



UNITED NATIONS GENERAL ASSEMBLY



Distr.
GENERAL

A/8874
14 November 1972

ORIGINAL: ENGLISH

Twenty-seventh session
Agenda item 78

ADMINISTRATIVE AND BUDGETARY CO-ORDINATION OF THE UNITED NATIONS WITH THE SPECIALIZED AGENCIES AND THE INTERNATIONAL ATOMIC ENERGY AGENCY

Report of the Advisory Committee on Administrative and Budgetary Questions to the General Assembly at its twenty-seventh session

CONTENTS

<u>Chapter</u>	<u>Paragraphs</u>	<u>Page</u>
I. INTRODUCTION	1 - 7	3
II. INTERORGANIZATIONAL ADMINISTRATIVE CO-ORDINATION	8 - 20	5
A. The central machinery for co-ordination	8 - 15	5
B. Requirements for Chinese language staff	16 - 20	6
III. COMPARATIVE TABLES	21 - 39	8
A. Amount of estimates or approved budgets	21 - 34	8
B. Established posts	35	12
C. Special projects and activities	36	14
D. Working capital funds	37	15
E. Scales of assessment	38	17
F. Collection of contributions	39	22
IV. DETAILED COMMENTS ON THE 1973 BUDGETS OF THE AGENCIES	40 - 209	23
A. International Labour Organisation	40 - 56	23
B. Food and Agriculture Organization of the United Nations	57 - 69	28

CONTENTS (continued)

	<u>Paragraphs</u>	<u>Page</u>
C. United Nations Educational, Scientific and Cultural Organization	70 - 92	33
D. International Civil Aviation Organization . . .	93 - 104	40
E. Universal Postal Union	105 - 123	45
F. World Health Organization	124 - 154	50
G. International Telecommunication Union	155 - 166	59
H. World Meteorological Organization	167 - 182	64
I. Inter-Governmental Maritime Consultative Organization	183 - 195	69
J. International Atomic Energy Agency	196 - 209	73

I. INTRODUCTION

1. In accordance with its terms of reference, the Advisory Committee on Administrative and Budgetary Questions has examined the administrative budgets or budget estimates for 1973 of the following specialized agencies, whose agreements with the United Nations provide for transmittal of their budgets for review by the General Assembly: the International Labour Organisation (ILO), Food and Agriculture Organization of the United Nations (FAO), United Nations Educational, Scientific and Cultural Organization (UNESCO), International Civil Aviation Organization (ICAO), Universal Postal Union (UPU), World Health Organization (WHO), International Telecommunication Union (ITU), World Meteorological Organization (WMO) and Inter-Governmental Maritime Consultative Organization (IMCO). The Advisory Committee has also examined the administrative budget for 1973 of the International Atomic Energy Agency (IAEA), which has been transmitted in accordance with article XVI, paragraph 3, of the relationship agreement between the Agency and the United Nations. The review has not covered the budgets of the International Bank for Reconstruction and Development (IBRD) and the International Monetary Fund (IMF), whose agreements with the United Nations do not provide for the transmittal of their budgets for examination by the General Assembly.

2. In the course of its meetings in 1972 with the representatives of the organizations in the United Nations system and members of the Joint Inspection Unit, the Advisory Committee also discussed a number of questions of system-wide co-ordination.

3. Several of those questions are discussed in the following separate reports which the Advisory Committee has submitted or will be submitting to the General Assembly at its current session:

- (a) The question of the continuation of the Joint Inspection Unit (A/8835 and Corr.1);
- (b) The report by the JIU on the use of travel funds in the United Nations;
- (c) Electronic data processing;
- (d) The proposed establishment of a staff college.

4. In chapter II below, the Committee deals with two aspects of interorganizational administrative co-ordination: recent developments in the central machinery for co-ordination, and requirements for Chinese language staff. Chapter III contains several comparative tables related to the administrative budgets of the agencies, and chapter IV an analysis of those budgets.

5. The Advisory Committee extends its thanks to the executive heads of the agencies who met with the Committee (the ILO, WHO and ITU) and those who sent their representatives to assist the Committee when it was considering their administrative budgets. Their presence helped the Committee to gain a better insight into the problems facing the agencies.

6. The General Assembly will presumably wish, as in previous years, to refer to the organizations concerned the observations of the Advisory Committee and the records of the discussion thereon in the Assembly. It may also wish to request the Secretary-General to refer to the executive heads, through the consultative machinery of the Administrative Committee on Co-ordination (ACC), any matters arising out of the report or the related discussion in the Fifth Committee which call for their attention, and to transmit the report to the United Nations Board of Auditors and the Joint Inspection Unit for their information.

7. In the light of Economic and Social Council resolution 1479 (XLVIII), the General Assembly may wish to request the Secretary-General to transmit the present report to the Committee for Programme and Co-ordination (CPC) for information and comment.

II. INTERORGANIZATIONAL ADMINISTRATIVE CO-ORDINATION

A. The central machinery for co-ordination

8. Several important decisions affecting the central machinery for co-ordination of the United Nations system were taken by the Economic and Social Council at its fifty-third session (July 1972), following formal and informal discussions during and after the fifty-second session (May-June 1972). In particular, the Council sought to rationalize its methods of work, agenda, documentation and structure.

9. The Advisory Committee took note of chapters XVII (The Joint Inspection Unit), XVIII (Questions of programme and co-ordination), and XIX (Rationalization of the Council's method of work and structure) of the report of the Economic and Social Council on the work of its fifty-second and fifty-third sessions, 1/ which have been allocated to the Fifth Committee for consideration and report, and of chapter VI (Regional co-operation), which the General Assembly suggested might be of interest to the Fifth Committee (A/C.5/1441, item 15). The salient points of these chapters are summarized in a note by the Secretary-General (A/C.5/1451).

10. During the year some progress was made in the co-operation between CPC and ACC. The agenda for the joint meetings of the two Committees, which took place at Geneva in June 1972, contained two items: Rationalization of the activities and programmes of work of the United Nations system in the economic and social area, in the light of available resources; and the human environment (with particular reference to institutional implications of recommendations of the United Nations Conference on the Human Environment). The latter question is on the agenda of the twenty-seventh session of the General Assembly. As for the former, the report of the joint meetings (E/5188) sets out the views expressed by the participants without identifying agreed conclusions. Thus, the usefulness of the discussion of what should be the main concern of the central machinery for co-ordination, seems to have been the exchange of views which it made possible between executive heads, on the one hand, and representatives of Member States, on the other. The Advisory Committee welcomes the expression of hope by the members of ACC that, when the time comes to terminate activities which are no longer needed, Governments will support their proposals to that end (para. 14). This is a matter related to the setting of priorities and to the initiative of the Economic and Social Council in its resolution 1729 (LIII). Elsewhere the report of the joint meetings reflects the concern felt in some quarters that the establishment of new funds for specific activities is tending to distort the priorities established by competent legislative bodies (para. 20). The same question is raised, though in a narrower context, in the report of the Joint Inspection Unit on trust funds of the United Nations (A/8840); the Advisory Committee intends to submit its observations on that report to the General Assembly during its twenty-seventh session.

1/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 3 (A/8703).

11. ACC still remains somewhat removed from administrative and budgetary questions. Thus JIU remarked in its annual report that "experience has shown that if these meetings /between the Unit and ACC/ are to be worth while, some time must be set aside by ACC for a meaningful exchange of views" (A/C.5/1433, para. 7). The Advisory Committee shares that view and, without wishing to magnify the importance of administrative and budgetary questions, hopes that in future it may be possible for ACC to devote more time to the discussion of questions of that nature which have major significance for the system as a whole.

12. In accordance with its practice, the Committee met with the Joint Inspection Unit during its session in Geneva (August-September 1972). The meeting provided an opportunity to obtain at first hand the views of the Unit on its future; the Advisory Committee has submitted a separate report on this question (A/8835 and Corr.1).

13. The report on general co-ordination matters, submitted by the Advisory Committee to the General Assembly at its twenty-sixth session (A/8490) and referred to CPC pursuant to paragraph 2 of resolution 2884 (XXVI), was considered by CPC at its twelfth session. 2/ The Advisory Committee was pleased to note that CPC felt that such exchange of ideas between the two Committees was important in itself and should also help to develop closer links and understanding between them. The Advisory Committee, for its part, took the views of CPC on the form of presentation of the United Nations budget and the length of the budget cycle into account in its report on that subject to the General Assembly (A/8739).

14. The new form of presentation will call for improved co-ordination in programme matters between the regions and Headquarters. Under the Secretary-General's proposals, responsibility for individual programmes of activities will be divided between Headquarters and regional units. In the circumstances, the Advisory Committee calls attention to the need for close co-ordination both among the various United Nations units concerned and between the United Nations and the specialized agencies to ensure that their respective activities complement each other.

15. The Advisory Committee trusts that the temptation to set up self-contained and self-sufficient regional structures will be avoided. The necessary guidance to that end will have to come from the Economic and Social Council in the discharge of its programme co-ordinating functions.

B. Requirements for Chinese language staff

16. With the growing participation of the People's Republic of China in the work of the organizations in the United Nations system, the need for Chinese-language staff will increase. However, the Advisory Committee's inquiries among the specialized agencies in 1972 revealed that very little thought has yet been given to this matter - indeed some organizations appear to have overlooked it.

2/ Official Records of the Economic and Social Council, Fifty-third Session, Supplement No. 10 (E/5186/Rev.1) paras. 21 to 25.

17. The only organization which now employs Chinese-language staff is the United Nations itself at Headquarters, New York; it has increased their number since the adoption of General Assembly resolution 2758 (XXVI). But there are no Chinese-language staff in Geneva and, whenever conferences are held there at which the Chinese language is used, ad hoc arrangements must be made. In the case of the United Nations, this means sending staff from New York.

18. Language staff for conferences need not necessarily be recruited on a regular, full-time basis; they can be - and often are - hired on short-term contracts for specific assignments. But, whichever method is used, the Advisory Committee believes that interagency action should be taken at an early date to provide a nucleus of Chinese-language staff in Geneva. To begin with - and until such time as agencies find the need for full-time Chinese language services of their own - they should set up interorganization arrangements. In the Committee's opinion, account should be taken of the potential needs of both the organizations in Geneva (United Nations, the ILO, WHO, ITU and WMO) and the other European-based organizations; 3/ should any of the latter need Chinese-language staff for occasional conferences it will be simpler and cheaper for them to call on the nucleus available in Geneva than to recruit staff on their own.

19. If the organizations should decide that the needs justify the provision of some Chinese-language staff in Geneva on a full-time basis, arrangements might be made whereby they would be recruited by one organization, but used also by the others on a cost-sharing basis.

20. Bearing in mind that new Chinese language staff will require a period of training in order to become fully competent interpreters and translators, the Advisory Committee recommends that the Consultative Committee on Administrative Questions give early consideration to the question of the optimum arrangements for the provision of Chinese-language services at conference and meetings outside Headquarters, New York.

3/ The other organizations with headquarters in Europe are FAO (Rome), UNESCO (Paris), IAEA (Vienna), UPU (Bern) and IMCO (London). UNIDO, which is an organization within the United Nations, has its headquarters in Vienna.

III. COMPARATIVE TABLES

A. Amount of estimates or approved budgets

21. Table A below shows the evolution of the gross regular budgets of the organizations in the United Nations system from 1968 to 1973. Some of the figures for 1973 are estimates that have not yet been approved by the competent intergovernmental organs; similarly some of the appropriations for 1972 may be revised in the light of developments during the year.

22. The gross total of the regular budgets or budget estimates of the United Nations, the nine specialized agencies and IAEA, as reported to the Advisory Committee, will amount to approximately \$537.5 million in 1973 as against nearly \$499 million in 1972. This is an increase of almost \$39 million, or 7.8 per cent. The total for the nine specialized agencies and IAEA (that is, excluding the United Nations itself), is \$313 million, an increase of almost \$28 million, or 9.7 per cent over 1972.

23. In recent years, the budgets of the organizations in the United Nations system have been increasingly affected by inflation in most of the countries where the organizations have their headquarters and main offices. The budgets for 1973, which are described in detail in chapter IV below, reflect a continuation of that trend.

24. In the past year or so, the organizations have also had to contend with the budgetary consequences of currency fluctuations. Such fluctuations have, of course, occurred many times in the life of the United Nations and the agencies; not until recently, however, have they included such a significant downward movement in the value (as measured against other currencies or gold) of the currency in which most of the budgets are expressed - the United States dollar.

25. The budgetary consequences of the changes in the parity rates of various currencies in relation to the dollar varied from agency to agency. They have been particularly acute in the case of those agencies whose budgets are expressed in United States dollars and which incur substantial expenditures in other currencies (for example, Swiss or French francs, Italian lire etc.). Adjustments in currency parity rates cannot normally be foreseen and therefore cannot be taken into account even under policies of full budgeting. Consequently, the developments in 1971 and 1972 faced the executive heads with the alternative of either (a) achieving compensating budgetary savings so as not to exceed the appropriations, or (b) seeking additional resources, for example, through supplementary appropriations. In fact, as the sections below devoted to individual agencies make clear, the approach has tended to vary from one agency to another, depending on each one's particular circumstances, the effort to achieve compensating savings - sometimes even at the cost of reducing the level of activity - being more vigorous in some organizations than in others.

26. In the case of agencies which have found themselves beset not only by currency fluctuations but also by steep increases in the cost of living, the budgetary consequences as expressed in United States dollars have been particularly striking. Some executive heads have felt that the budgetary increase required to deal with these extra costs - even assuming no growth of programmes - is greater than the membership as a whole is prepared to accept. This is so despite the fact that certain countries with strong currencies have in fact benefited from the weakness of the dollar, as their assessed share of the budget now costs them less in terms of their national currency.

27. From its discussion with representatives of the agencies, the Advisory Committee learned that four of them - IMCO, WMO, FAO and UNESCO - are trying to devise acceptable ways of avoiding or financing the additional costs which can unexpectedly arise when currency parities are changed. Most of the suggestions advanced in governing bodies fell into one of the following four types of solution:

- (a) Calculating budgets and/or assessments (fully or partially) in currencies or "units" other than the United States dollar;

- (b) Using gold or Special Drawing Rights as the basis of budgets; or

- (c) Absorbing the additional expenditure;

- (d) Financing additional expenditures out of working capital funds or special reserves.

It is clear that neither (a) nor (b) above would offer complete protection from currency adjustments, whatever their form. Solutions (c) and (d) accept that extra costs are bound to arise from time to time and seek not to prevent them, but to devise a way to cushion their impact.

28. The Executive Board of UNESCO invited the Chairman of the Advisory Committee to participate in the deliberations of a committee which was established to consider this problem. The Advisory Committee appreciates that invitation, which helped it to obtain a better understanding of the issues involved.

29. The Advisory Committee has also noted with interest that this matter has engaged the attention of the Consultative Committee on Administrative Questions (CCAQ), a subsidiary body of the Administrative Committee on Co-ordination. The Consultative Committee discussed it at its thirty-sixth session at Geneva in September 1972 and concluded that the organizations should try to absorb to the extent possible the additional costs arising from currency adjustments by measures to achieve economy and improved efficiency, although such measures were limited in scope. To the extent that the limits of absorption, including such programme deductions as might be acceptable, were exceeded, the Consultative Committee considered that additional resources would have to be found from either (a) existing funds or reserves, or special funds authorized or established for that purpose; (b) supplementary appropriations; or (c) borrowing, with the necessary provisions made for repayment.

30. A comparison between the level of budgets in 1973 and the level in 1972 and previous years is also made more difficult by certain changes in budgetary presentation.

31. The most striking example is provided by the differences in the approach of the organizations to the budgetary treatment of the administrative and operational services costs (overhead costs) for executing projects financed by UNDP. Traditionally UNESCO has included in its regular budgets UNDP overhead costs for both Special Fund and Technical Assistance operations, and deducted from the resulting gross budget the income accruing from UNDP. Several organizations have traditionally kept all UNDP overheads in separate accounts. However, the United Nations and some agencies included in their regular budgets the overhead costs relating to Technical Assistance-type projects, but kept separate accounts for transactions concerning the execution of Special Fund-type projects. Following the merger by UNDP of its Special Fund and Technical Assistance components, the organizations had two courses open to them regarding the budgetary treatment of the related overhead costs: to integrate all UNDP overhead costs in their regular budgets, or to maintain all UNDP-financed operations separate from their regular budgets, which would mean removing from the latter the overhead costs of Technical Assistance-type activities. The World Health Organization chose the first alternative and the United Nations and FAO the second; thus, the gross budget of WHO for 1973 is higher than it otherwise would have been, while those of the United Nations and FAO are lower. The Advisory Committee understands that the Director-General of the ILO intends to follow the United Nations solution when submitting his budget estimates for 1974-1975.

32. In their meetings with the Advisory Committee during 1972, representatives of the organizations explained the rationale behind their different approaches to the budgetary presentation of UNDP overheads. Some information on this question is given in the paragraphs devoted to individual organizations in chapter IV below. The Committee was informed, for example, that in some organizations the length of the budget cycle - three or more years - makes it impossible to include such overheads in the gross regular budget, whereas in others, UNDP-financed activities are so integrated within the total programme that it would be difficult and artificial to present them independently. But the Committee found no evidence that interagency consultation took place with a view to fostering a common approach, following the decision of UNDP to integrate the two components of its programme. Since the necessary consultative machinery exists, the Committee believes that it should be used in such cases.

33. Some of the difficulties of comparing the size of budgets which are presented in different ways can be avoided if budgets are viewed on a net rather than a gross basis. In the case of UNDP overheads, for example, net budgets are less affected since additional expenditure is offset by additional income, although not necessarily to the full extent. While the gross budget figure may tell more about the aggregate level of activity of the organization concerned, it is the net budget, that is, the total regular budget expenditure minus miscellaneous income, which determines the amount for which Member States are to be assessed and, accordingly, the assessed contribution of each one of them.

34. The above paragraphs deal with the presentation of UNDP overheads, but not with what the rate of reimbursement should be. The latter question is under discussion in the Consultative Committee on Administrative Questions and will be taken up by the Governing Council of UNDP at its fifteenth session in January-February 1973. It will be the subject of a separate report by the Advisory Committee to the Governing Council.

