

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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REPORT OF THE COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

1. The Committee on Budget, Finance and Administration, appointed by the Council on 2 February 1971, met at the Villa Le Bocage, Geneva, from 4 to 7 May 1971.

2. The Committee was chaired by Mr. M.H.E. Moerel of the Netherlands and the following fifteen members attended:

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

Italy was represented by an observer.

3. In accordance with its terms of reference, the Committee considered the 1972 Budget Estimates of the International Trade Centre UNCTAD/GATT contained in document ITC/AG/17, submitted by the Secretary-General of UNCTAD and the Director-General of GATT. The Committee also had before it the Work Programme of the International Trade Centre UNCTAD/GATT and its Budgetary Requirements for 1972 and Planning Estimates for 1973 (ITC/AG/14), the Report of the Joint UNCTAD/GATT Advisory Group on the Work Programme (ITC/AG/16) and the Minutes of the Council (C/M/66) with respect to the Advisory Group's report. Further, the Director-General submitted a note regarding the financing of the 1971 budget of the International Trade Centre (Annex I).

4. At the beginning of the meeting the Committee heard an introductory statement by the Director-General. He referred to the unsatisfactory situation in which the Committee had found itself last year as a result of the meeting being held at a time when ACABQ had already submitted its recommendations with regard to the Centre budget to the Fifth Committee of the General Assembly. He was pleased to note that a similar situation would not arise this year, as ACABQ would meet to examine the Centre's budget shortly after this Committee's meeting and would thus have the Committee's views on the Centre's budget and its administrative problems available to it.

5. The Director-General then drew attention to his note concerning the financing of the Centre's 1971 budget. The Committee had been informed of the decision of the United Nations in December 1970 to reduce UNCTAD's contribution to the Centre's 1971 budget in connexion with the postponement of the professional salary scale increase and, in view of this and taking into consideration certain additional expenditure (rent and staff costs) which is now foreseen for 1971, he had proposed the revision of the budget estimates for that year. The revised estimates would amount to \$19,200 more than was voted by the CONTRACTING PARTIES. He proposed that this additional expenditure be met from two sources: (i) additional miscellaneous income of \$9,000, and (ii) savings of \$10,200, in accordance with his policy of keeping expenditure at the minimum level necessary to finance the Centre's priority work programme. This method of financing would avoid the need to request supplementary funds from contracting parties but would however entail the utilization of the funds in respect of Centre staff which were blocked on the postponement of the professional staff salary increase from January to July 1971. GATT's contribution to the Centre's 1971 budget would, therefore, remain unchanged, on the understanding that the United Nations would restore UNCTAD's contribution to its original level.

6. Referring to the substantial increase that the 1972 budget estimates showed as compared with the 1971 appropriations, he pointed out that of the total increase \$150,000 was accounted for by the transfer of additional supporting services provided to the Centre by the GATT secretariat, hitherto charged to the GATT budget. In addition, the estimate for temporary assistance under Part II had been substantially increased in order to take account of the cost of services provided by UNCTAD which could no longer be met from UNCTAD's available resources. Further, the Director-General stressed the importance of considering the regular budget figures together with those for extra-budgetary projects in view of the financial implications that the backstopping of such projects had on the regular budget. It had now been estimated that backstopping of extra-budgetary programmes represented some 28 per cent of the total cost of the projects. The Committee had noted last year that contributions from extra-budgetary sources towards these costs were at the rate of 10 per cent for voluntary country projects and had requested the secretariat to report on the results of its consultations with the Secretary-General of UNCTAD and the United Nations with regard to the contribution forthcoming to the Centre in respect of the implementation by the Centre of UNDP projects. As had been noted in the budget estimates, it was expected that a sum equivalent to approximately 7 per cent would be forthcoming to the Centre with respect to such projects. These contributions left uncovered backstopping costs amounting to approximately 20 per cent of the total value of extra-budgetary projects which had to be met from the Centre's regular budget. The estimated increase in 1972 over 1971 of extra-budgetary funds resulted in a charge of some \$220,000 to the 1972 regular budget for backstopping cost. The Director-General emphasized that, when the CONTRACTING PARTIES, the competent organs of the United Nations and the Joint Advisory Group encouraged the increase of the number of extra-budgetary projects, the logical consequence was the need to increase the regular budget in order to ensure the backstopping of these projects.

