



## General Assembly

Distr.  
GENERALA/39/592  
23 October 1984

ORIGINAL: ENGLISH

Thirty-ninth session  
Agenda item 112ADMINISTRATIVE AND BUDGETARY CO-ORDINATION OF THE UNITED NATIONS WITH  
THE SPECIALIZED AGENCIES AND THE INTERNATIONAL ATOMIC ENERGY AGENCYReport of the Advisory Committee on Administrative  
and Budgetary Questions

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## I. INTRODUCTION

1. In accordance with its terms of reference, 1/ the Advisory Committee on Administrative and Budgetary Questions met in 1984 with the executive heads (or their senior representatives) of the following organizations whose agreements with the United Nations provide for transmittal of their budgets for review by the General Assembly: the International Labour Organisation (ILO), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the International Civil Aviation Organization (ICAO), the Universal Postal Union (UPU), the World Health Organization (WHO), the International Telecommunication Union (ITU), the World Meteorological Organization (WMO), the International Maritime Organization (IMO), the World Intellectual Property Organization (WIPO), the International Fund for Agricultural Development (IFAD) and the International Atomic Energy Agency (IAEA).
2. The Advisory Committee extends its thanks to the executive heads of the specialized agencies and IAEA for their assistance in connection with the preparation of this report.
3. Section II below contains general observations and tables with comparative data on the agencies and the United Nations. Section III deals with the budgets of individual agencies.
4. In paragraphs 5 and 6 of its report on administrative and budgetary co-ordination to the General Assembly at its thirty-sixth session (A/36/641), the Advisory Committee recommended a system of biennial reporting whereby its detailed reports on the budgets of the specialized agencies and IAEA would be submitted once every two years, beginning in 1982; in odd-numbered years the reports would be confined to the tabular material, supplemented, as need be, with studies of special topics. The General Assembly incorporated that recommendation in paragraph 5 of resolution 36/229 of 18 December 1981. Accordingly, the report for this year (1984) contains detailed information on the budgets of the specialized agencies and IAEA.

## II. GENERAL OBSERVATIONS AND COMPARATIVE TABLES

5. The question of budgeting practices was one of the main topics taken up by the Advisory Committee during its consideration this year of administrative and budgetary co-ordination between the United Nations and the specialized agencies and IAEA. Discussions covered questions such as inflation, exchange rates, categories of budget increase, personnel lapse factors and distributed costs.
6. A brief summary of the information received on the budgeting practices of each agency can be found in the final paragraphs of each submission in section III. As for the United Nations, a description of the methodology it has followed since the preparation of the 1980-1981 programme budget can be found in an addendum to the programme budget for 1980-1981 2/ which was prepared at the request of the General Assembly contained in section I of resolution 33/116 C of 21 December 1978.

7. While many similarities exist in the ways the agencies prepare their budgets there are also, as to be expected, differences in technique and approach which are the result of a variety of factors such as the size of an agency, the frequency with which its legislative body meets, and the nature of its programme.
8. For example, smaller agencies such as ITU do not use the standard cost approach in budgeting for cost increases resulting from the application of the staff regulations and rules since the size of their staff establishments permits them to identify the actual costs for each position.
9. The frequency with which an agency's legislative body meets can affect the way in which its budget is prepared. Thus, while some agencies have annual or biennial budgets, others operate within ceilings approved for four years or longer. WMO, for example, follows a four-year budgetary cycle and its Congress meets in the last year of the financial period to approve the budget for the period to come; similarly, the nineteenth UPU Congress in 1984 will fix the ceiling of budgets for 1986-1990.
10. The nature of an agency's programme can also affect the way its budget is prepared. IFAD, for example, does not assess its Member States for funds, rather, these are derived from income on the Fund's investments. The annual budget of a given year is thus prepared on the basis of the planned level of the work programme for that year which is, in turn, dependent on the actual level of capital resources contributed by members and available for commitment by way of loans and grants. The budgets of WIPO, as another example, reflect the fact that this organization is also an amalgam of separate Unions.
11. On the other hand, there are certain techniques of budget preparation, such as the lapse factor and the apportioned cost concept, the use (or non-use) of which seems unrelated to factors such as those described above.
12. Some areas of budget preparation, such as forecasts of inflation and rates of exchange, in and of themselves present special difficulties. Over the years considerable attention has been paid to the problems of inflation and rates of exchange, both in the context of the impact of inflation and monetary instability (see, for example, General Assembly resolutions 32/212, 36/230 and 37/130), and in the context of discussions of full and semi-full budgeting. 3/ In his report on the impact of inflation on the budgets of the organizations of the United Nations system, submitted to the General Assembly at its thirty-third session (A/C.5/33/47), the Secretary-General stated that:
- "in view of the complexity of forecasting the effects of inflation there are practical limits to the possibility of a completely uniform methodology among the agencies. Each organization must reflect its own particular needs in its budget presentation. This fact also has a bearing on the choice of techniques which it deems most appropriate in ascertaining the factors to be taken into account in calculating its requirements. Nevertheless, it is apparent from a review of the information provided by the agencies to CCAQ that their respective techniques for calculation and presentation of the inflationary impact have one purpose in common, that is, to isolate that factor from the

requirements related to programme changes. It is clear, at the same time, that no such technique or methodology can, in itself, provide any solution to the problem created by the impact of inflation on the costs of the programmes of the organizations of the United Nations system."

13. That being stated, there are circumstances which enable agencies to achieve some degree of co-ordination in the formulation of estimates of inflation and rates of exchange. One example is the process by which these estimates are prepared by the agencies at Geneva. Representatives of the organizations of the United Nations system in Geneva meet informally every two years in the autumn immediately preceding the approval year of the biennial programme budgeting cycle to consider the rates of exchange to be used and the cost increases to be anticipated in preparing the Geneva component of their proposed programme budgets for the forthcoming financial period.

14. Thus, representatives of the Geneva organizations met informally in August 1982 to consider the cost increases that might be expected in 1984-1985 for each major item of expenditure. In doing so, they took account of available official statistics, statements by competent authorities, information gathered from professional associations, and other appropriate sources. Cost trends were considered with respect to post adjustments for the Professional and higher categories in Geneva, salaries of the General Service category in Geneva, travel on official business, contractual printing and binding, communications, other contractual services, fuel oil, other utilities, and supplies and materials. Agreement on estimates of inflation for the above areas was on the understanding that the possibility of using uniform rates of inflation might be affected by the fact that the agencies' budgets are prepared and reviewed at different times. For example, individual organizations might need to depart from the agreed rates to take account of new developments or predictions up to the time when their estimates were finalized, or to propose further adjustments when the estimates came to be considered by their governing bodies.

15. As for exchange rates, through the above-mentioned informal consultations, the Geneva-based organizations have recognized that prevailing market conditions make it impossible to accurately forecast the evolution of the United States dollar/Swiss franc exchange rate, particularly for the length of time extending from the time of preparing proposed budgets up to the end of the financial periods that they covered. The latest actual rate would therefore have to be taken as a basis in drawing up the estimates. Since the governing bodies of the various organizations considered their proposed budgets at different times, and since the dates of their meetings determined the dates at which the proposals had to be finalized, no common cut-off date, and hence no common exchange rate, could be envisaged. The organizations could, however, follow a common method in selecting the rate that each of them would use. It was agreed that a suitable common method would be to take the most recent United Nations operational rate of exchange known at the time when the estimates were finalized. Adjusted estimates could be presented at the time of governing bodies' reviews if this was judged to be appropriate by the executive head of the organization concerned.

16. The Committee believes that co-ordination among the agencies with a view to harmonizing their budgeting practices is of prime importance. The question of harmonization has been discussed extensively over the years. For example, in its annual report for 1974-1975, the Administrative Committee on Co-ordination (ACC) confirmed its intention of giving priority consideration to the question of ensuring greater comparability in the presentation of the budgets of organizations operating on a programme basis 4/. In its annual report for 1975-1976, ACC drew the attention of the Economic and Social Council to a number of agreed measures in respect of the harmonization of programme budget presentation. 5/ In 1977, the Council, in section III of its resolution 2098 (LXIII), inter alia, called for the development of instruments to promote United Nations system-wide harmonization of programme budgets and medium-term planning. Since that time progress has continued to be made, particularly as concerns the adoption of biennial budgeting, the synchronization of budget cycles, and the development of a common budget structure, including comparable prefatory material (i.e. table of contents, list of abbreviations, introduction, explanatory notes and summary tables). ACC has also developed a series of uniform tabular presentations of financial data, which are included in budgets as a distinct group of tables under the heading "United Nations system - Standard budget tables", and the Consultative Committee on Administrative Questions has developed a glossary of financial and budgetary terms.

17. The Advisory Committee believes that, while further effort at standardization and harmonization should be encouraged, it should also be borne in mind that the prime objective in preparing a budget should be to set forth the estimates in a manner which is clear and understandable to the governing body concerned and which is responsive to the special requirements of that body. The Committee also believes that, notwithstanding variations in budgeting practices, a clear and concise explanation of the methodology used in formulating the estimates should be readily available, perhaps in the budget document itself. 6/

#### Comparative tables

18. The present report contains eight tables which provide comparative data on the following:

- A.1. Total amounts of approved regular budgets, including supplementary estimates, for 1976-1985;
- A.2. Total net contributions of Member States actually payable under approved regular budgets, including supplementary estimates, 1976-1985;
- B. Established posts, 1983-1985;
- C. Regular budget contributions to technical co-operation activities, 1983-1985;
- D. Voluntary funds administered by members of the United Nations system of organizations, 1983-1984;
- E. Working Capital funds, 1985;

F. Scales of assessment applicable to 1985;

G. Collection of contributions, 1983-1984.

19. As can be seen from tables A.1 and A.2 7/ the regular budgets (or budget estimates) of the organizations, excluding IFAD, in 1985 will amount to \$1,706,194,865, of which \$1,585,547,518 will be covered by assessed contributions. In addition, depending on decisions by the Security Council and the General Assembly, there will likely be additional assessed contributions for the United Nations in 1985 relating to peace-keeping operations; for the 12-month period through November 1984 the total amount assessed for this purpose was \$174.2 million.

20. As can be seen from table B, the number of established posts authorized or requested under the regular budgets of the specialized agencies (excluding IFAD) and IAEA for 1985 totals 12,937, which is 58 more than the 1984 total of 12,879 (excluding IFAD). The number of established posts authorized or requested under the regular budget of the United Nations for 1985 totals 11,904, unchanged from 1984. Accordingly, a grand total of 24,841 established posts for 1985 has been authorized or requested under the regular budgets of the United Nations, the specialized agencies (excluding IFAD) and IAEA, which represents an increase of 58 or 0.2 per cent, compared to the 1984 total.

21. While established posts still account for much of the agencies' personnel resources, they do not show the full picture. For example, the FAO total excludes that organization's country representatives. Furthermore, the Advisory Committee has noted a trend in several organizations towards greater reliance on short-term staff and consultants. Not all established posts are filled on a year-round basis; in recognition of this situation, several agencies apply a vacancy or turnover deduction to their staff costs. On the other hand, all organizations have available to them additional staffing resources under their regular budgets (e.g. temporary posts, temporary assistance).

22. In addition to these resources, most agencies have a substantial number of staff funded by extrabudgetary sources. An indication of this is provided in the following table which shows the number of regular and extrabudgetary staff appointed under regular contracts for one year or more as well as the total number of participants in the United Nations Joint Staff Pension Fund (UNJSPF) as at 31 December 1983. Because the Fund, in 1983, covered all staff members with contracts of six months or more, the total for the Pension Fund (of which UPU is not a member) is higher than the combined total shown for regular and extrabudgetary staff.

	Number of staff a/			Participants in UNJSPF b/
	Regular budget	Extrabudgetary	Total	
ILO	1 462	1 177	2 639	3 055
FAO	3 211	3 679 c/	6 890 c/	7 258 c/
UNESCO	2 322	1 126	3 448	3 590
ICAO	626	663	1 289	1 244
UPU	137	23	160	d/
WHO	3 045	1 399	4 444	4 558 e/
ITU	620	265	885	917
WMO	242	172	414	436
IMO	197	82	279	311
WIPO	268	9	277	291
IFAD	154	6	160	185
IAEA	1 432	148	1 580	1 492
Subtotal (specialized agencies and IAEA)	13 716	8 749	22 465	23 337
United Nations	11 955 f/	5 884	17 839	20 209 g/
Grand total	25 671	14 633	40 304	43 546 h/

a/ Consultative Committee on Administrative Questions (CCAQ) personnel statistics for 31 December 1983.

b/ Based on Official Records of the General Assembly, Thirty-ninth Session, Supplement No. 9 (A/39/9), annex I. Figures for WHO and the United Nations have been adjusted to make them comparable to "Total staff in posts" column.

c/ Including staff of WFP.

d/ Not a participant in UNJSPF.

e/ Excludes 1,140 participants in UNJSPF of the Pan-American Health Organization (PAHO).

f/ United Nations, UNHCR, international staff of UNRWA, ICSC and ICJ.

g/ In addition to United Nations regular budget staff, this includes international staff of UNU, ITC international and Geneva local staff, as well as UNDP headquarters staff and international professionals in the field.

h/ With the addition of the Pension Fund participants serving in PAHO (1,140), UNICEF (3,069), the local staff in UNDP (3,849), the local staff in UNDOF and UNIFIL (301) and certain other units and non-secretariat participants (527), the total increases to 52,432. This figure corresponds with that reported by the UNJSPF in annex I of its report (Official Records of the General Assembly, Thirty-ninth Session, Supplement No. 9 (A/39/9)).

23. The regular budget contributions to technical co-operation activities are shown in table C. As can be seen from that table, the United Nations, the specialized agencies and IAEA estimate that their regular programmes of technical co-operation in 1985 will amount to a total of \$312,596,000, of which \$216,727,000 will be provided under the regular budget of WHO. The assessed budgets of most of the organizations also contribute towards the support costs of projects executed by them on behalf of funding programmes or under trust fund agreements. In the absence of cost accounting to determine such costs precisely, the actual amounts contributed are not known. The United Nations, the specialized agencies and IAEA estimate, however, as an order of magnitude, that in 1985 their regular budgets will contribute \$56.5 million towards the support costs of projects. On that basis, the organizations estimate that, in 1985, their regular budget expenditures on technical co-operation activities will amount to a total of \$369.1 million, i.e., 21.5 per cent of their combined regular budgets indicated in table A.1. This percentage compares with a figure of 20.9 per cent reported last year (see A/38/515).

24. The voluntary funds administered by members of the United Nations system in 1983 and 1984 are given in table D. It is estimated that in 1984 a total of \$1,097,815,000 in voluntary funds will be administered by the members of the United Nations system of organizations shown in that table. Actual amounts administered for 1983 totalled \$1,056,454,000. In addition, the various voluntary programmes and funds of the United Nations have indicated that they funded through agencies other than those listed above, or administered themselves, an amount of \$2,054 million in 1983, as shown below:

(millions of United States dollars)

UNDP	305.1
UNHCR	397.6
UNICEF	332.0
UNFPA	64.3
UNRWA	203.2
WFP	671.6
UNEP	24.6
International Trade Centre	10.7
United Nations University	19.6
UNITAR	5.1
United Nations Habitat and Human Settlements Foundation	3.4
United Nations Industrial Development Fund	16.8
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	2 054.0
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25. Comprehensive statistical information on the operational activities for development carried out by the United Nations system has been provided by the Secretary-General in his report to the General Assembly at its current session (A/39/417). Information on United Nations system regular and extrabudgetary technical co-operation expenditures in 1983, financed from sources other than UNDP, can be found in a report by the Administrator of UNDP to the Governing Council (DP/1984/66).

26. Table E shows the amounts approved or proposed for the Working Capital funds of the organizations in relation to the gross budgets or budget estimates for 1985 and, where appropriate, to the gross budgets or estimates for the financial periods. As noted previously by the Advisory Committee in paragraph 14 of its report (A/37/547) "the levels of the Working Capital funds and the percentages those amounts bear to the gross budgets may not be directly comparable, mainly because there is no uniformity in the use to which Working Capital funds are put by the individual organizations in accordance with their respective constitutional requirements".

27. For all of the organizations except IMO, the scales of assessment applicable in 1985 are given in table F. The scale shown for IMO is that of 1984.

28. As can be seen from table G, the total of all contributions outstanding regardless of year of account was as follows:

	<u>30 September 1984</u>	<u>30 September 1983</u>
	(thousands of United States dollars)	
United Nations	414 278	367 258
Specialized agencies and IAEA	<u>417 701</u>	<u>445 539</u>
Total	<u>831 979</u>	<u>812 797</u>

The total outstanding as at 30 September 1984 equalled 52.7 per cent of total net contributions of Member States actually payable in respect of 1984 (see table A.2), as compared to a corresponding figure of 54.5 per cent as at 30 September 1983.

Notes

1/ General Assembly resolution 14 (I) of 13 February 1946 provides, inter alia, that one of the functions of the Advisory Committee is "to examine on behalf of the General Assembly the administrative budgets of specialized agencies and proposals for financial arrangements with such agencies".

2/ Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 6 (A/34/6/Add.1).

3/ See, for example, reports of the Secretary-General in A/C.5/33/10, A/C.5/33/12, and reports of the Advisory Committee in Official Records of the General Assembly, Thirty-third Session, Supplement No. 7 (A/33/7/Add.8 and 18).

4/ E/5675 (Part I), paras. 23-29.

5/ E/5803 (Part I), paras. 23-42 and part IV, paras. 112-117.

6/ See, for example, the WHO proposed programme budget for 1984-85 (PB/84-85) and the ILO programme and budget for the biennium 1984-1985.

7/ The amounts of the approved regular budgets shown in these tables may vary from those indicated in previous reports by the Advisory Committee. Such variations are attributable to differences of presentation, including the use of different exchange rates.

Table A.1

Total amounts of approved regular budgets, including supplementary estimates a/

(United States dollars)

Organi- zation	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
UN	336 844 450	336 844 450	458 137 065	458 137 065	569 475 900	569 475 900	632 579 600	632 579 600	681 145 100 b/	681 145 100 b/
ILO	80 398 203	80 398 203	100 534 829	100 534 830	104 962 658	104 962 659	119 252 589	120 179 588	127 359 263	127 359 263
PAO	83 500 000	83 500 000	105 675 000	105 675 000	139 370 000	139 370 000	183 320 000	183 320 000	210 570 000	210 570 000
UNESCO	88 546 000	112 206 500	112 206 500	151 500 000	151 500 000	208 458 000	208 458 000	208 458 000	187 205 000	187 205 000
WHO	138 910 000	147 184 000	171 600 000	182 730 000	213 645 000	213 645 000	234 450 000	234 450 000	260 050 000	260 050 000
ICAO	16 756 438	18 223 111	18 924 400	20 187 400	21 041 400	23 025 000	24 262 000	26 218 000	29 141 000	30 509 000
UPU	5 614 016	6 467 373	8 343 584	10 862 625	10 378 830	10 816 932	9 493 239	9 531 284	10 757 431	10 532 706
ITU	25 566 311	31 032 350	38 174 335	44 363 125	41 978 187	45 615 568	44 634 788	43 777 936	46 702 294	51 139 908
WMO	10 201 210	10 353 900	14 632 859	16 318 950	17 495 000	18 663 800	17 516 800	18 558 700	18 750 000	19 480 000
IMO	5 259 800	5 989 600	6 034 400	6 626 900	9 651 100	14 785 400	11 352 100	12 731 400	12 593 800	13 178 200
WIPO	8 524 590	11 386 175	14 746 243	15 961 272	18 336 257	19 094 152	16 850 000	16 463 532	20 000 688	20 000 688
IPAD	-	-	6 943 380	10 450 000	12 648 000	18 500 000	20 500 000	22 700 000	24 795 000	n.a.
IAPA	37 236 299	46 341 000	53 079 000	66 377 000	80 643 000	88 677 000	86 369 000	91 561 000	96 830 000	95 025 000
Specialized agencies and IAPA	500 422 867	552 992 212	650 894 530	731 587 102	821 649 432	905 613 511	976 458 516	987 949 440	1 044 754 476	1 025 049 765
GRAND TOTAL	837 267 317	889 836 662	1 109 031 595	1 189 724 167	1 391 125 332	1 475 089 411	1 609 038 116	1 620 529 040	1 725 899 576	1 706 194 865

a/ This table shows the amounts of the expenditure estimates actually approved under regular budgets, taking account of any approved supplementary estimates. No adjustments have been made in the figures. Where organizations have an Undistributed Reserve it is excluded from the figures, so that the comparisons relate to effective working budgets. Estimated expenditures for the support of extrabudgetary activities are included where and to the extent that they are integrated in the regular budget. Estimated budgetary reimbursements to accounts drawn upon to finance expenditures under the budget or supplementary authorizations are reported in the period of reimbursement. Figures representing biennial budgets are divided into two equal annual figures. Budgets expressed in Swiss francs are translated into dollars at the United Nations operational rate of exchange at the end of each year, except for the 1984 and 1985 figures, which have been translated at the December 1983 rate. Rates used are as follows (Swiss francs to the dollar): 1976 - 2.44; 1977 - 1.17; 1978 - 1.73; 1979 - 1.60; 1980 - 1.71; 1981 - 1.76; 1982-1983 - 2.13; 1983-1985 - 2.18.

b/ Programme budget (A/38/6/Add.1), net of staff assessment.

n.a. = not available.