A. Amount of estimates or approved budgets

Organization	1968 actual expenses \$	1969 actual expenses \$	1970 actual expenses \$	1971 obligations \$	1972 appropria- tions \$	1973 appropria- tions or estimates \$	1973 increase by comparison with 1971 \$	1973 percentage increase by comparison with 1971 %	1973 increase or (decrease) by comparison with 1972 \$	1973 percentage increase or (decrease) by comparison with 1972 %
ILO	29 034 814	31 100 689 ^{a/}	31 281 978	32 949 067	41 151 500	41 151 500	8 202 433	24.89	-	-
FAO	31 697 977 ^{b/}	36 234 191	38 336 520	43 258 095	46 710 000 ^{c/}	48 390 000 ^{c/}	5 131 905 ^{d/}	11.9 ^{d/}	1 680 000	3.6
UNESCO	37 253 838 ^{e/}	41 799 747 ^{f/}	43 661 912 ^{f/}	49 460 583 ^{g/}	54 410 837 ^{g/}	65 007 400 ^{h/}	15 546 817	31.43	10 596 563	19.48
ICAO	7 604 971	7 734 365 ^{i/}	8 447 573	9 728 077	11 039 800	12 348 300	2 620 223	26.93	1 308 500	11.85
UPU	1 539 632	2 050 497	1 886 058	2 372 247	2 608 073	2 760 964	388 717	16.39	152 891	5.86
WHO ^{j/}	61 071 643	68 824 146	74 964 340	85 468 507	96 210 450	105 935 350	20 466 843	23.95	9 724 900	10.10
ITU	7 284 006	7 708 819	8 653 428	10 447 001	10 105 390 ^{k/}	12 201 615	1 754 614	16.80	2 096 225	20.74
WMO	2 628 470	3 113 610	3 482 308	4 521 803	4 810 836 ^{l/}	5 356 347	834 544	18.46	545 511	11.34
IMCO	799 795	1 234 924	1 210 931	1 613 336	1 969 900	2 026 700	413 364	25.62	56 800	2.88
IAEA	10 083 330	11 234 761	12 231 107	14 010 024	16 561 000	18 127 000 ^{m/}	4 116 976	29.4	1 566 000	9.5
Subtotal (specialized agencies and IAEA) . .	188 962 476	211 035 749	224 156 155	253 828 740	285 577 786	313 305 176	59 476 436	23.43	27 727 390	9.71
United Nations	141 161 623	156 780 541	168 375 776	194 124 523	213 124 410	224 150 100	30 025 577	15.47	11 025 690	5.17
GRAND TOTAL	330 124 099	368 816 290	392 531 931	447 953 263	498 702 196	537 455 276	89 502 013	19.98	38 753 080	7.77

Figures include staff costs grossed up to reflect staff assessment, even where organizations budget their staff costs on a net basis; the only exceptions are UPU, IMCO and IAEA, where staff assessment is neither applied nor computed.

a/ Excludes \$729,849 spent in that year, but met under supplementary credits by withdrawal from the Working Capital Fund, subject to reimbursement by means of an additional assessment in 1971.

b/ Includes withdrawal of \$127,654 from the Working Capital Fund.

c/ Excludes lump sum allocation from UNDP/TA Special Account removed from the 1972-1973 Regular Programme appropriations and revenue. The gross budget amount has consequently also been reduced by an apportioned share related to staff assessment. These figures are therefore not strictly comparable to those for previous years and the increase of 1973 over 1971 is consequently lower by about \$2,169,000.

d/ See foot-note c/ above.

e/ As of 31 December 1968, the grossed appropriation for the 1967-1968 biennium, including advances from the Working Capital Fund (\$1,500,000) and donations, stood at \$70,120,693, of which \$32,864,263 represented (grossed) expenditures in 1967 and \$37,253,838 (grossed) expenditures in 1968 (leaving a surplus of \$2,592).

f/ As of 31 December 1970, the grossed appropriation for the 1969-1970 biennium (including donations) amounted to \$86,112,113, of which \$41,799,747 represented (grossed) expenditures in 1969 and \$43,661,912 (grossed) expenditures in 1970, leaving a surplus of \$650,454 (of which \$649,662 in the Appropriation Reserve).

g/ As at 31 July 1972, the grossed appropriation for the 1971-1972 biennium (including donations of \$34,760 and advances totalling \$2,000,000 from the Working Capital Fund) amounted to \$103,871,420, of which \$49,460,583 represented the (grossed) obligations incurred in 1971 and \$54,410,837 the grossed appropriation remaining for 1972.

h/ Grossed portion of the net estimate of \$119,954,611 proposed for 1973-1974. Since UNESCO's budget covers a two-year period, the distinction between each year of the biennium is somewhat arbitrary.

i/ Beginning with 1969, excludes the administrative and operational services costs of technical assistance.

j/ Excluding undistributed reserve: 1968, \$3,742,580; 1969, \$3,940,970; 1970, \$4,363,110; 1971, \$4,738,833; 1972, \$3,490,074; 1973, \$2,438,840.

k/ Includes additional appropriations approved by the Administrative Council at its twenty-seventh session in 1972 to cover the additional expenditure entailed by changes introduced in the conditions of employment under the common system of the United Nations and the specialized agencies (\$161,119), additional expenditure on conferences and meetings (\$123,698), temporary staff for technical assistance country programming (\$65,104) and other expenditure (\$37,266).

l/ Including supplementary estimates of \$472,971.

m/ Subject to approval by the General Conference at its sixteenth regular session.

B. Established posts

35. The number of established posts authorized or requested under the regular budgets for 1971, 1972 and 1973 is given below:

<u>Organization</u>				<u>Increase (decrease)</u>		<u>Increase (decrease)</u>	
	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1971-1973</u>		<u>1972-1973</u>	
				<u>Number</u>	<u>Per cent</u>	<u>Number</u>	<u>Per cent</u>
ILO	1 404	1 404	1 404	-	-	-	-
FAO	2 238 ^{a/}	2 288 ^{a/}	2 291 ^{a/}	53	2.4	3	-
UNESCO	1 976 ^{b/}	2 062 ^{c/}	2 238 ^{d/}	262	13.26	176	8.53
ICAO	547	607	629	82	14.99	22	3.62
UFU ^{e/}	112	115	118	6	5.36	3	2.61
WHO ^{f/}	3 295	3 328	3 364	69	2.09	36	1.08
ITU	498 ^{g/}	509 ^{h/}	532 ^{i/}	34	6.83	23	4.52
WMO	211	218	219	8	3.79	1	0.46
IMCO	106 ^{j/}	114 ^{k/}	114 ^{k/}	8	7.55	-	-
IAEA	1 064 ^{l/}	1 091	1 086	22	2.1	(5)	(0.5)
Subtotal agencies . . .	11 451	11 736	11 995	544	4.75	259	2.21
United Nations	8 552	8 790	8 694	142	1.66	(96)	(1.01)
GRAND TOTAL .	20 003	20 526	20 689	686	3.38	163	0.79

(See foot-notes on following page)

(Foot-notes to table):

a/ Excludes 135 posts related to lump sum allocation from UNDP/TA Special Account removed from the 1972-73 Regular Programme appropriations and revenue.

b/ Excluding 224 Maintenance and Security posts, but including 34 posts of experts on mission (in order to make the total number of posts for 1971 comparable with that for 1973).

c/ Excluding 213 Maintenance and Security posts, but including 36 posts of experts on mission (in order to make the total number of posts for 1972 comparable with that for 1973), as well as 78 posts providing a "margin" for meeting programme requirements.

d/ Excluding 221 Maintenance and Security posts, but including 86 posts providing a "margin" for meeting programme requirements. (As from 1973, the total number of posts includes the posts of experts on mission.)

e/ Total number of permanent posts approved under the budget, although some are held by temporary staff.

f/ Excludes posts of interpreters, which are charged to the meetings they serve.

g/ Established posts, including posts in grades G-5 to G-1 created by the Secretary-General by virtue of Administrative Council resolution No. 666.

h/ Established posts, including posts in grades G-7 to G-1 created by the Secretary-General by virtue of Administrative Council resolution No. 684.

i/ Established posts, excluding any posts in grades G-7 to G-1 that may be created by the Secretary-General by virtue of Administrative Council resolution No. 684.

j/ Includes seven General Service posts paid from the Printing Fund and excludes eight Headquarters posts paid from UNDP funds (four Professional and four General Service posts); during 1971, the costs of one P-5, one P-4 and one G-4 post in the Technical Co-operation Division were met from the regular budget.

k/ Includes one Professional and six General Service posts paid from the Printing Fund and excludes 10 Headquarters posts paid from UNDP funds (five Professional and five General Service posts); during 1972 and 1973, the costs of two P-4 and one G-4 posts in the Technical Co-operation Division will be met from the regular budget.

l/ Revised to include 20 posts reimbursable by UNIDO (2 Professional, 13 General Service, 5 Maintenance and Operative posts).

C. Special projects and activities

36. The provisions in the several budgets or budget estimates for special projects and activities are shown in the following table:

(In United States dollars)

<u>Organizations</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
ILO ^{a/}	2 386 552	2 419 830	2 419 830
FAO	2 217 152	2 330 280	2 345 345
UNESCO	12 089 750	12 697 021	15 206 400
ICAO	150 000	58 000	58 000
UPU	-	-	-
WHO ^{b/}	8 822 000	10 031 169	11 498 320
ITU	905 392	776 042	1 659 375
WHO	1 009 566	984 750	1 278 950
IMCO	-	-	-
IAEA	1 945 800	2 490 400 ^{c/}	2 832 800

a/ Figures for the ILO correspond to the heading "Fellowships, grants and contributions" in the ACC standard code of objects of expenditure.

b/ Fellowships, grants and contributions.

c/ Revised for comparability with 1973.

D. Working capital funds

37. The following table shows the amounts approved or proposed for the working capital funds in relation to the gross budgets or budget estimates for 1973, and, where appropriate, to the budgets or estimates for the financial periods, together with percentages:

(In United States dollars)

<u>Organizations</u>	<u>1973 Gross budget or budget estimate</u>	<u>Gross budget or estimate for financial period</u>	<u>Working capital fund</u>	<u>Percentage of third column to first column</u>	<u>Percentage of third column to second column</u>
ILO	41 151 500	82 303 000	5 747 000 ^{a/}	13.97	6.98
FAO	48 390 000	95 100 000 ^{b/}	4 630 000 ^{c/}	9.6	4.9
UNESCO	65 007 400	134 310 211	4 000 000	6.15	2.98
ICAO	12 348 300	35 652 800 ^{d/}	1 100 000	8.91	3.09
UPU	2 760 964	-	^{e/}	-	-
WHO	105 935 350 ^{f/}	-	11 000 000	10.38	-
ITU	12 201 615	-	-	-	-
WMO	5 356 347	17 300 000 ^{g/}	864 800	16.15	5.00
IMCO	2 026 700	3 996 600	150 000	7.40	3.75
IAEA	18 127 000 ^{h/}	-	2 000 000	11.03 ^{i/}	-
United Nations	188 467 800	-	40 000 000	21.22	-

(See foot-notes on following page)

(Foot-notes to table):

a/ No specific level for the ILO Working Capital Fund has been approved for several years; the figure represents the estimated cash level at 1 January 1973.

b/ Excludes lump sum allocation from UNDP/TA Special Account removed from the 1972-1973 regular programme appropriations and revenue. The gross budget amount has consequently also been reduced by an apportioned share related to staff assessment. These figures are therefore not strictly comparable to those for previous years and the increase of 1973 over 1971 is consequently lower by about \$2,169,000.

c/ The approved level is \$4.5 million. The actual level is \$4.63 million because of new Member States' contributions.

d/ Financial period 1972-1974.

e/ The UPU has no working capital fund since the working expenses of the International Bureau are advanced interest-free for one year by the Swiss Confederation within the limits set by the Universal Postal Congress. Such advances are repaid from the contributions of Member States due in the year following the year of account. Contributions outstanding at 31 December of this following year carry interest as from that date at 5 per cent per annum.

f/ Excluding undistributed reserve (\$2,438,840).

g/ Net of staff assessment.

h/ Does not include staff assessment; if hypothetical staff assessment is added, \$20,696,000.

i/ If hypothetical staff assessment is added to the gross budget, this figure becomes 9.66 per cent.

E. Scales of assessment

38. The scales of assessment applied to Member States by the specialized agencies, IAEA and the United Nations are shown in the following table:

Members ^{a/}	United Nations ^{b/} (per cent)	ILO (per cent)	FAO (per cent)	UNESCO (per cent)	ICAO (per cent)	UPU (per cent)	WHO (per cent)	ITU (per cent)	WMO (per cent)	IMCO (per cent)	IAEA ^{c/} (per cent)
Afghanistan	0.04	0.06	0.04	0.04	0.10	0.32	0.04	0.10	0.09	-	0.04
Albania	0.04	-	-	0.04	-	0.32	0.04	0.10	0.09	-	0.04
Algeria	0.09	0.12	0.11	0.08	0.11	0.10	0.08	0.62	0.09	0.13	0.09
Argentina	0.85	1.18	1.06	0.80	0.85	2.62	0.77	3.12	1.31	0.60	0.82
Australia	1.47	1.83	1.84	1.39	1.59	2.62	1.32	3.75	1.74	0.52	1.41
Austria	0.55	0.46	0.69	0.52	0.44	0.53	0.49	0.21	0.52	-	0.53
Bahrain	0.04 ^{d/}	-	0.04	0.04	-	-	0.04	-	-	-	-
Bangladesh	-	-	-	-	-	-	0.04	-	-	-	-
Barbados	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	0.10	-
Belgium	1.05	1.35	1.31	0.99	1.04	1.57	0.95	1.66	1.22	0.55	1.01
Bhutan	0.04	-	-	-	-	0.10	-	-	-	-	-
Bolivia	0.04	0.06	0.04	0.04	0.10	0.32	0.04	0.62	0.26	-	0.04
Botswana	0.04	-	0.04	-	-	0.10	-	0.10	0.09	-	-
Brazil	0.80	1.12	1.00	0.75	0.87	2.62	0.72	1.04	1.31	0.76	0.77
Bulgaria	0.18	0.19	0.23	0.17	0.16	0.53	0.16	0.21	0.35	0.37	0.17
Burma	0.05	0.06	0.06	0.05	0.10	0.32	0.05	0.21	0.26	0.12	0.05
Burundi	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Byelorussian Soviet Socialist Republic . .	0.50	0.46	-	0.47	-	0.53	0.45	0.21	0.52	-	0.48
Cameroon	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	0.10	0.04
Canada	3.08	3.36	3.86	2.91	3.24	2.62	2.77	3.75	2.62	1.10	2.96
Central African Republic	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Chad	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Chile	0.20	0.28	0.25	0.19	0.21	0.53	0.18	0.62	0.43	-	0.19
China	4.00	3.36	-	2.50	0.67 ^{e/}	2.62	3.60	3.12	3.75	0.71	-
Colombia	0.19	0.27	0.24	0.18	0.27	0.53	0.17	0.62	0.35	-	0.18
Congo	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Costa Rica	0.04	0.06	0.04	0.04	0.10	0.32	0.04	0.10	0.09	-	0.04
Cuba	0.16	0.22	0.20	0.15	0.12	0.32	0.14	0.21	0.26	0.25	0.15
Cyprus	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	0.04
Czechoslovakia	0.90	0.92	1.13	0.85	0.69	1.57	0.81	0.62	0.96	0.13	0.86
Dahomey	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Democratic Yemen	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	-

Members ^{a/}	United Nations ^{b/} (per cent)	ILO (per cent)	FAO (per cent)	UNESCO (per cent)	ICAO (per cent)	UFI (per cent)	WHO (per cent)	ITU (per cent)	WMO (per cent)	IMCO (per cent)	IAEA ^{c/} (per cent)
Denmark	0.62	0.70	0.78	0.58	0.61	1.05	0.56	1.04	0.70	1.44	0.60
Dominican Republic . . .	0.04	0.06	0.04	0.04	0.10	0.32	0.04	0.62	0.09	0.10	0.04
Ecuador	0.04	0.06	0.04	0.04	0.10	0.32	0.04	0.21	0.09	0.12	0.04
Egypt	0.18	0.25	0.23	0.17	0.22	1.57	0.16	1.04	0.52	0.19	0.17
El Salvador	0.04	0.06	0.04	0.04	0.10	0.32	0.04	0.62	0.09	-	0.04
Equatorial Guinea . . .	0.04	-	-	-	-	0.32	-	0.10	-	-	-
Ethiopia	0.04	0.06	0.04	0.04	0.10	0.32	0.04	0.21	0.17	-	0.04
Federal Republic of Germany	-	5.68	8.52	6.43	5.47	2.62	6.12	4.16	4.63	3.52	6.54
Fiji	0.04	-	0.04	-	-	0.10	0.04	0.10	-	-	-
Finland	0.45	0.39	0.56	0.42	0.38	1.05	0.40	0.62	0.52	0.66	0.43
France	6.00	6.07	7.51	5.67	5.50	2.62	5.40	6.24	4.54	2.88	5.77
French Overseas Territories	-	-	-	-	-	0.32	-	0.21	0.45 ^{f/}	-	-
Gabon	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	0.04
Gambia	0.04	-	0.04	-	-	-	0.04	-	-	-	-
Ghana	0.07	0.09	0.09	0.06	0.10	0.32	0.06	0.21	0.17	0.16	0.07
Greece	0.29	0.24	0.36	0.27	0.39	0.53	0.26	0.21	0.26	5.09	0.28
Guatemala	0.05	0.06	0.06	0.05	0.10	0.32	0.05	0.21	0.09	-	0.05
Guinea	0.04	0.06	0.04	0.04	0.10	0.32	0.04	0.10	0.09	-	-
Guyana	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Haiti	0.04	0.06	0.04	0.04	0.10	0.32	0.04	0.21	0.09	0.10	0.04
Holy See	-	-	-	-	-	0.10	-	0.10	-	-	0.04
Honduras	0.04	0.06	0.04	0.04	0.10	0.32	0.04	0.10	0.09	0.12	-
Hungary	0.48	0.43	0.60	0.45	0.37	1.05	0.43	0.21	0.52	0.11	0.46
Iceland	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	0.15	0.04
India	1.55	2.17	1.94	1.46	1.17	2.62	1.40	2.71	2.27	1.04	1.49
Indonesia	0.28	0.39	0.35	0.26	0.22	1.57	0.25	0.21	0.70	0.33	0.27
Iran	0.22	0.27	0.28	0.21	0.21	0.53	0.20	0.21	0.26	0.15	0.21
Iraq	0.07	0.09	0.09	0.06	0.10	0.10	0.06	0.21	0.09	-	0.07
Ireland	0.15	0.21	0.19	0.14	0.26	1.05	0.13	0.62	0.26	0.16	0.14
Israel	0.20	0.17	0.25	0.19	0.36	0.32	0.18	0.21	0.26	0.34	0.19
Italy	3.54	2.86	4.43	3.35	3.34	2.62	3.19	2.08	2.27	3.31	3.40
Ivory Coast	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.21	0.09	0.11	0.04
Jamaica	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.21	0.09	-	0.04
Japan	5.40	3.93	6.76	5.10	4.96	2.62	4.86	4.16	2.27	11.86	5.19
Jordan	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	0.04

