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

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

CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
I. INTRODUCTION	1	2
II. COMPARATIVE TABLES	2 - 7	2
III. DETAILED COMMENTS ON THE 1974 BUDGETS OF THE AGENCIES. .	8 - 134	14
A. International Labour Organisation	8 - 26	14
B. Food and Agriculture Organization of the United Nations	27 - 41	19
C. United Nations Educational, Scientific and Cultural Organization	42 - 50	23
D. International Civil Aviation Organization	51 - 64	26
E. Universal Postal Union	65 - 74	29
F. World Health Organization	75 - 91	32
G. International Telecommunication Union	92 - 100	37
H. World Meteorological Organization	101 - 114	41
I. Inter-Governmental Maritime Consultative Organization	115 - 121	45
J. International Atomic Energy Agency	122 - 134	48

* A/9600.

I. INTRODUCTION

1. In accordance with its terms of reference, the Advisory Committee on Administrative and Budgetary Questions has examined the administrative budgets or budget estimates for 1974 of the following specialized agencies whose agreements with the United Nations provide for transmittal of their budgets for review by the General Assembly: the International Labour Organisation (ILO), Food and Agriculture Organization of the United Nations (FAO), United Nations Educational, Scientific and Cultural Organization (UNESCO), International Civil Aviation Organization (ICAO), Universal Postal Union (UPU), World Health Organization (WHO), International Telecommunication Union (ITU), World Meteorological Organization (WMO) and Inter-Governmental Maritime Consultative Organization (IMCO). The Advisory Committee has also examined the administrative budget for 1974 of the International Atomic Energy Agency (IAEA), which has been transmitted in accordance with article XVI, paragraph 3, of the relationship agreement between the Agency and the United Nations. The review has not covered the budgets of the International Bank for Reconstruction and Development (IBRD) and the International Monetary Fund (IMF) whose agreements with the United Nations do not provide for the transmittal of their budgets for examination by the General Assembly.

II. COMPARATIVE TABLES

2. The table below shows the evolution of the gross regular budgets of the organizations in the United Nations system from 1969 to 1974.

A. Amount of estimates or approved budgets

(In thousands of dollars)

<u>Organization</u>	<u>1969 Actual expenses</u>	<u>1970 Actual expenses</u>	<u>1971 Actual expenses</u>	<u>1972 Obligations</u>	<u>1973 Appropriations</u>	<u>1974 Appropriations or estimates</u>	<u>1974 Increase by comparison with 1972</u>	<u>1974 Percentage increase by comparison with 1972</u>	<u>1974 Increase or (decrease) by comparison with 1973</u>	<u>1974 Percentage increase or (decrease) by comparison with 1973</u>
ILO	31 101	31 282	32 949	32 654 ^{a/}	41 152 ^{a/}	53 447 ^{a/}	20 793 ^{a/b/}	63.68 ^{a/b/}	12 295	29.88
FAO	36 234	38 337	43 258	44 817 ^{c/}	50 843 ^{c/}	57 850 ^{c/}	13 033	29.00	7 007	13.78
UNESCO	41 800	43 662	49 461 ^{d/}	56 686 ^{d/}	66 471 ^{d/}	70 031 ^{d/}	13 345	23.54	3 561	5.36
ICAO	7 734	8 448	9 728	10 320	12 348	12 265	1 945	18.84	(84)	(0.68)
UPU	2 050	1 886	2 306	3 424 ^{e/}	4 037 ^{e/}	4 430 ^{e/}	1 006	29.38	392	9.72
WHO	68 824	74 964	84 657	95 394	109 444 ^{f/}	117 036 ^{g/}	21 642	22.69	7 592	6.94
ITU	7 709	8 653	14 327 ^{e/}	14 538 ^{e/}	17 343 ^{e/}	18 221 ^{e/}	3 683	25.33	878	5.07
WMO	3 114	3 527	4 293	4 376	6 163	7 470	3 094	70.70	1 308	21.22
IMCO	1 235	1 211	1 613	1 876	2 027	2 564	688	36.67	537	26.50
IAEA	11 235	12 231	14 010	16 532	19 698	25 064	8 532	51.61	5 366	27.24
Subtotal (specialized agencies and IAEA)	211 036	224 201	256 602	280 617	329 526	368 378	87 761	31.27	38 852	11.79
United Nations	156 781	168 376	194 125	208 395	234 075 ^{h/}	269 000 ^{i/}	60 605	29.08	34 925	14.92
GRAND TOTAL .	367 817	392 577	450 727	489 012	563 601	637 378	148 366	30.34	73 777	13.09

^{a/} ILO's appropriations relate to the biennia 1972-1973 and 1974-1975.^{b/} Size of increase due largely to substantial (21 per cent) underspending of budget in 1972 and effects of inflation and devaluation of the US dollar on 1974 estimates.^{c/} FAO's appropriations relate to the biennia 1972-1973 and 1974-1975.^{d/} UNESCO's budgetary periods are 1971-1972 and 1973-1974.^{e/} Converted at the rate Sw.fr. 2.80 = US \$1.^{f/} Excludes Undistributed Reserve of \$2,438,840.^{g/} Excludes Undistributed Reserve of \$2,828,950.^{h/} General Assembly resolution 3094 (XXVIII) of 11 December 1973.^{i/} By resolution 3195 (XXVIII) of 18 December 1973 the General Assembly appropriated \$540,473,000 for the biennium 1974-1975.

B. Established posts

3. The number of established posts authorized or requested under the regular budgets for 1972, 1973 and 1974 is given below:

<u>Organization</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>Increase (decrease)</u> <u>1972-1974</u>		<u>Increase (decrease)</u> <u>1973-1974</u>	
				<u>Number</u>	<u>Per cent</u>	<u>Number</u>	<u>Per cent</u>
ILO	1 404	1 404	1 404	-	-	-	-
FAO	2 288	2 293	2 213 ^{a/}	(75) ^{a/}	(3.28)	(80) ^{a/}	(3.49)
UNESCO	2 002 ^{b/}	2 241 ^{c/}	2 247 ^{c/}	245	12.24	6	0.27
ICAO ^{d/}	607	629	655	48	7.9	26	4.13
UPU ^{e/}	115	121	121	6	5.22	-	-
WHO ^{f/}	3 300	3 352	3 383	83	2.52	31	0.92
ITU	509 ^{g/}	541 ^{h/}	542	33	6.48	1	0.18
WMO	218	219	219	1	0.46	-	-
IMCO	114 ^{i/}	114 ^{i/}	129 ^{j/}	15	13.16	15	13.16
IAEA	1 091	1 108 ^{k/}	1 158	67	6.14	50	4.51
Subtotal agencies	11 648	12 022	12 071	423	3.63	49	0.41
United Nations	8 766 ^{l/}	8 915 ^{l/}	9 372 ^{m/}	606	6.91	457	5.13
GRAND TOTAL	20 414	20 937	21 443	1 029	5.04	506	2.42

(See foot-notes on following page)

(Foot-notes to table)

a/ Excludes 18 posts related to the proposed \$1 million transfer from UNDP Agency Costs to the Regular Programme.

b/ Excluding 225 Maintenance and Security posts, but including 28 posts of experts on mission (in order to make the total number of posts for 1972 comparable with that for 1973).

c/ Excluding 222 Maintenance and Security posts, but including posts for experts on mission and 86 posts providing a "margin" for meeting programme requirements.

d/ Increase includes 60 posts for introduction of the Russian language, the USSR having become a member of ICAO late in 1970.