7. With regard to the problem of the rate of overhead forthcoming from the administration by the Centre of UNDP projects, the Director-General informed the Committee that discussions were continuing and it would be necessary to await their outcome. With regard to 1972 a sum equivalent to 7 per cent at least would be forthcoming. It would be helpful, however, if delegates were to take a positive approach to this issue in fora where this matter comes up for discussion.
8. Replying to questions regarding the Centre's rate of growth in future years, the Director-General noted that decisions concerning Centre policy in future years would be taken by the CONTRACTING PARTIES and the competent United Nations bodies. A large proportion of the Centre's budget could not be controlled by the secretariats or the Committee in view of the large extra-budgetary financial resources provided to the Centre. The Director-General said, however, that the growth of the Centre would of course depend on the attitude the governing bodies took towards the extra-budgetary funds made available to meet a very large number of fully justified and reasonable requests for assistance from developing countries. Equilibrium needed to be sought and the Director-General would welcome the attention of governments to this matter.
9. In answer to a question regarding future accommodation arrangements for the Centre the Director-General pointed out that arrangements to house the Centre under one roof were receiving very active consideration, but it appeared that accommodation in the new wing of the Palais des Nations would not now be ready at least until the end of 1972.
10. Some delegates stressed the importance of recruiting certain Centre staff on relatively short-term contracts in order to enable a rapid recycling of those posts requiring the most up-to-date technical skills and methodology. They also felt that the greatest possible use should be made of national services and experts in the field of trade promotion.
11. Some delegates stated their governments were prepared to agree to a rate of increase in excess of the overall rate of UN budgetary growth due to the pressing exceptional needs of the Trade Promotion Advisory Service and the Training Service. However, their governments expected that, in future years, the growth rate of the Centre budget would approximate that of the overall UN budget.
12. Others remarked that the growth of future Centre budgets should be geared to the actual needs of the Centre in the light of the guidelines to be decided upon by its governing bodies. It was expected that the requests for technical assistance in the field of export promotion from developing countries would increase as a result of recent international commercial policy developments and the high priority now being accorded by them to expansion of their exports. This would result in accelerated increase in the financial resources required by the Centre. It was obvious that if the Centre's budget was to increase at a rate which would meet only the normal mandatory cost increases, then either the regular programme would have to be cut back or extra-budgetary projects would have to be refused.

I. FINANCING OF THE 1971 BUDGET

13. The Committee reviewed the Director-General's proposal with regard to the revision of the estimates for 1971 (Annex I) and additional information and explanations were given by representatives of the secretariat.

14. With regard to the proposed reduction of \$10,200 under Section 3 - Travel on Official Business, the representative of the secretariat pointed out that in order to avoid seeking supplementary funds from contracting parties, there had been no alternative to a reduction of the travel estimate and it would be necessary to exercise the closest vigilance and the closest co-ordination in the use of the reduced amount. The Committee took note of this proposal and expressed the view that, because of the nature of the Centre's work, the travel element in the budget was of considerable importance in carrying out its programme effectively. It was informed however that, as a special arrangement in view of the extremely difficult situation, two voluntary contributors had agreed to provide travel funds, equivalent in amount to the reduction made, for officers that they were seconding to the Centre to carry out trade promotion advisory projects.

15. The Committee recommends that the CONTRACTING PARTIES approve the revised estimates of expenditure and income of the International Trade Centre UNCTAD/GATT for the financial year 1971 in the amount of \$1,609,800 as detailed in Annex I.

II. EXPENDITURE ESTIMATES FOR 1972

UNDP contribution to ITC overhead costs

16. Before proceeding to the item-by-item consideration of the expenditure estimates for 1972, the Committee examined a table showing the estimates broken down by operational services with the relevant cost of backstopping extra-budgetary projects. The question was raised whether the amounts that the United Nations had agreed to pay to the Centre in 1972 in respect of overhead costs incurred by the Centre in execution of UNDP financed projects represented a reasonable share of the total overheads accruing to the United Nations on these projects. It was noted that the amounts expected to be transferred to the Centre represented about 7 per cent of the value of UNDP financed projects; but that discussions were in progress regarding the scale of future UNDP contributions to overhead costs. In this connexion the Committee took note of a statement made by the Secretariat of the Centre on the present situation regarding the execution of UNDP projects. The execution of export promotion assistance programmes financed by UNDP involved functions that were carried out by four different offices:

1. International Trade Centre
2. Technical Assistance Coordination Unit of UNCTAD (TACU)
3. Technical Assistance Recruitment Service (TARS), which is part of the UN Office of Personnel in New York
4. Financial and Administrative Management Service, which is part of the UN Office of Technical Cooperation (OTC) in New York.

17. The Centre's responsibilities were to process and evaluate requests, re-formulate requests in consultation with requesting governments, supervise the technical execution of projects (e.g. advice on job descriptions and on selection of experts, scrutiny of periodic reports on projects and recommending changes where necessary, briefing and debriefing of experts, etc.), and project evaluation and follow-up. Moreover, UNCTAD, in accordance with UNDP requirements, had also established a Technical Assistance Coordination Unit, which served as the channel of communication between UNDP on the one hand and the various Divisions of UNCTAD having substantive responsibilities for technical assistance in fields other than export promotion, and the ITC on the other. The Centre's responsibilities in the execution of export promotion projects, especially those in the initial preparatory stages, had to be carried out in collaboration with the Technical Assistance Coordination Unit of UNCTAD, which ensured that the projects finally recommended by ITC conformed to the administrative and procedural requirements of UNDP.

18. The TARS was responsible for the recruitment and appointment of nearly all the technical assistance experts needed for UNDP projects assigned to UNCTAD, including export promotion projects serviced by the Centre, since UNCTAD unlike other independent executing agencies did not have its own recruitment service. For the same reason, the Financial and Administrative Management Service dealt with the management of the funds allocated to UNCTAD for UNDP projects and was responsible for the administrative and financial servicing of all experts (covering such matters as payment of salaries, settlement of claims, travel arrangements, etc.), for the purchase of equipment and, more importantly, for financial accountability to UNDP.