Table A.2

Total net contributions of Member States actually payable under approved regular budgets, including supplementary estimates a/

(United States dollars)

Organi- zation	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
UN	320 320 848	338 035 102	402 958 699	476 329 958	512 057 118	571 336 764	604 728 146	588 347 789	649 685 500	651 633 500
ILO	81 168 339	79 738 612	65 311 658	90 496 965	116 617 818	94 426 509	117 136 230	122 572 715	127 359 263	127 359 263
FAO	81 590 000	81 590 000	103 765 000	103 765 000	135 570 000	135 570 000	176 190 000	176 190 000	197 940 000	197 940 000
UNESCO	84 990 000	108 150 000	108 150 000	145 200 000	145 200 000	199 160 000	199 160 000	199 160 000	172 350 000	172 350 000
WHO	133 300 000	142 584 000	159 400 000	179 520 000	211 445 000	211 445 000	219 950 000	219 950 000	230 300 000	230 300 000
ICAO	14 114 815	15 009 180	16 490 000	17 710 000	18 560 000	21 180 000	22 320 000	24 190 000	27 090 000	28 362 000
UPU	5 082 361	5 816 682	7 465 682	9 913 800	9 528 889	10 002 415	8 700 704	8 533 257	8 549 312	9 184 404
ITU	19 207 989	25 324 424	32 492 890	33 693 500	31 889 255	34 761 756	33 585 953	35 916 933	39 182 683	41 083 257
WMO	9 826 400	10 319 400	13 195 546	15 814 450	17 495 000	18 582 800	15 666 300	14 468 700	18 750 000	19 345 000
IMO	5 199 800	5 929 600	5 883 400	6 530 900	9 341 300	14 573 600	10 808 100	11 221 400	10 653 800	11 462 479
WIPO	4 207 377	5 963 133	8 951 445	9 279 191	9 969 006	9 660 234	8 568 075	8 568 075	9 187 615	9 187 615
IABE	34 255 684	37 006 567	47 263 000	61 522 000	74 920 000	81 669 000	77 344 000	81 036 000	88 786 000	87 340 000
Specialized agencies and IABE	472 942 765	517 431 598	568 368 621	673 445 806	780 536 268	831 031 314	889 429 362	901 807 080	930 148 673	933 914 018
GRAND TOTAL	793 263 613	855 466 700	971 327 320	1 149 775 764	1 292 593 386	1 402 368 078	1 494 157 508	1 490 154 869	1 579 843 173	1 585 547 518

a/ This table shows the amounts of assessed contributions actually payable by governments to finance regular budgets and any supplementary estimates. No other financing is reported. Where organizations have an Undistributed Reserve the corresponding amount of contributions is excluded from the figures. The effects of the operation of provisions concerning tax equalization funds are not taken into account. Assessments expressed in Swiss francs are translated into dollars on the same basis as Swiss-franc budget levels (see table A.1, footnote a/).

Table B

Established posts

(Excluding posts financed from agency support costs)

Organization	1983	1984	1985	1985/1983 increase (decrease)		1985/1984 increase (decrease)	
				Number	Per- centage	Number	Per- centage
ILO	1 253	1 253	1 253	-	-	-	-
FAO	2 431 <u>a/</u>	2 402 <u>a/</u>	2 402 <u>a/</u>	(29)	(1.2)	-	-
UNESCO	2 620	2 716.5	2 744.5	124.5	4.8	28	1.0
ICAO	694	694	694	-	-	-	-
UPU	121 <u>b/</u>	124 <u>b/</u>	125 <u>c/</u>	4	3.3	1	0.8
WHO	2 629	2 695	2 695	66	2.5	-	-
ITU <u>d/</u>	641 <u>e/</u>	688 <u>f/</u>	700 <u>g/</u>	59	9.2	12	1.7
WMO	246	245	245	(1)	(0.4)	-	-
IMO	224	227	227	3	1.3	-	-
WIPO	263.5	265.5	265.5	2	0.8	-	-
IFAD	167	181	n.a.	n.a.	n.a.	n.a.	n.a.
IAEA	1 522	1 569	1 586	64	4.2	17	1.1
Subtotal (specialized agencies and IAEA)	12 811.5	13 060	12 937 <u>h/</u>	292.5 <u>i/</u>	2.3 <u>i/</u>	58 <u>j/</u>	0.5 <u>j/</u>
United Nations	11 722	11 904	11 904 <u>k/</u>	182	1.6	-	-
GRAND TOTAL	24 533.5	24 964	24 841 <u>h/</u>	474.5 <u>i/</u>	1.9 <u>i/</u>	58 <u>j/</u>	(0.2) <u>j/</u>

a/ Excluding posts of FAO Representative Offices (641 posts as at December 1983).

b/ Excludes 14 posts reimbursed as support costs by UNDP.

c/ Excludes 13 posts reimbursed as support costs by UNDP.

d/ Not including 105 posts in Technical Co-operation special accounts budget paid for by agency support costs.

e/ Including 76 posts considered as established posts as from 1 January 1983 following the decisions of the Nairobi Plenipotentiary Conference 1982. This figure includes 42-1/2 frozen posts.

f/ Including 47 posts considered as established posts as from 1 January 1983. This figure includes 44 frozen posts.

g/ The administrative Council has decided to make a global cut of 3,653,000 Swiss francs instead of freezing a number of posts.

h/ Excluding IFAD.

i/ Excludes IFAD from both 1985 and 1983.

j/ Excludes IFAD from both 1985 and 1984.

k/ Programme budget (A/38/6/Add.1, annex II).

n.a. = not available.

/...

Table C

Regular budget contributions to technical co-operation activities

(Thousands of United States dollars)

Organization	1983			1984			1985		
	Regular programme	Excess of support costs over reimbursement	Total	Regular programme	Excess of support costs over reimbursement	Total	Regular programme	Excess of support costs over reimbursement	Total
ILO	13 700	9 300	23 000	12 000	9 500	21 500	15 800	10 000	25 800
FAO	22 793	15 700	38 493	30 000	16 000	46 000	39 000	18 000	57 000
UNESCO	5 265	6 840	12 105	5 501	4 137	9 638	7 017	5 383	12 400
ICAO	-	-	-	-	-	-	-	-	-
UPU	532	552	1 084	541	505	1 046	541	531	1 072
WHO	184 818	1 462 a/	186 280	216 727	1 467 a/	218 194	216 727	1 467 a/	218 194
ITU	2 772	- b/	2 772	3 325	- b/	3 325	3 719 c/	- b/	3 719
WMO	2 128	-	2 128	2 263 d/	-	2 263	2 425	-	2 425
IMO	-	520	520	-	660	660	-	660	660
WIPO	1 234	281	1 515	1 326	302	1 628	1 326	302	1 628
IAEA	7 500	180	7 680	8 300	150	8 450	8 800	130	8 930
Subtotal (specialized agencies and IAEA)	240 742	34 835	275 577	279 983	32 721	312 704	295 355	36 473	331 828
United Nations	15 720	24 450	40 170	15 670	20 900	36 570	17 241	20 000	37 241
GRAND TOTAL	256 462	59 285	315 747	295 653	53 621	349 274	312 596	56 473	369 069

a/ Relates to administrative support costs only.

b/ Excess expenditure cannot be met from the ordinary budget.

c/ On the basis of the draft budget analysis.

d/ Including regional advisory services and education and training programmes.

Table D

Voluntary funds administered by members of the  
United Nations system of organizations

(Thousands of United States dollars)

Organi- zation	1983 Actual				1984 Estimates			
	UNDP	Other UN funds	Non- UN funds	Total	UNDP	Other UN funds	Non- UN funds	Total
ILO <u>a/</u>	49 290	9 362	41 199	99 851	42 500	7 900	43 500	93 900
FAO <u>b/</u>	116 473	7 459	113 533	237 465	117 000	6 400	117 700	241 100
UNESCO <u>b/</u>	41 823	12 180	33 539	87 542	43 000	12 500	42 000	97 500
WHO <u>a/</u>	20 934	26 632	109 379	156 945	21 104	16 245	124 583	161 932
ICAO <u>b/</u>	27 633	337	23 619	51 589	29 618	937	21 960	52 515
UPU <u>b/</u>	1 611	-	516	2 127	2 735	-	425	3 160
ITU <u>b/</u>	21 602	1 398	5 156	28 156	23 000	400	5 400	28 800
WMO <u>b/</u>	13 128	1 549	5 434	20 111	15 050	921	4 925	20 896
IMO <u>a/</u>	7 061	447	2 850	10 358	6 100	300	2 650	9 050
WIPO <u>b/</u>	1 374	-	356	1 730	1 750	-	392	2 142
IAEA	3 690	725	27 975	32 390	2 900	901	52 619	56 420
Subtotal (specialized agencies and IAEA)	304 619	60 089	363 556	728 264	304 757	46 504	416 154	767 415
United Nations	214 994	65 646	47 550	328 190	203 400	82 000	45 000	330 400
GRAND TOTAL	519 613	125 735	411 106	1 056 454	508 157	128 504	461 154	1 097 815

a/ Including agency support costs.

b/ Excluding agency support costs.

/...

Table E

Working Capital funds

(Thousands of United States dollars)

Organization	1985 gross budget or budget estimate	Gross budget or estimate for financial period	Working Capital Fund	Percentage of column (3) to column (1)	Percentage of column (3) to column (2)
	(1)	(2)	(3)	(4)	(5)
ILO	127 359	254 719	21 152 <u>a/</u>	16.6	8.3
FAO	236 700	472 140	13 250	5.6	2.8
UNESCO	187 205	374 410	20 000	10.7	5.3
ICAO	36 917	111 219	2 500 <u>b/</u>	6.8	2.2
UPU <u>c/</u>	-	-	-	-	-
WHO	290 870	581 740	11 133	3.8	1.9
ITU <u>c/</u>	-	-	-	-	-
WMO	22 379	89 938	2 500	11.2	2.8
IMO	13 178	25 772	1 000	7.6	3.9
WIPO	20 001	40 001	1 880 <u>d/</u>	9.4	4.7
IAEA	95 025	-	2 000	2.1	-
United Nations <u>e/</u>	793 580	1 587 160	100 000	12.6	6.3

a/ Estimated balance in the Fund on 31 December 1984.

b/ Preliminary, proposed or subject to further review.

c/ Organization has no Working Capital fund.

d/ As at 31 December 1983.

e/ Programme budget (A/38/6/Add.1).

**Table F**  
**Scales of assessment applicable to 1985**  
(Percentage)

Members a/	United Nations	ILO	FAO	UNESCO	ICAO	UPU	WHO	ITU	WMO	IMO b/	WIPO	IAEA
Afghanistan	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	0.04	-	-	0.01
Albania	0.01	-	0.01	0.01	-	0.09	0.01	0.06	0.04	-	-	0.01
Algeria	0.13	0.13	0.16	0.13	0.17	0.47	0.13	0.25	0.10	0.36	0.33	0.01
Angola	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.06	0.07	0.05	-	0.13
Antiqua and Barbuda	0.01	0.01	0.01	0.01	0.06	-	0.01	-	-	-	-	-
Argentina	0.71	0.70	0.86	0.70	0.70	1.88	0.70	0.76	1.18	0.63	0.48	0.71
Australia	1.57	1.56	1.90	1.55	1.64	2.35	1.54	4.59	1.73	0.59	3.27	1.57
Austria	0.75	0.74	0.91	0.74	0.59	0.47	0.74	0.25	0.62	0.12	1.77	0.75
Bahamas	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.13	0.04	0.21	0.16	-
Bahrain	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.13	0.04	0.02	-	-
Bangladesh	0.03	0.03	0.04	0.03	0.06	1.41	0.03	0.03	0.04	0.11	-	0.03
Barbados	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.06	0.04	0.04	0.06	-
Belgium	1.28	1.27	1.55	1.26	1.16	1.41	1.26	1.27	1.26	0.64	3.27	1.28
Belize	0.01	0.01	0.01	0.01	-	0.09	-	0.03	0.04	-	-	-
Benin	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.06	0.04	0.02	0.17	-
Bhutan	0.01	-	0.01	0.01	-	0.09	0.01	-	-	-	-	-
Bolivia	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.06	0.12	-	-	0.01
Botswana	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.13	0.04	-	-	-
Brazil	1.39	1.38	1.68	1.37	1.53	2.35	1.36	0.76	1.35	1.42	2.09	1.39
Bulgaria	0.18	0.18	0.22	0.18	0.14	0.28	0.18	0.25	0.31	0.34	0.48	0.18
Burkina Faso	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	0.04	-	0.15	-
Burma	0.01	0.01	0.01	0.01	0.06	0.28	0.01	0.13	0.10	0.05	-	0.01
Burundi	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	0.04	-	0.10	-
Byelorussian Soviet Socialist Republic	0.36	0.36	-	0.36	-	0.28	0.35	0.13	0.47	-	0.04	0.36
Cameroon	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.13	0.04	0.02	0.28	0.01
Canada	3.08	3.05	3.72	3.04	2.93	4.70	3.02	4.59	2.72	0.97	2.41	3.09
Cape Verde	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	0.04	0.02	-	-
Central African Republic	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	0.04	-	0.16	-
Chad	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	0.04	-	0.16	-
Chile	0.07	0.07	0.08	0.07	0.15	0.47	0.07	0.25	0.29	0.16	0.18	0.07
China	0.88	0.87	1.06	0.87	0.56	4.70	0.86	2.55	3.09	2.00	0.11	-

Table F (continued)

Members a/	United Nations	ILO	FAO	UNESCO	ICAO	UPU	WHO	ITU	WMO	IMO b/	WIPO	IAEA
Colombia	0.11	0.11	0.13	0.11	0.21	0.28	0.11	0.25	0.26	0.13	0.04	0.11
Comoros	0.01	0.01	0.01	0.01	-	0.09	0.01	0.03	0.04	-	-	-
Congo	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.13	0.04	0.02	0.16	-
Cook Islands	-	-	-	-	-	-	0.01	-	-	-	-	-
Costa Rica	0.02	0.02	0.02	0.02	0.06	0.09	0.02	0.06	0.08	0.02	0.06	0.02
Cuba	0.09	0.09	0.11	0.09	0.10	0.28	0.09	0.13	0.22	0.27	0.30	0.09
Cyprus	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.06	0.04	0.78	0.36	0.01
Czechoslovakia	0.76	0.75	0.92	0.75	0.56	0.94	0.75	0.51	0.90	0.13	2.22	0.76
Democratic Kampuchea	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.13	0.04	0.02	-	0.01
Democratic People's Republic of Korea	-	-	0.06	0.05	0.06	0.47	0.05	0.06	0.08	-	0.10	0.05
Democratic Yemen	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	0.04	0.02	-	-
Denmark	0.75	0.74	0.91	0.74	0.65	0.94	0.74	1.27	0.72	1.21	2.22	0.75
Djibouti	0.01	0.01	0.01	-	0.06	0.09	0.01	0.03	0.04	0.02	-	-
Dominica	0.01	0.01	0.01	0.01	-	0.09	0.01	-	0.04	0.02	-	-
Dominican Republic	0.03	0.03	0.04	0.03	0.06	0.28	0.03	0.13	0.08	0.02	0.30	0.03
Ecuador	0.02	0.02	0.02	0.02	0.06	0.28	0.02	0.13	0.08	0.11	-	0.02
Egypt	0.07	0.07	0.08	0.07	0.16	1.41	0.07	0.25	0.35	0.20	0.51	0.07
El Salvador	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.06	0.04	0.02	0.04	0.01
Equatorial Guinea	0.01	0.01	0.01	0.01	0.06	0.28	0.01	0.03	-	0.02	-	-
Ethiopia	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	0.04	0.02	-	0.01
Fiji	0.01	0.01	0.01	-	0.06	0.09	0.01	0.06	0.04	0.02	0.06	-
Finland	0.48	0.48	0.58	0.47	0.42	0.94	0.47	1.27	0.52	0.61	2.22	0.48
France	6.51	6.46	7.86	6.43	5.97	4.70	6.39	7.65	5.08	2.54	5.54	6.52
French Overseas Territories	-	-	-	-	-	-	-	-	0.04 c/	-	-	-
Gabon	0.02	0.02	0.02	0.02	0.06	0.09	0.02	0.13	0.04	0.04	0.16	0.02
Gambia	0.01	-	0.01	0.01	0.06	0.09	0.01	0.03	0.04	0.02	0.04	-
German Democratic Republic	1.39	1.38	-	1.37	-	1.41	1.36	0.76	1.38	0.45	2.73	1.39
Germany, Federal Republic of	8.54	8.47	10.31	8.44	7.08	4.70	8.39	7.65	5.81	1.88	5.45	8.55
Ghana	0.02	0.02	0.02	0.02	0.06	0.28	0.02	0.06	0.10	0.08	0.10	0.02
Greece	0.40	0.40	0.48	0.39	0.47	0.28	0.39	0.25	0.31	8.33	0.68	0.40
Grenada	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	-	-	-	-

Table F (continued)

Members a/	United Nations	ILO	FAO	UNESCO	ICAO	UPU	WHO	ITU	WMO	IMO b/	WIPO	IAEA
Guatemala	0.02	0.02	0.02	0.02	0.06	0.28	0.02	0.06	0.08	0.02	0.04	0.02
Guinea	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	0.04	0.02	0.16	-
Guinea-Bissau	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	0.04	0.02	-	-
Guyana	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.06	0.04	0.02	-	-
Haiti	0.01	0.01	0.01	0.01	0.06	0.28	0.01	0.03	0.04	0.02	0.10	0.01
Holy See	-	-	-	-	-	-	-	-	-	-	0.16	0.01
Honduras	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.06	0.04	0.07	0.04	-
Hong Kong	-	-	-	-	-	-	-	-	0.04	0.49	-	-
Hungary	0.23	0.23	0.28	0.23	0.16	0.94	0.22	0.25	0.46	0.07	0.75	0.23
Iceland	0.03	0.03	0.04	0.03	0.06	0.09	0.03	0.06	0.08	0.06	0.48	0.03
India	0.36	0.36	0.43	0.36	0.52	2.35	0.35	2.55	1.46	1.46	0.59	0.36
Indonesia	0.13	0.13	0.16	0.13	0.31	0.94	0.13	0.25	0.51	0.48	0.30	0.13
Iran (Islamic Republic of)	0.58	0.57	0.70	0.57	0.45	0.47	0.57	0.25	0.45	0.48	0.30	0.58
Iraq	0.12	0.12	0.15	0.12	0.19	0.47	0.12	0.06	0.09	0.40	0.30	0.12
Ireland	0.18	0.18	0.22	0.18	0.19	0.94	0.18	0.51	0.25	0.10	2.22	0.18
Israel	0.23	0.23	0.28	0.23	0.33	0.28	0.22	0.25	0.26	0.21	0.65	0.23
Italy	3.74	3.71	4.52	3.69	3.21	2.35	3.67	2.55	2.59	2.42	3.33	3.75
Ivory Coast	0.03	0.03	0.04	0.03	0.06	0.28	0.03	0.25	0.08	0.06	0.28	0.03
Jamaica	0.02	0.02	0.02	0.02	0.06	0.09	0.02	0.06	0.08	0.02	0.04	0.02
Japan	10.32	10.23	12.46	10.19	9.03	4.70	10.14	7.65	4.45	9.67	4.93	10.33
Jordan	0.01	0.01	0.01	0.01	0.12	0.09	0.01	0.13	0.04	0.02	0.01	0.01
Kenya	0.01	0.01	0.01	0.01	0.06	0.28	0.01	0.06	0.04	0.02	0.03	0.01
Kiribati	-	-	-	-	0.06	-	0.01	-	-	-	-	-
Kuwait	0.25	0.25	0.30	0.25	0.33	0.94	0.24	0.25	0.17	0.61	-	0.25
Lao People's Democratic Republic	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.13	0.04	-	-	-
Lebanon	0.02	0.02	0.02	0.02	0.17	0.09	0.02	0.06	0.08	0.13	0.51	0.02
Lesotho	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	0.04	-	-	-
Liberia	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.06	0.04	14.88	-	0.01
Libyan Arab Jamahiriya	0.26	0.26	0.31	0.26	0.23	0.47	0.25	0.38	0.14	0.29	0.48	0.26
Liechtenstein	-	-	-	-	-	0.09	-	0.13	-	-	0.17	0.01
Luxembourg	0.06	0.06	0.07	0.06	0.06	0.28	0.06	0.13	0.09	-	0.22	0.06
Madagascar	0.01	0.01	0.01	0.01	0.06	0.28	0.01	0.06	0.04	0.04	0.28	0.01
Malawi	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	0.04	-	0.10	-
Malaysia	0.09	0.09	0.11	0.09	0.18	0.28	0.09	0.76	0.30	0.38	-	0.09
Maldives	0.01	-	0.01	0.01	0.06	0.09	0.01	0.03	0.04	0.07	-	-