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

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

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

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

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

j/ Subject to revision and approval by eighth session of IMCO Assembly. Excludes 19 Headquarters posts paid from UNDP funds (7 Professional and 12 General Service posts).

k/ Revised to include 22 posts financed from additional income under arrangements with UNDP and UNIDO.

l/ Excludes 123 posts relating to the implementation of projects funded by UNDP, which posts were removed from the regular budget in 1973; also excludes 37 posts transferred to extrabudgetary resources in 1974.

m/ A/9450/Add.1 and Corr.1, para. 87.

C. Special projects and activities

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

(In United States dollars)

<u>Organizations</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
ILO ^{a/}	2 419 830	2 419 830	1 429 000
FAO	2 330 280	2 098 750	2 710 500
UNESCO	12 697 021	15 212 955	15 433 396
ICAO ^{b/}	58 000	58 000	58 000
UPU	-	17 857	447 500
WHO ^{a/}	10 224 000	10 667 000	12 099 000
ITU	776 042	2 275 714	1 815 000
WMO	984 750	1 285 950	1 821 100
IMCO	-	-	-
IAEA	2 490 400	2 981 800 ^{c/}	3 572 800

a/ Corresponds to the heading "Fellowships, grants and contributions" in the ACC standard code of objects of expenditure.

b/ Relates to special implementation projects.

c/ Revised for comparability with 1974.

/...

D. Working capital funds

5. The following table shows the amounts approved or proposed for the working capital funds in relation to the gross budgets or budget estimates for 1974, and, where appropriate, to the budgets or estimates for the financial periods, together with percentages:

(In thousands of dollars)

<u>Organizations</u>	<u>1974 Gross budget or budget estimate</u>	<u>Gross budget or estimate for financial period</u>	<u>Working capital fund</u>	<u>Percentage of third column to first column</u>	<u>Percentage of third column to second column</u>
ILO	53 447	108 693	10 065 ^{a/}	18.83	9.26
FAO	58 000	117 400	4 500	7.76	3.83
UNESCO	70 032	120 000	4 000	5.71	3.33
ICAO	12 265	35 653	1 100	8.97	3.09
UPU	4 430	-	b/	-	-
WHO	117 036 ^{c/}	-	11 000	9.40	-
ITU	18 221	-	-	-	-
WMO	7 471	17 300 ^{d/}	864	11.56	4.99
IMCO	2 564	5 209	150	5.85	2.88
IAEA	25 064	-	2 000	7.98	-
United Nations	253 730	513 440	40 000	15.76	7.79

a/ No specific level for the ILO Working Capital Fund has been approved for several years; the figure represents the estimated cash level at 1 January 1974.

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

c/ Excludes undistributed reserve of \$2,828,950.

d/ Net of staff assessment.

E. Scales of assessment

6. The scales of assessment applied to Member States by the specialized agencies, IAEA and the United Nations for 1974 are shown in the following table:

Members ^{a/}	United Nations ^{b/} (per cent)	ILO (per cent)	FAO (per cent)	UNESCO (per cent)	ICAO (per cent)	UPU (per cent)	WHO (per cent)	ITU (per cent)	WMO (per cent)	IMCO (per cent)	IAEA ^{c/} (per cent)
Afghanistan	0.02	0.05	0.02	0.04	0.10	0.30	0.04	0.10	0.09	-	0.04
Albania	0.02	-	0.02	0.04	-	0.30	0.04	0.10	0.09	-	0.04
Algeria	0.08	0.11	0.10	0.08	0.11	0.10	0.08	0.62	0.09	0.15	0.09
Argentina	0.83	1.11	1.06	0.79	0.85	2.51	0.77	3.09	1.29	0.60	0.82
Australia	1.44	1.83	1.83	1.37	1.58	2.51	1.32	3.71	1.71	0.52	1.41
Austria	0.56	0.49	0.71	0.51	0.44	0.50	0.49	0.21	0.51	-	0.53
Bahamas	0.02	-	-	-	-	-	-	-	0.09	-	-
Bahrain	0.02	-	0.02	0.04	0.10 ^{d/}	-	0.04	-	-	-	-
Bangladesh	-	0.05	0.13	0.04	0.13 ^{d/}	2.51	0.04 ^{e/}	0.21	0.09	-	0.14
Barbados	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	0.10	-
Belgium	1.05	1.35	1.34	0.98	1.03	1.51	0.95	1.65	1.20	0.52	1.01
Bhutan	0.02	-	-	-	-	0.10	-	-	-	-	-
Bolivia	0.02	0.05	0.02	0.04	0.10	0.30	0.04	0.10	0.26	-	0.04
Botswana	0.02	-	0.02	-	-	0.10	-	0.10	0.09	-	-
Brazil	0.77	1.06	0.98	0.75	0.87	2.51	0.72	1.03	1.29	0.77	0.77
Bulgaria	0.14	0.19	0.18	0.17	0.16	0.50	0.16	0.21	0.34	0.36	0.17
Burma	0.03	0.05	0.04	0.04	0.10	0.30	0.05	0.21	0.26	0.12	0.05
Burundi	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Byelorussian Soviet Socialist Republic	0.46	0.47	-	0.46	-	0.50	0.45	0.21	0.51	-	0.48
Canada	3.18	3.36	4.05	2.87	3.23	2.51	2.77	3.71	2.57	1.04	2.96
Central African Republic . .	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Chad	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Chile	0.14	0.27	0.18	0.18	0.21	0.50	0.18	0.21	0.43	0.24	0.19
China	5.50	3.55	7.01	3.73	0.67	2.51	3.60	3.09	3.68	-	-
Colombia	0.16	0.25	0.20	0.18	0.27	0.50	0.17	0.62	0.34	-	0.18
Congo	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Costa Rica	0.02	0.05	0.02	0.04	0.10	0.30	0.04	0.10	0.09	-	0.04
Cuba	0.11	0.21	0.14	0.15	0.12	0.30	0.14	0.21	0.26	0.24	0.15
Cyprus	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	0.04
Czechoslovakia	0.89	0.92	1.13	0.84	0.69	1.51	0.81	0.62	0.94	0.14	0.86
Dahomey	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Democratic People's Republic of Korea	-	-	-	-	-	-	0.10 ^{e/}	-	-	-	-

