REPORT ON THE JOINT WTO/GATT COMMITTEE ON BUDGET, 
FINANCE AND ADMINISTRATION

INTRODUCTION

1. The WTO Committee on Budget, Finance and Administration and the GATT 1947 Committee on Budget, Finance and Administration, hereafter referred to jointly as the Committee, met on 16, 22 and 27 March 1995.

2. The Committee was chaired by Mr. J.-M. Metzger of France. The terms of reference and composition of the Committee are set out in documents L/5964/Rev.9 of 15 March 1995 and PC/IPL/2 of 28 October 1994.

3. The Agenda for the meeting of 16 and 22 March 1995 in document WTO/AIR/38, GATT/AIR/3675 was adopted with the addition of the relationship between the UN and GATT/WTO with regard to the International Trade Centre and administrative measures of contracting parties/members classified as Inactive Members. The Chairman confirmed in his introduction the establishment of the two Working Groups, the first one dealing with the personnel related questions and the second one with the new assessment of contributions to the budget. He said that the first Working Group will be chaired by himself and the second one by Mr. Jun Yokota of the Japanese Mission.

4. The Agenda for the meeting of 27 March 1995 in document WTO/AIR/50, GATT/AIR/3677 was adopted.

MEETINGS OF 16 AND 22 MARCH 1995

A. MANAGEMENT REVIEW

5. The Chairman recalled that the Management Review prepared by Deloitte and Touche had been distributed to delegations on 19 December 1994 and that it had already been the subject of a first informal meeting at the level of Heads of Delegations on 6 March 1995. It was now up to the Committee to transmit the report officially to the General Council with its comments. As the Director-General indicated in the 6 March meeting, the Secretariat had prepared a paper on the subject which had recently been distributed to delegations.
6. A member of the Secretariat introduced the paper by recalling that the Secretariat had considered the Management Review to be desirable in the transition from the GATT to the WTO. The report itself had been extensively discussed with directors and at the senior management level. The Secretariat's paper was not intended to be exhaustive but to reflect some initial perceptions of the report within the Secretariat. He said that there was a feeling that the consultants did not completely succeed in coming to grips with the core tasks they were asked to do and, in this context, the question could be asked whether there had really been value for money. The report could serve as a basis for dialogue on the issues raised and the discussion would undoubtedly be enhanced by the detailed information presented in the report. The Secretariat was fully prepared to participate in the dialogue in a constructive spirit. He said that public opinion was expecting much from the WTO and that ministers want the organization to be dynamic and proactive. In addition, there were high expectations on the part of parliamentarians, NGOs, business and industry.

7. The Chairman suggested that the discussion might focus on the following areas: the structural organization of the Secretariat, management of human resources, the method of budget preparation and publications.

8. The Committee had extensive discussions with regard to the report and the Secretariat's paper. There was general agreement that both documents provided a unique opportunity to have a timely and useful dialogue on the points raised. Some delegates were of the opinion that the precise points raised in the report should be closely examined to see whether there was a consensus on their applicability. Others felt that the report should be used more as a tool which would engender discussions on the type of Secretariat that would best serve the interests of the Members of the WTO.

9. The Committee expressed support for the idea that, in all areas, the WTO should move in the direction of management by objectives, and that tools needed to be developed which would provide both a quantitative and qualitative assessment of meeting such objectives.

Structural organization of the Secretariat

10. Some Committee members expressed support for Option C contained in the management report and thought that it was appropriate that there be only one level between directors and the Director-General. Others preferred Option B or were of the opinion that the classic structure was more appropriate where support divisions would come under one Deputy and the operational divisions would be split between the remaining other two Deputies. There was widespread acknowledgement of the necessity to have more effective communication both inside the Secretariat, horizontally and vertically, and between the Members and the Secretariat.

Human resources management

11. Several issues were predominant in the discussions relating to the management of human resources. Members frequently raised the point that, in their opinion, women were under-represented in the higher management levels of the Secretariat, and some felt that a plan should be prepared to rectify the situation in the future. Others felt that more should be done to assure a wider geographic representation among the staff of the organization. With regard to the ratio of support to professional staff, it was widely felt that this was too high. In this context, members of the Committee mentioned that the introduction of modern office technology should result in fewer support staff and questioned the capacity of the Secretariat to absorb new technology. Some members said that professional staff should be encouraged to make greater use of modern technology by withdrawing the availability of some support staff.
12. With regard to the proposal in the management review to institute a Young Professionals Programme, there was no clear agreement: most members of the Committee speaking in favour while others doubted its usefulness and/or applicability to the needs of the organization. There was support for the annual evaluation of staff which some members said should be used not only in deciding upon promotions but should eventually be tied to a merit-based salary increase system.

