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ADVISORY COMMITTEE ON ADMINISTRATIVE  
AND BUDGETARY QUESTIONS

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FOOD AND AGRICULTURE ORGANIZATION

1951 Budget Estimates:

(Memorandum by the Secretary-General)

1951 Estimates	\$ 5,000,000
1950 Appropriations	\$ 5,000,000
1949 Expenditure	\$ 4,654,519

1. Status of estimates and general summary

The FAO Council during its ninth session, 8-17 May 1950, approved a resolution on the financial situation of the Organization, which reads in part:

"The Council recommends that in framing the budget for 1951 the Director-General should

(a) While assuming that the budget of the Organization will continue to be \$5,000,000, plan the expenditure so that it does not exceed the expected income of the Organization, and that he assume an income figure of \$4,500,000;

(b) Prepare the budget in such form as to set out the additional activities which could be undertaken (either in the restoration of cuts involved in reducing the total expenditure to \$4,500,000, or alternatively substituting other important services) if the actual income of the Organization were \$5,000,000."

Thus, the estimates prepared by the Director-General are drawn on the basis of the programme which could be undertaken with \$5,000,000 actual income. Following the Council's request, the Director-General indicates that part of the full programme which will remain if he has to cut expenditures by some \$500,000.

The Director-General's estimates will be examined and acted upon by a special session of the FAO Conference which is to convene in Washington in November 1950.

2. Size and scope of the estimates

The 1951 estimates of expenditure compare with 1950 appropriations and 1949 expenditure as follows:

/I. Conference  
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	<u>1951</u> Estimates	<u>1950</u> Appropriations	<u>1949</u> Expenditure
I. Conference and Council	\$ 111,000	\$ 87,500	\$ 117,678
II. General missions	-	1,000	-
III. Office of the Director-General	293,156	337,040	333,669
IV. Administrative Division	352,956	423,410	435,522
V. General operating expenses	383,850	453,020	457,598
VI. Technical programmes:			
Agriculture	520,000	472,970	377,947
Distribution	248,404	294,400	293,834
Economics, marketing and statistics	465,900	572,185	618,083
Fisheries	267,985	272,700	207,417
Forestry	314,498	328,000	331,589
Information	209,822	281,758	283,690
Nutrition	217,064	225,695	212,163
Rural Welfare	99,110	86,965	63,768
Documents	<u>599,196</u>	<u>605,167</u>	<u>600,632</u>
Total	\$ 2,941,979	\$3,139,840	\$2,989,141
VII. Regional Offices:			
European Regional Office	\$ 57,000	\$ 156,735	\$ 143,500
Far East Regional Office	78,150	77,700	66,626
Latin American Regional Office	63,222	70,000	33,908
Near East Regional Office	61,000	65,900	58,315
North American Regional Office	<u>98,155</u>	<u>-</u>	<u>-</u>
	\$ 357,527	\$ 370,335	\$ 302,349
VIII. Prior financial years; expenditures	10	10	-
IX. Staff Assessment Plan (Reserves and	1,000	1,000	-
X. (Contingencies)	258,522	186,845	18,562
XI. Special charges	<u>300,000</u>	<u>-</u>	<u>-</u>
GRAND TOTAL	\$ 5,000,000	\$5,000,000	\$4,654,519

/The estimates

The estimates arranged in detail, in accordance with the standard budget summary agreed by the Consultative Committee on Administrative Questions, are shown in the budget estimates.

3. Main features of the estimates

FAO's estimates for 1951 are kept at the same level of the 1950 appropriations, in line with the ceiling of \$5,000,000 imposed by the General Conference for expenditures during any one year. However, the peculiar situation brought about by non-payment of contributions and the inclusion in the scale of contributions of previous years of States which had resigned from the Organization has in fact reduced the total amount made available to the Director-General from the annual ceiling of \$5,000,000 to a much smaller sum. The Director-General in his Draft Programme of Work for 1951 comments on this point as follows:

"FAO's income and expenditure outlook for 1951 must be clearly understood. First, on the income side, although the budget of the Organization will remain at \$5,000,000, the Council has instructed the Director-General to assume, in planning his expenditure program, that actual receipts will not exceed \$4,500,000. Secondly, on the expenditure side, the Director-General is to provide as a first charge in the 1951 budget, the sum of \$200,000 representing the first repayment installment on the loan needed to finance the move to Rome, and as a second charge, a sum estimated at \$100,000 to restore the withdrawal from the Working Capital Fund to cover the anticipated 1950 deficit due to delayed and unpaid subscriptions. Consequently, the Director-General has left for expenditure on his Program of Work a sum of \$4,200,000, or if income during the year exceeds anticipations a sum approaching \$4,700,000, compared with \$5,000,000 in 1950."