Members ^{a/}	United Nations ^{b/} (per cent)	ILO (per cent)	FAO (per cent)	UNESCO (per cent)	ICAO (per cent)	UPU (per cent)	WHO (per cent)	ITU (per cent)	WMO (per cent)	IMCO (per cent)	IAEA ^{c/} (per cent)
Democratic Yemen	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Denmark	0.63	0.70	0.80	0.58	0.61	1.01	0.56	1.03	0.69	1.53	0.59
Dominican Republic	0.02	0.05	0.02	0.04	0.10	0.30	0.04	0.62	0.09	0.10	0.04
Ecuador	0.02	0.05	0.02	0.04	0.10	0.30	0.04	0.21	0.09	0.12	0.04
Egypt	0.12	0.24	0.15	0.17	0.22	1.51	0.16	1.03	0.51	0.19	0.17
El Salvador	0.02	0.05	0.02	0.04	0.10	0.30	0.04	0.10	0.09	-	0.04
Equatorial Guinea	0.02	-	-	-	0.10 ^{d/}	0.30	-	0.10	-	0.10	-
Ethiopia	0.02	0.05	0.02	0.04	0.10	0.30	0.04	0.21	0.17	-	0.04
Fiji	0.02	-	0.02	-	0.10 ^{d/}	0.10	0.04	0.10	-	-	-
Finland	0.42	0.41	0.53	0.42	0.38	1.01	0.40	0.62	0.51	0.68	0.43
France	5.86	6.07	7.47	5.60	5.48	2.51	5.40	6.18	4.46	2.83	5.76
French Overseas Territories	-	-	-	-	-	0.30	-	0.21	0.45 ^{f/}	-	-
Gabon	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	0.04
Gambia	0.02	-	0.02	0.04	-	-	0.04	-	-	-	-
German Democratic Republic .	1.22	-	-	1.31	-	1.51	1.50 ^{e/}	0.62	1.29	-	-
Germany, Federal Republic of	7.10	6.02	9.05	6.34	5.45	2.51	6.12	4.12	4.54	3.22	6.53
Ghana	0.04	0.09	0.05	0.06	0.10	0.30	0.06	0.21	0.17	0.16	0.07
Greece	0.32	0.26	0.41	0.27	0.39	0.50	0.26	0.21	0.26	5.53	0.28
Guatemala	0.03	0.05	0.04	0.04	0.10	0.30	0.05	0.21	0.09	-	0.05
Guinea	0.02	0.05	0.02	0.04	0.10	0.30	0.04	0.10	0.09	-	-
Guinea-Bissau	-	-	0.02	-	-	-	-	-	-	-	-
Guyana	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Haiti	0.02	0.05	0.02	0.04	0.10	0.30	0.04	0.10	0.09	0.10	0.04
Holy See	-	-	-	-	-	0.10	-	-	-	-	0.04
Honduras	0.02	0.05	0.02	0.04	0.10	0.30	0.04	0.10	0.09	0.13	-
Hungary	0.33	0.44	0.42	0.45	0.37	1.01	0.43	0.21	0.51	0.11	0.46
Iceland	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.11	0.09	0.15	0.04
India	1.20	2.04	1.53	1.45	1.16	2.51	1.40	2.68	2.23	1.04	1.49
Indonesia	0.19	0.36	0.24	0.26	0.22	1.51	0.25	0.21	0.69	0.32	0.27
Iran	0.20	0.27	0.25	0.20	0.21	0.50	0.20	0.21	0.26	0.16	0.21
Iraq	0.05	0.09	0.06	0.06	0.10	0.10	0.06	0.21	0.09	-	0.07
Ireland	0.15	0.20	0.19	0.14	0.26	1.01	0.13	0.62	0.26	0.16	0.14
Israel	0.21	0.18	0.27	0.18	0.36	0.30	0.18	0.21	0.26	0.35	0.19
Italy	3.60	3.09	4.59	3.30	3.33	2.51	3.19	2.06	2.23	3.10	3.40
Ivory Coast	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.21	0.09	0.13	0.04
Jamaica	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.21	0.09	-	0.04
Japan	7.15	4.49	9.11	5.04	5.18	2.51	4.86	4.12	2.23	12.58	5.18

Members ^{a/}	United Nations ^{b/} (per cent)	ILO (per cent)	FAO (per cent)	UNESCO (per cent)	ICAO (per cent)	UPU (per cent)	WHO (per cent)	ITU (per cent)	WMO (per cent)	IMCO (per cent)	IARA ^{c/} (per cent)
Jordan	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	0.04
Kenya	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	0.04
Khmer Republic	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.21	0.09	0.10	0.04
Kuwait	0.09	0.09	0.11	0.07	0.13	0.10	0.07	0.21	0.09	0.33	0.08
Laos	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Lebanon	0.03	0.05	0.04	0.04	0.21	0.10	0.05	0.21	0.09	0.14	0.05
Lesotho	0.02	-	0.02	0.04	-	0.10	0.04	0.10	-	-	-
Liberia	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.21	-	15.86	0.04
Libyan Arab Republic	0.11	0.08	0.14	0.06	0.10	0.10	0.06	0.10	0.09	0.10	0.07
Liechtenstein	-	-	-	-	-	0.10	-	0.10	-	-	0.04
Luxembourg	0.04	0.05	0.05	0.04	0.10	0.30	0.05	0.10	0.09	-	0.05
Madagascar	0.02	0.05	0.02	0.04	0.10	0.30	0.04	0.21	0.09	0.12	0.04
Malawi	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Malaysia	0.07	0.13	0.09	0.09	0.12	0.30	0.09	0.62	0.34	0.15	0.10
Maldives	0.02	-	0.02	-	-	0.10	0.04	0.10	-	0.12	-
Mali	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	0.04
Malta	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	-	0.10	-
Mauritania	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	0.10	-
Mauritius	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Mexico	0.86	0.81	1.10	0.82	0.89	1.51	0.79	1.03	0.86	0.25	0.84
Monaco	-	-	-	0.04	-	0.10	0.04	0.10	-	-	0.04
Mongolia	0.02	0.05	0.02	0.04	-	0.10	0.04	0.10	0.09	-	-
Morocco	0.06	0.11	0.08	0.08	0.10	1.01	0.08	0.21	0.17	0.12	0.09
Nauru	-	-	-	-	-	0.10	-	0.10	-	-	-
Nepal	0.02	0.05	0.02	0.04	0.10	0.30	0.04	0.10	0.09	-	-
Netherlands	1.24	1.13	1.58	1.10	1.54	1.51	1.06	1.65	1.03	1.86	1.13
Netherlands Antilles and Surinam	-	-	-	-	-	0.30	-	-	0.09	-	-
New Zealand	0.28	0.42	0.36	0.30	0.31	2.51	0.29	1.03	0.51	0.16	0.31
Nicaragua	0.02	0.05	0.02	0.04	0.10	0.30	0.04	0.10	0.09	-	-
Niger	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	0.04
Nigeria	0.10	0.16	0.13	0.11	0.12	0.50	0.11	0.41	0.26	0.13	0.11
Norway	0.43	0.51	0.55	0.40	0.46	1.01	0.39	1.03	0.60	8.43	0.41
Oman	0.02	-	0.02	0.04	0.10 ^{d/}	0.10	0.04	0.10	-	-	-
Pakistan	0.14	0.42	0.18	0.32	0.27 ^{d/}	2.51	0.31	0.62	0.51	0.29	0.33
Panama	0.02	0.05	0.02	0.04	0.10	0.30	0.04	0.10	0.09	2.86	0.04
Papua New Guinea	-	-	-	-	-	-	0.02 ^{g/}	0.10	0.10	-	-