19. Thus, a number of offices besides the ITC had a claim to the overheads on UNDP-financed export promotion projects accruing to the United Nations. In making an assessment as to whether the sums allocated to ITC by the United Nations in the 1972 budget were reasonable, these factors had to be taken into account.

The Committee noted the explanations in the preceding paragraphs concerning UNDP overhead contributions. It was pointed out that, in relation to projects financed by voluntary funds, the Centre performed all the backstopping and administrative functions which in the case of UNDP projects were carried out by the TARS, the OTC, and TACU. In addition, in a few cases relating to certain UNDP projects mainly in the area of training, the administrative and financial servicing of the project was already delegated to the Centre. The Committee recognized that the precise division of work between the offices concerned would vary from project to project but felt that further consideration of the question, in the light of the Committee's comments, would be desirable.

General comments on the 1972 budget estimates

20. Some members of the Committee said that they could fully support the 1972 budget proposals in spite of the relatively large increase envisaged.

21. Other members of the Committee believed that, in view of the limited funds available, the Committee had to decide which programmes should receive priority. They favoured the Centre's integrated programmes in this respect and felt that the report of this year's Joint Advisory Group appeared to support their view. Although there was value in regular budget market research and export promotion techniques activities not associated with integrated programmes they were considered inherently less effective than other Centre activities as they did not take into account the special circumstances of the recipient countries, such as their export supply potential and their government and private sector capabilities. Since the funds available were limited, reductions should be made in this area.

22. In answer to the points raised in paragraph 21, some members, while recognizing the importance of integrated programmes, pointed out that, because of the present limited staff and financial resources of the Centre, only a few developing countries were expected to benefit from the integrated programmes. They therefore emphasized the importance of the Centre giving equal emphasis on surveys in the fields of market research and export promotion techniques that did not form parts of integrated assistance programmes as these were useful to a large number of developing countries not receiving integrated assistance.

23. After exploring several other alternatives for reductions in areas not connected with integrated assistance programmes, two representatives suggested that all of the four major market sectoral surveys foreseen for 1972 might be deleted from the budget and it was asked what savings would result. A representative of the Director-General replied that the total saving would only be \$40,000 of which \$29,000 in printing costs and \$11,000 in temporary assistance. No savings in personnel would be feasible considering the highly specialized nature of the capabilities of the staff concerned which made interchange impossible.

Termination of such staff would involve considerable cost. There would be no savings in travel funds. It would, no doubt, be borne in mind that an evaluation of the Market Research Service was being undertaken. Some members of the Committee felt that it would be premature to anticipate the outcome of the evaluation of the Centre's market research activities which should be awaited before thinking now in terms of policy with regard to the elimination of individual projects.

24. Other members could not accept the deletion of major market surveys, but were prepared to see them printed in a more condensed form and felt that some economies could be made with regard to new posts and to general expenses. This view is reflected in the saving agreed upon by the Committee.

25. With regard to export promotion techniques research activities, the Committee noted that preparation of the two handbooks foreseen for completion in 1972 had already begun. One member recommended a shift of emphasis in future from publishing trade promotion handbooks to training if limited funds necessitated a choice between the two activities. Some members stated that, while the Centre's training facilities benefited only a few, the handbooks had been found to be of use to large numbers of exporters and traders in developing countries. Another member pointed out that his government had found these publications of extreme importance for developing countries and had agreed to provide help in the form of free staff for the production of a reference handbook for trade representatives in foreign countries. The printing cost of this handbook was provided for in the 1972 regular budget. One member said that, in 1970 and 1971, no single export promotion handbook had been financed entirely from the regular budget and the same situation applied in 1972.

Part I - Section 1 - New posts and regradings

26. Considerable discussion took place in connexion with the proposed new posts. It was pointed out that the manning tables in the budget estimates did not include project or seconded staff. There was, therefore, at first sight an apparent disequilibrium in the ratio of the secretarial and other general service staff to professional staff. Annex IV shows the total staff resources of the Centre and gives a clearer impression of the number of staff in various grades and the relationship between the number of new posts requested and total staff. It was noted that the increase in the total number of staff, against the regular budget (from 45 in 1968 to the proposed figure of 104 in 1972) was rapid, but the Committee felt that it was reasonable in the light of the growth of total financial resources available in the same period. The Committee agreed that the new posts proposed for the Trade Promotion Advisory Service and the Training Service were fully justified and felt that these Services should continue to receive priority treatment.

27. On examining the activity of the Market Research Service, however, particularly in the light of the necessity of keeping the budget at an absolute minimum, the Committee felt it possible to delete the proposed new post in the Market Research Service provided that an existing P.4 post in this service be regraded to P.5 and a P.3 post to P.4. Four P.4 posts were essential, each to head one of the four groups of the Market Research Service. Similarly, the Committee felt that in the interest of economy the proposed posts of Clerk-stenographer, G.3, in the Publishing Service and one Research Clerk, G.4, in the Documentation Service should be deleted. The deletion of these posts would result in savings of \$21,500. Some members of the Committee stated that they were agreeing with reluctance to the proposed reduction in the number of new posts, particularly in the Market Research Service, as this Service was responsible for the backstopping of integrated projects and for preparation of market surveys and reports which benefited a large number of countries not receiving integrated assistance. After close examination of the Centre's workload, the Committee agreed that the remaining three professional posts and five general service posts requested be accepted.

