



**ADVISORY COMMITTEE ON ADMINISTRATIVE
AND BUDGETARY QUESTIONS**

**SECOND TO THIRTY-FIFTH REPORTS
ON THE PROPOSED PROGRAMME BUDGET
FOR
THE BIENNIUM 1974-1975**

GENERAL ASSEMBLY

OFFICIAL RECORDS: TWENTY-EIGHTH SESSION

SUPPLEMENT No. 8A (A/9008/Add.1-34)

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UNITED NATIONS

New York, 1974 .

NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Note. For the references concerning the documents mentioned in this supplement which are identified only by symbol, see Official Records of the General Assembly, Twenty-eighth Session, Annexes, agenda item 79, check list of documents.

ABBREVIATIONS

ACC	Administrative Committee on Co-ordination
AMS	Administrative Management Service
ECLA	Economic Commission for Latin America
FAO	Food and Agriculture Organization of the United Nations
GATT	General Agreement on Tariffs and Trade
IAEA	International Atomic Energy Agency
ILO	International Labour Organisation
IMCO	Inter-governmental Maritime Consultative Organization
ITC	International Trade Centre
OAU	Organization of African Unity
UNCITRAL	United Nations Commission on International Trade Law
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNITAR	United Nations Institute for Training and Research
WHO	World Health Organization
WMO	World Meteorological Organization

Document A/9008/Add.1

Second report

Electronic data processing and information systems in
the United Nations family of organizations

/Original: English/

/26 September 1973/

1. In its first report on the proposed programme budget for the biennium 1974-1975, the Advisory Committee on Administrative and Budgetary Questions expressed the view 1/ that the estimates for the Electronic Data Processing and Information Systems Service should be considered in the context of the updated report on electronic data processing and information systems which the Secretary-General had undertaken to submit to the General Assembly at its twenty-eighth session. Accordingly, the Committee recommended that, in the meantime, the estimates be retained at the 1973 level adjusted for price and other increases and that the Secretary-General's staffing proposals, including the conversion to established posts of posts at present financed from temporary assistance credits, be held in suspense. The Committee also undertook to review in the light of the Secretary-General's report the cost estimates for 1974-1975 of the International Computing Centre at Geneva, 2/ as given in paragraphs 28.250 to 28.254 of the Secretary-General's programme budget proposals.

2. In the report now before the Fifth Committee, the Secretary-General recalls that the intention in setting up the Electronic Data Processing and Information Systems Service was to establish and enforce policies for the economical and effective use of these systems for all branches, offices and activities of the United Nations (A/C.5/1513 and Corr.1, para. 3).

1/ Official Records of the General Assembly, 'Twenty-eighth Session, Supplement No. 8 and corrigendum, para. 28.17.

2/ Ibid., para. 28.87.

3. The Secretary-General indicates that progress has been made in the direction of the adaptation, adoption and use of standard information systems, and that growing recourse is made to electronic data processing applications for both operational tasks (accounting, payroll, personnel records, etc.) and in substantive areas. The Secretary-General has informed the Advisory Committee that some of those applications have resulted in considerable savings in terms of staff resources that would have been required had there been no computerization. Electronic data processing applications have also enabled the United Nations to use, in several areas of substantive work, approaches and methods which would have been impossible without the help of computers.

4. At the same time, care must be taken to eliminate non-cost-effective applications and those of marginal usefulness. The existence of excess capacity encourages departments to promote non-essential applications. In the interests of both economy and efficiency, it is therefore necessary to ensure that the capacity and configuration of both the central processing unit and the peripheral equipment are closely tailored to the real needs of the Organization. Those needs might be assessed more accurately if a system of user charges were introduced; the Advisory Committee recommends that the Secretary-General study that possibility.

5. Since the establishment of the International Computing Centre at Geneva pursuant to General Assembly resolution 2741 (XXV) of 17 December 1970, the United Nations has also been faced with the problem of the optimum distribution of the electronic data processing workload between the installations at Geneva and in New York. This depends on several factors, including the location of the organizational unit responsible for the application and the nature of the application itself (for example, the relationship of testing time to subsequent actual processing needs and questions of urgency and periodicity). The Advisory Committee was informed that, contrary to original expectations, it has, as a general rule, proved more efficient to process in New York the applications of the New York-based organizational units.

6. Thus, the degree to which electronic data processing applications result in substantial and measurable benefits for the Organization depends, to a large extent, on the integrated management of the total operation.

Office of the Director

7. The setting up of a central management structure for electronic data processing was proposed by the Secretary-General in the report on electronic data processing in the United Nations family of organizations, which he submitted to the General Assembly at its twenty-sixth session (A/C.5/1378 and Corr.1). Considering the mounting cost of electronic data processing in the United Nations, the Advisory Committee concurred in the Secretary-General's proposal, but recommended that, as a first step, the staff of the office should consist of two Professional posts and two General Service posts, instead of four Professional and three General Service posts, as proposed by the Secretary-General. 3/

3/ Ibid., Twenty-sixth Session, Supplement No. 8A, document A/8408/Add.16, para. 22.

8. In support of his request for the expansion of the Office of the Director during the biennium 1974-1975, the Secretary-General provided the Advisory Committee with additional information on the disposition of staff resources, which show increased emphasis in the areas of systems integration (so as to avoid wasteful duplication of effort), policy on acquisition and use of computers, reporting procedures, technical guidelines and standards, and costing systems.

9. Bearing in mind its observations in paragraphs 2 to 6 above and in the light of the workload information provided to it, the Advisory Committee has concluded that the addition of the two Professional posts (one D-1 and one P-4) requested by the Secretary-General for 1974-1975 4/ is warranted.

New York Computing Centre

10. The current staff of the Centre includes 40 posts charged to the regular budget. Ten of them (one P-5, four P-4, two P-3, three P-2/1s) are now funded from temporary assistance credits. This situation arose as a result of fundamental shifts in the Secretary-General's approach to electronic data processing activities in the United Nations since the establishment at Geneva of the International Computing Centre. The Advisory Committee discussed the related implications in its seventeenth report to the General Assembly on the budget estimates for the financial year 1972. 5/ In particular, the Committee referred to the relationship between the electronic data processing workload and the ultimate decision to be taken on the location of Secretariat units. The Committee concluded that, at that time, there were continuing uncertainties about the future workload of the New York Computing Centre and that it was, therefore, premature to increase the establishment of the Centre to the extent then proposed by the Secretary-General. Accordingly, the Committee recommended a pragmatic approach, which included the funding of 10 Professional posts from temporary assistance credits.

11. The statistical data provided by the Secretary-General in his report (A/C.5/1513 and Corr.1) show that the New York Computing Centre currently operates at a level of approximately 300 hours per month with some variations, which reflect the annual cycle of United Nations activity. In paragraph 33, the Secretary-General states that, despite increased activity, the budget for rental of computer equipment has been held at the same level for two years and that there has been no increase in the manpower resources available to the Centre. The Secretary-General expects that, in 1974-1975, it will be necessary to increase utilization from the current level of approximately two shifts per day to nearly three shifts, with operations on weekends as required.

12. The Advisory Committee concluded that experience during the past two years has shown the need to provide on a continuing basis the manpower resources which

4/ Ibid., Twenty-eighth Session, Supplement No. 6 and corrigendum,
para. 28.28.

5/ Ibid., Twenty-sixth Session, Supplement No. 8A, document A/8408/Add.16,
paras. 9-15.

have hitherto been funded from temporary assistance credits. Accordingly, the Committee has no objection to the Secretary-General's proposal 6/ that the 10 Professional posts listed in paragraph 10 above be converted to established posts.

13. However, that conversion would provide the Secretary-General with a margin of manpower resources to meet the expanded workload expected by him in 1974-1975, inasmuch as three of those 10 posts are currently vacant. In the circumstances, the Advisory Committee believes that the further strengthening requested by the Secretary-General (three new Professional and six new General Service posts) 7/ can be reduced to three General Service posts (including two at the G-5 level).

International Computing Centre, Geneva

14. The Advisory Committee has reviewed the progress made by the International Computing Centre at Geneva since the last session of the General Assembly. Although some positive developments can be noted, the Geneva facility is still greatly under-utilized (even on a one-shift basis) and the unit costs are about three times higher than those at the New York Computing Centre. In the Advisory Committee's opinion, such a situation calls for urgent corrective action by the Secretary-General and his colleagues in the Administrative Committee on Co-ordination.

15. The Advisory Committee remains convinced that the concept of a joint interagency electronic data processing facility at Geneva is sound. However, some of the assumptions on which the choice of the equipment had been predicated and initial and continuing expenditure incurred have not been borne out in practice. In particular, the Secretary-General has found it necessary, for reasons of efficiency and cost-effectiveness, to retain in New York certain applications which were initially scheduled for transfer to Geneva; in some instances, this was linked with the question of the location of individual organizational units or subunits. The Centre's difficulties were compounded by the slowness of some Geneva-based members of the United Nations system to participate in its work. The resultant high unit costs discouraged increased participation; if unchecked, this situation may well result in a vicious circle.

16. The Advisory Committee stresses that the answer does not lie in the addition of applications of dubious usefulness and cost effectiveness. Rather, a solution must be sought in greater participation in the Centre by all Geneva-based agencies. Failing that, the equipment configuration should be scaled down and staffing adjusted so as to bring them more into line with actual needs and thereby ensure that the Centre becomes the cost-effective facility envisaged by the General Assembly when it adopted resolution 2741 (XXV) on 17 December 1970.

17. The Advisory Committee views with particular concern the reference in paragraph 44 of the report by the Secretary-General (A/C.5/1513 and Corr.1) to the possibility of a request by WHO for the relocation of the Centre. Only the most compelling reasons could justify the substantial extra cost which such a move would entail.

6/ Ibid., Twenty-eighth Session, Supplement No. 6, para. 28.32.

7/ Ibid.

18. The Advisory Committee believes that the necessary corrective action must be taken without delay. It intends to review the interagency arrangements in electronic data processing when it visits Geneva in the spring of 1974.

Budgetary implications

19. In paragraphs 9 and 13 above, the Advisory Committee agreed to the reinstatement of five of the posts which the Committee had deleted when it made its initial recommendations on the estimates for section 28 of the budget. 8/ The reinstatement of those five posts, if approved by the General Assembly, would make it necessary to increase the amounts recommended by the Advisory Committee in its first report on the proposed programme budget for the biennium 1974-1975 by \$125,000 under section 28, 9/ \$26,000 under section 34 and \$26,000 under income section 1.

20. The conversion of 10 posts from temporary assistance to established posts, to which the Advisory Committee agreed in paragraph 12 above, involves no budgetary adjustment.

21. The budgetary implications of a reassessment of the operations of the International Computing Centre, Geneva, cannot be estimated at this stage.

8/ Ibid., Supplement No. 8 and corrigendum, paras. 28.88 and 28.91.

9/ After applying the delayed recruitment deduction recommended by the Advisory Committee in its first report on the proposed programme budget (see Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 8 and corrigendum, para. 42).

Document A/9008/Add.2

Third report

United Nations office accommodation

/Original: English/

/19 October 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on United Nations accommodation at New York, Geneva and other locations (A/C.5/1510 and A/C.5/1511 and Add.1), the reports of the Secretary-General on major maintenance and extension of the Palais des Nations (A/C.5/1512 and A/C.5/1518 and Corr.1 and 2) and the Joint Inspection Unit report on office accommodation for United Nations staff at Geneva (see A/9164), together with the comments by the Secretary-General thereon (see A/9164/Add.1). Rather than prepare separate reports on the foregoing, the Committee has decided to deal with the subject as a whole and to submit this omnibus report on United Nations accommodation.

A. General considerations

2. In paragraph 4 of its resolution 2618 (XXIV) of 17 December 1969, the General Assembly requested the Secretary-General "to undertake a systematic inquiry into the possibility and desirability of relocating all or part of certain units of the United Nations ... in ... locations ... other than in already established major United Nations centres". In a report on the subject, prepared in compliance with General Assembly resolution 2895 (XXVI) of 22 December 1971, the Secretary-General, commenting on decentralization and relocation of United Nations activities in locations other than already established major United Nations centres, recorded his appreciation of the fact that "apart from the cost factor, the decentralization of activities can produce benefits in the impact of programmes and in local

participation", but none the less remained of the view that "since there are already five major established United Nations offices, as well as the smaller Beirut and Mexico City complexes, any additional permanent centres of any magnitude should be held to an absolute minimum" (A/C.5/1458 and Corr.1 and 2, para. 32). 1/

3. The Advisory Committee is aware that, in matters such as office location, political and other considerations play an important role in decision-making. The Committee trusts, however, that due weight will also be given to the cost factor.

4. The Committee recognizes that it is not always possible to determine that factor with any degree of certainty. In this connexion, it notes that the move of the Division of Human Rights from New York to Geneva, which was endorsed by the General Assembly at its twenty-seventh session, has been deferred by the Secretary-General so that the Assembly can consider whether the subsequent change in the financial picture, which is attributable largely to currency fluctuations, is significant enough to warrant a reversal of its decision.

5. A persistent factor in the study of staff accommodation has been the failure of projections for future accommodation needs to take into account the growth in numbers of staff financed by extra-budgetary funds and the resultant strain that growth has caused on the office space resources of the United Nations. The Advisory Committee was informed that over 500 staff members financed from extra-budgetary sources are currently accommodated in United Nations premises in New York, which are provided for in the regular budget. Over 300 extra-budgetary staff are currently accommodated at the Palais des Nations in Geneva. The total number of extra-budgetary staff for whom accommodation has to be found in United Nations premises on a world-wide basis is approximately 1,500. The question arises whether the cost of providing office space for such staff should be borne by the regular budget or met from the extra-budgetary funds themselves. There are many legal, budgetary and financial factors which must be considered before a general policy decision can be reached. The Advisory Committee recommends that the Secretary-General study the question of accommodation for extra-budgetary staff and report his conclusions to the Committee at its session in the spring of 1974.

B. Headquarters accommodation

6. The Committee is aware of the constant pressure and need for additional space at Headquarters.

7. Among the measures taken to relieve the pressure has been the rental of 28,850 square feet (2,680 square metres) of additional outside space in the Headquarters area. The Committee has learned that a rental was negotiated at \$5.55 per gross square foot (\$59.72 per square metre), including electricity and initial painting. The original plan was to rent 13,000 square feet (1,208 square metres) at a rate of \$9.50 per gross square foot (\$102.22 per gross square metre). The United Nations was to occupy and pay for 8,000 square feet (744 square metres) of this space at a cost of \$76,000, which had been appropriated by the General

1/ Document pertaining to the twenty-seventh session.

Assembly in 1973, and the balance of 5,000 square feet was to be charged to extra-budgetary funds. The Committee understands that, of the 28,850 square feet referred to above, 5,000 square feet are similarly charged to extra-budgetary funds.

8. The Committee understands that the lease of this rented space (which is now fully occupied) will expire at about the time the United Nations Development Corporation building is scheduled for completion. The Committee was informed that the construction is proceeding on schedule and that the Corporation building should be available for occupancy by the United Nations by September 1975 at the latest.

9. The net rent for the United Nations per gross square foot in the Corporation building is now estimated at \$7.37 (\$79.30 per gross square metre) compared with the estimate of \$8.14 net rent per gross square foot (\$87.59 per gross square metre) projected by the Secretary-General in his report of last year on this subject (A/C.5/1458 and Corr.1 and 2, para. 58 (c)). It is understood that the net rental now being quoted (which excludes maintenance and utility costs currently under negotiation) would be for a lease of eight years, renewable without increase for similar periods of eight years up to a maximum of 50 years. The lease agreement or a supplementary statement will include an option to purchase the rented office space. The option is, however, subject to the resolution of various complications affecting the ability of the United Nations Development Corporation to convey a fee interest. The Committee is of the opinion that the proposed lease terms are acceptable.

C. Accommodation at Geneva

10. The Committee was informed that there is now no surplus office space in the United Nations complex at Geneva, but was assured that the space which was reserved for the Division of Human Rights continues to remain available pending the further consideration of the relocation question by the General Assembly.

11. The space which is reserved and which would be made available to the Division of Human Rights is currently occupied, on a temporary basis, by the Environment secretariat, which is scheduled to move to Nairobi in the immediate future. However, the Committee was told that there will continue to be a need, unforeseen until recently, of space for an Environment Liaison and Project Office and that accommodation for this Office might have to be rented. Should a large number of staff financed by the Environment Fund be attached to the Liaison Office, that fact would have to be borne in mind in determining the financial arrangements for the provision of office accommodation for the liaison staff.

12. The Advisory Committee understands that the current programme of major maintenance at the Palais will end in 1974 and that a new programme will commence in 1976 and will be reflected, as necessary, in the programme budget for 1976-1977.

13. Concerning the extension of the Palais, the Committee notes with appreciation that every effort was made to follow its suggestion that the award of remaining

contracts be expedited so as to minimize the impact of continuing price increases and achieve early completion dates. As a result of these efforts, the Secretary-General believes that the total cost of construction of the new wing and its furnishings can be kept to the approved estimate of 127 million Swiss francs (A/C.5/1518 and Corr.1 and 2, paras. 2 and 3). The Committee draws attention to the need to ensure that all outstanding work is completed to specification and within the approved estimates.

14. Pursuant to the approval granted by the General Assembly at its twenty-seventh session, 2/ the Secretary-General has agreed to rent 56,673 net square feet (5,267 square metres) of office space in the former ILO building, which will be vacated by that organization in 1975. Present plans call for the building to be ready for occupancy by the United Nations and others during the latter half of 1976 (A/C.5/1511, paras. 16, 20 and 25). Annual rental for the space would be at the rate of \$44.55 per net square metre of office space (\$4.14 per net square foot) and \$29.70 per square metre of restaurant space (\$2.76 per square foot). Renovation costs currently estimated at \$2,310,231 will be borne by the Swiss authorities (A/C.5/1511, para. 21).

15. The Secretary-General has also continued negotiations for the purchase of the Petit-Saconnex buildings from the ILO and the conclusion of a ground rental agreement with the Geneva authorities. As yet there is not a clear picture "of the initial and recurrent costs of the acquisition, maintenance and operation of the buildings" (A/C.5/1511, para. 28). Nor have the Geneva authorities determined if and for how long the United Nations might occupy the ground site. Both these factors need to be clarified before the Secretary-General arrives at his decision. It would appear to the Advisory Committee that a ground lease of less than 10 years would be uneconomical in terms of the building purchase price.

16. The Committee is advised that the Secretary-General has not taken up its suggestion, endorsed by the General Assembly on 19 December 1972, that he "review with the Executive Director of UNICEF the decision taken previously /i.e. the decision to accommodate UNICEF in the Palais des Nations/ with the object of relocating UNICEF's European office at another site in Geneva when a suitable opportunity occurs" (A/C.5/1511, para. 30). 3/ The Secretary-General proposes to review the matter with UNICEF when space becomes available in either the former ILO building or the Petit-Saconnex (should it be purchased). Alternatively, the Secretary-General plans to discuss with the Executive Director of UNICEF "the possibility of making a rental charge to UNICEF for the space which it occupies in the Palais des Nations" (A/C.5/1511, para. 31).

17. The Committee recognizes that this is part of the broader problem, referred to in paragraph 5 above, which requires a general policy decision.

2/ At its 2,116th plenary meeting, on 19 December 1972, the General Assembly, on the recommendation of the Fifth Committee, endorsed the recommendation contained in paragraph 15 of the Advisory Committee's report (Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 8A, document A/8708/Add.17).

3/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 8A, document A/8708/Add.17, para. 6.

D. Joint Inspection Unit report on United Nations
accommodation at Geneva

18. The Advisory Committee considered the report of the Joint Inspection Unit (see A/9164) in conjunction with the Secretary-General's comments upon it (see A/9164/Add.1).

19. In his discussion of the problem, the **inspector** dwells in considerable detail on the question of space occupancy standards. The **inspector** found, in particular, that the lack of standards for the use of space in the old Palais has had an impact on the use of space in the new office wing (A/9164, annex, para. 23) and that the latter was not designed in a manner which makes it simple to apply uniform occupancy standards (A/9164, annex, para. 24). The problem has been compounded by the existence in the Palais of many different units, whose staff are subject to different authorities (A/9164, annex, para. 26).

20. The Committee questions the Secretary-General's opinion, as expressed in his comments, that "... the **inspector** has proceeded on the assumption that standards and practices adopted for the Headquarters in New York (a relatively modern office building constructed on a standard module basis) can be applied with equal facility to the Palais at Geneva, which was built many years earlier, on very different architectural lines, with space standards quite unlike those applicable to office buildings today" (A/9164/Add.1, para. 7). It is the Committee's belief that the **inspector's** report fully recognizes the difficulties engendered by the architecture of the Palais ("Given the structure of the building, it would undoubtedly be difficult to establish and impractical to apply a standard based on a given number of square meters" (A/9164, annex, para. 20)). The **inspector** was merely cataloguing, as is implied by the title of the subsection in question ("Obstacles to effective space management in the Palais"), those difficulties "which make it more difficult to use space rationally in Geneva than in New York" (A/9164, annex, para. 25).

21. The Committee trusts that misunderstandings about the basic assumptions underlying the Joint Inspection Unit report can be corrected so as not to prejudice an effective evaluation of the report's impact and recommendations.

22. As regards the **inspector's** specific recommendations, which are set forth at the end of his report, the Committee noted that most of these have been readily accepted by the Secretary-General and are being, or shortly will be, acted upon (recommendations 1, 3, 4, 6, 7, 8, 9, 10 and 11).

23. The Committee understands that the Secretary-General, in carrying out recommendation 1 (the creation of a unit for space planning and management), will ensure that the unit is kept small and comprised of existing staff who will serve this unit on an "as needed" basis.

24. As regards recommendation 2 on approval of space planning, the Committee accepts the Secretary-General's view that policy decisions concerning major transfers from one geographic location to another should be submitted to the General Assembly, but that less drastic decisions may be taken under the authority

of the Secretary-General in his capacity as chief administrative officer. The Committee sees no inconsistency between this view and the **inspector's** recommendation, which has been truncated in the summary contained in the Secretary-General's report.

25. The Committee has been informed that, with regard to recommendation 5 (consultations should be held to resolve the UNCTAD space problem), a solution has been found by which UNCTAD has been allocated a small amount of extra space, which will satisfy its requirements for the time being.

26. In recommendations 9, 10 and 11, the **inspector** suggests that the Secretary-General should ascertain, and report to the General Assembly, the cost of renting and renovating that part of the old ILO building on which the United Nations has exercised its option and the terms on which the United Nations could acquire the Petit-Saconnex buildings and lease the land on which they stand. Recent information on the former ILO building is contained in paragraph 14 above and the Committee has drawn attention to the considerations relative to the purchase of the Petit-Saconnex buildings in paragraph 15 above.

27. Recommendation 12 is that the Secretary-General should propose criteria for moving units out of the Palais as new space becomes available and that the General Assembly should decide upon those criteria. While the Committee agrees with the Secretary-General that interlocation moves can be handled administratively, they should not be dealt with in a piece-meal fashion. As suggested by the **inspector**, criteria should be developed upon a thorough analysis of the current space situation and a projection of future size and growth of both budgetary and extra-budgetary staff.

E. Other locations

28. The Advisory Committee notes the responses of Governments concerning the location of secretariat offices in their cities, as contained in the addendum to the report of the Secretary-General on office accommodation at New York, Geneva, and other locations (A/C.5/1511/Add.1-3). The Committee recalled that the Secretary-General reviewed the policy considerations of the decentralization question last year (see paragraphs 2 and 3 above) (A/C.5/1458 and Corr.1 and 2 and Add.1). The Secretary-General's view that space soon to become available at Geneva, Vienna and New York should suffice to meet the United Nations accommodation requirements for several years ahead apparently explains why he has not felt it necessary to offer substantive comment on the responses of Governments concerning the location of secretariat offices in their cities. Nevertheless, the Advisory Committee assumes that the Secretary-General will not overlook these responses when he comes to consider his longer-term plans for United Nations accommodation.

29. The Committee has considered the report of the Secretary-General on the status of the projects related to United Nations accommodation at Addis Ababa, Bangkok and Santiago (A/C.5/1510), which indicates that the further construction delays encountered at Bangkok and Addis Ababa are likely to be made up and that, at both these locations, currency fluctuations have led to cost increases.

30. The Advisory Committee trusts that, through economies and timely completion of the work and having regard to the substantial contingency provisions on both the Bangkok and Addis Ababa projects, it will be possible to keep costs for these projects within the approved limits, notwithstanding the effects of currency changes.

31. With regard to the proposed satellite building at Santiago, the Secretary-General has not requested any appropriation for 1974-1975 in his proposed programme budget. In its report of 24 November 1971 to the General Assembly at its twenty-sixth session, ^{4/} the Advisory Committee stated its belief that the questions of the future of the Latin American Institute for Economic and Social Planning (which would be a major occupant of the proposed building) and responsibility for its accommodation must be decided before a final decision can be taken to go ahead with the proposed new construction. These questions will be the subject of forthcoming deliberations between the United Nations Development Programme and the United Nations and at a special session of ECLA in New York; the Advisory Committee would expect to be consulted again after these meetings have taken place.

^{4/} Ibid., Twenty-sixth Session, Supplement No. 8A, document A/8408/Add.11, annex.

Document A/9008/Add.3*

Fourth report

Emoluments of the members of the International Court of Justice

/Original: English/

/22 October 1973/

1. The Advisory Committee has considered the report of the Secretary-General on the emoluments of the members of the International Court of Justice (A/C.5/1516) and other supporting information which has been made available to it.
2. The Secretary-General, in his report, recommends that the salary for a judge on the International Court of Justice be raised from \$35,000 (set in 1972) to \$45,000 for the year 1974, with proportionate increases in the daily fee and subsistence allowance of an ad hoc judge (on the basis of 1/365 of a judge's annual salary) from \$67 to \$80 in daily fee and from \$29 to \$43 in subsistence allowance for those who do not normally live in The Hague. The allowances for the President of the Court and the Vice-President acting as President would be proportionately increased from \$8,400 to \$11,000 for the President and \$53 a day to \$68 daily (up to a maximum of \$6,800 per annum) for the Vice-President acting as President.
3. Although no consistent criteria have been applied over the years during reviews of judicial emoluments, it has always been recognized that those emoluments were sui generis. The Advisory Committee believes that this is equally true today.
4. In the course of its examination of the Secretary-General's proposals, the Advisory Committee noted that since the present judicial salary was approved by the General Assembly its purchasing power has been greatly eroded as a result of the decline of the dollar in relation to the guilder. 1/ This factor, together with the data adduced by the Secretary-General, led the Committee to conclude that his

* Incorporating document A/9008/Add.3/Corr.1, of 24 October 1973.

1/ "... the value of the judges' salaries in guilders is seen to be only 69.7 per cent of what it was in January 1972" (A/C.5/1516, para. 4).

proposals with regard to the level of judicial salaries, allowances and fees were appropriate and acceptable. The Committee therefore recommends that the net salary of members of the International Court of Justice be raised, as from 1 January 1974, from \$35,000 per annum to \$45,000, with proportionate increases in related fees and allowances.

5. The Secretary-General also put forward the suggestion that he might be authorized "to revise the salaries of the judges annually as of January proportionately to movements of 5 per cent or more, upwards or downwards, of the WAPA [weighted average of post adjustments]" (A/C.5/1516, para. 11).

6. In considering this suggestion, the Committee expressed the view that the formal linking of judicial salaries to an index established for the international civil service would not be consistent with the sui generis nature of judicial salaries so frequently emphasized by the Committee.

7. The Committee was also mindful of Article 32, paragraph 5, of the Statute of the International Court of Justice, which requires that the salaries, allowances and compensation of the judges, as fixed by the General Assembly, "... may not be decreased during the term of office". A mechanism which provided for upward or **downward** revision of judicial salaries would be inconsistent with this requirement and the Committee would not favour an arrangement which provided only for upward adjustment.

8. The Committee cannot, therefore, support the Secretary-General's suggestion that he be authorized to revise judicial salaries proportionate to movements of the WAPA.

9. The Committee has no objection to the Secretary-General's proposal for an increase in pension benefits proportionate to the proposed increase in salaries (A/C.5/1516, para. 14). However, for reasons similar to those expressed in paragraph 6 above, the Committee is not in favour of any linkage of pension adjustments to movements of the WAPA.

10. Should the General Assembly approve the above increases in judicial emoluments and pensions, an additional amount of \$478,000 will be required under section 24 of the budget for the biennium 1974-1975 (A/C.5/1516, annex II, para. 2).

Document A/9008/Add.4

Fifth report

Progress made by the Administrative Management Service in conducting
a survey of manpower utilization in the Secretariat

/Original: English/

/23 October 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the progress made by the Administrative Management Service (AMS) in conducting a survey of manpower utilization in the Secretariat (A/C.5/1508).
2. During the past four years the primary task of AMS has been to survey manpower utilization in the Secretariat. In addition to surveying 30 major units it also provided consultant services with a view to improving the efficiency and productivity of Secretariat units.
3. The part of the report dealing with implementation does not provide adequate information on the nature of the recommendations which have not been implemented and on the reasons for non-implementation. The situation is further obscured by the fact that the tables showing implementation refer to fractions of recommendations.
4. The Advisory Committee ascertained that in a number of cases the ultimate decision not to proceed with a recommendation was based on political considerations or on other factors essentially beyond the Secretary-General's control.
5. However, it is clear to the Committee that there are also cases of non-implementation the causes of which must be sought elsewhere. For instance, according to paragraph 27 of document A/C.5/1508, an AMS recommendation that certain specialized conference servicing staff be given other tasks when they are not engaged in the work for which they were originally recruited is not susceptible of implementation. The Advisory Committee cannot accept that conclusion. If a group

of staff are under-employed - as would seem to be the case here - good management demands that strenuous efforts be made to enable them to discharge additional responsibilities during their slack period. Supplementary training should, if necessary, be given to the staff in question to enhance their mobility and expand their capabilities.

6. There have also been cases of failure of departments to agree on whose manning table a particular post or posts would be carried; failure to maintain work statistics, as recommended; and non-introduction of improved management practices. Indeed, among the non-implemented recommendations of AMS a high proportion consists of proposed improvements in the management area.

7. Experience has shown that the usefulness of the surveys conducted by AMS was often lost or seriously diminished because of the delays involved in the consideration and implementation of the AMS recommendations. One AMS report submitted in November 1971 is still under consideration; while this is admittedly an extreme case, substantial delays have also occurred on several other AMS reports. Furthermore, it is clear from document A/C.5/1508 that progress in the implementation of AMS recommendations that have been agreed to by all concerned has not always proceeded with the required speed, thoroughness and efficiency. The recommendations contained in the AMS reports were formulated following consultations with the departments concerned and a sufficient consideration of the factors involved. Once they have been approved by the Secretary-General, it becomes incumbent upon the departments concerned to implement the AMS recommendations. Where developments subsequent to the survey appear to invalidate certain recommendations, the matter should be quickly resolved by consultation between all the parties concerned.

8. In paragraphs 6 to 8 of his report the Secretary-General refers to the status of the manpower utilization survey of the Department of Economic and Social Affairs. In paragraph 8 he indicates that his conclusions on the basic organizational structure of the Department are those set out in document A/C.5/1506. The Advisory Committee notes from paragraph 19 of the latter document that the Secretary-General intends to submit at the current session of the General Assembly his definitive recommendations as to the most efficient and effective development and utilization of the staff resources of the Department of Economic and Social Affairs.

9. The Committee notes that, consistent with the request made by the Fifth Committee, the Secretary-General's report addresses it only solely to the manpower utilization survey. It does not purport to provide a comprehensive account of all the activities of AMS. The Advisory Committee did, however, inquire more closely into the future programme of the Service, a copy of which is annexed to this report. Some indication is also given in the proposed programme budget for the biennium 1974-1975, which states in paragraph 28.10 that during the biennium 1974-1975, "while the work relating to manpower utilization reviews will have been completed, monitoring of the implementation of the relevant recommendations approved by the Secretary-General and assistance to the units concerned in this

activity will be pursued on a high-priority basis". 1/ Mention is also made of a new project to develop work performance standards through the use of work measurement techniques. The Advisory Committee understands that this project is being initiated and hopes that it will be a precursor of improved productivity. The Committee also trusts that AMS will give priority to the issuance of an up-to-date version of the publication entitled Organization of the Secretariat.

10. The Advisory Committee agrees with the change of approach implicit in the future programme of the Service. The shift of emphasis following the completion of the initial surveys does, however, underline the need to undertake the review of the structure and methodology of AMS. The Advisory Committee welcomes therefore the Secretary-General's statement that he expects that review to be undertaken this year and trusts that no delay will occur. The Committee considers that the Service has now been in existence for a period long enough to make such a reassessment desirable. The outcome should provide a valuable guide to future AMS projects and activities.

11. In the last resort, however, the work of AMS - whatever its programme and whatever the quality of the staff and resources at its disposal - will be of little avail and the value of its services will be seriously compromised unless it enjoys the full and effective support of top management throughout the United Nations.

1/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 6 and corrigendum.

ANNEX

Work programme of the Administrative Management Service

1974

A. On-site follow-up of implementation

1. Office of Legal Affairs
2. Office of the Under-Secretary-General for Administration and Management
3. Office of General Services
4. Office of the United Nations Commissioner for Namibia
5. Centre for Economic and Social Information a/
6. Office of Public Information field establishment a/
7. New York Computing Centre
8. Office of the Under-Secretary-General for Special Political Affairs
9. Department of Political and Security Council Affairs a/
10. Division of Human Rights a/
11. Office of Financial Services a/
12. Office of Personnel Services a/
13. Office of the Under-Secretary-General for Political and General Assembly Affairs a/
14. Special missions a/
15. Department of Economic and Social Affairs a/
16. Library a/
17. Executive Office of the Secretary-General a/

B. Monitoring further progress of implementation in those areas where follow-up reviews have been completed

C. Productivity study

18. Office of General Services (selected areas)
19. Statistical Office (selected areas)
20. Library (selected areas)

a/ Subject to approval of AMS recommendations.

D. Special studies

21. Paper work management studies: files, correspondence procedures, office equipment, microfilming, routing of papers, records storage and disposal
22. Review of arrangements for production and distribution of the Yearbook of the United Nations
23. Feasibility and benefits of using new sophisticated electronic equipment for data transmission, etc.
24. Study of branch libraries and reference centres at Headquarters
25. Study of pre-editing (editorial control) functions and arrangements for carrying out those functions
26. Review of functional titles
27. Review of organizational titles
28. Development of a management information system for the Secretariat
29. Study of the role of executive officers/administrative officers and their relationships to the central services and departments/offices
30. Other studies as requested

E. Other assistance or advice to departments/offices

31. Task force participation for implementing AMS recommendations:
 - (a) Office of Financial Services
 - (b) Office of Personnel Services
 - (c) Library
 - (d) Others as needed

F. Continuing functions

32. Organization manual and other issuances
33. Forms design and control

Document A/9008/Add.5

Sixth report

Administrative and financial implications of the inclusion of Chinese among
the working languages of the General Assembly and the Security Council

(Agenda item 100*)

/Original: English/

/24 October 1973/

1. Under the terms of operative paragraphs 1 and 2 of draft resolution A/C.5/L.1110, the General Assembly would decide to include Chinese among the working languages of the General Assembly, and would consider it desirable to include Chinese among the working languages of the Security Council.
2. In document A/C.5/1528, the Secretary-General states that should the General Assembly and the Security Council decide to include the Chinese language among their working languages, the production of documentation in Chinese would have to be increased by approximately 18,000 pages a year.
3. The Secretary-General estimates the cost of such a full service at approximately \$2.7 million for a biennium (calculated at 1974-1975 rates). The service would require the addition of 84 Chinese language staff (41 Professional and 43 General Service) and the engagement of 16 additional staff on a temporary assistance basis during General Assembly sessions.
4. Bearing in mind, however, the shortage of trained Chinese language staff, the Secretary-General suggested a more cautious and pragmatic approach. Hence, as a first stage, production of documentation in Chinese would be increased by approximately 8,000 pages a year, at an estimated cost of \$1.2 million (net) during the biennium 1974-1975. Such a reduced service would involve the recruitment of 39 language staff (19 Professional and 20 General Service) and provision for 8 temporary assistance staff during General Assembly sessions. In paragraph 14 of document A/C.5/1528, the Secretary-General indicates that personnel costs would amount to \$1,012,000; the rental and maintenance of premises would cost \$111,000; reproduction supplies and equipment would account for \$50,000; and furniture and equipment, \$27,000.