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<u>Members^{a/}</u>	<u>United Nations^{b/}</u> (per cent)	<u>ILO</u> (per cent)	<u>FAO</u> (per cent)	<u>UNESCO</u> (per cent)	<u>ICAO</u> (per cent)	<u>UPU</u> (per cent)	<u>WHO</u> (per cent)	<u>ITU</u> (per cent)	<u>WMO</u> (per cent)	<u>IMCO</u> (per cent)	<u>IAEA^{c/}</u> (per cent)
Paraguay	0.02	0.05	0.02	0.04	0.10	0.30	0.04	0.21	0.09	-	0.04
Peru	0.07	0.13	0.09	0.09	0.16	0.50	0.09	0.21	0.34	0.26	0.10
Philippines	0.18	0.37	0.23	0.29	0.33	0.10	0.28	0.21	0.51	0.43	0.30
Poland	1.26	1.30	1.60	1.31	1.08	1.51	1.27	0.62	1.20	0.81	1.35
Portugal	0.15	0.21	0.19	-	0.28	1.01	0.14	0.62	0.43	-	0.15
Portuguese East Africa . . .	-	-	-	-	-	1.01	-	0.62)	0.17	-	-
Portuguese West Africa . . .	-	-	-	-	-	1.01	-		0.09	-	-
Qatar	0.02	0.05	0.02	0.04	0.10 ^{d/}	0.10	0.04	0.10	-	-	-
Republic of Korea	-	-	0.14	0.10	0.11	1.01	0.10	0.21	0.17	0.47	0.10
Republic of Viet-Nam	-	0.09	0.08	0.06	0.10	0.30	0.06	0.21	0.26	-	0.07
Romania	0.30	0.43	0.38	0.33	0.30	1.51	0.32	0.21	0.43	0.26	0.35
Rwanda	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	-
San Marino	-	-	-	-	-	0.10	-	-	-	-	-
Saudi Arabia	0.06	-	0.08	0.06	0.10	0.10	0.06	0.21	0.09	0.12	0.07
Senegal	0.02	0.05	0.02	0.04	0.10	0.30	0.04	0.21	0.09	0.11	0.04
Sierra Leone	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	0.04
Singapore	0.04	0.05	-	0.04	0.10	0.10	0.05	0.21	0.09	0.41	0.05
Somalia	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.21	0.09	-	-
South Africa	0.50	-	-	-	0.55	2.51	0.49	1.65	0.86	-	0.52
Southern Rhodesia	-	-	-	-	-	-	0.02	0.21	0.17	-	-
Spain	0.99	1.04	1.26	0.97	1.22	2.51	0.94	0.62	0.94	1.62	1.00
Spanish Provinces in Africa	-	-	-	-	-	0.10	-	0.21	-	-	-
Sri Lanka	0.03	0.05	0.04	0.04	0.10 ^{d/}	0.50	0.05	0.21	0.26	0.10	0.05
Sudan	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.21	0.17	-	0.04
Swaziland	0.02	-	0.02	-	0.10 ^{d/}	0.10	0.04	0.10	-	-	-
Sweden	1.30	1.58	1.66	1.17	1.14	1.51	1.13	2.06	1.37	2.10	1.20
Switzerland	-	1.10	1.04	0.78	1.01	1.51	0.76	2.06	1.11	0.17	0.81
Syrian Arab Republic	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.21	0.17	0.10	0.04
Thailand	0.11	0.17	0.14	0.12	0.15	0.30	0.12	0.41	0.34	-	0.12
Togo	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Tonga	-	-	-	-	-	0.10	-	0.10	-	-	-
Trinidad and Tobago	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.21	0.09	0.11	-
Tunisia	0.02	0.05	0.02	0.04	0.10	0.50	0.04	0.41	0.09	0.11	0.04
Turkey	0.29	0.46	0.37	0.32	0.33	1.51	0.31	0.41	0.51	0.36	0.34
Uganda	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	0.04
Ukrainian Soviet Socialist Republic	1.71	1.67	-	1.74	-	1.51	1.68	0.62	1.63	-	1.79

Members ^{a/}	United Nations ^{b/} (per cent)	ILO (per cent)	FAO (per cent)	UNESCO (per cent)	ICAO (per cent)	UPU (per cent)	WHO (per cent)	ITU (per cent)	WMO (per cent)	IMCO (per cent)	IAEA ^{c/} (per cent)
Union of Soviet Socialist Republics	12.97	10.45	-	13.23	13.33	2.51	12.77	6.18	10.45	6.43	13.61
United Arab Emirates	0.02	0.05	0.02	0.04	0.10 ^{d/}	0.10	0.04	-	-	-	-
United Kingdom of Great Britain and Northern Ireland	5.31	7.78	6.77	5.50	5.80	2.51	5.31	6.18	5.91	10.35	5.66
United Kingdom Overseas Territories	-	-	-	-	-	0.50	-	0.21	0.18 ^{h/}	-	-
United Republic of Cameroon .	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	0.10	0.04
United Republic of Tanzania .	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	-
United States of America . .	25.00	25.00	25.00	29.41	28.75	2.51	29.18	6.18	23.48	5.83	31.47
United States Overseas Territories	-	-	-	-	-	1.51	-	5.15	-	-	-
Upper Volta	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Uruguay	0.06	0.09	0.08	0.06	0.10	0.30	0.06	0.10	0.34	0.15	0.07
Venezuela	0.32	0.50	0.41	0.38	0.42	0.30	0.37	0.62	0.51	-	0.39
Western Samoa	-	-	-	-	-	-	0.04	-	-	-	-
Yemen	0.02	0.05	0.02	0.04	0.10	0.10	0.04	0.10	0.09	-	-
Yugoslavia	0.34	0.40	0.43	0.35	0.31	1.51	0.34	0.21	0.51	0.66	0.36
Zaire	0.02	0.05	0.02	0.04	0.10 ^{d/}	0.30	0.04	0.21	0.34	-	0.04
Zambia	0.02	0.05	0.02	0.04	0.10	0.30	0.04	0.21	0.17	-	0.04

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

^{b/} The United Nations scale of assessment was adopted by the General Assembly in resolution 3062 (XXVIII).