28. In considering the re-classification of the post of Deputy Director D.1 to Director of Programmes D.2, the Committee noted the substantially increased responsibilities devolving upon the Directorate of the Centre as a result of the rapid increase in the operational activities of the Centre, especially in relation to projects financed from UNDP and other extra-budgetary funds. This situation had led to the need for reorganization which, in view of its urgent nature, had already been carried out by the Executive Heads of UNCTAD and GATT. The reorganization intended to take account of the Centre's increasing tasks and responsibilities by separating functions relating to liaison with governments including the negotiation of trust funds with which the Centre had been increasingly involved, and counselling and advice on projects, which would henceforth, be vested with the Director (Promotion) from those relating to the day-to-day operation of the Centre's work programme which would, henceforth be vested with the Director of Programmes. The Director of Programmes would also deal with the co-ordination with other agencies of the United Nations system, which had become particularly necessary in relation to the operation of the integrated programmes. In this connexion it was also noted that since the Centre had become the focal point of United Nations export promotion efforts which are co-ordinated through ECOSOC, the Director of Programmes would have the responsibility of ensuring effective co-ordination between the Centre and the Regional Trade Centres and other agencies participating in the United Nations export promotion programme. The Committee agreed that in view of the growth of the extra-budgetary programme and of the Centre staff and of the substantially expanded responsibilities of the Centre Directorate, the post of the Director of Programmes should be graded at D.2 level.

29. In answer to questions, the Director-General's representative gave further information regarding the proposed regrading of a Counsellor from P.4 to P.5 in the Publishing Service. He explained that the work connected with the post was of a very highly technical nature and that the incumbent of the post was responsible, inter alia for ensuring that published texts conform to GATT and United Nations standards.

30. After hearing these explanations the Committee agreed that the proposed regradings were justified.

Part I - Section 3 - Travel on official business

31. The Committee was of the opinion that, because of the nature of the Centre's work, the travel element in the budget was of considerable importance in carrying out its programme effectively. The Committee nevertheless felt that some economies were possible in the area of travel on official business and therefore agreed that, bearing in mind the increased travel estimate under Part III of the budget, this estimate be reduced by \$5,000.

Part I - Section 6 - General expenses

32. The Committee expressed its concern at the substantial increase of the estimate of general expenses under Section 6 over 1971 but noted that the major part of this arose from increase in rent. It was recognized that the Centre's acute accommodation problem made it necessary to provide outside office space at least until the end of 1972 or until the Centre could be housed in one building, and it was not possible therefore to reduce the estimate for rental of premises and related expenses, but the Committee felt that economies could be made in other areas of general expenses. The representative of the Director-General explained that in addition to unavoidable cost increases the estimates under this section were heavily affected by the increased volume of extra-budgetary projects. It was nevertheless agreed that reductions be made in the estimates for cables and long-distance calls (\$500) and books and information material (\$3,000), thus achieving savings of \$3,500.

Part I - Section 7 - Printing

33. In view of the Centre's limited resources and their preference for integrated programmes, some members of the Committee were of the opinion that savings should be made in the publication of major market surveys. After considerable discussion the Committee agreed that the estimate for printing be reduced by \$15,000 on the understanding that the number of the market surveys would not be reduced. The Centre would be given the latitude to reduce the number of pages of the surveys. A number of members stressed that they could agree to this reduction only on the understanding that the quality of the market surveys would not be impaired.

Part II - Section 8 - Salaries of staff providing services to the Centre

34. The Committee agreed that the two new posts proposed under Section 8 were justified. However, following the reduction in the estimate for the printing of four market surveys, the Committee was of the opinion that a corresponding economy could be made in the use of temporary assistance for translation and typing work and, therefore, agreed to reduce the temporary assistance estimate by \$6,000.

III. OTHER MATTERS

Format of the budget

35. The Committee agreed that, in order to simplify the form of the budget, it would be desirable to consolidate Part I and Part II. It was suggested that the Committee be given a breakdown of the budget by programmes. The secretariat was asked to consider this matter in framing next year's budget.

Accommodation

36. The Committee expressed considerable concern about the present accommodation for the International Trade Centre and the uncertainty for the future. The Centre was at present spread over five different premises, three of which are located at a considerable distance from the Palais grounds, a situation which resulted in reduced efficiency and created difficulties in administration. The Committee strongly supported the representations that were being made to the United Nations authorities with a view to obtaining accommodation in the new wing of the Palais des Nations and regretted that no decision had yet been reached in this respect. The Committee hoped that the Director-General would continue to support the efforts of the Secretary-General of UNCTAD in continuing to bring these very real concerns to the attention of the UN authorities and requested that a report be made to the Committee at its next meeting in October.