* Inclusion of Chinese among the working languages of the General Assembly and the Security Council.

5. In view of the delays anticipated in recruiting Chinese language staff, the Secretary-General has applied a 40 per cent delayed recruitment deduction to personnel costs for the biennium. The Committee is of the opinion that, even allowing for the proposed limitation of services, the delayed recruitment factor of 50 per cent which the Advisory Committee has recommended for all new posts in the 1974-1975 biennium 1/ would also be more in keeping with the likely pace of recruitment of Chinese language staff. On that basis initial requirements could be reduced by \$125,000.

6. The Advisory Committee ascertained that the estimated requirements for rental have been calculated on a full two-year basis. While the Committee realized that premises would have to be rented before staff are engaged, it believes that full provision for rental of premises will not be required. The Committee therefore recommends that a 25 per cent reduction be applied to the estimate for rental costs, at a saving of approximately \$25,000 during the biennium.

7. Accordingly, the Committee is of the opinion that should the General Assembly adopt draft resolution A/C.5/L.1110, additional requirements in an amount of \$1,050,000 would arise under the budget for 1974-1975, including \$41,000 under section 1, \$806,000 under section 29, \$40,000 under section 30 and \$163,000 under section 28 J. Estimated staff assessment under section 34 would have to be increased by approximately \$150,000, and a similar increase would occur under income section 1 (**income** from staff assessment).

1/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 8 and corrigendum, para. 42.

Document A/9008/Add.6

Seventh report

International Trade Centre

/Original: English/

/25 October 1973/

1. The Secretary-General's initial proposed programme budget for the biennium 1974-1975 includes, under section 14, United Nations Conference on Trade and Development (UNCTAD), \$2,965,000 for the International Trade Centre (\$1,419,000 for 1974 and \$1,546,000 for 1975). 1/ This represents 50 per cent of the Trade Centre's assessed budget for 1974-1975, the other half to be met by the General Agreement on Tariffs and Trade (GATT) under the terms of its agreement with the United Nations for joint financing of the Centre.
2. In its first report 2/ to the General Assembly on the proposed programme budget for the biennium 1974-1975 the Advisory Committee did not comment on detailed estimates for the Centre since these were not available to the Committee for consideration at that time. The Committee has now received these estimates (A/C.5/1520 and Corr.1 and 2) which it discussed with representatives of the Secretary-General, the Trade Centre, UNCTAD and GATT. The estimates for the total budget for the Centre in 1974 are \$2,984,000, while those for 1975 are \$3,240,000 for a total of \$6,224,000 for the biennium. These estimates were calculated at the exchange rate of 3.23 Swiss francs to the United States dollar, whereas the figures given in section 14 of the initial proposed budget, which represent the United Nations share of the total budget, were calculated on the basis of 3.40 Swiss francs to the United States dollar.

1/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 6 and corrigendum, table 14-29.

2/ Ibid., Supplement No. 8 and corrigendum.

3. Besides provision for the effects of currency realignment and cost increases, the proposals for the Centre include a programme increase to consist of seven additional posts (1 D-1, 1 P-4, 1 P-3 and four General Service) in 1974-1975 and three reclassifications. The regular budget establishment of the Centre would thus be increased to 125 (including 55 Professional and above); the number of extra-budgetary posts is expected to be 31 (including 13 Professional). Bearing in mind the work programme of the Centre, (ITC/AG/27) the Advisory Committee has no objection to the above staffing proposals.

4. At the same time, the Committee is of the view that, should there be a change in the circumstances which gave rise to the creation of two D-2 posts in the directorate, serious consideration should be given to reverting to the normal practice of having one Director in charge of the Centre.

5. As noted in paragraph 2 above, the estimates in document A/AC.5/1520 and Corr.1 and 2 are based on an exchange rate of 3.23 Swiss francs to the United States dollar, whereas the initial figures were based on an exchange rate of 3.40 Swiss francs to the United States dollar. Otherwise, the underlying considerations employed in the preparation of the initial estimates remain the basis for the present detailed estimates. Further currency shifts have occurred since the computation of those detailed estimates and the Secretary-General will be submitting revised estimates for all sections of the budget to reflect new developments. In the meantime, the Advisory Committee concurs with the Secretary-General's proposals for the International Trade Centre in the amount of \$2,965,000 as contained in the initial estimates for the biennium 1974-1975.

6. In giving its concurrence, the Committee is aware that budget estimates for GATT are approved on an annual basis. The Committee's concurrence, to the extent that 1975 funds for the Centre are involved, is thus subject to an equal amount being approved by GATT for its share of the Centre's 1975 budget.

7. The Secretary-General has submitted a separate note containing his proposals on administrative arrangements for the International Trade Centre (A/C.5/1533) and the Advisory Committee will report, as necessary, on these proposals.

Document A/9008/Add.7

Eighth report

Consolidation of post adjustment in the salary scales for staff
in the Professional category and above

/Original: English/

/30 October 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered document A/C.5/1517 and Corr.1 in which the Secretary-General, with the agreement of the Administrative Committee on Co-ordination, recommends the consolidation of five classes of post adjustment into the base salary scales for staff in the Professional and higher categories, with effect from 1 January 1974.
2. The consolidation is recommended by the Secretary-General on the grounds that recent currency developments and the rise in the cost of living have led to a situation when post adjustment accounts for an inordinately large proportion of take-home pay, a situation which the Secretary-General considers unhealthy (A/C.5/1526, p. 6). Moreover, the Secretary-General states in his report that the percentage increase in the cost of living needed to produce a change in post-adjustment classification becomes progressively less as the post adjustment reaches higher classes and that changes take place more frequently (A/C.5/1517 and Corr.1, para. 6). Consolidation would reduce the proportion of take-home pay represented by post adjustment and reduce the frequency with which changes in post-adjustment classification would otherwise occur. Furthermore, while staff with dependants are only marginally affected, staff who receive post adjustment at the single rate (equal to two thirds of the standard rate) experience a considerable loss of the purchasing power of their emoluments if the latter include a large number of classes of post adjustment (the table in paragraph 5 of the Secretary-General's report illustrates this point).

3. The Secretary-General, upon the recommendation of the Expert Committee on Post Adjustment, recommends that the new base, after consolidation of five classes of post adjustment, would be New York, December 1969 = 100. The Expert Committee felt that to continue to use Geneva as the base posed a number of problems. The main one is that the fluctuations of the rate of exchange between the United States dollar and the Swiss franc complicate the establishment of a base related to a salary scale expressed in United States dollars; the fact that Geneva is now in a considerably higher class of post adjustment than New York was considered an added reason why Geneva should not be retained as the base for the post adjustment system.

4. In considering the Secretary-General's proposal, it is necessary to bear in mind that staff rule 103.16 already links the level of pensionable remuneration with the movement of the weighted average of post adjustment. Under the operation of that rule, which derives from the provisions of General Assembly resolution 1561 (XV) of 18 December 1960, the pensionable remuneration of staff in the Professional and higher categories is currently 15 per cent above gross base pay. Further movements in the weighted average of post adjustment are expected to raise pensionable remuneration on 1 January 1974 to 25 per cent above gross base pay, that is, to the level of gross base pay after consolidation of five classes of post adjustment. In other words, as the Secretary-General himself recognizes (A/C.5/1517 and Corr.1, para. 9), the proposed consolidation will have no effect on the pensionable remuneration of staff in the Professional and higher categories. The Advisory Committee draws attention to this point in view of the existence of a widely-held misconception that consolidation is necessary in the interest of improving the pensionable remuneration of staff.

5. The Advisory Committee noted that, as consolidation would have the effect of increasing base pay, the dollar amount of each class of post adjustment payable after consolidation would be increased proportionately. However, the resultant advantage to the staff would be offset by a slowing down of the post-adjustment movements owing to the fact that the indices would be related to the larger base. The impact of these various factors on future budgetary requirements cannot be quantified.

6. The total cost of the proposal for the biennium 1974-1975 is estimated by the Secretary-General at \$16,017,000 gross (\$3,561,000 net). Included in that amount, however, is \$871,000 for increased contributions to the United Nations Joint Staff Pension Fund, which, for the reason given in paragraph 4 above, will be payable even if consolidation is not approved.

7. If one excludes the increase in pension contributions, as the Secretary-General has done in paragraph 18 of his report, the cost to the United Nations of the proposed consolidation of five classes of post adjustment becomes \$15,146,000 gross. The net cost, after offsetting increased income from staff assessment, would be \$2,690,000. The magnitude of the gross increase (and the size of the offsetting increase in staff assessment income) is due to the fact that post adjustment is not subject to staff assessment. When post adjustment is incorporated in base salary, it is "grossed up", that is, the amount that is added to the gross pay scales is the amount of the post adjustment plus the staff assessment payable on it. Staff assessment is levied at progressively higher percentage rates. For instance, for

salaries corresponding to the low and middle steps of grade P-4, any addition to base salary would attract staff assessment at the rate of 35 per cent; on that basis, for every extra \$100 net pay, gross pay must be increased by almost \$154.

8. As the Secretary-General explains in his report, the methodology and transitional measures he is proposing, including the use of fractional classes of post adjustment, are such that the take-home pay of staff with dependants will not, as a general rule, be affected by consolidation. The only exceptions to that rule are indicated in paragraph 10 below.

9. More than one third of the extra requirements (\$960,000 out of \$2,690,000 will be accounted for by higher separation costs (termination indemnity, repatriation grant, commutation of accrued annual leave, surviving dependants' entitlements upon the death of a staff member), which are related to base salary.

10. The balance of \$1,730,000 would consist of increases in the take-home pay of staff without dependants at all duty stations (since the standard rate of post adjustment would be consolidated, whereas they now receive two thirds of that rate - see paragraph 2 above) and of all staff in the Professional and higher categories at duty stations which would have a negative post-adjustment classification, since negative post adjustments are deducted at the "single" rate for all staff. 1/

11. The Advisory Committee has been informed that, on a system-wide basis, the net regular-budget cost of the proposed consolidation of five classes of post adjustment for the biennium 1974-1975 would be of the order of \$10 million. 2/ In this connexion, the Committee recalled that it is the long-standing practice of WHO not to apply negative post adjustment. In the event of consolidation, several regional offices of WHO would be located in negative post-adjustment duty stations (Manila would be class D, Alexandria and New Delhi, class B). Hence, the cost of consolidation would be correspondingly greater for WHO unless it were to abide by the common system and apply negative post adjustment.

12. The Advisory Committee inquired why the Secretary-General considered that the number of adjustments to be consolidated be set at five. The Committee was informed that the aim was to achieve a balance between the need to reduce the excessively high number of post adjustments and the need to leave a sufficient margin to avoid an excessive number of negative-adjustment duty stations, bearing in mind that future shifts in currency alignments may call for a reduction in the number of classes of post adjustment at individual duty stations.

13. The Advisory Committee also inquired into whether consolidation of five classes of post adjustment would lead to larger take-home pay increases at the lower end

1/ This provision of the post-adjustment system explains the very high cost of the proposed consolidation in ECLA (see A/C.5/1517 and Corr.1, annex C, under expenditure section 10).

2/ For the reason given in paragraph 7 above, this total excludes the increase in contributions to the United Nations Joint Staff Pension Fund.

of the post-adjustment scale, inasmuch as the lowest class of negative post adjustment normally applied is class D (-20 per cent). The Committee was informed that only one main duty station (Bogota, Colombia, currently in class A (-5 per cent)) would be so affected. In the annex below, the Advisory Committee lists the post adjustment classification of the main duty stations now and the projected classification under the Secretary-General's proposal, assuming that there will be no changes in the cost of living or rates of exchange in the meantime.

14. In paragraph 2 of resolution 2742 (XXV) of 17 December 1970, the General Assembly decided that "no further adjustment of the base salary scales for the Professional and higher categories shall be made until such time as the review called for in General Assembly resolution 2743 (XXV) of 17 December 1970 has been completed and its results approved by the Assembly". The review in question was carried out by the Special Committee for the Review of the United Nations Salary System. By resolution 3042 (XXVII) of 19 December 1972, the Assembly, having noted the report of the Special Committee and the related comments, decided to transmit the report and the related documentation to the International Civil Service Commission, after it had been constituted, for its consideration and the submission of recommendations for action at the earliest possible date. The Advisory Committee recognizes that it can be argued that the International Civil Service Commission should be given the opportunity to examine the question before action is taken on the Secretary-General's proposal. However, the Committee has examined that proposal on its merits in the belief that the General Assembly would not wish to invoke paragraph 2 of resolution 2742 (XXV) after the adoption of resolution 3042 (XXVII).

15. In his statement at the 1564th meeting of the Fifth Committee (A/C.5/1526), the Secretary-General said that he attached great importance to the proposed consolidation of five classes of post adjustment with effect from 1 January 1974. The Advisory Committee would have liked to see demonstrated more positively and conclusively the urgency of this measure, which will have a significant impact on the budgets of the United Nations and the specialized agencies, but, in the absence of compelling reasons to the contrary, the Advisory Committee does not oppose the Secretary-General's recommendation.

16. Approval by the General Assembly of the proposed incorporation of five classes of post adjustment would entail additional requirements of \$16,017,000 gross (\$3,561,000) for the biennium 1974-1975. The breakdown by section is given in the Secretary-General's report (A/C.5/1517 and Corr.1, annex C).

17. Should the General Assembly endorse the Secretary-General's recommendation, the Advisory Committee would recommend that it also invite the World Health Assembly to follow the common system as regards the application of negative post adjustments.

ANNEX

Present post adjustment classifications of main duty stations and projected revised classes after consolidation

Present: Class A
Revised: Class D

Colombia, Bogotá

Present: Class O
Revised: Class D

Chile, Santiago
Guyana, Georgetown
Malawi, Zomba
Malta, Valletta
Pakistan, Islamabad
Philippines, Manila

Present: Class 1
Revised: Class C

Bolivia, La Paz
Khmer Republic,
Phnom Penh
Lesotho, Maseru
Republic of Viet-Nam,
Saigon
Sri Lanka, Colombo
Uruguay, Montevideo

Present: Class 2
Revised: Class B

Costa Rica, San José
Ecuador, Quito
Egypt, Cairo
Guatemala, Guatemala City
India, New Delhi
Turkey, Ankara

Present: Class 3
Revised: Class A

Ghana, Accra
Israel, Tel Aviv/
Jerusalem
Jamaica, Kingston
Nepal, Katmandu
Syrian Arab Republic,
Damascus
Thailand, Bangkok
(3+2/5)
Trinidad and Tobago,
Port of Spain

Present: Class 4
Revised: Class O

Botswana, Gaberones
Bulgaria, Sofia
Burma, Rangoon
Cyprus, Nicosia
El Salvador,
San Salvador
Kenya, Nairobi
Mexico, elsewhere
Panama, Panama City
Paraguay, Asuncion
Peru, Lima
Poland, Warsaw
Somalia, Mogadiscio
Uganda, Kampala
Union of Soviet
Socialist Republics,
Moscow

Present: Class 5
Revised: Class O

Argentina, Buenos Aires
Canada, Montreal
Greece, Athens
Haiti, Port-au-Prince
Honduras, Tegucigalpa
Indonesia, West Irian
and elsewhere
Iraq, Baghdad
Jordan, Amman

Present: Class 6
Revised: Class 1

Afghanistan, Kabul
Bangladesh, Dacca
Brazil, Rio de Janeiro
and elsewhere
Cuba, Havana
Czechoslovakia, Prague
Dominican Republic,
Santo Domingo
Hungary, Budapest

Present: Class 7
Revised: Class 2

Barbados, Bridgetown
Brazil, Brasilia
Morocco, elsewhere
Republic of Korea,
Seoul
United Kingdom of
Great Britain and
Northern Ireland
London

Present: Class 5
Revised: Class 0
(continued)

Laos, Vientiane
Mexico, Mexico City
United Republic of
Tanzania, Dar es Salaam

Present: Class 8
Revised: Class 2+3/5

Ethiopia, Addis Ababa
Gambia, Banjul
Indonesia, Djakarta
Mongolia, Ulan Bator
Morocco, Rabat
Rwanda, Kigali

Present: Class 11
Revised: Class 5+1/5

Cameroon, Yaoundé
Gabon, Libreville
Ivory Coast, Abidjan
Madagascar, Tananarive
Niger, Niamey
Senegal, Dakar
Togo, Atakpame and
Lama Kara

Present: Class 6
Revised: Class 1
(continued)

Iran, Teheran
Lebanon, Beirut
Liberia, Monrovia
Malaysia, Kuala Lumpur
Nicaragua, Managua
Nigeria, Lagos
Roumania, Bucharest
Sierra Leone, Freetown
Sudan, Khartoum
Venezuela, Caracas
Yugoslavia, Belgrade
Zambia, Lusaka

Present: Class 9
Revised: Class 3+2/5

Algeria, Algiers
Finland, Helsinki
Italy, Rome
Kuwait, Kuwait
Saudi Arabia, Riyadh
Singapore, Singapore
United Arab Emirates,
Abu Dhabi
Zaire, Lubumbashi

Present: Class 12
Revised: Class 6

Belgium, Brussels
Congo, Brazzaville
(12+2/5)
(Revised Class 6+1/5)
Hong Kong, Hong Kong

Present: Class 7
Revised: Class 2
(continued)

United States of
America, Washington
and elsewhere
Zaire, Kinshasa and
elsewhere

Present: Class 10
Revised: Class 4+1/5

Australia, Sydney
Burundi, Bujumbura
Libyan Arab Republic,
Tripoli
Togo, Lomé and
elsewhere
United States of
America, New York
City

Present: Class 13
Revised: Class 6+4/5

Central African
Republic, Bangui
Dahomey, Cotonou
Mauritania, Nouakchott
Upper Volta,
Ouagadougou

Present: Class 14
Revised: Class 7+3/5
Austria, Vienna
Chad, Fort Lamy
France, Lyons and elsewhere
Guinea, Conakry
Mali, Bamako

Present: Class 17
Revised: Class 10+1/5
France, Paris
Japan, Tokyo
Netherlands, The Hague
(17+1/5)

Present: Class 15
Revised: Class 8+2/5
Sweden, Stockholm
Switzerland, Geneva
(15+3/5)

Present: Class 19
Revised: Class 11+4/5
Germany, Federal Republic
of, Bonn (19+2/5)
(Revised Class 12)

Present: Class 16
Revised: Class 9+1/5
Denmark, Copenhagen
(16+2/5)
(Revised Class
9+3/5)

Ninth report

Administrative and financial implications of the draft resolution
submitted by the Third Committee in document A/9233

(Agenda item 53*)

/Original: English/

/30 October 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the statement by the Secretary-General (A/C.5/1536) on the administrative and financial implications of the draft resolution recommended by the Third Committee in its report (A/9233, para. 84), which designates the 10-year period beginning 10 December 1973 as the Decade for Action to Combat Racism and Racial Discrimination and which approves a programme for the Decade.

2. The Secretary-General in his statement indicates that the programme for the Decade "comprises a number of major components for which individual statements of financial implications will, in due course, have to be submitted in accordance with the applicable rules of procedure" (A/C.5/1536, para. 3). The Committee, while aware that, in large part, the inability to make a complete estimate was probably unavoidable, none the less expressed its concern over the potential implications of this circumstance for the recently endorsed full budgetary and programme budgeting concepts.

3. With respect to those costs which could be identified, the Secretary-General reports that they will be related to the additional workload that the programme will entail for the Division of Human Rights and he estimates them as follows:

* Elimination of all forms of racial discrimination:

- (a) Decade for Action to Combat Racism and Racial Discrimination;
- (b) Draft Convention on the Suppression and Punishment of the Crime of Apartheid;
- (c) Report of the Committee on the Elimination of Racial Discrimination;
- (d) Status of the International Convention on the Elimination of All Forms of Racial Discrimination: report of the Secretary-General.

	<u>1974</u>	<u>1975 and</u> <u>subsequent</u> <u>years</u>
	\$	\$
Salaries and common staff costs - 1 D-1, 1 P-4, 1 P-3, 2 G-S	76,000	120,500
Consultant services (6 man-months in 1974; 12 man-months in 1975 and subsequent years) .	10,000	20,000
Travel of staff	4,000	4,000
Staff assessment	14,700	22,500
	<u>104,700</u>	<u>167,000</u>

It is the Committee's view that it is being asked to consider the above figures only as they apply to the biennium 1974-1975 and that any notation for subsequent years is for information purposes only.

4. The Advisory Committee, in its first report on the proposed programme budget for the biennium 1974-1975, concurred in the initial estimates for the Division of Human Rights on the assumption that the draft programme for the Decade would be approved by the General Assembly at its twenty-eighth session and on the understanding that the spare capacity within the Division, identified by the Committee in its review of the estimates, would be utilized for the programme. The Committee was of the opinion that "the Division is clearly in a position to undertake the work in connexion with the proposed Decade without any additional posts". 1/

5. However, in light of information on the additional tasks which the Division must undertake to implement decisions taken by the Commission on Human Rights at its last session, and having been informed by the Secretary-General that, in his opinion, the posts proposed would be of a "unique" nature not susceptible to being filled from within the present staff resources of the Division, the Committee is prepared to modify its previous position and to concur in the Secretary-General's proposals for one additional P-4, one P-3 and two general service staff. The Committee does not see the need for the addition of a D-1, as proposed by the Secretary-General, as the Committee does not believe that staff assigned to the Decade programme should be segregated in a separate unit, and their work considered as a function apart from the main thrust of the Division as a whole.

1/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 8 and corrigendum, para. 20.14.

6. With regard to the Secretary-General's request for consultant services, the Committee had noted, in considering the Secretary-General's initial request for \$63,000 for the biennium, that this manpower "represents a reserve available for activities over and above the programme on which the initial estimates for 1974-1975 are based". 2/ The Advisory Committee cannot therefore concur in the full amount of \$30,000 requested for the biennium, but would recommend that \$15,000 be allotted for the additional consultant services which will be occasioned by the workload for the Decade programme in 1974-1975.

7. Consequently, the Advisory Committee recommends that the Fifth Committee inform the General Assembly that, should it adopt the draft resolution recommended by the Third Committee (A/9233, para. 84), an additional appropriation of \$111,500 would be required under section 20 of the budget estimates for the biennium 1974-1975, together with an additional amount of \$16,500 under section 34 for staff assessment, which would be offset by an increase in the same amount under income section 1. In arriving at its recommendation, the Committee applied the delayed recruitment factor at the rate of 50 per cent for Professional staff and 35 per cent for General Service staff, which it used in its first report on the proposed programme budget for 1974-1975; 3/ the estimates are based on the same assumptions as were used in the preparation of the initial budget estimates for the 1974-1975 biennium, that is, on the basis that the Division would be located at Geneva.

2/ Ibid., para. 20.11.

3/ Ibid., para. 42.

Tenth report

Revised estimates resulting from decisions of the Economic and Social Council at its fifty-fourth and fifty-fifth sessions, of the Trade and Development Board at the second part of its twelfth session, and of the Industrial Development Board at its seventh session

/Original: English/

/9 November 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has examined the revised estimates resulting from decisions of the Economic and Social Council at its fifty-fourth and fifty-fifth sessions, the Trade and Development Board at the second part of its twelfth session and the Industrial Development Board at its seventh session (A/C.5/1521/Rev.1).
2. The additional requirements for the biennium 1974-1975 are estimated by the Secretary-General at \$3.4 million, including \$280,000 for staff assessment under section 34 to be offset by an increase in the estimates of income in the same amount under income section 1.

Section 6. Policy-making organs (Economic and social activities)

3. Under this section, the Secretary-General requests \$72,000 for the translation, typing and reproduction of 800 pages of documentation to be issued in Chinese, English, French, Russian and Spanish for the World Population Conference to be held in 1974. The Advisory Committee noted that, when the Population Commission considered the documentation for the Conference it recognized the need to reduce such documentation as much as possible, but was informed that a series of background papers was either ready in draft or in a fairly advanced stage of preparation. It would appear, therefore, that the Population Commission was faced with a fait accompli. In the Advisory Committee's opinion, it would have been preferable had the Secretariat ascertained the Commission's views before undertaking the preparation of the background papers in question. The Committee would also point out that the

fact that a paper is in a fairly advanced stage of preparation - or even already drafted - is not a reason why it should necessarily be translated at considerable expense to the Organization. Rather, the criterion should be the potential usefulness of the paper for the Conference. The Committee trusts that, even at this late stage, it will prove possible to eliminate papers of marginal usefulness and that quality will not be sacrificed to quantity. Accordingly, the Committee recommends that the estimate be reduced to \$50,000.

4. The Advisory Committee recalled that, in its first report on the proposed programme budget for the biennium 1974-1975, it looked forward to savings under section 6 pursuant to the implementation of Economic and Social Council resolution 1768 (LIV), paragraph 16 of which deals with the periodicity of sessions of the subsidiary organs of the Council. 1/ The Committee notes that the Council's decisions relating to sessions of the Advisory Committee on the Application of Science and Technology to Development and of the Committee on Crime Prevention and Control entail savings of \$83,000 for the biennium.

5. The net impact of the Council's decisions relating to section 6 is thus to reduce requirements by \$11,000 for the biennium. The Committee's recommendation in paragraph 3 above would increase the reduction by \$22,000 to \$33,000.

Section 7. Department of Economic and Social Affairs

6. Under this section, the Secretary-General requests \$7,000 for the programme on development planning, projections and policies, and \$207,000 for natural resources, or a total of \$214,000.

7. The former amount relates to the travel and subsistence expenses of five New York-based staff to attend a session of the Committee for Development Planning to be held at Vienna in March-April 1974. As is apparent from paragraph 112 of the report of the Committee for Development Planning, these expenditures flow from an invitation extended to the Committee by the Executive Director of UNIDO. 2/ The Advisory Committee has reservations about the appropriateness of such an invitation, involving, as it does, additions to the United Nations budget. Moreover, the Committee is not convinced that there is need for five staff to attend the proposed session. It recommends that their number be reduced to three, with a consequential saving of \$3,000.

8. The additional appropriation of \$207,000 has been requested for the preparation for a United Nations water conference in 1977, the holding of which was approved by the Economic and Social Council in its resolution 1761 (LIV). The total cost of the Conference over the period 1974-1977 is estimated at \$591,000. 3/

1/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 8 and corrigendum, paras. 6.2 and 6.5.

2/ Official Records of the Economic and Social Council, Fifty-fifth Session, Supplement No. 5.

3/ Document E/5301, of 30 April 1973, para. 4.

9. The additional resources requested for 1974-1975 can be broken down as follows:

	<u>1974</u> \$	<u>1975</u> \$
(i) Temporary assistance	16,000	92,000
(ii) Consultants	-	55,000
(iii) Common staff costs	5,000	29,000
(iv) Travel of staff	-	9,000
(v) General expenses	-	1,000
Total . . .	<u>21,000</u>	<u>186,000</u>

10. While the Advisory Committee agrees that preparatory work for the Conference will call for additional staff resources on a temporary assistance basis, it believes that such a need is unlikely to arise as early as the last quarter of 1974, in view of the fact that the Conference will be held in 1977. Accordingly, the Committee recommends that the temporary assistance posts requested by the Secretary-General (one D-1, two P-3 and two General Service) not be filled before the first quarter of 1975, with a consequential saving of \$33,000.

11. As regards the request for consultants (\$55,000), the Committee is of the opinion that it should be considered in the light of the over-all need for economies, as well as of the findings of the Joint Inspection Unit regarding the use of experts and consultants in the United Nations (see A/9112). Accordingly, the Committee recommends that the Secretary-General's estimate for consultants be reduced by \$20,000 to \$35,000.

12. Finally, the Committee hopes that travel funds will be used with circumspection and with due regard for economy.

13. For the reasons stated in paragraphs 7, 10 and 11 above, the Committee recommends that the additional requirements under section 7 can be reduced by \$56,000 to \$158,000.

Section 9. Economic Commission for Asia and the Far East

14. An additional appropriation of \$42,000 has been requested by virtue of Economic and Social Council resolution 1813 (LV). Of that amount, \$14,000 is for temporary conference and documentation staff for the second of two rounds of intergovernmental consultations on timber and oil-palm in 1974. The initial round was held in 1973 and the related costs were charged against vacant posts in the Commission. The Advisory Committee has no objection to this request.

15. On the other hand, for the reasons outlined in paragraph 11 above, the Advisory Committee recommends that the estimate for consultants' services (\$28,000) be reduced by \$8,000 to \$20,000.

Section 12.* Economic Commission for Western Asia

16. The Economic and Social Council, at its 1878th meeting, adopted resolution 1818 (LV) establishing an Economic Commission for Western Asia. 4/

17. The Commission will absorb the functions now discharged by the United Nations Economic and Social Office in Beirut. The Secretary-General expects that the future structure of the Commission will not be dissimilar from that of the existing regional economic commissions. A more detailed picture will emerge only after the first session of the intergovernmental body of the Commission in the early part of 1974.

18. The Advisory Committee appreciates that, under these circumstances, the Secretary-General is not in a position to furnish more precise details concerning the Commission's programme objectives for 1974-1975 and to relate his request for staff and resources to those objectives. The Committee trusts, however, that, in subsequent biennia, the normal requirements of programme budgeting would be observed.

19. In his proposed programme budget for the biennium 1974-1975, the Secretary-General requested a manning table for the United Nations Economic and Social Office in Beirut consisting of 20 Professional and 32 local-level posts, that is a total of 52. In paragraph 12.4 of its first report on the proposed programme budget for the biennium 1974-1975, 5/ the Advisory Committee recommended a manning table of 50 posts (20 Professional and above and 30 local-level). While some strengthening may be needed before the first session of the intergovernmental body, the bulk of the additional posts - especially in the substantive areas - will be required only after that body has met and decided on the programme. Allowing for normal recruitment delays, it is thus unlikely that all the new posts requested by the Secretary-General for 1974 can be filled before the end of the year. In the circumstances, the Advisory Committee believes that there is room for a larger delayed recruitment factor than has been applied by the Secretary-General. The Committee is also of the view that, at this stage, it is difficult to allocate the new posts to individual programme sectors; such allocation will have to await the decisions to be taken next year by the intergovernmental body. For the same reason, it is impossible to determine in advance which posts will be required in 1974 and which in 1975.

20. Accordingly, and in line with its approach throughout the proposed programme budget that the biennium should be viewed as a whole for the purpose of additions to the manning table, 6/ the Advisory Committee recommends that the size of the manning table for the biennium be set at 100 posts (45 Professional and above and 55 local-level) - as against 89 posts for 1974 and 136 posts for 1975 required by

* Formerly known as "United Nations Economic and Social Office in Beirut".

4/ For the Commission's terms of reference, see A/C.5/1521/Rev.1.

5/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 8 and corrigendum.

6/ Ibid., para. 42.

the Secretary-General and that a delayed recruitment factor of 50 per cent be applied to the 25 Professional posts and of 35 per cent to the 25 General Service posts which would be added to the manning table recommended for the United Nations Economic and Social Office in Beirut. The resultant saving under the section would be \$567,000.

21. The above recommendation entails a consequential reduction of \$87,000 for rental and maintenance of premises and of equipment, utilities, communications and acquisition of furniture and equipment.

22. The Advisory Committee was also apprised of the question of accommodation for the Commission. It was informed that so far two proposals had been discussed informally with the Government of the host country. Under one of them, the Government would donate the land and the United Nations would build the plot. Under the other option, the Government would offer the plot and also assume financial responsibility for the construction of the Commission's building, against an agreed rent to be paid by the United Nations for occupancy of the building. The Advisory Committee would welcome an early decision on this and other matters which are still pending.

23. The Advisory Committee's recommendations in paragraphs 20 and 21 above reduce the additional requirements under section 12 by \$654,000 to \$937,000.

Section 14. United Nations Conference on Trade and Development

24. The estimate of \$275,000 under this section relates to the establishment by the Trade and Development Board - pursuant to Economic and Social Council resolution 1734 (LIV) - of an intergovernmental preparatory group, under the auspices of UNCTAD, to elaborate a preliminary draft of a convention on international intermodal transport. The estimate includes \$205,000 for the preparation of documentation in four languages for the two sessions of the Group, to be held in 1974 (230 pages pre-session, 150 pages in-session and 250 pages for final reports); \$60,000 for 24 man-months of consultants and \$10,000 for travel. The Secretary-General estimates that, should a plenipotentiary conference be convened in 1975, there would be additional requirements under the section in an amount of \$168,000.

25. In the Committee's view, the request for consultants' services should be seen in the light of the findings of the Joint Inspection Unit regarding the use of consultants and experts in the United Nations (see A/9112), as well as in the light of general considerations of economy. It recommends, therefore, that the estimate for consultants be reduced by \$15,000 to \$45,000.

26. The Advisory Committee has reservations about the proposed "fact-finding" missions at a cost of \$10,000 in travel and subsistence. It recommends that the necessary information be obtained to the maximum extent possible from Member Governments, through the specialized agencies concerned and the regional economic commissions. Accordingly, it recommends that the estimate for travel and subsistence be reduced by \$3,000.

27. As regards documentation, the Advisory Committee trusts that the Secretary-General will make every effort to reduce its volume; the Committee is not, however, recommending any reduction in the estimate of \$205,000.

28. Accordingly, the Committee recommends a revised estimate of \$257,000 for section 14.

Section 15. United Nations Industrial Development Organization

29. The amount of \$28,000 requested under this section consists of \$15,000 for documentation and conference-servicing costs for one session of the ad hoc committee for the follow-up of the report of the Group of High-level Experts on a Long-range Strategy for UNIDO, and \$13,000 for the conference-servicing costs arising out of the decision to hold the tenth session of the Committee for Development Planning at Vienna.

30. The Advisory Committee concurs in the former request. As regards the latter, however, the Committee recalls that it arises from an invitation extended to the Committee for Development Planning by the Executive Director of UNIDO. As stated in paragraph 7 above, the Advisory Committee has reservations about this procedure. In the Advisory Committee's opinion, UNIDO should now make an effort to absorb, at least in part, the costs attributable to the change of venue. Accordingly, the Advisory Committee recommends a reduction of \$4,000 under this item.

31. On that basis, the additional requirements under section 15 would amount to \$24,000.

Section 18. International narcotics control

32. The amount of \$117,000 requested under section 18 consists of \$41,000 for convening, pursuant to Economic and Social Council resolution 1778 (LIV), a special session of the Commission on Narcotic Drugs in 1974; \$69,000 attributable to the Council's decision to postpone until February-March 1975 the session of the Commission initially scheduled for January 1975; and \$7,000 for travel related to the work of the Sub-Commission on Illicit Drug Traffic and Related Matters in the Near and Middle East.

33. The Commission's special session in 1974 will be a departure from the normal biennial cycle of that Commission's sessions, as approved by the Economic and Social Council. The Advisory Committee trusts that the Commission will find it possible in the future to abide by the Council's basic decision on the calendar of conferences as contained in paragraph 16 (b) of resolution 1768 (LIV).