Members ^{a/}	United Nations ^{b/} (per cent)	ILO (per cent)	FAO (per cent)	UNESCO (per cent)	ICAO (per cent)	UPU (per cent)	WHO (per cent)	ITU (per cent)	WMO (per cent)	IMCO (per cent)	IAEA ^{c/} (per cent)
Kenya	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	0.04
Khmer Republic	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.21	0.09	0.10	0.04
Kuwait	0.08	0.09	0.10	0.07	0.13	0.10	0.07	0.21	0.09	0.35	0.08
Laos	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Lebanon	0.05	0.06	0.06	0.05	0.21	0.10	0.05	0.21	0.09	0.15	0.05
Lesotho	0.04	-	0.04	0.04	-	0.10	0.04	0.10	-	-	-
Liberia	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.21	-	14.83	0.04
Libyan Arab Republic . .	0.07	0.08	0.09	0.06	0.10	0.10	0.06	0.10	0.09	0.10	0.07
Liechtenstein	-	-	-	-	-	0.10	-	0.10	-	-	0.04
Luxembourg	0.05	0.06	0.06	0.05	0.10	0.32	0.05	0.10	0.09	-	0.05
Madagascar	0.04	0.06	0.04	0.04	0.10	0.32	0.04	0.21	0.09	0.11	0.04
Malawi	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Malaysia	0.10	0.13	0.12	0.09	0.12	0.32	0.09	0.62	0.35	0.13	0.10
Maldives	0.04	-	0.04	-	-	0.10	0.04	0.10	-	0.12	-
Mali	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	0.04
Malta	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	-	0.11	-
Mauritania	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	0.10	-
Mauritius	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Mexico	0.88	0.79	1.10	0.83	0.89	1.57	0.79	1.04	0.87	0.25	0.85
Monaco	-	-	-	0.04	-	0.10	0.04	0.10	-	-	0.04
Mongolia	0.04	0.06	-	0.04	-	0.10	0.04	0.10	0.09	-	-
Morocco	0.09	0.12	0.11	0.08	0.10	1.05	0.08	0.21	0.17	0.12	0.09
Nauru	-	-	-	-	-	0.10	-	0.10	-	-	-
Nepal	0.04	0.06	0.04	0.04	0.10	0.32	0.04	0.10	0.09	-	-
Netherlands	1.18	1.13	1.48	1.11	1.55	1.57	1.06	1.66	1.05	2.11	1.13
Netherlands Antilles and Surinam	-	-	-	-	-	0.32	-	-	0.18 ^{g/}	-	-
New Zealand	0.32	0.45	0.40	0.30	0.31	2.62	0.29	1.04	0.52	0.17	0.31
Nicaragua	0.04	0.06	0.04	0.04	0.10	0.32	0.04	0.21	0.09	-	-
Niger	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	0.04
Nigeria	0.12	0.16	0.15	0.11	0.12	0.53	0.11	0.42	0.26	0.13	0.11
Norway	0.43	0.51	0.54	0.41	0.46	1.05	0.39	1.04	0.61	8.40	0.41
Oman	0.04 ^{d/}	-	0.04	0.04	-	0.10	0.04	0.10	-	-	-
Pakistan	0.34	0.47	0.43	0.32	0.40	2.62	0.31	0.62	0.52	0.32	0.33
Panama	0.04	0.06	0.04	0.04	0.10	0.32	0.04	0.10	0.09	2.49	0.04
Papua New Guinea	-	-	-	-	-	-	0.02 ^{h/}	-	-	-	-
Paraguay	0.04	0.06	0.04	0.04	0.10	0.32	0.04	0.21	0.09	-	0.04

Members ^{a/}	United Nations ^{b/} (per cent)	ILO (per cent)	FAO (per cent)	UNESCO (per cent)	ICAO (per cent)	UPU (per cent)	WHO (per cent)	ITU (per cent)	WMO (per cent)	IMCO (per cent)	IAEA ^{c/} (per cent)
Peru	0.10	0.13	0.12	0.09	0.16	0.53	0.09	0.42	0.35	0.26	0.10
Philippines	0.31	0.37	0.39	0.29	0.33	0.10	0.28	0.21	0.52	0.46	0.30
Poland	1.41	1.28	1.77	1.33	1.09	1.57	1.27	0.62	1.22	0.77	1.35
Portugal	0.16	0.22	0.20	0.15	0.28	1.05	0.14	0.62	0.43	-	0.15
Portuguese East Africa .	-	-	-	-	-	1.05	-	0.62	0.17	-	-
Portuguese West Africa .	-	-	-	-	-	1.05	-)	0.09	-	-
Qatar	0.04 ^{d/}	0.06	0.04	0.04	-	0.10	0.04	-	-	-	-
Republic of Korea . . .	-	-	0.14	0.10	0.11	1.05	0.10	0.21	0.17	0.46	0.10
Republic of Viet-Nam . .	-	0.09	0.09	0.06	0.10	0.32	0.06	0.21	0.26	-	0.07
Romania	0.36	0.43	0.45	0.34	0.30	1.57	0.32	0.21	0.43	0.24	0.35
Rwanda	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	-
San Marino	-	-	-	-	-	0.10	-	-	-	-	-
Saudi Arabia	0.07	-	0.09	0.06	0.10	0.10	0.06	0.21	0.09	0.12	0.07
Senegal	0.04	0.06	0.04	0.04	0.10	0.32	0.04	0.21	0.09	0.10	0.04
Sierra Leone	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	0.04
Singapore	0.05	0.06	-	0.05	0.10	0.10	0.05	0.21	0.09	0.32	0.05
Somalia	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.21	0.09	-	-
South Africa	0.54	-	-	-	0.55	2.62	0.49	1.66	0.87	-	0.52
Southern Rhodesia . . .	-	-	-	-	-	-	0.02 ^{h/}	0.21	0.17	-	-
Spain	1.04	1.04	1.30	0.98	1.23	2.62	0.94	0.62	0.96	1.60	1.00
Spanish Provinces in Africa	-	-	-	-	-	0.10	-	0.21	-	-	-
Sri Lanka	0.05	0.06	0.06	0.05	0.10	0.53	0.05	0.21	0.26	-	0.05
Sudan	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.21	0.17	-	0.04
Swaziland	0.04	-	0.04	-	-	0.10	-	0.10	-	-	-
Sweden	1.25	1.58	1.57	1.18	1.15	1.57	1.13	2.08	1.39	2.00	1.20
Switzerland	-	1.18	1.05	0.79	1.02	1.57	0.76	2.08	1.13	0.17	0.81
Syrian Arab Republic . .	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.21	0.17	0.10	0.04
Thailand	0.13	0.18	0.16	0.12	0.15	0.32	0.12	0.42	0.35	-	0.12
Togo	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Tonga	-	-	-	-	-	0.10	-	0.10	-	-	-
Trinidad and Tobago . .	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.21	0.09	0.11	-
Tunisia	0.04	0.06	0.04	0.04	0.10	0.53	0.04	0.42	0.09	0.11	0.04
Turkey	0.35	0.49	0.44	0.33	0.33	1.57	0.31	0.42	0.52	0.37	0.34
Uganda	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	0.04
Ukrainian Soviet Socialist Republic . .	1.87	1.59	-	1.77	-	1.57	1.68	0.62	1.66	-	1.80

Members ^{a/}	United Nations ^{b/} (per cent)	ILO (per cent)	FAO (per cent)	UNESCO (per cent)	ICAO (per cent)	UPU (per cent)	WHO (per cent)	ITU (per cent)	WMO (per cent)	IMCO (per cent)	IAEA ^{c/} (per cent)
Union of Soviet Socialist Republics .	14.18	10.45	-	13.41	13.39	2.62	12.77	6.24	10.65	6.69	13.63
United Arab Emirates . .	0.04 ^{d/}	0.06	-	0.04	-	-	0.04	-	-	-	-
United Kingdom of Great Britain and Northern Ireland . . .	5.9	8.27	7.39	5.58	5.82	2.62	5.31	6.24	6.02	10.65	5.67
United Kingdom Overseas Territories	-	-	-	-	-	0.53	-	0.21	0.27 ^{i/}	0.16 ^{j/}	-
United Republic of Tanzania	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	-
United States of America	31.52	25.00	31.52	29.80	28.75	2.62	30.82	6.24	23.93	6.72	31.52
United States Overseas Territories	-	-	-	-	-	1.57	-	5.20	-	-	-
Upper Volta	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Uruguay	0.07	0.09	0.09	0.06	0.10	0.32	0.06	0.21	0.35	0.16	0.07
Venezuela	0.41	0.50	0.51	0.39	0.42	0.32	0.37	0.62	0.52	-	0.39
Western Samoa	-	-	-	-	-	-	0.04	-	-	-	-
Yemen	0.04	0.06	0.04	0.04	0.10	0.10	0.04	0.21	0.09	-	-
Yugoslavia	0.38	0.40	0.48	0.36	0.31	1.57	0.34	0.21	0.52	0.69	0.36
Zaire	0.04	0.06	0.04	0.04	0.10	0.32	0.04	0.21	0.35	-	0.04
Zambia	0.04	0.06	0.04	0.04	0.10	0.32	0.04	0.21	0.17	-	0.04

a/ A dash (-) against a Member indicates that it is not a member of the organization in question or that its assessment has not been determined.

b/ The United Nations scale of assessment was adopted by the General Assembly in resolution 2654 (XXV) and resolution 2762 (XXVI).

c/ Represents the base rate of assessment; the actual scale to be applied to the regular budget is adjusted in respect of Safeguards expenditure.

d/ The rates of assessment for Bahrain, Oman, Qatar and the United Arab Emirates are recommended by the Committee on Contributions in its report to the General Assembly at its twenty-seventh session (Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 11 (A/87/11 and Corr.1)).

e/ The percentage of 0.67 is the one appearing in resolution A 18-26 adopted on 7 July 1971.

f/ Consisting of the Comoro Islands, French Polynesia, the French Territory of the Afars and Issas, New Caledonia and St. Pierre and Miquelon, each assessed at 0.09 per cent.

g/ Two separate Members, each paying 0.09 per cent.

h/ Associate Member.

i/ Consisting of the Bahamas, British Caribbean Territories and Hong Kong, each assessed at 0.09 per cent.

j/ Hong Kong, an Associate Member, has an assessment of 0.16 per cent.

F. Collection of contributions

39. The following table shows for 1971 and 1972 the percentage of contributions to the regular budget collected at 30 June and 30 September, together with the total of contributions outstanding at the latter date.

(In United States dollars)

<u>Organizations</u>	<u>Percentage of current year's contributions collected at</u>				<u>Total of all contributions outstanding at 30 September (regardless of year of account)</u>	
	<u>30 June</u>		<u>30 September</u>		<u>1971</u>	<u>1972</u>
	<u>1971</u>	<u>1972</u>	<u>1971</u>	<u>1972</u>	<u>\$</u>	<u>\$</u>
ILO	53.95	53.77	58.26	57.99	19 765 784	22 655 680
FAO	50.07	42.61	76.57	74.53	8 677 115	11 253 634
UNESCO ^{a/}	32.23	35.74	57.55	78.90	18 181 238	17 594 546
ICAO	49.82	44.60	69.20	67.58	3 162 548	3 610 735
UPU	47.79	43.13	69.18	66.53	732 740	640 471
WHO	30.48	36.91	75.14	69.24	18 942 164	26 001 645
ITU	87.14	91.46	92.94	93.50	2 414 479	2 802 585
WMO	57.14	52.71	69.69	70.2	1 264 996	1 442 082
IMCO	31.54	63.04	75.23	69.82	464 123	712 271
IAEA	31.25	36.81	65.98	67.70	5 360 139	6 493 610
United Nations . . .	27.04	32.55	55.98	65.48	101 353 189	98 240 910

^{a/} Excludes contributions of new Member States and Associate Members and arrears of contributions payable in annual instalments.

IV. DETAILED COMMENTS ON THE 1972 BUDGETS OF THE AGENCIES

A. International Labour Organisation

	<u>1972</u> <u>appropriations^{a/}</u>	<u>1973</u> <u>estimates^{a/}</u>
	\$	\$
Personnel services ^{b/}	32 526 100	32 526 100
General services	5 761 770	5 761 770
Special projects and activities ^{c/}	2 419 830	2 419 830
Other budgetary provisions	443 800	443 800
TOTAL (gross) .	41 151 500	41 151 500
Less: Income from staff assessment (estimated)	5 400 000	5 400 000
Other revenue ^{d/}	914 500	914 500
TOTAL (net) . .	34 837 000	34 837 000

^{a/} There are no separate ILO budgets for 1972 and 1973. The figures for these two years represent in each case one half of the appropriations for the financial period 1972-1973.

^{b/} Adjusted for comparative purposes to include estimates for staff assessment.

^{c/} Fellowships, grants and contributions.

^{d/} Consists of part of estimated receipts from UNDP in respect of executing agency costs. It was not known at the time of preparation of the programme and budget for 1972-1973 what new arrangements would be adopted for the reimbursement of overhead costs incurred for projects financed by UNDP, but it appeared possible to count on receiving at least the same amounts as in 1970-1971. The deduction was therefore maintained at the 1970-1971 level.

40. The Advisory Committee discussed the implementation of the programme and budget for 1972-1973 and related matters with the Director-General of the ILO and his representative.

41. A net expenditure budget of \$69,674,000 for the biennium 1972-1973 was approved by the International Labour Conference at its fifty-sixth session in June 1971. The Advisory Committee reported thereon and on the related programme of work to the General Assembly at its twenty-sixth session (A/8538, paras. 15-24). The Committee also referred to the financial difficulties besetting the Organisation and to the remedial action taken by the International Labour Conference, the Governing Body and the Director-General (A/8538, paras. 13, 14, 25-27). In particular, the Conference, at its session in June 1971, adopted a resolution in which it decided "as an exceptional waiver of the relevant provisions of the Financial Regulations" that, "if the difference between budgetary receipts and expenditure in either of the financial periods 1970-1971 or 1972-1973 should constitute a credit balance, such balance shall be paid into a Temporary Special Account, to be utilized for purposes to be determined subsequently by the Governing

42. At the beginning of the biennium 1972-1973, the ILO was faced with problems involving both the budgetary position and the cash position. The budgetary problem arose from the fact that currency changes which had taken place up to the end of 1971, in particular the revaluation of the Swiss franc in relation to the United States dollar, added an estimated \$5,570,000 to the requirements under the regular budget if the approved programme for the biennium were to be carried out in full. The cash problem was caused by very substantial shortfalls in payments of assessments (amounting to a total of \$15.6 million by the end of 1971) and the uncertainty as to the future prospects for collection of a large amount of the arrears and of the contributions assessed for 1972 and 1973. The cash problem naturally complicated the task of dealing with the budgetary problem.

43. Faced with the income uncertainties referred to above, the Governing Body decided, at its one hundred and eighty-fifth session in February-March 1972, that programme cutbacks and postponements in 1972 should total approximately \$7,750,000, that is, more than 22 per cent of the 1972 portion of the net appropriations for the biennium. They were to be achieved in the following areas:

	\$
Contributions to extra-budgetary programmes	550 000
Meetings	747 500
Technical co-operation projects	1 800 000
Research	630 000
Publications and public information	430 000
Headquarters administration of technical co-operation	138 000
Regional activities	870 000
Administrative activities	1 354 000
Official travel (headquarters staff)	133 000
Miscellaneous	1 097 500
	<u>7 750 000</u>

44. As a partial response to the budgetary difficulty, the Governing Body had already decided in May-June 1971 that \$650,000 provided for other purposes in the 1972-1973 programme and budget should be diverted as a contribution towards meeting the cost of the May 1971 currency changes; and, in November 1971, it had requested the Director-General to make savings to meet the costs resulting in the early months of 1972 from the August 1971 changes. Action with respect to the remaining cost increases which, by the end of 1971 were estimated to amount to approximately \$4,750,000, had been postponed, although the International Labour Conference had been advised in June 1971 that a supplementary estimate might be necessary to cover the amount then foreseen.

45. By the time the Governing Body held its one hundred and eighty-sixth session (May-June 1972), it became reasonably certain that the payment of a substantial amount of arrears of contributions would not be delayed much longer. Their receipt would ease the cash position of the organization. Accordingly, the Governing Body felt able to approve measures designed to be the first stage in a long-term restoration of ILO activities.

46. Those measures included the holding in 1972 or 1973 of several major tripartite meetings previously deferred; the strengthening of the major programme of International Labour Standards; the restoration of resources to complete decentralization in the Asian region, and to permit decentralization to Latin America, for which the target date of 1 January 1973 would be maintained; the gradual release of resources needed to establish the framework of the African Jobs and Skills Programme; and the restoration of part of the cut made in the cash subsidy to the International Centre for Advanced Technical and Vocational Training at Turin, and the earmarking of resources for holding the internship course of the International Institute for Labour Studies in 1973.

47. In order to meet the budgetary deficit of \$4,750,000 (see paragraph 44 above), the Director-General proposed to the Governing Body, at its session in February-March 1972, an additional assessment in 1973 in that amount, under article 20, paragraph 3 (b), of the Financial Regulations. Certain revisions to the proposal were considered by the Governing Body at its session in May-June. When the Conference considered the question at the end of June 1972, the Director-General was able to withdraw the proposal, in view of the likelihood that a substantial amount of arrears of contributions would be received (see paragraph 45 above).

48. In July 1972, the ILO received \$7.7 million in arrears of contributions. In conformity with the Financial Regulations, this amount was credited to the Working Capital Fund in partial reimbursement of the withdrawals made in the 1970-1971 financial period to finance the amount by which budgetary expenditures in that period exceeded budgetary income.

49. The Advisory Committee was informed that the budgetary implications of the further monetary developments that had occurred since late June 1972 were not yet clear, but that they could amount to several hundred thousand dollars during the remainder of the biennium.

50. During his meeting with the Advisory Committee, the Director-General reiterated the point he had made in his statement to the International Labour Conference that he could not achieve, through increased efficiency, savings of the order needed to compensate for the higher costs attributable to inflation and currency realignments.

51. In other words, his decision not to request additional appropriations implied that the approved programme for 1972-1973 would not be carried out in full. No over-all level had yet been established for ILO activities in 1973, pending decisions to be taken by the Governing Body.

52. The Director-General informed the Advisory Committee that his preliminary estimate of the resources that would be required in 1974-1975 to sustain the level of activities approved in the programme and budget for 1972-1973 was that they would approach \$90 million, including the costs arising from the move to the new building.

Premises

53. In its report to the General Assembly at its twenty-sixth session, the Advisory Committee indicated that the ILO had negotiated a penalty/bonus clause with the contractor responsible for the structural work on the new headquarters building in Geneva (A/8538, para. 29). The Advisory Committee has now been informed that this structural work is ahead of schedule and that the ILO expects to move into its new building in 1974. Ninety per cent of all contracts have been awarded and there is at present no indication that would lead to the conclusion that, even after allowing for the bonus payable to the contractor, the cost estimates (expressed in Swiss francs) will be exceeded.