Contribution towards overhead costs from voluntary country contributors

37. Considerable discussion took place with respect to the level of contributions towards overhead costs from voluntary country contributors, which stood at present at 10 per cent while the total cost of providing substantive and administrative support for voluntary country contributions was estimated at 28 per cent. Some members expressed concern at the extent to which the regular budget was supporting the voluntary programme. They recognized that this was the historical result of the way in which the Centre had developed, but felt that it should not be assumed that the present level of support from the regular budget would continue indefinitely.

38. Other delegations pointed out that it was recognized that the regular budget was expected to provide the main substantive support for the technical assistance programme financed through extra-budgetary resources. They recalled, in this connexion, that the Joint Advisory Group at its 1970 meeting had recognized that the Centre's resources, especially staff, financed through the regular budget, should be built up to provide a strong base for technical assistance programmes financed through UNDP funds and voluntary country contributions. It was therefore to be expected that the difference between the overheads paid by voluntary contributors and the total overhead costs should be provided for in the regular budget.

39. The Committee requested the secretariat in the light of the views expressed in the Committee and taking into account developments within the UNDP and the conclusions of the Advisory Group to carry out an overall review of the situation and to make recommendations.

Evaluation

40. The Committee praised the excellent evaluation report (ITC/AG/15) prepared on the Training Service and one member suggested that the GATT secretariat consult with the UNCTAD secretariat with a view to requesting a Joint Inspection Unit review of ITC operations in the near future. Another member stated that, while recognizing the importance of evaluation, he considered that in view of the fact that the Training Service was evaluated last year and the Market Research Service would be evaluated this year, it might be premature to request further inspection by the Joint Inspection Unit.

External audit

41. The Committee noted that the Director-General intended to make the necessary arrangements with the External Auditor for the final audit of the 1971 accounts of the International Trade Centre UNCTAD/GATT, for an interim audit of the 1972 accounts and for the submission to the CONTRACTING PARTIES and the United Nations General Assembly of the auditor's report for 1971 in accordance with the decision taken by the CONTRACTING PARTIES in 1967.

IV. CONCLUSIONS

42. The Committee recommends that the CONTRACTING PARTIES approve the revised estimates of expenditure of the International Trade Centre UNCTAD/GATT for the financial year 1972 in the amount of \$1,824,800 as detailed in Annex II. An amount of \$891,700 is included under Part III in the budget estimates of GATT on the assumption that \$891,700 will be borne by the United Nations, \$16,364 will be transferred from the Surplus Account and \$25,036 will be forthcoming as miscellaneous income. The Committee further recommends that the CONTRACTING PARTIES approve the estimates of expenditure in Part III of the Centre budget in the amount of \$318,000, on the assumption that this sum will be available from the overhead contributions for extra-budgetary projects financed by UNDP and voluntary contributions. In view of the contingent nature of the estimates under overheads, which are dependent upon the level of extra-budgetary projects under execution and the percentage of overhead contribution allocated to the Centre, it is understood that the expenditure estimates under Part III may be exceeded in parallel with any increase of actual receipts of such contributions to ensure effective backstopping of such projects.¹

¹One member of the Committee reserved his position with regard to the level of the reduction made in the expenditure estimates.

ANNEX I

1971 BUDGET OF THE INTERNATIONAL TRADE CENTRE UNCTAD/GATT

Note by the Director-General

1. The 1971 expenditure budget estimates of the International Trade Centre UNCTAD/GATT, submitted jointly by UNCTAD and GATT in document ITC/AG/12 on 19 May 1970, were approved by the CONTRACTING PARTIES in December 1970 at the level of \$1,600,800 proposed by the Committee on Budget, Finance and Administration after taking into consideration a reduction of \$50,000 recommended by ACABQ and the additional cost of \$54,400 for a salary scale adjustment for staff in the professional and higher category, a new class of post adjustment for Geneva and an increase of contribution to the Staff Mutual Insurance Society against Sickness and Accident. In accordance with the Committee's proposal in its report (document L/3454), GATT's contribution was set at \$688,400 on the assumption that an equal amount would be forthcoming from UNCTAD. Miscellaneous income was set at \$14,000 and contributions towards overhead costs relating to extra-budgetary projects at \$210,000.
2. In accordance with accepted budgetary procedure, the CONTRACTING PARTIES approve the total expenditure estimates of the Centre as broken down into Parts, etc., and the income estimates. The GATT contribution, which forms a separate Part in the GATT budget, is approved by the CONTRACTING PARTIES while the United Nations General Assembly considers UNCTAD's contribution to the Centre as a separate Chapter included in the overall budget estimates of that organization. Following this procedure, the General Assembly considered UNCTAD's contribution to the 1971 estimates of the Centre in December 1970 and decided to reduce UNCTAD's share by \$16,100. The Director-General was notified of this decision on 16 February 1971.
3. The reduction of UNCTAD's contribution to the Centre's 1971 budget had been based on the postponement of the professional staff salary increase from 1 January 1971 to 1 July 1971, the projected increases of post adjustment from 1 November 1971 to January 1972 and the general service salary increase from 1 July 1971 to 1 September 1971 which, in accordance with the UN estimate, resulted in savings to the budget of \$32,200. However, it is now anticipated that in 1971 expenditure will exceed by \$51,400 the level as estimated by the UN. Details of this additional expenditure are given in Schedule A.
4. In view of the foregoing, the Director-General now proposes to the Committee on Budget, Finance and Administration that the Centre's 1971 expenditure budget be revised to take into account (a) the savings resulting from the postponement of salary scale and post adjustment increases mentioned in paragraph 3 above; and (b) the anticipated additional expenditure of \$51,400. He further proposes that, in order to avoid requesting supplementary funds from the CONTRACTING PARTIES, the additional expenditure of \$19,200 over and above the budget as approved by the CONTRACTING PARTIES be met (a) by the revision of the estimate for miscellaneous income from \$14,000 to \$23,000 and the utilization of the resulting additional amount of \$9,000 towards the expenditure budget, and (b) from savings of \$10,200 to be made within the expenditure budget. The proposed revisions are set out in Schedule B.
5. The Secretary-General of UNCTAD has been informed of these proposals.