34. The Advisory Committee understands that the decision to postpone the 1975 session of the Commission was owing to the likelihood that the necessary documentation would not be ready by January of that year. The additional requirements are attributed by the Secretary-General solely to the need to recruit more staff for in-session and post-session translation and documentation. The Advisory Committee trusts that the Secretary-General will be able to make greater use of full-time translators for this work, perhaps by rescheduling less urgent translations. It recommends that, on this basis, the estimates be reduced by \$25,000.

35. Accordingly, the requirements under section 18 would amount to \$92,000.

Section 19. Regular programme of technical assistance

36. The additional requirement of \$0.5 million under section 19 is contingent on approval by the General Assembly of a recommendation made by the Industrial Development Board at its seventh session that the Assembly "increase the planning level and budget of the regular programme of technical assistance of the United Nations Industrial Development Organization from \$1.5 million to \$2 million as of 1975". 7/ For the reason given in paragraph 19.7 of its first report on the proposed programme budget for the biennium 1974-1975, 8/ the Advisory Committee has no comments to offer on this request.

Section 20. Human Rights

37. Additional net requirements under this section, after taking account of the saving of \$25,000 resulting from the Council's decision that the Yearbook on Human Rights should be issued henceforth every two years, are estimated by the Secretary-General at \$264,000.

38. The bulk of that requirement relates to the activities of the Ad Hoc Group of Experts established under resolution 2 (XXIII) of the Commission on Human Rights, including two sessions at Geneva of two weeks each, and a five-week field mission to Africa. The Advisory Committee was informed that one of the principal reasons for the fairly substantial cost of the mission (\$166,000) is the need to provide interpretation from and into three languages (English, French and Spanish), with a consequential addition to the staff of six interpreters, who will accompany the experts. While the Advisory Committee agrees with the Secretary-General that such provision must be included in the estimates, it trusts that, should some of the experts be unable to participate in the mission, the Secretary-General would review the language requirements accordingly and interpreters would not be automatically assigned to the mission if their services were not required.

39. The estimate under section 20 also includes an amount of \$63,000 for further studies on racial discrimination under the auspices of the Sub-Commission on Prevention of Discrimination and Protection of Minorities. Of that amount, \$43,000 relates to temporary assistance (1 P-4 and 1 General Service for 18 months) and \$16,000 to the contractual translation, typing and reproduction of the studies (360 pages).

40. The balance of the request consists of \$18,000 for a study of special problems relating to human rights in the developing countries and \$9,000 for convening the Working Group on Model Rules of Procedure for United Nations bodies dealing with violations of human rights.

7/ Ibid.. Supplement No. 16, annex II, decision I (VII).

8/ Ibid.; Supplement No. 8 and corrigendum.

41. The revised estimates -- like section 20 of the proposed programme budget for the biennium 1974-1975 -- have been drawn up on the assumption that the Division of Human Rights will be located at Geneva. In its examination of those estimates, the Advisory Committee noted that they include \$37,000 for documentation; the Committee trusts that the Secretary-General will make every effort to reduce those costs through more succinct drafting and greater reliance on established language staff. The Committee noted also that the travel and subsistence costs have been included in full, that is, without reference to the possibility that some entitlements will not be utilized. For these two reasons, the Advisory Committee recommends that the estimate for section 20 be reduced by \$10,000 to \$254,000.

Section 33. Construction, alteration, improvement and
major maintenance of premises

42. The additional requirement of \$100,000 under this section relates to the proposed remodelling of the Economic and Social Council chamber, for which the Secretary-General included an amount of \$100,000 in his proposed programme budget for 1974-1975 and on which the Advisory Committee commented in paragraph 33.12 of its first report. The revised plan, which was approved by the Council at its 1876th meeting, would involve total expenditure of \$200,000. The Advisory Committee was informed that the plan in question meets the Council's concern that the design of the Chamber befit the dignity and importance of the Council, and that it provides an adequate number of seats. The Committee has no objection to the Secretary-General's request under section 33.

Section 34. Staff assessment

43. The reductions recommended by the Advisory Committee in paragraph 20 above involve a consequential reduction of \$123,000 under section 34 (i.e. from \$280,000 to \$157,000).

Income section 1. Income from staff assessment

44. If the General Assembly approves the revised estimates submitted by the Secretary-General (A/C.5/1521/Rev.1) as reduced by the Advisory Committee's recommendations in the present report, there will be additional income from staff assessment in an amount of \$157,000.

Recapitulation

	Estimate submitted by Secretary- General	Reduction recommended by Advisory Committee	Estimate recommended by Advisory Committee
	\$	\$	\$
Section 6. Policy-making organs . . .	(11,000)	22,000	(33,000)
Section 7. Department of Economic and Social Affairs	214,000	56,000	158,000
Section 9. Economic Commission for Asia and the Far East	42,000	8,000	34,000
Section 12. United Nations Economic and Social Office in Beirut	1,591,000	654,000	937,000
Section 14. United Nations Conference on Trade and Development	275,000	18,000	257,000
Section 15. United Nations Industrial Development Organization	28,000	4,000	24,000
Section 18. International narcotics control	117,000	25,000	92,000
Section 19. Regular programme of technical assistance	500,000	-	500,000
Section 20. Human Rights	264,000	10,000	254,000
Section 33. Construction, alteration, improvement and major maintenance of premises	100,000	-	100,000
Section 34. Staff assessment	<u>280,000</u>	<u>123,000</u>	<u>157,000</u>
	3,400,000	920,000	2,480,000
Income section 1. Income from staff assessment	280,000	123,000	157,000

Document A/9008/Add.10

Eleventh report

Administrative and financial implications of the draft resolution
submitted by the First Committee in document A/9278

(Agenda item 40*)

/Original: English/
/10 November 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the statement by the Secretary-General (A/C.5/1541) on the administrative and financial implications of the draft resolution adopted by the First Committee at its 1939th meeting, on 26 October 1973 (A/9278, para. 20).
2. The Committee was informed, subsequent to its receipt of the Secretary-General's statement (A/C.5/1541), that the First Committee, at its 1948th meeting, on 6 November 1973, had decided to change in the draft resolution the dates for the Third United Nations Conference on the Law of the Sea to 3-14 December 1973 for the first session and to 20 June-29 August 1974 for the second session.
3. The first session will not give rise to additional financial requirements since it will be held in New York and will utilize staff and facilities which would otherwise be assigned to the General Assembly.
4. The Secretary-General estimates the financial implications of the draft resolution at a total of \$3,273,000 for the biennium 1974-1975. This sum comprises \$1,495,000 related to the second session of the Conference on the basis of what it would cost were it held at Geneva (calculated at 3.03 Swiss francs to the dollar),

* Reservation exclusively for peaceful purposes of the sea-bed and the ocean floor, and the subsoil thereof, underlying the high seas beyond the limits of present national jurisdiction and use of their resources in the interests of mankind, and convening of a conference on the law of the sea: report of the Committee on the Peaceful Uses of the Sea-Bed and the Ocean Floor beyond the Limits of National Jurisdiction.

\$475,000 for the printing of the documents of the Conference and \$1,303,000 related to the Conference secretariat. It is understood that the second session of the Conference will be held at Caracas and that the Government of Venezuela will pay costs additional to what would have been involved had the session been held at Geneva.

5. The Committee was informed that, as a consequence of the decision to change the dates of the sessions of the Conference (see paragraph 2 above), the availability of conference servicing staff for the second session will be contingent upon the conclusion of satisfactory arrangements with the United Nations Commission on International Trade Law (UNCITRAL) and the United Nations Conference on Prescription (Limitation) in the International Sale of Goods, which are now scheduled concurrently with the new meeting period for the second session. Even if these arrangements can be made, the Committee is advised that, because of the over-all shortage of language staff during the first three weeks of the session, some curtailment of the services on which the estimates of financial implications were based in document A/C.5/1541 is inevitable. The Secretary-General calculates that this curtailment will result in a reduction of conference costs (including summary records) by \$85,000.

6. The Secretary-General indicates in paragraph 10 of his statement (A/C.5/1541), that he intends to detail 32 substantive staff from Headquarters for the second session of the Conference. Of these, 16 are already available from the regular establishment (6 in the Department of Political and Security Council Affairs, 5 in the Department of Economic and Social Affairs, 5 in the Office of Legal Affairs) and 16 will have to be recruited for new posts in the office of the special representative of the Secretary-General. Three of these new posts were approved last year (1 Under-Secretary-General, 1 P-2 and 1 G-5) leaving 13 to be approved at the present time. In paragraph 20 of his statement, however, the Secretary-General requests, in addition to the three posts already approved, 25 posts (14 Professional and 11 General Service) or 12 more than are needed to provide the number of staff he intends to send to the Conference.

7. While aware that General Assembly resolutions 2749 (XXV) and 2750 C (XXV) of 17 December 1970 refer to the future establishment of permanent international machinery, the Advisory Committee is of the opinion that funds appropriated at this point should be for the substantive servicing of the Conference and not for the creation of a nucleus for permanent international machinery, since recommendations to the General Assembly relating to the creation of such machinery can only be made by the Conference itself.

8. For this reason, the Committee believes that, in 1974, recruitment should be confined to those posts which the Secretary-General intends to make available to the Conference at its second session. The Advisory Committee therefore recommends that, in addition to the 3 posts approved last year, another 9 Professional and 4 General Service staff should be provided on a temporary assistance basis as follows: 2 D-1, 3 P-5, 2 P-4/3, 2 P-2, 1 G-5, 3 G-4/3, on the understanding that the senior posts will be reserved for substantive (non-administrative) staff. The Committee is thus

recommending approval of 13 posts, which is the number the Secretary-General has requested to provide the required level of servicing for the Conference. The Secretary-General's representatives informed the Advisory Committee that lawyers with specialized knowledge of the law of the sea were not readily available and that considerable recruitment delays and difficulties were likely to be encountered. None the less, the Committee has not increased the delayed recruitment factor applied by the Secretary-General (40 per cent for Professional and 20 per cent for General Service staff in the year of recruitment). Bearing in mind its recommendations as to the number of senior posts for the secretariat and in view of the uncertainties as to the need for consultants after the Conference, the Advisory Committee recommends that the Secretary-General's recommendation for consultants be reduced by \$20,000 to \$80,000. The Committee's recommendation on the size of the Conference secretariat and consultants would entail savings of \$324,000 under section 3.

9. As a consequence of the staffing reductions which it is recommending, the Committee is of the opinion that the Secretary-General's \$50,000 request for travel can be reduced by \$10,000. In addition, the Committee considers that savings should be possible in respect of the editing, copy preparation and printing of documentation. The Secretary-General's estimates appear to be based on an average of \$177 a page, as against \$125 a page in his proposed programme budget for 1974-1975. Even allowing for higher printing and related costs, an increase in unit costs of the order assumed by the Secretary-General (over 40 per cent) is hardly justifiable. For this reason and in the expectation that the Secretary-General will explore the use of more economical printing techniques than currently contemplated, the Advisory Committee recommends that the request for printing be reduced by \$100,000 to \$375,000.

10. In summary, for the reasons indicated in paragraphs 5, 8 and 9 above, the Advisory Committee is recommending that the Secretary-General's estimate of financial requirements, as contained in paragraph 29 of his statement (A/C.5/1541), be reduced by \$519,000 from \$3,273,000 to \$2,754,000. The recommended reduction for the Conference secretariat would result in a consequential reduction of \$49,000 in the Secretary-General's estimates for staff assessment under section 34 of the budget for 1974-1975, and the same reduction in the Secretary-General's estimates of income from staff assessment under income section 1 of the budget for the biennium.

11. The Advisory Committee therefore recommends that the Fifth Committee inform the General Assembly that, should it adopt the draft resolution recommended by the First Committee (A/9278, para. 20), an additional appropriation of \$1,768,000 would be required under section 3 of the budget for the biennium 1974-1975 (\$2,754,000 less \$986,000 already approved in first reading), together with an additional amount of \$358,000 under section 34 for staff assessment, which would be offset by an increase in the same amount under income section 1 (income from staff assessment).

12. The Advisory Committee notes from operative paragraph 4 of the draft resolution recommended by the First Committee and from paragraphs 17

and 21 of the Secretary-General's statement (A/C.5/1541), that a further session or sessions of the Third Conference may become necessary in 1975; in that case, additional conference servicing requirements may arise in the biennium 1974-1975. As regards the substantive staff, the Secretary-General will have available to him the 16 posts recommended in paragraph 8 above for the Conference secretariat and the staff in the Department of Political and Security Council Affairs, the Department of Economic and Social Affairs and the Office of Legal Affairs who have hitherto been responsible for substantive servicing in this field. Should decisions to be taken in 1974 not provide for further sessions in 1975, the Committee trusts that the Secretary-General will review his requirements for the special secretariat so as to achieve savings under the related staff costs.

Twelfth report

Proposed transfer from New York to Geneva of the secretariat of the
United Nations Scientific Committee on the Effects of Atomic
Radiation: revised estimates under expenditure section 2

/Original: English/

/16 November 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General (A/C.5/1530), in which he recommends that the secretariat of the United Nations Scientific Committee on the Effects of Atomic Radiation be transferred from New York to Geneva with effect from 1 January 1974. The Secretary-General indicates that, because of the cyclical nature of the operations of the Scientific Committee under its terms of reference, there has been an unevenness in the work of the Committee's secretariat, and that the transfer to Geneva would facilitate a more even and sustained workload because the secretariat would be in a position to provide advice to the United Nations Environment Programme (UNEP) on a continuing basis on certain technical aspects of pollution assessment and control. According to the Secretary-General, the most immediate project in respect of which the secretariat of the Scientific Committee could make a contribution is the implementation of the Earthwatch programme.

2. The Advisory Committee agrees with the Secretary-General that, in the present circumstances, it would be unproductive to retain the secretariat of the Scientific Committee in New York. The Advisory Committee inquired into whether the objectives sought by the Secretary-General could be better served by relocating the secretariat in Vienna (in the interest of closer liaison with IAEA in regard to the monitoring of radio-active pollution of the environment) or in Nairobi (if the main concern is close integration with UNEP). The Committee was informed that the Secretary-General

is proposing relocation in Geneva, because the two agencies that will play the central role in designing and implementing programmes of pollution assessment and control are WHO and WMO, and because important functions will also be assumed by FAO, IMCO and IEOCSO (Intergovernmental Oceanographic Commission).

3. In the circumstances, the Advisory Committee does not object to the Secretary-General's proposal. The Committee recommends, however, that the Secretary-General continue to keep the question of the optimum location of the secretariat of the Scientific Committee under review in the light of experience of its operations at Geneva.

4. The Secretary-General estimates the costs of relocation at \$38,000 for the biennium, including \$20,000 in one-time costs of the transfer of the staff and \$18,000 attributable principally to the fact that emoluments in Geneva are currently higher than those payable in New York (A/C.5/1530, annex). Bearing in mind that, in the proposed programme budget for 1974-1975, costs relating to appointment, transfer and separation have been included in the calculations on which standard staff costs have been based (whereas under the object-of-expenditure form of budgeting hitherto in force they were segregated within section 4, Common staff costs), the Advisory Committee is of the opinion that the Secretary-General should be in a position to absorb the \$20,000 one-time costs of the proposed transfer of the Scientific Committee's secretariat within the level of resources for section 2 approved in first reading.

5. Accordingly, the additional requirements under section 2 that will arise if the General Assembly approves the proposed transfer of the secretariat of the United Nations Scientific Committee on the Effects of Atomic Radiation to Geneva, with effect from 1 January 1974, will amount to \$18,000.

Document A/9008/Add.12

Thirteenth report

Reorganization of the top echelon of the Secretariat

/Original: English/

/21 November 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General (A/C.5/1537), in which he sets forth certain reorganizational measures and reassignments within the top echelon of the Secretariat which modify the organizational structure as submitted in his proposed programme budget for 1974-1975. Since those measures complete the over-all reorganization of the top echelon envisaged by him for the foreseeable future, the Secretary-General says (A/C.5/1537, para. 6) that "he trusts that the Advisory Committee will now be in a position to approve" the four upgradings from the D-2 level to the Assistant Secretary-General level which he had included in his proposed programme budget.

2. The reassignments were put into effect on 15 September 1973 and involve four posts. In two cases, the Secretary-General requests that the changes be formally reflected in the relevant manning tables to be approved for the forthcoming biennium; in the other two, the Secretary-General is proposing interim arrangements.

3. The former group relates to two posts in the Offices of the Secretary-General (section 2 of the proposed programme budget for 1974-1975). The Secretary-General has decided that the Office for Inter-Agency Affairs should be renamed Office for Inter-Agency Affairs and Co-ordination "to reflect additional responsibilities assigned to it in respect of institutional co-ordination within the United Nations itself" and that the head of the Office should be reclassified to the Under-Secretary-General level (A/C.5/1537, para. 3 (b)). The Secretary-General has also decided that the post of Chef de Cabinet in the Executive Office of the Secretary-General should be renamed Executive Assistant to the Secretary-General and be reclassified from the Under-Secretary-General level to the Assistant Secretary-General level (A/C.5/1537, para. 3 (a)).

4. The Secretary-General does not indicate what additional responsibilities he has assigned to the former Office for Inter-Agency Affairs, or in what respect the duties and responsibilities of the Executive Assistant differ from those of the Chef de Cabinet, to justify an upgrading in one case and a downgrading in the other.

5. The Secretary-General's third change is that the former Office of the Special Adviser on African Questions, hitherto headed by an official at the Under-Secretary-General level, has been replaced by a new organizational unit entitled Office of the Assistant Secretary-General for Special Political Questions (A/C.5/1537, para. 3 (c)).

6. The Advisory Committee recalled that, in its first report on the proposed programme budget for 1974-1975, it indicated that it had been informed by the Secretary-General that he continued to regard the arrangements for the Special Adviser's Office as transitional. 1/ In the circumstances, the Committee recommended at the time that the staff of that Office continue to be provided for from temporary assistance funds. The Secretary-General proposes that the staff in question be transferred to the new Office of the Assistant Secretary-General for Special Political Questions, and that the interim arrangements of charging them to temporary assistance funds be continued for the time being. The Advisory Committee agrees with this proposal, which reflects the fact that the future functions of the new Office remain largely undefined. The Committee notes that the Secretary-General's proposals for the new Office include one upgrading (from P-2 to P-3). The Committee recommends that this request be dealt with on its merits within the Committee's recommendation for reclassifications in its first report on the proposed programme budget for 1974-1975. 2/

7. The fourth reassignment involves the filling of the post of Commissioner for Technical Co-operation (Department of Economic and Social Affairs), which has been at the level of Assistant Secretary-General, at the Under-Secretary-General level during the term of office of the present Commissioner only (A/C.5/1537, para. 3 (d)).

8. The Advisory Committee notes from paragraphs 4 and 5 of the Secretary-General's report that, in 1973, it has been possible to accommodate the four changes discussed above within the over-all manning table and resources available to the Secretary-General under section 3 of the current budget, and that a similar accommodation will be possible within the level of resources recommended by the Advisory Committee under sections 2 and 7 of the programme budget for the biennium 1974-1975. The Advisory Committee understands that, on the expiration of the term of office of the present Commissioner for Technical Co-operation, the total number of posts of Under-Secretary-General in the Secretariat will be reduced by one and the number of posts of Assistant Secretary-General will be increased by one.

9. As regards the Secretary-General's request in paragraph 6 of his report, the Advisory Committee recalled that, in its first report on the proposed programme

1/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 8 and corrigendum, para. 2.9.

2/ Ibid., para. 63.

budget for 1974-1975, it pointed out that the proposed upgrading from the D-2 level to the Assistant Secretary-General level of the posts of the Head of the Centre for Development Planning, Projections and Policies in the Department of Economic and Social Affairs, and the deputies to the Secretary-General of UNCTAD, the Executive Director of UNIDO and the United Nations High Commissioner for Refugees, "besides generating pressures for the consequential upgrading of supporting posts ... would constitute a precedent, since it would have the effect of raising to Assistant Secretary-General rank the deputies of a number of heads of organizational units. Hitherto the practice has, with rare exceptions, been to reserve Under-Secretary-General and Assistant Secretary-General posts for senior officials with responsibility for directing such offices or departments". 3/

10. Having reviewed the situation, the Advisory Committee has reached the conclusion that the developments described in the Secretary-General's report (A/C.5/1537) are not such as to cause the Committee to revise the opinion which it expressed in its first report on the proposed programme budget for 1974-1975. 4/

3/ Ibid., para. 65.

4/ Ibid., para. 66.

Document A/9008/Add.13

Fourteenth report

Administrative and financial implications of draft resolution II
submitted by the Fourth Committee in document A/9338

(Agenda item 71*)

/Original: English/
/26 November 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the statement by the Secretary-General (A/C.5/1553 and Corr.1) on the administrative and financial implications of the draft resolution (A/C.4/L.1035) 1/ adopted by the Fourth Committee at its 2057th meeting on 9 November 1973. The draft resolution calls for the establishment of a representative commission of inquiry of five members to investigate the reported atrocities in Territories under Portuguese administration.

2. In his statement, the Secretary-General makes provision for a visit to the region for a period of from three to four weeks, for visits to two or three cities in Europe and for meetings at Headquarters (approximately two weeks for the organization of work and two or three weeks for the preparation of the report), at a total cost of \$71,000.

3. The Advisory Committee was informed by the representatives of the Secretary-General that the precise itinerary of the commission of inquiry would be determined during its two-week organizational session in New York. The present travel estimates have been established on the assumption that all five members of the Commission will be based in New York.

* Question of Territories under Portuguese administration:

- (a) Report of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples;
- (b) Report of the Secretary-General.

1/ Same text as draft resolution II submitted by the Fourth Committee in document A/9338.

4. The commission of inquiry would be accompanied on its mission by a staff of 13. The Advisory Committee recommends that the Secretary-General review the Commission's requirements in supporting staff and, if possible, combine functions so as to reduce the total number involved; furthermore, the Secretary-General should ascertain from the members of the Commission whether they would, in fact, require the full interpretation services outlined in his statement (A/C.5/1553 and Corr.1), or whether the number of language staff could be reduced. His estimate (A/C.5/1553 and Corr.1) assumes that all staff will travel from New York. The Advisory Committee recommends that every effort be made to recruit at Geneva the non-substantive staff (six interpreters, one verbatim reporter, one sound engineer and, if possible, the photographer and administrative officer) thereby reducing staff travel costs by up to approximately \$4,000 (depending on how many staff will actually be sent). On the other hand, the fares of the members of the Commission appear to have been underestimated by approximately \$2,000, having been calculated at economy-class rates.

5. The Advisory Committee understands that the estimate of \$12,500 for subsistence costs has been calculated on the assumption that subsistence would be paid to members and staff only while away from New York. However, if the members of the commission are not all based in New York, additional expenditure will be incurred in respect of subsistence costs during the commission's meetings in New York. The Committee trusts that the length of the sessions will be kept to a minimum consistent with the effective discharge of the mandate of the proposed commission; in particular, if all relevant documentation is sent to the members of the Commission in good time, it should be possible substantially to shorten the proposed organizational session.

6. The Advisory Committee is of the view that savings of the order of \$1,000 should be within reach in the general expenses for which the Secretary-General requests a total of \$8,000 (para. 5, items D to H).

7. On the basis of its examination of the estimate and after making allowance for the possible need for subsistence for some members of the Commission during the sessions in New York, the Advisory Committee concluded that it would be prudent to estimate the cost of the mission at \$70,000, on the understanding that the actual requirements for fares and subsistence may prove less than estimated at this time.

8. Accordingly, should the draft resolution (A/C.4/L.1035) be adopted by the General Assembly, an additional appropriation of \$70,000 would be required under section 21 of the programme budget for the biennium 1974-1975.

Document A/9008/Add.14

Fifteenth report

Administrative and financial implications of the draft resolution
submitted by the Sixth Committee in document A/9334

(Agenda item 89*)

/Original: English/

/28 November 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the statement by the Secretary-General (A/C.5/1557) on the administrative and financial implications of the draft resolution adopted by the Sixth Committee at its 1415th meeting, on 15 October 1973 (A/9334, para. 128). Operative paragraph 5 of the draft resolution authorizes the International Law Commission to meet in 1974 for 12 weeks, i.e. for two weeks longer than had been envisaged by the Secretary-General in his proposed programme budget for the biennium 1974-1975. 1/

2. The Secretary-General estimates that the extension of the Commission's session will call for additional requirements under section 25 amounting to \$73,000 (including \$52,000 for temporary conference servicing staff, \$4,000 for printing, \$15,000 for subsistence allowance payable to the members of the Commission, and \$2,000 for subsistence allowance for Headquarters-based substantive staff). An additional amount of \$15,000 would also be required under section 34 (Staff assessment), but this will be offset by a similar increase under income section 1 (Income from staff assessment). The increase under section 25, as explained by the Secretary-General in paragraph 4 of his report, includes the effects of

* Report of the International Law Commission on the work of its twenty-fifth session.

1/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 6 and corrigendum, para. 25.4.

recalculating the requirements of the Commission at an exchange rate of Sw. frs. 3.09 = \$US 1, whereas the initial estimates were based on a rate of Sw. frs. 3.40 = \$US 1; the Secretary-General has informed the Advisory Committee that this recalculation has added \$12,000 to the estimates.

3. The Advisory Committee recalls that when it reviewed the Commission's initial requirements it indicated that the Commission normally meets once a day, the other half of the day being devoted to drafting. Given the rapidly mounting cost of meetings at Geneva, the Committee suggested that the Commission consider the possibility of a somewhat tighter schedule with a view to shortening the over-all duration of the session. ^{2/} The Advisory Committee reiterates that suggestion. If the Commission were to meet seven times a week (which is the normal weekly pattern of meetings of the Main Committees of the General Assembly, including the Sixth Committee), the duration of the Commission's session could be reduced by three weeks with a consequential saving estimated by the Secretary-General at \$20,000.

4. The Advisory Committee also recalls that in its first report on the proposed programme budget for the biennium 1974-1975 it expressed the view that the provision for documents and other supporting staff - then estimated at 13 - was over-generous. ^{2/} The Committee therefore notes with surprise that in paragraph 3 of his report the Secretary-General indicates an even higher number (14) of such staff.

5. The Advisory Committee appreciates that in recalculating the Commission's 1974 requirements the Secretary-General wanted to use the latest operational exchange rate (i.e. Sw. frs. 3.09 = \$US 1). Bearing in mind, however, that the Commission's session is not a special conference, but a regular annual session and that provision for a session in 1975 is already included under section 25 at a rate of Sw. frs. 3.40 = \$US 1, the Advisory Committee believes that the use of a different rate for the 1974 session will distort the over-all picture and complicate the submission of revised estimates for the budget as a whole should that become necessary for reasons of currency fluctuations since the spring of 1973. Accordingly the Committee recommends that at this stage all the estimated requirements of the Commission be calculated at the rate used in the proposed programme budget.

6. In the circumstances the Advisory Committee recommends that the Fifth Committee inform the General Assembly that, should it adopt the draft resolution recommended by the Sixth Committee, additional requirements of \$61,000 (at the rate of \$US 1 = Sw. frs. 3.40) will be required under section 25, together with an amount of \$14,000 under section 34, the latter to be offset by an increase in the same amount under income section 1.

7. The Fifth Committee may also wish to draw to the attention of the General Assembly the savings that would accrue were the International Law Commission to introduce a tighter schedule of meetings.

^{2/} Ibid., Supplement No. 8 and corrigendum, para. 25.3.

Document A/9008/Add.15

Sixteenth report

Administrative and financial implications of the draft resolution
submitted by the Sixth Committee in document A/9335

(Agenda item 91*)

/Original: English/

/28 November 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the statement by the Secretary-General (A/C.5/1556) on the administrative and financial implications of the draft resolution adopted by the Sixth Committee at its 1438th meeting, on 14 November 1973 (A/9335, para. 11). The draft resolution calls for the convening at Vienna, early in 1975, of a United Nations Conference on the Representation of States in their Relations with International Organizations.

2. In paragraph 3 of his statement the Secretary-General says that he has assumed for the purposes of his calculations that the Conference will meet from 12 February to 15 April 1975 (i.e. for a period of nine weeks). In paragraph 4 he enumerates the language staff who will be needed to service the proposed conference; the large numbers involved (a total of 94) are attributable in part to the provision of summary records pursuant to operative paragraph 6 of the draft resolution.

3. In paragraph 2 of his statement the Secretary-General indicates that "the estimated costs ... are based on the requirements which would arise if the Conference were convened at Headquarters". In paragraph 5 he advises that the "maximum services that may be required" might call for \$508,000 for the recruitment, on a temporary assistance basis, of the 94 conference staff referred to in the preceding paragraph, including "the travel and subsistence costs of staff recruited internationally". The Advisory Committee inquired into the meaning of that phrase and was informed that as the required number of free-lance conference staff were not available in New York, it might be necessary to recruit such staff in Europe.

* International conference of plenipotentiaries on the representation of States in their relations with international organizations.

4. The Advisory Committee notes that the Secretary-General does not rule out the provision of some conference servicing from within existing resources; he indicates, however, that the actual contribution can be determined only in conjunction with the 1975 calendar of conferences.

5. The Advisory Committee appreciates the difficulties facing the Secretary-General in trying to estimate his conference servicing capacity in the second year of the biennium in a situation when many permanent bodies have not yet finally determined their meeting schedules, when there are ever-mounting requests for conferences and meetings, and in the absence of high-level intergovernmental machinery for establishing priorities in the allocation of conference resources.

6. But even after allowing for that difficulty, the Advisory Committee is disturbed by the Secretary-General's approach in document A/C.5/1556. Given the lack of machinery for the setting of priorities, the only possible approach is a "first come, first served basis". In other words, the Secretary-General should have calculated what resources are committed for the servicing of conferences and meetings already scheduled for the period mid-February to mid-April 1975, and should have indicated what can be accommodated within the uncommitted established-post resources, before making projections for outside recruitment.

7. In response to its inquiries, the Secretary-General informed the Advisory Committee that on the basis of the known schedule of conferences and meetings in New York in February-April 1975, he can provide from within the established resources all the conference and language staff referred to in paragraph 4 of document A/C.5/1556. He expects however, that several of the permanent bodies which have not yet determined their meeting schedules will in fact require conference services during the period in question.

8. The early months of the year are normally a slack period for conferences and meetings at Geneva. Yet the Secretary-General does not appear to have explored the availability of established-post resources at Geneva, nor did he provide the Sixth Committee with alternative cost estimates of convening the Conference in Geneva.

9. Indeed, the alternative used in document A/C.5/1556 - costing on the basis of convening the Conference at Headquarters and of recruiting free-lance language staff in Europe - would seem to be the least economical. Such an approach is clearly inconsistent with the spirit of General Assembly resolution 2609 (XXIV).

10. In paragraph 7 of document A/C.5/1556, the Secretary-General estimated the cost of printing the documents of the Conference at \$134,000 for 650 printed pages or \$206 per page. This compares with a rate of approximately \$89 per page for the Yearbook of the International Law Commission (A/C.5/1557, para. 5) and \$177 per page for the proceedings of the Third United Nations Conference on the Law of the Sea (A/C.5/1541, para. 11). The Advisory Committee inquired into these discrepancies and was informed that the estimate in document A/C.5/1556 is based on current rates in New York. On the basis of European rates the estimate can be reduced from \$134,000 to \$85,000, or about \$130 per page; the latter rate is consistent with the rate used by the Secretary-General in his proposed programme budget for the biennium 1974-1975 for reports of the same type and to be issued.

in the same languages as the report of the Conference. The Advisory Committee recommends that the assumptions on which estimated printing costs are based should be clearly spelled out in future statements of administrative and financial implications.

11. After allowing for a total of \$56,000 for the reproduction of pre-session and in-session documentation, including summary records, and \$8,000 for the travel costs of the Special Rapporteur of the International Law Commission (under operative paragraph 5 of the draft resolution), the Secretary-General provisionally estimates the costs of the proposed Conference at \$706,000. However, in paragraph 10 of document A/C.5/1556 he suggests that "in view of the tentative nature of these estimates, in so far as they relate to the number of language staff that may need to be recruited on a temporary assistance basis, ... no appropriations be made at the current session, on the understanding that more precise estimates will be submitted for that purpose to the General Assembly at its twenty-ninth session".

12. While the Advisory Committee agrees with the suggested approach, its inquiries into the availability of in-house resources and into printing costs lead it to conclude that the requirements of the Conference - at present unit rates - should be substantially lower than the provisional total of \$706,000 referred to above. On the basis of currently available information, the Committee is of the opinion that they should not exceed \$250,000, including a contingency provision of \$100,000 for the possible need to recruit free-lance conference staff, \$85,000 for printing, \$56,000 for reproduction (though a lower estimate based on the use of internal reproduction should not be ruled out) and \$8,000 for travel.

13. Accordingly the Advisory Committee recommends that the Fifth Committee inform the General Assembly that, should it approve the draft resolution recommended by the Sixth Committee, additional requirements of the order of \$250,000 might arise under section 25 of the programme budget for the biennium 1974-1975, but that no provision for the Conference need be made at the current session of the General Assembly on the understanding that the Secretary-General would review the related requirements, making maximum use of the regular staff available to him, and would submit detailed estimates to the Assembly at its twenty-ninth session.

Document A/9008/Add.16

Seventeenth report

The effect of continuing currency instability on the budgets
of organizations in the United Nations system

/Original: English/

/30 November 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the attached report by the Administrative Committee on Co-ordination (ACC) on the effect of continuing currency instability on the budgets of organizations in the United Nations system.
2. The report is the outcome of prolonged consideration by ACC of the origins and effects of the problems faced by organizations in the United Nations family in consequence of the realignments of exchange rates. Several ways (ex post facto, anticipatory and preventive) of dealing with those problems are explored. The fact that the report reaches no conclusion should not be regarded as a deficiency so much as a demonstration of the complexity of the subject.
3. The underlying cause of the problem is that, while each United Nations organization has a single budgetary currency, its financial commitments are contracted for in multiple currencies. But the extent and variety of those commitments is by no means uniform as between different members of the system. They depend upon the geographical location and degree of decentralization of each organization.
4. The situation is further complicated by the fact that irrespective of the duty station the standardized salary scales for Professional staff are expressed in United States dollars. But since the staff are usually paid, and must incur most of their commitments, in local currency, it is necessary to compensate for changes in the relationship of the United States dollar to the local unit of currency. This is

done through the post adjustment mechanism in the manner described in annex IV to the ACC report. In consequence, a depreciation of the United States dollar gives rise to accelerated post adjustments at duty stations outside the United States, thus inflating the budgetary requirements in dollar terms. Since Professional salaries account for a substantial part of the budgets of all the organizations, it is important to keep this feature of the situation in mind when considering possible methods of averting or minimizing the impact of currency fluctuations.

5. The Advisory Committee has not attempted to summarize all the material contained in the ACC report. That report is well documented and discusses the arguments for and against the various measures which could be taken to alleviate the situation. The account it contains of the deliberations in the legislative bodies which have already addressed themselves to the question also provides a useful indication of the attitudes of Member States.

6. The Advisory Committee is aware that the International Monetary Fund has met on a number of occasions to discuss means of re-establishing a more stable relationship between currencies and that this effort is continuing. It would be premature, therefore, to regard the present currency instability as a permanent feature of the United Nations budgetary system and to react too drastically or precipitously to what may be found in retrospect to have been a passing phase.

7. Among the short-term measures explored by ACC, two appear to the Advisory Committee to offer possibilities, both in terms of the support which they command and in terms of their effectiveness. One of them is assessment of Members' contributions partly in United States dollars and partly in the currency of the State in which the agency's headquarters is located. The other is absorption of the extra dollar costs incurred as a result of currency instability.

