

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

Spec(82)46  
5 May 1982

## ADMINISTRATIVE AND FINANCIAL QUESTIONS

### Outstanding Contributions

#### Note by the Director-General

1. The question of arrears of contributions to GATT budgets has been discussed at a number of meetings of the GATT Committee on Budget, Finance and Administration. No specific recommendation has yet been made with regard to the reduction of outstanding contributions although governments have repeatedly been urged to pay their outstanding contributions as soon as possible and to pay each year's contribution at the beginning of the year in which it falls due. Other international organizations are faced with similar problems and the question of outstanding contributions is now of such great general concern that this subject has been examined by CCAQ at its Fifty-sixth Session.<sup>1/</sup>

2. The possibility of charging interest on outstanding balances of unpaid contributions was discussed by the Committee on Budget, Finance and Administration at its meeting in October 1979 (L/4853), although no definite recommendation was made in this regard. At this meeting the Committee also examined other possible measures to be adopted in order to encourage timely payment of contributions.

3. At that time it was noted that one international organization, the International Telecommunications Union (ITU), had, since 1946, been charging interest on contributions paid after the due date (1 January of the year to which the contribution relates) at the annual rate of 3 per cent for the first six months thereafter and at 6 per cent as from the seventh month. Since 1981 the Universal Postal Union has also applied similar interest charges and, as will be seen from the table below, the result of the institution of the measure has been most satisfactory.

#### Current contributions collected at 30 September

(in percentage of total assessment for the whole year)

	<u>1971</u>	<u>1976</u>	<u>1981</u>
ITU	92.94%	92.31%	95.38%
UPU	69.18%	55.21%	94.30%

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<sup>1/</sup> Documents ACC/1982/FB/3 (Annex I) and ACC/1982/6 (paragraphs 39-41), (Annex II) - available in English only.

4. An examination of the current contribution collection situation in the principal international organizations (Annex III) reveals that the organizations charging interest on unpaid contributions, ITU and UPU, are in a considerably more favourable position than those that do not charge such interest, and the Director-General recommends that the Committee on Budget, Finance and Administration give full consideration to the adoption of such a measure in GATT as an incentive to the regular and timely payment of contributions.

5. Annex IV shows in detail outstanding contributions as at 30 April 1982 and Annex V sets out in graphic form the funds available, excluding current accounts, in 1980, 1981 and the first three months of 1982.

Administrative Committee  
on Co-ordination

ACC/1982/FB/3  
5 February 1982

ANNEX I

Consultative Committee on  
Administrative Questions  
(Financial and Budgetary Questions)

Fifty-sixth session  
Paris, 8-12 March 1982

Item 5 of the provisional agenda

CASH MANAGEMENT

Note by the secretariat

1. The following is the text of a letter sent to the CCAQ secretariat on 29 January 1982 by WHO:

Reference is made to your ACC/1982/FB/CM/5, in which you ask for our comments on the preliminary annotated agenda for the fifty-sixth session of CCAQ(FB); we have no comments on the agenda as it stands. However, I would appreciate it if you would bring the following matter to the attention of CCAQ as part of the discussion of agenda item 5 - Cash management.

At its recently concluded session the WHO Executive Board reviewed the adequacy of WHO's Working Capital Fund, on the basis of a document submitted by the Director-General to the Board showing inter alia the status of collection of assessed contributions towards WHO's effective working budget as at 30 September 1981 and as at 31 December 1981; the Executive Board was also informed by the member of the Board designated by the United States Government of a change to be introduced in the near future in the timing of payment by the United States of its assessed contributions to WHO and other United Nations organizations. As a result of the ensuing debate, the Executive Board adopted resolution EB69.R16, of which I enclose a copy; your particular attention is drawn to paragraph D.2, which states the following:

REQUESTS the Director-General to continue his efforts to secure early payment of Members' and Associate Members' assessed contributions and to review with the other organizations in the United Nations system the possibility of charging interest to Member States whose contributions in respect of the effective working budget are delayed.