4. Programme of work

In the introduction to the Draft Programme of Work for 1951, the Director-General of FAO states that

"The Director-General's program of work is a continuing operation. The program for 1951 represents in large part a continuation of the 1950 program and a preparation of the program of 1952."

On the main features of the 1951 programme, the Director-General comments as follows:

"The Director-General is presenting his 1951 program of work in two parts. First, the full program which he could undertake on the basis of \$5,000,000 actual income, and, second, that part of the full program which will remain if he has to cut his expenditure by some \$500,000."

/In relation

In relation to the full programme, he adds that:

"An attempt has been made to maintain a reasonable balance between the various aspects of the Organization's work. The activities of FAO are often classified into three groups, namely

(1) the collection and publication of statistics and technical and economic information;

(2) the provision of advice and assistance to Member Governments (exclusive of additional activities undertaken under the Expanded Technical Assistance Program); and

(3) the furthering of international co-operation through conferences, regional meetings, and expert committees.

While it is not possible to make any rigid distinction between these forms of activity, since one merges into the other, a rough computation suggests that in 1951 some 60 per cent of FAO's resources will be devoted to the gathering and dissemination of information and about 20 per cent to each of the other two activities."

Examining the project which would have to be discarded in case of the \$500,000 reduction becoming effective, the Director-General states that

"FAO has to propose for 1951 the termination of 32 of its senior officers, as explained in paragraph 2. It is one thing to prepare written statements about changes in the number of posts and other administrative matters; it is quite another thing to have to say "no" to a request from a Government in urgent need of help. Yet, that is what the Director-General will have to do. If, for instance, the locusts are inconsiderate enough to swarm simultaneously in Central America and the Near East, he will only be able on the reduced program of work to help one area or the other, but not both. He can take care of a rinderpest outbreak in a Far Eastern country or a foot and mouth disease outbreak in South America, but not both. He can undertake world analyses of production goals in agricultural products or regional analyses which are needed by the regional economic commissions, but not both."

5. Relation between 1951 budget and the expanded programme for technical assistance

Although the work of FAO is intended in great measure, directly or indirectly, to advise Governments on problems related to food and agriculture, the plans for the expanded programme for technical assistance have been kept separate from a financial point of view, from the normal work of FAO. This preoccupation is reflected in a resolution adopted by FAO's Conference in November-December 1949, which reads in part:

/"The Conference

"The Conference desires to point out that the utmost discretion should be exercised in dealing with this matter before the establishment of the Special Fund so as to avoid on the one hand the danger of giving countries requesting technical assistance the impression that FAO can make commitments at the present stage, and on the other hand the danger of giving countries that contemplate contributions to the Special Account the impression that FAO assumes they have already made commitments."

However, in regard to actual working plans, the necessity for co-ordination of the expanded programme with FAO's normal activities is acknowledged. FAO's Council has commented in its report of the ninth session, May 1950, that:

"The Council notes that some of the work to be undertaken by FAO under the new program is an expansion of its regular activities. Therefore the distinction between the new program and the regular activities of the organization should not be drawn and interpreted too rigidly at this stage."

FAO is the agency which will receive the largest share of technical assistance funds: 29 per cent of contributions received during the first 18 months of the expanded programme.

#### 6. Analysis of administrative expenditures

##### A. Expenses for meetings

(1) <u>Direct costs</u>	<u>1950</u>	<u>1951</u>
Annual conference	53,500 *	139,500
Council (2 sessions)	52,500	42,900
Special Committee of the Conference and Council	500	7,500
Standing Advisory Committees	61,780	69,185
Total	<u>168,280</u>	<u>259,085</u>

\* No regular session of the Conference scheduled for 1950.