8. As regards the first measure, the currency "mix" would have to be related to the pattern of expenditures, and each Member State would have to be assessed partly in dollars and partly in such other currency or currencies as may be decided upon; the exchange rates to be applied in determining the amounts payable in the different currencies would be those used in drawing up the budget of the agency. In other words, Member States would be asked to assume an obligation to make available a specified quantity of local currency regardless of the rate of exchange prevailing at the date of payment.

9. It would probably be too cumbersome to require contributions to be made in more than two currencies. One of those, so long as it remains the standard currency of account, would be the United States dollar; the other would be the currency of the country in which the headquarters of the organization in question was situated. Such a system would not, therefore, afford complete protection. Organizations would still be faced with additional costs if other currencies in which they had commitments strengthened against the dollar. And unless Member States paid their contributions promptly, the organizations might still have to incur exchange losses in order to meet their commitments during the early part of the year. More importantly, unless Professional salaries were treated as a local currency commitment, the proposal under consideration would afford no protection against the substantial extra costs attributable to the accelerated post adjustments caused by currency realignments (see para. 4 above).

10. While none of these difficulties appear to be insuperable, they do require closer examination. The Advisory Committee recommends, therefore, that the Secretary-General and his colleagues in ACC explore in greater detail the possibility of assessing contributions in a mix of currencies, and report their findings to the General Assembly at its twenty-ninth session.

11. The second measure - the absorption of extra dollar costs - would be in keeping with the recommendations of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies. ^{1/} Though the Ad Hoc Committee had in mind primarily increases in expenditure owing to a rise in prices, the remedies proposed, including the reassessment of priorities, the redeployment of resources and, where necessary, adjustments within the budget, must also be considered as relevant to the problems of currency fluctuations.

12. No system-wide policy is feasible as regards absorption of the extra dollar costs, for the absorptive capacity of budgets varies from agency to agency depending on how tightly a particular budget was prepared, the nature of the "full-budgeting" approach used, the existence of a contingency provision, the volume of projects which can be cancelled or postponed to a subsequent budgetary period without serious harm to the objectives of the Agency concerned, and the relative degree of priority attached by Member States to the programmes of the various agencies. Recourse to absorption would therefore have to be decided on an agency-by-agency basis. To ensure that such measures as may be decided upon do not affect programmes in areas of priority, there is, however, need for close collaboration between the executive heads of agencies and their respective legislative bodies.

13. The Advisory Committee has singled out two of the measures discussed in the ACC report which might be of general application. At the same time the Committee does not seek to preclude the adoption by individual agencies of other suggestions contained in that report which might be particularly suited to their individual circumstances. Care should, however, be taken to avoid weakening the common system which has been painstakingly built up over the last 25 years.

14. Finally, the Advisory Committee recognizes that whatever preventive measures are taken, resort to supplementary estimates may be necessary to meet part of any extra cost attributable to currency changes. Conversely, however, if the United States dollar were to improve to such an extent as to generate savings in the United Nations budgets, those savings should be surrendered.

^{1/} Official Records of the General Assembly, Twenty-first Session, Annexes, agenda item 80, document A/6343, paras. 40 ff.

ANNEX

EFFECT OF CONTINUING CURRENCY INSTABILITY ON THE BUDGETS OF ORGANIZATIONS IN THE UNITED NATIONS SYSTEM

(Report by the Administrative Committee on Co-ordination)

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INTRODUCTION

1. The purpose of this report is to describe the effects of, and to consider possible solutions for, the problems faced by organizations in the United Nations family in meeting the additional dollar costs arising from realignments of exchange rates. It does not deal with the parallel problems caused by inflation, nor with the effects of exchange rate changes on the salaries, allowances and pensions of the staff of the organizations. None the less, ACC recognizes that possible solutions which also provide protection against the impact of these latter problems could be considered to have special attractions.
2. The problem essentially arises from the depreciation of the United States dollar (the currency in which most organizations' budgets are presented and in which most of the contributions by member states are assessed and paid) in relation to those other currencies, such as the Swiss franc, the Austrian schilling, the Italian lira, the pound Sterling and the French franc, in which a large proportion of expenditures are made. If there is a fall in the rate of exchange at which anticipated expenditures in these currencies have been incorporated into the dollar-based budgets, too few dollars will have been appropriated to enable the organizations to purchase their requirements of the other currencies at the new rates of exchange. Since 1971 the problem has assumed increasingly serious proportions for the organizations as the value of their receipts of contributions has deteriorated substantially and continuously - sometimes from month to month - in relation to their needs in the currencies in which a large part of their expenditures is incurred.
3. ACC's approach to this problem is essentially an attempt to examine possible solutions which might be acceptable to governments and would also meet the organizations' need to finance programmes that have been approved, after thorough discussion and assessment of priorities, by the governing bodies, conferences and assemblies.
4. The historical background to this study is summarized in Appendix I, which covers, first, the relevant budgetary and financial practices of earlier international organizations, such as the League of Nations, and continues up to the beginning of the present period of currency instability. There follows an analysis of the current crisis, showing its effects on the programmes and budgets of the organizations.

Summary of conclusions and recommendations

5. (a) Most of the additional dollar costs have arisen in three areas of expenditure: General Service salaries and allowances; Common Services; and post adjustments for staff in the Professional and higher grades (paras. 8-9).
- (b) The minimum estimated extra costs have totalled \$3 million in 1971; \$17.7 million in 1972; and on current estimates will reach \$31.2 million in 1973 (Appendix III).
- (c) The decisions of governing and legislative bodies on the ways in which the extra costs should be financed have differed as between organizations, some of which have had relatively little difficulty in obtaining authority for supplementary appropriations, while others have had to make extensive cuts in their programmes (Appendix I, paras 37-82).

(d) Stress has nevertheless been laid, in many governing bodies, finance committees, etc., on the need for solutions that could be applied in the United Nations system as a whole.

(e) Since no new procedure is likely to afford 100 per cent protection against currency instability, some additional costs could still arise and would have to be dealt with ex post facto, by budget savings or additional appropriations (para. 16).

(f) Anticipatory measures, such as increasing the level of Working Capital Funds, or setting up special reserves within individual organizations or for the United Nations system as a whole, would help to meet the kind of problems that have arisen by providing an agreed method of paying for the extra costs, but they would involve tying up funds. This might be found more acceptable in the case of a central reserve than in that of individual reserves in the various organizations. On the other hand, the operation of such a centralized fund, which would involve transfers of resources between organizations and, indirectly between their members, would raise difficulties in view of the differences in the membership of the organizations. Various problems of administration, organization and cost would have to be carefully considered (paras. 18-27).

(g) Of the possible preventive measures, that of adopting a stable unit of account for the presentation of budgets would not in itself protect the value of the income of the organizations; for this purpose such a measure would have to be combined with arrangements for the collection of contributions in the main currencies of expenditure at the exchange rates vis-à-vis the unit of account which were assumed in drawing up the budget (paras. 33-41).

(h) A large measure of protection against the effects of currency changes might be afforded, especially where important currencies of expenditure were appreciating vis-à-vis the dollar, by arrangements under which contributions were assessed in the main currencies used, in given percentages, and at the rates of exchange used in preparing the budget. (For administrative simplicity the currencies of assessment would have to be limited to the currency of the organization's host country and the dollar or, in the case of the United Nations, to the currency of the host country - the dollar - and the Swiss franc. Limited payments could continue to be accepted in other currencies which could actually be used.) However, in the case of an organization located in a country with an unusually high rate of inflation and a currency subject to depreciation, it would be necessary to consider carefully the effects of any tendency to delay payments in the host country currency (paras. 42-48).

(i) A related preventive measure, the use of the currency of the host country for both the presentation of the budget and the assessment of contributions, might be considered in organizations spending a very large proportion of their budgets in that currency. For purposes of interorganization comparisons their figures could be converted into the unit used by most of the other organizations (paras. 49-50).

Brief resumé of the problem

6. Before considering the many suggestions that have been made for reducing the impact of currency realignments on the budgets of the organizations, it would be as well to re-examine the various ways in which the budgets have been affected. The additional costs that have been incurred should not be confused with the normal "losses or gains on exchange". Such losses and gains can be incurred on assets held or on the necessary exchanges of currency required for working needs. They do not significantly affect the over-all level of costs being incurred on a continuing basis for implementing approved programmes.

7. The effects of the currency realignments, however, have derived from the fact that every draft budget drawn up in dollars has had to provide for expenditures in other currencies at rates of exchange prevailing at that time. When any of these other currencies has been devalued, it has become cheaper to buy with dollars, and the resulting savings have usually accrued to member States through the provisions of the financial regulations.

8. Appreciation or revaluation of other currencies after the dollar budget has been prepared, especially those currencies in which a major proportion of expenditure is made -- such as the currencies of countries where organizations have their headquarters means that more dollars are required than have been budgeted for. The major items of expenditure that are affected in this way are:

(a) Salaries, allowances and pension fund contributions for staff in the General Services category;

(b) Common Services, including supplies and materials, rentals, utilities, etc.; and

(c) Changes in Post Adjustment for staff in the Professional category.

The first two items are affected because the obligations are expressed and payable in local currency, and to obtain the required amount in local currency more dollars are needed than have been budgeted for.

9. The reasons for the third item are rather more complex, since the obligation for salaries and allowances of the Professional and higher grades is expressed in dollars. Post adjustment is paid to such staff to compensate them for increases in the cost of living, and one element in the cost of living is the exchange rate governing the amount of local currency the staff member is actually paid as the current value of his dollar-based salary. If the dollar depreciates, the local currency equivalent is diminished and the post adjustment index has to be recalculated, leading eventually to an increase in the post adjustment itself. 1/

1/ The effects on post adjustment are explained in more detail in Appendix IV, an extract from a paper submitted to the Expert Committee on Post Adjustment.

10. The effects of the decline in the value of the dollar on the national economies of individual countries are extremely complex and different in every case; e.g. the changes in the terms of trade affecting the ability of individual countries to earn dollars; the effect on the value of central bank reserves held largely in dollars etc. Governments can be expected to take into account these over-all effects in considering their individual attitudes towards the effect that the decline of the dollar has had on the budgets of the United Nations family of organizations.

11. The argument has been heard in some quarters that countries are expected to pay more both when their own currency is devalued (so that their contributions to the organizations cost more in terms of their own currency) and when currencies in which the organizations incur a large part of their expenditures are revalued (so that the organizations ask for increased contributions to meet their expenditures). It can be replied that, conversely, individual contributors would pay less in the case of revaluation of their own currency and would receive their share of a budgetary or cash surplus in the case of devaluation of the organizations' currencies of expenditure, other things being equal.

12. However, the main weakness of this reasoning is that it does not take account of the difference between two distinct kinds of events - changes in the value of an individual contributor's currency and changes in the value of the currencies used by the organizations (the fact that the two sometimes coincide does not affect this basic difference). In the first case, it is normal for an individual government, in making or accepting a change in the exchange value of its currency, to take account of the favourable and unfavourable consequences. In the second, a change in the value of the currencies spent by the organizations is a matter which concerns all of the members, all of which may have to share resulting additional costs or may participate in resulting benefits.

13. The various suggestions that have been made for alleviating the problem can be divided into three groups:

(a) Those stipulating methods by which the extra costs can be financed after they have been incurred. They can be regarded as taking effect ex post facto, and are in no way preventive.

(b) Those that anticipate the likelihood that extra costs will be incurred and make advance provision of funds from which shortfalls in resources can be met.

(c) Those intended to prevent or minimize the effects of any currency changes that might occur during the period covered by the budget.

Summary of the suggestions under review as to the manner in which
the extra costs can be financed

14. (A) "Ex post facto"

(i) Requesting the host government to provide additional resources (discussed in FAO, but considered inappropriate);

(ii) Continuing to express budgets and contributions in dollars, and absorbing the effects of exchange-rate changes by cutting programmes (discussed in UNESCO).

- (iii) Providing that all member States should bear their shares of any losses, and be credited with their shares of any profits arising from fluctuations in exchange rates (discussed in ILO, UNESCO, WHO et al.);

(B) "Anticipatory"

- (iv) Increasing the level of the Working Capital Fund (discussed in FAO);
- (v) Establishing a Special Reserve Fund:
 - (a) for an individual organization (discussed in FAO 2/ and UNESCO);
 - (b) on a system-wide basis (discussed in ILO);
- (vi) Including a contingency appropriation in the budget to cover currency fluctuations (in effect in IMCO);

(C) "Preventive"

- (vii) Using Special Drawing Rights as a basis for budget presentation and the assessment and holding of contributions (discussed in FAO and UNESCO);
- (viii) Creating a unit of account related to the par value of the dollar in terms of gold at the time the budget is voted (discussed in UNESCO);
- (ix) Requiring member States to pay a proportion of their assessment in the currency of the host country (discussed in FAO and UNESCO);
- (x) Using a currency other than the US dollar (especially the currency of the host country) for budgeting and for the assessment of contributions (discussed in ILO, FAO, IMCO, WMO and GATT).

Measures that would operate ex post facto

15. The suggestion was made during the original discussions on FAO's currency difficulties that the host country could be asked to furnish additional resources to offset currency losses or any increased costs due to rapid rises in the cost of living. The Director-General of FAO showed that the Italian Government was already affording generous treatment to FAO, and that it would be inappropriate to ask it to shoulder this extra burden. Since the same can almost certainly be said of the host governments of all the organizations, there seems little point in pursuing this suggestion any further.

16. The other two suggestions that would operate after the event, the cutting of programmes and supplementary appropriations, are, of course, already in operation, as the examples given in Appendix I indicate. Since it is unlikely that any other

2/ Subject to the approval of the FAO Conference in November 1973, a temporary solution has been found for FAO by the creation of a special "Suspense Account" of \$4 million for 1974-75, to be drawn upon as necessary for cash needs and unbudgeted costs arising from currency movements and inflationary trends.

measures will provide 100 per cent protection against additional costs, some decisions will always be necessary as to whether, and the extent to which, the eventual extra costs should be met by programme cuts or, for example, funded by supplementary assessments on member States. The extent to which members support one course or the other will depend, to a large degree, on the priority they attach to the programmes that might suffer, and their choice will be made, not only between programme sectors in individual organizations, but between the programmes of different organizations.

17. It is to be hoped that member States, when taking these decisions, will bear in mind that for most of them devaluation or depreciation of host currencies usually leads to a reduction in their contributions to future budgets, because of the effect of the regulations that govern the disposal of budgetary and cash surpluses. Furthermore, some member States may benefit from dollar devaluations in the sense that they actually have to pay less in terms of their national currencies to buy dollars required for their contributions - even when supplementary appropriations are voted.

Anticipatory measures

18. The suggestion has been made in the governing bodies of some organizations that extra costs might be anticipated by increasing the level of Working Capital Funds. These funds - as their name implies - have been established to provide working capital to the regular budgets of the organizations pending the receipt of members' contributions, but decisions have been taken in some organizations that would permit the use of these funds, within approved limits, to finance self-liquidating activities and emergency expenditures. In the case of the latter, it is usually the practice for the Working Capital Fund to be reimbursed, either from supplementary assessments or from casual income. Thus, in the long run, the member States pay for the emergency expenditures.

19. For the most part, the Working Capital Funds are not large enough both to provide working capital and to meet additional costs of the order described in Appendix I, part B, and there has been reluctance on the part of some countries to increase these Funds to the level that would be required.

20. The establishment of a special reserve fund which could be used to meet additional costs arising out of currency changes has been considered in some organizations and has received particularly careful examination in FAO.

21. In order to provide a level of resources able to meet any substantial effects of currency changes, a large immediate input of cash into such a fund would be necessary at the outset; this could come only from member States. If maintained at a sufficiently high level, such a fund would constitute an effective anticipatory measure against the effects of exchange rate changes. There would be an established procedure for drawing on it, and it could be funded by special assessments on member States, by the retention of cash surpluses and/or miscellaneous income, or by a combination of such measures.

22. In any case, however, the money would ultimately come from member States, if only through postponement of their right to share surpluses and miscellaneous income during the periods of constitution and replenishment of the fund. While

such postponement would be only temporary, so - as FAO's Council has concluded - may be the need to provide for the effects of currency adjustments, while the establishment of a reserve fund has the character of a long-term measure. There is no doubt that a reserve fund would immobilize resources, possibly for a long period; and these resources would not be used for activities until the fund was drawn upon to finance programme costs.

23. It has been suggested in the ILO (most recently in June 1973 at the 58th session of the International Labour Conference) that a compensation fund for currency fluctuations should be set up at a central point. Such a fund, which would need to be financed by all the organizations participating in the scheme, could be drawn upon by any participating organization faced with the need for additional resources as a result of currency changes, it being likely that needs would vary considerably according to the situation of each organization.

24. Most of the observations made above on the subject of individual reserve funds would also apply to a central reserve. However, there are also important differences.

25. In the first place, while such a fund would also tie up resources, governments might find this more acceptable in the case of a central reserve than if reserves were to be established in individual organizations. On the other hand, the constitution, use and replenishment of the fund might raise difficult political problems because of the differences in the membership of the various organizations; transfers between organizations would be involved, and thus, indirectly, between different sets of contributors, given the differences in the memberships of the organizations.

26. The secretariats of the organizations and the various governing and legislative organs would have to agree on arrangements concerning the constitution, nominal level, use and replenishment of the central fund; in doing so they would have to take account of differences in the rules governing the use of cash surpluses and miscellaneous income from one organization to another, and of problems that might arise from the timing of the meeting of the legislative and governing organs through which action would be channelled.

27. It would also be necessary, taking account of the level of the fund, to establish whether requests would be met on a "first come, first served" basis, or in some other manner. A central apparatus, which would be costly, would have to be set up for the day-to-day administration of the fund, for financial control of its administration, and for advisory services on the investment of its resources.

Preventive measures

Special Drawing Rights

28. The first suggestion to be examined under this heading is the one that would substitute Special Drawing Rights for dollars as the basis of the budget. The allocation of SDRs by the IMF to a particular country is reflected in credit entries to the holdings of participants in the Special Drawing Account which is maintained by the Fund; the uses of SDRs are governed by the Fund's Articles of Agreement and decisions of the Fund's Executive Board. The size of the allocations to participants

reflects the differences which exist between their quotas in the Fund's General Account, adjusted to take account of the fact that nine of IMF's members do not participate in the SDR arrangements. The unit of value of Special Drawing Rights is equivalent to 0.888671 grams of fine gold, which was the par value of the US dollar prior to its official devaluation on 8 May 1972.

29. Under Article XXIII, section 3 of the IMF Articles of Agreement, the Fund may prescribe as holders of SDRs non-member countries, members that are not participants and institutions that perform the functions of a central bank for more than one member. Such a decision requires an 85 per cent majority of the total voting power of the Fund, and so far there is no provision that other international organizations should be among the possible holders, since SDRs are essentially designed as a monetary reserve.

30. When CCAQ discussed the possibility of using SDRs in September 1972, a representative of the IMF was present who put forward the following objections:

(a) there is a difference between the membership of the IMF and that of the other organizations;

(b) not all members of the IMF participate in the SDR arrangements; and

(c) the IMF's Articles of Agreement do not allow the use of SDRs for contributions to international organizations.

31. The use of SDRs by the organizations for budgets and contributions would require that all member States have access to them, and that the organizations have the possibility of using them to purchase the currencies of expenditure they need. A report made by the Executive Directors of the Fund ^{3/} in August 1972 suggested that it might be desirable to broaden the provisions in the Articles to include a wider group of official holders of SDRs, but no very specific proposals were made.

32. Alternative suggestions to the use of SDRs have been made which would involve the creation, by the United Nations system, of a special unit of account based on the value of SDRs. (The question of units of account is dealt with below.) In such an arrangement "SDR" would simply be one possible title for the unit of account, and one which might cause confusion with the IMF's unit.

Units of Account

33. Proposals for the use of a unit of account have usually included reference to the unit used by the European Economic Community, and it may be worth while considering briefly how the EEC unit works.

34. According to the EEC Financial Regulations, the financial contributions due from Community members are expressed in units of account, each of which is currently equal in value to the US dollar at its December 1971 ("Smithsonian") parity. The contributions are converted into terms of national currencies on the basis of the relationship between the fine-gold content of the unit of account and the weight of

^{3/} Reform of the International Monetary System, IMF, Washington, D.C., 1972.

fine gold corresponding to the par value of the member's currency as declared to the IMF. The procedure for contributions is that each member deposits its contribution by open credit with its national Treasury or in a bank designated by the Commission, and the Regulations provide that the amounts so deposited shall retain their value corresponding to the parity obtaining on the day of deposit as compared with the unit of account.

35. If a member's currency changes in value as compared to the unit of account, the total receipts and expenditures provided in the budget (as expressed in units of account) remain unchanged, but within two months a draft amended budget is submitted designed to adjust appropriations and contributions in order to maintain intact the operations provided for in the budget. In the month following the adoption of the amended budget any balances of contributions on deposit are adjusted by means of a supplementary contribution or a refund.

36. As the EEC unit of account was designed to take account of very large financial commitments by members, whose contributions are deposited and held in their national treasuries, the same arrangement could not be used in the United Nations system without substantial changes. Different arrangements for units of account can, however, be examined for possible use in the system. Some of them would involve a moving unit, and others a unit with a relatively fixed value.

37. A moving unit could, for example, be based on a mix of currencies used by the organizations. The value of such a unit would follow the value of these currencies more closely than is the case for the dollar at present. Its value could not, however, be expected to coincide exactly at a given time with that of any currency actually used by any organization, and determination of its value from month to month would be a complicated task.

38. A unit of account based directly on gold would also be a moving unit under the present circumstances, even ruling out reference to the market price. Although most central bankers have at present frozen the price for official transactions at \$42 per ounce, in terms of other currencies this value is subject to change with the exchange rates of the dollar. Should central banks decide at any time to abandon the \$42 price and sell gold on the free market, this would make it an even more unstable basis for a unit.

39. A relatively stable unit of account might be established taking as a basis the SDR or the official gold value of the dollar in relation to other official par values, as is the case for the unit of account of the EEC (in such an arrangement the gold par value of any one currency would be less important than the relationships between the par values of different currencies). Such a unit would not, of course, provide protection in the event of a downward change in the par value of the dollar or an upward change in the par values of other currencies used by the organizations. Such changes, while they have been comparatively rare, have occurred from time to time.

40. Similarly a stable unit of account could be created by freezing, for the purposes of the organizations, the exchange relationships assumed in drawing up their budgets. If, for example, the unit of account was to be equivalent to one dollar at a given date, it would be stipulated that the value of the unit in terms of other currencies would correspond to the value resulting from the rates of exchange in effect between the dollar and those currencies at the same date.

41. On the whole, it appears that little would be gained by changing from dollar-based budgets to budgets based on another moving unit. A stable unit of account on the other hand (the dollar having been such a unit over a long period) would no doubt have psychological and other advantages. However, its adoption for the presentation of budgets would only protect the value of the income received by the organizations if linked with the mandatory assessment of contributions in the currencies most used - and in proportion to the amounts so used - at the exchange rates vis-à-vis the unit of account which were assumed in drawing up the budget. Such measures, which are dealt with below, could equally well be taken in the framework of dollar-based budgets.

Assessment of contributions in the main currencies used

42. Of the organizations referred to in Appendix I, part B, those which have suffered the least, relatively speaking, from the recent currency changes are those in which contributions have been assessed in the currency most used, this being for the organizations concerned the currency of their host country. If the other organizations had also been provided through assessed contributions with the currencies in which they incur the largest parts of their expenditure, in amounts sufficient to meet the needs which their budgetary provisions were intended to cover, the problems created for them by the currency changes would have been greatly alleviated.

43. It is particularly in a situation of appreciation of important currencies of expenditure vis-à-vis the unit in which the budget is presented that there would appear to be merit in assessing given proportions of contributions in the main currencies used. (It would be understood that the exchange rates to be followed in determining the amounts payable in the different currencies in question would be those used in drawing up the budget.)

44. Such an arrangement might be found logical even where there were no important shifts in exchange relationships, since it would simply be a way of reflecting in the contributions of members the needs of the organizations for resources in certain currencies to meet the cost of approved programmes. However, there is a possible drawback that would have to be carefully considered: where an important currency of expenditure, particularly the host currency, depreciated more rapidly than other currencies because of a high rate of inflation or for any other reason, there might perhaps be some tendency to delay payments of contributions in that currency in the expectation of reducing the cost of contributions in terms of national currencies.

45. Appendix V shows that the currencies most used by the great majority of the organizations are those of their host countries. In the kind of measures under consideration the main currency of assessment of each organization would thus generally have to be that of its host country. Since the assessment of contributions in more than two currencies would be an extremely cumbersome arrangement to administer, it would be necessary to limit to a single currency the portion of contributions which was not to be assessed in the host currency. In nearly all cases the dollar would seem from Appendix V to be the most appropriate choice for this purpose. The assessment of contributions in the host currency and the dollar need not affect in any way the arrangements already in effect in certain organizations under which limited payments of contributions assessed in dollars are accepted in various other currencies in accordance with actual needs for these currencies.

46. The situation of the United Nations itself in relation to the possibility of assessing contributions in two currencies is a special one, and calls for separate

consideration. While the currency of its host country is the dollar, a fairly substantial part of its expenditure is incurred in currencies of other countries where it has sizable concentrations of staff - particularly Switzerland - and it is the appreciation of the currencies of these countries vis-à-vis the host currency which has created the main problem. This being the case, for the United Nations the two currencies of assessment would logically seem to be the dollar and the Swiss franc.

47. The simplest way of assessing contributions in two currencies would be to adopt regulations providing that each member was to pay a given part of its contribution in one currency and the remainder in the other currency, the proportion to be determined in advance for each financial period and embodied in the appropriation resolution. The related list of assessments would contain for each country the amounts payable in each of the two currencies.

48. The pattern of receipts in the two currencies could not always be expected to correspond to the currency distribution of actual expenditures at a given stage. Thus the problem of currency management would remain, including the probable need to buy or sell one currency or the other at certain times in the year. Such purchases and sales would of course be subject to market conditions and organizations might protect themselves against changes in market rates by making forward purchases of currencies for delivery at the times when needs for them were expected to arise. Another means of protection would be to hold sufficient cash reserves in the necessary proportions of the currencies most used.

Use of the host currency for budgeting and for assessing and collecting contributions

49. Some of the smaller organizations already use the currency of their host country for the presentation of their budgets and the assessment and collection of their contributions, their expenditures being incurred largely in this currency also. Other small organizations have continued to use the dollar for their budgets and assessments although their expenditures as well are mainly in the currency of their host country. Appendix V shows that the proportion for WMO and IMCO, for example, is about 90 per cent.

50. In such organizations the use of the host currency alone for budget presentation and the assessment of contributions might be considered. This would not raise any difficulties in making interorganization comparisons, since figures expressed in the host currency could simply be converted for the purpose into the unit used by the majority of the organizations.

Concluding remarks

51. The problem of currency instability affects the different organizations in different ways, and there is much to be said for and against most of the possible solutions considered in this report. That which would seem to hold out the best promise for the largest number of organizations would be the assessment of contributions in more than one currency, with the expenditure budgets naturally continuing to be expressed in one currency only. Assessment of contributions in the host country currency alone would be a satisfactory solution where virtually all of an organization's expenditures were in that currency. The constitution of adequate reserves, where practicable, would also provide a measure of protection against short-term currency fluctuations. ACC, while not at this stage suggesting a single course of future action for all organizations, looks forward to the whole question being examined fully by the Advisory Committee on Administrative and Budgetary Questions on the basis of the information and analysis in the present report.

APPENDIX I

A. THE HISTORICAL BACKGROUND

The UPU and the ITU

1. In any historical description of the budgetary and financial practices of the organizations in the United Nations family it is natural to consider first the Universal Postal Union and the International Telecommunication Union, which have been in existence for over a century. These organizations, with their headquarters in Berne and Geneva respectively, continued to use the Swiss francs both as a budgetary unit and as the currency for members' contributions even after their assimilation into the United Nations system in 1947. The bulk of their expenditure is also in Swiss francs.
2. The UPU uses advances from the Swiss Confederation to meet its day to day expenditures. At the end of the year after the accounts are closed, Members are assessed in the proportion that they have chosen to contribute and these assessments are used to repay the advances of the Swiss Confederation.
3. Up to 1946, the ITU followed the above system of the UPU. From 1947, the ITU system was changed to provide that contributions are payable in Swiss francs and in advance (interest being charged on late payments). There is thus no need for a Working Capital Fund. The ITU system also provides for payment of contributions in convertible currencies on condition that such payments will be accounted for in Swiss francs at the rate of exchange actually applied for clearing. This coupled with advance payments are the key provisions of the ITU, 90% of whose expenditure is in Swiss francs.
4. GATT has recently changed its budgetary unit from the US dollar to the Swiss franc, and the question to what extent other organizations might benefit from a comparable change of procedure is considered in the body of this report.

The League of Nations and the ILO

5. Between the two world wars the annual estimates of the League of Nations also covered the budgets of the International Labour Organization and the Permanent Court of International Justice, which had its seat at The Hague. The detailed expenditure estimates were drawn up in Swiss francs for the League and ILO, and in Dutch florins for the Court. In the budget summary the totals for the various chapters were converted into "gold francs", and it was in this unit of account that the contributions of the member states were assessed. A footnote explained that the gold franc was equivalent to "0.3225806 of a gramme of gold 90 per cent fine". This was the pre-1914 value of the Swiss franc, and for most of the life of the League the Swiss franc and gold franc were roughly equal in value.
6. The method for converting sums expressed in gold francs into a national currency (e.g. for the purpose of evaluating contributions) was explained in the Budget for the Second Financial Period (1920), as follows :

"To convert a given sum expressed in gold francs into terms of any national currency, in view of the present-day equivalent of the United States dollar and gold, it is necessary first to express the sum in dollars by dividing it by 5.1826 (pre-war parity and, therefore, present-day value of gold francs) and then, in the ordinary way, to convert the result obtained into the national currency required at the day's rate of exchange."

"Thus, supposing that:

- (a) The Spanish contribution amounted to 259,130 gold francs; and
- (b) The New York rate of exchange on Madrid was 5.5 pesetas to 1 dollar; then

$$\frac{259,130}{5.1826} \text{ equals } \$50,000$$

\$50,000 x 5.5 = 275,000 pesetas, the amount of the supposed Spanish contribution."

7. The reason for the complication created by bringing the US dollar into the calculation was presumably that the parity of other currencies to the dollar could more easily be determined on a day-to-day basis than their values in terms of gold.

8. In the League's third budget (for 1921) a Working Capital Fund was created to meet the cash shortages caused by delays in payment of contributions, and this too was expressed in gold francs.

9. It was at about this time that the Swiss franc, in which most of the League's expenditures were made, began to appreciate against both the gold franc, the contributions unit, and the pound sterling, in which most of the Secretariat salaries were fixed. Since most of the staff had been engaged in London on sterling-based salary scales, and had been led to believe that they could expect a rate of exchange in Geneva of 24 francs to the pound, it was considered necessary to give them a "guarantee" against the lower rate created by the appreciation of the Swiss franc. As from 1922 the salaries were revised, and became payable in Swiss francs.

10. During the period of European recovery between 1923 and 1929 the League managed to contain the effects of currency fluctuations within its annual budgetary provision for "Profit and Loss on Exchange", but in 1924, as against a budget estimate of 100,000 francs, the profit on exchange amounted to some 1,435,000 francs. Two-thirds of this profit derived from the realization in Swiss francs of contributions collected in dollars, the franc having depreciated by 10 per cent early in the year: the balance resulted from the conversion in the end-of-year accounts of the Swiss franc balance into gold francs, following the recovery of the Swiss franc to beyond par at the end of the year. Since the value of the Swiss franc stayed above that of the gold franc for most of the following year (1925), the operations for that year showed a loss on exchange resulting from the conversion of dollar contributions into Swiss francs.

11. After 1929 Switzerland's gold reserves grew considerably, partly through the flight of capital from other countries, and partly through the conversion of her foreign exchange holdings into gold as protection against the effects of currency instability. Maintenance of the gold standard seriously curtailed her export trade, and a considerable amount of unemployment resulted. Eventually, in September 1936, during the 17th League Assembly, the Swiss franc devalued.

12. The new franc varied between 0.215 and 0.19 grammes of gold, as compared with its former value of 0.29 grammes (100 per cent fine) at which it had been equivalent to the League's gold franc unit of account. The devaluation was thus between 25 per cent and 35 per cent - an average of 30 per cent. The Dutch florin, in which the budget of the Permanent Court was expressed, devalued by about 20 per cent. The consequent profit on those 1936 contributions that were paid after the devaluations amounted to about 1 1/4 million gold francs.

13. For purposes of the budget for the following year, 1937, the Supervisory Commission (the League's equivalent of the UN Advisory Committee on Administrative and Budgetary Questions) proposed that the estimates in Swiss francs should be approved as formulated before the devaluation, and that a reduction of 20 per cent should be made in the total "receipts" budget in gold francs. Any excess of contributions over expenditure allocations, i.e. the difference between the 20 per cent reduction and the actual devaluation of the Swiss franc, would be placed in a special fund (under the direct control of the Supervisory Commission) for eventual refund to the member states. In fact, about a million francs was eventually retained in the special fund for the purpose of meeting future price rises.

14. For 1938 the Swiss franc expenditure budget was converted into gold franc contributions at the current parity, so that member states received the full benefit (about 3 million gold francs) of the Swiss franc's depreciation.

15. The League system was maintained by the League itself in its much-diminished wartime state, up to and including 1946, and by the ILO after its move from Geneva to Montreal. The gold franc continued to be used as the unit of account for assessing contributions.

16. The 1948 ILO Estimates were submitted in both dollars and Swiss francs, the headquarters having been re-established in Geneva the previous year, while the Contributions Schedule was expressed in gold francs, Swiss francs and US dollars. From 1949 onwards the budget for expenditures and for income from contributions was presented solely in dollars.

17. At this distance it would seem that the comparative success of the League system in avoiding the worst effects of currency fluctuations derived from the stability of gold, the basis of the gold franc unit of account.

The United Nations, the Specialized Agencies and the International Atomic Energy Agency

18. The League's adoption of the gold franc made sense during a period when the system for collecting contributions had to operate in the context of fully fluctuating exchange rates. A unit based on gold had, at that time, the virtue of stability. However, the situation after the Second World War was such that the US dollar tended to be more highly valued than gold, whose main attraction seemed to be that it could be converted into dollars at a fixed rate of \$35 an ounce.

19. It is not surprising, then, that the United Nations - followed by most of the specialized agencies - adopted the dollar ^{2/} as the currency basis both for expenditure budgets and for the collection of contributions, especially as it had enjoyed a stable relationship with gold since 1934. The dollar in fact remained the only major currency convertible into gold and other currencies until the period 1958-61, when the major European currencies became officially convertible. It was therefore, until that time, the most practical medium for the purchase of all the other currencies in which these world-wide organizations were operating.

20. The devaluation of sterling, in September 1949, and of a number of other currencies by the end of that year, seemed to confirm that the dollar had been the proper choice. Such expenditures as had been provided for in those currencies could be made at the cost of fewer dollars, with an ultimate saving to member states.

21. This effect was seen even more clearly when the French franc was devalued in December 1958 and again in August 1969. The resultant savings by UNESCO, which made 40-45 per cent of its payments in French francs, were again passed on to member states through the normal procedures for dealing with miscellaneous income and budget surpluses. A similar situation, but on a smaller scale, arose in relation to IMCO's budget, when sterling devalued again in November 1967.