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

^{d/} Recommended by ICAO Council, subject to approval of ICAO Assembly in 1974.

^{e/} Provisional assessment.

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

^{g/} Associate Member.

^{h/} Consisting of the British Caribbean Territories and Hong Kong, each assessed at 0.09 per cent.

F. Collection of contributions

7. The following table shows for 1972 and 1973 the percentage of contributions to the regular budget collected at 30 June and 30 September, together with the total of contributions outstanding at the latter date.

(In United States dollars)

<u>Organizations</u>	<u>Percentage of current year's contributions collected at</u>				<u>Total of all contributions outstanding at 30 September (regardless of year of account)</u>	
	<u>30 June</u>		<u>30 September</u>		<u>1972</u>	<u>1973</u>
	<u>1972</u>	<u>1973</u>	<u>1972</u>	<u>1973</u>		
ILO	53.77	46.98	57.99	70.14	22 655 680	13 743 853
FAO	42.61	50.07	74.53	76.57	11 253 634	12 141 159
UNESCO ^{a/}	35.74	34.86	78.90	62.03	17 594 546	21 988 400
ICAO	44.40	43.26	67.58	75.92	3 610 735	3 329 465
UPU	43.13	48.84	66.53	69.24	864 261	1 101 272 ^{b/}
WHO	36.91	44.55	69.24	77.52	26 001 645	21 622 818
ITU	91.46	89.41	93.50	97.08	3 843 545	3 549 177
WMO	52.71	49.44	70.20	73.39	1 442 082	1 978 485
IMCO	63.26	82.44	69.58	87.49	712 330	406 281
IAEA	36.81	51.10	67.70	69.00	6 493 610	7 136 176
United Nations ^{c/} . .	32.55	32.74	65.48	66.18	98 240 910	86 458 389

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

^{b/} Swiss francs 3.03 = \$US 1.

^{c/} The percentage of current year's contributions collected excludes that amount which has been applied to prior years' assessments in respect of contributions that some Member States, for reasons of principle with regard to the financing of certain budget items, have withheld from their annual contribution or offered to pay in their national currencies since 1963. Similarly, the total amount of contributions outstanding includes \$41.1 million, the estimated cumulative total for the years 1963 to 1973, inclusive, of contributions withheld or offered in national currencies.

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III. DETAILED COMMENTS ON THE 1974 BUDGETS OF THE AGENCIES

A. International Labour Organisation

	<u>1973</u> <u>appropriations</u> ^{a/}	<u>1974</u> <u>estimates</u> ^{b/}
	\$	\$
Personnel services ^{c/}	32 526 100	43 429 000
General services	5 761 770	9 655 000
Special projects and activities ^{d/}	2 419 830	1 429 000
Other budgetary provisions	<u>443 800</u>	<u>258 500</u>
		54 771 500
<u>Deduct:</u> Lump-sum reductions and postponements from 1974 to 1975		<u>(1 325 000)</u>
Total (gross)	41 151 500	53 446 500
<u>Less:</u> Income from staff assessment (estimated).	(5 400 000)	(6 812 000)
Other revenue	(914 500) ^{e/}	(1 500 000) ^{f/}
TOTAL (net)	<u><u>34 837 000</u></u>	<u><u>45 134 500^{g/}</u></u>

^{a/} There is no separate ILO budget for 1973. The figures represent half of the appropriations for the financial period 1972-73. But see paragraphs 10 and 11.

^{b/} There is no separate ILO expenditure budget for 1974. Exceptionally, however, the Conference, at its 58th (1973) session, made provision for financing the budget in 1974 only. The figures represent a breakdown of expenditure corresponding to the 1974 income thus provided for.

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

^{d/} Fellowships, grants and contributions.

^{e/} Consists of part of estimated receipts from UNDP in respect of executing agency costs. As from 1974 expenditure covered by executing agency costs receipts will be handled outside the regular budget, and no income or expenditure estimates corresponding to this figure are therefore reflected in the table for 1974.

^{f/} Amount arising from profit on exchange transactions in 1973 which the Conference, at its 58th (1973) session, decided should exceptionally be set aside and treated as budgetary income in 1974.

^{g/} Includes \$3.3 million, assigned to part IV of the budget, against which no expenditure or commitment for expenditure may be incurred before action has been decided upon by the Governing Body (see paragraph 16 below).

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8. The Advisory Committee discussed the implementation of the programme and budget for 1972-1973 and the programme and budget for 1974-1975 with representatives of the Director-General of the ILO.

Implementation of the programme and budget for 1972-1973

9. The ILO's budget for the biennium 1972-1973, as approved by the International Labour Conference, amounted to \$71,503,000. But at the very beginning of the biennium the ILO found itself faced with a budgetary shortfall attributable largely to the revaluation of the Swiss franc in relation to the United States dollar in the latter part of 1971 (i.e., after the budget had been approved). Furthermore, the ILO had to contend with a difficult cash position because of the large amount of contributions owed by member States. Those difficulties, and the economy measures adopted by the Governing Body and the Director-General to cope with them, were described in the Advisory Committee's report to the General Assembly at its twenty-seventh session (A/8374, paras. 42-52).

10. Although the cash position improved during 1972 following the payment of \$11.7 million by the United States, programme costs were being increasingly affected by inflation and currency fluctuations, and the austerity measures were not relaxed to any great extent. As a result, expenditures in that year amounted to \$28.4 million, i.e., 21 per cent less than half the approved biennial budget.

11. With regard to 1973, the Governing Body agreed that the Director-General should aim at a target figure for expenditures of \$33.7 million (including \$2.7 million to cover cost increases), i.e., \$2.05 million less than half the initial appropriations for the biennium 1972-1973, but that he should maintain the policy of keeping expenditure within the level of income which could be relied upon with a reasonable degree of certainty; it was understood that the target would be subject to upward or downward adjustment as necessary in the light of any future changes in the financial situation. By mid-1973 the cash position was eased following the payment by the United States of \$8.6 million, representing the balance of its contribution for 1972.

12. The Advisory Committee was informed that in view of the uncertain income position and continuing inflation and currency changes, the final level of expenditures in 1973 could not be foreseen with any degree of accuracy.