##### B. Salary, wages and other pay items

##### (1) Established posts

For 1951, FAO estimates provide for 656 established posts, in comparison with 658 approved for 1950. The staff is distributed by organizational units, as follows:

/Office

	1950		1951			
	Intl.	Local and semi-local	\$5,000,000		\$4,500,000	
			Intl.	Local and semi-local	Intl.	Local and semi-local
Office of Director-General	37		29	5	28	4
Administrative Division	157		33	117	31	102
Agriculture Division	50*		47	6	45	6
Distribution Division	46		25	16	22	15
Economics, Marketing and Statistics	89		50	26	46	23
Fisheries Division	38		25	12	24	12
Forestry and Forest Products Division	40		28	11	26	9
Information Division	104		51	50	45	48
Nutrition Division	30		22	7	20	7
Rural Welfare Division	11	2	9	6	8	3
European Regional Office**	1	41	1	1	1	1
Far East Regional Office	2	37	2	36	2	34
Latin-American Regional Office	3	2	4	3	3	2
Near East Regional Office	2	9	2	11	2	9
North American Regional Office	-	-	5	15	4	11
	610	91	307	286	333	322

Totals

1950 ..... 701

1951 ..... 655 - \$5,000,000

593 - \$4,500,000

\* Includes one post shared by Agriculture Division and Distribution in 1950 and not included in personnel tables of either Division.

\*\* With the transfer of Headquarters to Rome, it is anticipated that the present European Regional Office will be closed at the end of April 1951. Only a small liaison office in Geneva is expected to be maintained.

(ii) Temporary assistance and consultants

The amount of \$22,467 is allotted for temporary assistance in the 1951 estimates, corresponding to less than 1 per cent of total salary costs. For 1950, an amount of \$46,265 was appropriated, representing about 1.6 per cent of total salary costs.

/For consultants,

For consultants, an amount of \$37,420 is included in the budget for 1951, representing about 1.3 per cent of the total salary costs. A provision of \$30,625 was included in the appropriations for 1950.

(iii) Reimbursement for national income taxation. Staff assessment plan.

Provision is made for payment of national income taxation under the general heading "allowances". It is not possible to isolate the amount estimated for this purpose only.

The fifth session of FAO's Conference adopted a resolution to the effect that the Director-General would be authorized "to establish a staff assessment plan, effective 1 January 1950 or at such other date as he may determine in the light of development respecting attainment of the stated purposes of the staff assessment plan."

C. General services

(1) Rental and maintenance of premises

Owing to the move to Rome, a decrease in the estimates is registered. While \$272,290 was allocated for this account in 1950, \$210,350 is requested for 1951. Expenditures under this account are expected to be still smaller after the installation of the Organization in Rome. In connexion with the financing of the move to Rome, FAO's Council adopted the following resolution at its session in May 1950:

"Taking into account the decision of the Conference that the unspent balance of the second and third financial years (now estimated at approximately \$420,000) should be used to defray in part the expense connected with the transfer of headquarters to Rome, a balance of approximately \$800,000 will have to be provided from other sources.

"The Council considers that the most practical way of obtaining this amount is for the Director-General to apply to the United Nations for a loan from its Working Capital Fund, to be repaid over a period of four years.

"The Council therefore recommends that the Director-General should forthwith apply, through the Secretary-General of the United Nations, to the United Nations General Assembly for authority to be given to the Secretary-General to grant a loan of approximately \$800,000 to FAO.

"At the same time, the Director-General should take advantage of the very generous offer of the Italian Government to consider the possibility of making such a loan to FAO and should enter into negotiations with that Government to obtain terms as favourable as possible. In the event of a loan being granted by the United Nations, it would then be unnecessary for

/FAO to

FAO to take advantage of this further instance of the generosity of the Italian Government, which has already helped in many ways to facilitate the early transfer of FAO to Rome. If, however, the loan from the United Nations is not available, or if it is granted for a shorter period than four years, the Director-General should then take advantage of the offer of the Italian Government so that the repayment liabilities of the organization, in respect of any sums borrowed, do not exceed \$200,000 a year, whether the loan is provided wholly by the United Nations, partly by the United Nations and partly by the Italian Government, or wholly by the Italian Government."

(ii) Travel costs

Travel on official business is estimated at \$325,323 for 1951, as against an appropriation of \$395,155 for 1950. In addition, there is travel of staff to meetings of FAO bodies which cannot be identified in the budget estimates.