B. EFFECTS OF THE RECENT CURRENCY INSTABILITY

Beginning of the present crisis

22. The choice of the dollar as the financial unit for most of the UN family of organizations seemed to be fully justified by the strength of the US economy from the end of the Second World War until the mid-1960's. But by then other currencies had begun to strengthen, and by 1968 the US balance of payments deficit - the source of most other countries' reserves of dollars - had increased to such an extent that confidence in this system began to wane. As a result of a massive switch to gold, the dollar itself came under pressure. At a conference in Washington in March 1968 the countries in the so-called "gold pool" decided that they would no longer sell or buy gold in the private market, but would use it solely for monetary purposes at an officially determined price based on the par value of their currencies. A system of free gold markets was established, and during 1969 the gold price fell, thus taking some of the pressure off the dollar.

23. Soon, however, there were substantial flows of capital into the German Federal Republic, where the Deutsche mark was considered to be undervalued. This speculative pressure was maintained in spite of a declaration that the rate for the mark would remain unchanged. In the event, in October 1969, the mark was revalued at a parity of 3.66 to the dollar as compared with the former rate of 4.00.

^{2/} UPU and ITU retained (and still retain) the Swiss Franc as their accounting unit, while ICAO used the Canadian dollar as the basis of its budget until 1962.

24. The establishment by the IMF, in 1968/69, of Special Drawing Rights was an attempt to meet a growing dissatisfaction with the prevailing system, which relied largely on US balance-of-payments deficits as a source of international reserves. But the external deficit of the United States and the accumulation of dollars by other countries continued to increase during 1970 and 1971.

25. Furthermore, capital continued to flow, especially into Germany, and on 9 May 1971 the government of the Federal Republic decided that the exchange rates for the mark would no longer be maintained within the established margins; in other words, it would "float". At the same time action was taken by four other countries, including Switzerland and Austria, and it was at that point that the international monetary situation began to have a disturbing effect on the budgets of organizations in the UN system. 2/

The revaluation of the Swiss franc and Austrian schilling in May 1971

26. It is difficult to evaluate the effect on organizations' budgets of the May 1971 revaluations of the Swiss franc (by 7 per cent against the dollar) and the Austrian schilling (by about 5 per cent). It could not be foreseen that these movements were a foretaste of things to come, and since most of the organizations affected managed to absorb the additional cost within their approved budgets, without recourse to supplementary estimates, they did not make any close estimate of the amounts involved. The United Nations and IAEA, which did seek supplementary appropriations, estimated their additional costs for 1971 at \$1.1 million and \$280,000 respectively. As it happened, IAEA succeeded in absorbing the extra cost, and its additional appropriation was not used.

Further developments in 1971

27. The action taken in May 1971 by Germany and other countries provided only a temporary respite. Lack of confidence in the dollar persisted and speculation resumed, and on 15 August 1971 the United States Government announced that it was suspending the convertibility of officially held dollars into gold or other reserve assets. Other countries reacted by allowing their currencies to float, and this resulted in an appreciation, against the dollar, of most of the major currencies. To some extent, however, official intervention by the monetary authorities and restrictions on capital inflows served to limit these appreciations.

3/ The moderate appreciation of the French franc and Italian lira in January 1971 had had only a slight effect.

28. Since, in most cases, no new parities had been established, the UN organizations at first maintained the existing accounting rates of exchange for the currencies of countries where their major offices were situated, but by September 1971 it became apparent that the market rates at which these currencies could be bought with dollars were changing to such an extent that the common accounting rates for salary and other payments would have to be brought into line. The accounting rate for the Italian lira was changed from 624 per dollar to 615 as of 1 September 1971, while with effect from 1 October the rate for the Austrian schilling moved from 24.95 to 24.10; the Swiss franc from 4.08 to 3.95; and the pound sterling from 0.4167 to 0.404. In the case of the French franc the par value had been maintained at a rate equivalent to 5.55 (approximately) to the dollar, and thus no change in the UN accounting rate was necessary. 4/ 5/

29. For some currencies this period of uncertainty came to a temporary halt with the "Smithsonian Agreement" of 18 December 1971, when extensive realignments of exchange-rate relationships were negotiated among the major currencies. It was also agreed that the margins for fluctuations in exchange rates should be widened to 2 1/4 per cent on either side of the new central rates (the so-called "tunnel"). As a result of the new agreement the US dollar depreciated by approximately 8 per cent against gold, while other currencies of importance appreciated with the following results (as reflected in the UN accounting rates):

Austrian schilling	from 24.10 to 23.70 per dollar;
French franc	" 5.55 " 5.22 " " ;
Italian lira	" 615 " 592 " " ;
Swiss franc	" 3.95 " 3.84 " " ;
Pound sterling	" 0.404 " 0.392 " " .

Developments in 1972 and 1973

30 The widening of the margins around the central parity rates meant that the complications faced by the organizations were by no means over, since the rates at which local currencies were bought in the market could, within the 4 1/2 per cent "tunnel" vary considerably from one purchase to the next. Thus, during the first half of 1972 there were changes in the UN accounting rates for a number of host-country currencies, particularly the French franc (see Appendix II). Incidentally, in April and May 1972 the members of the European Economic Community agreed to limit to 2 1/4 per cent the band for fluctuations of their currencies in relation to each other.

31. In June 1972 the pound sterling came under pressure, and the resulting loss of reserves led the UK Government to announce that the pound would be allowed to float freely as from 23 June. Subsequent dealings caused the pound to fall, and the UN accounting rate was changed, on 1 July 1972, from 0.383 to 0.411 to the dollar.

4/ A table showing the movement in the UN accounting rates for these five currencies since June 1968 is at Appendix II.

5/ A separate rate for capital transactions in French francs was established in order to limit capital inflows.

32. The next period of crisis came in the first quarter of 1973. In January 1973 a capital outflow from Italy caused the Italian Government to introduce a two-tier exchange-rate system, with a "financial" rate for capital transactions and other for commercial operations. Since a substantial proportion of the outflow of funds from Italy had been into Switzerland, the Swiss Government decided to allow the Swiss franc to float. At the beginning of February the exchange rates of most of the European currencies rose sharply against the dollar, and on 12 February 1973 the US Government announced a further, unilateral, devaluation of the dollar by 10 per cent.

33. At the time of writing (June 1973) there is further pressure against the dollar, and the organizations have adopted an accounting rate of 3.03 Swiss francs to the dollar effective 1 June 1973.

The effect on the budgets of the organizations

34. At Appendix III is a summary table, built up from the information in paragraphs 35 to 80 below, showing what appear to be the minimum estimated additional costs of the currency changes that took place during the period May 1971 to June 1973. The total figures for each financial year are very tentative: organizations that absorbed all or part of the additional costs without seeking supplementary appropriations did not always consider it necessary to calculate the amounts involved.

35. From the information in paragraphs 35 to 80 it is also possible to deduce, in very general terms, what has been done about these additional costs in the UN system as a whole. For 1971, for example, the estimated extra costs totalled \$3.0 million, of which \$1.1 million was met by supplementary estimates and \$1.9 million absorbed through savings. In 1972 the estimated additional costs totalled \$17.7 million: \$5.8 million was covered by supplementary estimates or was added to the original draft estimates before approval; \$4.6 million was met by redirecting the use of certain budgetary provisions originally approved for other purposes or by postponing the construction of new buildings; \$1.3 million was met by budgetary savings; and decisions are still awaited on \$6 million.

36. The 1973 minimum additional costs are estimated at \$31.2 million. Of this, \$2.8 million is expected to be covered by supplementary assessments or was identified in time for inclusion in approved budgets; \$7.7 million is being met by redirecting the use of other budgetary provisions; \$3 million is scheduled to be met from budgetary savings; and decisions have still to be taken on the remaining \$17.7 million. Very few decisions have been taken as yet on the extra costs foreseen for 1974 and 1975.

United Nations

1971 Budget

37. As mentioned in paragraph 24 above, the UN calculated that the revaluation of the Swiss franc and Austrian schilling in May 1971 had resulted in additional costs of about \$1.1 million for that year. The further costs arising from the floating of the dollar in August 1971 were absorbed.

1972 Budget

38. Later in 1971 the General Assembly approved the addition of \$3.3 million to the Budget for 1972, still as a result of the May 1971 revaluations, but such further costs as arose from the December 1971 parity changes were absorbed, as were the costs arising from the comparatively minor fluctuations in 1972.

1973 Budget

39. The UN has estimated that the additional costs arising in 1973 from the changes in March of this year will be of the order of \$9 million. No estimate is yet available of the cost of further appreciations of the Swiss franc since March.

1974-75 Forecast

40. The result of the March 1973 revaluations has been the addition of \$8.6 million to the target estimates for each of the years 1974 and 1975.

ILO

1970-71 Biennium

41. The increased costs to the ILO of the currency changes in May and August 1971 were absorbed.

1972-73 Biennium

42. The ILO programme and budget for 1972-73 had included provision for Swiss franc expenditures at the rate of 4.32 francs to the dollar, with provision at appropriate late 1970 exchange rates for expenditures in other currencies. The estimated additional costs resulting from currency changes in 1971, which led in particular to a rate of 5.84 Swiss francs to the dollar, amounted to \$5.57 million on the basis of the approved budget level of \$71,505,000. A proposal for a supplementary assessment of \$4.75 million in respect of the additional costs was withdrawn at the 1972 session of the Conference, which meant that the full amount of the extra expenditure incurred in the biennium would have to be absorbed. The ILO's programme of work for 1972-73 had been reduced in the light of the Organization's financial difficulties to a level corresponding to expenditure of some \$59 million on the basis of the exchange rate and price levels originally provided for; for this reduced programme the additional expenditure to be absorbed as a result of all the currency changes from 1971 up to April 1973 is expected to amount to some \$7.8 million in the biennium.

1974-75 Biennium

43. The programme and budget proposals for 1974-75, coming to a total of \$83,669,000, were drawn up on the basis of the exchange rates prevailing at the end of 1972, including the rate of 3.60 Swiss francs to the dollar. However, further exchange rate changes had occurred and were occurring when the proposals were examined by the Governing Body in February-March 1973. The Governing Body accordingly decided to give further consideration to the problem of financing the 1974-75 programme at its pre-Conference (May-June) session, while transmitting to the Members

the draft programme and budget as originally costed, with the adjustments made by the Director-General to take account of the suggestions made by its members. At the pre-Conference session, the Director-General submitted further proposals taking account of new exchange rate developments. These proposals provided for a recosting of the draft programme and budget on the basis of a rate of 3.11 Swiss francs to the dollar, i.e. for the addition of \$13.2 million to the original proposals.

44. The Governing Body took a series of decisions on the problem of financing. It decided to establish a working party to examine a number of questions relating to the budgetary effects of exchange rate changes, both as regards the 1974-75 programme and budget and in a longer-term perspective; for 1974-75, the working party was among other things to examine the possibility of finding further savings in the budget without compromising the essential features of the Organization's work and to determine what amount might reasonably be withdrawn from the Working Capital Fund. The Governing Body recommended to the Conference that the amount of the additional costs applicable to 1974 - \$6.6 million - should be met to the extent of \$3.3 million by internal measures, including definitive reductions in the budget and postponements of some activities until after 1975, postponements of other activities from 1974 to 1975, and the use of 1973 profits on exchange. The remaining amount of \$3.3 million to be found in 1974 was to be added to the assessments of member states in that year on the understanding that these funds would not be committed or spent until the Governing Body had decided on the appropriate action after considering the report of its working party. The question of meeting the requirements for financing the programme in 1975 was left open. The Governing Body decided to examine this matter on the basis of the findings of the working party and to make appropriate proposals to the Conference at its 1974 session. These recommendations of the Governing Body were accepted by the Conference.

FAO

1970-71 Biennium

45. The Italian lira was not involved in the May 1971 revaluations, but the floating of the dollar in August of that year led to additional costs estimated at \$180,000, all of which was absorbed through savings.

1972-73 Biennium

46. The extra costs for the 1972-73 Biennium, arising from the currency changes in August and December 1971 and from subsequent movements of the lira rate were estimated to be \$3,743,000. The economy measures initiated by the Director-General in 1972 and continued in 1973 were expected to provide sufficient funds to meet these extra costs as well as the extra costs that have arisen in 1972-73 due to inflationary trends, unless there were to be a further decrease in the value of the dollar in relation to the Lire during the balance of the 1972-73 biennium.

Protection for future biennia

47. Since September 1971, almost at the beginning of the present crisis, the FAO Finance Committee has been seeking ways in which the organization might be better protected against future currency instability. At its 27th Session, in May-June 1972, the Finance Committee considered a number of alternative suggestions :

- (a) Requesting the Host Government to furnish additional resources;
- (b) Using gold as a basis;
- (c) Using Special Drawing Rights as a basis;

- (d) Use of a currency other than the US dollar for budgeting and assessment purposes;
- (e) Changing the currency of budgeting and assessment to that of the host member State;
- (f) Increasing the level of the Working Capital Fund; and
- (g) Establishing a Special Reserve.

It decided that two of these possible approaches, namely (a) and (g) warranted further consideration, and asked the Director-General to study them in more detail, together with a further alternative, the possibility of requiring member States to pay a portion of their assessments in Italian lire - in which 60 per cent of FAO's expenditures are made.

48. The Director-General reported back to the Finance Committee at its 28th Session in October 1972. He took the view that it would be inappropriate to request the Italian Government to provide financial assistance to help meet the additional costs. The Government was already providing the Headquarters site at a rent of \$1 per annum, including major maintenance, repairs and alterations. The privileges the Government had afforded to FAO staff had contributed to holding down the cost-of-living adjustments to salaries, and finally Italy had made extraordinary contributions to FAO as evidence of its lively interest in the Organization's aims and activities.

49. The Director-General agreed that the provision of a certain percentage of contributions in lire would spare the Organization some of the impact of upward fluctuations and realignments of lire in relation to the dollar, but it would require certain changes in FAO's Financial Regulations. For example, Regulation 5.6, which now provides that payments in lire should be valued at the rate against the dollar on the first business day of January or the rate in effect on the day of payment, whichever is higher, would have to refer back not to the January rate but to the rate used in the approved budget.

50. The Organization would, of course, continue to be exposed to additional costs due to the strengthening of other currencies of expenditure against the dollar, and there would be complications arising from the timing of payment of contributions, especially if member states paid their lire and dollar components at different times of the year. The need to decide in what proportions arrears of contributions should be paid would create further difficulties, and member states themselves might face administrative complications if they had to pay their contributions in two currencies.

51. The Director-General felt that the best solution for financing the unbudgeted extra costs arising from currency realignments and from inflation was the establishment of a Special Reserve, but the Finance Committee did not agree that this was the best way to meet accelerated inflationary trends. The Director-General then proposed, to the 29th Session of the Committee, held in April 1973, the establishment of a Special Reserve Fund to be used solely to finance the extra costs arising from currency realignments. Such a fund could be financed from Miscellaneous Income in 1974-75 and future biennia, and from any future cash surpluses, until it reached a target of \$4 million. Withdrawals would be subject to Finance Committee review and Council approval. At the same time the Director-General proposed an increase in the level of the Working Capital Fund in order to establish a better balance between the approved budget and the level of the Fund. This would also permit, to a certain extent, the financing of unbudgeted inflationary costs that cannot be met from savings.

52. The Finance Committee felt that the creation of a Special Reserve Fund was not an appropriate solution after all inasmuch as it conveyed a notion of permanency, whilst the Organization was trying to cope with a problem which might be temporary in nature. The Committee recommended that the sources of funds which the Director-General had suggested be used to initiate funding of a special reserve fund, together with some that had been proposed as a means of increasing the Working Capital Fund, should be transferred to a suspense account for 1974-75. They should be used as necessary for cash needs and, subject to Finance Committee review and Council approval, to meet unbudgeted extra costs arising not only from currency movements but also from inflationary trends. The Council has accepted these proposals and is recommending their adoption by the FAO Conference.

UNESCO

1971-72 Biennium

53. The currency changes in May and August 1971 did not involve the French franc and therefore had no effect on Unesco's operations in 1971. But the revaluation of the franc from 5.55 to 5.22 per dollar under the "Smithsonian" arrangements of December 1971, followed by fluctuations within the new, widened margins, led to additional costs for 1972 estimated at some \$3.3 million. Of this amount \$1,150,000 could be financed by using the provision for amortizing construction costs of a new building, construction of which had been delayed, and supplementary estimates were submitted to cover the balance.

54. The Unesco Executive Board had established an Ad Hoc Committee whose task was to study the effects of the monetary situation on the financing of the budget, and to report back to the Executive Board at its 90th Session in October 1972. The Committee's terms of reference were :

- "(i) to examine the question of the Organization's budgetary currencies and in particular whether the present system, under which there is only a single budgetary currency (i.e. the US dollar) should be maintained, or whether there should be a new system using several budgetary currencies, which could be those in which the Organization's principal expenditures are made;
- (ii) to re-examine the question of the currencies in which the contributions of Member States are paid and to explore the possibility of allowing the payment of contributions by Member States in several currencies, taking into account the proportion of the Organization's expenditure in such currencies;
- (iii) to examine the question of the rates of exchange at which to calculate the value of the Organization's budgetary currency or currencies and the currencies in which the contributions of the Member States could be paid; and
- (iv) to take into consideration other factors which may be pertinent to its examination of these problems."

55. In the documentation submitted to the Ad Hoc Committee, the Unesco Secretariat identified the major items of expenditure that were affected by the realignment of currencies:

- (a) Salaries, allowances and pension fund contributions for staff in the General Service category at Headquarters;
- (b) Common Services; including supplies and materials, rentals, utilities, repayment of French franc loans for building construction, etc; and
- (c) Changes in Post Adjustment for staff in the Professional category.

The first two items were seen to arise from the fact that the obligations were expressed and payable in French francs, and that to obtain that number of French francs required a greater number of dollars than had been budgeted for.

56. The reasons for the third item are rather more complex, since the obligation for salaries and allowances of the Professional and higher grades is expressed in dollars. Post adjustment is paid to such staff to compensate them for increases in the cost of living, and one element in the cost of living is the exchange rate governing the amount of local currency the staff member is actually paid as the current value of his dollar-based salary. If the dollar depreciates, the local currency equivalent is diminished and the post adjustment index has to be recalculated, leading eventually to an increase in the post adjustment itself.^{6/}

^{6/} It seems worthwhile paraphrasing the UNESCO analysis in this detail, since the elements so identified form the general basis on which the organizations have calculated their additional costs. Furthermore, they illustrate the problems which any anticipatory measures considered in the present study should aim to solve, or at least to minimize.

57. After reviewing the effects of the devaluation of the dollar on the financial situation of the Organization, the Ad Hoc Committee gave detailed consideration to the following suggestions for a solution to the problem:

- (a) A provision that a portion of all member states' contributions should be assessed in French francs calculated at the rate of exchange in operation at the date when the budget is voted;
- (b) The possibility of creating a "unit of account" which would be related to the par value of the dollar to gold prevailing at the time the budget is voted;
- (c) The payment of contributions through Special Drawing Rights;
- (d) The creation of a special reserve fund for the purpose of counteracting the effects of currency changes;
- (e) Continuing to express the budget and contributions in dollars and absorbing the effects of exchange-rate changes by finding administrative economies; and
- (f) Providing that all member states should bear their share of any losses, and be credited with their share of profits, arising from fluctuations in exchange rates.

58. The Committee agreed that the use of a unit of account (alternative (b)) would be too complex, and that the use of Special Drawing Rights (alternative (c)) was not a practical solution in the light of current IMF rules and practices. As regards (e) and (f), it agreed that it is essential to absorb extra costs through economies to the maximum extent possible, but opinions were divided on how to interpret the words "maximum extent possible" in relation to the programme. The majority of the Committee agreed that if the circumstances were such that all the extra costs could not be absorbed through economies, then some other recourse was necessary to provide additional resources.

59. The Executive Board accepted the Committee's findings, and agreed that a further study should be made of alternatives (a) - the payment of a proportion (40 per cent) of member states' contributions in French francs - and (d) - the creation, as a long-term solution, of a special reserve from budget surpluses and/or miscellaneous income. It also agreed, inter alia, that consistency of practice within the United Nations system is highly desirable, and that for the present the budget should continue to be expressed and contributions assessed in US dollars.

1973-74 Biennium

60. The Director-General informed the Executive Board of UNESCO, at its 92nd Session in April-May 1973, that the cumulative effect of recent currency changes would be to add \$10.3 million of additional costs to the 1973-74 budget, in which French franc expenditures had been calculated at a rate of 5.01 francs to the dollar. Economic inflation would add a further \$7.6 million. After considering a report from its Finance and Administrative Commission, the Executive Board, by exercising authority delegated to it by the General Conference, agreed to supplementary estimates of about \$3 million to help meet the \$10.3 million additional costs due to currency changes.

61. As regards the balance, the Director-General was requested to make proposals to the Board in September 1973 concerning programme activities for 1973-1974 which would have to be deferred or cancelled if a decision to reduce the programme were contemplated. The Board also requested the Director-General immediately to call the attention of Member States to the possible necessity of summoning an extraordinary session of the General Conference in October 1973 to decide on the new measures that may become necessary to ensure sound financial management of the Organization in 1973-1974. The Board would be considering at its September session the possibility of convening this extraordinary session of the General Conference. Since the April-May (1973) session of the Board, UNESCO has calculated (as of 1 June 1973) that subsequent currency fluctuations will lead to further additional costs amounting to \$1.2 million. Of the \$7.6 million of extra costs due to inflation, \$4.3 million were met from an Appropriation Reserve in the 1973-1974 budget; the remaining \$3.3 million would have to be covered by savings.

WHO

1971 Budget

62. The increased budgetary requirements for 1971 (amounting to approximately \$1.2 million), which resulted from the May 1971 revaluation of the Swiss franc and from the change in the UN accounting rate in October 1971, were met by the reduction of various programmes and other activities of the Organization.

1972 Budget

63. The revaluation of the Swiss franc in May 1971 increased the budgetary requirements for 1972 by approximately \$1.3 million, of which \$300,000 was met by postponing or reducing a number of headquarters activities, and the balance by reducing the rate of growth of the Terminal Payments Account. The additional requirements (\$2,445,000) resulting from the December 1971 parity changes were financed, with the approval of the World Health Assembly, by transferring \$1,769,186 (representing 7/12ths of China's 1972 contribution) from the Undistributed Reserve part of the Budget to the effective working budget, and by available casual income of \$675,814.

1973 Budget

64. The additional requirements for 1973 resulting from the parity changes in December 1971 were estimated at \$2,844,000, and this amount was included in the total budget approved for 1973. It was possible to cover these requirements from the 1973 assessed contribution from China, and no additional assessments were required.

65. Subsequent currency changes up to and including April 1973 were estimated to require additional resources totalling \$4,821,100. The 26th World Health Assembly decided that these costs, to which were added \$673,000 for unforeseen cost-of-living increases, should be financed as to \$1,985,600 by decreasing the 1973 credits to the Terminal Payments Account, and as to the remainder by appropriating \$3,508,500 from casual income.

1974 Budget

66. The original WHO Estimates for 1974, in an amount of \$100,250,000, were calculated on the basis of exchange rates existing at the time of preparation, including a Swiss franc accounting rate of 3.84 to the dollar. Subsequent exchange rate changes, up to and including April 1973, resulted in additional requirements of \$6,078,800 and the 26th World Health Assembly has approved an effective working budget for 1974 of \$106,328,800.

ICAO

1972-3-4 Financial Period

67. The floating of the Canadian dollar on 1 June 1970 caused additional US dollar expenses only for ICAO. The resulting change in the Canadian/US dollar relationship has averaged eight per cent since May 1970. The US dollar has gradually dropped from 1.08 Canadian to par. ICAO has met the added costs in 1970 and 1971 by a supplementary appropriation, and in 1972 and 1973 by economies. ICAO's triennial budget for 1972-3-4 was approved in July 1971, when the accounting rate for the Canadian dollar was 1.02 for each US dollar. The actual average rate realised in 1972 was 0.99 Canadian to one US dollar, and the two rates are currently at par. There have also been fluctuations in the parities of currencies used by ICAO regional offices, but the overall impact on the current budget is estimated at some \$215,000 for 1972, \$290,000 for 1973 and \$270,000 for 1974.

WMO

1971 Annual Budget

68. The increased costs resulting from the May and October 1971 revaluations were estimated at \$205,000 and were met entirely by savings realized from the adoption of stringent economy measures during this last year of the fifth financial period (1968-1971).

Sixth Financial Period (1972-1975)

69. The Sixth World Meteorological Congress approved the period budget in April 1971, i.e. prior to currency changes. The twenty-fourth session of the Executive Committee (May 1972) recognized that in respect of increased dollar costs of salaries and allowances it would be necessary to invoke the authorization given to it by the Congress to incur expenditures additional to the four-year period budget where necessary, on the basis of supplementary estimates submitted by the Secretary-General, to the extent that such additional expenditure could not be met by savings.

70. It was also recognized that at a later stage in the financial period it may prove necessary to request Members to approve additional expenditures (not resulting from increases in salaries).

1972 Annual Budget

71. The 1972 annual budget was also approved in May 1971, prior to the currency fluctuations. Therefore, supplementary estimates for 1972 amounting to \$419,330 became necessary, and were approved in May 1972.

1973 Annual Budget

72. The budget approved (in May 1972) for 1973 included \$522,395 for salary increases and additional dollar costs due to currency changes and cost of living changes, and a further amount of \$715,600 is being requested through 1973 supplementary estimates which will be examined in September 1973.

1974 Annual Budget

73. The estimates for 1974, also to be examined in September 1973, show that \$2,018,000 would be required to meet the total additional costs due to currency revaluations and cost of living changes.

IMCO

74. The impact of the exchange rate fluctuations between the pound sterling and the dollar is estimated to have amounted to some \$13,000 for the period October-December 1971, and close to \$70,000 in 1972. In addition, exchange conversion losses due to discrepancies between the UN accounting rates and the prevailing market rates amounted to about \$11,000 in 1971 and some \$4,000 in 1972. Assuming that the March-May accounting rate of £0.408 to the dollar stayed in force until the end of 1973, the additional dollar expenditure for the year was expected to be some \$30,000.

75. Following the 1971 parity changes for the pound sterling, the IMCO Assembly included a contingency appropriation in the 1972-73 Budget against currency fluctuations, while the Council debated a proposal that the Organization's budget should in future be expressed in sterling. The day to day accounts were already maintained in that currency, in which it was estimated that about 90 per cent of expenditures were made.

76. The Council discussed the proposal again during its 30th Session, in June 1973, and decided to reconsider the matter at a future session. Meanwhile the budget would continue to be expressed in US dollars.

77. In connexion with this proposal to the IMCO Council, it is relevant that the Contracting Parties to GATT have already agreed to express their budget and to assess their contributions in the local currency at headquarters, the Swiss franc, and that the Executive Committee of WMO has before it a similar proposal.

IAEA

1971 Budget

78. The increased costs resulting from the May 1971 revaluations were calculated at \$280,000, and a supplementary estimate was approved. However, stringent cost-curtailment measures obviated the need to use the additional appropriation.

1972 Budget

79. Stringent economy measures in 1972 resulted in savings more than sufficient to cover the additional costs arising from currency changes, which it is estimated amounted to approximately \$860,000.

1973 Budget

80. Currency realignments since the 1973 Budget was prepared have led to extra costs estimated at \$1,568,000. Further additional costs totalling \$724,000 are expected from unforeseen cost-of-living increases and price rises. It is hoped that economy measures will absorb some \$972,000 of the additional costs, leaving \$1,320,000, for which a supplementary appropriation has been requested. \$70,000 will be covered by cash surpluses from prior years, excess miscellaneous income and assessments on new members, and this will leave \$1,250,000 to be met from supplementary assessments on member states.

1974 Budget

81. The Director-General foresees that his original draft budget estimates for 1974 will have to be increased by \$2,100,000 to meet the impact of the dollar's devaluation in February 1973 and the consequent effect on the exchange rate for the Austrian schilling. He has proposed that an additional section be included in the appropriation resolution for 1974 to provide the extra funds, but that this appropriation should not be used without prior authorization by the Board of Governors.

UNDP

82. The figures shown in Appendix III do not include any data for UNDP, whose funds derive from voluntary contributions and are, for the most part, accounted for quite separately from the regular budget resources of the agencies. Any suggestions made for reducing the impact of currency changes on assessed budgets would probably be inappropriate for UNDP. Nevertheless, as an illustration of that programme's experiences in the present situation, it is worth noting that UNDP estimated the net additional cost of the 10 per cent devaluation of the US dollar in February 1973 at \$6.5 million.

APPENDIX II

MOVEMENTS IN UN ACCOUNTING RATES FOR FIVE "HEADQUARTERS" CURRENCIES BETWEEN JUNE 1968 AND MAY 1973

	<u>Date</u>	<u>Rate of exchange to US dollar</u>
<u>Austrian Schilling</u>		
	1 June 1968	25.83 schillings
	1 June 1971	24.95 "
	1 October 1971	24.10 "
	1 January 1972	23.70 "
	1 February 1972	23.30 "
	1 July 1972	23.00 "
	1 November 1972	23.20 "
	1 March 1973	21.00 "
<u>French Franc</u>		
	1 June 1968	4.90 francs
	1 October 1968	4.94 "
	1 August 1969	5.55 "
	1 January 1971	5.52 "
	1971	5.55 "
	1 January 1972	5.22 "
	1 February 1972	5.14 "
	1 March 1972	5.08 "
	1 April 1972	5.04 "
	1 June 1972	5.01 "
	1 December 1972	5.05 "
	1 January 1973	5.11 "
	1 February 1973	5.07 "
	16 February 1973	4.65 "
	1 March 1973	4.60 "
	1 April 1973	4.53 "
	1 May 1973	4.55 "

Italian Lira

1 June 1968	625 lire
1 October 1968	623 "
1 July 1969	627 "
1 January 1971	624 "
1 September 1971	615 "
1 January 1972	592 "
1 April 1972	582 "
1 March 1973	562 "
1 April 1973	580 "

Swiss Franc

1 June 1968	4.32 francs
1 June 1971	4.08 "
1 October 1971	3.95 "
1 January 1972	3.84 "
1 October 1972	3.80 "
1 February 1973	3.67 "
1 March 1973	3.41 "
1 April 1973	3.23 "
1 June 1973	3.03 "

Pound Sterling

1 June 1968	0.4167 pounds
1 October 1971	0.404 "
1 January 1972	0.392 "
1 February 1972	0.386 "
1 April 1972	0.383 "
1 July 1972	0.411 "
1 November 1972	0.426 "
1 March 1973	0.408 "
1 June 1973	0.396 "

APPENDIX III

MINIMUM ESTIMATED ADDITIONAL COSTS ARISING FROM CURRENCY CHANGES DURING THE PERIOD MAY 1971 TO MAY 1973

FINANCIAL YEAR

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>
	\$	\$	\$	\$	\$
UN	1 100 000	3,300,000	9,000,000	8,600,000	8,600,000
ILO	?	3,900,000 ^{1/}	3,900,000 ^{1/}	6,600,000 ^{2/}	6,600,000 ^{2/}
FAO	180,000	1,871,500 ^{1/}	1,871,500 ^{1/}	?	?
UNESCO	-	3,300,000	5,766,500 ^{3/}	5,766,500 ^{3/}	-
WHO	1,200,000	3,745,000	7,665,100	6,078,000	-
ICAO	-	215,000	290,000	270,000	-
WMO	205,000	419,330	1,099,000	1,759,000	-
IMCO	24,000	74,000	30,000	?	?
IAEA	230,000	860,000	1,568,000	2,100,000	-
	<u>\$2,989,000</u>	<u>\$17,684,830</u>	<u>\$31,190,100</u>	<u>\$31,173,500</u>	<u>\$15,200,000</u>

^{1/} Half the estimated totals for 1972-73: \$7,800,000 for ILO; \$3,743,000 for FAO.

^{2/} Half the estimated total for 1974-75: \$13,200,000.

^{3/} Half the estimated total for 1973-74: \$11,533,000.

APPENDIX IV

POST ADJUSTMENTS

Excerpt from document ECPA/S.15/8, submitted to the
Fifteenth Session of the Expert Committee on Post Adjustments

"64. Adjustments for exchange rate variations. Salaries and cost-of-living allowances ("post adjustments") payable to international officials are calculated in US dollar, although they are generally paid wholly or largely in the currency of the duty station. Where there occurs a change in the exchange rate used to convert officials' monthly salaries and allowances into the local currency equivalent, the post adjustment index is appropriately adjusted. Normally for staff at the headquarters of the different organizations (whose consumption expenditures outside of the area are not very important), the post adjustment index (total) is multiplied by the ratio of the old exchange rate to the new exchange rate. For those duty stations where out-of-area expenditures are important, that part of the post adjustment index corresponding to these expenditures is not adjusted since it is not affected by changes in the currency of the duty station. However, changes in the prices of items purchased abroad are taken into account directly in the index in terms of changes in their cost expressed in US dollars.

65. For a period during which the relationships between the US dollar and the currencies of countries outside the duty station remain constant, the change in prices of items purchased abroad would be the same whichever of these currencies were used to express the prices. Where the relationship between currencies changes, however, the cost of these items to the official in terms of US dollars is affected. Thus the devaluations of the US dollars in 1971 and in 1973 added around 20 per cent to the dollar cost of out-of-area purchases made in Western European countries as well as to the \$ cost of home leave and education expenditures in those countries. This did not apply to certain goods, particularly those of United States origin.

66. ECPA adopted a special rule applicable to the case of Montreal. The salaries of staff of ICAO in that city are not paid in Canadian dollars but directly in US currency and to meet the situation where the living costs of international officials (incurred primarily in Canadian dollars) were affected by the "floating" of the Canadian against the US dollar, it was decided that the post adjustment index should be calculated each month on the basis of the average of the exchange

rates used by ICAO for non-payroll transactions effective on the last business day of the month in question and each of the three preceding months.

67. When a new exchange rate is applied in calculating the current post adjustment index, the index numbers for the four preceding calendar months are recalculated at the new rate, subject in the cases of certain post adjustment indexes to the restriction mentioned in paragraph 64, solely for purposes of applying the "four-months rule".^{1/} For the majority of field duty stations, where indexes are updated only annually or biannually, the effect of a new exchange rate is evaluated when it occurs to decide whether the duty station should be moved to a higher "post adjustment" class, in the case of a revaluation of the local currency, or to a lower class in the event of a devaluation.

68. Partial post adjustments. When a change occurs in the exchange rate applied in any duty station, a temporary partial "post adjustment" may become applicable, subject to certain conditions. The principal condition for a positive partial post adjustment is that, when recalculated at the revised exchange rate, the latest available post adjustment index becomes higher by at least two full points (for example, 131.3 to 133.3). In this particular illustration, two-fifths of the amount of the relevant "post adjustment" become payable. If, after a devaluation is taken into account, the revised post adjustment index is at least two full points below the critical level of the currently effective post adjustment class of the duty station (e.g. the index is reduced from 131.3 to 127.6) a negative partial "post adjustment" becomes applicable (in this particular case, minus two-fifths). Bigger changes in the index, resulting from larger revaluations or devaluations, result in higher positive or negative fractions of a "post adjustment" becoming applicable. Partial post adjustments are eventually absorbed into a standard post adjustment class through the normal operation of the post adjustment system (including, where applicable, the "four-months rule")."

^{1/} The "four-months rule" is applied in Headquarters duty stations and certain other areas for which monthly post adjustment indexes are calculated. For example, to qualify for the next higher class of cost-of-living allowance, or "post adjustment" the index for the duty station in question must attain at least the critical level of the next class (such as 110, 113 or 120) and continue to equal or exceed that level for four months. The additional "post adjustments" is paid in conjunction with the salary for the next month.

