

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

Spec(84)49
17 September 1984

ADMINISTRATIVE AND FINANCIAL QUESTIONS

Additional Expenditure to the 1984 Budget

Note by the Director-General

I. Contributions to the United Nations Joint Staff Pension Fund

1. At its Thirty-eighth session, in December 1983, the General Assembly of the United Nations, after consideration of proposed measures for reducing the actuarial deficit of the Pension Fund, approved a recommendation by the Joint Staff Pension Board that, "with effect from 1 January 1984, the rate of contributions shall be raised from 21 to 21.75 per cent of pensionable remuneration, of which the employing member organization shall pay 14.5 per cent and the participant 7.25 per cent". As GATT is a member organization of the United Nations Joint Staff Pension Fund, the increased rate of contribution to the Fund became payable by GATT with effect from 1 January 1984.

2. As the 1984 GATT budget, approved by the CONTRACTING PARTIES in November 1983, contained provision for contributions to the Pension Fund at the rate of 14 per cent of pensionable remuneration, additional cost of some Sw F 170,000 is expected to accrue to the relevant item of the budget, resulting from the higher rate of contributions now payable.

II. Education Grants Payable to Eligible GATT Staff

3. The General Assembly of the United Nations also approved at the same session in December 1983 a recommendation from the International Civil Service Commission (ICSC) to change the existing structure of the education grant and to return to a uniform rate of reimbursement. As in the past, the dollar-based allowances are paid at current US dollar/Swiss franc exchange rates. They are subject to an exchange rate floor of US\$1/Sw F 2.03. The new entitlements are set out below and for easy reference are compared with the rates previously in force.

A. OLD RATES

Reimbursement of 75% of the first \$3,000 = \$2,250
Reimbursement of 50% of the next \$1,000 = \$ 500
Reimbursement of 25% of the next \$1,000 = \$ 250

Maximum grant, including flat rate
for boarding costs where applicable \$3,000
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Flat amount for boarding costs \$1,100
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Assistance for the education of
disabled children

Reimbursement of 75% of expenses
incurred up to \$5,000 = \$3,750
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B. NEW RATES

Reimbursement of 75% of expenses
up to a maximum of \$6,000 per year

Maximum grant, including flat rate
for boarding costs where applicable \$4,500
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Flat amount for boarding costs within
the overall maximum allowable
expenditure of \$6,000 \$1,500
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Assistance for the education of
disabled children

Reimbursement of 100% of
expenses at an educational
institution up to a maximum of \$6,000
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4. The above revised provisions are effective as from the scholastic year in course on 1 January 1984 and they are expected to result in additional expenditure to the relevant item of the 1984 GATT budget of approximately Sw F 37,000.

III. Adaptation of United Nations administrative instructions in respect of payment of allowances to participants in training courses

5. It will be recalled that the secretariat was compelled to take appropriate measures some time ago with a view to providing reasonably-priced furnished accommodation for the participants in the GATT

Commercial Policy Training Courses in Geneva. To that effect, twenty-four studios, of minimum standard, were rented, the charges relating to these studios being deducted from the participants' daily allowances.

6. Unfortunately, as from July 1984, these studios were no longer available, whilst the shortage of low-cost accommodation in Geneva has become even more acute than before. Participants will now have to find accommodation in hotels where even modest standard accommodation is higher priced.

7. In consideration of this unforeseeable situation, the Director-General has found it necessary, as from the second course held in 1984, to grant a more adequate daily allowance to the participants in the GATT training courses.

8. The daily subsistence allowance rate established for Geneva by the ICSC has been retained as the basis for determining the allowance payable to the participants. But in order to minimize the financial implications of this action it has been decided to grant them the reduced (resident) rate of the daily subsistence allowance which currently amounts to Sw F 125 per day. This decision is based upon the assumption that participants will be able to find suitable accommodation at reasonable prices as from the beginning of their stay in Geneva. The additional charge to the 1984 budget is expected to amount to some Sw F 89,000.

IV. Fluctuations in the US dollar/Swiss franc exchange rate

9. The original provisions in the 1984 GATT budget estimates for items based on the US dollar (salary and post adjustment, family allowances, education grants and pension fund contributions for staff in the Professional and higher categories) were calculated at an exchange rate of US\$1/Sw F 2.13. However, since the 1984 budget was approved, the US dollar/Swiss franc exchange rate has increased steadily, reaching US\$1/Sw F 2.46 in August 1984. On the assumption that this rate of exchange will prevail until the end of the financial year it is now anticipated that additional expenditure of some Sw F 535,000 will accrue to the 1984 budget as a result.

V. Contribution to the International Trade Centre UNCTAD/GATT

10. At its meeting in October 1983, the GATT Committee on Budget, Finance and Administration approved the estimates of expenditure of the International Trade Centre UNCTAD/GATT for the biennium 1984-1985 in the amount of US\$ 17,825,200 (1984: US\$ 8,699,700; 1985: US\$ 9,125,500). Miscellaneous income was estimated at US\$ 390,900 (1984: US\$ 195,000; 1985: US\$ 195,900) and a transfer of US\$ 180,100 was to be made to the 1984 budget from surplus. The net amount to be provided to the Centre from the 1984 GATT budget was US\$ 4,162,300, equal to the contribution to

be made by the United Nations, representing Sw F 8,866,000 at the Centre's budgetary rate of US\$1/Sw F 2.13. The Committee agreed that this contribution be paid in Swiss francs, in twelve monthly instalments.

11. The Centre has advised the GATT secretariat that additional expenditure may accrue to the 1984-1985 Centre Budget and that it would submit a Performance Report to the Budget Committee in October 1984.

12. Every effort is being made to cover, by savings within the budget, the above-mentioned items of additional expenditure resulting from decisions of the United Nations General Assembly subsequent to the approval of the 1984 budget by the CONTRACTING PARTIES, from currency fluctuations, as well as from the additional expenditure relating to the GATT Commercial Policy Training Courses. However, it is unlikely that the entire amount can be covered in this way. In those circumstances it would be necessary to make use of the provision for Unforeseen Expenditure and to have recourse to the Working Capital Fund.