7. Income

FAO's income for 1951 is estimated as follows:

Amount to be borne by Member Governments	\$5,000,000
Miscellaneous receipts	25,000
Work covered by special grants	(ad memoriam)
Total	<hr/> \$5,025,000

The scale of contribution for 1951 is still under consideration by FAO's Committee on Contributions.

On the question of contributions in arrears, the Council of FAO adopted a resolution which reads:

"The Council notes that delay in the payment of Governments' contributions has necessitated the liquidation of certain interest-bearing investments of the Organization and is also creating cash deficits. The Council is in agreement with the recommendation of the Committee on Financial Control that this matter should be especially called to the attention of all Member Governments whose contributions are in arrears. In addition, the Council agrees with the recommendations of the Director-General that the following steps should be taken:

(1) that the United Nations be asked to include in its press release on contributions information on the status of contributions for FAO;

(2) that the Director-General, after obtaining legal advice regarding the interpretation of the rules governing the rights of members whose contributions are in arrears, shall send the special communication recommended by the Committee on Financial Control to all FAO Governments whose contributions are in arrears. The letter shall emphasize the responsibility of membership and shall also refer to the relevant section of the Constitution concerning loss of voting rights and to the rule providing that Council members should not continue to hold office, or Governments be eligible for election to the Council, if their contributions

/are in arrears



are in arrears for more than two years. The letters should also invite Governments to inform the Director-General of their plans for paying their arrears of contributions and when legislative action, if required, can be expected."

8. Working capital fund

The FAO Council at its May 1950 session, examined a report of the Working Party on the Working Capital Fund and decided to request the Director-General and the Working Party to prepare recommendations for submission to FAO's Conference raising the level of the Fund in 1951 to \$1,750,000 (from approximately \$1,530,000). In connexion with this raise, some qualifications were recommended by the Council for adoption by the Conference, as follows:

"(1) in the preparation of such revised Regulations for review by the Committee on Financial Control, the Director-General is requested to provide that use of the Working Capital Fund to meet unforeseen or extraordinary expenditures or to cover deficits in the regular operating budget be restricted to cases of extreme urgency and then only with the prior approval of the Council.

(2) such regulations should provide that withdrawals from the Working Capital Fund shall be reimbursed in such manner and under such conditions as the Conference may determine from time to time.

(3) the Committee on Financial Control should examine the proposals of the Australian Government for a reserve for contributions in arrears."

9. Form of the 1951 budget estimates

The form of the 1951 budget estimates is regulated by a resolution of the Council which approved proposals made on the subject by the Committee on Financial Control and the Director-General. The Secretary-General has found some difficulty in analyzing the documents as presented. For instance, there is no table in the document showing the number of posts proposed for 1951 for the Organization. The estimates for staff allowances are lumped together under one heading, thus making it impossible to determine the amounts allotted to each one. The presentation of estimates of costs under the heading "Documents" is somewhat obscure. In addition, the necessity of having throughout the document one column for a proposed budget adding up to \$5,000,000, and another for expenditure on the basis of first \$4,500,000 of receipts detracts from the clarity of the presentation. These problems undoubtedly arise out of the difficult problems faced by the Organization in preparing two levels of budgets together with many unknown factors connected with the move of Headquarters.

10. Inter-agency co-ordination on administrative Questions

FAO has co-operated actively in the work of the Consultative Committee on Administrative Questions. In addition, the following specific points may be pointed out:

- (i) FAO has joined the UN Joint Staff Pension Fund effective 1 April 1950.
- (ii) The possibility of accepting the jurisdiction of United Nations Administrative Tribunal is under consideration. The fifth session of the Conference requested the Director-General to report on the question, and probably the Conference at the current year's session will again examine the problem.
- (iii) FAO has joined the United Nations Joint Panel of Auditors, and the appointment of their member of the Panel will be made by FAO's Council at one of their coming meetings.
- (iv) FAO has made reservations on the question of applying all recommendations of the Committee of Experts. It appears that for the moment the only recommendation FAO was able to accept was the proposal to apply in appropriate cases the provisions governing local or semi-local staff. This will be done when the Organization moves to Rome, and the 1951 budget is based on this assumption. FAO has agreed, in principle, with various suggestions concerning salary differentials, tenure and termination indemnities, allowances and leave practices, but observed that such recommendations would have to be adapted to FAO's budgetary and administrative requirements.

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