Structure of the International Labour Office

54. In its review of the administrative and management procedures concerning the programme and budget of the International Labour Organisation, the Advisory Committee drew the Director-General's attention to the fact that the Relations and Conference Department and the Editorial and Public Information Department each combined distinct, and essentially unrelated, functions (A/8140, para. 17 (a) and (b)). The Advisory Committee has been informed that the Director-General has taken steps that go some way towards meeting those observations. In May 1972, the Public Information Branch was taken out of the Editorial and Public Information Department; the Branch now reports directly to the Director-General. Secondly, all activities relating to printed and mimeographed publications, responsibility for which had been shared between the Relations and Conference Department and the Editorial and Public Information Department, have been concentrated in the latter department. To reflect its new responsibilities, the Department has been renamed Editorial and Document Services Department.

55. Other decisions taken by the Director-General in May 1972 involved the transfer of certain functions between the Social Institutions Development Department and the Employment Planning and Promotion Department.

Collection of contributions

56. In its report to the General Assembly at its twenty-sixth session, the Advisory Committee stated that the Governing Body had requested the Director-General to report to it on the question of interest payments on late contributions (A/8538, para. 28). In pursuance of that request, the Director-General submitted to the Financial and Administrative Committee of the Governing Body papers on concrete means of encouraging prompt payment of assessed contributions; the

Committee considered them at its sessions in February-March and May-June 1972. The papers dealt primarily with possible arrangements for the charging of interest on late payments, but suggestions were also put forward concerning possible positive inducements to prompt payment in the form of rebates. The Financial and Administrative Committee will resume consideration of the question at its 188th session in November 1972.

B. Food and Agriculture Organization of the United Nations

	<u>1972</u>	<u>1973</u>
	<u>Part of appropriation for biennium</u>	
	\$	\$
<u>Personnel services</u>	<u>40 931 470</u>	<u>41 098 172</u>
Salaries and wages (gross)	32 445 370	32 492 134
Common staff costs	8 486 100	8 606 038
<u>General services</u>	<u>6 815 250</u>	<u>6 777 483</u>
Travel on official business	1 541 000	1 541 140
Contractual services	1 239 570	1 239 569
General operating expenses	2 927 900	2 927 934
Supplies and materials	786 780	778 790
Acquisition of property and equipment . . .	320 000	290 050
<u>Special projects and activities</u>		
Fellowships, grants and contributions . . .	359 080	359 095
Other	1 971 200 ^{a/}	1 986 250 ^{a/}
Total (gross) .	<u>50 077 000</u>	<u>50 221 000</u>
Less: Income from staff assessment	7 028 000	6 972 000
Other revenue	3 339 000 ^{b/}	3 339 000 ^{b/}
Total (net) . .	<u>39 710 000</u>	<u>39 910 000</u>

a/ Includes, for both years, the Joint FAO/IBRD Co-operative Programme; Co-operation with Area Banks; Joint FAO/WHO Food Standards Programme; Joint FAO/UNICEF/WHO Protein Advisory Group; participation in institutions of the United Nations common system; Joint Committee for the Promotion of Agricultural Co-operatives; Technical Advisory Committee; contingencies.

b/ Includes in each year (i) half of the lump sum allocation of \$4,338,000 from the UNDP/Technical Assistance Special Account, pending removal of this amount from the 1972-1973 Regular Programme appropriations and revenue; and (ii) \$2,340,000 from miscellaneous income, totalling \$6,678,000 for 1972-1973.

57. The Advisory Committee discussed developments affecting the programme of work and budget of FAO for 1972-1973 with representatives of the Director-General. In its report of last year on the administrative budgets of the agencies, the Committee had described the main features of the budget, which on a gross basis amounts to \$100,298,000 for the two-year period (A/8538, paras. 33-55). Following is a breakdown by appropriation chapter:

Chapter	1972	1973
	Part of appropriation for biennium	
	\$	\$
1. General policy and direction	2 833 640	3 171 100
2. Technical and economic programmes	22 690 190	22 329 286
3. Field programme and development support	9 527 240	9 808 744
4. Special programmes	1 630 450	1 623 880
5. General programme services	3 495 580	3 450 420
6. General support	9 595 900	9 533 570
7. Miscellaneous expenditure	204 000	204 000
8. Contingencies	100 000	100 000
Total (gross)	50 077 000	50 221 000
Less: Income from Staff Assessment	7 028 000	6 972 000
Other revenue	3 339 000 ^{a/}	3 339 000 ^{a/}
Total (net)	39 710 000	39 910 000

a/ Includes in each year (i) half of the lump sum allocation of \$4,338,000 from the UNDP/Technical Assistance Special Account, pending removal of this amount from 1972-1973 Regular Programme appropriations and revenue; and (ii) \$2,340,000 from miscellaneous income, totalling \$6,678,000 for 1972-1973.

Unbudgeted costs in the biennium 1972-1973

58. When, in the autumn of 1971, the FAO Conference approved the programme of work and budget for 1972-1973, it was already considered likely that extra costs of about \$3,600,000 would arise during the biennium as a result of currency adjustments and a more rapid increase in the cost of living in Italy than envisaged in the budget. In fact, experience during the first eight months of 1972 suggests that that figure was significantly underestimated; the Director-General now expects that costs for which no budgetary provision was made would have totalled \$6,865,000 had remedial action not been taken. Of that amount, \$4,440,000 is attributable to higher staff costs, due partly to exchange adjustments and partly to cost-of-living increases; the balance is directly attributable to exchange adjustments.

59. At the time the budget was approved, the Director-General undertook to achieve savings of about \$600,000 to help offset the additional expenses that were already foreseen. In addition, the Conference authorized the withdrawal of \$1 million from the Working Capital Fund and envisaged the possibility of a further withdrawal of \$2 million at a later date, if necessary.

60. In the light of subsequent forecasts of costs, the Director-General, acting on the advice of a consultant, set aside a reserve of about \$2 million, which he intended to achieve by reducing travel, increasing the delay in and therefore the budgetary deduction for recruitment to vacant posts, reducing the use of cables and long-distance telephone calls and reducing other operating expenses. When it became clear that even these savings would be insufficient to offset the increased costs expected by FAO and, given the uncertainty surrounding payment by one of FAO's largest contributors of its assessed share of the budget, the Director-General took emergency measures: the freezing of staff vacancies and the non-renewal of fixed-term contracts. Allotments to programme managers were limited to 90 per cent of the amounts appropriated.

61. The representatives of the Director-General informed the Advisory Committee that it was as yet too early to forecast accurately what the likely impact of these recent measures would be on the level of budgetary savings for the biennium. They were hopeful, however, that, if there were no further adverse currency movements and if the cost of living in Italy did not accelerate further, the savings would be sufficient to offset the unbudgeted costs and that there would be no need to make any withdrawals from the Working Capital Fund (see para. 59 above). Such withdrawals would seriously deplete the Fund, the currently assessed level of which is \$4,639,050.

62. At its twenty-seventh session (May-June 1972), the Finance Committee of FAO expressed its concern at the financial situation of the organization and fully supported the recruitment freeze described in paragraph 60 above. In addition, it suggested a number of other measures to achieve savings, including the "lightening of the structure" of FAO, involving a reduction in the staff; the elimination of low-priority publications; further reductions in travel costs (partly by a reduction in the entitlement to first-class travel); a review of the grade levels of vacant or "frozen" posts and the attribution to Governments of host countries of the full extra costs of holding FAO meetings away from Rome. The Committee asked the Director-General to report on such possible savings to its session in October 1972.

63. Another suggestion by the Finance Committee was that the Director-General explore the possibility of presenting alternative budget proposals, one involving a lower level and the other a higher level of expenditure. The Advisory Committee was informed that the Director-General had not yet reached a decision on whether to submit such alternative proposals for the budget for 1974-1975; he would present his views at the session of the FAO Council in November 1972.

Elimination of low-priority activities

64. The Advisory Committee noted that, at its twenty-first session (May 1972), the FAO Programme Committee agreed that, in his programme of work and budget for 1974-1975 and for future biennia, the Director-General should make a special effort

to eliminate low-priority activities, "so as to achieve maximum results with the limited resources available". ^{4/} In the Programme Committee itself, some broad conclusions as to priorities emerged, but its report calls attention to difficulties encountered by the FAO committees on fisheries, agriculture and forestry, and suggests that the Director-General take the lead in proposing an adjustment of FAO programmes which would eliminate activities of marginal value. The Advisory Committee was informed that this was now being done.

65. In a related area, the Advisory Committee noted that, as a result of a continuing survey of statutory bodies of FAO, the Director-General had abolished five panels of experts, while one organ of FAO had abolished four of its subsidiary bodies. In addition to these measures, the Programme Committee, at its session in May, recommended to the FAO Council the abolition of two other FAO bodies and six joint FAO/WHO committees (the latter in agreement with WHO). The Advisory Committee commends this progress towards simplifying the committee structure of FAO.

Proposals to deal with unbudgeted costs in future budgets

66. When it became clear, in November 1971, that FAO would be faced with significant unbudgeted expenditures during the period 1972-1973, the Director-General was asked to report on methods which might be used to prevent a recurrence of such difficulties in the future, with particular reference to the effects of monetary adjustments. At its twenty-seventh session, the Finance Committee singled out for further study various possible approaches and the Advisory Committee awaits with interest the further report which the Director-General is preparing on them.

Matters relating to UNDP

67. The budget tables provided at the beginning of this section do not take account of the decision of the FAO Conference, at its sixteenth session (November 1971), to remove from the FAO regular budget - on both the expenditure and income sides - the overhead costs accruing to FAO for implementing technical assistance-type projects financed from UNDP. In the light of the consolidation by UNDP of its Technical Assistance and Special Fund components, FAO will henceforth credit all UNDP overhead payments to a special account distinct from the regular budget. Currently FAO is engaged in identifying the posts affected and removing the amounts in question (\$4,338,000 for the biennium) from the 1972-1973 budget.

68. In the report on its twenty-seventh session, the Finance Committee of FAO called attention to the possibility that FAO might have to repay to UNDP about \$5 million which were "overdrawn" in recent years to pay for the cost of implementing UNDP projects. The Advisory Committee notes that this matter is under negotiation between FAO and UNDP. Naturally any settlement would require the endorsement of the governing bodies of the two organizations.

^{4/} FAO document CL 59/7, para. 83.

Accommodation

69. In its report on the administrative budgets of the agencies for 1972, the Advisory Committee indicated that the Government of Italy intended to make available to FAO, on a rent-free basis, shortly after the spring of 1972, (A/8538, para. 55), building "D" of the headquarters complex, currently occupied by the Italian Ministry of Posts and Telecommunications. However, it is now expected that FAO will not be able to occupy the building before the end of 1972, or in 1973. On the other hand, the Italian Government made a special contribution of about \$500,000 in 1971 and has pledged a similar amount in 1972. This donation is not credited to the regular budget, but to a trust fund and is used for certain premises expenses, training facilities, the development of an associate expert scheme, support of some field projects and other purposes.

C. United Nations Educational, Scientific and Cultural Organization

	<u>1972</u> <u>appropriations</u> ^{a/} \$	<u>1973</u> <u>estimates</u> ^{b/} \$
<u>Personnel services</u>	<u>31 753 908</u>	<u>37 726 300</u>
Salaries and wages (gross)	27 233 136	32 208 300
Staff allowances	4 520 772	5 518 000
<u>General services</u>	<u>9 959 908</u>	<u>10 549 200</u>
Travel and transportation	2 656 044	3 085 800
Contractual and other services	5 934 631	5 958 700
Supplies and materials	712 750	963 500
Property and equipment	656 483	541 200
<u>Special projects and activities</u>	<u>12 697 021</u>	<u>15 206 400</u>
<u>Other budgetary provisions</u>	<u>-</u>	<u>1 525 500</u>
Total, gross	<u>54 410 837</u>	<u>65 007 400</u>
<u>Less: Income from staff assessment</u>	<u>6 475 400</u>	<u>7 031 400</u>
Other revenue	<u>3 421 456</u>	<u>7 257 300</u>
Total, net	<u>44 513 981</u>	<u>50 718 700</u>

a/ 1972 portion of the approved budget for 1971-1972, of \$89,898,560 net, plus \$2 million advanced from the Working Capital Fund, plus special contributions of \$34,760, making a total of \$91,933,320 net. Supplementary estimates are being presented to the General Conference at its seventeenth session (see para. 71 below).

b/ 1973 portion of the estimates for 1973-1974 of \$119,954,611 net, recommended by the Executive Board to the General Conference, tentatively broken down on the basis of the ratio of the obligations in each year of the biennium 1969-1970.

70. The Advisory Committee discussed the budgetary outlook in 1971-1972 and the budget estimates for 1973-1974 with representatives of the Director-General of UNESCO.

The budgetary outlook for 1971-1972

71. In its report to the General Assembly at its twenty-sixth session, the Advisory Committee indicated that wage and price increases were running at a much higher rate than had been foreseen - and provided for - when UNESCO's programme and budget for 1971-1972 had been approved (A/8538, para. 62). The Committee was informed that the inflationary pressures had continued and that the revaluation of the French franc in relation to the United States dollar had also added appreciably to the dollar cost of UNESCO's programme. In 1971, it became necessary to utilize in full the Appropriation Reserve for the biennium (\$2,353,900). In addition, the Director-General, by virtue of the authority currently vested in him, withdrew \$2 million from the Working Capital Fund to meet higher salaries and wages. Additional requirements would be met by transfers within the approved budget (see for instance paragraph 90 below) and by the submission of supplementary estimates in the amount of \$2,142,600, to be offset by additional revenue from UNDP by way of reimbursement for overhead costs.

The monetary situation

72. To study the effects of the monetary situation on the financing of the budget, the Executive Board set up an Ad Hoc Committee consisting of 14 Board members. That Committee considered various possible approaches to the problem, but its conclusions and recommendations were still awaited when the Advisory Committee met with UNESCO.

Budget estimates for 1973-1974

73. The budget estimates as originally submitted by the Director-General, on the basis of an accounting rate of 5.52 French francs to \$US 1.00, amounted to \$112,505,000 net for the biennium. To reduce the budgetary impact of the change in the parity rate to 5.01 French francs to \$US 1.00, which necessitated the submission of revised estimates, the Director-General informed the Executive Board that he was cutting his original request by \$1,109,000. The reduction included \$200,000 for travel, \$100,000 each for temporary assistance and consultants and \$10,000 for hospitality. The bulk of the decrease (\$700,000), however, related to a scaling down of the estimated rate of growth of General Service salaries; to the extent that General Service salary increases are governed by an agreed methodology and are based on factors external to UNESCO, the Advisory Committee draws attention to the fact that the saving in question may not materialize. The increased dollar cost attributable to the revaluation of the French franc was \$8,558,611. Thus, the revised estimates for 1973-1974 amounted to \$119,954,611 net. At its eighty-ninth session, the Executive Board recommended them to the General Conference for favourable consideration.

74. A comparison by part of the budget between the approved budget for 1971-1972 and the estimates for 1973-1974 is given in the following table:

(In United States dollars)

Part of budget	1971-1972	1973-1974	Increase (decrease) over 1971-1972					
	Appropriations	Estimates	Cost increase		Programme increase		Total	
	\$	\$	\$	Per cent	\$	Per cent	\$	Per cent
A. OPERATING BUDGET								
Part I. General policy . .	1 540 020	2 052 255	408 720	26.6	103 515	6.7	512 235	33.3
Part II. Programme operations and services	54 500 117	72 621 345	13 706 951	25.1	4 414 277	8.1	18 121 228	33.2
Part III. General Administration and Programme Supporting Services	13 417 134	18 209 380	4 239 004	31.6	553 242	4.1	4 792 246	35.7
Part IV. Publications, Documents and Translation Services	6 392 410	8 925 025	2 119 045	33.1	413 570	6.5	2 532 615	39.6
Part V. Common services .	7 291 707	9 873 895	2 201 780	30.2	380 408	5.2	2 582 188	35.4
Subtotal, Parts I - V . .	83 141 388	111 681 900	22 675 500	27.3	5 865 012	7.0	28 540 512	34.3
Part VI. Appropriation Reserve	2 353 900	4 310 175	1 956 275	83.1	-	-	1 956 275	83.1
TOTAL A, Operating Budget	85 495 288	115 992 075	24 631 775	28.8	5 865 012	6.9	30 496 787	35.7
B. INVESTMENT BUDGET								
Part VII. Capital Expenditure	4 403 272	3 962 536	-	-	(440 736)	(10.0)	(440 736)	(10.0)
GRAND TOTAL	89 898 560	119 954 611	24 631 775	27.4	5 424 276	6.0	30 056 051	33.4

75. The cost increase of \$24.6 million shown in the above table represents UNESCO's estimate of the additional expenditure that would be needed if the 1971-1972 approved programme of work were to be carried out on the basis of prices as of 1 January 1973. By adding this estimate to the 1971-1972 appropriations, the Director-General of UNESCO obtained a "recosted base", which he used when formulating his programme and budget proposals for 1973-1974. The amount of \$24.6 million reflects both the cost increases that have already taken place and a projection of increases likely to occur before the end of 1972, but it does not include any provision for cost increases that may arise in 1973-1974. Partial provision for the latter is contained in part VI of the budget, Appropriation Reserve (\$4,310,175), which is intended to meet the effect of the 1973 movements in wages and prices on expenditures in 1973 and 1974. The budget estimates contain no provision for possible additional wage and price movements in the second year of the biennium.

76. Programme increases under the operating budget are estimated at nearly \$5.9 million for the biennium, or 6.9 per cent of the approved operating budget for 1971-1972. If the latter is recosted in the manner indicated in the preceding paragraph to reflect prices on 1 January 1973, the proposed programme increase becomes 5.3 per cent, assuming that the 1971-1972 approved programme of work is carried out in full; if it is not, the programme increase is correspondingly larger.

77. Under part I (General policy), the increase is primarily the result of the extended use of Arabic as a working language of the General Conference and of higher external audit costs.

78. The programme increase of \$4.4 million under part II (Programme operations and services) may be broken down as follows:

	\$
Education Sector	1 504 940
International Bureau of Education	58 265
Natural Sciences	1 317 231
Social Sciences, Humanities and Culture	863 376
Communication	612 545
International Standards, Relations and Programmes	57 920

79. In terms of staff, the estimate under part II provides for an increase of 124 posts in 1973 over 1972 (43 Professional and above, 81 General Service); a further increase of three Professional and four General Service posts is foreseen in 1974. The Advisory Committee was informed that most of these posts relate to UNDP projects for which UNESCO is the executing agency; UNESCO's approach is to incorporate in the regular budget all "overhead" posts and activities under both the former Technical Assistance and Special Fund components of UNDP.