Table F (continued)

Members a/	United Nations	ILO	FAO	UNESCO	ICAO	UPU	WHO	ITU	WMO	IMO b/	WIPO	IAEA
Mali	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	0.04	-	0.16	0.1
Malta	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.06	0.04	0.22	0.16	-
Mauritania	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.06	0.04	0.02	0.15	-
Mauritius	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.06	0.04	0.02	0.10	0.01
Mexico	0.88	0.87	1.06	0.87	0.94	1.41	0.86	0.25	0.86	0.41	1.61	0.88
Monaco	-	-	-	0.01	0.06	0.09	0.01	0.06	-	-	0.22	0.01
Mongolia	0.01	0.01	0.01	0.01	-	0.09	0.01	0.06	0.04	-	0.04	0.01
Morocco	0.05	0.05	0.06	0.05	0.10	0.47	0.05	0.25	0.15	0.11	0.51	0.05
Mozambique	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.06	0.07	0.02	-	-
Namibia	-	0.01	0.01	-	-	-	0.01	-	-	-	-	-
Nauru	-	-	-	-	0.06	0.09	-	0.03	-	-	-	-
Nepal	0.01	0.01	0.01	0.01	0.06	0.28	0.01	0.03	0.04	0.02	-	-
Netherlands	1.78	1.76	2.15	1.76	1.93	1.41	1.75	2.55	1.28	1.23	3.33	1.78
Netherlands Antilles	-	-	-	-	-	0.09	-	-	0.04	-	-	-
New Caledonia	-	-	-	-	-	-	-	-	0.04	-	-	-
New Zealand	0.26	0.26	0.31	0.26	0.35	1.88	0.25	0.51	0.48	0.15	0.80	0.26
Nicaragua	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.13	0.04	0.02	-	0.01
Niger	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	0.04	-	0.16	0.01
Nigeria	0.19	0.19	0.23	0.19	0.23	0.94	0.19	0.51	0.25	0.16	0.30	0.19
Norway	0.51	0.50	0.62	0.50	0.48	0.94	0.50	1.27	0.61	4.32	2.22	0.51
Oman	0.01	-	0.01	0.01	0.06	0.09	0.01	0.13	0.04	0.02	-	-
Pakistan	0.06	0.06	0.07	0.06	0.26	1.41	0.06	0.51	0.18	0.18	0.18	0.06
Panama	0.02	0.02	0.02	0.02	0.06	0.09	0.02	0.13	0.08	7.65	0.04	0.02
Papua New Guinea	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.13	0.04	0.02	-	-
Paraguay	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.13	0.04	-	-	0.01
Peru	0.07	0.07	0.08	0.07	0.11	0.28	0.07	0.06	0.26	0.23	0.04	0.07
Philippines	0.09	0.09	0.11	0.09	0.28	0.09	0.09	0.25	0.33	0.71	0.48	0.09
Poland	0.72	0.71	0.87	0.71	0.49	0.94	0.71	0.51	1.16	0.90	0.68	0.72
Portugal	0.18	0.18	0.22	0.18	0.25	0.47	0.18	0.25	0.25	0.35	1.89	0.18
Qatar	0.03	0.03	0.04	0.03	0.06	0.47	0.03	0.13	0.08	0.09	0.11	0.03
Republic of Korea	-	-	0.22	0.18	0.59	0.94	0.18	0.25	0.18	1.46	0.30	0.18
Romania	0.19	0.19	0.23	0.19	0.19	0.47	0.19	0.25	0.36	0.58	0.68	0.19
Rwanda	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	0.04	-	-	-
Saint Christopher and Nevis	-	-	0.01	-	-	-	-	-	-	-	-	-
Saint Lucia	0.01	0.01	0.01	0.01	0.06	0.09	0.01	-	0.04	0.02	-	-

/...

Table F (continued)

Members a/	United Nations	ILO	FAO	UNESCO	ICAO	UPU	WHO	ITU	WHO	IMO b/	WIPO	IARA
Saint Vincent and the Grenadines	0.01	-	0.01	0.01	-	0.09	0.01	0.03	-	0.04	-	-
Samoa	0.01	-	0.01	-	-	-	0.01	-	-	-	-	-
San Marino	-	0.01	-	0.01	-	0.09	0.01	0.06	-	-	0.30	-
Sao Tome and Principe	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	0.04	-	-	-
Saudi Arabia	0.86	0.85	1.04	0.85	0.64	2.35	0.84	2.55	0.34	1.25	0.37	0.86
Senegal	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.25	0.04	0.02	0.28	0.01
Seychelles	0.01	0.01	0.01	0.01	0.06	0.09	0.01	-	0.04	0.02	-	-
Sierra Leone	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	0.04	0.02	-	0.01
Singapore	0.09	0.09	-	0.09	0.59	0.09	0.09	0.25	0.09	1.60	-	0.09
Solomon Islands	0.01	-	-	-	-	-	0.01	-	-	-	-	-
Somalia	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	0.04	0.02	0.04	-
South Africa	0.41	-	-	-	0.56	0.09	0.40	0.25	0.71	-	1.61	0.41
Spain	1.93	1.91	2.33	1.91	1.92	2.35	1.90	0.76	1.41	1.79	2.81	1.93
Sri Lanka	0.01	0.01	0.01	0.01	0.06	0.47	0.01	0.13	0.12	0.11	0.16	0.01
Sudan	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	0.09	0.05	0.04	0.01
Suriname	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.06	0.04	0.02	0.22	-
Swaziland	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.06	0.04	-	-	-
Sweden	1.32	1.31	1.59	1.30	1.12	1.41	1.30	2.55	1.37	0.90	3.33	1.32
Switzerland	-	1.09	1.33	1.09	1.20	1.41	1.08	2.55	1.15	0.21	3.33	1.10
Syrian Arab Republic	0.03	0.03	0.04	0.03	0.07	0.09	0.03	0.13	0.14	0.02	0.30	0.03
Thailand	0.08	0.08	0.10	0.08	0.30	0.28	0.08	0.38	0.26	0.18	0.06	0.08
Togo	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.06	0.04	0.04	0.16	-
Tonga	-	-	0.01	0.01	-	0.09	0.01	0.03	-	-	-	-
Trinidad and Tobago	0.03	0.03	0.04	0.03	0.08	0.09	0.03	0.25	0.08	0.02	0.30	-
Tunisia	0.03	0.03	0.04	0.03	0.06	0.47	0.03	0.25	0.08	0.08	0.51	0.03
Turkey	0.32	0.32	0.39	0.31	0.28	0.47	0.31	0.25	0.48	0.65	0.48	0.32
Tuvalu	-	-	-	-	-	0.09	-	-	-	-	-	-
Uganda	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	0.04	-	0.10	0.01
Ukrainian Soviet Socialist Republic	1.32	1.31	-	1.30	-	0.94	1.30	0.25	1.54	-	0.04	1.32
Union of Soviet Socialist Republics	10.54	10.45	-	10.41	9.70	2.35	10.35	7.65	10.31	6.11	4.07	10.55

Table F (Continued)

Members a/	United Nations	ILO	FAO	UNESCO	ICAO	UPU	WHO	ITU	WMO	IMO b/	WIPO	IAEA
United Arab Emirates	0.16	0.16	0.19	0.16	0.18	0.09	0.16	0.25	-	0.12	0.11	0.16
United Kingdom of Great Britain and Northern Ireland	4.67	4.63	5.64	4.61	5.13	4.70	4.59	7.65	5.42	4.43	5.45	4.68
United Kingdom Overseas Territories	-	-	-	-	-	0.47	-	-	0.04 d/	-	-	-
United Republic of Tanzania	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.03	0.04	0.04	0.10	0.01
United States of America	25.00	25.00	25.00	25.00	25.00	4.70	25.00	7.65	24.45	4.96	3.98	25.00
Uruguay	0.04	0.04	0.05	0.04	0.06	0.28	0.04	0.13	0.23	0.07	0.16	0.04
Vatican	-	-	-	-	-	-	-	0.06	-	-	-	-
Vanuatu	0.01	-	0.01	-	0.06	0.09	0.01	-	0.04	-	-	-
Venezuela	0.55	0.54	0.66	0.54	0.62	0.28	0.54	0.51	0.54	0.30	0.30	0.55
Viet Nam	0.02	0.02	0.02	0.02	0.06	0.09	0.02	0.13	0.08	-	0.10	0.02
Yemen	0.01	0.01	0.01	0.01	0.06	0.09	0.01	0.06	0.04	0.02	0.04	-
Yugoslavia	0.46	0.46	0.56	0.45	0.46	0.47	0.45	0.25	0.52	0.65	0.52	0.46
Zaire	0.01	0.01	0.01	0.01	0.06	0.28	0.01	0.13	0.10	0.05	0.48	0.01
Zambia	0.01	0.01	0.01	0.01	0.06	0.28	0.01	0.06	0.07	-	0.10	0.01
Zimbabwe	0.02	0.02	0.02	0.02	0.06	0.28	0.02	0.13	0.04	-	0.16	-

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

b/ Assessments for 1984.

c/ French Polynesia.

d/ British Caribbean Territories.

Table G  
Collection of contributions, 1983-1984

Organization	Percentage of current year's contributions collected at		Total of all contributions outstanding at 30 September (regardless of year of account) (in thousands of United States dollars)		1983	1984
	30 June	30 September	1983	1984		
ILO	36.73	42.09	53.89	56.47	66 185	68 078
FAO	48.08	51.90	55.33	60.66	89 932	94 155
UNESCO	36.96	61.50	55.60	66.57	100 227	73 450
ICAO	54.23	54.52	67.72	60.13	9 157	12 471
UPU	90.27	89.22	93.85	90.16	1 851	1 981
WHO	46.05	47.92	50.83	58.09	117 029	107 958
ITU	91.23	92.93	91.27	94.04	8 804	9 029
WMO	59.08	56.81	63.98	61.39	6 897	9 256
IMO	61.94	60.15	69.90	63.52	4 350	4 338
WIPO	57.59	67.02	73.93	74.36	4 894	5 166
IAEA	42.97	64.43	57.20	67.08	36 213	31 819
United Nations	41.97	42.59	50.32	47.72	367 258	414 278

### III. COMMENTS ON THE BUDGETS OF THE SPECIALIZED AGENCIES AND THE INTERNATIONAL ATOMIC ENERGY AGENCY

#### A. International Labour Organisation

		\$
Effective Working Budget (Parts I to IV)	1984-85	254 718 526
	1982-83	<u>239 432 177</u>
	Increase	15 286 349
		6.38 per cent

29. The Advisory Committee discussed the programme and budget of ILO with representatives of the Director-General of that organization.

#### 1. Appropriations for 1982-1983

30. The total programme and budget for 1982-1983 approved by the Conference amounted to \$242,407,945, consisting of an effective working budget of \$239,432,177 and an undistributed reserve of \$2,975,768. The Governing Body also authorized supplementary expenditure for the biennium in a total amount of \$3,333,620 of which \$275,000 was charged against Part II (Unforeseen expenditure). Additional spending authority for a number of unforeseen items totalling \$1,819,235 was further approved by the Governing Body, the expenditure on such items to be financed from savings in Part I (Ordinary budget) of the budget.

31. Actual expenditure in 1982-1983 totalled \$228,351,322, which is \$14,139,475 less than the combined total of the effective working budget and the supplementary expenditure authorized by the Governing Body. Of the total savings, \$722,214 related to Part I (Ordinary budget) and \$13,417,261 to Part IV (Effects of exchange rate adjustments).

32. Budgetary income during the biennium totalled \$231,466,503, including \$25,810,066 arrears of contributions collected. Total budgetary income thus fell short of the total 1982-1983 assessments on Member States (excluding contributions assessed in respect of the Undistributed Reserve) by just under \$8 million. This income shortfall counterbalanced to a substantial extent the net savings of some \$11 million 1/ realized under the effective working budget. The bulk of the savings result from the relative strength of the United States dollar during the biennium. In this connection it may be recalled that the programme and budget for 1982-1983 was adopted in June 1981 on the assumption of an average exchange rate of 1.85 Swiss francs to the dollar, whereas the market rate averaged 2.05 Swiss francs to the dollar for the biennium. The full savings on budgetary exchange gains are credited to a separate part (Part IV) of the budget and are thus passed on to Member States in the form of a reduction in total budgetary expenditure.

33. The financial period ended with an excess of income over expenditure amounting to \$3,115,181, which will be refunded to Member States in conformity with article 18 of the Financial Regulations. Had there been no shortfall in assessed contributions, the refund to Member States would have amounted to \$11,184,707.

34. There was an excess of expenditure over income on 31 December 1982 of \$6,045,226. This was financed by withdrawal from the Working Capital Fund under article 19.1 (a) of the Financial Regulations. This withdrawal was reimbursed to the Fund from receipts of arrears of contributions in 1983, under a waiver of the provisions of article 21.2 of the Financial Regulations in respect of the calendar year 1982, decided on as an exceptional measure by the International Labour Conference at its sixty-ninth (1983) session.

## 2. Appropriations for 1984-1985

35. The ILO's programme and budget for 1984-1985 as approved by the ILO Conference in June 1983 amounts to \$254,744,000. As a result of China's participation in the work of the organization from June 1983, the amount of the budget allocated to Undistributed Reserve has been reduced from \$3.9 million in 1982-1983 to \$25,474. The effective working budget for 1984-1985 is therefore only a little below the total figure. The 1984-1985 Budget contains, moreover, a provision for Unforeseen Expenditure of \$1,500,000 as compared with the amount of \$275,000 allocated for this purpose in 1982-1983, an amount that proved inadequate to meet the supplementary expenditure authorized in the course of the biennium by the Governing Body. The 1984-1985 budget is as shown in the table below:

	<u>\$</u>
Part I. Ordinary budget	253 218 526
Part II. Unforeseen expenditure	1 500 000
Part III. Working Capital Fund	-
Part IV. Effects of exchange rate adjustments	-
EFFECTIVE WORKING BUDGET	254 718 526
Part V. Undistributed Reserve	<u>25 474</u>
Total	<u>254 744 000</u>

The participation of China entailed the introduction for the first time of Chinese language services. The Committee was informed that, disregarding this item, the effective working budget for 1984-1985 represents a 1.9 per cent increase in real terms over that of 1982-1983. Moreover, the Committee was told that notwithstanding the objective in the ILO medium-term plan 1982-1987 of restoring the ILO programmes to the level approved by the Conference for 1978-1979, before

the cuts carried out in that biennium and continued in the 1980-1981 programme and budget, the programme for 1984-1985 remains in real terms more than 10 per cent below that originally approved for 1978-1979. The 1984-1985 programme shows an increase in the allocations for regular budget technical co-operation, for the ILO programmes for promotion of equality and sectoral activities, as well as for field programmes in the various regions (partly to ensure the viability of ongoing ILO regional projects - principally for employment, training and labour administration - previously funded mainly by UNDP). Growth in these areas has been largely balanced by reductions in other areas including social security, editorial and document services, industrial relations and labour administration and in the provisions for the International Labour Conference and other meetings.

36. The principal changes and rearrangements in the structure of ILO programmes are the creation of a new major programme, Promotion of Equality, and the transfer of Workers' Education to Workers' Activities. Both Workers' and Employers' Activities have become major programmes. In addition, the programmes for Labour Administration and Labour Law and Labour Relations have been regrouped in a major programme entitled Industrial Relations and Labour Administration.

### 3. Working Capital Fund

37. The nominal level of the Working Capital Fund rose during 1982-1983 from \$18.5 million to \$21.2 million. The cash level of the Fund on 31 December 1983 amounted to \$21,151,083, or approximately two months' expenditure requirements under the 1984-1985 programme and budget. In the expectation that the rate of receipt of contributions from Member States will be no worse than the pattern of recent years and that exchange rates for the biennium will not drop below the budget rate of exchange, it should be possible to avoid recourse to outside borrowing. 2/

### 4. Management improvement programme

38. The Committee was informed that the economy measures introduced in previous bienniums to effect savings in the cost of administering the ILO headquarters building and the various essential services provided have left little scope for further economies in this area. Effort has been mainly concentrated on ensuring maximum utilization of the new labour-saving word-processing techniques, and on extending computerization to the few remaining areas, such as stock control, where the computer is not yet fully used.

39. In recognition of the need to keep abreast of changing office methods and to make timely management decisions in this regard, close examination is currently being given to the entire question of communications networks within the Office with a view to determining when and to what extent the traditional hard-copy communication system within the organization could be satisfactorily replaced by the use of new high technology equipment.

## 5. Technical co-operation

40. Regular budget technical co-operation funds for 1984-1985 are \$18,559,200, compared with \$14,069,000 in 1982-1983. This represents an increase of nearly \$2 million in real terms and is designed to respond to the ever-increasing demands for operational activities by the tripartite constituents of Member States.

41. However, the increase will not compensate for the substantial decline in funds available to the ILO for technical co-operation from extrabudgetary resources, particularly from UNDP. Expenditure on UNDP-funded projects in 1982-1983 was \$107.5 million (including programme support costs), a decrease of almost 15 per cent compared with 1980-1981 expenditure of \$125.9 million. Expenditure under this source of funds is expected to decline further in 1984-1985. Expenditure under trust funds projects (including multi-bilateral programmes, associate expert schemes, and UNFPA) fell in 1983 compared with 1982 after rising steadily for a number of years. Expenditure under trust fund projects in 1984 and 1985 is expected to stabilize at the 1983 level of \$46.3 million.

## 6. Budgeting practices

42. Inflation is dealt with under the heading of "cost increases", comprising (a) increases due to inflation and (b) statutory increases as a result of decisions of such bodies as the International Civil Service Commission (ICSC). On the basis of estimates of likely inflation trends and in line with guidance given by the ILO Governing Body, ILO seeks to budget fully for inflation and other cost increases.

43. In accordance with established practice, endorsed by CCAQ, consultations on inflation are held among the Geneva-based agencies. Account is taken of official statistics, statements of competent authorities, the views of economists and relevant current and past trends. In making estimates of cost increases for headquarters expenditure, ILO follows the projections and estimates agreed at the inter-agency consultations. Where new data subsequently becomes available prior to the finalizing of the ILO programme and budget ILO may depart from the inter-agency findings. For expenditure outside Geneva, ILO makes its own estimates. In this connection the Advisory Committee was informed of ILO's view that United Nations agencies should not take over and use without modification local CPI-type inflation statistics since the United Nations expenditure pattern varies considerably from the statistical consumer basket of a typical local family of four middle-income people.

44. The rate of exchange between the Swiss franc and the US dollar, as used in the Director-General's programme and budget proposals, is normally set by taking account of the current United Nations operational rate of exchange and the current market rate of exchange prevailing when the programme and budget proposals are finalized in December of even years. Account is also taken of actual trends during the past year or so and of professional and institutional forecasts. In the following odd years, the Governing Body is informed of further developments in the rate of exchange at its February and May sessions.

45. There is normally no prior budgetary provision for losses relating to expenditure in Swiss francs where the United Nations exchange rate falls below the budget exchange rate. If losses occur, they are charged to Part IV of the budget (Effects of exchange rate adjustments). As soon as it is clear that for a biennium as a whole the losses will outweigh any gains (which are also credited to this part of the budget), the Governing Body is asked to authorize the corresponding supplementary expenditure.

46. As stated above, savings on the budget exchange rate are credited to Part IV of the budget (Effects of exchange rate adjustments). Under the ILO's Financial Regulations no transfers can be made between Parts of the budget. Net savings credited to Part IV reduce, however, total budgetary expenditure. Under the ILO's Financial Regulations (art. 18), any excess of budgetary income over budgetary expenditure for the biennium as a whole is credited to Member States that have paid their contributions for the biennium by reducing their assessed contributions for the second year of the succeeding financial period. By reducing budgetary expenditure, exchange rate gains can therefore be an important contributory factor towards achieving a cash surplus and thus reducing future assessed contributions of Member States.

47. Mandatory cost increases, as defined by ILO, are for the most part those determined by ICSC. There are also statutory cost increases, such as annual salary increments, which fall into this category.

48. According to ILO, programme growth can be defined as increase in the volume of activities under a given programme compared with the preceding biennium at constant cost levels.

49. In line with the policy of the ILO Governing Body, the Office endeavours to budget fully on the grounds that conscious or wilful underbudgeting for cost increases would amount to building into the budget haphazard programme reductions at a later point in the biennium. A fully-costed programme is, therefore, submitted to the Governing Body and to the General Conference for approval. However, the Committee was informed that every effort is made to compensate rising costs by increases in productivity and efficiency; the benefits obtained are used to strengthen the ILO's programmes of activity. Exceptionally, in 1984-1985, it was decided to endeavour to absorb an amount of \$900,000 of the estimated cost increases. That decision is reflected as a one line entry in the programme and budget. References to productivity increases can be found throughout the budget narrative, notably in the chapters dealing with the administrative support programmes.

50. ILO budgets for work years and months rather than posts. Individual programme managers are responsible for achieving the effective utilization of the work-years allocated to them in fulfilling approved work plans and objectives. For historical reasons only, a global lapse factor of 0.5 per cent is budgeted which is of an arbitrary nature and difficult to achieve. In the interest of effective programme delivery, programme managers are authorized to fill vacancies immediately with temporary short-term staff until a definite replacement is in post. The actual vacancy rate is therefore minimal.