13. A number of members of the Committee expressed the view that the policy with regard to Temporary Assistance needed to be reviewed especially in light of the fact that a significant proportion of staff were currently under Temporary Assistance contracts. It was also mentioned that the use of consultants should be strictly controlled.

Method of Budget Preparation

14. There was general support for the idea that there should be a general policy debate prior to the formulation of the annual budget estimates. Some members of the Committee felt that, rather than creating a specific body where such a debate could take place, the matter could be put to the General Council, perhaps in special session. There was also considerable support for a devolution of budgetary planning and accountability at the divisional level.

Publications

15. While the emphasis of the discussion was primarily on the above-mentioned three general areas, several members of the Committee raised the point that there needed to be a debate on the importance to be given to the commercial side of publications, as had been highlighted in the Management Review.

16. In response to some of the points raised by members of the Committee, representatives of the Secretariat commented that the debate on the issues raised in the Management Report was indeed proving useful as a number of ideas were being put forward. It was emphasised that the Secretariat was prepared to continue the dialogue in an open and constructive spirit. With regard to tools for the measurement of objectives, the Secretariat shared the point of view that there was a real need. It was felt, however, that the suggestions put forward in the Management Report might not be the most appropriate for an international organization. It was further mentioned that the new budget structure introduced in the 1995 budget would lend itself to identifying costs on a divisional basis. The Secretariat also mentioned that with regard both to the ratio of support staff to professional staff and to the percentage of women in the Secretariat, the GATT/WTO was in a better position than a number of other international organizations in Geneva.

B. SALARIES AND PENSIONS

C. WTO CONTRACT OF EMPLOYMENT POLICY

17. A member of the Secretariat introduced papers dealing with agenda points B and C concerning respectively Salaries and Pensions and the WTO Contract of Employment Policy. The Chairman explained that these two points would be taken up in detail in the context of a Working Group to discuss personnel-related questions. The introduction of the items in the context of the Budget Committee meeting would provide the opportunity for a first exchange of views.
18. With regard to Salaries and Pensions, a member of the Secretariat briefly traced the history of the problems surrounding the question as well as the instances when the GATT Budget Committee, the Council and the Ministerial Conference had dealt with it. It was mentioned that the problem of the remuneration level of professional staff was affecting the ability of the WTO to attract staff given the fact that other international organizations looking for similarly-qualified staff were able to offer conditions of service more attractive than the WTO. The same problem existed in the area of pensions.

19. Members of the Committee had a preliminary exchange of views with regard to the two agenda points dealing with salary and pensions and the WTO contract of employment policy. While some delegations thought it not illogical that the WTO have a status different from the United Nations, others expressed opposite view as they were not ready to accept a departure from the Common system and finally a number of delegations expressed the need to have more information before being able to pronounce themselves on the issue of salaries and pensions. With regard to the contract of employment policy, a number of members of the Committee indicated that the question had to be treated as a package in conjunction with salaries and pensions.

D. STAFFING REQUIREMENTS

20. This point of the Agenda was not discussed during the meetings.

E. CONTRACTING PARTIES' REPRESENTATIVE ON THE ICITO/GATT STAFF PENSION COMMITTEE

21. It was recalled that in March, 1993, Mr. Peter Cheung was named to fill out the three-year term ending 31 December 1995 as the CONTRACTING PARTIES' representative on the ICITO/GATT Staff Pension Committee. Mr. Cheung informed the Committee that he would unfortunately be unable to complete his term.

22. The Committee recommends to the General Council that Mr. Jean-Daniel Rey replace Mr. Peter Cheung on the Staff Pension Committee until the expiration of the present mandate on 31 December 1995.