APPENDIX V

APPROXIMATE PROPORTIONS IN WHICH ORGANIZATIONS RECEIVE AND SPEND THEIR CURRENCIES

	<u>Receipts</u>		<u>Expenditure</u>	
UNITED NATIONS	US\$	93%	US\$	65%
	£ Stg.	4 1/2%	Swiss frs.	20%
	Others	2 1/2%	Austrian sch.	4%
			Others	11%
		<u>100%</u>		<u>100%</u>
ILO	US\$, virtually 100%		Swiss frs.	70%
			US\$	25%
			Others	5%
				<u>100%</u>
FAO	US\$	80%	Ital. lire	60%
	Ital. lire	20%	US\$	25%
			Others	15%
		<u>100%</u>		<u>100%</u>
UNESCO	US\$	82%	French frs.	50%
	French frs.	10%	US\$	35%
	£ Stg.	7%	£ Stg.	7%
	Others	1%	Others	8%
		<u>100%</u>		<u>100%</u>
WHO	US\$, virtually 100%		US\$	37%
			Swiss frs.	35%
			French frs.	6%
			£ Stg.	4%
			Others	18%
				<u>100%</u>

WMO	US\$, virtually <u>100%</u>		Swiss frs.	90%
			US\$	8 - 9%
			Others	<u>1 - 2%</u>
				<u>100%</u>
IMCO	US\$	85.90	£ Stg.	80 - 90%
	£ Stg.	10.15	Others	<u>10 - 20%</u>
	<u>100%</u>			<u>100%</u>
IAEA	US\$	90 - 95%	Austrian sch.	70%
	Austrian sch.	5 - 10%	US\$	20%
	<u>100%</u>		Others	<u>10%</u>
				<u>100%</u>

Eighteenth report

Revised estimates resulting from decisions of the Trade and Development Board
at the second part of its twelfth session and at its thirteenth session

/Original: English/

/30 November 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General (A/C.5/1545) containing revised estimates under section 14 of the proposed programme budget for the biennium 1974-1975, in a total amount of \$416,000 arising from certain decisions taken by the Trade and Development Board at the second part of its twelfth session and at its thirteenth session. The Advisory Committee was informed that the estimates are based on an exchange rate of Sw. Fr. 3.03 = \$US 1.

2. The bulk of the request (\$342,000) relates to the recruitment, on a temporary assistance basis, of interpreters, translators, précis writers and other conference servicing staff for meetings decided on or rescheduled since the original calendar of conferences for 1974-1975 was drawn up. The meetings involved are:

\$

Seventh session of the Committee on Manufactures: to be held at
Geneva, for two weeks, with provision for a sessional Committee
on non-tariff barriers (rescheduled to 1975) 262,000

Meetings of the Technical Committee of the Joint Advisory Group of
the International Trade Centre: additions to calendar of
conferences - one week in 1974 and one week in 1975 18,000

Special session of the Trade and Development Board: rescheduled
from 1973 to 1974; one week 62,000

342,000

3. The Advisory Committee has no objection to this request, on the understanding that the Secretary-General when finalizing the calendar of conferences for 1975 will review the availability of established-post resources before engaging conference staff on a temporary-assistance basis, and that every effort will be made to schedule the seventh session of the Committee on Manufactures so as to reduce to a minimum recourse to temporary staff. As regards the meetings of the Technical Committee of the Joint Advisory Group of the ITC, the Advisory Committee trusts that the related costs will be shared in the normal manner between UNCTAD and GATT.

4. The balance of the request under section 14 consists of \$64,000 for consultants (eight man-months for technical advice to an ad hoc Group of Governmental Experts to consider the debt problem of developing countries; and 12 man-months for the preparation of background papers for a feasibility study related to an international code of conduct in the field of transfer of technology) and \$10,000 for travel connected with the work of the ad hoc Group referred to above. The Advisory Committee has been assured that these activities are clearly additional to the work programme reflected under section 14 of the proposed programme budget for 1974-1975. On this basis, the Advisory Committee has no objection to the request.

5. As the Secretary-General states in paragraph 4 of his report, the additional requirements under section 14 will entail the need for a consequential provision of \$71,000 under section 34 (Staff assessment), which will be offset by an increase in the same amount under income section 1, income from staff assessment.

Document A/9008/Add.18

Nineteenth report

Administrative arrangements for the International Trade Centre

/Original: English/

/30 November 1973/

1. In its seventh report on the proposed programme budget for the biennium 1974-1975 to the twenty-eighth session of the General Assembly, the Advisory Committee on Administrative and Budgetary Questions stated its intention to report, as necessary, on proposals submitted by the Secretary-General on administrative arrangements for the UNCTAD/GATT International Trade Centre (A/9008/Add.6, para. 7).
2. The Committee has now received a note by the Secretary-General (A/C.5/1533) which is based, with further modifications, on a review by the executive heads of UNCTAD and GATT of administrative arrangements for the Centre and the report on that review submitted to the GATT Council by the Director-General of GATT on 27 November 1972. The administrative arrangements contained in the Secretary-General's note have actually been in effect since 1 March 1973, with certain refinements (summarized in paragraph 9 of the Secretary-General's note) decided upon as a result of an Administrative Management Service review carried out in June and July 1973.
3. After examining the administrative arrangements contained in the Secretary-General's note and in the light of additional information provided to it by representatives of the Secretary-General, the Advisory Committee finds the arrangements to be reasonable.

4. The Committee notes that the arrangements described by the Secretary-General take into account a recommendation made by the Committee in 1971 1/ and reiterated in 1972, 2/ regarding the placement of Centre support staff under the direct control of the Centre. This recommendation called for the transfer to the Centre manning table of those posts in GATT whose incumbents worked exclusively on Centre business and which were to be financed as from 1972 from the shared Centre budget. Prior to the formulation of the present administrative arrangements, the Director-General of GATT had informed the Committee that were that recommendation to be applied he would not be able fully to discharge the obligations devolving upon him, which included responsibility for signing contracts and certifying the Centre's accounts. For that reason, the Committee had agreed to hold its recommendation in abeyance. The Committee is now gratified to learn that the modifications described in paragraph 13 of the annex to the Secretary-General's note (the report submitted to the GATT Council) include the designation of the Director (Programmes) of the Centre as certifying officer for Centre accounts as well as provision for the issuance of contracts for Centre staff by the Director (Programmes) of the Centre, after approval by the Secretary-General of UNCTAD and the Director-General of GATT. Since the impediments to implementation of the Committee's recommendation have thus apparently been removed, the Committee assumes that posts in GATT utilized for Centre business and financed by the Centre have been transferred to the Centre manning table; however, the Committee has not been able to obtain the reliable information to confirm this assumption.

5. The Advisory Committee notes from paragraph 5 (d) of the Secretary-General's note that payroll, payments and accounts for the Centre will be maintained by the United Nations Office at Geneva, instead of by the Centre itself as originally proposed (A/C.5/1533, annex, para. 13 (ii)). The Committee was informed that in recognition of that fact one post carried on the manning table of the Centre was being provided to the Geneva Office.

6. The Committee notes further that, as a result of the AMS review, language services for the Centre will continue to be provided on the present basis (i.e. on the manning table of the Centre but physically located in GATT premises), and that, while use will be made by the Centre of the publication sales mechanism provided by the United Nations Office at Geneva, the Centre will continue to make its own free distribution to developing countries.

7. Since paragraph 2 of General Assembly resolution 2297 (XXII) of 12 December 1967 appears to authorize the Secretary-General of UNCTAD to come to an agreement with the Director-General of GATT on detailed administrative arrangements, 3/ and because the

1/ Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 8 and corrigenda, para. 247.

2/ Ibid., Twenty-seventh Session, Supplement No. 8A, document A/8708/Add.1, para. 13.

3/ Operative paragraph 2 is written in terms of authorization for arrangements in 1968, but since these arrangements were never formulated, it could be said that the present arrangements are meant to be in fulfilment of resolution 2297 (XXII).

arrangements described in the Secretary-General's note have been submitted to the GATT Council and have been in effect since 1 March 1973, the Advisory Committee does not consider that it is being called upon to recommend to the General Assembly the approval of these arrangements, and therefore recommends only that the Assembly take note of them, it being understood that their implementation will not increase the United Nations share of the costs of the Centre.

Document A/9008/Add.19

Twentieth report

United Nations Industrial Development Organization

Report of the Industrial Development Board on the work of its seventh session

/Original: English/

/3 December 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Industrial Development Board on the work of its seventh session 1/ with particular attention to those items in the report which were referred by the General Assembly to the Fifth Committee (A/C.5/1525/Add.2);

(a) Paragraphs 119 to 121 and annex II, decision I (VII) (Regular programme of technical assistance of the United Nations Industrial Development Organization);

(b) Paragraphs 122 to 126 and annex II, decision III (VII) (Expansion and financing of industrial development field advisers of UNIDO);

(c) Paragraphs 127 to 133 and annex II, decision II (VII), paragraphs 1 and 3 (Administrative autonomy of UNIDO).

2. The Advisory Committee notes from the letter dated 31 October 1973 from the President of the General Assembly to the Chairman of the Fifth Committee (A/C.5/1525/Add.2) that, for the items on the regular programme of technical assistance and the expansion and financing of industrial development field advisers, consideration by the Second Committee is to precede consideration by the Fifth Committee. The Second Committee has duly considered those items and has recommended to the General Assembly the adoption of a draft resolution (A/9324, para. 16, draft resolution I).

1/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 16.

3. With regard to the regular programme of technical assistance, under operative paragraph 2 of the draft resolution, the Assembly would welcome "the recommendation contained in decision I (VII) of the Industrial Development Board to increase the planning level and budget of the regular programme of technical assistance of the United Nations Industrial Development Organization as from 1975, the supplementary resources to be devoted to special measures in favour of the least developed countries". The Advisory Committee, recalling that it has already dealt with this matter in the context of the revised budget estimates for 1974-1975 resulting from decisions of the Industrial Development Board at its seventh session (A/9008/Add.9, para. 36), had no further comment to offer on this matter.

4. The question of the expansion and financing of UNIDO industrial development field advisers has been dealt with by the Second Committee in operative paragraph 4 of the draft resolution which, without prejudice to the current examination by the Governing Council of UNDP of the question of UNDP support for industrial development field advisers, endorses the recommendation contained in decision III (VII) of the Industrial Development Board for an increase in the number of these advisers, and the instructions given to the Executive Director to explore the possibility of financing the increase from the United Nations budget or other sources. Since this matter is now being examined by UNDP, the Advisory Committee will await information from the Secretary-General on the outcome of this examination before proceeding further.

5. The Advisory Committee notes from the allocation of agenda items to the Fifth Committee (A/C.5/1525/Add.2) that, while arrangements for prior consideration by the Second Committee apply to the items mentioned in paragraph 2 above, the General Assembly made no reference to consideration by the Second Committee of the question of the administrative autonomy of UNIDO.

6. Nevertheless, the Second Committee decided, at its 153rd meeting, to transmit to the Fifth Committee a draft proposal, according to which the Secretary-General would be requested to prepare, for consideration by the General Assembly at its twenty-ninth session, a report on the question of the separate preparation and submission of the programme and budget of UNIDO, and the question of administrative autonomy for UNIDO (A/C.5/1555). Moreover, the Second Committee expressed the strong hope that, if the proposal were approved, the Secretary-General's report would be made available to the Second Committee before it was considered by the Fifth Committee.

7. The Advisory Committee agrees that it would be useful for the General Assembly to have a report setting out the Secretary-General's views on the matter. The issues raised in paragraphs 1 and 3 of decision II (VII) of the Industrial Development Board, however, might have administrative and budgetary repercussions extending to the United Nations as a whole. Should that prove to be the case, a piecemeal approach based on problems encountered by one organizational unit might prove inadequate. In the circumstances, while recognizing that the views of the Second Committee would be of value, the Advisory Committee is of the opinion that the detailed consideration of the proposed report by the Secretary-General, together with the Advisory Committee's comments thereon, should take place in the Fifth Committee.

Document A/9008/Add.20

Twenty-first report

Administrative and financial implications of draft resolution I
submitted by the Third Committee in document A/9398

(Agenda item 68*)

/Original: English/

/5 December 1973/

1. The Secretary-General, in his note (A/C.5/1570), reports that the Third Committee approved, at its 2041st meeting on 28 November 1973, a draft resolution (A/C.3/L.2082), 1/ operative paragraph 1 of which would authorize him to draw on the Working Capital Fund in the amount of \$45,000 for 1974 and \$60,000 for 1975 for assistance to Governments, at their request, in co-operation with the organizations of the United Nations system and the League of Red Cross Societies, where appropriate, in the elaboration of national preparations to meet natural disasters.

2. The Advisory Committee recalls that, in his proposed programme budget for the biennium 1974-1975, the Secretary-General made no provision for pre-disaster planning pending the preparation of a report on this matter to be submitted to the General Assembly at its twenty-eighth session, as called for by General Assembly resolution 2959 (XXVII). 2/ In the report in question, the Secretary-General states that, taking into consideration the requests already discussed with certain Governments and other requests which are anticipated, "it would appear that a provision might be made corresponding to some 18 man-months of consultant services for 1974 and some 24 man-months for 1975. This should permit advisory services to be provided to about six or seven countries during the two-year period 1974-1975.

* , Assistance in cases of natural disaster and other disaster situations: report of the Secretary-General.

1/ Same text as draft resolution I submitted by the Third Committee in document A/9398.

2/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 6 and corrigendum, para. 17.16.

At an estimated cost of \$2,500 'per man-month, the total cost involved would be \$45,000 for 1974 and \$60,000 for 1975" (A/9221, para. 10). This compares with a limit of \$25,000 authorized for the above purpose in 1973.

3. The Advisory Committee notes that the Secretary-General's report was issued under only one agenda item (item 68), whereas it should also have been issued under agenda item 79, and it should have been referred both to the Third Committee for substantive consideration and to the Fifth Committee for the related budgetary aspects. Instead, the Third Committee has pronounced itself both on the substance of the report and on the financial implications and procedures.

4. Should the General Assembly adopt the draft resolution recommended by the Third Committee (A/C.3/L.2082), as orally revised, an additional subparagraph would be needed in operative paragraph 1 of the draft resolution on unforeseen and extraordinary expenses for the biennium 1974-1975, 3/ which would read as follows:

"(c) Such commitments made in accordance with paragraph 1 of General Assembly resolution /3152/ (XXVIII) of /14 December/ 1973, not exceeding a total of \$105,000 for the biennium 1974-1975, as the Secretary-General certifies relate to assistance to Governments at their request in the elaboration of national preparations to meet natural disasters".

3/ Ibid., p. liii, draft resolution II.

Document A/9008/Add.21

Twenty-second report

Proposal for provision by the United Nations Institute for Training
and Research of international staff training

/Original: English/

/5 December 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General (A/C.5/1548) embodying his proposals for a contribution of \$100,000 from the United Nations regular budget for 1974-1975 towards international staff training to be provided by UNITAR.
2. The Committee noted that the proposed programme is similar in substance to, though on a lower scale than, the revised proposals submitted in October 1972 (A/8829 and Corr.1 and 2 and Add.1) 1/ for the establishment of a United Nations Staff College. In its related report (A/8935), 1/ the Advisory Committee expressed reservations in three principal areas: the administrative structure of the proposed staff college; the scope and orientation of its programme of training; and the proposed financing of its budget.
3. The new set of proposals have not allayed those doubts and do not, in the opinion of this Committee, make a convincing case for the value, cost-effectiveness and, indeed, the feasibility of the project. The recent report suggests the general orientation of what is being envisaged in terms of interagency staff training. But neither this report nor the supporting documents and information furnished to the Committee contain sufficient data on the specific content, objectives, scale and frequency of the proposed activities. Apart from passing references in the report stressing the need to develop original training materials, no other indication is given of the methods which it is planned to apply. The administrative framework and infrastructure are given some attention (A/C.5/1548, annex, paras. 7-11), but the report is silent on other - more specifically training - resources required to put the programme into operation.

1/ Documents pertaining to the twenty-seventh session.

4. Furthermore, while the Committee does not dispute the statement that UNITAR can offer a satisfactory basis for the organization of interagency training (A/C.5/1548, para. 6), it has not found in the report or the supporting documents such evidence as would conclusively indicate that the proposed activities "would in no way duplicate the courses ... already being provided by individual organizations within the United Nations system" (A/C.5/1548, para. 5). The Advisory Committee is particularly concerned at the possibility of overlaps with ongoing training offered by the individual agencies. The Committee believes that the specialized agencies will lend their effective support to a training programme only if they are convinced that it answers their major and more pressing needs.

5. In this connexion, the Advisory Committee is not convinced that the priority accorded to interagency training of senior personnel is fully justified. In its report of last year on the revised proposal for the establishment of a United Nations staff college (A/8935, para. 5), the Committee expressed the view that:

"Less-senior staff who have shown an energetic and imaginative approach to their jobs should also be eligible. In any event, in the selection of candidates for courses organized by the college, the paramount consideration should be the likely benefits accruing to each of the organizations concerned and, through them, to the member States which they serve. Potential candidates should be selected with care to make sure that this criterion is satisfied."

The Advisory Committee still favours this flexible approach. It feels that the Secretary-General's argument (A/C.5/1548, para. 3) in favour of beginning the interagency programme with courses for senior officials, on the grounds that they "more closely meet the recognized common needs of potential user organizations", has yet to be validated.

6. The Advisory Committee, agrees with the recommendation of the Administrator of UNDP, endorsed by its Governing Council at its sixteenth session in June 1973, 2/ that UNITAR proceed, in close collaboration with the interested agencies and organizations, with an evaluation of common training needs and the determination of priorities (A/C.5/1548, annex, para. 15). In the light of such an inquiry, UNITAR would be in a better position to elaborate proposals for strategies and programmes of interagency training consistent with the needs of the interested agencies and with their policies on personnel matters, and with consideration of economy and efficiency.

7. The Advisory Committee is convinced of the importance of training as a tool of modern management. It also appreciates the need, in the United Nations **common system** for an interagency approach to training in appropriate cases. It was partly in recognition of this need that the United Nations Institute for Training and Research was established. Under article II of its charter, UNITAR is empowered to offer :

2/ Official Records of the Economic and Social Council, Fifty-fifth Session, Supplement No. 2A, para. 154.

"training at various levels to persons, particularly from developing countries, for assignments with the United Nations or the specialized agencies and for assignments in their national services which are connected with the work of the United Nations, the organizations related to it, or other institutions operating in related fields. These programmes may include training for staff members of the United Nations and of the specialized agencies as well as training for special United Nations field assignments." 3/

8. The Advisory Committee was given to understand that, so far, training programmes specifically for members of the staff of the United Nations and of the specialized agencies have been rather slow to develop. Having regard, however, for this enhanced awareness of the need for interagency training, which is evidenced in the Secretary-General's report, it would be reasonable to expect that interagency programmes could, in the future, be accorded higher priority and this, in turn, could be reflected in budget allocations within UNITAR's financial and staff resources.

9. In 1973, according to information received from UNITAR, \$330,000 were spent on training activities. This amounted to 53.2 per cent of total direct expenditures of UNITAR for that year. In 1974, it is estimated that \$433,000 will be spent, even if the \$200,000 contemplated as contributions towards the international staff training programme are excluded.

10. The Secretary-General states in his report that he has notified the Executive Director of UNITAR that he would be prepared to recommend to the General Assembly a United Nations contribution to UNITAR of \$50,000 per annum during the first two years of the interagency programme (A/C.5/1548, annex, para. 19). Also, the Governing Council of UNDP, at its sixteenth session, approved the inclusion of \$50,000 in the 1974 budget of UNDP as a contribution to the international staff training programme on the understanding that there would be close co-ordination between UNDP and UNITAR. 2/ On that basis, the Executive Director hopes that he will be able to secure an additional \$100,000 from other United Nations agencies or from special grants. However, as yet no formal approach has been made to those agencies. Hence, UNITAR's ability to secure those contributions is still open to question.

11. In conclusion, therefore, the information available to the Committee indicates that UNITAR could, within the limitations of its present financial and staff resources, launch some initial activities in interagency training, in accordance with the provisions in its statute. These activities might comprise a pilot training course in an appropriate area of common interest. If the resources available to UNITAR were not sufficient, the United Nations and other United Nations

3/ Official Records of the General Assembly, Twenty-second Session, Annexes, agenda item 45, document A/6875, annex III.

agencies could participate in the operating costs by drawing on their funds already appropriated for staff training on a user-charge basis. Such a pilot programme would provide, moreover, the practical experience on which to assess the need for the establishment of the elaborate administrative support envisaged by UNITAR. It would also give the Secretary-General time to complete his consideration of the report on the Office of Personnel Services prepared by the Administrative Management Service. According to information available to the Advisory Committee, that report contains recommendations on staff training.

12. On the foregoing basis, the additional appropriation of \$100,000 requested by the Secretary-General would not be necessary.

Document A/9008/Add.22

Twenty-third report

Administrative and financial implications of draft resolution III
submitted by the Second Committee in document A/9402

(Agenda item 50*)

/Original: English/
/7 December 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the statement by the Secretary-General (A/C.5/1561) on the administrative and financial implications of the draft resolution on criteria governing multilateral financing of housing and human settlements (A/C.2/L.1314) 1/ recommended by the Second Committee at its 1571st meeting on 27 November 1973, for adoption by the General Assembly, according to operative paragraph 1 of which the Assembly would request the Secretary-General to undertake, "as a matter of priority", a comprehensive analytical study that would provide new criteria governing lending and interest rates for housing and human settlements by international institutions and to report the results of this study to the General Assembly at its twenty-ninth session.

2. The Secretary-General contemplates that such an analytical study could not be undertaken solely by the Secretariat and that the services of outside specialists would be required. The Secretary-General therefore envisages that the study would be carried out primarily by consultants with the assistance of the Department of Economic and Social Affairs. He estimates that adoption by the General Assembly of the draft resolution recommended by the Second Committee (A/C.2/L.1314) would require an additional appropriation of \$66,800 under section 7 of the programme budget for the biennium 1974-1975 as follows:

* United Nations Environment Programme:

- (a) Report of the Governing Council;
- (b) Criteria governing multilateral financing of housing and human settlements: report of the Secretary-General.

1/ Same text as draft resolution III submitted by the Second Committee in document A/9402.

\$

Consultants: eight man-months of senior-level
consultant (\$28,000) and eight man months of
consultants (\$20,000) 48,000

Temporary assistance: eight man months of
secretarial assistance 8,800

Travel of consultants 10,000
66,800

3. When the Advisory Committee was reviewing section 7 of the proposed programme budget for 1974-1975, it was provided with information regarding the work programme for consultants on human settlements, for which the Secretary-General had requested credits. Several projects included in that work programme for 1974 are germane to the analytical study "of the relative priorities and policies of international financial institutions with respect to their assistance programmes for housing and human settlements" (A/C.5/1561, para. 3) now being contemplated. Several examples are:

(a) Three man-months of consultant services for a study on the formulation of guidelines and analytical techniques to improve investment follow-up procedures in UNDP projects in the section of human settlements;

(b) Three man-months of consultant services to assist the staff of the Centre for Housing, Building and Planning in preparing a report on an international fund or institution to produce domestic savings and credit for housing;

(c) Four man-months of consultant services to prepare guidelines for improving the financial management of government housing projects;

(d) Two man-months of consultant services to survey institutions and programmes for provision of low-income housing.

4. The Advisory Committee is of the opinion that integration and co-ordination of the consultancy needs for the study now being considered with those of other projects scheduled for 1974 can result in a significant reduction in the additional services which would be required for this latest study. The Advisory Committee therefore recommends that the Secretary-General's estimate be reduced to \$28,000 for eight man-months of senior-level consultant services and \$5,000 for travel, or a total of \$33,000.

5. Consequently, the Advisory Committee recommends that the Fifth Committee inform the General Assembly that, should it adopt the draft resolution recommended by the Second Committee (A/C.2/L.1314), an additional appropriation of \$33,000 would be required under section 7 (Department of Economic and Social Affairs) of the budget estimates for the biennium 1974-1975.

Document A/9008/Add.23

Twenty-fourth report

Administrative and financial implications of draft resolution I
submitted by the Second Committee in document A/9402

(Agenda item 50*)

/Original: English/
/7 December 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the statement by the Secretary-General (A/C.5/1569) in which he sets out the financial implications of the draft resolution (A/C.2/L.1312/Rev.1) 1/ recommended by the Second Committee, at its 1571st meeting on 27 November 1973, after its consideration of the note by the Secretary-General on the United Nations Conference-Exposition on Human Settlements (A/9238).

2. The Secretary-General estimates that, for the period from 1974 to 1976, the costs of the Conference-Exposition on Human Settlements, scheduled to convene in Vancouver, Canada from 31 May to 11 June 1976, will be \$6,137,200 (\$2,424,600 for Conference costs, \$3,072,300 for Exposition costs and \$640,300 for information activities). The Governing Council of the United Nations Environment Programme (UNEP) had, at its first session, recommended that the basic costs of the Conference-Exposition be met by the regular budget of the United Nations and that a portion of the costs, especially as regards the "Exposition and Preparatory Process", be met by the Environment Fund (decision 4 B (I)). 2/ In operative

* United Nations Environment Programme:

- (a) Report of the Governing Council;
- (b) Criteria governing multilateral financing of housing and human settlements: report of the Secretary-General.

1/ Same text as draft resolution I submitted by the Second Committee in document A/9402.

2/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 25, annex I.

paragraph 2 of the draft resolution (A/C.2/L.1312/Rev.1), recommended by the Second Committee, the General Assembly would endorse this method of financing. Should the General Assembly adopt the draft resolution, the Secretary-General therefore estimates that the following additional appropriations would be required under section 16 (United Nations Environment Programme) of the programme budgets for the biennium 1974-1975 and the biennium 1976-1977:

	<u>1974-1975</u>	<u>1976</u>	<u>Total</u>
	\$	\$	\$
Basic cost of the Conference	1,599,600	825,000	2,424,600
Cost of information activities	417,200	223,100	640,300
Total . . .	<u>2,016,800</u>	<u>1,048,100</u>	<u>3,064,900</u>

3. The Advisory Committee notes that the Government of the host country for the Conference, Canada, "in addition to assuming the normal responsibilities required by General Assembly resolution 2609 (XXIV) of 16 December 1969, 3/ has offered to co-operate in such other activities as are deemed likely to make the occasion meaningful to the maximum possible range of interests" (A/9238, para. 13).

4. In its consideration of the Secretary-General's statement on the financial implications of the Conference-Exposition, the Committee bore in mind operative paragraph 6 of the draft resolution recommended by the Second Committee, in which the General Assembly would request the Secretary-General to set up immediately a small conference secretariat, drawing upon the resources of the United Nations system, and to appoint, at an early date, a Secretary-General for the Conference-Exposition (A/C.2/L.1312/Rev.1). The Advisory Committee is concerned over the fact that the Secretary-General has so far given no indication of what staff contribution will be provided from existing organizational units, and that he apparently assumes that the entire staff needs of the Conference-Exposition will have to be met through temporary assistance at a cost of \$1,525,700 (\$1,026,900 in 1974-1975 and \$498,820 in 1976) for substantive staff, 4/ and \$307,700

3/ "... to defray, after consultation with the Secretary-General as to their nature and possible extent, the actual additional costs directly or indirectly involved" in holding sessions away from their established headquarters.

4/ These are currently estimated as follows: 1974-1975 - 16 Professional and higher staff; 27 and 29 General Service staff; 1976 - 16 Professional and higher staff; 26 General Service staff.

(\$197,500 in 1974-1975 and \$110,200 in 1976) for staff engaged in information activities. 5/

5. The Advisory Committee notes the view expressed by the Secretary-General in his note on the Conference-Exposition that "it may be possible to reduce the ... estimates of the basic cost of the Conference as a result of contributions which can be made to the Conference-Exposition by organizational units within the United Nations" (A/9238, para. 47), and that, while the Secretary-General was reviewing the possibility of such contributions, "it would seem desirable that the final determination in this regard should be made with the participation of the Secretary-General of the Conference-Exposition, who is still to be selected, and after the Preparatory Committee has had an opportunity, at its first meeting, to clarify and define further the objectives of the Conference-Exposition". In the circumstances, the Committee trusts that the Secretary-General will continue to be guided by the sentiments thus expressed and that a further review will be made after the Secretary-General of the Conference has been appointed, with special emphasis placed upon a reduction of temporary staff through fuller utilization of resources in existing organizational units.

6. In addition to its concern over the staffing of the Conference, the Committee questions whether the estimates for consultants, as described in the Secretary-General's note (A/9238, para. 20) were formulated with specific requirements in mind. Inasmuch as the Preparatory Committee has not as yet met "to clarify and define further the objectives of the Conference-Exposition" (A/9238, para. 47), it would seem that the man-month levels of senior consultants' services must have been assigned rather arbitrarily. The Advisory Committee trusts that a further review of the need for consultant services will take place after the selection of a Secretary-General and the initial meetings of the Preparatory Committee, and that refinement of objectives and requirements will provide a more realistic basis for estimates of consultants' services.

7. The Advisory Committee also has misgivings about projected expenditure on information activities currently estimated at \$417,200 for 1974-1975 and \$223,100 for 1976. The Committee is of the opinion that significant savings could be achieved in this area if possibilities of assistance from the Office of Public Information and other relevant organizational units were fully explored and realized and if co-ordination with the information activities which will doubtless be emanating from the Government of the host country could be achieved. Further, the Committee questions the assignment of all expenses under information activities to the regular budget, inasmuch as a significant portion of these activities would seem to relate to the Exposition itself.

8. Under the circumstances, the Advisory Committee considers that further review and refinement of the Conference-Exposition's objectives and requirements can

5/ Currently estimated as follows: Professional and higher staff - 3 in 1974, 4 in 1975 and 4 in 1976; General Service staff - 5 in 1974, 6 in 1975 and 6 in 1976.

result in significant cost reductions, particularly in the areas of temporary assistance, consultant services, and information activities. In expectation of those savings, the Advisory Committee recommends an over-all reduction of \$450,000 in the estimates for the Conference-Exposition, of which \$300,000 would relate to the biennium 1974-1975.

9. In light of the foregoing, the Fifth Committee may wish to inform the General Assembly that should it adopt the draft resolution recommended by the Second Committee (A/C.2/L.1312/Rev.1), an additional appropriation in an amount of \$1,716,800 would be required under section 16 of the budget for the biennium 1974-1975, together with an additional \$172,000 under section 34 (staff assessment), which would be offset by an increase in the same amount under income section 1 (Income from staff assessment).

Document A/9008/Add.24

Twenty-fifth report

United Nations public information policies and activities

/Original: English/

/10 December 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on public information policies and activities (A/C.5/1547).
2. The report gives an account of recent developments in the work and organization of the Office of Public Information with special reference to the area of economic and social development and to the progress made and contemplated under the five-year programme of acquisition and replacement of equipment and installations for radio, television, film and photographic services under General Assembly resolution 2897 (XXVI).
3. As regards social and economic information, the Secretary-General requests the addition of 10 posts (five Professional and five General Service) at a cost of \$431,000 under section 27 of the programme budget for 1974-1975. 1/ The implementation of the equipment acquisition and replacement programme will not involve any requirements in excess of what the Secretary-General has included in his proposed programme budget for 1974-1975, namely, \$612,000. 2/
4. In support of his request for additional posts in the area of social and

1/ The Secretary-General indicates that the consequential requirements under section 34 (staff assessment), would amount to \$88,000, with a corresponding offset under income section 1 (income from staff assessment).

2/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 6 and corrigendum, para. 27.19; and A/C.5/1547, para. 19.

economic information, the Secretary-General informed the Advisory Committee that the need for an effective and systematic approach to the dissemination of information on problems of development was stressed in several resolutions, including Economic and Social Council resolution 1357 (XLV) of 2 August 1968, and General Assembly resolutions 2567 (XXIV) of 13 December 1969, 2626 (XXV) of 24 October 1970 and 2897 (XXVI) of 22 December 1971, resolution 43 (III) of the United Nations Conference on Trade and Development of 17 May 1972 and, more recently, Economic and Social Council resolution 1806 (LV) of 8 August 1973. It was largely in response to this concern that the Centre for Economic and Social Information was established in 1968.

5. In his report relating to the functioning of the Centre, 3/ the Secretary-General indicated that, since its inception, the Centre has depended, to a very large extent, on voluntary contributions, in particular by the Government of the Netherlands and also the Governments of Canada, Denmark, Norway and Sweden. **Extrabudgetary** resources of this nature have been on the decline in recent years. As indicated in table 27-1 of the proposed programme budget, 4/ they fell from \$1,042,000 in 1972 to \$851,000 in 1973, and the Secretary-General estimates that, in 1974, they would decline further to \$693,000. The Committee has now been informed by his representatives that \$653,700 might be a more realistic estimate, although they also mentioned the possibility of an additional contribution of \$200,000 from the Federal Republic of Germany, specifically earmarked for the production, in German, of Development Forum.

6. In his report under consideration (A/C.5/1547), the Secretary-General draws attention to the extent to which **extrabudgetary** resources have been used to meet staff costs at the Centre for Economic and Social Information. Of a total of 27 posts (13 Professional and 14 General Service) in the current manning table, only 8 (4 Professional and 4 General Service) are financed from the regular budget. Of the remainder, 15 posts (7 Professional and 8 General Service) have been provided from the Trust Fund for Economic and Social Information and the balance relate to special projects.

7. It is against this background that the Secretary-General has requested that a total of 10 posts, 5/ hitherto financed from **extrabudgetary** resources, be charged against the regular budget on the grounds that they are related to the discharge of functions of a "continuing" nature.

8. The Secretary-General originally put forward that request in a report submitted to the Economic and Social Council at its fifty-fifth session on the dissemination of information and mobilization of public opinion relative to problems of development. 3/ The Council, in its resolution 1806 (LV), noted

3/ Documents E/5358 and Corr.1 and Add.1 of 21 May and 6 June 1973.

4/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 6 and corrigendum, p. 313.

5/ Five Professional (one D-1 at Headquarters, one D-1 at Geneva, one P-4 and two P-3 at Headquarters); five General Service (one G-5 at Geneva and one G-5 and three other levels at Headquarters).

"with interest" the ideas outlined in that report and drew the attention of the General Assembly to the suggestions made therein. The Council, however, refrained from taking a definite position either for or against the Secretary-General's request.

9. A special feature of the request by the Secretary-General is that the 10 posts in question have been financed to date out of voluntary contributions. In this connexion, the Committee recalls the report on trust funds of the United Nations submitted by the Joint Inspection Unit (see A/8840). In commenting on that report, the Committee considered the possibility that the "provision of voluntary funds for programmes to which the donors attach particular importance could distort the order of priorities determined by the Membership as a whole" (A/8840/Add.2, para. 4). The Advisory Committee endorsed the **inspector's** recommendation - with which the Secretary-General was also in agreement - that decisions involving changes in the established manning table should be taken in the context of the total manpower resources, both budgetary and **extrabudgetary** (A/8840/Add.2, para. 13).

10. The Advisory Committee is of the view that a decline in available voluntary contributions does not, in itself, constitute a compelling reason for transferring activities and posts on to the regular budget. Each case must be judged on its merits.

11. In the light of the aforementioned considerations, and bearing in mind the attitude of the Economic and Social Council in the matter, the Advisory Committee favours a more cautious approach to the conversion of posts in the Centre for Economic and Social Information from **extrabudgetary** to established posts. It recommends, therefore, that, of the posts requested in paragraph 13 of the Secretary-General's report (A/C.5/1547) three Professional posts (one D-1 at Geneva and one P-4 and one P-3 at Headquarters) and two General Service (including one G-5) be transferred to the regular budget manning table in 1974-1975.