SCHEDULE A

ADDITIONAL EXPENDITURE FORESEEN FOR 1971

1.	Adjustment of the reduction of \$32,200 made by the United Nations, New York, as follows:	
	(i) to restore the provision made for the additional contribution payable by the organization to the United Nations Sickness Insurance Society, effective 1 September 1970	\$ 2,500
	(ii) the change in post adjustment from Class 1 to 2 now anticipated by 1 July 1971	\$11,000
	(iii) the increase of general service category salary scales now anticipated by 1 July 1971	\$ 2,200
2.	Additional expenditure not foreseen in the original budget:	
	(i) rent of office at Les Charmilles for the period September/December 1971 due to the fact that the 1971 budget provided only from January to August 1971, as it was expected that the Centre would be housed in the new wing of the United Nations building by August 1971	\$ 9,000
	(ii) additional office space which had to be rented due to the non-availability of office space in the new wing of the United Nations building	\$20,000
	(iii) the increase by 5 per cent of pensionable remuneration effective 1 January 1971	\$ 2,300
	(iv) insurance against the organization's liabilities under Appendix D of the Staff Rules, which was approved by UNCTAD after the budget had been prepared	\$ 3,400
	(v) the proposed increase of the organization's contribution to the United Nations Staff Mutual Insurance Society against Sickness and Accident effective 1 July 1971	\$ 1,000
	Total additional expenditure	<u><u>\$51,400</u></u>

SCHEDULE B

PROPOSED REVISED APPROPRIATIONS OF THE INTERNATIONAL
TRADE CENTRE UNCTAD/GATT FOR THE
FINANCIAL YEAR 1971

	<u>Original Appropriations (L/3454) US\$</u>	<u>UN Reduction US\$</u>	<u>Additional Expenditure US\$</u>	<u>Revised Appropriations US\$</u>
PART I: <u>DIRECT COST OF THE CENTRE</u>				
Section 1 - <u>Salaries and Wages</u>				
(i) Established posts	657,200	(20,100)	14,700	651,800
(ii) Consultants and temporary assistance	10,000	-	-	10,000
(iii) Overtime and night differential	1,000	-	-	1,000
Total Section 1:	<u>668,200</u>	<u>(20,100)</u>	<u>14,700</u>	<u>662,800</u>
Section 2 - <u>Common Staff Costs</u>				
(i) Dependency allowance	33,900	-	-	33,900
(ii) Education grants and related travel	16,000	-	-	16,000
(iii) Contributions to the United Nations Joint Staff Pension Fund	116,800	(6,400)	2,600	113,000
(iv) Travel and removal expenses on appointment and separation	7,000	-	-	7,000
(v) Installation grants	6,000	-	-	6,000
(vi) Travel on home leave	29,500	-	-	29,500
(vii) Separation payments	6,500	-	-	6,500
(viii) Other common staff costs	13,800	(500)	800	14,100
Total Section 2:	<u>229,500</u>	<u>(6,900)</u>	<u>3,400</u>	<u>226,000</u>
Section 3 - <u>Travel on Official Business</u>	<u>40,000</u>	-	<u>(10,200)</u> ^{1/}	<u>29,800</u>
Section 4 - <u>Hospitality</u>	<u>1,000</u>	-	-	<u>1,000</u>
Section 5 - <u>Permanent Equipment</u>	<u>8,000</u>	-	-	<u>8,000</u>