WHO feels that it would be useful if the attention of members of CCAQ could be drawn to this resolution in advance of the meeting so that they will be prepared to discuss the question of interest on unpaid assessed contributions at the forthcoming CCAQ meeting.

The resolution referred to in this letter is reproduced as an attachment hereto.

2. The relevant current provisions of the Financial Regulations of WHO read as follows:

5.3 The Health Assembly shall adopt a total budget level and scale of assessments for the following financial period. The assessed contributions of Members based on the scale of assessments shall be divided into two equal annual instalments, the first of which shall relate to the first year and the second of which shall relate to the second year of the financial period. In the first year of the financial period, the Health Assembly may decide to amend the scale of assessments to be applied to the second year of the financial period.

5.4 After the Health Assembly has adopted the budget and determined the amount of the Working Capital Fund, the Director-General shall:

- (a) Transmit the relevant documents to Members;
- (b) Inform Members of their commitments in respect of contributions for the financial period and advances to the Working Capital Fund;
- (c) Request them to remit the first and second instalments of their contributions for the financial period together with their advances, if any, to the Working Capital Fund.

5.5 If the Health Assembly decides to amend the scale of assessments to be applied to the second year, or to adjust the amount of the appropriations to be financed by contributions from Members for the financial period, the Director-General shall inform Members of their revised commitments in respect of contributions for the financial period and shall request Members to remit the revised second instalment of their contributions.

5.6 Instalments of contributions and advances shall be considered as due and payable in full within thirty days of the receipt of the communication of the Director-General referred to in regulation 5.4 or 5.5 above, or as of the first day of the year to which they relate, whichever is the later. As of 1 January of the following year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears.

3. The secretariat believes that several organizations have given consideration in recent years to the question of charging interest on outstanding contributions; the matter has also been discussed, inconclusively,

in CCAQ. Such charges are the practice in a few organizations, as may be seen from the text of article 124, paragraph 8, of the General Regulations of UPU, reflecting a financial system introduced in 1981: <sup>1/</sup>

Member countries shall pay their contributions to the Union's annual expenditure in advance on the basis of the budget laid down by the Executive Council. These contributions shall be paid not later than the first day of the financial year to which the budget refers. <sup>(11)</sup> After that date, the sums due shall be chargeable with interest in favour of the Union at the rate of 3 percent per annum for the first six months and of 6 percent per annum from the seventh month. <sup>(12)</sup> ( . . . )

<sup>11)</sup> Since the foundation of the UPU, the Government of the Swiss Confederation had made the necessary advances of funds for running the Union. The 1979 Rio de Janeiro Congress ended that practice and adopted, from 1 January 1981, a self-financing system similar to that in the other UN specialized agencies, under which contributions are payable in advance on the basis of the following year's budget and no longer in arrears on the basis of the actual expenditure of the past year (II, Comm 4, 5th and 6th meetings; Doc 28, prop EC 1522.1).

With regard to the switch-over to the new system of advance payment of contributions and winding up the former system, the 1979 Rio de Janeiro Congress adopted resolution C 17 ( . . . ) setting up a ten-year repayment plan (spread over the years from 1981 to 1990) for repaying the advances made by Switzerland during the two years preceding the introduction of the new finance system, viz the actual expenditure for 1979 and 1980 (II, Comm 4, 6th meeting, Doc 28, prop EC 0014).

<sup>12)</sup> With regard to the interest on overdue payments, in adopting the new finance system operating from 1 January 1981, the 1979 Rio de Janeiro Congress decided to align it on the practice of the ITU, viz a rate of 3% for the first six months and of 6% thereafter, whereas previously, the rate had been uniformly set at 5% per annum (II, Comm 4, 5th meeting, Doc 28). However, in adopting this prov, it was understood that the IB would show every possible flexibility towards countries which, exceptionally and because of their domestic legislation, could not pay their contributions before the beginning of the financial year to which they related, provided that:

- I the administrations concerned announced the delay in payment of their contribution at least 15 days before the beginning of the financial year to which it related;
- II any shortage of liquid assets did not oblige the IB to make short-term borrowings from the Swiss Confederation. It is almost certain that the second condition will never arise, because there are very few countries which will find themselves in such a position and which will have to pay their contribution after the beginning of the financial year (II, C 4 - PV 6).