80. The largest increases in 1973 are proposed for headquarters activities in education (18 Professional, 27 General Service) and natural sciences (12 Professional, 11 General Service). In the latter sector, considerable expansion is foreseen in the manpower employed in ecology and the earth sciences. The Advisory Committee draws the attention of the competent organs to the need to ensure that the expansion of staff resources in these fields - which are of concern also to the United Nations and several specialized agencies other than UNESCO - does not lead to duplication of effort.

81. In the Social Sciences, Humanities and Culture Sector, the Director-General proposes to establish a post of director for a new Co-ordination Unit for Human Rights in the office of the Assistant Director-General and to upgrade to the director level the post of an official responsible for co-ordination of UNESCO's activities in the field of population and family planning, including those financed by the United Nations Fund for Population Activities. In these areas, too, there is need for co-ordination in the activities of the organizations in the United Nations system.

82. Under part III (General administration and programme supporting services), provision of \$25,000 per annum is made for a financial contribution to the proposed United Nations staff college.

83. The lower requirements for capital expenditure (part VII) result from changes in the scheduling of payments for loans related to the building and remodelling programmes.

Organization and staffing

84. The programme and budget proposals for 1973-1974 include several organizational changes in the UNESCO secretariat. The most significant ones are the following:

(a) A reduction from four to three 5/ in the number of Departments in the Education Sector;

(b) The restructuring of the Bureau of Documents and Publications into two separate units - the Office of Publications (responsible for the various outward-oriented activities relating to programme publications) and the Bureau of Translations and Documents (responsible for translations and for documents of a primarily internal character);

(c) Conversion of the Regional Office for liaison, set up at Havana in 1949, into a Regional Office for Culture in Latin America and the Caribbean; this conversion does not involve additional manpower requirements.

5/ Department of Planning and Financing of Education; Department of Curriculum, Structure and Methods of Education; Department of Higher Education and Training of Educational Staff.

85. The authorized establishment for 1972 amounts to 2,026 posts; 6/ this total includes 78 posts (4 per cent of the number of posts budgeted) to provide a margin for meeting programme requirements, in accordance with the terms of the 1971-1972 Appropriation Resolution. In addition, there are 36 posts of experts working on specified projects away from headquarters, and a total of 213 maintenance and security posts.

86. The manning table proposed for 1973 consists of 2,238 posts, including expert posts and 86 posts to provide the 4 per cent margin. This represents an increase of 176 posts (61 Professional, 107 General Service, and 8 posts for the 4 per cent margin) over 1972. The number of maintenance and security posts is to rise by 8 to 221. The Advisory Committee was informed that the proposed staffing changes include the abolition of the D-2 post of Director, Bureau of the Comptroller, 7/ and its replacement by a D-1 post, and the reclassification of the post of Deputy Comptroller from D-1 to P-5. The Advisory Committee was informed by the UNESCO representatives that the proposed increase in UNESCO's manpower was primarily due to an increased workload related to UNDP-financed projects. But, given the substantial size of the increase, the Committee trusts that the competent organs of UNESCO will subject the request for additional manpower to careful scrutiny.

Financing of supplementary expenditures

87. Hitherto UNESCO has financed by withdrawals from the Working Capital Fund such unforeseen and unavoidable expenses arising during a financial period as could not be met by savings within the approved budget level; the advances from the Working Capital Fund were reimbursed to the Fund through a supplementary assessment during the following financial period. Thus, the General Conference had little or no say in determining the amount of the supplementary assessment.

88. To remedy this situation and to bring UNESCO's procedures more into line with the recommendations of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies, the Director-General proposed, and the Executive Board is recommending to the General Conference, that, as from the biennium 1973-1974, unforeseen and unavoidable expenses which cannot be met from within the approved budget be the subject of supplementary estimates in accordance with financial regulations 3.8 and 3.9, which provide that the Director-General may, whenever necessary, submit supplementary estimates to the Executive Board, which will review them and transmit them to the General Conference with such recommendations as the Board considers desirable. The Advisory Committee understands that the General Conference will be requested to approve certain consequential amendments to the Financial Regulations of UNESCO.

6/ Last year UNESCO informed the Advisory Committee that its establishment in 1972 would be 2,029 posts (see A/8538, para. 5, table).

7/ The Bureau of the Comptroller of UNESCO covers Internal Audit, Expenditure Control, General Accounts, Treasury and Staff Pensions and Insurance.

89. The Advisory Committee welcomes the proposed change in the financing of supplementary expenditures which will strengthen control by the competent organs of UNESCO over the budget of the Organization.

Construction projects

90. The Committee was informed that delays had occurred in the acquisition by the French Government of land for the sixth UNESCO building in Paris, the construction of which was authorized by the General Conference at its sixteenth session (A/8538, para. 70). Consequently, construction was not now expected to begin before January 1973. The delay reduced requirements under part VI (Capital expenditure) of the budget for 1971-1972; accordingly, the Executive Board decided, at its eighty-ninth session, to recommend to the General Conference that an amount of \$1,150,000 be transferred from part VI to parts I to V, towards meeting the additional dollar expenditures resulting from the changes in the parity of the United States dollar vis-à-vis the French franc and other currencies. The cost of the sixth building was expected to rise to \$13.7 million (as against the original estimate of \$11.5 million) because of the delay and the revaluation of the French franc.

Electronic data processing

91. In 1970, UNESCO acquired a computer (an ICL 1902 A). By the end of 1971, the computer had been used for 21 applications, approximately two thirds of which were administrative. But the time required for writing and testing programmes and for compiling computer files with valid data was greatly underestimated. In consequence, very serious delay was encountered in the production of several sets of financial accounts. Thereupon the Director-General requested a group of outside specialists to recommend remedial action; the group's recommendations are at present under study by the Director-General.

92. The Committee was glad to learn that UNESCO does not foresee the need for a larger computer as it is looking forward to the possibility, in a few years' time, of establishing a link with the International Computing Centre in Geneva.

D. International Civil Aviation Organization

	<u>1972</u> <u>appropriations</u>	<u>1973</u> <u>appropriations</u>
	\$	\$
Personnel services	8 974 500	9 211 600
General services	1 770 500	2 582 400
Special projects and activities	58 000	58 000
Other budgetary provisions	236 800	496 300
	<hr/>	<hr/>
TOTAL (gross)	11 039 800	12 348 300
Less: Income from staff assessment	1 657 800	1 784 300
Other revenue	527 000	535 000
	<hr/>	<hr/>
TOTAL (net)	8 855 000	10 029 000
	<hr/>	<hr/>

93. The Advisory Committee discussed the budget for 1973 and related matters with a representative of the Secretary-General of ICAO.

The budgets for 1972, 1973 and 1974

94. Every three years, the Assembly of ICAO approves appropriations for each of the three succeeding years. Thus, the process of preparing and approving budget estimates is triennial, but each appropriation applies to a single year. Except in the case of certain expenses, such as those for meetings, appropriations cannot be held over from one year to the next.

95. At its eighteenth session (June-July 1971), the Assembly of ICAO approved the following appropriations for the years 1972, 1973 and 1974:

<u>Budget part and section</u>	<u>1972</u> <u>appropriation</u>	<u>1973</u> <u>appropriation</u>	<u>1974</u> <u>appropriation</u>
	\$	\$	\$
PART I. MEETINGS			
1. Assembly	-	-	110 000
2. Air navigation meetings . .	282 400	244 400	222 000
3. Air transport meetings . . .	104 200	25 200	17 600
4. Legal meetings	12 900	12 900	12 900
5. Other meetings	5 000	5 000	5 000
	<hr/>	<hr/>	<hr/>
TOTAL, Part I	404 500	287 500	367 500

<u>Budget part and section</u>	<u>1972</u> <u>appropriation</u>	<u>1973</u> <u>appropriation</u>	<u>1974</u> <u>appropriation</u>
	\$	\$	\$
PART II. THE SECRETARIAT			
6. Office of the President of the Council and Office of the Secretary-General	2 395 300	2 460 300	2 521 600
7. Air Navigation Bureau	1 334 700	1 384 000	1 504 000
8. Air Transport Bureau	650 000	638 000	666 200
9. Legal Bureau	215 000	238 300	248 500
10. Bureau of Administration and Services	2 691 500	2 886 400	3 220 300
11. Common staff costs	1 861 900	1 865 000	1 991 100
TOTAL, SECTIONS 6-11.	9 148 400	9 472 000	10 151 700
Special provision for financing of additional expenditures	223 200	482 700	725 600
TOTAL, PART II, GROSS	9 371 600	9 954 700	10 877 300
Reduction for turnover of personnel	(142 000)	(203 000)	(400 000)
TOTAL, PART II.	9 229 600	9 751 700	10 477 300
PART III. GENERAL SERVICES			
12. Hospitality	6 000	6 000	6 000
13. Communication services	239 400	267 700	279 900
14. Rental and maintenance of premises and equipment	372 000	403 400	387 100
15. Internal and external printing	195 100	221 100	258 500
16. Travel on official business	125 500	123 500	126 500
17. Audio-visual training programme	40 200	40 200	40 200
18. Miscellaneous supplies and services	169 300	175 400	177 300
TOTAL, PART III	1 147 500	1 237 300	1 275 500
PART IV. EQUIPMENT			
19. Furniture, fixtures and equipment	167 100	982 800	54 600
20. Library books and periodicals	19 500	17 400	18 200
TOTAL, PART IV	186 600	1 000 200	72 800

<u>Budget part and section</u>	<u>1972</u> <u>appropriation</u>	<u>1973</u> <u>appropriation</u>	<u>1974</u> <u>appropriation</u>
	\$	\$	\$
PART V. OTHER BUDGETARY PROVISIONS			
21. Familiarization programme . .	13 200	13 200	13 200
22. <u>Ex-gratia</u> payments	400	400	400
23. Special projects	58 000	58 000	58 000
TOTAL, PART V.	71 600	71 600	71 600
TOTAL, PARTS I-V	11 039 800	12 348 300	12 264 700
Miscellaneous income	2 161 000	2 263 500	2 396 300
Staff assessment related to special provision for financing of additional expenditure	23 800	55 800	90 400
TOTAL, INCOME	2 184 800	2 319 300	2 486 700
TOTAL, NET	8 855 000	10 029 000	9 778 000

96. The gross appropriation for 1973 exceeds that for 1972 by \$1,308,500, or 11.8 per cent. Three factors are mainly responsible for that increase:

(a) The net addition of 22 posts (7 Professional, 15 General Service), of which 5 would be for substantive work and 17 in response to the Assembly's decision to introduce progressively the use of the Russian language in ICAO. The cost of these new posts in 1973 is estimated at \$206,500.

(b) The need to buy and instal equipment and furniture for the new premises being built for ICAO in Montreal (\$892,000). This item, which is a one-time charge, is responsible for the very large increase under section 19.

(c) An additional contingency provision of \$259,500 for higher salaries, post adjustments and pensionable remuneration of staff. Such a contingency provision, based on projections at the time the budget was drawn up, was made for each of the three years for which budgets were appropriated in 1971; the amount for 1972 was \$223,200, that for 1973 was \$482,700 and that for 1974 was \$725,600 (see table above, special provision under part II).

97. The increase of \$134,500 in expected income in 1973 is due mainly to higher staff assessment resulting from the additional posts and the expected rise in emoluments. Taking income into account, the net budget (that is, the amount to be assessed on Member States) would total \$10,029,000, 13.26 per cent above that for 1972.

98. Since ICAO intends to appoint the 17 Russian-language staff in September 1973, the budget provides for only part of their salaries and common staff costs. The Advisory Committee understands that the full-year cost of the 22 posts being added in 1973 would be in the order of \$300,800.

The establishment

99. The following table sets out the growth of the ICAO establishment during the period 1971-1974, as authorized by the Organization's Assembly:

<u>Category</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
Professional and above	209	233	240	255
General Service	338	374	389	400
Total	<u>547</u>	<u>607</u>	<u>629</u>	<u>655</u>
Increase from previous year	2	60	22	26

Effects of monetary fluctuations

100. When the budget estimates for 1972, 1973 and 1974 were prepared, (1971) costs in Canadian dollars were estimated on the basis of the then existing exchange rate of \$Can. 1.02 = \$US 1.00. With the Canadian dollar floating, the exchange rate is now about \$Can. 0.98 = \$US 1.00. This has meant additional United States dollar costs to ICAO in 1972, but the Secretary-General expects to be able to absorb them by offsetting savings. Should the present monetary situation continue during 1973, there will similarly be unbudgeted costs in that year; the Advisory Committee understands that such costs are about \$25,000 for each one point of upward movement of the Canadian dollar in relation to its United States counterpart. Pressure on the ICAO budget has also been brought about by upward revaluations of currencies in countries where it has regional offices.

101. The contingency provision referred to in paragraph 96 (c) above is intended to meet only increased costs related to salaries; there is no budgetary provision for increases in the cost of goods or contractual services which occur after the budget has been approved, and these must be compensated either by savings or by supplementary appropriations which the Council has authority to approve under the Financial Regulations.

New headquarters premises

102. The new premises of ICAO, which were to have been ready for occupancy in 1973, will not in fact be finished before 1974. These premises are being built by a private developer and will be leased to ICAO; the Canadian Government has agreed to contribute \$1.1 million a year to the rent payable by the Organization, which amounts to \$1,246,000 (including some basic maintenance costs and amortization of the cost of certain work to be carried out specifically for ICAO).

Scale of assessments

103. The Organization has an assessment principle^{8/} that the assessment rate of a Member State of ICAO cannot be increased by more than 10 per cent in any one year.

^{8/} Assembly resolution A12-30, clause (1) (e).

Accordingly, when in 1971 its Assembly reviewed the scale then in effect, the increase which it found justified in the percentage contribution of one Member State had to be spread over more than one year. The Assembly therefore adopted separate scales of assessment for each of the years 1972, 1973 and 1974. The 1973 scale is reproduced in table E above.

Proposed amendment to the Assembly's rules of procedure

104. The Standing Rules of Procedure of the Assembly of ICAO contain a rule (rule 43 A) which requires that (a) no resolution involving expenditure not provided for in the budget shall be recommended by committees and commissions of the Assembly unless it is accompanied by an estimate of expenditures prepared by the Secretary-General, and (b) no resolution involving expenditure not provided for in the budget shall be voted by the Assembly until its Administrative Commission has had the opportunity of stating the effect on the budget estimates. However, at the eighteenth session of the Assembly (June-July 1971), the Administrative Commission expressed the view that the text was ambiguous in that it did not expressly require that a commission or committee obtain from the Secretary-General, and be aware of, the estimates of the cost of any new proposal before it made any recommendation thereon. In response to a recommendation of the Commission approved by the Assembly, the Secretary-General has prepared a revised draft of the rule for consideration by the Council of ICAO, which will recommend to the Assembly at its next session (1974) a text designed to remove any ambiguity. Such a redrafting could be helpful in ensuring that the cost of any possible new proposal is considered before final recommendations are made to adopt it.

E. Universal Postal Union

	<u>1972</u> <u>appropriations</u>	<u>1973</u> <u>appropriations</u>
	\$ <u>a/</u>	\$ <u>a/</u>
Personnel services (net)	1 820 990	1 944 896
General services	787 083	816 068
Special projects and activities	-	-
Other budgetary provisions	-	-
	<u>2 608 073</u>	<u>2 760 964</u>
Less: Casual revenue	<u>555 365</u>	<u>485 000</u>
TOTAL (net)	<u>2 052 708</u>	<u>2 275 964</u>

a/ At 3.84 Swiss francs to \$US 1.00.

105. The timing of its session in 1972 made it possible for the Committee to discuss the budget of the Union with representatives of the Director-General of the Universal Postal Union (UPU). The Committee welcomed this opportunity, which gave it a better insight into the administrative and budgetary practices of UPU.

106. The Committee recalled that the budget of the Union is subject to a limit (for net expenditures) fixed by the Sixteenth Universal Postal Congress (Tokyo, 1969). That limit was set in gold francs. As a result of the revaluation of the Swiss franc in relation to gold in 1971 and of the rise in the cost of living, the Executive Council recommended that the Supervisory Authority (the Swiss Government) authorize that the expenditure limit be exceeded to the extent necessary to implement the budget for 1973. Similar action was taken last year in respect of the budget for 1972 (A/8538, para. 89).

107. The Advisory Committee was informed that net expenditures for 1972, as revised (see para. 108 below), will exceed the limit, as determined by article 122, paragraph 1, of the General Regulations, by the equivalent of \$58,752, and those for 1973 by the equivalent of \$187,637. Article 122, paragraph 3, however, permits the Union to exceed the limit by the equivalent of \$236,679 in 1972 and \$254,944 in 1973, to meet increases in staff emoluments. Thus, the net appropriations for 1972 and 1973 are within the limits specified in article 122, paragraphs 1 and 3.

Revised appropriations for 1972

108. At its session in May 1972, the Executive Council of UPU approved revised appropriations amounting to \$2,608,073 gross (\$2,052,708 net). The revised gross expenditure budget exceeds the initial appropriations by \$45,026. That increase is

more than offset, however, by a rise in revenue amounting to \$105,651. The net budget, therefore, shows a reduction of \$60,625 compared to the initially approved level. The Committee was informed that the 1972 increase in revenue is largely attributable to increased reimbursement by UNDP of overhead costs for technical co-operation projects executed by UPU.

Summary analysis of the budget for 1973

109. The 1973 appropriations (gross) show an increase of \$152,891 (that is, 5.9 per cent) over the revised appropriations for 1972. Higher staff costs account for \$123,906 of the increase and extra general services costs for \$28,985. The increase in personnel costs includes provision for three additional General Service posts, which raise the UPU establishment to 118.

110. The major increases under general services relate to postage (up \$10,677, or by just under 60 per cent) and documentation, including printing (up \$22,187); the major offsetting decrease relates to miscellaneous expenses (down \$11,718). The Advisory Committee was informed that most of the increases for general services, including the higher printing costs, relate to preparatory work for the next Universal Postal Congress, which will be held at Lausanne in 1974; the magnitude of the estimate for postage is attributable to the need to send by air mail a considerable volume of urgent documentation for the 1974 Congress.

111. On a net basis, the 1973 appropriations are \$223,256 (that is, 10.9 per cent) higher than the revised appropriations for 1972, because the Union estimates that its casual revenue in 1973 will be approximately \$70,000 less than in 1972. The decrease in casual revenue is attributable to the conservative approach to estimating reimbursement from UNDP for overhead costs relating to technical co-operation projects, and to the expectation that the proceeds from the sale of publications in 1973 will be lower than in 1972, when they were exceptionally high because of the sale of the Acts of the Universal Postal Congress held at Tokyo in 1969.