Programme and budget for 1974-1975

13. At its 58th session in June 1973, the International Labour Conference approved a net expenditure budget for 1974-1975 in an amount of \$93,569,000, based on an exchange rate of 3.11 Swiss francs to the dollar. The total expenditure provided for in the budget was \$95,069,000; the difference of \$1.5 million is to be met from profits on exchange transactions in 1973 which, as an exceptional measure, is to be used as budgetary income in 1974 (see paragraph 16 below).

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14. The amount of \$95,069,000 was \$11.2 million more than the Director-General's original programme and budget proposals. The latter had been costed at 3.80 Swiss francs to the dollar and amounted to \$83,847,000, i.e., 20.34 per cent above the approved net 1972-1973 budget; after taking account of price increases and the cost of the move to the new ILO headquarters building, the Director-General estimated that his proposals represented a net programme reduction of 2.49 per cent compared with the initially approved programme for 1972-1973. Adjustments to the programme and budget proposals made by the Financial and Administrative Committee of the Governing Body in February/March 1973 increased the programme reduction to 2.79 per cent. Inasmuch as the cost of the draft programme (as approved by the Governing Body in February/March 1973) would have been increased by some \$13.2 million as a result of the decline of the dollar exchange rate from 3.80 to 3.11 Swiss francs, the budget level approved by the Conference, incorporating additional adjustments proposed by the Governing Body in June 1973, represents a further programme decrease in relation to the initially approved programme for 1972-1973, though not in relation to the programme actually delivered during the biennium.

15. In view of the continuing uncertainties of the international monetary situation and the differences of opinion among member States as to how the extra costs attributable to the devaluation of the United States dollar should be met, the Conference, upon the recommendation of the Governing Body, approved financing for only the 1974 portion of the budget (\$46,634,500) and deferred until its 59th (1974) session a decision on the extent and manner of financing the balance of \$48,434,500.

16. As regards expenditures in 1974, the Governing Body decided - and the Conference agreed - that the additional dollar costs resulting from the exchange rate fluctuations referred to in paragraph 14 above should be met as to \$1.5 million by setting off against them exceptional receipts arising from 1973 exchange rate adjustments. A further amount of \$1,325,000 is to be found through lump-sum reductions and the postponement of programmes from 1974 to 1975. Lastly, the Conference included in the total of \$45,134,500 to be assessed on member States in respect of 1974 a contingency provision of \$3.3 million which is not to be expended or committed for expenditure pending decision on appropriate action by the Governing Body in November 1973, when it will have before it the report of a specially appointed working party.

17. Subsequent to its meeting with the representatives of the ILO, the Advisory Committee was informed that, on the recommendation of that working party, the Governing Body decided at its November 1973 session to authorize the Director-General to spend up to the approved 1974-1975 budget level, taking account of the economies already provided for and any additions and any further economies subsequently approved. The Governing Body further decided that budgetary expenditures should be financed in 1974 by drawing on the expected budgetary cash surplus for 1972-1973, which was to be carried forward in accordance with an extraordinary Conference decision taken in 1971 in view of the delay at that time in the payment of large amounts of assessed contributions. For 1975, the Governing Body agreed to recommend to the Conference that the total amount of assessed contributions should be maintained at the same dollar figure as for 1974 (\$45,134,500). It decided to consider in November 1974 the use of the special

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contingency provision of \$3.3 million (see paragraph 16 above). Should needs arise which could not be met through those arrangements, the Director-General would be able to request the Governing Body to authorize withdrawals from the Working Capital Fund. Finally, in the context of the 1974-1975 budget generally, the Governing Body accepted a suggestion by the working party that special arrangements should be made for the study of areas in which the efficiency of the ILO could be improved without compromising its approved work programme; the results of that study are to be reported by the working party to the Governing Body at the latter's pre-Conference session in 1974.

18. Within the regular budget resources available to it in 1974-1975 the ILO will give special emphasis to the reduction of unemployment and underemployment, certain aspects of income distribution policies (in particular the promotion of measures to raise the living standards of rural workers), income security, and assistance in the development of workers' and employers' organizations and labour ministries able to contribute to constructive industrial relations policies. By contrast, in view of the encouraging prospects for the provision of extrabudgetary funds, the regular-budget financing of the two major programmes, "Employment Planning and Promotion" and "Human Resources Development" will be limited mainly to research, to standard-setting and to technical backstopping.

19. The Advisory Committee has been informed that regular-budget cash subsidies to the International Centre for Advanced Technical and Vocational Training in Turin have been discontinued and replaced by a system of subcontracting to the Centre of a number of work items included in the programme and budget under the major programmes, "Human Resources" and "Employment Planning and Promotion", and the Occupational Safety and Health and Workers' Education programmes.

20. The Advisory Committee noted that the ILO expected to receive \$100.6 million of extrabudgetary funds in 1974-1975 (as against \$84.6 million in 1972-1973), of which \$87.1 million would be for operational activities. The breakdown of extrabudgetary resources by major programme is now given in an information annex to the budget document. The Advisory Committee suggests that this information should be expanded in future submissions to indicate more clearly the extra resources, including manpower resources expected to be available from extrabudgetary funds.

Working Capital Fund

21. As a result of the receipt of large amounts of arrears of contributions (see paragraphs 10 and 11 above), the pattern of receipts of current contributions and the measures taken to keep the programme within the level of expected income, the ILO Working Capital Fund has now been restored practically to its full nominal level, and withdrawals have not been necessary in 1973 to finance current activities.

22. The Advisory Committee was informed, however, that means would have to be found of financing approved programmes in 1974 and in 1975 taking account of the price levels and exchange rates then prevailing, and that it was very likely that

the cost of doing so would exceed that which had been provided for in the budget, even assuming full use of the \$3.3 million set aside in part IV. Thus the Working Capital Fund may very well be called upon to provide substantial resources to finance current activities in the next biennium.

Personnel services

23. The Director-General has not requested any new posts for the biennium 1974-1975. Indeed total staff resources (established posts and other) shown in the budget are somewhat below those for 1972-1973 (726 Professional and 932 General Service man-years annually as against 756 and 1,004). The extent to which those resources become available will depend on the considerations discussed in paragraph 16 above.

24. The Committee noted that the Governing Body at its one hundred and eighty-ninth (February/March 1973) session authorized the Director-General to assign appropriate grades to established posts in the Professional category on the understanding that he would report in his programme and budget proposals on all regradings of such posts approved during the preceding period. (Governing Body authority had not been needed for the regrading of positions not corresponding to established posts.) Accordingly, the Director-General is setting up an internal Professional category grading system which will begin to take effect in 1974 and will be similar to that already established for the General Service category. As a consequence of the above change, the programme and budget proposals do not provide for the regrading of individual posts within the Professional category. The Committee was informed that the Governing Body had approved the upgrading of two posts to the D-2 level.