F. OTHER BUSINESS

INACTIVE MEMBERS - SITUATION AS AT 15 MARCH 1995

23. Following the recommendation of the Preparatory Committee of the World Trade Organization, on the issue of Inactive Members, the Secretariat prepared a list of Members which have accumulated more than three years of arrears as at 15 March 1995 (see document CRP(95)1).
24. Therefore, in accordance with paragraph 7(b) of document PC/7, L/7578, The Committee recommends to the General Council that the following contracting parties/Members classified in Category IV of Administrative Measures (Inactive Members) be urged to liquidate their arrears:

Antigua and Barbuda  Madagascar
Bolivia  Mauritania
Burundi  Nicaragua
Cameroon  Niger
Central African Republic  Rwanda
Chad  Senegal
Congo  Sierra Leone
Dominican Republic  Suriname
Gambia  Togo
Ghana  Uganda
Guatemala  Zaire
Haiti  Zambia
Kenya

RELATIONSHIP BETWEEN THE UN AND GATT/WTO WITH REGARD TO THE INTERNATIONAL TRADE CENTRE

25. A paper (CRP(95)2) on the budgetary issue of the relationship between the organization and the United Nations (UN) (which are the parent bodies of International Trade Centre (ITC)) was distributed by the Secretariat describing the history of this relationship and underlining the problems created with the present arrangement in terms of financial control of the ITC Budget, by the Budget Committee of the Organization. In order to restore this financial control of the Budget Committee on the regular budget of the ITC but without changing the role of the Joint Advisory Group (JAG), the Committee proposed that the WTO Secretariat be given a mandate to negotiate a new financial agreement with the United Nations Secretariat.

26. Therefore, The Committee recommends to the General Council the following:

A. Assuming that the current joint and equal partnership of the two sponsoring organizations for the general policy and orientation of the ITC's work programme will continue, the Committee on Budget, Finance and Administration recommends to the General Council that a mandate be given to the Secretariat of the WTO to negotiate with the Secretariat of the United Nations a new arrangement on budgetary issues related to the functioning of the ITC.

B. The control function of the GATT/WTO on the ITC budgetary procedures should be restored. In this respect the 1974 agreement between the GATT and the UN should be modified according to what follows.

C. The ITC budget will be subject to the same preparation and reporting procedures as the GATT/WTO budget itself.

D. It will cover a calendar year period and will be presented in Swiss francs, the currency in which the bulk of expenditures is made.
E. It will be formulated by the ITC secretariat using exchange rates and inflation factors to be decided upon jointly between the ITC and GATT/WTO secretariats in consultation with the United Nations.

MEETING OF 27 MARCH 1995

A. ORAL DRAFT REPORT OF THE CHAIRMAN TO THE GENERAL COUNCIL ON THE MANAGEMENT REVIEW

27. The Chairman presented to the Committee his oral report on the Management Review he intended to make at the next session of the General Council foreseen on 3 April 1995. The Chairman reported that the discussion within the Committee touched on three main areas (i) the structural organization, (ii) the human resources management, (iii) the budget preparation and follow-up procedure, whereas the fourth area related to publications will have to be further debated.

28. Regarding structural organization, the Chairman said that the third solution proposed by the Deloitte and Touche and which mix horizontal and vertical responsibilities for each Deputy Director-General, was favoured by most of the delegations. Although, it was agreed that a planning function to report to the Director-General and the Management Committee was needed, it was also recognized that the establishment of a division pertaining to this task was not necessary. This planning function should be linked to a policy guidance which lies on the Members.

29. The problem of the management of human resources is linked to the establishment of the new WTO Secretariat which will be discussed by the Budget Committee in the coming weeks. The problem of the balanced representation of various cultures within the Secretariat was underlined as well as a more balanced representation of women at the top-level. The ratio between General Service and Professional staff was also discussed by the Committee members who think this ratio should be reduced with the introduction of the new office technology.

30. For the budget preparation it was mentioned that a policy debate should take place at the very start of the budget process. The Secretariat was invited to reflect on new management tools for the measurement of activity. The delegates stressed that while the role of the Members was to define the Organization's policy, the Secretariat was responsible for implementing it.