112. The largest single item of revenue is reimbursement from UNDP for overhead costs. Other major sources of revenue are the renting of premises in the headquarters building, the reimbursement of the cost of facilities provided for the language groups and proceeds from the sale of publications.

113. Revenue from the renting to third parties of three floors of offices and conference rooms in the UPU administrative building, which are currently surplus to UPU requirements, is estimated at \$111,120.

114. French is the only official language of UPU. The costs of services in other languages are defrayed by the users. Reimbursement for interpretation and other language costs provided from within the budget is estimated in 1973 at \$63,800.

115. The same principle is used for the provision of Union documents in languages other than French: their production is financed from an extra-budgetary account, the related costs being paid in full by the user language groups. The net amounts involved are (at 3.84 Swiss francs to \$US 1):

<u>Language group</u>	<u>1972</u>	<u>1973</u> <u>Estimates</u>
	\$	\$
Arabic	38 724	39 401
English	240 755	239 844
Spanish	33 737	27 969
	<u>313 216</u>	<u>307 214</u>

116. The following table gives a breakdown of the net budgets for 1972 and 1973 by major areas of activity (at 3.84 Swiss francs to \$US 1).

	<u>1972</u> <u>Revised</u> <u>appropriations</u>	<u>1973</u> <u>appropriations</u>
	\$	\$
Organs of the Union	62 846	89 794
Executive management of the International Bureau	222 118	233 827
Legal and constitutional questions; co-ordination of secretariat work of the Congress and of the Executive Council	99 556	103 652
Surface mail	147 774	148 646
Air mail, monetary instruments etc.	86 497	91 110
Postal studies programme and the secretariat of the Consultative Council for Postal Studies	128 073	147 567
Technical co-operation, instruction and operational activities	195 089	313 606
Information, documentation and <u>Union Postale</u>	246 271	242 840
Administration (finances and personnel)	246 502	248 649
Common services	386 845	423 068
Building	<u>231 137</u>	<u>233 205</u>
Total net expenditure	<u>2 052 708</u>	<u>2 275 964</u>

The Advisory Committee was informed that each area of activity has been charged with all clearly and readily identifiable costs that relate to it, and that all related revenue has been credited to it; and that the organizational chart serves as the basis for the allocation of costs by activity. Common services (for example, administrative services, messengers etc.) and general expenses which cannot be allocated to areas of activity are grouped together under the heading "Other common services".

117. The net costs of the information and documentation, including Union Postale, provided by the Union to its Members, account for more than 10 per cent of the budget. The Committee was informed that the net cost in 1973 of producing the multilingual monthly publication Union Postale is estimated at nearly \$97,000. This is because of the Union's policy of keeping subscriptions low, in view of the fact that the publication serves as the Union's major means of public information. None the less, the Advisory Committee trusts that the Executive Council will review the subscription rates from time to time so as to prevent the escalation of the net costs of issuing the publication. The fact that Union Postale is issued in one multilingual edition adds to the cost of publication without enhancing its usefulness to the readers. The Advisory Committee recommends that the Executive Council also consider this aspect of the question.

118. The Union does not participate in the United Nations Joint Staff Pension Fund. Prior to 1964, the Union had no pension scheme as such: it paid the whole of retirement and disability pensions, whereas survivors were insured by payment to each staff member of a sum equal to 15 per cent of his salary per annum, which he was free to invest subject to certain conditions. Since 1 January 1964, the Union has had its own Pension Fund, which is registered as a foundation under the Swiss Civil Code, but which enjoys certain privileges, such as exemption from taxation; the Fund's investments include real estate. When the Fund was set up, serving staff of UPU were given the option to join the scheme, whose scale of benefits is identical with that of the United Nations Joint Staff Pension Fund. Contributions to the Fund (14 per cent of gross salaries payable from the regular budget and 7 per cent payable by the participants) also follow the pattern of the United Nations Joint Staff Pension Fund.

119. The Advisory Committee noted that, in addition to providing for that contribution, the regular budget of the Union includes provision for a high-cost-of-living subsidy to retired staff (\$38,568 in the appropriations for 1973). The Committee was informed that all but some \$4,373 related to subsidies to staff who retired before 1964. The UPU Fund is in actuarial balance but, in view of the small number of participants, the Fund reinsures its risks. The Advisory Committee is of the view that the policy of charging to the regular budget the cost-of-living subsidy to pensioners whose benefits are paid by the UPU Fund is open to question. It trusts that the Executive Council will consider this question at an early opportunity.

120. The 1973 provision for hospitality expenses amounts to a total of \$8,464. This total is divided between chapter 15 (Hospitality expenses) and chapter 29 (Other expenses). The Advisory Committee suggests that, as long as the budget of the Union is presented on an object of expenditure basis, it will be more logical and convenient to group all hospitality expenses in one chapter.

121. As is indicated in table D above, UPU has no working capital fund. Its activities are financed by advances received from the Supervisory Authority (the Swiss Government). After the accounts for a particular year have been closed, the

net expenditures are apportioned among the Member States in accordance with a scale of assessment based on contributory units (see table E above). Thus, Member States pay for the activities of the Union ex post facto. The Committee was informed that about 85 to 87 per cent of contributions are paid within the year in which the requests for payment are presented.

122. The Union also has a small Reserve Fund (currently about \$65,000) which is financed from profits on the sale of postal identity cards, international postal reply coupons and postal travellers' cheques.

123. The Advisory Committee was informed that the Executive Council of UPU, at its session in May 1972, approved Financial Regulations which will go into force on 1 January 1973 (A/8538, para. 96). These regulations are consistent with the financial practices current in the United Nations system except for certain provisions which specifically apply to conditions in UPU (for example, the existence of a Supervisory Authority).

F. World Health Organization

	<u>1972^{a/}</u> <u>appropriation</u>	<u>1973</u> <u>appropriation</u>
	\$	\$
<u>Personnel services (net)</u> ^{b/}	<u>59 875 265</u>	<u>64 045 813</u>
Salaries (net)	44 480 084	47 779 062
Common staff costs	15 395 181	16 266 751
<u>General services</u>	<u>15 404 776</u>	<u>16 894 187</u>
Travel on official business	2 142 880	2 236 455
Contractual services	5 174 166	5 823 378
General operating expenses	3 154 229	3 324 825
Supplies and materials	2 682 907	3 071 690
Acquisition of furniture and equipment	1 682 494	1 872 539
Acquisition and improvement of premises	568 100	565 300
<u>Special projects and activities (fellowships, grants and contributions)</u>	<u>10 031 169</u>	<u>11 498 320</u>
<u>Other expenditure</u>	<u>723 080</u>	<u>736 080</u>
TOTAL EFFECTIVE WORKING BUDGET	86 034 290	93 174 400
<u>Add:</u> (i) Undistributed reserve	3 490 074	2 438 840
(ii) Estimated tax reimbursement	476 100	402 010
Total budget	90 000 464	96 015 250
<u>Less:</u> Credits other than assessments	5 510 704	3 233 000
TOTAL (net)	<u>84 489 760</u>	<u>92 782 250</u>

a/ Including supplementary appropriations (see paragraph 125 below).

b/ Staff assessment is estimated at \$10,176,160 for 1972 and \$12,760,950 for 1973. On a gross basis, therefore, personnel costs amount to \$70,051,425 in 1972 and \$76,806,763 in 1973.

124. The Advisory Committee discussed the budget appropriations of WHO for 1972 and 1973 with the representatives of the Director-General of the Organization.

Supplementary appropriations for 1972

125. The Twenty-fifth World Health Assembly, in May 1972, approved an increase in the effective working budget for 1972 in the amount of \$4,011,290 (resolution WHA25.5). Just under one quarter of that amount (\$978,400) resulted from a change of presentation consequent upon the merger of the Technical Assistance and Special Fund components of the United Nations Development Programme. In this connexion, the Assembly decided that, as from 1972, the activities previously financed from income received in the Special Account for Servicing Costs from UNDP (that is, those related to overheads for Special Fund projects) be incorporated into the regular budget and that income received or expected to be received in that account be used as required towards financing the regular budget (resolution WHA25.3). Of the balance of the increase (\$3,032,890), \$2,445,000 is attributable to increased costs consequent upon the realignment of currency exchange rates and \$587,890 represent new programmes. By resolution WHA25.1, dated 10 May 1972, the World Health Assembly decided "to restore all its rights to the People's Republic of China and to recognize the representatives of its Government as the only legitimate representatives of China to the World Health Organization". Consequent upon this decision, the contribution of China for the period May-December 1972 (\$1,769,186) became available towards the financing of the effective working budget. The World Health Assembly decided that the amount in question and \$1,263,704 from available miscellaneous income should be used to finance the balance of the increase in the effective working budget (\$3,032,890). The Assembly thus avoided making additional assessments on Members for the year 1972.

126. The decision of the World Health Assembly on the budgetary treatment of the overhead costs related to the execution of UNDP projects and the reimbursement from UNDP differs from the decision of the United Nations, 9/ the Food and Agriculture Organization 10/ and the intention of the International Labour Organisation 11/ to include all such transactions in a special extra-budgetary account. The Advisory Committee was informed by WHO that UNDP-financed projects, executed by WHO, represent only a small part of the Organization's fully integrated programme of technical assistance to Governments. In line with Economic and Social Council resolution 702 (XXVI), WHO took action in 1960 to consolidate in its regular budget all administrative and operational services costs, including those relating to the then Expanded Programme of Technical Assistance. Consequently, WHO no longer identified the overhead costs, or elements thereof, which might be attributable to projects financed from the former Technical Assistance component of UNDP. It was for those reasons that the World Health Assembly decided to consolidate in the regular budget the posts previously shown as being financed from the Special Account for Servicing Costs and to treat the total annual lump-sum reimbursement for overhead costs in the same way as had been done for many years

9/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 8 (A/8708 and Corr.1), para. 8.

10/ See paragraph 67 above.

11/ See paragraph 31 above.

for the former Technical Assistance component reimbursement, namely, as an income item of the regular budget. For organizations which executed a considerable volume of UNDP-financed projects and whose non-UNDP technical co-operation programme was not large, the situation might be different. For that reason, WHO did not believe that it was necessary for all the organizations to adopt a common approach to the budgetary treatment of the UNDP reimbursement for overhead costs.

Summary analysis of the 1973 budget

127. The 1973 effective working budget of \$93,174,400, approved by the World Health Assembly in May 1972 (resolution WHA25.18), shows an increase of \$7,140,110 (that is, 8.3 per cent) over the revised appropriations for 1972.

128. The Advisory Committee was informed that more than half of the increase (\$3.7 million) is the result of higher costs. Programme increases total \$3.4 million; they include:

	<u>In US dollars</u>
New projects which it is proposed should start in 1973 and expansion of existing projects	2 million
Additional medical research activities	0.7 million
New posts at headquarters (see paras. 133-134 below); further extension of the use of Russian and Spanish; and increases for consultants, travel, meetings and other headquarters activities	0.5 million
Increases in regional advisory services and regional offices	0.1 million

129. The breakdown of the increase by budget part is as follows:

		\$
Part I.	Organizational meetings	104 426
Part II.	Operating programme:	
	Headquarters	\$ 1 218 055
	Regional offices	537 060
	Field projects	<u>4 941 664</u> 6 696 779
Part III.	Administrative services	341 705
Part IV.	Other purposes	<u>(2 800)</u>
	Total	<u><u>7 140 110</u></u>

130. The bulk of the increase under part I is attributable to higher costs.

131. Of the increase under part II, \$379,659 is attributable to 34 posts, 12/ as follows:

			\$
Headquarters:	13 posts	(6 Professional, 7 General Service)	150 170
Regional Offices:	4 posts	(2 Professional, 2 General Service)	45 825
Field activities:	17 posts	(8 Professional, 9 General Service)	183 664
Totals . . .	34 posts	(16 Professional, 18 General Service)	379 659

132. The increase in the number of staff entails a consequential increase of approximately \$30,000 for furniture and equipment. Other increases under part II include, at headquarters, \$120,000 for an increase in the number of expert committee sessions, \$47,000 for other meetings, \$19,000 for travel, \$6,000 for consultants and \$10,000 for air pollution monitoring supplies; and, in the regional offices, \$49,000 for custodial staff and \$18,000 for travel.

133. Of the 13 new posts at headquarters, one is for Russian and Spanish translation, five in the Environmental Pollution Unit, two in the Community Water Supply and Sanitation Unit, two in the Food Additives Unit and three under Common Services. The Advisory Committee inquired whether the expansion in WHO activities in environmental pollution and water supply was likely to create jurisdictional conflicts and duplication with other organizations, including the United Nations. The Committee was informed that there would be no duplication and that the new posts were required in connexion with new or expanded activities relating to the WHO programme in environmental health, which had been developed in co-ordination with the United Nations and other organizations that had participated in the preparations for the United Nations Conference on the Human Environment.

134. The increase under part III (Administrative services) is largely the result of higher costs, but it also includes \$11,696 for two additional General Service posts under Common services and \$13,000 for consultants. The decrease of \$2,800 under part IV (Other purposes) relates to the repayment of loans for the headquarters building.

Staff

135. The following table shows the growth of the established posts under the regular budget of WHO since 1968:

	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
Headquarters	1 098	1 107	1 108	1 174	1 165	1 180
Regional offices	518	530	538	566	573	577
Field activities	<u>1 243</u>	<u>1 342</u>	<u>1 444</u>	<u>1 555</u>	<u>1 590</u>	<u>1 607</u>
Totals	<u>2 859</u>	<u>2 979</u>	<u>3 090</u>	<u>3 295</u>	<u>3 328</u>	<u>3 364</u>

The table does not include posts of interpreters, which are charged to the meetings they serve.

12/ See paras. 135-138 below.

136. The figures for 1971, 1972 and 1973 include the posts previously financed from the Special Account for Servicing Costs (see para. 125 above). They total 65 in each year, of which 35 are at headquarters, 6 in the regional offices and 24 in field activities. Their inclusion explains in part the magnitude of the increase in established posts between 1970 and 1971.

137. The Advisory Committee noted that, after taking that presentational change into account, the number of posts in 1971 now reported to it is 10 more than the number indicated last year (A/8538, para. 105); the figure for headquarters shows an increase (after adjustment) of 13, and that for field activities a decrease of three. The figure for 1972, similarly adjusted, shows a decrease of 11 (in field activities). The Committee recalled that variations in the number of established posts subsequent to approval of the budget by the World Health Assembly had also occurred in previous years (A/8538, para. 106).

138. The Advisory Committee was informed that the World Health Assembly appropriates funds by appropriation sections, but does not approve a manning table as such. The list of posts in individual organizational units, as included in the budget, represents estimates of staffing requirements to carry out the proposed work programme, and the Director-General has the authority to transfer posts between units and to abolish posts or create new ones depending on the actual requirements of the work programme, provided he remains within the approved amounts of the individual appropriation sections. In practice, the number of changes, which result mainly from changes in priorities and programme requirements of Governments requesting assistance, amounts to a very small portion of the total number of posts. The actual staff strength is reported to the governing organ of the Organization.

Accommodation

139. The twenty-fifth World Health Assembly accepted the recommendation of the Executive Board that additional credits be built up in the Real Estate Fund from casual income in order to meet a substantial part of the ultimate cost of construction of the permanent addition to the headquarters building, and appropriated to the Fund a sum of \$1,460,435 available from casual income (resolution WHA25.38) 13/.

140. The Assembly authorized the expenditure from the Fund of \$100,000 towards the cost of the new zone office building in Brasilia (resolution WHA25.39), and \$33,000 for the construction of a small addition to the Regional Office for the Eastern Mediterranean (resolution WHA25.40).

141. Upon completion of the currently authorized work programmes, the estimated balance in the Fund will amount to \$1,078,000, of which \$879,835 has been earmarked to help finance the cost of a permanent extension to the WHO headquarters building. The remainder is interest being earned on the moneys in the Fund and income from the rental of housing for certain regional office staff; part of this

13/ The establishment of the Real Estate Fund by the World Health Assembly was reported by the Advisory Committee in its review of the administrative and management procedures concerning the programme and budget of WHO (A/8031, paras. 82-85).

balance will be used for the repair and maintenance costs of regional office buildings and staff housing, as foreseen in the resolution establishing the Fund.

142. As regards office accommodation at headquarters, the Advisory Committee noted that WHO had acquired the necessary land for the construction of an addition to the headquarters building, and that the twenty-fifth World Health Assembly authorized the Director-General to proceed with the preparation of preliminary architectural plans and estimates. The Assembly has requested a full report on the architectural, financial and other aspects of the project, and a study of the optimum future headquarters staff level (resolution WHA25.37) to be submitted at its twenty-sixth session.

143. The Advisory Committee was informed that the pressing need for additional office and conference space had made it necessary for WHO to proceed without delay with the construction of the prefabricated building authorized by the twenty-fourth World Health Assembly (A/8538, paras. 117-119). The building was ready for occupancy in September 1972 and, when completed, will contain 84 offices and two small conference rooms (for 20 participants). The cost of the construction, which is being met out of the Real Estate Fund, is to be kept within the estimate expressed in Swiss francs; as a result of changes in currency exchange rates, the cost of the building, expressed in United States dollars, will amount to approximately \$650,000 as against the initial estimate of \$600,000.

144. The new underground garage was nearly ready at the time of the session of the Advisory Committee at Geneva in August/September 1972. This construction project is being carried out with the help of a loan, to be repaid out of parking fees, at no cost to the Organization (A/8538, para. 120).

Form of presentation of the WHO budget and the duration of the budget cycle

145. The twenty-fifth World Health Assembly had before it a report of the Director-General on the form of presentation of the programme and budget estimates ^{14/}. In resolution WHA25.23, the Assembly approved the principles outlined in that report, and requested the Director-General to introduce a new form of presentation along the lines proposed, beginning with the estimates for 1975.

146. In resolution WHA25.24, the World Health Assembly requested the Executive Board to examine the implications and possible methods of implementation of biennial budgeting and to report thereon to the twenty-sixth Assembly. It also agreed in principle to amend the Constitution to delete any references to the duration of the budgetary period.

Amendment of financial regulations

147. By resolution WHA25.15, the World Health Assembly added a new regulation 6.8 to article VI of the Financial Regulations of WHO, reading "Profits and losses on

^{14/} WHO document A 25/24. For the printed text, see Official Records of the World Health Organization, No. 201, annex 7.

exchange shall be credited and debited to miscellaneous income". The Advisory Committee was informed that, despite the general language of the new regulation, it was intended to apply only to profits and losses arising from fluctuations within the upper and lower limits of approved parities, but not to changes in the parity rates themselves.

