

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## ADMINISTRATIVE AND FINANCIAL QUESTIONS

### Proposed Administrative Arrangements for the International Trade Centre UNCTAD/GATT

#### Note by the Director-General

1. The Director-General submits herewith for consideration by the Committee on Budget, Finance and Administration a report on Proposed Administrative Arrangements for the ITC UNCTAD/GATT. The report which has been prepared by the Administrative Management Service (AMS) of the United Nations has been considered by the UNCTAD Trade and Development Board and will be submitted for approval to the appropriate organs of the General Assembly.

2. The additional cost arising from the proposed administrative arrangements to be borne by the Centre in 1975 would be \$170,000 representing the cost of 1 new professional and 6 new general service posts as well as approximately 50 per cent of the cost of 2 professional and 6 general service posts which would be located within the United Nations Office at Geneva. This amount does not include provision for any possible requirements for furniture and equipment. It is intended to cover the amount involved from Part II (Overhead costs relating to extra-budgetary projects) of the 1975 Centre budget. In this connexion it may be noted that under the proposed arrangements the overhead contributions accruing to the Centre on UNDP projects would rise from the present 10 per cent to 12 per cent.

3. It should be noted that the greatest part of the additional cost is due to the transfer of responsibilities from New York to Geneva for the administrative servicing of all UNDP projects for which UNCTAD is executing agency (paragraphs 16 - 19 of the Annex). The volume of these projects has now reached a level which does not permit the continuation of the present ad hoc arrangements, under which, pending this review, the New York offices were providing certain administrative backstopping of the projects within their existing staff resources.

ANNEX

PROPOSED ADMINISTRATIVE ARRANGEMENTS FOR THE  
INTERNATIONAL TRADE CENTRE UNCTAD/GATT

A. PRINCIPLES TO BE OBSERVED

1. The current joint and equal responsibility of the two sponsoring organizations, the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade (GATT) and the United Nations Conference on Trade and Development (UNCTAD), for the general policy and orientation of the International Trade Centre's (ITC) work programme should continue. In pursuance of this responsibility, the work programme and budget of the ITC will be reviewed by the GATT and by the United Nations, the latter acting through UNCTAD.
2. ITC should be accorded a degree of separate identity that would facilitate the carrying out of its work effectively and efficiently.
3. Responsibility should be placed on the ITC for managing its approved work programme and budget within the policy guidelines of the two parent organizations.
4. In providing administrative support for ITC, there should be no duplication of administrative machinery or services between ITC and central support units of the United Nations, as enunciated repeatedly by the General Assembly when setting up new units within the United Nations. In this way, the resources made available to ITC can be concentrated on the accomplishment of substantive tasks.

B. STATUS OF ITC

5. ITC is recognized as a joint subsidiary organ of GATT and the United Nations, the latter acting through UNCTAD. Its principal function is to provide assistance to developing countries in the field of trade promotion. For this purpose it has a regular work programme and budget approved by the two parent organizations and a technical assistance programme which conforms to policy guidelines provided by the parent organizations. The de facto situation is that the ITC had been exercising authority in its own name with respect to:

- (a) receipt of voluntary funds from donor governments, and
- (b) making commitments to provide technical assistance services to member Governments.

Since 1 March 1973, it has also issued appointments to project staff under authority delegated to it by the United Nations and GATT.

6. Because some question has arisen relative to the legal status of ITC, affirmation that ITC is de jure a subsidiary organ of the United Nations as well as of GATT and that it has authority to

exercise the responsibilities it has already assumed (receipt and commitment of the use of trust funds and employment of project staff) should be sought in 1974 from the governing bodies of GATT and UNCTAD and from the United Nations General Assembly.

#### C. STATUS OF STAFF

7. The regular staff of ITC in accordance with the established administrative arrangements are to receive United Nations appointments limited to service within the Centre, after approval by the joint appointments and promotions board of ITC. Apart from this limitation of service, ITC staff will have the same rights and benefits as staff members of the United Nations under the 100 series Staff Rules.