51. ILO does not distribute the cost of office space or other administrative expenditure among its programmes.

Notes

1/ This figure represents the underspending of authorized expenditure levels by \$14.1 million less \$3.1 million expenditure against supplementary credits.

2/ An example of previous borrowing was reported by the Advisory Committee in document A/37/547, para. 21.

B. Food and Agriculture Organization of the United Nations

	\$
Total effective working budget for 1984-1985	421 140 000 <u>a/</u>
Total effective working budget for 1982-1983	366 640 000 <u>b/</u>
Increase	54 500 000
	14.86 per cent

a/ at Lire 1,615 = \$US 1.

b/ at Lire 1,190 = \$US 1.

52. The Advisory Committee discussed the programme and budget of FAO with representatives of the Director-General of that organization.

53. At its twenty-second session in November 1983, the FAO Conference approved the budget for 1984-1985 in the amount of \$421,140,000. In the following table, the 1984-1985 regular programme budget is compared with the approved budget for 1982-1983.

	1984-85 approved budget	1982-83 approved budget	Increase 1984-85 over 1982-83 (\$'000)	Percentage increase
1. General policy and direction	32 222	28 632	3 590	12.5
2. Technical and economic programmes	188 576	163 551	25 025	15.3
3. Development support programmes	71 641	60 261	11 380	18.9
4. Technical co-operation programme	57 470	47 387	10 083	21.2
5. Support services	54 736	51 724	3 012	5.8
6. Common services	15 895	14 485	1 410	9.7
7. Contingencies	600	600	-	-
Total effective working budget	421 140	366 640	54 500	14.86

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54. The breakdown of the increase in the approved budget for 1984-1985 over the approved budget for 1982-1983 in terms of cost and programme increases is as follows:

(1) 1982-1983 approved budget <u>a/</u>	\$366 640 000
(2) Cost increase <u>b/</u>	<u>51 944 000</u>
(3) Programme increase <u>a/</u>	418 584 000
(4) Cost increase on (3) <u>b/</u>	<u>2 223 000</u>
	<u>333 000</u>
(5) 1984-1985 approved budget <u>c/</u>	\$421 140 000

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a/ at Lire 1,190 = \$US 1.

b/ After deduction of currency adjustment of \$30,487,000 covering revaluation to Lire 1,615 = \$US 1.

c/ At Lire 1,615 = \$US 1.

55. The programme changes in the approved budget, excluding cost increases, are evident from the following table:

	1984-85 approved budget a/ (thousands of US dollars)	1982-83 approved budget	Programme change (decrease)	Percentage increase (decrease)
1. General policy and direction				
1.1 Governing Bodies	10 938	11 165	(227)	(2.0)
1.2 Policy, direction and planning	7 394	7 195	199	2.8
1.3 Legal	3 135	3 135	-	-
1.4 Liaison	6 773	7 137	(364)	(5.1)
Total, chapter 1	28 240	28 632	(392)	(1.4)
2. <u>Technical and economic programmes</u>				
2.1 Agriculture	131 877	127 450	4 427	3.5
2.2 Fisheries	21 968	21 543	425	2.0
2.3 Forestry	14 830	14 558	272	1.9
Total, chapter 2	168 675	163 551	5 124	3.1
3. <u>Development support programmes</u>				
3.1 Field programme planning and Liaison	4 387	4 484	(97)	(2.2)
3.2 Investment	18 766	18 482	284	1.5
3.3 Special programmes	1 601	2 173	(572)	(26.3)
3.4 FAO Representatives	34 411	34 411	-	-
3.9 Programme management	559	711	(152)	(21.4)
Total, chapter 3	59 724	60 261	(537)	(8.9)
4. <u>Technical co-operation programme</u>	49 756	47 387	2 369	5.0

Table (continued)

	1984-85 approved budget a/ (thousands of US dollars)	1982-83 approved budget	Programme change (decrease)	Percentage increase (decrease)
5. <u>Support services</u>				
5.1 Information and documentation	15 729	17 065	(1 336)	(7.8)
5.2 Administration	31 408	33 203	(1 795)	(5.4)
5.9 Programme management	1 456	1 456	-	-
Total, chapter 5	48 593	51 724	(3 131)	(6.1)
6. <u>Common services</u>	13 275	14 485	(1 210)	(8.4)
7. <u>Contingencies</u>	600	600	-	-
GRAND TOTAL	368 863	366 640	2 223	0.61

a/ At 1982-1983 prices.

56. The approved establishment of FAO for 1984-1985 remains as previously reported in table B in document A/38/515, namely, 2,402 posts (952 Professional and above and 1,450 General Service) as against 2,431 posts for 1982-83 (955 Professional and higher levels and 1,476 General Service).

57. Miscellaneous income in 1984-1985 is estimated at \$26,560,000, of which \$22,400,000 is expected to accrue from interest on bank accounts and deposits.

#### 1. Extrabudgetary resources

58. It is estimated that expenditure from extrabudgetary resources in 1984-85 will total \$653 million, i.e. one-and-a-half times the amount of the regular budget.

59. UNDP will continue to be the major single source of extrabudgetary funds, although the proportion of the total FAO Field Programme accounted for by UNDP has considerably declined as a result of the sharp fall in resources available to UNDP

/...

in recent years. Whereas in 1974 UNDP represented 70 per cent of the total field programme, its share has declined to slightly below 50 per cent in 1983. FAO's delivery for projects executed for UNDP reached a peak level of \$182.5 million in 1981, and has since been falling to \$141 million in 1982 and \$116.5 million in 1983. It is assumed that in 1984 delivery will remain at the same level as in 1983.

60. Trust fund resources have shown a steadily increasing trend with delivery rising from \$99 million in 1980 to some \$121 million in 1983. The latter year was lower than expected but taking into account the current level of new project proposals, and the expected contributions from a growing number of funding sources, delivery is expected to reach an estimated \$135 million in 1984.

61. The Committee was informed that FAO support costs incurred in 1982 and 1983 exceeded total reimbursements by \$27.7 million which had to be met from the regular budget. It is foreseen by FAO that this situation will continue in 1984-1985.

62. As at 1 January 1983 FAO had a total of 1,445 posts financed from sources other than the regular budget. A summary by category and source of funding is given in the following table:

	<u>Professional and above</u>	<u>General Service</u>	<u>Total</u>
UNDP	222	520	742
Trust Funds	60	109	169
World Food Programme	40	92	132
Other funds	142	260	402
	<u>464</u>	<u>981</u>	<u>1 445</u>

## 2. Budgetary practices

63. Inflation is not budgeted for on the basis of one simple overall assumption of an annual inflation rate in the host country or worldwide. Inflationary cost increases are constructed on the basis of known factors and trends of prices and costs for the various budget inputs.

64. The budget proposals are prepared at the same dollar/lira exchange rate at which the preceding biennial budget was approved. The purpose of this is to ensure comparability between the previous approved and the proposed budgets. The Conference decides on the exchange rate to be adopted for the budget. This rate is usually the one prevailing on the day of the budget's approval.

65. The Conference, at its nineteenth session in 1980, approved the establishment and funding of a Special Reserve Account which could be used, inter alia, to finance unbudgeted extra costs due to movements of exchange rates. The new account was approved as a continuing feature so that its balance could be carried forward from year to year. The level of financing initially approved at 2.5 per cent of the total effective working budget was subsequently increased to 5 per cent.
66. The resolution which established the Special Reserve Account provided also that savings on staff costs arising from favourable differences between the lira/exchange rate at which the budget was approved and the effective United Nations rate should be credited to this account. At the end of the biennium, balances in excess of the continuing approved funding level are to be returned to the General Fund and allocated to Member countries in accordance with existing Financial Regulations.
67. Mandatory cost increases cover (a) either statutory or inflationary cost increases which occurred in the course of the preceding biennium, and for which budgetary provision is now required for the full duration of the next biennium and (b) cost increases known to occur in the next biennium as a result of inflation or approved changes in statutory allowances. No provision is made for increases likely to occur as a result of adjustment of salaries or allowances still to be approved.
68. Budget growth or programme increases cover any change in resources resulting from an increase in the volume of activities carried out under a programme.
69. Recurrent costs are not identified as a special category in the budget presentation.
70. Non-recurrent costs are also not categorized in the budget. They remain part of the budget base and are available to be reprogrammed for other activities. They can only be identified through an analysis of the resource allocation in the formulation process.
71. The lapse factor used throughout the budget for all existing positions is 5.5 per cent. The same lapse factor is also applied to all new positions. The average vacancy rate for 1980-1981 was 8.3 per cent and 1982-1983, 8.7 per cent. It should be mentioned, however, that for both bienniums the vacancy rate has been influenced by management decisions not to fill certain posts. For 1980-1981 posts were left vacant, since funds were needed to cover substantial unbudgeted staff costs. In 1982-1983, posts which had been identified for cancellation in the next biennium have been frozen once vacated.
72. FAO does not use the apportioned cost concept. Costs are budgeted for under the different programme units only to the extent that they can be directly attributed to programmes and controlled by the programme manager.

C. United Nations Educational, Scientific and Cultural Organization

Approved budget for 1984-1985	\$ 374 410 000
Adjusted budget for 1982-1983	430 657 000 <u>a/</u>
	<hr/>
Decrease	56 247 000
	13.0 per cent

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a/ To synchronize the UNESCO biennial budget cycles with those of other organizations as from 1984, the General Conference approved a triennial budget for 1981-1983. For the sake of comparison with budget proposals for 1984-1985, the General Conference took note that the figures for 1982-1983 should normally be two thirds of the total budget for the triennium approved by the Conference, with certain additions including (i) new posts specifically approved for 1982-1983, (ii) the cost of within-grade increment for staff in 1982-1983, (iii) the total cost (not two thirds) of the International Conference on Education and the twenty-second session of the General Conference, and (iv) the portion of the Appropriation Reserve that included the cost of inflation during the first six months of 1982 and its impact on 1983, as well as the impact of inflation in 1981 on the 1982-1983 budget which exceeded two thirds of that Part of the budget.

73. The Advisory Committee discussed the UNESCO approved programme and budget for 1984-1985 and related matters with representatives of the Director-General of UNESCO.

74. The 1984-1985 budget of \$374,410,000, adopted by the General Conference at its twenty-second session, is \$56,247,000 or 13 per cent less than the 1982-1983 budget base of \$430,657,000, primarily because of the appreciation of the United States dollar in relation to the French franc. In this connection, the Committee notes that, although the budget of UNESCO is expressed in United States dollars, approximately 60 per cent of expenditure is incurred in French francs.

75. The Advisory Committee was informed that, as in the case of previous budgets, the 1984-1985 budget was calculated on the basis of a constant dollar principle. For the period of the second medium-term plan (1984-1989), the constant dollar rate has been set at 6.45 French francs and 2.01 Swiss francs to United States dollar respectively, based on the average of the rates of exchange for the year 1982. Consequently, to make the figures comparable, the budget for 1982-1983 has been recalculated using the current constant dollar rates. The application of this principle of a constant dollar requires that account be taken of the inflation

which took place during the preceding budgetary period; i.e. that it be added to the budget base by object of expenditure. In addition, using the adjusted 1982-1983 base, a separate calculation of projected inflation costs is included in Part VII of the budget for 1984-1985 entitled Appropriation Reserve. This reserve may be used by the Director-General, with the approval of the Executive Board, for the purpose of meeting increases in staff costs arising during the biennium, in accordance with the decisions of the General Conference, and increases arising in the costs of goods and services. For 1984-1985 the amount of the Appropriation Reserve totals \$29,387,000. The Advisory Committee was also informed that this amount has been arrived at by using an estimated rate of inflation of 7 per cent over the 1982-1983 base increased by the calculated 1981-1983 inflation of \$95,409,000.

76. The application of the principle of a constant dollar also necessitates inclusion in the budget (Part VIII) of a provision to adjust expenditure on account of the variation in the exchange rates between the United States dollar and the Swiss and French francs from the constant dollar value. The provision may be used by the Director-General if and when the rates of exchange between the United States dollar and the Swiss and French francs are lower than the constant dollar rate assumed in Parts I to VI of the budget. If the rates are higher than the constant dollar rate, the resulting savings are credited to Part VIII of the budget. For 1984-1985 the amount of the provision which was established on the basis of the exchange rates of 7.80 French or 2.11 Swiss francs to the United States dollar, resulted in a negative reserve of \$46,145,000 in Part VIII of the budget.

77. The Advisory Committee was informed that funds in Part VIII of the budget are not available for transfer for other purposes. Furthermore, in the event that the actual rates of exchange, the basis on which payments are made, should give fewer French and Swiss francs than the rates used in calculating the provision in Part VIII (e.g. 7.80 French or 2.11 Swiss francs to the United States dollar to the 1984-1985 budget), the deficit in this part of the budget would have to be covered by supplementary estimates approved in accordance with procedures outlined in the Financial Regulations of UNESCO.

78. The Advisory Committee was informed that except in respect of Part VIII (currency fluctuation reserve), the Director-General may make transfers between appropriation lines, subject to the approval of the Executive Board. On the other hand, if the estimated expenditure for a given appropriation line exceeds the amount appropriated because of a change in the proportion of expenditure in terms of French francs, United States dollars and other currencies from that assumed at the time the estimates were prepared, the Director-General may make transfers between appropriation lines on his own authority. In addition he is authorized to make transfers between appropriation lines if the expenditures for common staff costs exceed the amounts provided in the budget. In both instances, the Director-General must inform the Executive Board at its next session of the details of such transfers.

79. Representatives of UNESCO informed the Committee that the 1984-1985 budget expressed in constant dollars reflects a real programme growth of 7.26 per cent over the 1982-1983 budget for Parts I to VI. The Committee notes that the

1982-1983 and the 1984-1985 totals used in making this comparison do not include the inflation experienced in 1981-1983 or the inflation estimated for 1984-1985. The Committee was also informed that the 1984-1985 total used in making the above calculation did not take account of the reduction of \$10,483,000 to the requested provision which was approved by the General Conference. If this had been considered, the actual rate of growth would be 3.59 per cent which relates primarily to the 13 major programmes under Part II A of the budget.

80. The Advisory Committee was informed that for 1984 the regular budget provides for 2,717 established posts at Headquarters and in the Field, (including 1,174 posts at the Professional and higher levels) against an approved ceiling of 2,826 posts. In response to enquiries, the Committee was informed that the difference of 109 posts, which represents 4 per cent of the number of posts budgeted, provides a margin for meeting programme requirements. For 1985, 2,745 posts (including 1,186 at the Professional and higher levels) have been budgeted against an approved ceiling of 2,855 posts.

81. In response to enquiries, representatives of UNESCO informed the Committee that the Working Capital Fund for 1984-1985 is being maintained at the level of \$20 million.

#### Budgeting practices

82. Representatives of UNESCO informed the Advisory Committee that the estimates for inflation on a proposed budget are based on price increases that have been registered on individual objects of expenditure during the previous budget period. On the basis of this experience, UNESCO estimates anticipated inflation increases for the various items of expenditure and then calculates the total amount of projected inflation. UNESCO also refers to the official inflation index of the host country to ensure that its calculations are reasonable. However, as mentioned above, inflation is not incorporated into the individual items of expenditure in a draft budget but is left as a separate "below the line" entry for later distribution to appropriation lines. Because UNESCO uses a constant dollar principle in respect of exchange rates, during a given medium-term plan the budget is always calculated at the same or constant dollar rate previously established. However, to determine the actual size of the required appropriation, the General Conference adopts an exchange rate in line with the actual rate at the time it approves the budget. The discrepancy arising between the costing of the budget in constant dollars and at this rate is covered by a lump sum provision for currency fluctuation in the budget. Any exchange rate gains remaining at the end of a financial period are returned to Member States.

83. UNESCO considers that mandatory cost increases are included in those cost increases which generally result from inflation and therefore are not separately identifiable in the UNESCO budget methodology.

84. No specific steps are taken by UNESCO at the time of budget preparation to absorb cost increases, although some are absorbed during actual implementation.

85. For that part of the budget comprising major programmes and general programme activities, UNESCO uses a lapse factor of 8 per cent in respect of existing and new Professional posts and 7 per cent for existing and new General Service posts. The average vacancy rate over the last two budget periods under this part of the budget has been 11.7 per cent for Professionals and 5.4 per cent for General Service. For all other parts of the budget (e.g. general policy and direction, programme support, general administrative and common services), a lapse factor of 4 per cent is applied to existing and new Professional posts; the corresponding figure for General Service is 3 per cent. The vacancy rate over the previous two budget periods under these parts has averaged 7.6 per cent for Professionals and 2.7 per cent for General Service. However, representatives of UNESCO emphasized that these vacancy rates cannot be considered as normal since, during the periods in question, UNESCO used semi-full budgeting which required that inflation costs during the second year be absorbed. Consequently, posts were frozen and recruitment delayed in order to meet this requirement.

86. UNESCO applies the "distributed cost" concept to a certain extent in that the overhead costs (i.e. staff costs, field office costs, costs of Office of the Assistant Director-General) of each section, e.g. Education, Natural Sciences and Culture, are distributed to the major programmes in which the sector participates. For 1984-1985 approximately 32.3 per cent of the approved budget is distributed.

D. International Civil Aviation Organization

	\$
Appropriations for 1985	30 509 000 <u>a/</u>
Appropriations for 1984	<u>29 141 000 a/</u>
Increase	1 368 000
	4.69 per cent

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a/ Net of staff assessment.

87. The Advisory Committee discussed the budget of ICAO for 1985 and related matters with representatives of the Secretary-General of the organization.

88. ICAO has a triennial budget. Every three years its Assembly approves appropriations for each year of the succeeding triennium. The budget estimates, prepared by the Secretary-General on the basis of the expected programme of work approved by the Council of ICAO, are submitted for consideration by the Council. Subsequently, the Council's budget estimates are submitted to the Assembly. The budget estimates for the financial years 1984, 1985 and 1986 were approved by the Assembly at its twenty-fourth session, held in September and October 1983.

89. The approved appropriations for 1985 may be summarized and compared with appropriations for 1983 and 1984 as follows:

Summary of appropriations

(United States dollars)

Parts of the budget	Appropriations 1983	Appropriations 1984	Appropriations 1985
I. Meetings	530 000	450 000	318 000
II. The Secrerariat			
Salaries, wages and other pay items	17 130 000	20 888 000	21 300 000
Common staff costs	<u>4 614 000</u>	<u>6 224 000</u>	<u>6 300 000</u>
	<u>21 744 000</u>	<u>27 112 000</u>	<u>27 600 000</u>
III. General services			
Hospitality	11 000	12 300	12 300
Communications services	639 500	785 000	785 000
Rental and maintenance of premises and equipment	1 368 300	1 591 600	1 578 600
Internal and external printing	310 200	356 700	356 700
Travel on official business	292 000	425 000	429 000
Audio-visual training programme	44 000	45 000	45 000
Miscellaneous supplies and services	<u>712 000</u>	<u>916 400</u>	<u>916 400</u>
	<u>3 377 000</u>	<u>4 132 000</u>	<u>4 123 000</u>
IV. Equipment	<u>184 000</u>	<u>593 000</u>	<u>416 000</u>
V. Other budgetary provisions	<u>126 000</u>	<u>132 000</u>	<u>132 000</u>
VI. Contingencies	<u>5 418 000</u>	<u>2 776 000</u>	<u>4 328 000</u>
VII. Establishment of new regional office	<u>300 000</u>	<u>-</u>	<u>-</u>
Total, Parts I to VI,	31 679 000	35 195 000	36 917 000
Gross staff assessment	<u>(5 461 000)</u>	<u>(6 054 000)</u>	<u>(6 408 000)</u>
Total, Excluding staff assessment	<u>26 218 000</u>	<u>29 141 000</u>	<u>30 509 000</u>

90. The 1985 appropriations are to be financed as follows:

	\$
(a) By miscellaneous income	8 555 000
(b) By assessment on Contracting States (General Fund)	<u>28 362 000</u>
	<u>36 917 000</u>

91. In terms of the amounts net of staff assessment, the 1985 appropriations of \$30,509,000 exceed the 1984 appropriations of \$29,141,000 by \$1,368,000, or 4.69 per cent. The increase reflects the following factors:

	\$
Net increase in staff salaries not attributable to inflation	336 000
Various other items (primarily due to reduction in level of expenditure after purchase of word processing equipment in 1984)	(186 000)
Contingencies (primarily provision for inflation)	1 350 000
Less:	
Variation in annual meetings programme	<u>(132 000)</u>
	<u>1 368 000</u>

92. The Committee was informed that, in line with the objectives of the ICAO Council, a number of measures to modernize and rationalize the organization's operating procedures in the support areas have been or will be introduced. These include the use of automated procurement where feasible, and the development of other computerized systems, such as one for the analysis of air fares and rates.