12. Should this be acceptable to the General Assembly, additional resources of \$221,000 would be required under section 27, together with a consequential amount of \$67,000 under section 34 (to be offset by an increase in the same amount under income section 1) (Income from staff assessment).

13. Given the Centre's dwindling extrabudgetary resources, the Advisory Committee also recommends that the Office of Public Information scrutinize the Centre's projects with a view to eliminating those of marginal usefulness. The possibility of strengthening the regular establishment of the Centre by redeployment of staff resources already available in the Office of Public Information should also be explored.

Document A/9008/Add.25

Twenty-sixth report

Review by the Administrative Management Service of the manpower requirements of the Department of Economic and Social Affairs

/Original: English/

/10 December 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the recommendations of the Administrative Management Service on the manpower requirements of the Department of Economic and Social Affairs (A/C.5/1543 and Corr.1 and 2), which had been made available by the Secretary-General at the request of the Fifth Committee (A/C.5/L.1118).
2. The manpower review by the Administrative Management Service of the Department of Economic and Social Affairs was preceded by two reviews of the Department, which covered organization and management. It analyses the projected workload of the Department for 1974-1975.
3. The Advisory Committee notes that the review by the Administrative Management Service covered not only section 7 of the regular budget, but also the extrabudgetary resources available to the Department.
4. The conclusions of the Administrative Management Service on the manpower needs of the Department of Economic and Social Affairs, as summarized in table 2 of the report (A/C.5/1543 and Corr.1 and 2), shows 702 regular-budget posts in 1974 (378 Professional and above and 324 General Service) and 717 posts in 1975 (389 Professional and above and 328 General Service). These conclusions are very close to those of the Advisory Committee as set out in its first report 1/ on the proposed programme budget for the biennium 1974-1975, namely 724 posts (384 Professional and above and 340 General Service).

1/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 8 and corrigendum, pp. 22-23, table 2.

5. The Committee has been informed that the Secretary-General has not yet subjected the manpower review of the Department of Economic and Social Affairs to detailed consideration, and that he intends to set up working parties in 1974 to deal with it.

6. The Committee notes that its initial recommendations for both Professional and General Service posts are higher than those of the Administrative Management Service for 1974, the year in which the Secretary-General will be conducting the detailed studies referred to in the preceding paragraph. While the recommendations of the Administrative Management Service for 1975 allow for five more Professional posts and 12 fewer General Service posts than the numbers recommended by the Advisory Committee for the biennium, these differences have no appreciable effect on the requirements of section 7 for 1974-1975 in monetary terms.

7. In the circumstances, the Committee concluded that its initial recommendations as to the total number of regular-budget posts and resources under section 7 of the proposed programme budget for 1974-1975, which have been approved by the Fifth Committee in first reading, do not require amendment.

8. Should the Secretary-General, after completion of the detailed study referred to in paragraph 5 above, find it necessary to transfer posts within and between the **organizational** units covered by section 7 of the budget, he would have authority to do so under the Financial Regulations and Rules of the United Nations. If, in addition, the Secretary-General should need to adjust the over-all manning table to conform more closely to the recommendations of the Administrative Management Service, he will presumably report accordingly to the General Assembly at its twenty-ninth session. No additional appropriation would, however, be required for that purpose.

Document A/9008/Add.26

Twenty-seventh report

Administrative and financial implications of draft resolution B
submitted by the First Committee in document A/9361

(Agenda item 33*)

/Original: English/

/11 December 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the statement by the Secretary-General (A/C.5/1562 and Corr.1 and Add.1) on the administrative and financial implications of the draft resolution recommended by the First Committee (A/9361, para. 15, draft resolution B), at its 1969th meeting on 23 November 1973, for adoption by the General Assembly. Under the draft resolution, the General Assembly would request the Secretary-General to render the necessary assistance and provide such services, including preparatory assistance and summary records, as might be required for the review conference relating to the Treaty on the Non-Proliferation of Nuclear Weapons.

2. The Advisory Committee has been informed that the conference will be open to the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons, of which 74 are Members of the United Nations. In view of the fact that at present 61 Members of the United Nations are not Parties to the Treaty on the Non-Proliferation of Nuclear Weapons, it is arguable that the expenses incurred by the Secretary-General in rendering the assistance to the conference required by paragraph 2 of the draft resolution should not be borne by the regular budget of the United Nations. Instead the expenses incurred by the Secretary-General should be refunded to the Organization under appropriate special arrangements.

* General and complete disarmament: report of the Conference of the Committee on Disarmament.

3. On the other hand, as the first preambular paragraph of the draft resolution indicates, 1/ the United Nations associated itself with the Treaty after its completion in 1968. Moreover, the Advisory Committee was informed that the financial implications of the proposal that the Secretary-General should afford assistance to the conference were before the First Committee when it adopted the draft resolution (A/9361, para. 15, draft resolution B). It must be presumed, therefore, that it was the intention of the First Committee that the expenses incurred by the Secretary-General in fulfilling the terms of the resolution should be borne by the regular budget of the United Nations.

4. The Secretary-General estimates that adoption by the General Assembly of the draft resolution would give rise to financial requirements of \$336,000. Of that amount, \$123,000 relates to the meetings of the preparatory committee (two meetings without summary records at \$26,000 each, one meeting with summary records at \$71,000). Of the balance, \$205,000 relates to the conference and \$8,000 to the travel of substantive staff. These costs have been calculated at the rate of 3.09 Swiss francs to the United States dollar.

5. The estimates are based on the assumption that during the sessions of the preparatory committee and of the conference, 2/ the regular establishment of the United Nations Office at Geneva will be fully committed to servicing other meetings. The necessary language, conference and other supporting staff would therefore have to be recruited on a temporary assistance basis. Having been apprised of the schedule of conferences at Geneva for the periods in question, the Advisory Committee accepts the Secretary-General's estimate of the costs likely to be incurred if the conference and all the preparatory meetings are held in Geneva.

6. In an addendum to his statement (A/C.5/1562/Add.1), the Secretary-General has reported an offer by the Director-General of the International Atomic Energy Agency to provide facilities and services for the three meetings of the preparatory committee. That offer was received subsequent to the adoption by the First Committee of the draft resolution (A/9361, para. 15, draft resolution B). Should this offer be accepted by the General Assembly, the Secretary-General estimates that the financial requirements referred to in paragraph 6 of his original statement (A/C.5/1562 and Corr.1) could be reduced by \$78,000. The Secretary-General also indicates that a further reduction of \$45,000 would be possible should IAEA be in a position to provide summary records from its resources. In the time available to it, the Advisory Committee has not been able to satisfy itself that savings of the above order would materialize for the United Nations budget, given the joint arrangements entered into by IAEA and UNIDO for the provision of conference servicing staff.

1/ "Recalling its resolution 2373 (XXII) of 12 June 1968, in which it commended the Treaty on the Non-Proliferation of Nuclear Weapons ... and expressed the hope for the widest possible adherence to the Treaty".

2/ Three sessions of the preparatory committee: 4-15 February, 8-19 July and -13 September 1974; Conference session: 5-30 May 1975.

7. Accordingly, assuming that the Fifth Committee accepts that expenses incurred under the draft resolution recommended by the First Committee (A/9361, para. 15, draft resolution B) are expenses of the Organization to be met from its regular budget, it may wish to inform the General Assembly that adoption of the draft resolution would require an additional appropriation of \$336,000 under section 3 of the budget for the biennium 1974-1975. An additional \$81,000 would also have to be appropriated under section 34 (Staff assessment) which would be offset by an increase in the same amount under income section 1 (Income from staff assessment).

8. The Fifth Committee may further wish to inform the General Assembly that, should it accept the offer of IAEA described in paragraph 6 above, the appropriation required under section 3 would be reduced by \$26,000 for each session held in Vienna, with a further reduction of \$45,000 should summary records be provided for the third session by IAEA. Corresponding adjustments to the estimates for staff assessment and income from staff assessment would also be necessary. There is no assurance, however, that actual savings of the same order would be realized.

Document A/9008/Add.27

Twenty-eighth report

Administrative and financial implications of draft resolutions B, C and D
submitted by the Special Political Committee in document A/9232/Add.1

(Agenda item 42*)

/Original: English/

/12 December 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the statement by the Secretary-General (A/C.5/1577) on the administrative and financial implications of draft resolutions B, C and D recommended by the Special Political Committee (A/9232/Add.1, para. 28). The statement is divided into three parts:

I. Programme of work of the Special Committee on Apartheid
(draft resolution B)

2. Under the terms of draft resolution B (A/9232/Add.1, para. 28), recommended by the Special Political Committee at its 875th meeting on 31 October 1973, the General Assembly would authorize the Special Committee on Apartheid to carry out in 1974 a programme of conferences and missions, the cost of which has been estimated as follows:

	\$
(a) A special session of the Special Committee on <u>Apartheid</u> in Europe (A/9232/Add.1, para. 28, draft resolution B, para. 3)	47,000
(b) Missions to Governments of Member States for consultations on action against <u>Apartheid</u> (A/9232/Add.1, para. 28, draft resolution B, para. 4 (a))	10,000

* Policies of apartheid of the Government of South Africa:

- (a) Reports of the Special Committee on Apartheid;
- (b) Reports of the Secretary-General.

- (c) Representation of the Special Committee at the Assembly of Heads of State and Government of OAU, to be held at Mogadiscio, Somalia (A/9232/Add.1, para. 28, draft resolution B, para. 4 (b)). 9,000
- (d) Participation by the Special Committee in four conferences on apartheid (A/9232/Add.1, para. 28, draft resolution B, para. 4 (c)). 9,000
- (e) Meetings at Headquarters for consultation with representatives of anti-apartheid and other African liberation movements invited for this purpose from Africa and Europe (A/9232/Add.1, para. 28, draft resolution B, para. 4 (d)). 5,000

3. The total estimated cost of this programme of activities is \$80,000 of which \$28,000 has been provided for 1974 under section 3 of the proposed programme budget for the biennium 1974-1975. 1/ Accordingly, the Secretary-General states that, if the programme of work of the Special Committee were approved by the General Assembly, an additional appropriation of \$52,000 would be required.

4. Having regard to the fact that the Fifth Committee has already approved, in first reading under section 3, an amount of \$56,000 for the programme of work of the Special Committee in 1974-1975, the additional request, if approved, would bring this total up to \$108,000 for the biennium. That would constitute a considerable increase over the corresponding budgetary provisions in recent years. Thus, the total appropriations for the Special Committee in 1970 were \$US 2,500; expenditures and obligations for the same year stood at \$2,481 (A/8322, 2/ section 17, p. 36). The corresponding figures for 1971 were \$13,400 and \$12,468, respectively (A/8748, 3/ section 17, p. 35). In 1972, total appropriations were \$15,000 (A/8834, 3/ pp. 40-41). According to information received from the representatives of the Secretary-General, expenditures and obligations remained below that level, at \$13,768. In 1973, appropriations rose to \$28,000; the Secretary-General's supplementary estimates for this financial year provide no indication that requirements might exceed that amount (A/9206, annex II, p. 31). 4/

5. As was stated in paragraph 2 above, the principal activity for which funds are being requested is the proposed session of the Special Committee in Europe. The estimate for that session is based on the assumption that the 16 members of the Special Committee will be accompanied by a staff of 18, including 6 from the substantive department and 2 administrative staff. The Advisory Committee is of the opinion that these numbers can be reduced without impairing the effectiveness of the proposed session. It also recommends that the Special Committee's itinerary be

1/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 6 and corrigendum, p. 16, table 3-2.

2/ Document pertaining to the twenty-sixth session.

3/ Document pertaining to the twenty-seventh session.

4/ According to information received from the representatives of the Secretary-General, expenditures and obligations recorded up to the end of October were \$23,642.

planned in the most economical manner and that all necessary steps be taken to carry out the Secretary-General's intention "to keep expenses to the minimum through the optimum utilization of resources available both at Headquarters and at Geneva" (A/C.5/1577, para. 2).

6. The Advisory Committee has concluded that the Special Committee's proposed programme of work in 1974 can be carried out more economically than estimated by the Secretary-General. The Advisory Committee is not recommending, however, any reduction in the Secretary-General's request, because, under the new biennial budget, the savings which should undoubtedly be made in 1974 will be available for use in connexion with the Special Committee's activities in 1975, for which year no detailed programme of work has yet been drawn up.

II. Dissemination of information on Apartheid (A/9232/Add.1, para. 28, draft resolution C)

7. Under the terms of draft resolution C (A/9232/Add.1, draft resolution C) recommended by the Special Political Committee at its 888th meeting, on 15 November 1973, the General Assembly would request the Secretary-General, the Office of Public Information and the Unit on Apartheid to continue and intensify their activities related to the dissemination of information on apartheid. The Secretary-General estimates the related financial implications at \$102,000 for the biennium under section 27, together with consequential requirements of \$10,000 under section 34 (the latter to be offset by an increase of \$10,000 under income section 1).

8. The Secretary-General indicates that the bulk of the activities requested under paragraphs 1 and 4 of the draft resolution (A/9232/Add.1, para. 28, draft resolution C) will not necessitate additional appropriations. However, the production of additional language versions of films and audio-visual material on apartheid, requested under paragraph 2 of the draft resolution, would, in the estimation of the Secretary-General, call for an additional expenditure of \$9,000 under section 27 of the programme budget for the biennium 1974-1975. The Advisory Committee has no objection to this request.

9. At the same time, the Committee notes that, pursuant to operative paragraph 6 (b) of the draft resolution, funds for the production of audio-visual material might also be forthcoming from voluntary contributions. In this connexion, the Committee agrees with the Secretary-General's assumption that the voluntary contributions referred to in operative paragraph 6 of the draft resolution would be "treated in accordance with the provisions of financial regulations 7.2 and 7.3 of the United Nations and that the acceptance of such contributions should not directly or indirectly involve additional financial liabilities for the Organization" (A/C.5/1577, para. 13).

10. The main financial implications relate to operative paragraph 5 of the draft resolution (A/9232/Add.1, para. 28, draft resolution C), under the terms of which the General Assembly would request "the Secretary-General to establish as soon as

possible an information centre in an independent African State neighbouring South Africa, at that State's request, taking into consideration the financial difficulties of the host country".

11. The financial implications for the biennium 1974-1975 of establishing the centre, comprising one Professional and four local-level posts, are estimated by the Secretary-General as follows:

		\$
(a) <u>Recurrent costs</u>		
(i) Salaries and common staff costs (section 27 B of the programme budget)		56,000
(ii) Rental and maintenance of premises, local travel, miscellaneous (section 27 B of the programme budget) .		22,000
(iii) Staff assessment (section 34)		10,000
(iv) Income from staff assessment (income section 1) . . .		(10,000)
Total net		<u>78,000</u>
(b) <u>Non-recurrent costs</u>		
Purchase and transportation of office furniture and equipment		15,000
Total		<u><u>93,000</u></u>

12. In preparing his estimate of the recurrent costs, the Secretary-General applied a 40 per cent delayed recruitment factor (A/C.5/1577, para. 12) to the Professional post.

13. The Advisory Committee has been informed that at least one Government has expressed interest in serving as host to a United Nations **information centre**. None the less, the process of entering into the necessary agreements, securing suitable premises, recruiting staff and attending to the other details related to the opening of the **information centre** is likely to be time-consuming. In the circumstances, the Committee is of the **opinion that** the delayed recruitment deduction appropriate to the proposed new posts should be the one recommended by the Committee for all new posts in the programme budget for 1974-1975. 5/ On this basis, requirements for salaries and common staff costs would amount to \$35,000

5/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 8 and corrigendum, para. 42.

for the biennium, that is, \$21,000 less than requested by the Secretary-General, and rental and other general expenses would be \$14,000 as against \$22,000. Thus, total requirements would be reduced by \$29,000. The application of the larger delayed recruitment deduction would entail a reduction in staff assessment requirements under section 34 by \$4,000; income from staff assessment would similarly be reduced by \$4,000.

III. Intensification and co-ordination of United Nations action against apartheid (A/9232/Add.1, para. 28, draft resolution D)

14. Under the terms of paragraph 5 of draft resolution D (A/9232/Add.1, para. 28) recommended by the Special Political Committee at its 888th meeting, on 15 November 1973, the General Assembly would request the Secretary-General to reinforce the Unit on Apartheid in the Section for African Questions of the Department of Political and Security Council Affairs "so as to enable it to discharge the tasks indicated in paragraph 300 of the report of the Special Committee (A/9022) and to provide it with the necessary staff and resources".

15. According to the statement by the Secretary-General (A/C.5/1577, para. 17) and information provided by his representatives, the additional staff resources which would be required are as follows:

(a) One officer at the P-5 level to direct research activities and to prepare reports, as envisaged in paragraph 300 of the report of the Special Committee on Apartheid (A/9022);

(b) One officer at the P-3 level to strengthen the secretariat of the Special Committee and its subsidiary bodies;

(c) One officer at the G-5 level to assist with correspondence and documentation.

16. The financial implications for the 1974-1975 biennium of the establishment of those three posts have been estimated by the Secretary-General as follows:

	\$
(a) Salaries and common staff costs (under section 4 of the programme budget)	118,000
(b) Rental of office space, furniture and equipment (under section 28 of the programme budget)	22,000
(c) Staff assessment (under section 34 of the programme budget) .	24,000
(d) Income from staff assessment (under income section 1 of the programme budget)	(24,000)
Total (net)	<u>140,000</u>

17. In its first report on the proposed programme budget for 1974-1975 the Advisory Committee recommended that the delayed recruitment factor to be applied to all new posts requested by the Secretary-General for 1974-1975 should be 50 per cent for Professional and higher posts and 35 per cent for General Service posts. 5/ On this basis, requirements under section 4 can be reduced by \$40,000 (that is, to \$78,000). The consequential savings under rental and other general expenses would amount to \$16,000 (that is, the requirements would be reduced to \$6,000). The additional provision for staff assessment under section 34 can be reduced by \$9,000 to \$15,000, with a corresponding reduction in income from staff assessment under income section 1.

Summary

18. In the light of the Advisory Committee's recommendations in paragraphs 6, 8, 13 and 17 above, adoption by the General Assembly of draft resolutions B, C and D (A/9232/Add.1, para. 28) would require additional appropriations, as summarized below:

	<u>Draft resolution B</u>	<u>Draft resolution C</u>	<u>Draft resolution D</u>	<u>Section total</u>
	\$	\$	\$	\$
Section 3	52,000	-	-	52,000
Section 4	-	-	78,000	78,000
Section 27-A	-	9,000	-	9,000
Section 27-B	-	64,000	-	64,000
Section 28	-	-	6,000	6,000
Section 34	-	6,000	15,000	21,000
Income section 1	-	(6,000)	(15,000)	(21,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	52,000	73,000	84,000	209,000
	<hr/>	<hr/>	<hr/>	<hr/>

Document A/9008/Add.28

Twenty-ninth report

Revision of the Financial Regulations of the United Nations

/Original: English/

/13 December 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on revision of the Financial Regulations of the United Nations (A/C.5/1539).
2. The Committee notes that the proposed changes "have been restricted to those that are required by or flow from programme budgeting on a biennial basis" (A/C.5/1539, para. 5), and that they are, in the main, of a technical legal non-substantive nature. The Committee trusts that in those areas where substantive change remains necessary (such as the regulations dealing with the accounts and audit) effective action will be forthcoming so as to achieve the economy and efficiency which would flow from the consistent application of biennial programme budgeting.
3. The Advisory Committee is in general agreement with most of the revisions suggested by the Secretary-General, subject to the following observations:

Regulation 2.1

For the purposes of clarity, the phrase "the first of which shall be an even year" should be added to the end of the Secretary-General's formulation.

Regulation 3.1

The parenthetical phrase "hereinafter referred to as the 'proposed programme budget', the 'budget estimates', or the 'estimates'" should be deleted from the Secretary-General's formulation. The term "proposed programme budget", for purposes of clarity and consistency, should be used throughout, with appropriate

textual changes to be made where necessary in the Regulations now in force, which would not otherwise be revised, and in the Secretary-General's proposed revisions.

Regulation 3.4

The Secretary-General's formulation should be redrafted as follows:

"The Secretary-General shall, in the second year of a financial period, submit his proposed programme budget for the following financial period to the regular session of the General Assembly. This proposed programme budget shall be transmitted to all Member States at least five weeks prior to the opening of that regular session of the General Assembly."

Regulation 3.5

For purposes of consistency, the phrase "in the year preceeding each financial period, submit the estimates" should be deleted from the Secretary-General's formulation and replaced by "in the second year of a financial period, submit his proposed programme budget for the following financial period".

Regulation 3.7

For purposes of consistency and clarity, the Secretary-General's formulation should be redrafted as follows:

"The General Assembly shall, in the second year of a financial period, adopt the programme budget for the following financial period, after consideration of, and report on the proposed programme budget by the Administrative and Budgetary Committee of the Assembly."

The parenthetical phrase "hereinafter referred to as the 'budget'" has been omitted for the reasons stated in connexion with regulation 3.1. The term "programme budget" should be used throughout with appropriate textual changes to be made where necessary in the Regulations now in force, which would not otherwise be revised, and in the Secretary-General's proposed revisions.

Regulation 5.3

The opening phrase of the Secretary-General's formulation should be redrafted to read:

"After the General Assembly has adopted or revised the programme budget and determined the amount of the Working Capital Fund, the Secretary-General shall:"

Regulation 5.7

The Secretary-General has not proposed any revision to this regulation. However, if it is the intention to have the Secretary-General submit a report

every year on the collection of contributions and advances to the Working Capital Fund, then appropriate change should be made in the regulation, i.e. "submit to each regular session of the General Assembly ...".

Regulation 13.1

For purposes of clarity, the Secretary-General's formulation should be redrafted as follows:

"No **council, commission** or other competent body shall take a decision involving either an administrative change in a programme approved by the General Assembly or the possible requirement of expenditure unless it has received and taken account of a report from the Secretary-General on the administrative and financial implications of the proposal."

Regulation 14.1

For purposes of clarity the Secretary-General's formulation should be redrafted as follows:

"These Regulations shall become effective on 1 January 1974 and shall apply to the financial period 1974-1975 and to subsequent financial periods. They may be amended only by the General Assembly."

Document A/9008/Add.29

Thirtieth report

Administrative and financial implications of the inclusion of
Arabic among the official and working languages of the General
Assembly and its Main Committees

(Agenda item 104*)

/Original: English/

/13 December 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the note by the Secretary-General concerning the administrative and financial implications of the proposal contained in document A/9193 on inclusion of Arabic among the official and working languages of the General Assembly, its committees and sub-committees (A/C.5/1564 and Add.1).
2. The Advisory Committee notes that the Secretary-General's estimates are calculated on the assumption that Arabic would be an official and working language of the General Assembly and its seven Main Committees (A/C.5/1564, para. 1). The Advisory Committee understands the term "Main Committees" to refer to those which are listed as such in rule 100 of the rules of procedure of the General Assembly. The Secretary-General's assumption has, in fact, been borne out in the operative paragraph of the draft resolution contained in document A/C.5/L.1156, under which the General Assembly would decide "to include Arabic among the official and working languages of the General Assembly and its Main Committees ...".
3. The inclusion of Arabic as an official and working language of the General Assembly and its seven Main Committees would call for the expansion of Arabic language services, which, at present, consist of a small translation section in the Department of Conference Services. The additional permanent staff envisaged by the Secretary-General on the basis of expected year-round workload are as follows:

* Inclusion of Arabic among the official and working languages of the General Assembly, its committees and sub-committees.

P-5	2	
P-4	11	
P-3	25	
P-2/1	<u>2</u>	
	40	Professional
G-5	11	
Other	43	
Security	<u>3</u>	
	57	General Service

The Secretary-General also requests that the post of Chief of the Arabic Translation Section be reclassified from P-5 to D-1. The projected cost for 1974-1975 of these additions to the permanent establishment is \$2,703,000, net of staff assessment. This figure, which is derived from the estimates set forth in the addendum to the Secretary-General's note (A/C.5/1564/Add.1), takes into account the Advisory Committee's recommendation that the allowance for delayed recruitment for new posts be 50 per cent for Professional posts and 35 per cent for General Service posts; it also reflects the decision taken by the Fifth Committee at its 1593rd meeting to incorporate five classes of post adjustment into the **base** salaries of staff in the Professional and higher categories.

4. The Secretary-General indicates that, in addition to the expanded permanent establishment, staff will be required on a temporary assistance basis during sessions of the General Assembly. The total cost of such temporary assistance for 1974-1975 is estimated by the Secretary-General at \$814,000 (A/C.5/1564/Add.1), including \$372,000 which relates to the production of verbatim records. The Advisory Committee has been informed that the Secretary-General has based his estimates for verbatim records on the method which is employed by the Trusteeship Council, namely, a combination of provisional records plus such corrigenda as may be submitted.

5. The Committee was further informed that, while Chinese, English, French, Russian and Spanish interpretation is provided on a year-round basis, in the case of Arabic, interpretation will only be provided during sessions of the General Assembly (although it has been suggested that it might be necessary at some point to establish a permanent nucleus of Arabic interpreters). The Organization will therefore have to rely solely on free-lance interpreters. In order to be assured of the required number of qualified interpreters, the Organization might have to recruit several months in advance of the General Assembly to provide adequate training. The estimates for interpretation must, therefore, be considered as tentative and susceptible to adjustment in the light of experience.

6. The Secretary-General estimates that costs relating to rental, maintenance and alteration of premises, the costs of communication and of acquisition of

furniture, supplies and equipment, will amount to \$773,000 for the biennium 1974-1975 (A/C.5/1564/Add.1), including \$404,000 for one-time costs of miscellaneous removal, acquisition of furniture and equipment and alteration to premises. Of this latter amount, \$238,000 would be for modification and alteration of meeting-room facilities through adjustment of the telecommunication control equipment so as to add an Arabic channel by way of eliminating the floor channel and thus provide one channel and one switch position for each language within the present total of six switch positions (at a cost of \$30,000 per meeting room), and through equipping additional interpretation booths (at a total cost of \$28,000). If the floor channel were retained, the alterations necessary to provide a channel and switch position for Arabic would cost approximately \$1.2 million. The Advisory Committee appreciates that the method selected by the Secretary-General and reflected in his estimate is less costly than the alternative. The Committee questions, however, whether the elimination of the floor channel, which would deprive listeners of the opportunity to listen to speakers in the original language regardless of whether or not an official language is being spoken, would be generally acceptable to Member States. The Advisory Committee, therefore, has included the cost of retention of the floor channel in the cost estimates set out in paragraph 7 below.

7. The Secretary-General's estimate of total direct conference servicing costs for 1974-1975 of the inclusion of Arabic among the official and working languages, adjusted to include the costs of retaining the floor channel, amount to approximately \$5.3 million, to which \$867,000 would be added for staff assessment (the latter to be offset in the same amount by income from staff assessment). The Advisory Committee has been informed that, for 1976-1977, total direct conference servicing costs (which would exclude one-time costs reflected in the 1974-1975 estimates) would be of the order of \$2.5 million for 1976 and \$2.6 million for 1977.

8. The Advisory Committee understands that, in addition to the direct conference servicing costs, other costs will arise. These are estimated at \$330,000 net for 1974-1975 and could include up to \$176,000 for accelerated increments for Professional staff under the terms of General Assembly resolution 2480 B (XXIII) on language training; up to \$114,000 in language increments for General Service staff; \$35,000 for language training, and \$5,000 for **additional recruitment expenses**. An additional \$72,000 would be required for staff assessment, which would be offset in the same amount by income from staff assessment. The Committee has been informed that the corresponding costs, exclusive of staff assessment for 1976 and 1977 are estimated at \$180,000 and \$190,000, respectively.

9. Thus the over-all costs, net of staff assessment, of implementing the draft resolution contained in document A/C.5/L.1156 are estimated at \$5.6 million for 1974-1975 and \$2.7 million for 1976.

10. Under the fourth preambular paragraph of the draft resolution (A/C.5/L.1156), the General Assembly would note "with appreciation the assurances of the Arab States Members of the United Nations **that they will meet collectively the costs of implementing this resolution during the first three years**". On the assumption that both the direct conference servicing costs and the additional costs referred to in paragraph 8 above will, for the next three years, be paid collectively by the Arab States, there will be no charge on the United Nations budget for the biennium 1974-1975 and for 1976. The costs for 1977, to which the provisions of the fourth preambular paragraph of

the draft resolution do not apply, are estimated, as indicated in paragraphs 7 and 8 above, at a total of \$2.8 million.

11. In connexion with the fourth preambular paragraph of the draft resolution, the Committee has been informed that the Secretary-General is considering the establishment of a special account into which the contributions referred to in that preambular paragraph will be paid and from which expenses relating to the costs of the introduction of the Arabic language will be met. The Advisory Committee is of the opinion that such an arrangement would facilitate the carrying out of the purposes of the draft resolution.

Document A/9008/Add.30

Thirty-first report

Administrative and financial implications of the draft resolutions contained in documents A/L.707 and A/L.708 and of draft resolution I submitted by the Fourth Committee in document A/9417

(Agenda item 23*)

/Original: English/

/13 December 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the statements submitted by the Secretary-General (A/C.5/1563, A/C.5/1578 and A/C.5/1579) on the administrative and financial implications of the draft resolutions contained in documents A/L.707, A/L.708 and A/C.4/L.1040. 1/

I. Financial implications of the draft resolutions in documents A/L.707 and A/C.4/L.1040

2. The statement by the Secretary-General (A/C.5/1563) enumerates and sets out the costs of the activities included in the proposed work programme for 1974 of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples as set forth in the Special Committee's report (A/9023 (part I), paras. 193 to 205).

3. The total cost of implementing this programme, if approved by the General Assembly, is estimated by the Secretary-General at \$337,500. The estimated costs of the individual items are:

* Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples:

- (a) Report of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples;
- (b) Report of the Secretary-General.

1/ Same text as draft resolution I submitted by the Fourth Committee in document A/9417.

	\$
(a) Visiting groups to colonial Territories	98,000
(b) Series of meetings of the Special Committee away from Headquarters	176,000
(c) Visiting missions to liberated areas of certain Territories in Africa	12,000
(d) Consultations by the Chairman of the Special Committee with the President of the Economic and Social Council and with the Administrative Committee on Co-ordination	3,500
(e) Consultations with the Organization of African Unity . .	3,000
(f) Consultations with non-governmental organizations	15,000
(g) Participation of representatives of national liberation movements in the Committee's work	19,000
(h) Invitations to individuals for hearings in relation to the situation obtaining in colonial Territories	6,000
(i) Consultations with the specialized agencies	<u>5,000</u>
Total	<u><u>337,500</u></u>

4. In paragraph 4 of his statement (A/C.5/1563), the Secretary-General recalls that an amount of \$165,000 is already included under section 21 of the proposed programme budget for the biennium 1974-1975 for the activities of the Special Committee in 1974, and a similar amount for 1975. In paragraph 5 of his statement he recommends that, inasmuch as final decisions by the Special Committee in respect of its programme of work in 1974 will only be taken in the course of that year, no change be made at this stage in the provisional figure already included in the programme budget on the understanding that, if additional funds become necessary, the Secretary-General will be authorized to incur the additional expenditures under the provisions of the resolution on unforeseen and extraordinary expenses in 1974-1975, with the prior concurrence of the Advisory Committee.

5. The Advisory Committee agrees with the Secretary-General's recommendation, which follows recent practice in meeting the budgetary requirements of the programme of work of the Special Committee. The Advisory Committee recommends, therefore, that the Fifth Committee inform the General Assembly that, **should it adopt the draft resolution in document A/L.707, no additional**

appropriation need be made at this stage, on the understanding referred to in the preceding paragraph. The Advisory Committee recommends further that adoption of the draft resolution by the General Assembly be considered as the specific authority sought by the Secretary-General, in paragraph 2 (g) and (h) of his statement (A/C.5/1563), to enter into commitments relating to the items summarized in paragraph 3 (g) and (h) above.

6. In connexion with the programme of work for 1974 of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, the Advisory Committee notes that this programme includes the dispatch of a special mission to Niue in accordance with the provisions of the draft resolution (A/C.4/L.1040) adopted by the Fourth Committee at its 2069th meeting, on 28 November 1973. In his statement of administrative and financial implications (A/C.5/1579), the Secretary-General proposes that the costs of this mission be met in the same manner as those of the other activities of the Special Committee; accordingly, he expresses the view that adoption by the General Assembly of the draft resolution (A/C.4/L.1040) will not give rise to additional appropriations at this stage. The Advisory Committee agrees with the Secretary-General's recommendation.

II. Financial implications of the draft resolution in document A/L.708

7. The draft resolution in question covers a range of activities in the general field of publicity and information relating to United Nations endeavours in favour of decolonization.

8. In the relevant statement submitted by the Secretary-General (A/C.5/1578), the financial implications of the resolution are estimated at \$99,000 net for the biennium 1974-1975. Of that total, \$42,000 relates to the provisions of operative paragraph 3 (d), and \$57,000 net to those of operative paragraph 4 of the draft resolution (A/L.708).

9. The former calls for publication of Objective: Justice and "United Nations and Southern Africa" in other languages besides English and French. As regards Objective: Justice, the Secretary-General has based his estimated (\$20,000 per annum, or \$40,000 for the biennium 1974-1975, calculated on the basis of four issues a year of 5,000 copies each) on the assumption that only one additional language version (Spanish) will be required. The estimate for the monthly bulletin entitled "United Nations and Southern Africa" (\$2,000 for the biennium) similarly assumes the addition of a Spanish version. If the Secretary-General's assumptions accord with the intent of the draft resolution, the Advisory Committee accepts the related cost estimate of \$42,000 for the biennium.

10. Operative paragraph 4 of the draft resolution (A/L.708) would, if approved, require the Secretary-General "to establish a Unit on Decolonization within the Department of Political Affairs, Trusteeship and Decolonization". The main object of that Unit, according to the statement submitted by the Secretary-General (A/C.5/1578, para. 7),

"would be not only to assist the Office of Public Information in the task of collecting information on decolonization for dissemination to the general public but to serve as a centre for the preparation and dissemination of more detailed and specialized information, in the form of studies, articles and documentation, to non-governmental organizations, information media, universities, institutes, experts and groups actively engaged in promoting decolonization and in counteracting the propaganda efforts of the minority colonialist régimes in southern Africa that are seeking to influence public opinion, especially in western Europe".

11. The Unit would comprise three new posts (one P-3, one P-2 and one G-3). According to the statement by the Secretary-General (A/C.5/1578, para. 9), these would be supplementary to the posts requested under paragraph 22.9 of the proposed programme budget for the biennium 1974-1975. 2/ The Advisory Committee has no objection to the strengthening of the Unit as proposed by the Secretary-General. However, before adding to the over-all manpower resources of the United Nations, the Secretary-General, given the nature of the functions of the projected Unit on Decolonization, should first explore the possibility of strengthening this Unit by redeploying staff resources available in the Office of Public Information.

12. The Committee also draws attention to the possibility of duplication between the projected Unit on Decolonization and the Office of Public Information. Such duplication would not only be wasteful in terms of resources, but might also prejudice the coherent and effective projection of United Nations policies and activities in the field of decolonization. The Advisory Committee recalls, in this connexion, that one of the main objects of the reorganization of the Office of Public Information along "thematic" lines was to enable it to assist more readily and effectively the several substantive departments and branches of the Secretariat. According to a recent report of the Secretary-General on public information policies and activities (A/C.5/1547, para. 4) and supplementary evidence submitted by his representatives to the Advisory Committee, task forces have already been set up to handle information on decolonization and related matters.