^{1/}Proposed savings

	<u>Original</u> <u>Appropriations</u> <u>(1,3454)</u> <u>US\$</u>	<u>UN</u> <u>Reduction</u> <u>US\$</u>	<u>Additional</u> <u>Expenditure</u> <u>US\$</u>	<u>Revised</u> <u>Appropriations</u> <u>US\$</u>
<u>Section 6 - General Expenses</u>				
(i) Rental of premises and related expenses	51,000	-	29,000	80,000
(ii) Maintenance of equipment and cars	4,000	-	-	4,000
(iii) Cables and long-distance calls	7,800	-	-	7,800
(iv) Telephone (rental and local calls)	3,000	-	-	3,000
(v) Postage and freight	20,000	-	-	20,000
(vi) Stationery and office supplies	12,000	-	-	12,000
(vii) Books and information material	9,000	-	-	9,000
(viii) Insurance premiums	1,200	-	3,400	4,600
(ix) External audit	1,500	-	-	1,500
(x) Miscellaneous supplies and services	4,900	-	-	4,900
Total Section 6:	<u>114,400</u>	<u>-</u>	<u>32,400</u>	<u>146,800</u>
<u>Section 7 - Printing</u>				
	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>75,000</u>
Total Part I:	<u>1,136,100</u>	<u>(27,000)</u>	<u>40,300</u>	<u>1,149,400</u>
 <u>PART II: SERVICES PROVIDED THROUGH UNCTAD AND GATT SECRETARIATS</u>				
<u>Section 8 - Salaries of staff providing services to the Centre</u>				
(i) Established posts	168,000	(3,900)	500	164,600
(ii) Temporary assistance	32,700	-	-	32,700
(iii) Overtime and night differential	1,000	-	-	1,000
Total Section 8:	<u>201,700</u>	<u>(3,900)</u>	<u>500</u>	<u>198,300</u>
<u>Section 9 - Common Staff Costs for Posts under Section 8</u>				
(i) Dependency allowance	10,300	-	-	10,300
(ii) Education grants and related travel	4,000	-	-	4,000
(iii) Contributions to the United Nations Joint Staff Pension Fund	30,200	(1,200)	200	29,200

	<u>Original</u> <u>Appropriations</u> <u>(L 3454)</u> <u>US\$</u>	<u>UN</u> <u>Reduction</u> <u>US\$</u>	<u>Additional</u> <u>Expenditure</u> <u>US\$</u>	<u>Revised</u> <u>Appropriations</u> <u>US\$</u>
(iv) Travel and removal expenses on appointment and separation	1,000	-	-	1,000
(v) Installation grants	1,000	-	-	1,000
(vi) Travel on home leave	2,200	-	-	2,200
(vii) Separation payments	1,500	-	-	1,500
(viii) Other common staff costs	2,800	(100)	200	2,900
Total Section 9:	<u>53,000</u>	<u>(1,300)</u>	<u>400</u>	<u>52,100</u>
Total Part II:	<u>254,700</u>	<u>(5,200)</u>	<u>900</u>	<u>250,400</u>
Sub-total:	<u>1,390,800</u>	<u>(32,200)</u>	<u>41,200</u>	<u>1,399,800</u>
 PART III: <u>OVERHEAD COSTS RELATING TO</u> <u>EXTRA-BUDGETARY PROJECTS</u>				
Section 10 - <u>Salaries and Wages</u>	158,000	-	-	158,000
Section 11 - <u>Travel on official business</u>	40,000	-	-	40,000
Section 12 - <u>General expenses</u>	12,000	-	-	12,000
Total Part III:	<u>210,000</u>	<u>-</u>	<u>-</u>	<u>210,000</u>
Grand Total	<u>1,600,800</u>	<u>(32,200)</u>	<u>41,200</u>	<u>1,609,800</u>

To be financed as follows:

	<u>US\$</u>
GATT contribution	688,400
United Nations contribution	688,400
Miscellaneous income	23,000
Contribution towards overhead cost relating to extra-budgetary projects	210,000
Total	<u>1,609,800</u>

ANNEX IIREVISED ESTIMATES OF EXPENDITURE OF THE INTERNATIONAL TRADE CENTRE
UNCTAD/GATT FOR THE FINANCIAL YEAR 1972SUMMARY

	<u>Original estimates (ITC/AG/17) US\$</u>	<u>Adjustments US\$</u>	<u>Revised estimates US\$</u>	
<u>PART I: DIRECT COST OF THE CENTRE</u>				
<u>Section</u>				
1	Salaries and wages	833,500	(18,000)	815,500
2	Common staff costs	252,100	(3,500)	248,600
3	Travel on official business	40,000	(5,000)	35,000
4	Hospitality	1,000	-	1,000
5	Permanent equipment	10,000	-	10,000
6	General expenses	177,000	(3,500)	173,500
7	Printing	86,600	(15,000)	71,600
	Total Part I:	<u>1,400,200</u>	<u>(45,000)</u>	<u>1,355,200</u>
<u>PART II: SERVICES PROVIDED THROUGH UNCTAD AND GATT SECRETARIATS</u>				
<u>Section</u>				
8	Salaries of staff providing services to the Centre	270,000	(6,000)	264,000
9	Common staff costs for posts under Section 8	55,600	-	55,600
10	Supporting services provided to the Centre by the GATT secretariat	150,000	-	150,000
	Total Part II:	<u>475,600</u>	<u>(6,000)</u>	<u>469,600</u>
	Sub-total:	<u>1,875,800</u>	<u>(51,000)</u>	<u>1,824,800</u>