148. The Assembly also amended article XII of the Financial Regulations relating to external audit so that it would conform to the corresponding provisions of the United Nations and the other organizations of the system, except for such divergencies as are necessary to meet the constitutional provisions of WHO (resolution WHA25.14).

Methods of work of the World Health Assembly

149. The twenty-fifth World Health Assembly gave further consideration to improving the efficiency of its methods of work. It noted with satisfaction the steps already taken to improve and rationalize its documentation and requested the Director-General to continue his endeavours in that direction. The Assembly also reiterated the appeal that speakers limit the length of their statements in the main committees (resolution WHA25.33).

150. By resolution WHA25.50, the World Health Assembly decided that Arabic would be used as an official language of the Assembly. The Advisory Committee was informed that there would be no financial implications in 1973 as the decision would go into effect in 1974.

Funds administered directly or indirectly by WHO

151. In addition to its regular budget, the Organization directly or indirectly administers funds from several sources. The following table gives the number of posts financed or to be financed from those funds, the amounts available or estimated to be available for 1971, 1972 and 1973, and the corresponding figures for the regular budget.

	<u>Number of posts</u>			<u>Obligations</u>	<u>Estimates</u>	
	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
Regular WHO budget	3 295	3 328	3 364	75 715 576	86 034 290	93 174 400
Voluntary Fund for Health Promotion .	20	21 ^{a/}	21 ^{a/}	2 989 199 ^{a/}	3 952 558 ^{a/} 2 561 742 ^{b/}	2 492 100 ^{a/} 4 301 800 ^{b/}
Pan-American Health Organization (PAHO):						
Regular budget . .	793	821	859	16 147 244	17 821 360	19 583 540
Other funds of PAHO	337	824	307	5 542 372	4 301 360	3 873 013
United Nations Development Programme	404	379	311	13 365 701	22 161 650	14 996 910
United Nations Fund for Drug Abuse Control	-	-	-	-	170 650	171 000
United Nations Fund for Population Activities	56	71	81	1 740 864	6 780 781	8 283 512
Funds-in-trust . .	80	71	51	1 107 833	1 628 838	833 664
TOTAL	4 985	5 015	4 994	116 608 789	142 851 487 ^{b/} 2 561 742 ^{b/}	143 408 139 ^{b/} 4 301 800 ^{b/}

a/ Programmes to be implemented from funds available in the Voluntary Fund for Health Promotion as at 31 December 1971.

b/ Programmes which can be implemented only to the extent that additional voluntary contributions are forthcoming to the Voluntary Fund for Health Promotion.

152. The Advisory Committee was informed that the 1972 figure of \$22 million for UNDP-financed projects was a preliminary estimate subject to adjustment in that it represented not only approved activities, but also projects expected to be requested by Governments. The final total for 1972 was expected to be more in line with the obligations for 1971 (\$13 million) and the estimate for 1973 (\$15 million).

153. The Committee noted the increased contribution made by the United Nations Fund for Population Activities to the programme of WHO. The Committee was informed that additional assistance from the Fund could reasonably be expected in the future, but that the growth in the volume of funds available from that source would probably tend to level off.

154. The World Health Organization does not administer the funds provided by UNICEF to projects that are jointly assisted by both organizations. In 1971, the UNICEF Executive Board allocated \$12,210,000 for supplies and equipment and for stipends for the training of local health personnel in such projects, as against an estimate of \$19.4 million previously reported to the Committee (A/8538, para. 114). The corresponding figure for 1972 is \$10.9 million. The approximate magnitude of assistance that may be provided by UNICEF in 1973 is \$15,152,000.

G. International Telecommunication Union

	<u>1972</u> <u>appropriations</u> \$ <u>a/</u>	<u>1973</u> <u>appropriations</u> \$ <u>a/</u>
Staff <u>b/</u>	7 581 719	8 221 380
General services	1 738 515	1 921 120
Special projects and activities	776 042	1 659 375
Other budget estimates	9 114	399 740
	<hr/>	<hr/>
TOTAL (gross)	10 105 390 <u>c/</u>	12 201 615
<u>Less:</u> Miscellaneous income	2 087 083	3 142 878
	<hr/>	<hr/>
TOTAL (net)	8 018 307	9 058 737
	<hr/> <hr/>	<hr/> <hr/>

a/ Total for the regular, technical co-operation and supplementary publications budgets (see para. 156 below). The budgets of ITU are expressed in Swiss francs, and the United States dollar figures in this table are based, for both years, on an exchange rate of 3.84 Swiss francs to \$US 1. (The official United Nations rate of exchange when the Advisory Committee reviewed the budgets of the Union in September 1972.)

b/ Excludes staff assessment, since ITU salaries are budgeted on a net basis.

c/ Includes additional credits totalling \$387,187 approved by the Administrative Council at its twenty-seventh session (May-June 1972) to cover additional expenditure for (a) staff services (\$161,119), (b) conferences and meetings (\$123,698), (c) temporary staff required for the country programming of UNDP technical assistance (\$65,104) and (d) other factors (\$37,266).

155. The Advisory Committee discussed the budgets of ITU for 1973 and related matters with the Secretary-General of the Union and members of his staff.

Summary analysis of the budget for 1973

156. Expressed on a gross basis, the three budgets of the Union for 1972 and 1973 can be broken down as follows:

	<u>1972</u>	<u>1973</u>
	\$	\$
Regular budget	8 022 578	9 069 323
Technical co-operation special accounts budget <u>a/</u> .	1 306 770	1 472 917
Supplementary publications budget <u>b/</u>	776 042	1 659 375

a/ Financed by contributions by UNDP to cover the costs of administering technical assistance projects.

b/ Financed by the sale of documents published by the Union.

157. Following is a breakdown of the regular budget for 1973, with comparative figures for 1971 (obligations) and 1972 (appropriations, including additional credits):

<u>Section</u>	<u>1971</u> <u>obliga-</u> <u>tions</u>	<u>1972</u> <u>appropria-</u> <u>tions</u>	<u>1973</u> <u>appropria-</u> <u>tions</u>
	\$	\$	\$
1. Administrative Council	132 202	137 448	145 052
2. Staff	4 791 980	5 114 193	5 252 344
3. Social security	969 880	1 021 015	1 074 479
4. Premises	324 030	332 474	306 042
5. Missions	33 308	26 042	33 333
6. Offices and miscellaneous expenses . .	289 832	396 615	494 531
Non-recurrent expenses for installation in new offices	-	-	-
7. ITU Conferences under No. 208 of the Convention of 1965	521 965	4 948	803 646
8. Meetings of the International Consultative Committees under No. 209 of the Convention of 1965	641 618	948 177	534 115
10. Other expenditure	2 395	32 552	26 042

<u>Section</u> (continued)	<u>1971</u> <u>obliga-</u> <u>tions</u>	<u>1972</u> <u>appropria-</u> <u>tions</u>	<u>1973</u> <u>appropria-</u> <u>tions</u>
	\$	\$	\$
Expenditure for fitting out laboratory of the International Telegraph and Telephone Consultative Committee (CCITT)	5 437	5 208	5 208
Expenditure on maintenance and renewal of interpretation and sound reproduction equipment	2 553	3 906	3 906
Transfer to ITU Reserve Account	10 070	-	-
	<hr/> 7 725 270	<hr/> 8 022 578	<hr/> 9 069 323
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

158. The regular budget for 1973 is \$1,046,745 greater than the revised budget for 1972, an increase of 13.05 per cent. The main factors are the higher cost of staff services (up \$639,661), the cost of the Plenipotentiary Conference of the Union (\$709,635 - the last such conference took place in 1965), and the cost of removal into the new 15-storey extension to the Union's headquarters in Geneva (\$390,625). There are some reductions in other expenses. The budget for ordinary expenditure (that is, excluding the cost of conferences and meetings) is within the limits established by Additional Protocol I to the International Telecommunication Convention (Montreux, 1965), as modified by the exceptions provided in the Protocol and as revised by the Administrative Council in consultation with the members of the Union.

159. The Advisory Committee was informed that the budgetary provision for the Plenipotentiary Conference, which will take place in Torremolinos, Spain, was the amount that would be required to hold the Conference in Geneva. The Spanish Government has undertaken to meet any additional expenditure up to 275,000 Swiss francs (\$71,615) and to provide free conference premises, furniture and equipment. It was not expected that additional expenditure would exceed \$71,615 unless the Conference were lengthened, in which case the costs would be borne by the Union.

Staff

160. The regular budget provides for the addition of two new Professional posts to implement decisions taken by the World Administrative Radio Conference for Space Telecommunications (1971), and two General Service posts to help service the new extension. Thus the number of posts financed under this budget would total 434, of which 148 would be at the Professional and higher levels and 286 at the General Service level. Ten Professional and nine General Service posts would be added to the establishment financed under the technical co-operation budget, bringing the total staff of the Union to 532, compared with 509 in 1972 and 498 in 1971. The breakdown for the period 1971-1973 is as follows:

	<u>1971</u>	<u>1972</u>	<u>1973</u>
<u>Regular budget</u>			
Professional and above	143	144	148 <u>a/</u>
General Service	281	286	286 <u>a/</u>
Total	424	430	434
<u>Technical co-operation budget</u>			
Professional	23	23	33
General Service	51	56	65
Total	74	79	98
Grand total	498	509	532

a/ Two General Service posts have been reclassified to the Professional level.

161. In addition, under Administrative Council resolution No. 666, the Secretary-General of ITU has the authority to create a limited number of additional General Service posts in 1973.

Addition to premises in Geneva

162. The Union expects its new building in Geneva to be ready for full occupancy by the end of 1972; the only exception is the conference room, which is not scheduled to be ready for use until the spring of 1973. The building has 15 floors and two basements and contains office space for 200-250 persons. It will make it possible for ITU to bring together in a single complex all its staff in Geneva, who are at present accommodated partly in rented premises.

163. The extension is being built with the aid of a loan of 22,500,000 Swiss francs from the Fondation des immeubles pour les organisations internationales. The cost will be amortized in 28 annual budgetary instalments, beginning in 1973.

Study into ITU financing

164. In 1971-1972, a member of the Joint Inspection Unit, at the request of the Administrative Council, studied the methods which might be used by ITU to avoid financial difficulties caused by arrears in the payment of contributions by members. The inspector submitted his report in March 1972 and it was considered by the Administrative Council at its twenty-seventh session in May-June. The Council took note of the inspector's findings, which will be taken into account in a report which the Council is to prepare for the 1973 Plenipotentiary Conference.

Electronic data processing costs

165. As indicated to the General Assembly in previous reports by the Advisory Committee 15/, ITU recently acquired - on a rental basis - a new computer to replace the model which it bought in 1965. This action was taken in the light of the decision of the Administrative Council that ITU needs "a computer suitable for its purposes and under its management". 16/ The Committee was informed that 90 per cent of the operational time of the ITU computer is taken up with work related to the statutory obligations of the Union for international co-ordination in the planning and operation of telecommunication services of Member Governments and administrations. However, ITU has participated as an observer partner in the Management Committee of the International Computing Centre (ICC) at Geneva and, notwithstanding the installation of its new computer, expects to continue to use other facilities, including ICC. The Union considers that its use of external facilities will be influenced by the progress made by UNDP in computerizing programme management and storage at ICC and by the development of common systems by the Inter-Organization Board for Information Systems and Related Activities. It is unfortunate that the factors which have so far prevented full participation by ITU in ICC did not all emerge when, in 1970, the organizations agreed to the establishment of the Centre. Nevertheless, the Advisory Committee hopes that ways will be found to ensure more participation by the Union than in the past. In a separate report to the General Assembly, the Advisory Committee will deal with developments in electronic data processing throughout the United Nations system.

166. The Committee notes that expenditure by ITU on electronic data processing will increase from 833,000 Swiss francs (\$216,927) in 1972 to 1,123,500 Swiss francs (\$292,579) in 1973. The cost of converting programmes to the new computer is being spread over six years; the last payment will be due in 1976. Thenceforth the annual expenditure for converting programmes (currently 232,500 Swiss francs (\$60,547) will cease.

15/ See A/8538, para. 139 and A/8490, para. 25.

16/ See ITU, Administrative Council resolution No. 679.

H. World Meteorological Organization

	<u>1972</u> <u>appropriation^{a/}</u>	<u>1973</u> <u>appropriation</u>
	\$	\$
Personnel services	3 308 666 ^{b/}	3 538 847 ^{b/}
General services	454 920	476 050
Special projects and activities	984 750	1 278 950
Other budgetary provisions	62 500	62 500
TOTAL (gross)	<u>4 810 836</u>	<u>5 356 347</u>
<u>Less:</u> Income from staff assessment	429 106	574 247
Miscellaneous income	2 500	2 500
Credit available from previous year ^{c/}	<u>-</u>	<u>16 300</u>
TOTAL (net)	<u><u>4 379 230</u></u>	<u><u>4 763 300</u></u>

^{a/} Includes supplementary appropriations totalling \$472,971 (gross) and \$419,330 (net).

^{b/} Figures grossed up to include staff assessment, although WMO has no tax equalization fund (see para. 182 below).

^{c/} See paragraph 170 below.

167. The Advisory Committee discussed the budget for 1973 and related questions with a representative of the Secretary-General of WMO.

Supplementary appropriations for 1972

168. When the Advisory Committee reported to the General Assembly on the administrative budgets of the agencies for 1972, it noted that the initial appropriation voted by the Executive Committee (\$3,959,900 net) did not take account of possible increases in staff salaries and allowances and that a supplementary appropriation might have to be sought (A/8583, para. 144). Such an appropriation did in fact prove necessary, in an amount of \$419,330 net. It was devoted almost exclusively to increases in staff costs. Thus the total appropriation for 1972 amounts to \$4,379,230 net, or 11.6 per cent more than net obligations in 1971, which amounted to \$3,921,783.

169. Soon after the supplementary appropriation was approved, there was an increase in General Service salaries in Geneva and an increase in the post classification for Professional staff. The Advisory Committee was informed that the Secretary-General of WMO expects to compensate for these unexpected extra costs by making savings similar to those which the Executive Committee directed should be sought in 1973 (see para. 173 below).

Summary analysis of the budget for 1973

170. At its twenty-fourth session (Geneva, May-June 1972), the Executive Committee of WMO adopted a budget for 1973 of \$4,782,100, to be financed by \$4,763,300 from contributions from Members, \$2,500 from miscellaneous income and \$16,300 reappropriated from 1972 because of the postponement of a meeting originally planned for that year. The above budget figure excludes staff assessment, since WMO budgets are voted net of this item.

Following is a breakdown of the budget by its constituent parts:

<u>Part</u>	<u>Appropriation</u>	
	<u>Net</u>	<u>Gross</u>
	\$	\$
I. Policy-making organs	112 050	112 050
II. Executive management	220 450	267 887
III. Technical programmes	3,214 400	3,629 770
IV. Regional activities	205 630	226 560
V. Administration and common services	820 820	911 330
VI. Other budgetary provisions	208 750	208 750
TOTAL	<u>4 782 100</u>	<u>5 356 347</u>

171. The appropriation for 1973 is \$402,870 greater than that for 1972, an increase of about 9.2 per cent. Much of the increase is attributed by WMO to higher costs, arising mainly as a result of the recent monetary adjustments; only one new post is proposed (see paras. 177 and 178 below). However, the budget provides for an additional \$95,000 in WMO support for the Global Atmospheric Research Programme, and for two more technical commission meetings than in 1972 (\$70,000). Furthermore, an appropriation of \$100,000 is included for long-term fellowships; in 1972, they were financed by the surplus from the previous financial period and no appropriation was required. These additional expenses in the 1973 budget explain most of the increase for Special projects and activities shown in the introductory table.

172. WMO has a four-year budget cycle: the Congress of the Organization, which meets every four years, establishes a budgetary ceiling for the ensuing four-year period, and individual budgets for each year are then adopted by the Executive Committee, within the framework of the ceiling. For the period 1972-1975 inclusive, the ceiling has been established at \$17,300,000 (net); but the Sixth Congress (1971), in accordance with past practice, approved two "flexibility clauses", which enable that amount to be exceeded. The first authorizes the Executive Committee to incur additional expenditure resulting from increases in staff salaries and allowances which might be applied within the United Nations common system, provided that the Committee is satisfied that such expenditure cannot reasonably be met by savings. The second authorizes the Committee to incur "necessary expenditures" other than those described above, which may be agreed by the Organization's members, up to a maximum of \$250,000.

173. When the Executive Committee met in May-June 1972, the Secretary-General called to its attention the fact that several international monetary adjustments had occurred since the budget estimates for the period 1972-1975 had been prepared, with the result that the Organization might find itself in serious financial difficulties towards the close of that period. The Committee debated whether an extraordinary Congress should be convened in 1973 to review the budget for the period, but decided against that proposal, although it left open the possibility that such a Congress might be convened later. In order to deal with the budgetary difficulties forecast by the Secretary-General, the Executive Committee adjusted his budget estimates for 1973 by cutting back the appropriations for working groups, panels and other meetings, and for personnel; at the same time it increased certain priority programme appropriations, in particular for the Global Atmospheric Research Programme's Atlantic Tropical Experiment. The Executive Committee asked the Secretary-General to seek savings in other areas if possible. Moreover, it decided that the flexibility clause relating to increases in salaries and allowances (see para. 172 above) should be invoked for 1973, and that it should also be applied to the increased dollar costs of the salaries and allowances of General Service staff (which are expressed in Swiss francs) resulting from monetary adjustments. The Committee considered that there was no immediate need to invoke the second flexibility clause, but, owing to the uncertain monetary situation, it authorized the Secretary-General to request authorization from the membership (by postal ballot) to invoke this clause should it become necessary.

174. In the view of the Secretary-General, the above measures taken by the Executive Committee should enable WMO to avoid the serious budgetary difficulties which might otherwise have been envisaged towards the end of the period 1972-1975, unless conditions change once more (for example, as a result of further monetary adjustments).

Studies on budget currency and budget cycle

175. In response to the difficulties caused by the monetary adjustments of 1971 and 1972, the Executive Committee of WMO asked the Secretary-General to report to its twenty-fifth session (September 1973) on the advantages that might ensue were WMO to express its budget and receive its contributions in a currency other than the United States dollar (for example, the Swiss franc, which is the currency in which most of its expenditure is incurred). This initiative reflects similar concerns to those expressed in a number of other organizations (notably IMCO, UNESCO and FAO), which are studying ways to avoid in future the repercussions of unexpected currency fluctuations (see paras. 24 to 29 above).

176. In response to a request made in the Executive Committee, the Secretary-General of WMO also intends to submit a report outlining the implications of changing from the present four-year budgetary cycle to a two-year cycle (such as that at present used by FAO, the ILO, UNESCO and IMCO).