13. The Advisory Committee recalls, in this connexion, that General Assembly resolution 2897 (XXVI), in its preambular part, stressed "the need for maintaining central control ... **in the implementation of information policies and guidelines**". In operative paragraph 7 of the same resolution, the General Assembly requested "the Secretary-General to ascertain the publicity and promotional needs of the various bodies of the United Nations which undertake universal causes approved by the General Assembly, in order that those needs may be taken into account when considering the budgetary requirements for the Office of Public Information for 1973 and subsequent years". The Committee recommends, therefore, that the Secretary-General, with the expert assistance of the Administrative Management Service, examine both the question of the functions and internal composition of

2/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 6 and corrigendum.

the proposed new Unit in relation to the structure of the Department as a whole, and the more general problem of defining the relations between the Office of Public Information on the one hand and the substantive units of the Secretariat on the other, with a view to eliminating any outstanding difficulties and establishing a basis for rational, effective and efficient co-operation between them.

14. In his statement (A/C.5/1578, para. 10) the Secretary-General estimates the additional staff costs at \$57,000 for the biennium 1974-1975, after applying a delayed recruitment deduction of 50 per cent for the Professional posts and 35 per cent for the General Service post. The consequential additional requirements under section 34 (Staff assessment) are calculated by the Secretary-General at \$12,000; an offsetting amount would be added under income section 1. The Secretary-General estimates also (A/C.5/1578, para. 11) that the costs of the additional documentation to be generated by the new Unit would amount to \$4,000, but that they will be absorbed by way of a corresponding increase in the deduction for internal reproduction. The Advisory Committee accepts these cost estimates.

15. The Advisory Committee notes that the Secretary-General has not included any cost estimates for operative paragraph 7 of the draft resolution in document A/L.708, **which welcomes the projected conference of non-governmental organizations on colonialism and apartheid in southern Africa**, to be held at Geneva in 1974, and requests the Secretary-General to provide conference facilities for that purpose. The Committee was informed that this omission is due to the fact that the timing of the conference and the extent of the facilities that may have to be provided have not yet been determined.

16. The Fifth Committee may therefore wish to inform the General Assembly that, subject to additional requirements, if any, arising pursuant to the request to the Secretary-General contained in operative paragraph 7 of the draft resolution (A/L.708), **adoption by the General Assembly of the draft resolution** would entail additional requirements of \$99,000 net in the biennium 1974-1975, as follows:

	\$
Section 22	61,000
Section 27A	42,000
Section 34	12,000
Deduction for internal reproduction	(4,000)
Income section 1	(12,000)
Total	<u>99,000</u>

Document A/9008/Add.31

Thirty-second report

Registration of treaties and international agreements,
computerization of treaty information and staffing of
the Treaty Section, Office of Legal Affairs

/Original: English/
/16 December 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on registration of treaties and international agreements, computerization of treaty information and staffing of the Treaty Section of the Office of Legal Affairs (A/C.5/1566 and Corr.1), in which he proposes that the General Assembly approve the conversion of the processing of agreements by the Treaty Section of the Office of Legal Affairs from the manual methods used hitherto to a computerized system.
2. In support of his recommendation, the Secretary-General refers to the growing volume of registrations attributable to the cumulative effect of the increase in the number of States and in the number of treaties concluded among them. Moreover, as the number of past registrations increases, each new registration tends to require more research. The Secretary-General indicates that his difficulties are compounded by the need for the Treaty Section to respond to numerous inquiries related both to the registration functions and to the depository functions performed by him. The Secretary-General also refers to a decline in the reliability of the manually prepared card index, because of difficulties of recruiting and retaining clerical staff and to the fact that the Monthly Statement, like the rest of the registration process, is currently 12 months in arrears. The Secretary-General's conclusion (A/C.5/1566 and Corr.1, para. 39) is that, at the present time, all indications are that the answer to the question of whether the functions can continue to be carried out without computerization is negative.

3. As shown in section V of the Secretary-General's report, the projected new system would essentially fulfil three functions:

(a) Information storage function;

(b) Production of documents: Monthly Statement of Treaties and International Agreements Registered or Filed and Recorded with the Secretariat; Registration Certificates, provided for by article 7 of the regulations adopted by the General Assembly for the application of Article 102 of the Charter; Notifications of Deposit of Multilateral Treaties, and the Register of Treaties, provided for by article 8 of those regulations;

(c) Research and information functions.

4. The Secretary-General estimates that the one-time costs of establishing the system, including conversion of the existing files and index cards for computer use, would amount to \$193,000 (A/C.5/1566 and Corr.1, para. 32).

5. The cost of operation of the system in subsequent years will, according to the assessment of the Secretary-General, relate exclusively to the rental of the necessary equipment. Technical manpower needs will be absorbed within the existing staff of the Electronic Data Processing and Information Systems Service (A/C.5/1566 and Corr.1, para. 33).

6. In the Committee's opinion there is, therefore, strong presumption for the view that conversion to a computer-based system would make for increased effectiveness and produce substantial savings, over a number of years, in the staff resources needed by the Office of Legal Affairs (Treaty Section) to discharge a range of non-technical functions which, at present, are performed manually. However, sections IX and X of the Secretary-General's report do not seem to lend support to the latter expectation. This is partly due to the proposal to add a legal officer (P-4) to the Treaty Section at an estimated cost of \$56,000 for the biennium. According to the Secretary-General (A/C.5/1566 and Corr.1, para. 14), this officer is needed to handle inquiries from Governments, which in the present circumstances can only be dealt with perfunctorily. However, the Committee was given to understand by the representatives of the Secretary-General that one of the benefits of computerization would be the saving of professional time now consumed by such inquiries. The Advisory Committee cannot, therefore, agree to this request.

7. By contrast, the Committee is prepared to lend its support to the project of computerization of treaty information as part of the wider effort of modernization and improvement of the efficiency of the Organization. While the Committee appreciates that some of the benefits of computerization will not become apparent immediately, it believes that the qualitative and quantitative gains which accrue in the process of computerization must be assessed in relation to the funds expended. Accordingly, the Committee recommends that the Secretary-General report to the General Assembly at its thirtieth session the progress he will have made in computerization and the benefits which will have accrued or may be expected in terms of efficiency and staff savings.

8. In the light of the foregoing and on the basis of its examination of the report by the Secretary-General (A/C.5/1566 and Corr.1), the Advisory Committee recommends acceptance of the proposed computerization of the treaty registration process, subject to the observations in paragraph 6 above. If the Fifth Committee accepts the recommendation, the following additional requirements will arise in the biennium 1974-1975:

	<u>1974</u>	<u>1975</u>	<u>Total</u>
	\$	\$	\$
Section 26. Office of Legal Affairs . . .	50,000	-	50,000
Section 28. Administration, management and general services	161,000	38,000	199,000
Section 34. Staff assessment	20,000	-	20,000
Income section 1. Income from staff assessment	(20,000)	-	(20,000)
Total (net)	<u>211,000</u>	<u>38,000</u>	<u>249,000</u>

Document A/9008/Add.32

Thirty-third report

Office accommodation at Geneva

/Original: English/

/16 December 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on office accommodation at Geneva (A/C.5/1573).
2. The report has been prepared as the result of recent developments which have allowed the Secretary-General to submit proposals for the purchase by the United Nations of the Petit Saconnex buildings at Geneva from the International Labour Organisation.
3. The possibility of such a purchase had first been alluded to by the Secretary-General in a report to the General Assembly at its twenty-seventh session (A/C.5/1458 and Corr.1 and 2), in which he stated that a possible source of office space at Geneva could be the Petit Saconnex buildings which would become vacant early in 1975 when the International Labour Organisation moved into its new premises.
4. The matter was considered by the Advisory Committee earlier in the current session of the General Assembly and, in its report on United Nations office accommodation, the Committee referred to recommendations of the Joint Inspection Unit for acquisition of the Petit Saconnex buildings (A/9008/Add.2, para. 26) and to the continuing negotiations of the Secretary-General in this regard and stated that:

"As yet there is not a clear picture 'of the initial and recurrent costs of the acquisition, maintenance and operation of the buildings' (A/C.5/1511, para. 28). Nor have the Geneva authorities determined if and for how long the United Nations might occupy the ground site. Both these factors need to

be clarified before the Secretary-General arrives at his decision. It would appear to the Advisory Committee that a ground lease of less than 10 years would be uneconomical in terms of the building purchase price." (A/9008/Add.2, para. 15).

5. The questions so raised by the Advisory Committee can now be answered. As indicated in the Secretary-General's report (A/C.5/1573, para. 12 (a)), the Geneva authorities have expressed willingness to enter into a ground lease for an initial period of 12 years at a rental of 39,000 Swiss francs per annum (paragraph 12 (a)). The price of the buildings would be the actual original construction costs to the ILO - 6.37 million Swiss francs (A/C.5/1573, para. 12 (b)). It will be recalled that the Committee, in its review of the administrative and management procedures concerning the programme and budget of the ILO (completed in 1970), indicated that the residual value of the Petit Saconnex buildings, when valued by the ILO, would amount to between 75 per cent and 20 per cent of the construction cost, depending upon whether they were permitted to remain on the present site or would have to be dismantled and rebuilt elsewhere (A/8140, 1/ annex I, sect. J, 1, para. 265). However, the Committee notes the statement in the report of the Joint Inspection Unit on office accommodation for United Nations staff at Geneva, that "a responsible ILO official estimates that the cost of replacing the buildings today would be about Swiss francs 11,000,000" (A/9164, para. 80). In addition to the initial acquisition and annual land rental costs, the Secretary-General estimates the following operating and maintenance costs for 1975 and 1976:

	<u>1975</u> \$	<u>1976</u> \$
(a) Utilities	44,500	48,500
(b) Cleaning.	69,000	78,500
(c) Servicing staff (guards, messengers, telephone operators, electricians, gardeners, etc.).	214,000	229,500
(d) Telephone rentals	15,000 <u>a/</u>	16,000 <u>a/</u>
(e) Repair and maintenance of buildings and equipment	12,000	15,000
(f) Miscellaneous, insurance, etc.	5,500	6,500
TOTAL	<u>360,000</u>	<u>394,000</u>

a/ Does not include requirements of the Intergovernmental Committee for European Migration or other tenants.

1/ Document pertaining to the twenty-fifth session.

6. The Petit Saconnex complex, which was originally constructed in 1964, rebuilt in 1966 after a fire and extended in 1968 and 1969, now contains some 470 offices. The Committee understands from the Secretary-General's report that, should the United Nations decide to purchase the complex, the Intergovernmental Committee for European Migration would be interested in renting one third of the space, or some 170 offices, leaving 300 units available in the building for the United Nations (A/C.5/1573, para. 10). The Advisory Committee trusts that the length of the lease which will be negotiated with the Intergovernmental Committee will bear relation to the United Nations expectation of its own requirements. If such a rental were to take place, the Secretary-General estimates that annual and operating costs could be reduced proportionately (by one third) in an amount of \$125,000 to \$150,000 through rental charges; the Secretary-General expects that the rental charge would include an element to cover the amortization of the purchase cost of the building. The Committee suggests that, when the Secretary-General reports to the General Assembly on the rental agreement he will have entered into, he should indicate the amortization element included in the rental charge.

7. The Secretary-General forecasts that the 300 units which would be available to the United Nations in the Petit Saconnex buildings (assuming that the other 170 units were to be rented to the Intergovernmental Committee) would be fully utilized by the end of 1975. The space available at the Petit Saconnex, together with the 260 units which would be rented in the old ILO building when it becomes available in 1976, would be capable of housing an estimated 600 to 650 persons, depending upon their grades and functions, and would, according to the Secretary-General - who has assumed for this purpose a growth rate of 3 per cent per year at Geneva - be sufficient for the staff accommodation needs of the United Nations at Geneva until 1979 (A/C.5/1573, paras. 10 and 11).

8. The Advisory Committee is of the opinion that the Secretary-General's estimate of the additional space requirements at Geneva by the end of 1974, namely 250 office units (A/C.5/1573, para. 11), appears to have been overstated, for it includes 55 units for the International Civil Service Commission (which, following the decision taken by the Fifth Committee at its 1620th meeting, will not become operational in 1974) and 33 units for language training (which, the Advisory Committee understands, could also be accommodated in some of the conference space). Furthermore, the Advisory Committee questions the conclusion (A/C.5/1573, para. 4 (c)) with respect to the number of office units that must be kept vacant because of the temporary needs of the general assemblies of the ILO and WHO; while the Committee agrees that this space is unsuitable for established staff, who must be accommodated on a year-round basis, there is no reason why some of it should not be used to accommodate consultants and other short-term staff. Moreover, the number of offices in the conference reserve could be reduced if the ILO and WHO were to move fewer of their staff from their own headquarters to the Palais during their general assemblies. The Advisory Committee notes also that the Secretary-General's estimate includes the provision of additional space for extrabudgetary staff, such as those of the United Nations Institute for Social Development. Thus, the reserve of space that would be available for the expansion of units already located at Geneva or for the possible transfer to or establishment at Geneva of other United Nations services appears to be greater than estimated by the Secretary-General.

This situation, however, is not an argument against the acquisition of the Petit Saconnex complex as the extra space will eventually be needed and can, in the meantime, be rented.

9. At the same time, consideration must be given to whether the acquisition of a prefabricated building, standing on land which may be required by the Cantonal authorities by 1988, might merely be a stop-gap solution which could lead to considerable disruption and expense some 12 years hence. This problem should not be minimized. On the other hand, use of the Petit Saconnex buildings would meet the space needs of the United Nations during the second half of the current decade. Thereafter consideration could be given to alternative longer-term solutions, such as the Donaupark complex in Vienna, which will be completed before the lease of the Petit Saconnex expires. Hence, even if the lease of the land at Petit Saconnex cannot be extended beyond the initial 12-year period, the building might provide a reasonably economical interim solution.

10. In light of the above and of the acute shortage of space which, according to the Secretary-General, currently exists at Geneva, and bearing in mind the recommendation of the Joint Inspection Unit that, "subject to obtaining satisfactory conditions of acquisition, the General Assembly should seriously consider authorizing the purchase of the ILO premises in Petit Saconnex ..." (A/9164, recommendation 11), the Advisory Committee recommends the acquisition of the Petit Saconnex buildings on the terms stipulated by the Secretary-General in his report (A/C.5/1573), subject to the observations below.

11. The Committee maintains the concern it had expressed in its third report to the current General Assembly over the rent-free allocation of United Nations space for accommodation of extrabudgetary staff, which it believes is, in part, responsible for the critical space shortage for regular budget staff that the organization is now experiencing. In its report (A/9008/Add.2, para. 5), the Advisory Committee stated that:

"A persistent factor in the study of staff accommodation has been the failure of projections for future accommodation needs to take into account the growth in numbers of staff financed by extra-budgetary funds and the resultant strain that growth has caused on the office space resources of the United Nations. ... Over 300 extra-budgetary staff are currently accommodated at the Palais des Nations in Geneva."

Though the Committee recognized the many legal, budgetary and financial factors which must be considered before a general policy decision could be reached, it posed the question whether the cost of providing office space for extrabudgetary staff should be borne by the regular budget or met from the extrabudgetary funds themselves. The Committee recommended that the Secretary-General study the question of accommodation for extrabudgetary staff and report his conclusion to the Advisory Committee at its session in the spring of 1974. The Fifth Committee, at its 1592nd meeting, concurred with that recommendation. The Advisory Committee trusts, therefore, that the requested study will shed light on the problem of responsibility for extrabudgetary staff accommodation and will lead to the formulation of a policy based upon the principles of sound management.

12. Furthermore, the Committee hopes that the Secretary-General will ensure that the acquisition of the Petit Saconnex buildings does not lead to wasteful use of space, particularly bearing in mind the observations on space utilization in the Palais des Nations contained in the report by the Joint Inspection Unit (see A/9164).

13. The Advisory Committee, on the basis of a broad comparison with corresponding expenses currently incurred by the ILO, is not convinced that the Secretary-General's estimates of requirements under section 28-K (\$557,000 in 1975) is fully justified. In the event that the purchase of the Petit Saconnex complex is approved by the General Assembly, the Committee will examine those estimates in detail during its visit to Geneva in the spring of 1974. In the circumstances, and bearing in mind that the Swiss franc-US dollar relationship in 1975, when expenditures for Petit Saconnex would be incurred, might differ from the rate 2/ used by the Secretary-General in his report (A/C.5/1573), the Advisory Committee is not recommending any reduction in the estimate at this stage.

2/ One United States dollar = 3.40 Swiss francs.

Thirty-fourth report

Revised estimates under various expenditure and income sections

/Original: English/

/16 December 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report by the Secretary-General (A/C.5/1572), in which he submits revised estimates under 11 expenditure sections in a total net amount of \$5,333,000, 1/ and revised estimates under the three income sections, which show a net decrease of \$2,811,000. Thus, the combined effect of the Secretary-General's estimates is to increase by \$8,144,000 the level of the net budget for the biennium 1974-1975.

2. In his report, the Secretary-General states that (A/C.5/1572, para. 2), in the highly fluid circumstances that continue to prevail, he decided not to submit revisions to his estimates to take account of differences in the rates of exchange since those estimates were prepared. The Advisory Committee agrees with this approach. The Committee understands that, if the rates of exchange in force on 30 November 1973 (A/C.5/1572, para. 2) continue to apply during the biennium, the additional costs attributable to those differences could be appreciable.

3. In its first report 2/ on the proposed programme budget for 1974-1975, the Advisory Committee recommended that, before submitting revised estimates, the Secretary-General should intensify his search for economies to accommodate the new requirements. Possible courses of action were suggested.

1/ The Committee was informed that in the Secretary-General's report (A/C.5/1572), requirements in Swiss francs have been converted at the rate of Swiss francs 3.40 = \$US 1.

2/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 8 and corrigendum, para. 28.

4. The Advisory Committee regrets that, despite the foregoing recommendations, the Secretary-General should have found it necessary to present revised estimates of the order now proposed. Because of the short time available, the Committee decided to consider the revised estimates without regard to those general considerations. The Committee did so in the expectation that the Secretary-General would pursue his search for administrative and other economies so as to minimize the impact of the additional costs which, as stated in paragraph 2 above, will be incurred if the present rates of exchange continue to prevail.

5. The Advisory Committee recalls that, in its report to the General Assembly at its twenty-seventh session on the omnibus revised estimates for the financial year 1973 (corresponding to those included in document A/C.5/1572 for the biennium 1974-1975), it expressed the opinion 3/ that the sole purpose of such revised estimates

"should be to enable the Secretary-General to bring to the attention of the Member States additional requirements attributable to price fluctuations, changes in living costs or rates of exchange, and other similar factors which do not involve decisions on questions of substance but which the General Assembly should take into account in order to obviate the need for supplementary appropriations in the course of the budgetary period. The Advisory Committee would not object to the inclusion in such revised estimates of certain minor requirements which had genuinely been overlooked in the course of the preparation of the initial estimates. But the Committee has most serious reservations about using the end-of-session revised estimates for the presentation of any other additional requests, particularly those involving extra posts."

The Advisory Committee notes that the estimates in document A/C.5/1572 are not confined to revisions of the type enumerated above.

Section 2. Offices of the Secretary-General

6. The Secretary-General requests \$108,000 under this section for four temporary-assistance posts (one D-1 and one General Service at Headquarters in the Office of the Assistant Secretary-General for Special Political Questions; and one P-4 and one General Service post at Lusaka, Zambia). In his report (A/C.5/1572, para. 2.1), the Secretary-General attributes his request for these four posts to the provisions of Security Council resolution 329 (1973) and Economic and Social Council resolution 1766 (LIV) concerning the question of economic **assistance** to Zambia.

7. The Advisory Committee is not convinced that the wording of either resolution need be interpreted as calling for additional staff resources. Operative paragraph 6 of the Security Council resolution refers the question of economic

3/ Ibid., Twenty-seventh Session, Supplement No. 8A, document A/8708/Add.30, para. 4.

assistance to Zambia to the Economic and Social Council. While the Advisory Committee does not question that the Assistant Secretary-General for Special Political Questions and the staff already available to him can play a useful role in assisting the Council, it believes that the Secretary-General should also enlist the support, as necessary, of existing staff in the Secretariat units servicing the Economic and Social Council, namely, the Department of Economic and Social Affairs and the Economic Commission for Africa, and thus obviate bureaucratic expansion at United Nations Headquarters. In the circumstances, while the Advisory Committee does not object to the Secretary-General's request under section 2, it does so on the understanding that the arrangement will be temporary and that the related functions will be assumed as necessary by staff in existing established posts.

Section 4. Department of Political and Security Council Affairs

8. The Secretary-General's request for \$117,000 under this section covers the proposed addition of five new posts: one P-4 and one General Service post in the Security Council and Political Committees Division, and one P-5, one P-3 and one General Service post in the Outer Space Affairs Division.

9. In his report (A/C.5/1572, para. 4.1), the Secretary-General explains that the request for two posts in the Security Council and Political Committees Division flows from a recommendation in the second special report of the Committee established pursuant to Security Council resolution 253 (1968) concerning the question of Southern Rhodesia, calling for the appointment to that Committee's secretariat of "an individual with experience of international commerce, particularly of trade, conducted through third parties"; 4/ the Committee's recommendations were approved by the Security Council in resolution 333 (1973).

10. The Advisory Committee points out that nothing in the aforesaid recommendation required the Secretary-General to add to the over-all manpower resources of the Secretariat; instead he could have made available to the Security Council and Political Committees Division a qualified staff member by redeployment within existing resources. Furthermore, the Committee ascertained that, contrary to regulation 13.1 of the Financial Regulations of the United Nations, neither the Committee which called for the strengthening of its secretariat nor the Security Council was provided with a statement of administrative and financial implications of the proposal as called for in the said regulation.

11. A similar omission of a statement of administrative and financial implications occurred in the Committee on the Peaceful Uses of Outer Space, when it expressed support for the addition of staff to the Outer Space Division. 5/ Here again the Secretary-General should have attempted to redeploy resources available to him before seeking additions to the manning table.

4/ See Official Records of the Security Council, Twenty-eighth Year, Supplement for April, May and June 1973, document S/10920, para. 19.

5/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 20 and corrigendum, para. 68.

12. In its first report 6/ on the proposed programme budget for the biennium 1974-1975 the Advisory Committee concurred in the expansion of the manning table of the Department from 108 (70 Professional and above, 38 General Service) to 117 (74 Professional and above, 43 General Service). The addition of three posts (2 Professional and 1 General Service) in the Unit on Apartheid (A/9008/Add.27) and of the five posts now requested will raise the strength of the Department to 125 (79 Professional and above, 46 General Service). The Advisory Committee believes that this increase of over 14 per cent should enable the Department to discharge its responsibilities and assume additional duties which it may be called upon to perform during the biennium. On this understanding, the Committee does not object to the Secretary-General's request.

Section 6. Policy-making organs (economic and social activities)

13. Under this section, the Secretary-General requests an additional \$296,000 for the World Population Conference, 1974, scheduled to be held in Bucharest in August 1974. The amount being requested is in addition to the \$72,000 already included in the revised estimates resulting from decisions of the Economic and Social Council (A/C.5/1521/Rev.1) to cover the cost of additional pre-session documentation requested by the Population Commission at its second special session. The Secretary-General estimates, therefore, that a total provision of \$368,000 will be required for the Conference under section 6 for 1974-1975. 7/ It will be recalled that the Advisory Committee, in its tenth report to the General Assembly on the proposed programme budget for 1974-1975, had recommended that the \$72,000 estimate for pre-session documentation be reduced to \$50,000 (A/9008/Add.9, para. 3). After assessing the additional estimates for the Conference, the Committee is of the opinion that the number of General Service staff listed under Conference Services in the Secretary-General's report (A/C.5/1572, para. 6.6 (a)) **could** be reduced by 10 and that reductions could also be made in the number of staff whom it is proposed to detail to the Conference from the Department of Economic and Social Affairs and the Office of Public Information. Further, for the reasons expressed in its tenth report on the proposed programme budget, referred to above, the Committee believes that savings are possible in the translation and reproduction costs of pre-session and post-session documentation. Moreover, the Committee questions the need for special provision for a liaison officer in New York, bearing in mind, inter alia, that the Conference will take place in August, a time of diminished activity at Headquarters; in the Committee's view, the necessary functions can be performed by existing staff. For these reasons, the Committee recommends a reduction of \$40,000 in the revised estimates for section 6, with proportionate reductions for staff assessment under section 34 and income section 1.

6/ Ibid., Supplement No. 8 and corrigendum, para. 4.10.

7/ Based on requirements that would have arisen had the Conference been convened at Geneva.

Section 16. United Nations Environment Programme

14. The Secretary-General estimates that an additional \$421,000 will be required under this section as the result of a reassessment of the temporary assistance requirements for sessions of the UNEP Governing Council (\$33,000) and of the prediction of higher general operating expenses based on a review of arrangements to be entered into in connexion with the installation of the UNEP secretariat in Nairobi (\$388,000). The Advisory Committee is of the opinion that economies and prudent management would result in significant savings in general operating expenses, particularly in the areas of supplies and materials, furniture, improvement to premises and printing (A/C.5/1572, para. 16.3 (c), (d), (e), (f)), and thus recommends reduction of the Secretary-General's estimate for this item by \$50,000 to \$338,000, leaving an estimated increase for section 16 of \$371,000.

Section 28. Administration, management and general services

15. The Advisory Committee recommends that the additional \$10,000 the Secretary-General is requesting under section 28-C (Internal Audit Service) be absorbed within the provision for section 28 approved by the Fifth Committee in first reading.

16. The Secretary-General is requesting a \$100,000 increase under section 28-F (Office of Personnel Services, Headquarters) to provide for the engagement on a consultant basis, of two classification experts, who would assist in the development of a job classification system covering all posts in the Secretariat. Since the Fifth Committee, at its 1623rd meeting, deferred until the twenty-ninth session of the General Assembly consideration of the document in which this request originally appeared (the Secretary-General's report (A/C.5/1522) regarding the Joint Inspection Unit report on personnel problems in the United Nations (see A/8454) 8/ and major recommendations of the Administrative Management Service), the Advisory Committee recommends the deletion of this provision from the revised estimates.

17. Under section 28-G (Administrative and Financial Services, Geneva), the Secretary-General is requesting an additional \$36,000, of which \$10,000 relates to temporary assistance for the work programme of the External Auditors (A/C.5/1572, para. 28.3). The Advisory Committee believes that a greater reliance on established posts at Geneva is possible and consequently recommends the deletion of this provision. The balance of the request relates largely to a change in the forecast by WHO regarding the United Nations share of the cost of the Joint Medical Scheme at Geneva (A/C.5/1572, para. 28.4). Given the somewhat tentative nature of this forecast, the Advisory Committee is of the view that the provision for the Joint Medical Scheme already approved in first reading need not be increased at this stage.

18. The Advisory Committee is of the opinion that an endeavour to use existing equipment to the fullest extent possible will enable the Secretary-General to reduce the \$110,000 he requests under section 28-J (Office of General Services, Headquarters) for acquisition of furniture and equipment (A/C.5/1572, para. 28.9)

8/ Document pertaining to the twenty-sixth session.

by \$10,000 to \$100,000 and the Committee therefore recommends that the total additional amount requested by the Secretary-General under section 28-J be decreased accordingly from \$460,000 to \$450,000.

Section 29. Conference Services

19. The Advisory Committee recommends that the Secretary-General's request for an additional \$219,000 under section 29-B (Conference services, Geneva) be reduced by \$10,000 to \$209,000 in view of the savings which it considers possible in the contractual printing expenses for letterheads and envelopes if all the alternatives to the means of printing now envisaged were fully explored. In this connexion, the Secretary-General should explore whether savings would accrue if the letterheads and envelopes for the United Nations Office at Geneva were printed by the internal reproduction facilities at Headquarters, New York.

Section 33. Construction, alteration, improvement and major maintenance of premises

20. The Advisory Committee considers that economies can be achieved in the proposed additional expenditures on major maintenance through a more selective approach. The Committee therefore recommends that the estimate of additional requirements for major maintenance be reduced by \$18,000 to \$270,000 which, together with the \$4,000 decrease forecast by the Secretary-General (A/C.5/1572, para. 33.2) for alteration and improvement expenses, would result in a total recommended increase of \$266,000 under section 33.

Recapitulation

21. On the basis of the foregoing, the Advisory Committee recommends a total reduction of \$274,000 in the revised estimates submitted by the Secretary-General (A/C.5/1572). The Advisory Committee's recommendations by section are summarized in the following table:

<u>Expenditure section</u>	<u>Secretary-General's request</u> (A/C.5/1572)	<u>Reduction recommended by</u> <u>Advisory Committee</u>	<u>Additional appropriation recommended by</u> <u>Advisory Committee</u>
	\$	\$	\$
2. Offices of the Secretary-General . . .	108 000	-	108 000
4. Department of Political and Security Council Affairs	117 000	-	117 000
5. Special missions	1 787 000	-	1 787 000
6. Policy-making organs (economic and social activities)	296 000	40 000	256 000
9. Economic Commission for Asia and the Far East	(33 000)	-	(33 000)
16. United Nations Environment Programme	421 000	50 000	371 000
27. Office of Public Information	287 000	-	287 000
28. Administration, management and general services	1 418 000	156 000	1 262 000
29. Conference Services	219 000	10 000	209 000
33. Construction, alteration, improvement and major maintenance of premises	284 000	18 000	266 000
34. Staff assessment	429 000	-	429 000
Total, expenditure sections	<u>5 333 000</u>	<u>274 000</u>	<u>5 059 000</u>
<u>Income section</u>			
1. Income from staff assessment	429 000	-	429 000
2. General income	(3 505 000)	-	(3 505 000)
3. Revenue-producing activities	265 000	-	265 000
Total, income sections	<u>(2 811 000)</u>	<u>-</u>	<u>(2 811 000)</u>

Document A/9008/Add.34

Thirty-fifth report

Administrative and financial implications of the draft resolution
submitted by the Second Committee in document A/9403

(Agenda item 105*)

/Original: English/

/16 December 1973/

1. The Advisory Committee on Administrative and Budgetary Questions has considered the statement submitted by the Secretary-General (A/C.5/1589) on the administrative and financial implications of the draft resolution (A/C.2/287, annex) recommended by the Economic and Social Council (resolution 1831 (LV)) and by the Second Committee, at its 1585th meeting on 12 December 1973 (A/9403, para. 5), for adoption by the General Assembly.

2. Under the terms of operative paragraph 1 of the draft resolution, the General Assembly would decide "to convene a World Food Conference under the auspices of the United Nations for about two weeks, in November 1974, at Rome".

3. The Secretary-General estimates the financial implications of the proposed World Food Conference at \$714,000. In this connexion, the Advisory Committee notes that the FAO Conference, at its seventeenth session, authorized the Director-General of the organization to draw on the Working Capital Fund up to a maximum amount of \$500,000 to cover costs connected with the preparation for, or servicing of, the proposed World Food Conference. 1/ The Advisory Committee was informed that half of that amount would be required by FAO for its own substantive preparations for the Conference, and that the balance could be made available for the Conference servicing costs. After taking account of the FAO contribution, the requirements to be borne by the United Nations budget would thus amount to \$464,000.

* Convocation of a world food conference under the auspices of the United Nations.

1/ See document E/5441, of 30 November 1973, para. 12.

4. The Secretary-General indicates (A/C.5/1589) that the costs of convening the Conference have been calculated on the basis of a Geneva venue and that such additional costs as would be attributable to the holding of the Conference in Rome would be borne by the Government of Italy in accordance with General Assembly resolution 2609 (XXIV). The Advisory Committee was informed that the Government of the host country would also make available a large conference hall for the plenary meetings of the Conference which cannot be accommodated in the FAO buildings.

5. Operative paragraph 6 of the draft resolution "invites all the competent organizations of the United Nations system to collaborate closely in the organization of the Conference". The Governing Body of the ILO discussed the question at its 191st session. 2/ The Advisory Committee has been informed that inputs into the Conference are expected from the specialized agencies, regional economic commissions and other bodies; it is not expected, however, that such inputs will include participation in the costs of convening the Conference.

6. The Secretary-General divides the costs of the Conference as follows (A/C.5/1589, para. 6):

	\$
(a) The Conference (language and documentation services and travel of staff)	131,000
(b) Preparatory Committee (language and documentation services and travel of staff)	75,000
(c) Conference secretariat	460,000
(d) Substantive preparations by the Department of Economic and Social Affairs and the United Nations Conference on Trade and Development	48,000
	<hr/> 714,000 <hr/>

7. The costs of the Conference secretariat would thus account for two thirds of the costs of the Conference. The Advisory Committee deprecates the growing practice of appointing special secretaries-general for United Nations conferences and meetings, which not only adds to their cost, but also tends to lead to the creation of new bureaucracies. It notes, however, that in this instance the appointment of a Secretary-General of the Conference would be required in accordance with the provision of paragraph 4 of the draft resolution. But a Conference secretariat of 19 hardly accords with the injunction in that paragraph "to set up a small Conference secretariat drawing particularly upon the expertise and competence of the Food and Agriculture Organization of the United Nations, the United Nations Conference on Trade and Development and other relevant bodies of the United Nations system".

2/ See document E/5442 of 4 December 1973.

8. The Advisory Committee was informed that the costs of the secretariat have been calculated on the assumption that all posts would be occupied as of 1 January 1974. The Advisory Committee does not think that recruitment can be carried out within the two weeks between adoption of the draft resolution and the first of the year. It recommends, therefore, that a 20 per cent delayed recruitment factor be applied to the cost of posts, thereby reducing the estimate by \$76,000 from \$380,000 to \$304,000.

9. The Advisory Committee believes also that the magnitude of the request for consultants (\$20,000 in the Conference secretariat and \$45,000 for the Department of Economic and Social Affairs) does not accord with the draft resolution. The Committee shares the point of view, implicit in paragraph 4 of the draft resolution, that between them FAO, the United Nations and UNCTAD command the expertise required for the preparation and conduct of the World Food Conference. It believes that such resources should be tapped to the fullest extent.

10. Accordingly, it recommends that the provision for consultants be reduced by \$45,000 to \$20,000 (to be divided equally between the Conference secretariat and the Department of Economic and Social Affairs) and that consultants be retained only when it is necessary to secure highly technical "know-how" and high-level expertise not available among the staff of the organizations.

11. The Advisory Committee recommends also that the provision for information activities be reduced by \$15,000 to \$10,000 through greater reliance on the existing information resources of the FAO and the Office of Public Information, including the United Nations Information Centre in Rome.

12. The Secretary-General's estimate includes \$3,000 under section 14 for travel by UNCTAD staff. The Advisory Committee recommends that these costs be absorbed within the provisions approved under the section in first reading.

13. The Advisory Committee was informed that two of the three sessions of the Preparatory Committee (now scheduled to be held in New York and at Geneva) might be held in Rome, in which case FAO might be able to meet some of the related documentation and interpretation costs. While the Advisory Committee hopes that such economies will be possible, it is not recommending a reduction in the estimates on that account.

14. In paragraphs 8, 10, 11 and 12 above, the Advisory Committee recommends reductions totalling \$139,000. The consequential reduction of staff assessment would amount to \$12,000.

15. On this basis, the Advisory Committee recommends that the Fifth Committee inform the General Assembly that, should it adopt the draft resolution recommended by the Second Committee (A/9403, para. 5), additional appropriations would be required under the programme budget for the biennium 1974-1975 in the following amounts:

	\$	\$
<u>Section 6:</u> Policy-making organs (economic and social activities)	565,000	-
Deduct contributions envisaged by FAO	(250,000)	315,000
<u>Section 7:</u> Department of Economic and Social Affairs		10,000
<u>Section 34:</u> Staff assessment		45,000
<u>Income section 1</u>		(45,000)
TOTAL (net)		<u>325,000</u>

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