1. Regional office for eastern Africa

93. The new regional office for eastern Africa was opened at Nairobi in November 1983. An amount of \$263,800 was spent in 1983, comprising \$118,800 for personnel costs, \$45,300 for general services and \$99,700 for equipment. This new office has been staffed from within the existing establishment of 694 posts; however, some reclassification of General Service posts to Professional posts was necessary in order to meet the requirements of the office.

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## 2. Working Capital Fund

94. The twenty-fourth session of the Assembly noted that the financial position of the organization had been satisfactory during the years 1980, 1981 and 1982. However, arrears in the payment of assessed contributions by Contracting States and delays in the payment of current contributions had resulted in serious cash management problems during 1981 and 1982.

95. The Assembly considered that it was not necessary at this time to assess Contracting States for cash deficits caused by arrears in contributions. However, cash management problems and cost increases from inflationary pressures had resulted in a decline in the level of Working Capital as a percentage of net annual appropriation from 11.7 per cent in 1975, when it was last increased, to 6.2 per cent in 1983. Consequently, the Assembly increased the level of the Working Capital Fund to \$2,200,000 for the year 1984 and agreed to increase further the Fund to \$2,500,000 for the years 1985 and 1986. This further increase is subject to approval by the Council, having regard to the organization's cash flow position during the first three quarters of 1984 and taking into account the possible use of any realized surplus to meet cash requirements.

96. The Committee noted that to finance regular and supplementary appropriations that cannot be financed from the General Fund and the Working Capital Fund, the Secretary-General has also been authorized by the Assembly, with the prior approval of the Finance Committee of the Council, to borrow amounts needed to meet immediate obligations of the Organization. He is required to repay such amounts as quickly as possible; the outstanding total of such indebtedness of the organization at no time is to exceed \$1,000,000 during the year 1984, and at no time is to exceed \$2,000,000 during the remainder of the triennium.

## 3. Disposition of net realized surplus

97. The Committee was informed that as at 31 December 1982 the amount of realized net surplus was \$837,843 and income deficits for prior years totalled \$507,534. The ICAO Assembly decided that from the net realized surplus as at 31 December 1982 an amount of \$400,000 should be credited to Contracting States, on the basis of the amounts assessed for the years to which the realized surplus relates, starting from the earliest. The credits were to be applied to advances due to the Working Capital Fund.

## 4. Administrative and operational services costs of technical assistance

98. The funds which finance technical assistance programmes (UNDP, trust funds and other funds) are kept separate from funds provided by the regular budget, and the regular budget is, to the extent possible, fully reimbursed for all services rendered by the regular programme to extrabudgetary activities. In 1983, the total field programme expenditures relating to technical assistance activities financed by extrabudgetary funds amounted to \$51,588,929 as compared with \$59,847,684 the

year before. The estimate for 1984 is \$52,515,000. The net administrative and operational services cost of these activities amounted to \$8,884,080 for 1983 and \$8,896,150 for 1982. For 1984 the estimate is \$9,296,700.

#### 5. Budgetary practices

99. ICAO's most recent budgetary period is for the years 1984-1985-1986. All appropriations in that budget were based on costs in effect as at 1 January 1983.

100. ICAO does not budget for inflation per se, since no attempt is made to forecast the inflation rate for three years. However, one of the parts of the budget (Part VI - Contingencies) allows a specific provision to be made for "external cost increases." These cost increases are of a diverse nature which includes such items as post adjustment, inflation in headquarters and regional office locations, unfavourable exchange rate variations and increases in rent or electricity.

101. Two main indices are used in considering the provision for Contingencies, the Canadian Consumer Price Index and the Gross National Product Deflator of Canada. The CPI is used in considering cost-of-living adjustments while the GNP Deflator is examined when considering inflation as related to Canadian manufactured goods. Historical rates and future projections of these indices are provided by several major Canadian banks and consulting firms. Initially these projections were studied by the Finance Committee during the preparation phase of the budget. The members of the Finance Committee are chosen from among Representatives of the Council. The projections were given a final review during the twenty-fourth session of the Assembly by the Budget Working Group of the Assembly.

102. The 1984-1985-1986 budget was prepared on the basis of exchange rates in effect on 1 January 1983. These rates were felt to be acceptable in light of historical data and recent trends in exchange rates.

103. There is no specific provision in the budget for exchange rate losses, however, unfavourable exchange fluctuations can be covered by the contingencies part of the budget. ICAO's financial regulations allow recourse to supplemental appropriations in the event of unfavourable exchange rates and higher than anticipated inflation rates. However, in practice, supplemental funding is rarely sought; compensating economies must usually be attained within the budget. Normally, these economies are achieved by increasing the lapse factor or by redeploying posts. It may be noted that the actual vacancy rates in 1981, 1982 and 1983 are greater than the budgeted figures of 8 per cent for Professionals and 4 per cent for General Service Staff; this was partially due to economies which were required in relation to adverse currency fluctuations.

104. In the case where exchange rates and inflation rates are favourable, the contingencies are not drawn upon as anticipated in the original budget projection. To the extent that a surplus becomes a realized cash surplus, it may be held in reserve and carried over to the following year. Any balance of realized cash surplus in reserve at the end of the year prior to the year in which the Assembly

is held is disposed of in a manner decided by the Assembly; generally the money is redistributed to Contracting States in the form of credits to assessments due in accordance with the rate of assessment in force for the financial year in question.

105. ICAO's budget level changes from one period to the next because of mandatory/inflation related cost increases and programme or resources growth. Mandatory or inflationary cost changes result from changes in common system salaries and allowances, changes in salary of General Service staff or changes in the price levels for goods and services procured. Currency increases/decreases relate to changes in the level of exchange rates over the budgetary period. Programme or resource increases/decreases result from changes in the volume of activities of a programme.

106. Recurrent costs are costs which result from items that occur on a periodic or regular basis over the budgetary period (e.g., monthly, annually) and thus can be anticipated. Recurrent costs include such items as rent and maintenance contracts.

107. Non-recurrent costs are such "one-time" costs as word processing equipment and improvement or relocation of premises.

108. Since over 80 per cent of the budget is salary-related, the most significant results in relation to cost absorption are attained in the salary areas.

109. ICAO does not utilize a distributed cost concept.

E. Universal Postal Union

	<u>Swiss francs</u>	<u>US dollars</u>	<u>Swiss francs</u>	<u>US dollars</u>
Net budget 1984	18 637 500	8 549 312 <u>a/</u>		
Net budget 1985	<u>20 022 000</u>	<u>9 184 404</u> <u>a/</u>		
			38 659 500	17 733 716 <u>a/</u>
Net budget 1982	18 532 500	8 501 147 <u>a/</u>		
Net budget 1983	18 602 500	8 533 257 <u>a/</u>		
Total 1982-1983			<u>37 135 000</u>	<u>17 034 404</u> <u>a/</u>
Increase 1982-1983/1984-1985			1 524 500	699 312
			4.1 per cent	

a/ The budget of UPU is expressed in Swiss francs and all United States dollar amounts are based on an exchange rate of 2.18 Swiss francs to \$US 1.

110. The Advisory Committee discussed the budgets of UPU for 1984-1985 and related matters with a representative of the Director-General of UPU.

1. Summary analysis of the budgets for 1984 and 1985

111. The budget of the Union is subject to annual net expenditure limits set by the Universal Postal Congress for five-year periods. The eighteenth Congress, held at Rio de Janeiro in 1979, fixed the ceiling for the years 1981-1985. The nineteenth Congress, held in 1984, fixed the ceiling of the budgets for 1986-1990. The budget for a given year is decided upon by the Executive Council of the Union during the year preceding the budget period.

112. The 1985 budget (net) reflects an increase of 1,384,500 Swiss Francs (\$635,092) or 7.4 per cent over the budget of 1984. The estimated expenditures for 1984 and 1985 are shown in the following table.

/...

	<u>1984 budget</u>		<u>1985 budget</u>	
	<u>Swiss francs</u>	<u>US dollars</u>	<u>Swiss francs</u>	<u>US dollars</u>
1. Staff costs	16 953 100	7 776 651	17 937 700	8 228 303
2. General expenses	4 641 500	2 129 129	5 023 600	2 304 403
3. Expenses relating to the 19th Universal Postal Congress	<u>1 856 600</u>	<u>851 651</u>	<u>-</u>	<u>-</u>
Total (Gross)	23 451 200	10 757 431	22 961 300	10 532 706
Misc. Income	<u>4 813 700</u>	<u>2 208 119</u>	<u>2 939 300</u>	<u>1 348 302</u>
Total net	18 637 500	8 549 312	20 022 000	9 184 404

113. The 1984 estimate for staff costs reflects a 5.9 per cent increase over the total for 1983; the 1985 estimate for staff costs is 5.8 per cent greater than the estimated 1984 total. In this connection, the Committee was informed that three new posts were authorized in 1984 (one Professional and two General Service), thus raising the total number of permanent posts to 138. Fourteen of these posts in 1984 and 13 in 1985 are assigned to technical co-operation activities and are partly financed by funds reimbursed by the UNDP for agency support costs.

114. General expenses for 1984 reflect a decrease of 2.8 per cent over 1983. This is a net figure comprising a decrease in real growth of 5.5 per cent offset in part by an increase of 2.7 per cent attributable to inflation. On the other hand, the 1985 budget for general expenses shows a net increase of 8.2 per cent over 1984, comprising real growth of 5.1 per cent and an increase of 3.1 per cent due to inflation. Representatives of UPU informed the Committee that the real growth of 5.1 per cent relates primarily to the increase in publications arising from the nineteenth Congress in 1984.

115. As can be seen from the above table, the 1984 budget contains a special line for the expenses related to the holding of the nineteenth Universal Postal Congress for which the previous Congress had established a budgetary ceiling.

116. Despite the supplementary non-recurrent expenses in 1984 arising from the holding of the Congress, the contributory unit, used in calculating the total contribution of each Member State, has been maintained at the same level as in 1982 and 1983, i.e. 17,500 Swiss francs. This has been possible because the Reserve Fund can be used, *inter alia*, to stabilize the level of the contributory unit in a year, such as 1984, where expenditures are higher than normal. For 1985 the level of the contributory unit has been raised to 18,800 Swiss francs.

117. The table below summarizes miscellaneous income for 1984 and 1985:

Miscellaneous income

	<u>1984 budget</u>		<u>1985 budget</u>	
	<u>Swiss francs</u>	<u>US dollars</u>	<u>Swiss francs</u>	<u>US dollars</u>
Appropriation from Reserve Fund	2 905 000	1 332 569	990 000	454 128
Reimbursement of agency support costs	963 000	441 743	959 200	440 000
Sale of publications	210 500	96 560	227 000	104 129
Rental of premises	547 000	250 917	547 000	250 917
Other income	<u>188 200</u>	<u>86 330</u>	<u>216 100</u>	<u>99 128</u>
Total	4 813 700	2 208 119	2 939 300	1 348 302

2. Budgeting practices

118. The Advisory Committee was informed that in preparing its budget estimates UPU distinguishes between personnel costs and general expenditures. Budget estimates for personnel costs do not include anticipated inflation but are based instead on the salary and allowance scales in effect at the beginning of the year the budget is prepared. Any supplemental expenditures arising from inflation related to personnel costs are financed from UPU's Reserve Fund. Increases due to anticipated inflation based on the Swiss CPI are, however, included in the estimates for general expenditures.

119. Since the budget of UPU is established in Swiss francs, and all contributions and most expenditures are made in Swiss francs, UPU records no exchange rate gains or losses except in respect of the reimbursement in United States dollars received from UNDP for support services.

120. Mandatory cost increases from one year to the next in UPU's budget include within-grade increments in respect of personnel expenditures and estimates for the renovation of equipment and building maintenance as foreseen in the five-year plan approved by the Union's Congress.

121. Other factors figuring in budget increases in respect of personnel expenditures relate to the creation of new posts which must be decided by the Executive Council within the annual budget ceilings decided upon by the Congress.

In so far as general expenditures are concerned, UPU distinguishes between increases due to inflation and those resulting from a change in the magnitude of a given activity. Most of UPU's expenditures are of a recurrent nature; for any non-recurrent expenditures, such as the holding of the Congress, the Congress establishes a ceiling which can be adjusted for inflation.

122. In preparing its budget, UPU includes all increases due to changes in salaries and allowances during the preceding year. Standard costs are not used; due to the small number of staff, it is possible to budget for actual salary costs. In respect of general expenditures, estimates are prepared on the basis of the current Swiss CPI and a distinction is made in the budget by item of expenditure between increases due to inflation and real increases.

123. UPU does not use a turn-over rate (personnel lapse factor) given its very low vacancy rate (1.8 per cent in 1982 and 0.4 per cent in 1983).

124. UPU does not use the distributed cost concept since all of its expenses relate to one main programme.

F. World Health Organization

	<u>Effective working budget</u> (United States dollars)
1984-1985	520 100 000
1982-1983	<u>468 900 000</u>
Increase	51 200 000
	10.92 per cent

125. The Advisory Committee discussed the programme and budget of the World Health Organization (WHO) for 1984-1985 and other related matters with representatives of the Director-General of that organization.

1. Gross budget for 1984-1985

126. The thirty-sixth World Health Assembly appropriated for the financial period 1984-1985 an amount of \$581,739,900 to cover:

	<u>United States dollars</u>
(a) Effective working budget	520 100 000
(b) Undistributed Reserve equalling the assessments on inactive Members (Byelorussian SSR and Ukrainian SSR) and on South Africa	9 639 900
(c) Transfer to Tax Equalization Fund	52 000 000

The approved appropriations are to be financed by assessments on members amounting to \$522,239,900 as follows:

Total appropriations	581 739 900
<u>Less</u>	
Estimated reimbursement of programme support costs relating to activities financed by the United Nations Development Programme	(5 000 000)
Casual income	<u>(54 500 000)</u>
	<u>522 239 900</u>

As can be seen above, the Health Assembly decided to appropriate \$54,500,000, as casual income (instead of \$50,000,000 initially proposed), to help finance the regular budget for 1984-1985, inasmuch as the financial report for 1981-1982 showed that the total amount of casual income available at the end of 1982 was somewhat larger than had been originally estimated.

127. The following table shows a comparison between the regular budget levels and amounts assessed on members for the years indicated:

	<u>Gross budget level</u>	<u>Credits other than assessments</u>	<u>Net assessments</u>	<u>Effective working budget</u>
	(United States dollars)			
1984-1985	581 739 900	105 744 000	475 995 900	520 100 000
1982-1983	522 933 500	64 096 000	458 837 500	468 900 000

Assessed contributions are reduced by the amount standing to the credit of individual member States in the Tax Equalization Fund, except that the credits of those members who require staff members of WHO to pay taxes on their WHO emoluments are reduced by the estimated amounts of such tax reimbursements to be made by the organization.

## 2. Effective working budget for 1984-1985

128. The thirty-sixth World Health Assembly approved an effective working budget for 1984-1985 amounting to \$520,100,000, which was \$51,200,000 or 10.92 per cent more than the corresponding total approved for 1982-1983. The total budget approved for 1984-1985 provides, however, for a net real decrease of 0.31 per cent over the effective working budget for 1982-1983.

129. The programme budget for 1984-1985 provides for the following increases compared to 1982-1983:

<u>Appropriation section</u>	<u>Proposed appropriation</u>	<u>1982-1983</u>	<u>1984-1985</u>	<u>Increase (decrease)</u>
(United States dollars)				
1.	Direction, co-ordination and management	53 683 500	60 938 600	7 255 100
2.	Health system infrastructure	152 258 400	170 226 000	17 967 600
3.	Health science and technology - health promotion and care	79 595 200	91 576 700	11 981 500
4.	Health science and technology - disease prevention and control	72 708 100	78 525 700	5 817 600
5.	Programme support	110 654 800	118 833 000	8 178 200
	Total effective working budget	468 900 000	520 100 000	51 200 000

130. As the following table shows, the total budget increase in 1984-1985 is accounted for by increases due to statutory costs and inflation:

	Amount in United States dollars	Percentage increase (decrease)
1. Effective working budget 1982-1983	468 900 000	
2. Real programme decrease	(1 470 200)	(0.31)
3. Cost increases due to statutory costs and inflation	81 680 100	17.42
4. Cost decreases due to rates of exchange	(29 009 900)	(6.19)
5. Effective working budget, 1984-1985	520 100 000	10.92

### 3. Posts in established offices under the regular budget

131. The 1984-1985 budget provides for a net increase of 66 posts in established offices as compared to 1982-1983. The following table shows the posts at global/interregional and regional levels for the two biennia:

	<u>1982-1983</u>	<u>1984-1985</u>	<u>Increase (decrease)</u>
Global and interregional	1 037	1 027	(10)
Regional	1 592	1 668	76
	<u>2 629</u>	<u>2 695</u>	<u>66</u>

### 4. Resources of the Integrated International Health Programme

132. In addition to its regular budget, WHO directly or indirectly administers funds from several sources. The following table shows the estimated costs of activities financed or planned to be financed for 1982-1983 and 1984-1985, from all sources:

1982-1983	1984-1985
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(United States dollars)

## I. ESTIMATED OBLIGATIONS

Regular budget programme	468 900 000	520 100 000
Other programmes	<u>487 238 100</u>	<u>459 670 000</u>
Total	<u>956 138 100</u>	<u>979 770 000</u>

## II. SOURCES OF FINANCING

<u>Regular budget</u>	<u>468 900 000</u>	<u>520 100 000</u>
<u>Other sources</u>		
Pan American Health Organization	165 410 600	151 723 700
Voluntary Fund for Health Promotion	84 353 100	83 888 600
Income from United Nations sources:		
United Nations Children's Fund	315 100	150 000
United Nations Development Programme	53 132 700	37 208 200
United Nations Fund for Drug Abuse Control	627 800	650 000
United Nations Environment Programme	2 439 200	3 857 600
United Nations Fund for Population Activities	36 911 400	24 095 100
Trust Funds	113 624 300	129 579 700
Special Account for Servicing Costs	7 383 900	7 424 100
International Agency for Research on Cancer	<u>23 040 000</u>	<u>21 093 000</u>
Subtotal - other sources	<u>487 238 100</u>	<u>459 670 000</u>
Total	<u>956 138 100</u>	<u>979 770 000</u>

133. As can be seen from the above table, extrabudgetary resources to be made available to the organization in 1984-1985 are estimated at \$459.7 million, as compared with \$520.1 million under the regular budget. WHO carries out all its activities in a fully integrated manner, irrespective of the source of financing. Pursuant to this policy, the costs of all administrative and technical support are consolidated in the regular budget. On the other hand, the organization is reimbursed for programme support costs for activities financed by UNDP and from

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other extrabudgetary funds. The proceeds are credited to the Special Account for Servicing Costs and are used primarily to help finance the regular budget.

134. WHO co-operates with UNICEF on projects that are jointly assisted by the two organizations. WHO, however, does not administer the UNICEF contributions to such projects. The approximate level of assistance which UNICEF has indicated may be expected to be allocated globally to joint health projects in 1984-1985 is \$404 million as compared with \$372 million in 1982-1983.

#### 5. Other matters

135. The World Health Assembly in recent years has authorized the Director-General to use available casual income up to a specified maximum amount to cover the net additional costs to the organization under the regular budget resulting from differences between the WHO budgetary rate of exchange and the United Nations/WHO accounting rates of exchange with respect to the United States dollar/Swiss franc relationship prevailing during a particular financial period. For 1979 and 1980-1981 the maximum amount authorized for this purpose was in each case \$15 million. For 1982-1983 the maximum amount authorized was \$20 million. A similar authorization for the same purpose and in the same amount was given by the thirty-sixth World Health Assembly covering the financial period 1984-1985.

#### 6. Budgeting practices in WHO

136. In budgeting for inflation, WHO, to the fullest extent possible, avoids reliance on general forecasts of cost levels or consumer price indices, and makes specific estimates for each type of expenditure in its economic and geographical setting.

137. The budgetary rate of exchange between the Swiss franc and the United States dollar is set by taking the United Nations/WHO operational rate of exchange in effect at the time when the estimates are finalized. If deemed appropriate, adjusted estimates can be presented at the time of the World Health Assembly's review. The rate of exchange used by WHO in preparing the proposed 1984-1985 budget for expenditure to be incurred in Swiss francs was thus 2.16 Swiss francs to \$US 1, which corresponded to the United Nations/WHO accounting rate of exchange for October 1982.

138. The budgetary rates of exchange for the major regional office currencies are established on the basis of current information at the time the regional budget estimates are prepared.

139. Since 1979, successive World Health Assemblies have authorized the Director-General to use available casual income up to a specified maximum amount to help offset the adverse effects on the budget resulting from fluctuations in the rate of exchange between the United States dollar and the Swiss franc. The Committee was informed that this authority has protected the programme budget against currency fluctuations and has so far obviated the need for supplementary appropriations for this purpose.

140. In accordance with the terms of this authority, any net savings due to favourable exchange rates between the United States dollar and the Swiss franc must be credited to the casual income account, up to the same maximum amount as has been authorized to be charged to this account to offset any adverse effects on the budget resulting from fluctuations in the rates of exchange between these currencies. Any such savings are thus ultimately at the disposal of member States up to the maximum amount established by the Health Assembly, e.g., \$US 20 million for 1984-1985 (see para. 135). For 1980-1981 the amount credited to the casual income account as a result of favourable exchange rates between the United States dollar and the Swiss franc during that biennium was \$US 18.1 million. For 1982-1983 the savings resulting from the Swiss franc/US dollar relationship amounted to \$US 12.1 million, which will be credited to casual income as and when the arrears of contributions for that financial period are collected.