4. The figures below, reported by the Advisory Committee on Administrative and Budgetary Questions, give a general view of the evolution of payment of contributions over the period from 1971 to 1981. They represent the percentage of the current year's contributions collected at 30 September of the years considered:

Current contributions collected at 30 September

	<u>1971</u>	<u>1976</u>	<u>1981</u>
	<u>%</u>	<u>%</u>	<u>%</u>
United Nations	55.98	66.25	65.01
ILO	58.26	73.21	48.12
FAO	76.57	67.32	59.35
UNESCO	57.55	54.50	48.12

<sup>1/</sup> The secretariat understands that a similar system has been in effect in the ITU since 1946.

WHO	75.14	70.99	57.74
ICAO	69.20	82.30	66.00
UPU	69.18	55.21	94.30
ITU	92.94	92.31	95.38
WMO	69.69	76.34	70.09
IMCO	75.23	64.23	71.65
WIPO	(not reported)	67.02	75.19
IAEA	65.98	77.45	54.67

5. The participants in the session are invited to come prepared to discuss the question raised by WHO.

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RESOLUTION OF THE EXECUTIVE BOARD OF THE WHO

Sixty-ninth Session

EB69.R16

26 January 1982

REVIEW OF WORKING CAPITAL FUND

The Executive Board,

Having considered the report of the Director-General on the Working Capital Fund;<sup>1</sup>

RECOMMENDS to the Thirty-fifth World Health Assembly the adoption of the following resolution:

The Thirty-fifth World Health Assembly,

Having considered the recommendations of the Executive Board on the Working Capital Fund;

A

1. DECIDES that:

(1) Part I of the Working Capital Fund, composed of advances assessed on Members and Associate Members, shall be established in the amount of US\$ 5 128 670, to which shall be added the assessments of any Members or Associate Members joining the Organization after 15 May 1981, the date of adoption of the scale of assessments for the financial period 1982-1983;

(2) the advances to the Working Capital Fund shall be assessed on the basis of the scale of assessments adopted by the Thirty-fourth World Health Assembly for the financial period 1982-1983, adjusted to the nearest US\$ 10;

(3) any additional advances shall be due and payable on 1 January 1983;

(4) any credits due to Members and Associate Members shall be refunded on 1 January 1983 by applying these credits to any contributions outstanding on that date or to the 1983 assessments;

2. REQUESTS the Members and Associate Members concerned to provide in their national budgets for payment of the additional advances on the due date;

B

1. DECIDES that Part II of the Working Capital Fund shall remain established at US\$ 6 000 000;

2. DECIDES also that Part II of the Working Capital Fund shall continue to be financed by appropriations by the Health Assembly from casual income as recommended by the Executive Board after considering the report of the Director-General; such appropriations shall be voted separately from the appropriations for the relevant financial period;

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<sup>1</sup> Document EB69/33.

3. REQUESTS that in the future, consideration should be given to establishing the level of the Working Capital Fund as a ratio of the annual contributions payable by Members and Associate Members in respect of the effective working budget.

C

1. AUTHORIZES the Director-General to advance from the Working Capital Fund:

(1) such funds as may be required to finance the appropriations pending receipt of contributions from Members and Associate Members; sums so advanced shall be reimbursed to the Working Capital Fund as contributions become available;

(2) such sums as may be required during a calendar year to meet unforeseen or extraordinary expenses, and to increase the relevant appropriation sections accordingly, provided that not more than US\$ 250 000 are used for such purposes, except that with the prior concurrence of the Executive Board a total of US\$ 2 000 000 may be used;

(3) such sums as may be required for the provision of emergency supplies to Members and Associate Members on a reimbursable basis; sums so advanced shall be reimbursed to the Working Capital Fund when payments are received; provided that the total amount so withdrawn shall not exceed US\$ 200 000 at any one time, and provided further that the credit extended to any one Member or Associate Member shall not exceed US\$ 50 000 at any one time;