Staff

177. The 1973 regular budget of WMO provides for the addition of one General Service post; thus, the authorized establishment would number 219, of which 87 posts would be at the Professional and higher levels and 132 at the General Service level. However, the Advisory Committee was informed that, since budgetary savings are needed to offset in some degree the additional costs arising from monetary adjustments (see para. 173 above), the authorized level of posts would probably not be reached. To carry out essential programme activities, the Organization is increasingly using consultants (for specified periods and for specified tasks), including - in the case of some projects - consultants whose services are provided free by Member Governments (A/8538, para. 147).

178. As reported by the Advisory Committee last year (A/8538, para. 146), the Sixth World Meteorological Congress authorized the creation of a new post of Assistant Secretary-General, which it decided should be used by the Secretary-General at his discretion. The Advisory Committee was informed that the Secretary-General has not yet in fact created this post and does not intend to create it in 1973.

Centenary of WMO

179. The year 1973 is the centenary of WMO; the International Meteorological Organization, as it was formerly known, ^{17/} was founded at Vienna in 1873. The budget for 1973 includes \$22,000 for centenary celebrations, and the programme of activities includes a scientific conference in Vienna and Geneva and ceremonies in both cities.

Co-ordination with UNESCO on hydrology and water resources

180. A working agreement has been drawn up between WMO and UNESCO defining the responsibilities of the two organizations in hydrology and water resources. The Advisory Committee was informed that this agreement, which would soon be signed by the two executive heads, would assign to WMO responsibility for "operational hydrology", which is defined as gathering data, making forecasts and standardizing instruments.

Working Capital Fund

181. It will be recalled that, in 1971, the Sixth Congress of WMO directed that budgetary surpluses remaining from previous financial periods should be reimbursed to Member States; at the same time it raised the level of the Working Capital Fund (A/8538, para. 153). The Advisory Committee was informed that, for 1972, the

^{17/} The IMO was a semi-governmental organization, its members being the Directors of national meteorological services, ex officio.

payment of contributions to the regular budget had been fairly satisfactory, with the result that the Secretary-General did not expect to have to call on the Fund to finance expenditures under the initial budget for 1972; however, the Fund would be used to finance expenditure under the supplementary appropriation for 1972, which was approved by the Executive Committee, since no assessment on Member States for this amount would be made until the beginning of 1973.

Method of dealing with tax reimbursements

182. The World Meteorological Organization has no tax equalization fund; when staff members request reimbursement for income taxes payable to their Governments, which is very rarely, the practice has been to charge these amounts to contingencies (with the approval of the Executive Committee). ^{18/} The Advisory Committee questions the appropriateness of this practice. It suggests that WMO consider whether it might be advantageous to set up a tax equalization fund or to make arrangements with the individual Member States concerned, which would avoid the need to charge reimbursements against contingencies.

^{18/} In the case of project personnel, the amounts are charged to project costs.

I. Inter-Governmental Maritime Consultative Organization

	<u>1972</u>	<u>1973</u>
	<u>appropriations</u>	
	\$	\$
<u>Personnel services</u>	<u>1 492 000</u>	<u>1 484 200</u>
Salaries and wages (net)	1 214 200	1 220 000
Common staff costs	277,800	264,200
<u>General services</u>	<u>395 800</u>	<u>389 500</u>
Travel on official business	49 500	49 500
Contractual services	7 000	4 700
General operating expenses	266 100	274 400
Supplies and materials	52 700	56 500
Acquisition of property and equipment	20 500	4 400
<u>Other expenditure</u>	<u>82 100</u>	<u>153 000</u>
TOTAL (gross)	1 969 900	2 026 700
<u>Less: Miscellaneous income</u>	<u>10 000</u>	<u>20 000</u>
TOTAL (net)	<u>1 959 900</u>	<u>2 006 700</u>

183. The IMCO budget for the biennium 1972-1973 in an amount of \$3,996,600 gross was approved by the IMCO Assembly at its seventh session. The Advisory Committee provided a summary analysis of the budget in its report to the General Assembly at its twenty-sixth session (A/8538, paras. 161 ff). The Committee discussed with a representative of the Secretary-General of the Organization the administrative and budgetary developments that occurred since the adoption of the budget by the IMCO Assembly.

184. The Committee was informed that the IMCO Council had approved the transfer of the 1972 contingency reserve of \$35,000 to sections I (Meetings), II (Personnel) and III (General services) of the budget, to meet in part the effects of changes in exchange rates and price movements since the appropriations were approved. The Council also approved an increase in the meetings programme of IMCO at an estimated cost of \$18,000. In November 1972, the Council will review the budget on the basis of revised estimates to be presented by the Secretary-General of IMCO. In a document issued at the end of September, he expressed the hope that there would be no need for him to request supplementary appropriations for 1972; a further review of the budgetary situation would be made in October. 19/

185. The Advisory Committee reported last year that the seventh session of the IMCO Assembly had approved a supplementary appropriation of \$153,000 for 1971. Of that amount, \$35,727 remained unexpended at year-end, due mainly to savings under the meetings programme and the fact that the effects of exchange rate fluctuations were smaller than expected. After allowing for these savings, total expenditure in 1971 amounted to \$1,613,336.

Personnel questions

186. As reported by the Advisory Committee last year, the IMCO budget for 1972-1973 provides for an establishment of 114 posts (41 Professional and above and 73 General Service).

187. The Advisory Committee was informed that the inquiry into the method followed since 1964 for determining General Service salaries in London (A/8538, para. 169) had been completed. The purpose of the survey, as approved by the IMCO Council, had been to resolve any doubt as to whether the firms used by the Embassy of the United States of America in London, when conducting its own survey, were among the best employers in the area, and thereby to verify whether the system of using United States Embassy scales meant that IMCO General Service staff were paid in accordance with the guiding principles of the United Nations common system. The Secretary-General of IMCO concluded that the data obtained in the course of the IMCO inquiry proved that that was indeed so. He therefore recommended to the IMCO Council that the system of using United States Embassy salary scales for the determination of IMCO's salary scales be maintained. 20/ The Council approved that recommendation.

188. The Council also approved the recommendation of the Secretary-General of IMCO that General Service salary scales be increased by an average of 10 per cent effective 1 February 1972. The Secretary-General had informed the Council that the United States Embassy had developed, late in 1971, new salary scales for its local employees based on data collected in the usual manner, which justified an

19/ IMCO document C XXIX/14(d).

20/ IMCO document C XXVIII/10(a), para. 15.

average increase of 10 per cent. The Secretary-General indicated that the increase actually granted by the United States Embassy had amounted to 5.5 per cent, with a further increase to follow later, if the situation so permitted. 21/

189. The Advisory Committee noted that, while the United Nations Office of Financial Services had concluded that, on balance, the IMCO method produced salary levels which were in line with the best conditions of employment in the locality, it could be said from a purely budgetary and conservative approach that those levels were rather higher than might be justified on the basis of the best conditions of employment. 22/ Bearing that observation in mind, the Advisory Committee believes that a two-stage increase in General Service salary scales might have been preferable to the action taken by the IMCO Council upon the recommendation of the Secretary-General, which meant that, for several months, IMCO would be paying their General Service staff higher salaries than the United States Embassy.

190. The IMCO Council also approved amendments to staff rules related to the education grant, dependency allowances and terminal expenses, designed to bring those rules into line with United Nations practice.

Effect of changes in currency parities

191. The Advisory Committee was informed that the United Nations operational rate of exchange between the United States dollar and the pound sterling was changed five times during the period from October 1971 to July 1972. Combined with cost-of-living movements, these changes resulted in three increases and one decrease in the classification of London for purposes of post adjustment.

192. Exchange rate fluctuations are estimated to have resulted in additional dollar expenditures in 1971 (including the effect on post adjustment) in an amount of some \$15,000. IMCO expected that the corresponding impact in 1972, estimated at some \$85,000, would be largely offset by savings on purchases and delayed recruitment. In addition, exchange conversion losses, owing to discrepancies between the United Nations operational rates and the prevailing commercial rates, amounted to some \$15,000 in 1971 and might reach \$3,000 in 1972.

193. At its twenty-eighth session, the IMCO Council gave preliminary consideration to the question of expressing the budget in pounds sterling and decided to pursue the matter further at its thirtieth session in May 1973.

Amendments to the Financial Regulations

194. Prior to 1971, between-section transfers in amounts not exceeding 10 per cent of any section concerned could be effected on the authority of the Secretary-General (A/8538, para. 171). The IMCO Council has now recommended to the Assembly that financial regulations 3.6 and 4.1 be amended so that they should state explicitly the authority of the Council to transfer funds between sections of the approved

21/ Ibid., paras. 16-18.

22/ Ibid., para. 15.

budget and carry-overs within the same section from the first to the second year of the biennium.

Medium-term planning

195. Within the context of the work programme for 1974-1978 approved by the IMCO Assembly (A/8538, paras. 172-173), the Secretary-General of IMCO submitted a report to the Maritime Safety Committee, in which he made suggestions for possible changes in the programme of meetings of the subsidiary organs of the Committee. The Advisory Committee noted with interest that the Secretary-General also invited the Maritime Safety Committee to extend the programme beyond 1978, even if, in later years, such a programme were only indicative.

J. International Atomic Energy Agency

	<u>1972</u> <u>appropriation</u> \$	<u>1973</u> <u>estimates</u> \$
Personnel services (net of staff assessment) . .	12 297 300	13 315 400
General services.	1 773 300	1 978 800
Special projects and activities	2 490 400	2 832 800
Other budgetary provisions	-	-
TOTAL	16 561 000	18 127 000
<u>Less: Revenue</u>	<u>1 169 000</u>	<u>1 377 000</u>
TOTAL (net) ^{a/}	<u>15 392 000</u>	<u>16 750 000</u>

a/ Corresponds to the amount assessed on Member States.

196. The Advisory Committee discussed the Agency's programme for the six-year period 1973-1978 and its budget for 1973 with representatives of the Director-General.

Summary analysis of the regular budget for 1973

197. The sixteenth General Conference of the Agency (September/October 1972) approved a gross regular budget for 1973 of \$18,127,000, ^{23/} as recommended by the Agency's Board of Governors. Miscellaneous income, estimated at \$1,377,000, would reduce the assessments payable by Member States to \$16,750,000. This net assessment level is \$1,358,000 greater than that for 1972, an increase of 8.8 per cent.

198. The representatives of the Director-General informed the Advisory Committee that, despite the increase in the budget expressed in dollars, the programme activity of the Agency would decline slightly (by about 1.1 per cent) in 1973, for the first time in its history. This was because the budget increase would not compensate fully for cost increases, which were estimated at \$1,531,300, or 9.9 per cent of the assessment level for 1972. There would be a net reduction in activity in four sectors - executive management and administration, common services, safeguards, and technical assistance and training - partly offset by increases by four others, especially technical operations, research and isotopes, and operational facilities. The greatest single increase would be in the area of the environment,

^{23/} This figure, however, is net of staff assessment, which would amount to \$2,569,000.

where the Agency intends to extend its work on the effects of the release of radionuclides resulting from the peaceful uses of nuclear energy. Six Professional posts would be removed from the establishment and one General Service post added, resulting in a net staff reduction of five.

199. Following is a breakdown of the estimates by programme with comparative figures for 1972:

	<u>1972</u> <u>revised</u> <u>appropriations</u>	<u>1973</u> <u>appropriation</u>	<u>Increase or</u> <u>(decrease)</u> <u>over 1972</u>
	\$	\$	\$
1. Policy-making organs	705 000	785 000	80,000
2. Executive management and technical programme planning	380 000	402 000	22 000
3. Technical assistance and training - regular budget	724 000	775 000	51 000
4. Food and agriculture	621 000	703 000	82 000
5. Life sciences	730 000	796 000	66 000
6. Physical sciences	848 000	909 000	61 000
7. The Laboratory	1 305 000	1 468 000	163 000
8. International Centre for Theoretical Physics - regular budget	150 000	155 000	5 000
9. Nuclear power and reactors . .	834 000	911 000	77 000
10. Nuclear safety and environmental protection . .	732 000	876 000	144 000
11. International Laboratory of Marine Radioactivity - regular budget	217 000	241 000	24 000
12. Information and technical services	1 492 000	1 592 000	100 000
13. Safeguards	2 456 000	2 598 000	142 000
14. Service and support activities	634 000	702 000	68 000
15. Administration	1 955 000	2 090 000	135 000
16. Common services	2 778 000	3 124 000	346 000
	<hr/>	<hr/>	<hr/>
TOTAL	16 561 000	18 127 000	1 566 000
	<hr/>	<hr/>	<hr/>

200. Apart from contributions from Member States, the Agency's main income items under the regular budget are expected to be the sale of publications and microfiches (\$441,000, compared with \$353,000 in 1972), the reimbursement for services provided to UNIDO in Vienna (\$323,000, compared with \$309,000 in 1972), income from investments and short-term deposits (\$130,000, the same as for 1972) and the allocation from the United Nations Development Programme for administrative and operational services costs (\$195,000, compared with \$175,000 in 1972).

201. The representatives of the Director-General informed the Advisory Committee that, when the budget estimates were drawn up (January 1972), provision was made for salary and wage increases in 1973 on the basis of the best projections available at the time. On the other hand, non-personnel costs were budgeted on the basis of actual prices, without forward projection. Since then, it had become evident that not only would the cost of supplies and equipment increase during 1972 and 1973, but salary and wage costs would be greater than provided for, owing partly to currency adjustments and partly to stronger inflationary pressure than had been foreseen. The Agency would thus be confronted with considerable unbudgeted costs in 1973 which would have to be absorbed, although it was difficult to see how substantial economies could be made without further reducing the Agency's programme delivery.

Staff

202. The budget for 1973 provides for a reduction of six posts in the Department of Safeguards and Inspection and the addition of one General Service post in the Department of Technical Assistance and Publications. The number of established posts financed from the regular budget would thus number 1,086. Figures for the period 1971-1973 are compared below:

<u>Level</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
Professional and above . .	400	419	413
General Service	507	517	518
Manual and Operative . . .	157	155	155
	<u> </u>	<u> </u>	<u> </u>
TOTAL	1 064	1 091	1 086
	<u> </u>	<u> </u>	<u> </u>

Programme and budget presentation

203. In accordance with the practice of the Agency in recent years, the budget estimates for 1973 were presented within the framework of a six-year programme, spanning the period 1973-1978. However, significant changes were introduced in the presentation of this programme. In particular, the Director-General and the Board of Governors sought to emphasize projects rather than general functions; wherever possible, each programme was broken down into subprogrammes, and the latter into components (which can be assimilated in most cases to projects). For each programme, subprogramme and specific components or project, the programme document sets out (a) the objective sought, (b) the year when activity was begun and (except in the case of new activities) the results achieved so far, (c) the activities planned during the period 1973-1974, (d) other related activities under the programme, (e) activity tentatively planned for the period 1975-1978, and finally (f) co-operation with other organizations.

204. A summary of costs (presented on an object-of-expenditure basis) and a summary of manpower requirements are given for each major programme, with comparative data for 1971 and 1972 and a preliminary estimate for 1974 (that is, the year following that to which the firm budget estimates refer). Proposed changes in manpower and costs are described in the budget texts attached to each programme. However, the Advisory Committee noted that manpower and cost data are not apportioned to individual subprogrammes or projects: thus, while the programme document shows how many staff and how much money it is proposed to allocate to the major programme on food and agriculture, it does not give similar data for the subprogramme on plant breeding and genetics or for the related project of rice mutation breeding. The Advisory Committee understands, however, that the Director-General plans to provide such information in future programme and budget documents, if the Agency's policy-making organs find the new format satisfactory. The Committee hopes that this will in fact be done. It believes that, with the addition of that information, the programme and budget document presented to the General Conference will give a very clear picture of the activities envisaged, their relative importance, and the resources required to carry them out.

Preliminary estimate for 1974

205. According to the preliminary estimate for 1974 contained in the programme and budget document presented to the General Conference, gross expenditure in that year under the regular budget would amount to \$19,798,000 and assessments on Member States would amount to \$18,344,000; the latter figure is \$1,594,000, or 9.52 per cent more than the assessment level proposed for 1973. The tentative 1974 estimate would provide for the addition of 34 posts (including 20 at the Professional level), which would bring to 1,120 the establishment financed from the regular budget. Most of the additional posts in 1974 would be in the Department of Safeguards and Inspection, an area where the Agency's responsibilities under the non-proliferation treaty are growing.

The operational budget

206. In addition to its regular budget, the Agency has an operational budget, which is financed from voluntary and special contributions. For 1973, that budget amounts to \$3,741,000, that is, \$26,000 more than the level for 1972. The Agency's Board of Governors has set a target of \$3 million for voluntary contributions to the General Fund, which is devoted to technical assistance in the form of experts and equipment; the balance of the operational budget would be financed by special contributions of Member States (\$250,000 from Italy for the Agency's Trieste Centre ^{24/} and \$45,000 from Monaco for its Laboratory there), direct contributions from other sources for special projects (\$271,000), miscellaneous income (\$110,000) and Governments' contributions for the services of experts (\$65,000).

207. The Advisory Committee was informed that the Director-General was concerned that, although a growing number of developing countries are asking the Agency for technical assistance in matters of atomic energy, the real value of its assistance has been declining because the cost of experts and equipment has been increasing. In an effort to reduce the gap between the target for voluntary contributions to the General Fund and actual receipts (which in recent years have fallen about

^{24/} The International Centre for Theoretical Physics.

15 per cent short), the Director-General is seeking a commitment from Member States to contribute to the target amount at a rate equivalent to their base rate of assessment.

208. The International Centre for Theoretical Physics in Trieste is operated jointly by the Agency and UNESCO and supported by contributions from their regular budgets and from Italy, the Swedish International Development Agency and the Ford Foundation. Its budget for 1973 is \$706,000, which is \$31,000 more than for 1972, but in real terms represents a small reduction. The contributions by UNESCO and the Agency have each been increased by \$5,000 to \$155,000. The representatives of the Director-General informed the Advisory Committee that agreement had been reached that, as from 1974, the Italian Government would increase its contribution from \$250,000 to \$350,000, while the contributions of UNESCO and the Agency would be raised to \$200,000 each.

Working Capital Fund

209. In 1971, the Agency's working capital fund was reduced from \$2 million to \$1.7 million to finance part of the regular budget deficit for that year. However, experience in 1972 suggests that the reduced level is inadequate, since currency fluctuations, rising costs and an increase in the total of unpaid assessments have given rise to a cash liquidity problem. Accordingly, on the recommendation of the Director-General, the Board of Governors is recommending to the General Conference the restoration of the Fund to its former level. The Advisory Committee understands that, in view of the seriousness of the liquidity problem, the Director-General had originally proposed to raise the fund to \$2.5 million: however, in response to a special request, several Member States had undertaken to pay their assessed contributions earlier than in the past, and so restoration to the \$2 million level might be sufficient.