8. Since the regular budget of ITC is supported equally by GATT and UNCTAD, any termination indemnities which might result in the future will be shared equally by GATT and UNCTAD. Agreement was reached to this effect between UNCTAD and GATT in 1969.

#### D. PROGRAMME REVIEW AND APPROVAL

9. In accordance with General Assembly resolution 2297 (XXII), the executive heads of UNCTAD and GATT are jointly and equally responsible for policy guidance and programme orientation of ITC. This includes:

- (a) policy matters respecting the operation and management of ITC;
- (b) policy relative to acceptance and use of trust funds by ITC;
- (c) review of the work programme and budget before submission for approval to the GATT Council, GATT CONTRACTING PARTIES, Trade and Development Board and the General Assembly;
- (d) review of programme performance.

#### E. PROGRAMME MANAGEMENT

10. ITC is responsible for carrying out all programmes approved by GATT and UNCTAD in the most effective, expeditious and economical manner possible. ITC will be expected to exercise a maximum degree of programme management responsibility consistent with the policy and programme direction of the parent bodies. ITC will determine its administrative support requirements (within United Nations and GATT programme, budget and policy constraints), even though some aspects of such support are provided by units outside ITC.

11. UNCTAD is the executing agency for UNDP-financed trade promotion projects. Subject to the over-all management functions of the executing agency, ITC will have a maximum degree of responsibility for carrying out and managing its own project activities. UNCTAD will transfer to ITC account the full amount of UNDP overhead funds relative to actual programme delivery by ITC. From these funds, ITC will contribute its appropriate share of central management costs in UNCTAD and servicing

costs by the United Nations office at Geneva (UNOG), the contribution to be negotiated by the parties concerned. It is recognized of course that the 13 per cent overhead does not necessarily cover full overhead costs.

12. In accordance with paragraph 6, ITC will continue to accept and commit the use of trust funds, subject to policy guidance by the executive heads of the two sponsoring organizations, under the terms of the relevant United Nations Financial Regulations and Rules.

F. ADMINISTRATIVE SUPPORT (except project personnel)

13. Administrative support for the Centre in all aspects except for project personnel is presently performed as follows:

(a) By ITC

- (i) preparation of the programme of work and the budget for review by the two sponsoring organizations;
- (ii) control and administration of the work programmes;
- (iii) certification of accounts and claims for payment;
- (iv) distribution of gratis publications.

(b) By the United Nations Office at Geneva (reimbursed by ITC)

- (i) appointments in the 100 and 300 series using the appointments and promotions machinery of the ITC;
- (ii) personnel servicing in the 100 and 300 series;
- (iii) accounting and disbursements including payroll for all staff and all funds at the disposal of the Centre;
- (iv) approval of payments and accounts;
- (v) dealing with the Swiss Government relative to the status of staff members;
- (vi) contracting and procurement;
- (vii) distribution of sales publications.

(c) By GATT (reimbursed by ITC)

- language services.

14. All parties concerned share the view that the approval of payments from voluntary funds should be the responsibility of ITC, along with the general responsibility for the receipt and disposition of voluntary funds as discussed in paragraphs 5, 6 and 12 above. They were convinced

that this was a reasonable position in the interest of maintaining full management responsibility in ITC for voluntary funds. Such action also would be appropriate in view of the increasing volume of voluntary funds which are being made available to ITC. In this connexion, it was noted that the Joint Advisory Group on the International Trade Centre UNCTAD/GATT was particularly concerned that the efficiency of delivery of ITC technical assistance programmes should not be impaired by the administrative arrangements. The necessary delegation of authority will be requested from the Secretary-General and/or the General Assembly in line with the institutional recommendations concerning voluntary funds contained in paragraphs 5, 6 and 12.

15. A question has arisen as to the signing and transmittal of year-end Centre accounts. Under United Nations financial regulations all accounts are to be transmitted to the Board of Auditors by the Secretary-General. It has been agreed in this connexion that the annual statements will be transmitted by the Director of Programmes of ITC to the executive heads of UNCTAD and GATT. UNCTAD will transmit the reports, with any comments by the two organizations, to the Secretary-General.

