the effects of inflation and currency fluctuations since its preparation, the regular Centre budget for 1974-1975 had to be increased by an amount of \$564,000. The revised estimates had been established at US\$1/SwF 2.49 and amounted to \$7,556,000 for 1974-1975 (1974: \$3,204,000; 1975: \$4,352,000). The revised GATT share for 1975 would amount to \$2,162,000 against an amount of \$1,896,500 originally approved by the CONTRACTING PARTIES. On the assumption that the dollar rate remained at approximately the present level until the end of the financial year, the amount still available on Part V of the 1975 GATT budget would be adequate to cover the additional contribution resulting from the revised Centre budget.

50. The Committee recommends that the CONTRACTING PARTIES approve the revised estimates of expenditure of the International Trade Centre UNCTAD/GATT for the financial year 1975 in the amount of \$4,352,000 resulting in a GATT share of \$2,162,000. The additional GATT contribution will be paid to the Centre from Part V of the GATT budget, on the assumption that the United Nations will contribute a total amount of \$2,162,000 to the 1975 Centre budget.

III. BUDGET ESTIMATES FOR THE FINANCIAL YEARS 1976-1977

51. The Committee had before it document ITC/OD/BUD/1 containing the Proposed Programme Budget of the International Trade Centre UNCTAD/GATT for the Biennium 1976-1977 prepared in accordance with United Nations practice, and the Report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) thereon contained in document Spec(75)20.

52. The budget estimates of the Centre for 1976-1977 amounted to \$9,090,000, which represented an increase of \$2,098,000, or 30 per cent, over the revised appropriations for 1974-1975 of \$6,992,000. In addition to resources which would be available under the regular budget of the Centre, extra-budgetary funds were expected to provide \$1,974,000 in 1976-1977. The accounting rate used for the preparation of the budget was US\$1/SwF 3.10.

53. The Committee examined the Centre estimates for both years 1976 and 1977 although, since the GATT budget estimates were prepared on an annual basis, the provision of SwF 6,761,100 in the GATT budget covered the 1976 contribution only, representing GATT's share of the 1976 Centre budget of \$4,379,000.

54. The Committee noted that for the biennium 1976-1977 ACABQ had recommended reductions totalling \$186,000 by the deletion of the provision for 2 new professional and 2 new general service category posts and the deletion of the proposals for the regrading of four posts.

55. During its examination of the Centre's staff requirements for 1976-1977, the Committee expressed its misgivings with regard to the situation that would be created by the regrading in 1977 of two chiefs of section in the Division of Administrative and Common Services from P.4 to P.5. While accepting these two regradings, the Committee was concerned that the two officers would, from 1977, report to the Chief Administrative Officer graded at the same level. From the explanations given by the Director of the Centre, the Committee noted that the Chief Administrative Officer had to assume additional responsibilities created by the transfer to the Centre of administrative responsibilities formerly borne by GATT, which also had an impact upon the two chiefs of section for whom regrading from P.4 to P.5 had been accepted. It further noted that the Director of the Centre had to delegate managerial administrative responsibilities to this officer. In view of these considerations and in the interests of good management, the Committee recommended that the regrading of the post of Chief Administrative Officer of the Centre from P.5 to D.1 in 1976 should be maintained. The Committee was assured that this could be done without detriment to the reductions of \$186,000 proposed by ACABQ. Members of the Committee said that it was important that in the long run regradings at the P.2-P.3 level in the Centre keep pace with regradings in the two parent organizations.

56. Subject to paragraph 55 above, the Committee concurred with ACABQ's recommendations and agreed to recommend the reduction of the Centre's estimates for the biennium 1976-1977 by \$186,000 (1976: \$86,000; 1977: \$100,000) and to reduce accordingly the provision in the GATT budget for its contribution to the 1976 Centre budget, i.e. SwF 133,300 representing GATT's 50 per cent share.

57. In connexion with the examination of the budget estimates of the Centre, the Committee was of the opinion that the fact that the Centre budget estimates had to be approved by both the GATT and the United Nations resulted in the scrutiny of the estimates by too many separate bodies, which was not conducive to programme delivery. One member recommended that the possibility of the formation of a budget committee by the Joint Advisory Group be considered.

58. With regard to trust funds administered by the Centre, members of the Committee expressed concern over the small amount of overheads reaching the Centre (14 per cent for trust funds and UNDP projects, whereas cost had been estimated at over 20 per cent). Furthermore, one member of the Committee expressed his government's dissatisfaction with the situation in which backstopping had to be provided by the Centre regular budget to projects operating in recipient countries that had been chosen by the donor country. This resulted in a lack of universality in the use of regular budget funds that was a cause of concern to his authorities.

IV. CONCLUSION

59. The Committee recommends that the CONTRACTING PARTIES approve the revised estimates of expenditure of the International Trade Centre UNCTAD/GATT for the biennium 1976-1977 in the amount of \$8,904,000 (1976: \$4,293,000; 1977: \$4,611,000). A contribution of \$2,138,000 will be made to the Centre from Part V of the 1976 GATT budget on the assumption that \$2,138,000 will be borne by the United Nations and \$17,000 will be forthcoming as miscellaneous income.

POINTS FOR DECISION: Paragraph 50
 Paragraph 59