141. The major regional office currencies used in regional programme budget calculations have also continued to fluctuate. Although these currencies are not covered by the above-mentioned casual income facility, measures have been taken to ensure that net savings which may result from upward movement of the actual average accounting rate of exchange in excess of 10 per cent over the budgetary rates of exchange of such currencies during 1984-1985 are not retained by any regional office for programme purposes, but are withdrawn from working allocations during implementation and surrendered as a budget surplus to be fed back into casual income, thus becoming available for appropriation by the Health Assembly, i.e. the member States.

142. Changes in the WHO programme budget levels are categorized either as "cost increases/decreases" or "real increases/decreases". The former term is defined as any increase or decrease in the cost of a resource input in the budget period compared with that in the previous budget period, arising from changes in costs, prices and exchange rates. In WHO's programme budget form of presentation, cost increases are sub-divided into those due to (a) statutory costs and inflation and (b) rates of exchange. Statutory cost increases, which are not identified as a separate category of cost increases but are consolidated with inflationary cost increases, comprise within-grade annual increments in the salaries of staff as well as cost increases resulting from the reclassification of posts and promotion of staff.

143. "Real increases/decreases" are defined as any change in resources resulting from an increase or decrease in the volume of activities carried out under a programme. In order to explain how real increases/decreases are distinguished from cost increases/decreases in the preparation of WHO's programme budget, the following paragraphs set out the criteria used in the computation of the 1984-1985 estimates:

(a) The proposed 1984-1985 activities were costed in the first instance on the basis of the same cost factors as were applied in the approved 1982-1983 budget. The proposed 1984-1985 activities thus costed were then compared with the approved estimates for 1982-1983; any difference was considered a "real" increase or decrease.

(b) The proposed 1984-1985 activities were then recosted on the basis of the new 1984-1985 cost factors; the resulting increase or decrease, as compared with the proposed 1984-1985 activities costed as in (a) above, was considered a "cost" increase or decrease resulting from actual or expected inflationary trends.

(c) The proposed 1984-1985 activities were again recosted to take account of changes in the rates of exchange between the individual currencies in which the expenditures were to be incurred and the United States dollar; the resulting increase or decrease, as compared with the proposed 1984-1985 activities costed as in (b) above, represented a "cost" increase or decrease resulting from currency fluctuations.

144. Recurrent and non-recurrent costs are not identified as separate categories of costs in the WHO programme budget.

145. WHO's cost estimates generally include provision for all increases or decreases in prices and salaries that can be foreseen or that result from the projection of trends through the entire period covered by the estimates. The Committee was informed, however, that apart from utilizing savings arising in various activities to offset cost increases in others, the organization's approach to costing the budget is to understate cost increases. The additional requirements that subsequently arise as a result of this approach are absorbed within the approved appropriations. One example of this is that notwithstanding the conclusions arrived at by representatives of the Geneva organizations on inflation rates to be anticipated for 1984-1985, in which, inter alia, it had been considered prudent to budget for increases in travel costs of 10 per cent per annum, no cost increase was applied to duty travel at the global and interregional level in the WHO programme budget for that financial period.

146. Another step traditionally taken to absorb cost increases is that no provision is made in the proposed programme budget in anticipation of decisions by the General Assembly with respect to various staff entitlements and benefits. With the exception of upward changes in the salaries of staff in the Professional and higher levels, cost increases resulting from such decisions are normally absorbed. As an illustration of this the programme budget for 1984-1985 contains no special provision for the cost increases resulting from the decisions of the General Assembly in December 1982 concerning dependants', assignment and installation allowances, the budgetary implications of which were estimated to total \$US 1,560,000 during the biennium. Similarly, no provision has been made in the 1984-1985 programme budget for the additional costs resulting from the General Assembly's decision that, with effect from 1 January 1983, all temporary staff and consultants with contracts of six months or more are to become members of the United Nations Joint Staff Pension Fund.

147. Planned absorption of cost increases, including those relating to the above-mentioned decisions of the General Assembly concerning certain staff entitlements and benefits, has not heretofore been specifically identified in the budget as such. However, WHO believes that such absorption is implicit in the estimates contained in the proposed programme budget and is borne out by the details provided on the average cost factors used for their computation. WHO indicated that, in planning for the preparation and presentation of the proposed

programme budget for 1986-1987, consideration is being given to ways and means by which cost increases that are being absorbed can be specifically identified.

148. In developing the estimates for personnel costs in established offices whether in relation to existing or new positions, average cost factors are established for different categories of staff. These averages, which are subject to continuous review, are based primarily on the actual cost of staff in the previous five years. The estimated costs for all posts also take into account the period for which they are expected to be required and, as appropriate, anticipated delays in recruitment. Consequently, a standard budget lapse factor for existing or new positions is not necessary, since (a) past experience with respect to vacancies is automatically incorporated in the average cost factors and (b) only the expected period of occupancy of a post is budgeted for.

149. WHO does not use the "distributed (apportioned) cost" concept. Costs which by their nature cannot be attributed to a particular programme or activity are pooled in various cost centres.

G. International Telecommunication Union

	Regular and supplementary publications budgets <u>a/</u>		Technical co-operation special accounts budget	
	<u>Sw.frs.</u>	<u>\$US b/</u>	<u>Sw.frs.</u>	<u>\$US</u>
1985 Gross budget	111 485 000	51 140 000	10 175 000	4 667 000
1984 Gross budget	101 811 000	46 702 000	9 987 000	4 581 000
1983 Gross budget	95 436 000	43 778 000	9 787 000	4 487 000
1982 Gross budget	95 072 000	44 635 000	10 582 000	4 968 000
Increase 1984-1985/ 1982-1983 <u>c/</u>		9 429 000		(207 000)
Increase in per cent <u>c/</u>		10.66		(2.19)

a/ Includes regional conferences budget.

b/ The budgets of the Union are expressed in Swiss francs and the US dollar figures are based on an exchange rate of Sw.frs. 2.18 = \$US 1 at 31 December 1983, for 1983 to 1985, and Sw.frs. 2.13 = \$US 1 for 1982.

c/ Grouped together for purposes of comparability - ITU has separate annual budgets.

150. The Advisory Committee discussed the 1984 and 1985 budgets of International Telecommunication Union and related matters with the Secretary-General of ITU.

1. General comments on the budget of the Union

151. Under the Union's Financial Regulations, the budget is established for one year and the Union's budget is drawn up in Swiss francs, the ITU's currency of account. The overall budget of the Union comprises a number of individual budgets, which are financed in different ways, as follows:

(a) The ordinary budget (including world conferences), financed mainly out of the annual contributions from Union members and the contributions from recognized private operating agencies, scientific or industrial organizations and international organizations;

(b) The budget for regional conferences, financed out of contributions from the member countries in the regions concerned;

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(c) The Technical Co-operation special accounts budget, the income of which is derived from UNDP contributions and funds-in-trust for the defrayal of administrative and operational services costs;

(d) The supplementary publications budget, relating to publications sold by the Union at cost price and, accordingly, financed out of the proceeds of the sale of these publications.

152. Furthermore, under the International Telecommunication Convention (Nairobi, 1982) different versions of the Union's draft budget must be submitted to the Administrative Council, as follows:

- (a) The conventional version (i.e. by type of expenditure);
- (b) A functional version;
- (c) A version for zero growth of the contributory unit of members.

153. The budget must also comprise budget forecasts for the following two years and a cost analysis.

154. The ordinary budget must be drawn up within the limits set by the Plenipotentiary Conference (Nairobi, 1982). However, the Administrative Council may authorize that those limits be exceeded to cover changes in:

- (a) Salary scales, pension contributions and allowances, including post adjustments established by the United Nations for application to their staff employed in Geneva;
- (b) The exchange rate between the Swiss franc and the United States dollar, to the extent that this affects the staff costs of those on United Nations scales;
- (c) The purchasing power of the Swiss franc in relation to non-staff expenditure.

155. If after taking into account this authority, the credits which may be used by the Council are still insufficient to meet the expenditures on activities which are not foreseen but are urgent, the Council may exceed the credits of the ceiling laid down by the Plenipotentiary Conference by an amount up to 1 per cent of those credits. If the proposed credits exceed the ceiling by 1 per cent or more, the Council may authorize those credits only with the approval of a majority of the members of the Union after they have been duly consulted. Whenever members of the Union are consulted, they must be presented with a full statement of the facts justifying the step.

## 2. Summary of the 1985 budget

156. At its 39th session (1984), the Administrative Council approved the Union's budget for 1985, as follows:

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96,293,000 Swiss francs (\$US 44,171,101) for the ordinary budget,

2,662,000 Swiss francs (\$US 1,221,101) for the regional conferences budget,

10,175,000 Swiss francs (\$US 4,667,431) for the Technical Co-operation special accounts budget,

12,530,000 Swiss francs (\$US 5,747,706) for the supplementary publications budget.

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121,660,000 Swiss francs (\$US 55,807,339)

157. The table below compares the 1984 and 1985 ITU budgets.

	1984 Swiss francs	1985 Swiss francs	Increase Swiss francs	Percentage
<u>Ordinary budget</u>				
Operational budget	71 088 000	76 838 000	5 750 000	8.09
Budget for the project "Extended use of the computer by the IFRB"	2 922 000	3 426 000	504 000	17.25
Budget for world conferences and meetings	14 106 000	15 144 000	1 038 000	7.36
Other expenditure	<u>2 085 000</u>	<u>885 000</u>	<u>(1 200 000)</u>	<u>(57.55)</u>
	90 201 000	96 293 000	6 092 000	6.75
Regional conferences budget	3 438 000	2 662 000	(776 000)	(22.57)
<u>Technical Co-operation special accounts budget</u>				
	9 987 000	10 175 000	188 000	1.88
<u>Supplementary publications budget</u>				
	<u>8 172 000</u>	<u>12 530 000</u>	<u>4 358 000</u>	<u>53.33</u>
	<u>111 798 000</u>	<u>121 660 000</u>	<u>9 862 000</u>	<u>8.82</u>

158. Estimated expenditure for 1985, as against that for 1984, may be broken down as follows per category of expenditure (in Swiss francs):

	<u>1984</u>	<u>1985</u>
	(Swiss francs)	
I. <u>Staff (excluding staff contributions)</u>		
. Staffing-table posts	55 987 000	59 930 000
. Supernumerary staff	14 230 000	13 551 000
II. <u>General Services</u>		
. Operational budget	10 188 000	10 753 000
. Conferences and meetings	3 305 000	3 031 000
III. <u>Projects and activities of a special nature</u>		
. Technical co-operation under the ordinary budget	3 690 000	5 900 000
. Technical co-operation (administrative and operational services costs)	9 987 000	10 175 000
. Extended use of the computer by the IFRB	2 922 000	3 426 000
. Translation into Arabic, Chinese and Russian	1 350 000	1 350 000
. Union publications	7 672 000	12 280 000
IV. <u>Other estimated expenditure</u>	<u>2 467 000</u>	<u>1 264 000</u>
	<u>111 798 000</u>	<u>121 660 000</u>

159. It can be seen from the above table that expenditure on staffing-table posts has increased by 3,943,000 Swiss francs (7.04 per cent), for the following reasons:

(a) Creation of 12 staffing-table posts, of which 10 are in connection with work for world administrative radio conferences;

(b) Reduction of credits corresponding to posts frozen as a result of decisions taken by the Plenipotentiary Conference (Nairobi, 1982) (1,138,000 Swiss francs).

160. On the other hand, 14 staffing-table posts have been transferred from the operational budget to the Technical Co-operation special project under the ordinary budget (1,617,000 Swiss francs).

161. The table also shows that technical co-operation expenditure under the ordinary budget has increased by 2,210,000 Swiss francs, including 1,617,000 Swiss francs for the above-mentioned transfer. The balance of some 600,000 Swiss francs is accounted for by the creation of three new posts and the fact that the 1985 budget provides for the continuation, over the full 12 months, of certain new activities started in 1984.

162. The project "Extended use of the computer by the IFRB" shows an increase of 504,000 Swiss francs, including 450,000 Swiss francs corresponding to an increase of credits for contractual work.

163. Credits for Union publications show an increase of 4,608,000 Swiss francs over those provided for 1984, having regard to the particularly heavy publications programme in 1985.

164. As to other estimated expenditure, the payment into the ITU Reserve Account has been reduced from 2,000,000 Swiss francs in 1984 to 800,000 Swiss francs in 1985.

165. The table below contains the estimates for conferences and meetings to be held in 1985, together with the corresponding figures for 1984.

	1984		1985	
	Swiss francs	US dollars	Swiss francs	US dollars
World Radio Conference HFBC:				
Preparatory Work - 1st session and intersessional work	2 427 000	1 113 303		
Intersessional work			1 763 000	808 716
World Administrative Radio Conference on the Use of the Geostationary-Satellite Orbit and the Planning of the Space Services Utilizing It:				
Preparatory meeting 1st session	934 000	428 441	2 265 000	1 038 991
Regional Administrative Radio Conferences:				
Region 1 + 3	3 438 000	1 577 064		
Region 1			1 993 000	914 220
Region 2			669 000	306 881
Meetings of the International Radio Consultative Committee:				
Study Groups	1 761 000	807 798	3 100 000	1 422 018
Meetings of the International Telegraph and Telephone Consultative Committee:				
Study Groups and Plenary Assembly	3 800 000	1 743 119		
Study Groups			2 546 000	1 167 890
Seminars	200 000	91 743	250 000	114 679
Common expenditure on conference and meetings (translation, typing and reproduction of documents)	4 820 000	2 211 009	4 861 000	2 229 816
	17 380 000	7 972 477	17 447 000	8 003 211

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### 3. Budgeting practices

166. The Committee was informed that inflation is fully budgeted for. The Official Swiss Consumer Price Index is used as a guideline for the global increase in non-staff expenditure. For staff expenditure, estimates of inflation are based on the latest information available at the time of budget preparation (1 January of the year preceding the budget year). An adequate provision for foreseeable increases for staff expenditure is included in the budget proposals under a separate section of the ITU budget.

167. The budgets of ITU are drawn in Swiss francs. The budgetary exchange rate used in the proposed and approved budget of the Union is the official United Nations exchange rate in force on 1 January of the year preceding the budget year. There is no specific provision in the ITU budget to cover exchange rate losses/gains. Exchange rate losses leading to cost increases in staff expenditure are covered by withdrawals from the ITU Reserve Account. Similarly, exchange rate gains leading to cost decrease in staff expenditure are credited to the ITU Reserve Account.

168. As for cost increases, expected mandatory cost increases during the budget year resulting from the application of the Staff Regulations and Rules to the existing staff of the Union, such as step increases, termination benefits, home leave, are identified and costed in the budget document. The standard cost approach is not used by ITU. After the budget has been approved by the Administrative Council, the Secretary-General of ITU has the authority to meet unforeseen increases in staff costs from the ITU Reserve Account.

169. Other budget growth consists of:

- (a) Cost increase/decrease of non-staff expenditure;
- (b) Programme increase/decrease of conferences and meetings;
- (c) Programme increase/decrease of special projects.

The above variations are detailed section by section in the budget.

170. The Committee was informed that absorption of cost increases in the preparation of a new budget are necessary to the extent that the draft budget levels must be within the limits set by the Convention (see paras. 154 and 155). If necessary, this is achieved through a freeze of approved posts.

171. The Committee was further informed that no specific reduction is made in the budget for staff turnover, and that the use of the concept of distributed costs is limited to the costs of temporary staff for common services during conferences and meetings.

H. World Meteorological Organization

Approved budget 1984	\$18 750 000	
Approved budget 1985	<u>\$19 480 000</u>	\$38 230 000
Approved budget 1982	\$18 414 000	
Approved budget 1983	<u>\$18 558 700 a/</u>	\$36 972 700
	Increase	\$ 1 257 300
		3.40 per cent

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a/ Excluding \$1,562,848 reappropriated from 1982.

172. The Advisory Committee discussed the programme and budget of the World Meteorological Organization with the Secretary-General of WMO.

173. WMO follows a four-year budgetary cycle. Its Congress meets every four years and establishes a budgetary ceiling for the next four-year financial period. Within that ceiling individual budgets for each year are approved by the Executive Council. The Executive Council is empowered by the Congress to authorize the use of "flexibility clauses" which make it possible to adjust the level of the maximum expenditures for the financial period.

174. The ninth World Meteorological Congress, held in May 1983, authorized the Executive Council to incur maximum expenditures of \$77,516,400 (net) for the period 1984-1987. This amount was based on zero growth of programmes, and on salary scales, prices and exchange rates (2.08 Swiss francs to the United States dollar) prevailing on 1 May 1983. In resolution 35 (Cg-IX) on maximum expenditures, the Congress also authorized the Executive Council under the "flexibility clauses":

(a) To incur necessary expenditures resulting from any increase in staff salaries and allowances in consequence of changes in the United Nations common system of salaries and allowances;

(b) To incur any necessary expenditures up to \$500,000, made necessary by changes in currency exchange rates from items other than salaries;

(c) To incur other necessary expenditures not exceeding \$500,000 in total, which might be agreed by member States of WMO to meet unforeseen programme activities of an urgent character.

175. In addition to approving the ceiling for the ninth financial period, the Congress also examined the proposed structure of the WMO secretariat for the period and authorized the Secretary-General to arrange this in the best way possible,

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within the financial limitations imposed by the approved maximum expenditures. By decision of Congress, the maximum number of established posts in the secretariat during the ninth financial period is 246.

176. Congress requested the Secretary-General to assess carefully the scope for any staff savings during the ninth financial period. Congress agreed that the Secretary-General, with the prior approval of the Executive Council, could implement the recommendations on the classification of posts at the D-1 and D-2 levels in compliance with the classification system of ICSC provided that this could be accommodated within the salary provisions of the budget approved by Congress.

177. The approved total of 246 posts is the same as was approved for the previous financial period. It should be noted that the total of 246 approved posts does not include the staff of the Technical Co-operation Department which is financed from UNDP funds, nor does it include staff for the joint activities covered by the agreement between WMO and the International Council of Scientific Unions (ICSU).

#### 1. 1984 and 1985 approved budgets

178. Following the practice previously established by the Executive Council and applicable to sessions immediately following meetings of Congress, the draft programme and budget submitted to the Executive Council concerning the first year (1984) of the ninth financial period (1984-1987) was prepared in the form of a short document. This document summarized the decisions of the ninth Congress concerning the approved level of activities envisaged for 1984 with the corresponding proposed budget appropriations. It also contained an allocation of that portion of the management and supporting costs included in the four-year budget as would be required for 1984. The Executive Council approved a budget of \$18,750,000, which represents 24.19 per cent of the maximum expenditure approved by Congress for the four-year period. This amount is based on the exchange rate of Sw.fr. 2.08 = \$US 1 as fixed by the United Nations for May 1983 and the salary rates prevailing at that date.

179. The budgetary increase between the 1984 approved budget and the 1985 approved budget of \$19,480,000 amounts to \$730,000. The nominal cost increases due to increased cost of the 246 established posts and the maintenance of programmes at revised exchange rates amount to \$658,800. There have also been increases in staff salaries and allowances consequent to the changes implemented by the United Nations. An amount of \$71,200 represents additions to the 1985 proposed budget in real terms.

180. The approved budget for 1985 of \$19,480,000 constitutes 25.13 per cent of the total budget of \$77,516,400 approved for the ninth financial period 1984-1987. It has been determined that it will be possible to carry out the remaining activities foreseen during that financial period within the financial limits imposed by the ninth World Meteorological Congress.

181. The following table provides a summary of the WMO approved budgets for 1984 and 1985 as compared with the initial approved budget for 1983 as well as with the revised 1983 budget:

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Part	Title	1983 budget <u>a/</u>		1984 approved	1985 approved
		Initial <u>b/</u>	Revised <u>c/</u>	budget <u>a/</u>	budget
		\$	\$	\$	\$
1.	Policy-making organs	1 031 500	975 589 <u>d/</u>	424 100	478 400
2.	Executive management	957 700	964 472	967 900	892 900
3.	Scientific and technical programmes	7 021 200	8 032 323	10 157 500	10 445 900
4.	Supporting programmes <u>e/</u>	2 247 900	2 733 908	210 000	209 400
5.	Programme supporting activities	3 774 800	3 883 879	3 539 500	3 865 300
6.	Administration and common services	3 054 500	3 104 463	2 968 100	3 117 900
7.	Other budgetary provisions	<u>471 100</u>	<u>426 914</u>	<u>482 900</u>	<u>470 200</u>
		<u>18 558 700</u>	<u>20 121 548 <u>f/</u></u>	<u>18 750 000</u>	<u>19 480 000</u>

a/ 1983 and 1984 relate to the eighth and ninth financial periods respectively. Some redistribution of the programmes has taken place with the adoption of the budget for the period 1984-1987. The main changes are:

	from part 4 in 1983	<u>Initial</u> \$	<u>Revised</u> \$
4.2	Regional Programme	1 087 700	1 432 833
4.3	Education and training	959 700	1 051 922
	to part 3 in 1984		
3.5	Education and training	1 484 500	N/A
3.6	Regional Programme	1 319 900	N/A

b/ Including supplementary estimates totalling \$450,000 which were entirely financed from miscellaneous income.

c/ After reappropriation from 1982 totalling \$1,562,848.

d/ Includes the cost of both a session of Congress and of the Executive Council.

e/ Title of part 4 changed to "Technical co-operation activities" as from 1 January 1984.

f/ Actual expenditures \$19,322,669, including \$1,519,054 of unliquidated obligations.