#### G. ADMINISTRATIVE SUPPORT (Project personnel)

16. Since 1 March 1973, ITC has performed its own prospecting for staff, made its own appointments, determined entitlements and effected its own in-service actions for personnel hired from voluntary funds. Previously such project personnel were employed under GATT's authority. (There were about 140 such experts, including short-term lecturers, employed in 1973).

17. The appointments and administrative servicing of field project personnel financed from UNDP funds are carried out by a different procedure; appointments and administrative servicing for this category of staff are now done by TARS and OTC in New York. Approximately half of the UNDP-financed experts are used by ITC on projects assigned to them and the other half directly by UNCTAD (total number approximately 180 in 1973 but increasing each year). Both TARS and OTC want to decentralize these activities to Geneva because of the complications of distance between New York and Geneva.

18. The most practicable solution at present for the administrative support of project personnel is to continue basically along the present lines. Administrative support for personnel paid from voluntary funds will be carried out by ITC using the resources and assistance of TARS in prospecting for staff and interviewing candidates to the extent possible. Administrative support for personnel paid from UNDP funds is presently provided from New York but it is to be decentralized to Geneva. For this category of personnel, UNCTAD and ITC would each perform its own pre-employment actions for UNDP project activities for which they are responsible. Servicing in the form of determination of entitlements and post-appointment actions will be carried out by a central service unit located in UNOG which will issue the actual appointment contracts.

19. The small service unit to be established in UNOG should, by all means, be staffed with personnel who have experience in administering UNDP field project personnel. To ensure that it serves the needs of

the client (user) organizations, it would be subject to the guidance of a client committee made up of representatives of UNCTAD and ITC, as well as any other organization that might use the services of the central unit. The cost of the central unit would be borne by the clients.

#### H. OTHER CONSIDERATIONS

##### Delegation and decentralization

20. A part of the reason that ITC has been less than satisfied with the administrative services provided by the United Nations Office at Geneva is the lack of delegation of authority to Geneva from New York. Under the previous arrangement, ITC was accustomed to being serviced by GATT which was an independent agency and was not required to get clearance for proposed actions from some distant point. There have been many complaints of the back-and-forth communications required between Geneva and New York before decisions on relatively minor matters could be made. For the administrative arrangements to work satisfactorily, it will be essential for more authority to be delegated from New York, especially in the personnel and financial entitlements areas.

##### Client orientation

21. Another difficulty perceived by ITC is the lack of client attitude and timely responsiveness of UNOG in carrying out administrative functions. This situation has been compounded by the physical separation of ITC from the Palais des Nations, a lack of willingness on both sides to meet face to face and strive to understand each other's problems. There has been a tendency to communicate by memorandum rather than person to person. A further difficulty is the lack of experience of UNOG in administering field project personnel. Each side perceives that the other has been preoccupied with its own activities, using previous methods of operation as a frame of reference. Instead, the situation has clearly demonstrated that new relationships and new procedures are necessary.

##### Possible solutions

22. The following specific actions may be considered as ways in which the conditions cited above can be corrected:

- (a) Delegation to the Geneva Office from New York in the personnel and financial entitlement areas; more willingness to exercise discretionary authorities that exist.
- (b) Central servicing of project personnel by UNOG should be performed by people who have had experience with and understand field conditions and problems. Such a function cannot be merely appended to the existing organizations unless some new staff are added who are experienced in this kind of work.

#### I. ACTION REQUIRED

23. A report should be prepared for submission to the appropriate governing bodies of UNCTAD and GATT and for final submission to ACABQ and

the General Assembly summarizing the remaining actions to be taken relative to the administrative arrangements for ITC, together with certain affirmations of the legal status of ITC and its staff, including:

- (a) Confirmation that ITC is a subsidiary organ of both the United Nations and of GATT and that its regular staff, though limited in service to ITC, have the same rights and benefits as other staff members of the United Nations;
- (b) Affirmation of the legal authority of ITC to continue to exercise the responsibilities it has assumed relative to the acceptance and use of trust funds, together with authority to approve payments from trust funds;
- (c) Confirmation that the arrangements for the administration by ITC of its project staff paid from trust funds, including appointment authority for such staff, be as set forth in this annex.