25. The Committee trusts that the Director-General will be able to resist the internal pressures which will doubtless urge the large-scale upgrading of posts in the Professional category, for otherwise the grading structure of the International Labour Office would be compromised.

26. As in the past, the ILO has used standard cost factors in calculating requirements for staff resources in 1974-1975. Two principal standard factors are employed - one for the Professional category (including grade D-1) and one for the General Service staff. Now that the United Nations has also introduced standard cost factors (albeit on a grade-by-grade basis) the Advisory Committee recommends that, when preparing future budget submissions, the ILO and the United Nations Office at Geneva should co-ordinate their fact-finding operations on the basis of which future standard cost factors will be established.

B. Food and Agriculture Organization

	<u>1973</u> <u>part of appropriations</u> ^{a/}	<u>1974</u> <u>estimates</u> ^{b/}
	\$	\$
<u>Personnel services</u>		
Salaries and wages (gross)	33 892 495	39 336 200
Common staff costs	8 268 000	8 674 200
<u>General services</u>		
Travel on official business	1 563 000	1 619 900
Contractual services	1 186 000	1 336 400
General operating expenses	2 784 000	2 891 000
Supplies and materials	746 000	777 000
Acquisition of property and equipment . .	305 000	204 800
<u>Special projects and activities</u>		
Fellowships, grants and contributions . .	359 000	245 000
Other	1 739 750 ^{c/}	2 465 500 ^{c/}
Total (gross)	50 843 245	57 550 000
<u>Less:</u> Income from staff assessment	7 000 000	7 300 000 ^{d/}
Other revenue	850 911 ^{e/}	- ^{e/}
TOTAL (net)	42 992 334	50 250 000

a/ Appropriations for the biennium 1972-1973, less actual expenses in 1972.

b/ Approximately half of recommended appropriation for the biennium 1974-1975.

c/ Includes, for both years, the Joint FAO/IBRD Co-operative Programme; Joint FAO/WHO Food Standards Programme; Joint FAO/UNICEF/WHO Protein Advisory Group; participation in institutions of the UN Common System; Joint Committee for the Promotion of Agricultural Co-operatives; Technical Advisory Committee; Contingencies; and, in 1974, funds to cover the transfer to the Regular Programme of a certain number of posts at present funded from UNDP/Agency Costs (\$500,000).

d/ Pending establishment of the scale of contributions to be paid by individual member nations, no reduction in this amount can be made to take account of reduced credit of any member nation which levies taxes on payments received from FAO by staff members who are nationals of such a nation.

e/ Miscellaneous income estimated for the biennium 1972-1973, less actual 1972 income. In 1974 Miscellaneous income (half of the estimated biennial total of \$1,771,000) will (subject to approval by the Conference) be placed in a special Suspense Account to be set up for the period 1974-1975. It will be drawn upon as necessary to meet cash needs and unbudgeted extra costs arising from currency movements and inflationary trends in the biennium. This revenue is therefore not projected as an offsetting deduction from the budget estimates for 1974.

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27. The Advisory Committee had the benefit of a discussion of the budget of FAO and related questions with representatives of the Director-General.

28. At the time the Advisory Committee discussed the programme of work and budget of FAO for the biennium 1974-1975, it had been considered, in summary form, 1/ by the Council of FAO, but not as yet by the General Conference. The Council had considered an original budget proposal by the Director-General of \$98.8 million, but new developments involving additional costs (including an estimated addition of \$1.44 million for translation and interpretation costs to be made necessary by China's resumption of its place in FAO) required the Council to consider an effective working budget amount of \$101.5 million. In so doing, it noted the possibility that additional requirements might arise as a result of salary adjustments and continued fluctuations in the lire-dollar exchange rate. The Director-General's proposals for 1974-1975, 2/ based on the latest available information, provide for an effective working budget of \$102.5 million which will be considered by the Council and Conference in November 1973.

29. The Advisory Committee noted that, in comparison with figures approved for the 1972-1973 biennium, the proposed budget would result in an increase of 25.5 per cent, 2.0 per cent of which represents programme increase. In terms of actual programme delivered, however, (economies and elimination of low priorities reduced the programme level actually implemented in 1972-1973) the 1974-1975 budget would allow for a net programme increase of 10 per cent over the 1972-1973 programme.

30. The breakdown by appropriation line is as follows:

	\$
Chapter 1 - General policy and direction	7 462 150
Chapter 2 - Technical and economic programmes	57 529 470
Chapter 3 - Field programmes and development support	8 705 370
Chapter 4 - Special programmes	2 401 620
Chapter 5 - General programme services	7 295 740
Chapter 6 - General support	17 204 650
Chapter 7 - Miscellaneous expenditure	701 000
Chapter 8 - Contingencies	200 000
	<hr/>
	101 500 000
Addition (undistributed)	1 000 000
	<hr/>
Total effective working budget	102 500 000
Chapter 9 - Transfer to Tax Equalization Fund	14 900 000
	<hr/>
Total appropriations (Gross)	117 400 000
	<hr/>

1/ FAO document CL 60/2 and Add.1.

2/ FAO document C 73/3.

31. The presentation of the FAO budget is clear and the accompanying documentation is useful. However, a more detailed exposition than now provided ^{3/} of the source and proposed use of extrabudgetary funds, which are over twice as great as funds for the regular programme, would be more consistent with the practice in other agencies. As for the estimate of \$1 million denoted as "Addition (Undistributed)", for the transfer to the Regular Programme of posts currently paid from UNDP overhead funds, the Committee is not satisfied that the manner chosen to present this sum is fully consistent with the programme budgeting concept and would have preferred to see this amount reflected by appropriate assignment to the related programmes, with full justification of the need for the posts in question.

32. The Council has appointed an Ad Hoc panel to study the question of General Service salary increases. While this study is being carried out, the present system of 5 per cent increases whenever the Italian salary index moved by 5 per cent has been modified, with effect from 1 July 1973, to provide for increases at the rate of 3 per cent; amounts equal to the 2 per cent difference are being held in reserve for payment, should the study results make this necessary.

Developments since last report

33. The freezing of staff vacancies (A/8874, para. 60) which, if indefinitely maintained, would have resulted in more savings in posts and money than was necessary to meet unbudgeted expenditures, was relaxed somewhat by unfreezing certain posts required to implement high priority activities. It is now expected that about 133 posts from all funds (both Regular Programme and under Agency costs) will not be included in the establishment at the beginning of 1974. However, 29 new Regular Programme posts have been established primarily for Chinese language translation and interpretation, which leaves a net reduction of 104 posts in 1974-1975.