2. REQUESTS the Director-General to report annually to the Health Assembly:

(1) all advances made under the authority vested in him to meet unforeseen or extraordinary expenses and the circumstances relating thereto, and to make provision in the estimates for the reimbursement of the Working Capital Fund, except when such advances are recoverable from other sources;

(2) all advances made under the authority of paragraph C.1 (3) for the provision of emergency supplies to Members and Associate Members, together with the status of reimbursement by those concerned;

D

1. REQUESTS Members and Associate Members to make every effort to pay their contributions on the dates on which they are due, in order to preclude the need to increase the amount of the Working Capital Fund;

2. REQUESTS the Director-General to continue his efforts to secure early payment of Members' and Associate Members' assessed contributions and to review with the other Organizations in the United Nations system the possibility of charging interest to Member States whose contributions in respect of the effective working budget are delayed.

E

REQUESTS the Director-General to submit a report on the Working Capital Fund to the Executive Board and the Health Assembly when he considers it warranted, and in any case not less frequently than every third year.



ANNEX II

EXTRACT FROM THE REPORT OF THE FIFTY-SIXTH SESSION OF THE  
CONSULTATIVE COMMITTEE ON ADMINISTRATIVE QUESTIONS

(ACC/1982/6 dated 12 March 1982)

CASH MANAGEMENT

(paras. 39-41)

Item 5 - Cash management

39. The Committee had before it a note in which WHO drew attention to resolution EB69.R16, adopted by its Executive Board on 26 January 1982 following a review of the Organization's Working Capital Fund. Among other things this resolution called for examination with other organizations of the United Nations system of the possibility of charging interest to Member States where their payments of assessed contributions were delayed.

40. The participants exchanged information on consideration of this question at recent sessions of their governing bodies, as well as on other possible means of improving their organizations' cash position. In most of the governing bodies where the matter of interest payments had been discussed it had not been pursued at any length. However, the constituent instruments of two organizations (UPU and ITU) already provided for such payments, and the effectiveness of the arrangement appeared to be demonstrated by the experience of those organizations in the collection of contributions.

41. It was agreed that this item should appear regularly on the Committee's agenda to permit further exchanges of information and views. Internal borrowing facilities were suggested as a topic for discussion at the next session.

ANNEX III

Current contributions collected at 30 September 1981

(in percentage of total assessment for the whole year)

ITU	95.38
UPU	94.30
GATT	83.70
WIPO	75.19
IMCO	71.65
WMO	70.09
ICAO	66.00
UN	65.01
FAO	59.35
WHO	57.74
IAEA	54.67
ILO	48.12
UNESCO	48.12