## 2. Budgeting practices

182. WMO's budget for the four-year financial period takes into account inflation which was experienced until the date of consideration of the budget; for this purpose the published official statistics of the Canton of Geneva are used as inflation indices.

183. Otherwise, it has been the policy of the World Meteorological Congress to adopt a four-year budget which excludes any element of inflation in the forthcoming budgetary period and the same applies to the yearly budgets approved by the Executive Council during that period. Additional costs resulting from inflation are therefore normally met through economies within the approved budget, and through recourse to the "flexibility clauses" mentioned in paragraphs 173 and 174 above as far as compensation for inflation on staff salaries and allowances is concerned. The low inflation rate in Switzerland and the fact that approximately 90 per cent of the expenditure from the regular budget is incurred in Swiss francs, has made it possible for WMO to remain within the budgetary limits without seriously reducing the programmes.

184. The WMO budget is prepared on the basis of the official United Nations rates of exchange in effect on the date of preparation. This is updated to reflect the official United Nations rate in effect at the time the budget is adopted. The exchange rate losses are met through the "flexibility clauses" (see paras. 173 and 174). Exchange rate gains are returned to member States.

185. Mandatory costs increases are defined to include:

(a) Increases/decreases in United States dollar cost of salaries and allowances of staff including annual increments;

(b) Increased costs of programmes due to inflation during the preceding financial period.

186. Although the extent to which cost increases have been absorbed is not separately indicated in the budget document, the predominance of staff costs in the budget (approximately 70 per cent) allows absorption of increases through delays in recruitment.

187. The average vacancy rate in WMO is very low - 1 per cent or less. The Advisory Committee was informed that whenever a vacancy occurs arrangements must be made to employ staff on short-term contracts or to obtain the services of seconded experts from national meteorological services to complete the implementation of the approved programme within the prescribed time-frame. Therefore no lapse factor is used to budget for existing positions. Since the middle of the last financial period (1980) and until 1987, no new positions are foreseen in the budget. Any new position proposed must be compensated by the suppression of an existing one. No lapse factor is used to budget for such new positions.

188. The organization uses the concept of distributed costs. Common staff costs and materials used in offset printing are so distributed and this accounts for approximately 11 per cent of the regular budget.

I. International Maritime Organization

	\$
Gross budget 1984-1985	25 772 000
Approved gross budget 1982-1983	<u>24 083 500</u>
Increase	1 688 500
	7.0 per cent

189. The Advisory Committee met with the Secretary-General of the International Maritime Organization to discuss the budget for 1984-1985 and related matters.

1. Regular budget for 1982-1983

190. Expenditure under the regular budget in the biennium 1982-1983 amounted to \$21.24 million, which was \$2.84 million less than the approved appropriation of \$24.08 million. The main reason for the saving was the fall in the value of the pound sterling against the United States dollar, the actual rate in each of the two years being some 24 cents less than the rate adopted for the budget calculations.

191. In addition, miscellaneous income in the biennium was \$2.25 million more than originally budgeted, due mainly to higher than expected interest rates and larger sums available for investment due to the savings in expenditure. This was, however, slightly more than offset by outstanding contributions from members of \$2.35 million for the biennium (the larger part of these arrears have subsequently been cleared during the first five months of 1984).

192. The total cash surplus thus arising in the biennium was \$2.74 million, and there was a balance of \$1.74 million still available for disposal from earlier years, making a total of \$4.48 million. The thirteenth session of the IMO Assembly in November 1983, further to the recommendations of the Secretary-General, decided to allocate \$0.67 million of this surplus to the Exchange Reserve Fund to bring it up to \$2 million; \$0.35 million to the Working Capital Fund to increase it to \$1 million; and to use \$2.22 million to reduce the assessment on members in 1984-1985. The balance of \$1.24 million of the cash surplus was carried forward to the biennium 1984-1985.

2. Regular budget for 1984-1985

193. The Secretary-General's regular budget proposals for 1984-1985 reflected the work programme established by member States. In particular, these proposals took into account a key resolution adopted at the twelfth IMO Assembly in 1981 - resolution A.500 (XII) - setting out the objectives of the organization for the decade of the 1980s. This resolution reiterated the priority which was to be given to implementing the existing conventions, regulations and rules established by IMO, instead of the adoption of new instruments. The work programme and budget proposals were developed to this end.

194. IMO does not have a programme budget. Expenditure is essentially limited to meeting the costs of the secretariat staff, the headquarters premises and intergovernmental meetings convened at headquarters. All of IMO's technical co-operation work is financed from extrabudgetary sources such as UNDP, UNEP, donor agencies or funds-in-trust. The staff of the IMO Technical Co-operation Division, all of whom are financed by support cost income, are not included in the regular budget appropriation or assessment.

195. The Secretary-General's budget proposals were approved by the IMO Council and by the thirteenth session of the IMO Assembly in November 1983, subject to certain minor modifications. The total approved appropriations and the resulting assessments are shown in the following table, together with the comparable figures for the 1982-1983 appropriation and assessment.

Section	1982-1983	1984-1985	Increase/ decrease
(United States dollars)			
I Meetings	1 562 300	2 238 200	43.3
II Personnel	15 570 000	15 074 000	(3.2)
III General services	5 847 200	7 233 000	23.7
IV Printing and publications	85 900	28 400	(66.9)
V Other budgetary provisions	1 018 100	1 198 400	17.7
Total estimated expenditure	24 083 500	25 772 000	7.0
<u>Less</u> Estimated miscellaneous income	1 054 000	1 434 000	36.1
<u>Less</u> Transfer from cash surplus	1 000 000	2 221 721	122.2
Assessment on members	22 029 500	22 116 279	0.4

196. A breakdown of the increase of 7 per cent in appropriations is shown in the following table:

	<u>Dollar</u>	<u>Per cent</u>
Volume increase	0.6 million	2.5
Cost increase related to new headquarters premises	1.9 million	7.9
Other cost increases	3.1 million	12.8
Exchange rate effect	(3.9) million	(16.2)
Total	<u>1.7 million</u>	<u>7.0</u>

197. The volume increase essentially comprises additional expenditure in section I for an international legal conference. In addition, in connection with the introduction of Arabic as an official language of IMO, approval was given for the establishment of one Arabic translator post and one secretarial post.

198. The cost increase relating to the new headquarters premises arises because 1984-1985 will be the first full biennium in which the organization has had to meet the higher rental, running and general maintenance costs of the new headquarters premises. This factor accounts for the higher than average increases in section III and section V. The new premises were taken over in November 1982 and were thus occupied for only 14 months of the biennium 1982-1983.

199. Other cost increases are accounted for by inflation and statutory increments. An annual United Kingdom rate of inflation of 6 per cent has been assumed for each of the two years of the biennium 1984-1985.

200. The Assembly adopted an exchange rate of \$1.54 to the pound for the purposes of calculating the 1984-1985 budget. This rate was considerably lower than the rates assumed for 1982-1983 (\$2.00 for 1982; \$1.77 for 1983) and, as the IMO budget is affected to the extent of 90 per cent by exchange rate movements, there was a substantial reduction in expenditure, amounting to \$3.9 million.

201. The fall in expenditure in section IV is accounted for by the transfer of the costs of the organization's news magazine to the IMO Printing Fund. The provision in this section now relates only to public information activities, as the Printing Fund is self-supporting (total estimated income of the Fund during 1984 is \$1.6 million, with estimated expenditure \$1.1 million).

### 3. Staff

202. As noted above, the 1984-1985 regular budget proposals included provision for two additional posts (one Professional and one General Service) in connection with

the introduction of Arabic as an official language of IMO. There was also a proposal for one additional General Service post, replacing temporary assistance, to be financed from the Printing Fund. The IMO staffing table as at 1 January 1984 therefore comprised 220 posts financed under the regular budget, 7 posts financed from the Printing Fund and 32 headquarters posts in the Technical Co-operation Division financed from support costs.

#### 4. Headquarters accommodation

203. On 31 October 1982 the new headquarters premises of the organization were officially handed over to IMO by the Government of the host country.

204. It is recalled that the capital costs of the premises were met by the United Kingdom Government, the present estimate being approximately £47.5 million. The cost of furnishing and equipping the premises, which amounted to just over £3 million, was met from gifts or loans (at little or no interest) from member States, from a provision in the regular budget in 1980-1981, and from the use of part of a cash surplus which arose in 1976-1977.

205. The new premises are approximately three times the gross area of the previous premises of the organization and therefore operation and maintenance costs are higher. Leasing arrangements with the host Government are, however, very favourable. The organization pays only one fifth of the total annual rent and even this amount is only reached after an eight-year period of transitional payments commencing with approximately one tenth of the total annual rent; furthermore, the rent is fixed for the remainder of the duration of the fifty-year lease.

#### 5. Apportionment of contributions

206. At its thirteenth session, in November 1983, the IMO Assembly unanimously adopted a new system of calculating member States' assessments with effect from 1 January 1984. Like the existing system the new scheme bases part of the assessment on the percentage contribution paid to the United Nations budget (basic assessment) and part on the gross register merchant shipping tonnage of a member State (tonnage assessment). Basic assessment had dropped from 18 per cent of the total assessment to 2 per cent since the organization was established and the new scheme raises this to 10 per cent of total assessment and index-links it to the budget level. In addition, the grouping of countries by United Nations contribution for purposes of basic assessment has been refined to provide for eight categories rather than three. Tonnage assessment will, under the new scheme, amount to 90 per cent of the total assessment but with a new provision included to reduce the assessment of those countries with merchant fleets below 50,000 tonnes.

#### 6. Technical co-operation

207. The Advisory Committee was informed that the World Maritime University was inaugurated in 1983. The purpose of the University, which is based in Malmö, Sweden, is to provide the most up-to-date facilities for training high-level

maritime personnel from developing countries in all areas of shipping and related maritime activities. The total number of students currently attending courses at the University is 137 from 59 countries.

208. It is estimated that the University will cost \$4 million a year to run. The Swedish Government has agreed to pay \$1 million annually and UNDP is to provide a further \$800,000 per year for at least the duration of the current UNDP cycle; further income has also been received through donations from member States and organizations. A total of \$1.75 million per annum is, however, still required for the University to be placed on a sound long-term financial basis; IMO Assembly, at its thirteenth session, established a Working Group to assist the Secretary-General in securing these funds. The Advisory Committee was informed that the regular budget of IMO is not liable to meet any of the costs of the University.

209. The total IMO expenditure on technical co-operation projects (including support costs) amounted to over \$10 million in 1983 and is expected to be around \$9 million in 1984.

## 7. Budgeting practices

210. Inflation is budgeted for by including individual elements in the biennial budget proposals at the cost estimated as likely to prevail at the time of actual expenditure. A number of indices are used to estimate inflation. London post adjustment and General Service salary increases are, for example, based on the forecast changes in the United Kingdom Retail Price Index (RPI); the RPI is also used where more detailed sub-index forecasts are not available for United Kingdom-based purchases. The weighted average of post adjustments (WAPA) and United States CPI forecasts are used for pensionable remuneration.

211. The budget proposals are based on the United Nations operational rate of exchange between the pound sterling and the United States dollar prevailing in the month of the submission of the proposals (generally February or March of the year before the budget period). The rate of exchange actually used in the final approved budget is determined by the IMO Assembly at its session in the November preceding the biennium. The Assembly in recent years has also given authority to the IMO Council to amend the rate of exchange used in respect of the budget for the second year of the biennium in the light of circumstances prevailing at the Council's autumn session in the first year of biennium.

212. The IMO Assembly has established an Exchange Reserve Fund (ERF), currently standing at \$2 million, to meet additional expenditures resulting from exchange rate movements. The ERF has been built up using part of the surpluses created in those years when exchange rate movements led to savings in expenditure. The Fund is at present sufficient to cover an exchange rate movement averaging 10 per cent over the biennium.

213. Exchange rate gains are treated like other savings. All contribute to the cash surplus, which is then distributed in accordance with the decisions of the Assembly, based on the recommendations of the Secretary-General. Recent cash

surpluses have been used primarily to reduce the annual assessment on members (by \$1 million in 1983, by \$1.2 million in 1984 and by \$1 million in 1985), and also to increase the levels of the Working Capital Fund and the Exchange Reserve Fund.

214. Mandatory cost increases are defined as increases caused by inflation or for statutory reasons. Other budget growth is defined as volume changes; changes in the programme of meetings at headquarters, or in staffing of the secretariat would, for example, come under this heading.

215. The terms "recurrent" and "non-recurrent" costs are not used in any analytical presentation but, where appropriate, individual items of expenditure would be identified as such.

216. Cost increases are included in the proposals in accordance with the full budgeting concept. However, the Advisory Committee was informed that every possible economy was sought in the course of budget preparation to provide offsetting savings to the extent possible.

217. IMO does not use the "distributed cost" concept.

J. World Intellectual Property Organization

	<u>Swiss francs</u>	<u>United States</u> <u>dollars a/</u>
Expenditure budget 1984-85	87 203 000	40 001 376
Expenditure budget 1982-83	<u>71 781 000</u>	<u>32 927 064</u>
Increase	15 422 000	7 074 312
	21.5 per cent	

a/ At 2.18 Swiss francs to the United States dollar.

218. The Advisory Committee discussed the programme and budget of WIPO for 1984-1985 with representatives of the Director-General of that organization.

219. The competent Governing Bodies of WIPO 1/ have adopted a resolution providing for the provisional application, until 1985, of a system of biennial budgets starting in even-numbered years, as is being done by the United Nations and several organizations in the United Nations system. The first biennial budget was for 1980-1981.

220. The budgets of WIPO reflect the fact that this organization is also an amalgam of separate Unions. As a consequence, WIPO budgets are, in effect, of a dual nature. They cover, on the one hand, the budget of the WIPO Conference and the budget of expenses common to the Unions and, on the other, the budgets of the Unions themselves, which are administered by WIPO.

221. The WIPO programme and budget document for 1984-1985 deals separately with the Program Unions and the Registration Unions, because of the fundamental difference between the nature of their activities and the source of their revenues.

222. As far as the Program Unions (Paris, Berne, International Patent Classification (IPC), Nice and Locarno Unions) are concerned, the services rendered by the International Bureau (i.e. the secretariat) of WIPO concern primarily the public authorities of the member States. Programme activities are financed by contributions from the member States of the Program Unions (and by such States members of WIPO as are not members of any of the Unions) and the member States have complete control over those activities.

223. As far as the Registration Unions (Patent Co-operation Treaty (PCT), Madrid and The Hague Unions) are concerned, the services rendered by the International Bureau concern primarily the - mostly private - owners of industrial property rights (patents, trademarks, industrial designs, etc.). Those owners pay fees for the international registration and international patent application services rendered by the International Bureau. The Advisory Committee was informed that the volume of registration activities depends directly on the demand of the users. The

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budgets of the PCT, Madrid and The Hague Unions must therefore always be somewhat tentative.

224. The programme and budget document is presented by programme activities, registration activities, and Governing Bodies, management and support activities, and shows the expenses, by object of expenditure, connected with each activity. It also details the share of the interested Unions in the financing of expenses common to two or more Unions. Furthermore, the Union for the Protection of New Varieties of Plants (UPOV), which has a separate administration, 2/ contributes in an agreed amount towards common expenses. Additional income is derived from rental of WIPO premises, publications revenue and miscellaneous credits.

1. Program Unions: programme and budget for 1984-1985

225. The following table gives the re-estimation adjustment, programme variation and cost variation from 1982-1983 to 1984-1985 for the Program Unions:

	<u>Thousands of Swiss francs</u>	<u>Percentage variation</u>
1982-1983 budget	35 272	-
Adjustment to re-estimated 1982-1983 budget	1 486	4.2
Programme variation (at 1982-1983 cost rates)	0	0
Cost variation	5 348	15.2
1984-1985 budget	42 106	19.4

226. As can be seen from the table above, the total expenses in the Program Unions' budget for 1984-1985 amount to 42,106,000 Swiss francs, an increase of 6,834,000 Swiss francs or 19.4 per cent over the budget for 1982-1983.

227. The budget document gives a complete analysis, for each object of expenditure, of the reasons for the re-estimation adjustment and cost variation. The re-estimation adjustment is mainly due to non-discretionary increases in standard staff costs over the levels used in the 1982-1983 budget. The cost variation reflects the rate of inflation estimated by the United Nations organizations in Geneva for the years 1984 and 1985. It is to be noted that, in a deliberate effort of economy, inflation costs were absorbed in a number of areas (missions, third-party travel, conferences, consultants, other contractual services, and maintenance of premises).

228. The programme variation shown in the draft programme and budget for the biennium 1984-1985 was minus 420,000 Swiss francs, corresponding to minus 1.2 per cent. However, the Governing Bodies of WIPO decided to increase certain

programmes of interest to developing countries by 648,000 francs, this being achieved by reducing by 420,000 francs the provisions for cost increases and by transferring 228,000 francs from other items of the draft budget. These changes resulted in the figures given in paragraph 225 above, with zero programme variation.

## 2. Registration Unions: programme and budget for 1984-1985

229. The following table gives the re-estimation adjustment, programme variation and cost variation from 1982-1983 to 1984-1985 for the Registration Unions:

	<u>Thousands of Swiss francs</u>	<u>Percentage variation</u>
1982-1983 budget	35 741	-
Adjustments to re-estimated 1982-1983 budget	1 673	4.7
Programme variation (at 1982-1983 cost rates)	1 617	4.5
Cost variation	5 132	14.4
1984-1985 budget	44 163	23.6

230. As shown above, the total expenses in the Registration Unions' budget for 1984-1985 amount to 44,163,000 Swiss francs, an increase of 8,422,000 Swiss francs or 23.6 per cent over the budget for 1984-1985.

231. The programme variation of 4.5 per cent is mainly due to the increase of activity foreseen in the PCT Union where an increase of 32 per cent in the volume of international patent applications (12,500 in 1984-1985 versus 9,500 in the budget for 1982-1983) is expected.

232. As noted in paragraph 227 above, the budget document gives a complete analysis, for each object of expenditure, of the reasons for the re-estimation adjustment and cost variation.

## 3. Staff

233. For 1984-1985 a total of 265.5 posts have been approved, a net increase of 2 over the level of 263.5 for 1982-1983. The net increase consists of five new posts which are needed because of the expected 32 per cent increase in the number of international applications filed under the PCT, offset by the abolition of three posts as a consequence of the computerization of some of the administrative and printing operations in the PCT and Madrid Unions, as well as of certain financial operations.

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#### 4. Budgeting practices

234. The Committee was informed that CCAQ forecasts are used to estimate inflation. With regard to exchange rates, the WIPO budget is in Swiss francs as are most expenditures; for estimating the cost of dollar or dollar-based expenditures, the last United Nations official exchange rate before finalizing the budget is used.

235. Mandatory cost increases relate mostly to statutory increases (i.e. resulting from United Nations General Assembly decisions and WIPO staff regulations) for salaries and other staff costs and reflect increases in post adjustment and General Service salary scales, increases in contributions to the United Nations Joint Staff Pension Fund and other standard staff costs.

236. It is the practice to show programme growth, as distinct from cost increases, in the budget, although there is zero programme variation for the Program Unions from the 1982-1983 budget to the 1984-1985 budget.

237. The WIPO budgets do not separately identify non-recurrent costs. The Advisory Committee was informed that neither a personnel lapse factor nor a vacancy rate is used since turnover is very low and the vacancy rate is virtually nil; short-term staff are usually employed until vacant posts are filled.

238. As for absorption of cost increases in the preparation of new budgets, the Committee was informed that deliberate efforts are made for the 1984-1985 budget to effect economies and absorb cost increases in a number of areas, including missions, third-party travel, conferences, consultants, printing, other contractual services and maintenance of premises (see para. 227).

#### Notes

1/ The Governing Bodies of WIPO and the Unions administered by WIPO are the WIPO General Assembly, the WIPO Conference, the WIPO Co-ordination Committee; the Assemblies of the Paris, Berne, Madrid, The Hague, Nice, Lisbon, Locarno, IPC, PCT, TRT and Budapest Unions; the Conferences of Representatives of the Paris, Berne, The Hague and Nice Unions; the Executive Committees of the Paris and Berne Unions; the Madrid Union Committee of Directors, and the Lisbon Union Council.

2/ The Director-General of WIPO is also the chief administrative officer of UPOV. The other Unions of WIPO are all administered jointly by the International Bureau of WIPO.

