

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

Spec(74)57/Add.1
11 October 1974

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REPORT OF THE COMMITTEE ON BUDGET, FINANCE
AND ADMINISTRATION

Addendum

B. INTERNATIONAL TRADE CENTRE UNCTAD/GATT

I. REPORT ON THE 1973 ACCOUNTS OF THE INTERNATIONAL TRADE CENTRE

UNCTAD/GATT AND REPORT OF THE BOARD OF AUDITORS TO THE GENERAL ASSEMBLY THEREON

37. The Committee examined the Report of the Director-General of GATT on the 1973 Accounts and the Report of the Board of Auditors to the General Assembly thereon and was given additional information and explanations by representatives of the secretariat.

38. The Committee took note of the fact that, under the new administrative arrangements for the Centre approved by the Council on, responsibility for the external audit of the Centre's accounts passed to the United Nations Board of Auditors with effect from 1 January 1973. It also took note of the fact that the actual transfer of management responsibility from GATT to the International Trade Centre and the Office of the United Nations at Geneva took place on 1 March 1973 and that all amounts held by GATT on behalf of the International Trade Centre were transferred to the Office of the United Nations at Geneva, together with details of the transactions they had handled on the Centre's behalf during January and February for incorporation into the Centre's accounts for 1973.

39. The Committee also noted that, even if GATT has relinquished responsibility in the financial management of the Centre, it still retains general policy responsibilities for which no reimbursement is claimed, and that GATT and the Centre had pooled their translation and typing services, and that there was machinery for obtaining compensation from the Centre if the work done for it exceeded the capacity of the staff it had provided.

40. The Committee recommends that the CONTRACTING PARTIES take note of the accounts of the International Trade Centre UNCTAD/GATT for 1973 audited by the Board of Auditors to the General Assembly.

II. REVISED BUDGET ESTIMATES FOR THE INTERNATIONAL TRADE CENTRE

UNCTAD/GATT FOR THE FINANCIAL YEAR 1974

41. The Committee noted that, due to currency shifts since the preparation of the budget, the regular Centre budget for 1974 had to be revised and amounts to \$3,204,000, of which the GATT share is \$1,583,000. The balance of the 1974 GATT budget (Part V) still available for the Centre amounting to SwF 1,566,824.25 will be adequate to cover the total revised contribution towards the 1974 Centre budget on the assumption that the dollar rate remains at approximately SwF 3 to \$1 until the end of the financial year.

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 1974 in the amount of \$3,204,000. The additional GATT contribution of \$164,000, i.e. a 50 per cent share of the supplementary requirements of \$328,000 would be paid to the Centre from Part V, Section 1, of the GATT budget, on the assumption that \$164,000 will be borne by the United Nations.

III. BUDGET ESTIMATES FOR THE FINANCIAL YEAR 1975

43. The 1975 GATT budget estimates (L/4040) include a provision of SwF 5,235,000 to cover the GATT contribution to the 1975 Centre budget. The Committee noted that, according to what was indicated in the GATT budget estimates for the

financial year 1975, the Centre had submitted supplementary estimates for 1975 in order to adjust certain budgetary items for which an actual computation could not be made at the time that the estimates were prepared.

44. The Committee noted that the revised estimates are due to inflation and currency shifts between the time of the preparation of the budget and the final submission to the GATT Committee.

45. The increases in the Centre budget due to inflation amount to \$270,000. The increases due to the fact that the initial Centre budget estimates were made on the assumption that the exchange rate would be SwF 3.41 to \$1 now need to be revised and justify an increase amounting to \$402,000. Anticipated savings amount in total to \$86,000. The overall 1975 regular Centre budget amounts to \$3,706,000. The GATT share in that amount, therefore, needs to be increased from \$1,546,000 to \$1,839,000 after Miscellaneous income (\$28,000) has been deducted.

46. The accounting rate used for the estimate of GATT's share in the Centre budget was SwF 3.23 to \$1 which meant SwF 5,235,000.

47. The increased estimates of the Centre are partly offset by the currency changes leaving an additional sum amounting to SwF 282,000. This amount would be adequate to cover a contribution of \$1,839,000 to the Centre budget on the assumption that the dollar rate remains throughout 1975 at the present level of approximately SwF 3 to \$1.

48. The Committee also noted that GATT's share in the anticipated increase by 6 per cent in the salary scales for the professional category and above would necessitate an increase in GATT's share by SwF 173,000.

49. The Committee recommends that the CONTRACTING PARTIES approve revised estimates of expenditure in the regular budget of the International Trade Centre UNCTAD/GATT for the financial year 1975 in the amount of \$3,706,000 and the GATT contribution to amount to a total of SwF 5,690,000, on the assumption that \$1,923,000 will be borne by the United Nations.

IV. PROPOSED ADMINISTRATIVE ARRANGEMENTS FOR THE INTERNATIONAL
TRADE CENTRE UNCTAD/GATT

50. The Committee took note of 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.

51. The Committee expressed concern about the financial impact of the administrative arrangements which have already been made. Many members of the Committee, in referring to document Spec(74)45, stated that the \$170,000 cost for new posts came as a surprise. These members stated that when initial discussions had been held between United Nations officials and interested governments, there was an understanding that new administrative arrangements would involve the creation of no new posts. They now understood these new costs would be borne by UNDP overheads and not by the regular Centre budget, but they strongly objected to the practice - beyond the Centre's control - of not having been informed of these surprising new costs.

52. The Committee recommends to the CONTRACTING PARTIES that 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 the Annex to document Spec(74)45.