STATEMENT OF OUTSTANDING CONTRIBUTIONS AS AT 30 APRIL 1982/ETAT DES ARRIERES DE CONTRIBUTIONS AU 30 AVRIL 1982

Country/Pays	US dollars/Dollars des Etats-Unis 1969/1972		Swiss francs/Francs suisses					
			1973/1978	1979	1980	1981	1982	Total 1973/1982
Argentina/Argentine							181,670	181,670
Australia/Australie							126,568	126,568
Austria/Autriche							553,880	553,880
Bangladesh							53,170	53,170
Barbados/Barbade							53,170	53,170
Belgium/Belgique							1,670,490	1,670,490
Benin/Bénin					3,258	48,480	53,170	104,908
Brazil/Brésil							562,740	562,740
Burundi			71,095	45,400	46,800	48,480	53,170	264,945
Central African Republic/République centrafricaine			151,543	45,400	46,800	48,480	53,170	345,393
Chad/Tchad	1969/1972	15,815	213,300	45,400	46,800	48,480	53,170	407,150
Colombia/Colombie							85,648	85,648
Congo, People's Republic of the/ République populaire du Congo			59,273	45,400	46,800	48,480	53,170	253,123
Cuba							128,500	128,500
Cyprus/Chypre							53,170	53,170
Czechoslovakia/Tchécoslovaquie							447,530	447,530
Dominican Republic/République Dominicaine	1971/1972	6,497	213,300	45,400	46,800	48,480	53,170	407,150
France							3,292,230	3,292,230
Gabon							53,170	53,170
Gambia/Gambie			66,873	45,400	46,800	48,480	53,170	260,723
Ghana				45,400	46,800	48,480	53,170	193,850
Greece/Grèce							181,584	181,584
Guyana/Guyane			20,362	45,400	46,800	48,480	53,170	214,212
Haiti/Haïti			42,311	45,400	46,800	48,480	53,170	236,161
Iceland/Islande							53,170	53,170
Indonesia/Indonésie							305,740	305,740
Ireland/Irlande							261,430	261,430
Israel/Israël							186,100	186,100
Italy/Italie							2,304,120	2,304,120
Ivory Coast/Côte d'Ivoire						49,741	70,900	120,641
Jamaica/Jamaïque							53,170	53,170
Japan/Japon							3,465,040	3,465,040
Kampuchea, Democratic/Kampuchea démocratique			199,906	45,400	46,800	48,480	53,170	393,756
Kenya							53,170	53,170
Korea/Corée							540,580	540,580
Kuwait/Koweït							345,620	345,620
Madagascar					10,119	48,480	53,170	111,769
Malawi							53,170	53,170
Malaysia/Malaisie							292,450	292,450
Mauritania/Mauritanie			113,319	45,400	46,800	48,480	53,170	307,169
Mauritius/Maurice							12,753	12,753

Country/Pays	US dollars/Dollars des Etats-Unis 1969/1972	Swiss francs/Francis suisses					
		1973/1978	1979	1980	1981	1982	Total 1973/1982
New Zealand/Nouvelle-Zélande						141,790	141,790
Nicaragua		178,938	45,400	46,800	48,480	53,170	372,788
Niger					3,709	53,170	56,879
Nigeria/Nigéria						496,270	496,270
Peru/Pérou			75,600	70,200	76,760	66,470	289,030
Poland/Pologne						545,020	545,020
Portugal						137,360	137,360
Romania/Roumanie						283,590	283,590
Rwanda						53,170	53,170
Senegal/Sénégal		21,816	45,400	46,800	48,480	53,170	215,666
Sierra Leone		160,000	45,400	46,800	48,480	53,170	353,850
Singapore/Singapour						354,480	354,480
Spain/Espagne					593,880	682,380	1,276,260
Sri Lanka						53,170	53,170
Suriname						53,170	53,170
Tanzania/Tanzanie			7,639	46,800	48,480	53,170	156,089
Togo				18,653	48,480	53,170	120,303
Tunisia/Tunisie						50,644	50,644
Turkey/Turquie						113,407	113,407
Uganda/Ouganda		49,270	45,400	46,800	48,480	53,170	243,120
United States/Etats-Unis					385,962	6,358,490	6,744,452
Upper Volta/Haute-Volta		21,609	45,400	46,800	48,480	53,170	215,459
Uruguay						53,170	53,170
Yugoslavia/Yougoslavie						310,170	310,170
Zaire/Zaire					48,280	53,170	101,450
Zambia						53,170	53,170
Total	22,312	1,582,915	809,639	897,830	2,127,932	26,416,594	31,834,910

US\$22,312 at SwF 1.94 to US\$1.- equivalent to / 22.312 dollars EU à 1,94 FS par dollar EU, équivalant à . . . . . 43,285  
31,878,195  
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Comparative Figures for the Preceding Years  
Tableau comparatif pour les années précédentes

<u>Assessment for Contributions pour</u>	<u>Amount outstanding as at 30 April Montant non encore payé au 30 avril</u>	<u>Percentage Pourcentage</u>
1982	26,416,594	59,55
1981	12,164,232	30,11
1980	11,205,461	28,73

ANNEX V

FUNDS AVAILABLE EXCLUDING CURRENT ACCOUNTS