K. International Fund for Agricultural Development

	\$
Budget 1984	24 795 000
Budget 1983	<u>22 700 000</u>
Increase	2 095 000
	9.2 per cent

239. The Advisory Committee discussed the programme and budget of IFAD for 1984 with a representative of that organization.

240. The programme of work and budget for 1984 was approved by the Governing Council in December 1983. Since the proposed budget for 1985 will not be considered by the Governing Council until October 1984, the information provided below is limited to the years 1983 and 1984.

241. The 1983 budget, as approved by the Governing Council, amounted to \$22,700,000 including a contingency of \$400,000. The table below compares actual expenditure for 1983 with the allocations for each category of expenditure.

1983 approved budget and actual expenditure

(Thousands of United States dollars)

	<u>Approved budget allocation</u>	<u>Actual expenditure</u>	<u>Savings</u>
Governing Council and Executive Board meetings	996	876	120
Staff costs	9 151	7 636	1 515
Official travel	1 156	860	296
Programme costs - co-operating institutions and consultants	8 775	7 077	1 698
Administrative expenses	2 112	1 994	118
"			
Support for United Nations Committees	60	60	-
Second replenishment - meetings and other costs	50	51	(1)
	<u>22 300</u>	<u>18 554</u>	<u>3 746</u>
Contingency	400	-	400
	<u>22 700</u>	<u>18 554</u>	<u>4 146</u>

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242. As can be seen from the above table, the total savings are some \$3,746,000 or 16.8 per cent of the approved budget, excluding the contingency. Of this amount, approximately \$1,500,000 is due to the continued fall in the value of the Italian lira relative to the United States dollar. A further saving of \$1,190,000 accrued from a reduction in the number of operations due to the slowing-down of the work programme. The Advisory Committee was informed that these savings are channelled into the programme of work since all excesses of revenue over expenditures are credited to Surplus which is used for commitment against loans and grants. (IFAD's reserve is derived from income from investments and loans and not by assessment on member States.)

243. The administrative budget for 1984 was approved in the amount of \$24,795,000. The following table compares the 1983 and 1984 budgets by category of expenditure:

Comparison of 1984 budget with 1983 budget

(Thousands of United States dollars)

	<u>1983</u> <u>budget</u>	<u>1984</u> <u>budget</u>	<u>Increase</u>	
1. Governing Council	308	315	7	
2. Executive Board	688	715	27	
3. Staff costs	9 151	10 070	919	
4. Official travel	1 156	1 169	13	
5. Administrative expenses	2 112	2 595	483	
6. Support for United Nations meetings	60	66	6	
7. Programme costs - co-operating institutions and consultants	8 775	8 815	40	
8. Second replenishment - meeting and other costs	50	250	200	
9. Expenses on new headquarters building <u>a/</u>	<u>400</u>	<u>400</u>	<u>400</u>	
	<u>22 300</u>	<u>24 395</u>	<u>2 095</u>	
10. Contingency	<u>400</u>	<u>400</u>		
Total	<u>22 700</u>	<u>24 795</u>	<u>2 095</u>	9.2 per cent

a/ These funds may be expended in the latter part of 1984; in the event the amount is not spent, it would have to be appropriated again in the 1985 budget.

244. As can be seen from the above table, the 1984 budget total reflects an increase of \$2,095,000 or 9.2 per cent over the 1983 budget total. However, the representative of IFAD emphasized that in real terms the 1984 total represents a decrease of approximately 3 per cent. The figure of \$2,095,000 is a net figure comprising increases totalling \$3,855,000 offset in part by decreases amounting to \$1,760,000. A breakdown of this amount is provided below:

	<u>United States dollars</u>	<u>Percentage</u>
Budget for 1983	22 700 000	
Inflation	2 700 000	11.9
New positions	555 000	2.4
Increased operations carried out by co-operating institutions	200 000	0.9
Provision for start-up costs on new building	400 000	1.7
Reduction arising from movement in US\$/Italian lira exchange rate	(1 204 000)	(5.3)
Other reductions	(556 000)	(2.4)
Budget for 1984	24 795 000	9.2 (rounded)

245. As shown above, inflation accounted for the bulk of the increase. In this connection the Committee was also informed that the rate of inflation for lira-based expenditures was estimated at 17 per cent. However, this was offset in large measure by the downward movement of the lira against the United States dollar, resulting in a net increase of approximately 5 per cent as applied to lira-based expenditures. The rate of inflation for non-lira-based expenditures was estimated at 8 per cent.

246. The estimate of \$315,000 in respect of the yearly session of the Governing Council covers salaries and travel of interpreters, précis writers and conference-servicing staff. It also provides for printing, communications and other support costs. The increase of \$7,000 over 1983 is primarily attributable to inflation.

247. The estimate of \$715,000 under the heading "Executive Board" provides for three sessions of the Board in 1984, with a net increase in costs of \$27,000 attributable to inflation.

248. The 1984 staffing table of 181 reflects an increase of 14 posts (6 Professional and 8 General Service). In this connection, the Advisory Committee

was informed that throughout the period 1981-1983 the level of approved posts remained constant (74 Professional and 93 General Service posts), pending the submission to the Executive Board of a detailed report on future staffing requirements. This report, as well as the supplementary comments of two independent consultants engaged to review the report, was considered by the Executive Board at its eighteenth session. Both consultants concluded that the Fund was understaffed and, as a result, the Board authorized the above-mentioned increase of 14 posts. The representative of IFAD also informed the Committee that the new positions would not satisfy all the existing needs and some temporary staff would continue to be used to meet the increased work-load.

249. The 1984 estimate for official travel (\$1,169,000) reflects an increase of \$13,000 over the 1983 total, most of which can be attributed to increases in fares and other travel expenses.

250. Administrative expenses for 1984 are estimated at \$2,595,000, representing an increase of \$483,000 over the 1983 total. Much of the increase is attributable to inflation; however, the Committee was also informed that part of the increase is due to the expanded use of outside computer programming as well as increased media work and local professional fees. In addition, there has been a significant increase in the use of telex and telephone in connection with the higher volume of loan disbursements and loan implementation activities.

251. An increase of \$6,000 or 10 per cent is reflected under Support for Special United Nations Committees and Activities, bringing the total to \$66,000. This amount includes contributions to the Development Forum, the Consultative Committee on Administrative Questions, the International Civil Service Commission and the Administrative Committee on Co-ordination/Sub-Committee on Nutrition.

252. The 1984 estimate for Programme Costs - Co-operating Institutions and Consultants totals \$8,815,000. Payments to co-operating institutions and consultants are for work related to IFAD-initiated projects, special programming missions, supervision of implementation on loans and grants, and monitoring and evaluation missions. Charges by co-operating institutions are based on reimbursement of the additional costs incurred. Where IFAD staff and related travel are involved in project identification, preparation, appraisal, supervision and monitoring, these expenses are included under staff costs and official travel.

253. As can be seen from the table below, which compares the projected 1984 payments to co-operating institutions and consultants with the 1983 budget allocations, programme costs reflect an overall net increase of \$40,000. In this connection, the Committee was informed that the increases shown in respect of supervision of implementation and monitoring and evaluation relate to an extension of the Fund's effective loans as well as to expected increases due to inflation. An increase is projected for 1985 in respect of these categories for the same reasons and will be somewhat greater due to the number of loans which will then be effective.

Programme costs - co-operating institutions and consultants

1983 budget compared with 1984 budget

(Thousands of United States dollars)

	No. of operations		Average cost per operation		Co-operating institutions		Consultants		Total	
	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984
Identification	28	24	70	70	490	550	1 470	1 130	1 960	1 680
Appraisals	22	18	155	185	3 000	2 930	410	400	3 410	3 330
Supervision of implementation										
Projects	51	60	49	49	2 145	2 350	360	590	2 505	2 940
Research grants	20	20	6.5	7	-	-	130	140	130	140
Monitoring and evaluation	30	35	11	11	-	-	330	385	330	385
Special programming missions	4	3	110	100	150	100	290	200	440	300
Special studies	-	2	-	20	-	-	-	40	-	40
					5 785	5 930	2 990	2 885	8 775	8 815

254. The amount of \$400,000 under expenses on new headquarters building relates to the start-up costs and increased occupancy costs which will result once IFAD occupies the new headquarters building to be provided by the Government of Italy. Because there is some uncertainty as to the date of occupancy, the provision may not be used in 1984, in which case it would be included in the proposed 1985 budget.

255. The level of the contingency provision for 1984 remains unchanged at \$400,000. This provision can be used, subject to approval by the Executive Board, to meet additional costs arising from unforeseen events including, inter alia, unexpected fluctuations in exchange rates.

#### Budgeting practices of IFAD

256. IFAD does not assess its member States for funds to meet its operating expenses; rather, the revenue to meet these expenses is derived from income on the Fund's investments. The annual budget of a given year is prepared on the basis of the planned level of the programme for that year, which is reviewed periodically in the light of the actual resource situation for new loan and grant commitments.

257. In preparing its budget, IFAD uses, inter alia, the prevailing annual rate of inflation in Italy to provide for the escalation of headquarters lira-based expenditures. In estimating staff costs for Professional posts, IFAD allows for the projected escalation of post adjustment for Rome, as well as for annual step increments. Salaries of the General Service are increased in line with increases in the Italian cost-of-living index and the projected increase in the index is taken into account in preparing the budget.

258. Expenditures for General Service staff salaries and the lira-based costs for supplies and services at IFAD's headquarters are estimated on the basis of the exchange rate prevailing at the time of preparation of the budget detail. The Advisory Committee was informed that this is the only reasonable approach as it is impossible to predict what the rate might be in the ensuing year. Although the trend of the past few years has been a weakening of the Italian lira, resulting in budget savings, a reversal of that trend by more than 4 per cent for a full year would absorb the whole amount of the contingency.

259. Savings resulting at the end of the budget year, whether attributable to exchange rate gains or other reasons, are credited to surplus and then channelled into the programme of work of the Fund.

260. With regard to recurrent and non-recurrent costs, the Advisory Committee was informed that IFAD's budgeting system does not normally make a distinction. An example where such a distinction would be made would be the start-up costs for the new building.

261. The Advisory Committee was informed that IFAD has absorbed some cost increases by reducing the number of new loans being approved, thereby slowing growth. It was further indicated that since IFAD is a small agency which has still not reached its optimum capacity where the number of loans being completed in a year equals the

number of new loans approved, there is very little scope for absorbing cost increases.

262. A personnel lapse factor of 25 per cent is used to budget for new positions. For existing positions IFAD uses a factor of 100 per cent occupancy since there is little or no turnover in staff. The average vacancy rate in 1982 and 1983 was 3 per cent and 4 per cent respectively.

# L. International Atomic Energy Agency

	\$	\$
Approved budget 1984	100 769 000 (gross) a/	
Approved budget 1985	<u>107 134 000</u> (gross) a/	207 903 000
Approved budget 1982	82 220 000 (gross) a/	
Approved budget 1983	<u>91 561 000</u> (gross) a/	<u>173 781 000</u>
	Increase	34 122 000
		19.6 per cent

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a/ Based on an exchange rate of 16.60 Austrian schillings to \$US 1.

263. The Advisory Committee discussed the budget of IAEA for 1985 and related matters with a representative of the Director-General of the Agency.

264. In accordance with the IAEA statute, budget estimates are submitted annually by the Board of Governors for approval by the General Conference. The annual estimates, which are presented within the framework of a rolling six-year programme which is updated every second year, are initially prepared by the Director-General and reviewed by the Administrative and Budgetary Committee of the Board. The 1985 budget estimates relate to the first year of the period 1985-1986 as well as to the third year of the six-year period 1983-1988. The proposed budget for 1985 was reviewed by the Administrative and Budgetary Committee of the Board of Governors in May 1984 and by the Board in June for presentation to the General Conference in September. In September it was decided that Chinese would be a working language of the Board; accordingly, the proposed budget of \$106,805,000 was increased by \$329,000 to \$107,134,000 at AS 16.60.

## 1. Regular budget

265. The Agency's budget for 1985 and programme for 1985-1986 is presented in a new format comprising two parts. Part I contains a narrative description of the programme for 1985-1986 according to subject-matter. Summaries of resources by programme area, budget tables and the draft resolutions are also included in this part.

266. The Advisory Committee was informed that while part I was drafted to facilitate discussion and decisions by member States with respect to the programme of work of the organization, part II was designed to assist programme managers in planning and monitoring implementation of programmes. Accordingly, this section

provides programme information according to the organizational structure of the Agency.

267. The representative of IAEA also informed the Committee that the 1985 estimates of \$106,805,000 at Austrian schillings 16.60 to the United States dollar had been prepared on the basis of zero growth. The approved total of \$107,134,000 reflects a programme increase of 0.5 per cent over 1984 due to the decision that Chinese should be a working language of both the General Conference and the Board. A breakdown of the regular budget for 1985 as compared with the adjusted 1984 budget is provided in the table below. To facilitate comparison, both budgets have been costed at an exchange rate of 16.60 Austrian schillings to the United States dollar.

<u>Programme area/programme</u>	<u>1984 budget</u>	<u>1985 estimate</u>	<u>Total increase</u>	<u>Per cent</u>
Nuclear power and the fuel cycle	8 475 000	8 988 000	513 000	6.1
Nuclear applications	14 526 000	15 454 000	928 000	6.4
Nuclear safety and radiation protection	5 097 000	5 402 000	305 000	6.0
Safeguards	33 777 000	36 355 000	2 578 000	7.6
Direction and support area	35 218 000	37 084 000	1 866 000	5.3
Services provided to others	<u>3 676 000</u>	<u>3 851 000</u>	<u>175 000</u>	<u>4.8</u>
Total regular budget (gross)	<u>100 769 000</u> a/	<u>107 134 000</u>	<u>6 365 000</u>	<u>6.3</u>

a/ For comparison, the figures for 1984 and 1985 are prepared on the basis of an exchange rate of AS 16.60 to the US dollar since this rate was used in the calculation of the detailed budget estimates for 1984. However, the 1984 appropriations were based on an exchange rate of AS 17.50 to the US dollar, resulting in a downward adjustment of \$3,939,000 to the total of \$100,769,000. The appropriations for 1985 were based on a rate of AS 19.50 to the US dollar; consequently, the total of \$107,134,000 was reduced by \$12,109,000 to \$95,025,000.

268. A summary of posts by grade and department is contained in the following table:

Number of established posts

<u>Grade of post</u>	<u>1983 adjusted</u>	<u>1984 adjusted</u>	<u>1985</u>	<u>Change 1984-1985</u>
DG	1	1	1	-
DDG	5	5	5	-
D	25	26	29	3
P-5	148	151	152	1
P-4	234	242	243	1
P-3	171	186	195	9
P-2	47	59	57	(2)
P-1	19	19	19	-
Sub-total	650	689	701	12
GS	796	804	810	6
M and O	76	76	75	(1)
TOTAL	1 522	1 569	1 586	17

				P	GS	M and O a/
Department:						
Office of the Director-General	15	14	14	-	-	
Department of Technical Co-operation	228	89	90	-	1	-
Department of Nuclear Energy and Safety	245	173	175	1	1	-
Department of Research and Isotopes	257	255	260	3	2	-
Department of Safeguards	398	434	435	5	(4)	-
Department of Administration	379	265	265	-	1	(1)
Shared Support Services b/ (Agency posts)	-	339	347	3	5	-
TOTAL	1 522	1 569	1 586	12	6	(1)

a/ Manual and operative.

b/ Includes all services at VIC operated by IAEA and cost-shared with other organizations, i.e. Data Processing, Printing, Library and Medical Services.

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As can be seen from the above table, the 1,586 posts for 1985 show a net increase of 17 (including 12 Professional posts) over the 1984 levels, five of which are for the Department of Safeguards and eight for Chinese language services.

269. For 1985, the Agency estimates its share of the operating costs of the VIC which is operated by UNIDO, at \$6,924,000 as follows:

	<u>United States dollars</u>
Utilities	2 355 000
Operation and maintenance contract	490 000
Contractual maintenance services	885 700
Cleaning	825 000
Building and maintenance staff	1 040 000
Security services staff costs	890 000
Building and maintenance supplies	295 000
Building, property and maintenance equipment	110 000
Sinking Fund, major repairs	<u>33 300</u>
TOTAL (at AS 16.60)	<u>6 924 000</u>

The above total represents an increase of 0.6 per cent over the 1984 total.

270. It is also estimated that \$3,851,000 (at AS 16.60) will be received in 1985 as income in respect of the support services operated by the Agency and cost-shared with other organizations at the VIC, i.e. Data Processing, Printing, Library and Medical Services. This amount will be shown as part of the Agency's miscellaneous income.

271. The provision of technical assistance by the Agency to its member States is financed from the Technical Assistance and Co-operation Fund which receives its income mainly in the form of voluntary contributions for which a target is set each year in accordance with the indicative planning figure recommended by the Board of Governors and approved by the General Conference. For 1985, the recommended target is \$26 million or 15.6 per cent over the approved 1984 target.

272. The Agency's extrabudgetary resources in 1985 are estimated at \$43,552,000 as follows:

	<u>United States dollars</u>
Funds from other United Nations organizations <u>a/</u>	2 118 000
Technical co-operation resources <u>b/</u>	33 000 000
Other extrabudgetary resources	<u>8 434 000</u>
Total	<u>43 552 000</u>

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a/ Funds from FAO, UNEP, UNESCO, etc.

b/ Technical co-operation resources include the Technical Co-operation Fund and funds from UNDP and other extrabudgetary sources which are foreseen for actual implementation in 1985. Allocations to individual programmes in this table are only indicative, based on extrapolation of past experience and do not prejudice in any way the priorities to be set by Member States.

The amount of \$33,000,000 is foreseen for actual implementation in 1985 while total new resources are expected to be \$43,500,000. Of the latter \$26 million (60 per cent) represents the target for voluntary contributions to the Technical Co-operation Fund for 1985.

273. The Agency would like to maintain the level of its Working Capital Fund in 1985 at its present level of approximately \$2 million. However, this is incumbent on the timely payment of contributions by member States so that recourse to the Fund will not be necessary. The Advisory Committee was informed that, by the end of 1983, the Agency had collected 93 per cent of the total assessment for that year and that this was an improvement over the 1982 performance.

## 2. Budgeting practices

274. Representatives of IAEA informed the Committee that inflation is budgeted for by item of expenditure. For Professional staff expenditures, the local consumer price index plus the out-of-area index-movement is used in calculating estimates of inflation; for General Service, the consumer price index plus the wage index is the basis of calculation. IAEA also includes a marginal increase under staff expenditures to cover step increments and promotions; however, most of the additional costs incurred in this respect are absorbed.

275. For non-staff costs (excluding the operating costs of VIC), inflation is based on the analysis of actual increases experienced during the preceding year. In respect of its share of the operating costs of VIC, IAEA budgets for inflation at the rate established by the United Nations/UNIDO (5.5 per cent for 1985).

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276. Although the budget is costed in United States dollars, approximately 75 per cent of IAEA's expenditures are in Austrian schillings. In the past, IAEA has used various methods for determining the exchange rate to be used in the proposed and approved budget. However, due to large fluctuations in the rate of exchange, the methods used have resulted in either shortfalls or the accumulation of surpluses. Some of the smaller losses were absorbed but others required supplementary appropriations funded either by available surpluses or by supplementary assessments. More recently, very significant cash surpluses have been generated. In accordance with IAEA's Financial Regulations, these surpluses are returned to member States after approximately 2-1/2 years. The Committee was informed that further discussions on the method of selecting a more realistic exchange rate would be held at the next meeting of the Administrative and Budgetary Committee of the Board in 1985.

277. As mentioned above, the 1985 proposed budget was costed using the exchange rate of 16.60 Austrian schillings to one United States dollar. Subsequently, in September 1984, the General Conference, on the recommendation of the Board, approved the budget based on the exchange rate of AS 19.50. The Advisory Committee notes that there is therefore a significant time lag between the selection of the rate and the beginning of the budget year.

278. As for cost increases, IAEA distinguishes between those comprising (a) inflation and other elements such as promotion and step increments, and (b) increases/decreases in the programme. Non-recurrent expenditures are shown as programme increases.

279. The Advisory Committee was informed that in preparing a new budget, IAEA absorbed most of the anticipated common staff cost increases by budgeting for them at a lower rate. These increases are shown as price increases (as opposed to programme increases).

280. In the budget document the effect of exchange rate fluctuations is not included in the cost comparison between two fiscal years. Rather, the comparison is made at the same exchange rate and fluctuations are separately accounted for as "adjustments of programme cost estimates". Previous shortfalls due to currency fluctuations were partly absorbed primarily through delays in recruitment.

281. Although a personnel lapse factor is not applied uniformly to all programmes and posts in IAEA, as a general rule a lapse factor of 3 per cent is applied for existing posts in large programmes. For new posts, the lapse factor is generally 25 per cent; however, this also varies according to the post under recruitment. The average vacancy rate for IAEA in 1983 was 4 per cent.

282. The Advisory Committee was informed that IAEA has a system for distributing costs and that approximately 20 per cent of the regular budget is so distributed.

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