		<u>Original</u> <u>estimates</u> <u>(ITC/AG/17)</u> <u>US\$</u>	<u>Adjustments</u> <u>US\$</u>	<u>Revised</u> <u>estimates</u> <u>US\$</u>
<u>PART III: OVERHEAD COSTS RELATING TO</u> <u>EXTRA-BUDGETARY PROJECTS</u>				
<u>Section</u>				
11	Salaries and wages	261,000	-	261,000
12	Travel on official business	45,000	-	45,000
13	General expenses	12,000	-	12,000
	Total Part III:	<u>318,000</u>	<u>-</u>	<u>318,000</u>
	Grand Total	<u>2,193,800</u>	<u>(51,000)</u>	<u>2,142,800</u>

ANNEX III

REVISED ESTIMATES OF EXPENDITURE OF THE
INTERNATIONAL TRADE CENTRE UNCTAD/GATT
FOR THE FINANCIAL YEAR 1972

DETAILED SCHEDULES

	<u>Amount in US dollars</u>
<u>PART I: DIRECT COST OF THE CENTRE</u>	
<u>Section 1 - Salaries and Wages</u>	
(i) Established posts	803,000
(ii) Consultants and temporary assistance	10,000
(iii) Overtime and night differential	2,500
Total Section 1:	815,500
<u>Section 2 - Common Staff Costs</u>	
(i) Dependency allowance	37,000
(ii) Education grants and related travel	16,000
(iii) Contributions to the United Nations Joint Staff Pension Fund	138,800
(iv) Travel and removal expenses on appointment and separation	7,000
(v) Installation grants	6,000
(vi) Travel on home leave	20,500
(vii) Separation payments	6,500
(viii) Other common staff costs	16,800
Total Section 2:	248,600

	<u>Amount in US dollars</u>
Section 3 - <u>Travel on Official Business</u>	35,000
Section 4 - <u>Hospitality</u>	1,000
Section 5 - <u>Permanent Equipment</u>	10,000
Section 6 - <u>General Expenses</u>	
(i) Rental of premises and related expenses	84,000
(ii) Maintenance of equipment and cars	6,000
(iii) Cables and long-distance calls	9,500
(iv) Telephone (rental and local calls)	5,000
(v) Postage and freight	29,000
(vi) Stationery and office supplies	17,000
(vii) Books and information material	9,000
(viii) Insurance premiums	5,000
(ix) External audit	2,500
(x) Miscellaneous supplies and services	6,500
Total Section 6:	173,500
Section 7 - <u>Printing</u>	71,600
Total Part I:	<u>1,355,200</u>
 PART II: <u>SERVICES PROVIDED THROUGH UNCTAD AND GATT SECRETARIATS</u>	
Section 8 - <u>Salaries of staff providing services to the Centre</u>	
(i) Established posts	190,000
(ii) Temporary assistance	70,000
(iii) Overtime and night differential	4,000
Total Section 8:	264,000

	<u>Amount in US dollars</u>
Section 9 - <u>Common Staff Costs for Posts under Section 8</u>	
(i) Dependency allowance	11,000
(ii) Education grants and related travel	4,000
(iii) Contributions to the United Nations Joint Staff Pension Fund	32,000
(iv) Travel and removal expenses on appointment and separation	1,000
(v) Installation grants	1,000
(vi) Travel on home leave	1,900
(vii) Separation payments	1,500
(viii) Other common staff costs	<u>3,200</u>
Total Section 9:	55,600
Section 10 - <u>Supporting services provided to the Centre by the GATT secretariat</u>	150,000
Total Part II:	<u>469,600</u>
Sub-total:	<u>1,824,800</u>
PART III: <u>OVERHEAD COSTS RELATING TO EXTRA-BUDGETARY PROJECTS</u>	
Section 10 - <u>Salaries and Wages</u>	261,000
Section 11 - <u>Travel on official business</u>	45,000
Section 12 - <u>General expenses</u>	<u>12,000</u>
Total Part III:	<u>318,000</u>
Grand Total	<u><u>2,142,800</u></u>

ANNEX IV

SUMMARY OF TOTAL STAFF RESOURCES¹

	Year	Regular budget		Overhead		On loan		Total	
		Professional and above	General service						
Office of the Director	1972	5	10	1	1	-	-	6	11
	1971	5	10	1	1	-	-	6	11
Trade Promotion Advisory Service	1972	8	4	4	3	2	-	14	7
	1971	7	3	1	1	2	-	10	4
Training Service	1972	6	4	-	1	-	-	6	5
	1971	4	2	-	-	-	-	4	2
Market Research Service	1972	11	9	1	2	5	-	17	11
	1971	11	9	1	2	5	-	17	11
Export Promotion Techniques Research Service	1972	3	3	-	-	1	-	4	3
	1971	3	3	-	-	1	-	4	3
Publishing Service	1972	3	1	-	-	-	-	3	1
	1971	3	1	-	-	-	-	3	1
Documentation Service	1972	3	8	-	-	-	-	3	8
	1971	3	6	-	-	-	-	3	6
Administrative and other services	1972	7	16	2	7	-	-	9	23
	1971	6	15	-	6	-	-	6	21
Total	1972	46	55	8	14	8	-	62	69
	1971	42	49	3	10	8	-	53	59
		==	==	=	==	=	=	==	==

¹ Not including 4 professional and 13 general service posts remaining on the GATT Manning Table (Part II - Section 10) - and project staff financed from extra-budgetary resources.