31. Finally, the Committee would like to receive concrete proposals from the Secretariat on the organization of the senior management, on a "young professionals scheme", on the management tools and measures of activity, finally on the decentralization of the budget and the introduction of a performance budget.
B. ASSESSMENTS ON NEW CONTRACTING PARTIES AND ADVANCES TO
THE WORKING CAPITAL FUND: DJIBOUTI, GUINEA,
PAPUA NEW GUINEA AND SOLOMON ISLANDS
(L/7620, L/7608, L/7619 and L/7622)

32. Consequent to the accession to the GATT of the Government of Djibouti (document L/7609),
the Committee recommends to the General Council that a contribution to the 1994 budget amounting
to Sw F 27,870 and to the 1995 budget amounting to Sw F 31,320 be assessed on this Government.
This assessment is based on an annual contribution of 0.03 per cent, taking into account the foreign
trade figures of Djibouti for the years 1989-1991. Further, on the basis of the level of the Working
Capital Fund of Sw F 6,192,149 on 16 December 1994, the Committee recommends to the General
Council to assess an amount of Sw F 30,961 on the Government of Djibouti as an advance to the
Fund.

33. Consequent to the accession to the GATT of the Government of Guinea (document L/7606),
the Committee recommends to the General Council that a contribution to the 1994 budget amounting
to Sw F 27,870 and to the 1995 budget amounting to Sw F 31,320 be assessed on this Government.
This assessment is based on an annual contribution of 0.03 per cent, taking into account the foreign
trade figures of Guinea for the years 1988-1990. Further, on the basis of the level of the Working
Capital Fund of Sw F 6,192,149 on 8 December 1994, the Committee recommends to the General
Council to assess an amount of Sw F 30,961 on the Government of Guinea as an advance to the
Fund.

34. Consequent to the accession to the GATT of the Government of Papua New Guinea
(document L/7610), the Committee recommends to the General Council that a contribution to the
1994 budget amounting to Sw F 37,160 and to the 1995 budget amounting to Sw F 52,200 be
assessed on this Government. This assessment is based on an annual contribution of 0.04 per cent,
for the 1994 budget and 0.05 per cent for the 1995 budget, taking into account the foreign trade
figures of Papua New Guinea for the years 1990-1992 and 1991-1993 respectively. Further, on the
basis of the level of the Working Capital Fund of Sw F 6,192,149 on 16 December 1994, the
Committee recommends to the General Council to assess an amount of Sw F 30,961 on the
Government of Papua New Guinea as an advance to the Fund.

35. Consequent to the accession to the GATT of the Government of Solomon Islands (document
L/7607), the Committee recommends to the General Council that a contribution to the 1994 budget
amounting to Sw F 27,870 and to the 1995 budget amounting to Sw F 31,320 be assessed on this
Government. This assessment is based on an annual contribution of 0.03 per cent, taking into account
the foreign trade figures of Solomon Islands for the years 1989-1991. Further, on the basis of the
level of the Working Capital Fund of Sw F 6,192,149 on 28 December 1994, the Committee
recommends to the General Council to assess an amount of Sw F 30,961 on the Government of
Solomon Islands as an advance to the Fund.
C. CASH SITUATION AND STATEMENT OF OUTSTANDING CONTRIBUTIONS
AS AT 28 FEBRUARY 1995

36. The Secretariat prepared a document on the cash situation (CRP(95)3) as at 28 February 1995, 1994 and 1993 and a statement of outstanding contributions (WT/BFA/CONT/2) as at 28 February 1995.

37. A member of the Secretariat commented that the level of contributions received was substantially less than those received in the previous two years at the same date. He recalled that in 1993 and 1994 there were the Ministerial meetings that in addition 1994 was the end of the Uruguay Round. He added also that the paper reflected the situation as of 28 February but that in March some important payments had been received.

38. The Committee took note of the reports.

D. INSTALMENT PAYMENTS FOR COUNTRIES IN ARREARS (CONTRIBUTIONS FROM 1987 AND EARLIER YEARS) - PROGRESS REPORT
AS AT 28 FEBRUARY 1995

39. The Secretariat prepared the report (CRP(95)4) as at 28 February 1995 on the payment of arrears by the thirty-two contracting parties assessed at the minimum and the six contracting parties assessed above the minimum in 1988.

40. The Committee took note of the report.

E. CONTRIBUTION OF OBSERVER COUNTRIES TOWARDS THE COST OF DOCUMENTATION SERVICES PROVIDED BY THE SECRETARIAT - PROGRESS REPORT AS AT 28 FEBRUARY 1995

41. The Secretariat prepared a report (CRP(95)5) as at 28 February 1995 on the contributions of observer countries.

42. The Committee took note of the report.

POINTS FOR APPROVAL: Paragraph 22 Paragraph 24 Paragraph 26 Paragraph 32 Paragraph 33 Paragraph 34 Paragraph 35