34. The Committee, in its last report (A/8874, para. 66) had expressed its interest in proposals to deal with unbudgeted costs in future budgets and awaited the Director-General's report on which approach to the solution would be taken. The Committee is now informed that it is proposed to create a special Suspense Account, up to a maximum of \$4 million for 1974-1975, to be drawn upon as necessary to meet cash needs and unbudgeted extra costs arising from inflationary trends during the coming biennium. The account would be funded from cash surpluses in 1970-1971 and 1972-1973, and from miscellaneous income for 1974-1975, and would be on a temporary basis, as no provision is made for replenishment. It is hoped that acceptance of this proposal will make it unnecessary to use the Working Capital Fund to meet such costs.

35. The Committee, at the time of its last report, had been advised that a readjustment of FAO programmes which would eliminate activities of marginal

^{3/} Ibid., annex VI.

value was being undertaken (A/8874, para. 64). A shift in emphasis to high priority activities has now taken place and the narrative accompanying each programme proposal in the Director-General's proposed programme of work and budget for 1974-1975 ^{4/} contains an indication of the priorities for and within that programme. The Committee has been assured that the delivery of important programmes will not be affected by this ordering of priorities.

36. The Committee had noted in its report (A/8874, para. 68) that the matter of repayment of the FAO \$5 million "overdraw" in implementation of UNDP projects was under negotiation. The problem has since been submitted to the former Auditor-General of Canada for investigation and recommendation. The Advisory Committee awaits his report with interest.

37. No progress has been made in respect of FAO headquarters relocation; in the meantime, the Italian Government is continuing to defray part of the rental costs for the present accommodation.

Unified programme

38. FAO has adopted a new unified programme concept for both headquarters and regional offices. This was first called for in the medium-term plan 1972-1977. The purpose of this concept is to combine programme funds and support funds so as to arrive at a total programme expenditure figure. This combination results in an amalgamated budget chapter 2, leaving in chapter 3 only those activities where the headquarters/regional offices matching could not be effected. The Committee was informed that the exercise revealed areas of duplication which have since been eliminated: in the process 96 subprogrammes have been restructured as ⁷⁴ in six new "areas of emphasis".

Computer changeover

39. The Advisory Committee was informed that FAO will be discontinuing its Honeywell computer system and replacing it with facilities to be provided by IBM.

Funding from UNDP

40. The Advisory Committee notes the Director-General's view that "the yearly expansions in FAO project delivery under UNDP, and consequently in the organization's agency cost earnings, have probably come to an end at least in real terms". ^{5/} The Committee is hopeful that appropriate programme adjustments, as indicated in the explanatory notes to the Director-General's programme of work and budget for 1974-1975, ^{6/} can be successfully carried out.

41. Pending the completion of a review by consultants, the present arrangements for "Senior Agricultural Advisers/FAO Country Representatives" will continue at least in 1974 on the basis of two thirds UNDP and one third FAO financing.

^{4/} Ibid.

^{5/} FAO document C 73/3, para. 8.

^{6/} Ibid., paras. 13-15.

C. United Nations Educational, Scientific
and Cultural Organization

	<u>1973</u> <u>appropriations</u> \$	<u>1974</u> <u>appropriations</u> \$
<u>Personnel services</u>	<u>40 700 106</u>	<u>43 134 431</u>
Salaries and wages (gross)	35 495 963	37 670 604
Staff allowances	5 213 143	5 463 827
<u>General services</u>	<u>10 548 486</u>	<u>11 463 926</u>
Travel and transportation	3 292 226	3 402 082
Contractual and other services	5 553 357	6 176 493
Supplies and materials	1 012 319	1 132 854
Property and equipment	690 584	752 497
<u>Special projects and activities</u>	<u>15 212 955</u>	<u>15 433 396</u>
<u>Other budgetary provisions</u>	<u>-</u>	<u>-</u>
Total (gross)	<u>66 470 547</u>	<u>70 031 753</u>
<u>Less: Income from staff assessment</u>	<u>7 931 100</u>	<u>8 617 200</u>
Other revenue	<u>7 257 000</u>	<u>7 257 000</u>
TOTAL (net)	<u>51 282 447</u>	<u>54 157 553</u>

42. The Advisory Committee discussed the implementation of the programme and budget for 1973 and 1974 with representatives of the Director-General of UNESCO. The Committee was informed that a study carried out by UNESCO revealed that the combined effect of inflation and of devaluation had been estimated at \$23.7 million or roughly 11.75 per cent of the total approved budget. Of that amount, \$7.8 million represented the cost of inflation. Successive devaluation of the United States dollar accounted for the balance of \$15.9 million.

43. Regarding the cost of inflation, UNESCO calculated that \$4.3 million could be met from the appropriation reserve. The balance of \$3.5 million would have to be absorbed within the current budget. Accordingly, austerity measures, including reductions in travel funds and a freeze on recruitment to vacant posts, were taken and projects were curtailed or postponed according to the guidelines developed by the Executive Board of UNESCO on the understanding that this would not seriously alter the programme.

44. Of the total shortfall of \$15.0 million attributable to currency fluctuations, and primarily to the devaluation of the United States dollar, \$1.6 million could be absorbed within the budget. Regarding the balance of \$14.3 million, however, the Director-General of UNESCO considered that unless additional credits were made available a further reduction of this size would substantially jeopardize the integrity of the programme.

45. In view of the magnitude of the problem, the UNESCO's Executive Board decided to convene an extraordinary session of the General Conference. Meeting in Paris from 23 to 26 October 1973, the Conference approved a supplementary appropriation of \$14.3 million. Contributions from two new Member States, Gambia and the German Democratic Republic, would be offset against the figure of \$14.3 million, reducing additional assessments on the Member States to \$12.7 million. Of this, an amount of \$9 million was to be paid by the Member States at the time they pay their annual contribution for 1974 and the payment of the balance of \$3.7 million would be subject to review by the Executive Board in the course of 1974.

46. UNESCO was studying also the long-term implications of the current trends. The problem was twofold: (a) how to deal with the effects of short-term fluctuation of international currencies and rapid price increases, and (b) to examine the implications and the effects of the continued use of the United States dollar as the unit of account.

47. Two principal proposals had been advanced:

(a) To build a reserve from budgetary surpluses, and/or miscellaneous income;

(b) To fix the assessments of Member States in United States dollars and French francs, according to the pattern of expenditure, at the rate when the budget was voted.

The representative of the Director-General stressed that UNESCO would not take any action until the Advisory Committee submitted its observations on the various alternatives outlined in the report of the Administrative Committee on Coordination.

48. With regard to the currency of contributions, the UNESCO General Conference at its 1972 session resolved that for the years 1973 and 1974:

"(a) contributions of Member States to the budget on advances to the Working Capital Fund shall be payable at their choice in United States dollars, pounds sterling or French francs;

"(b) the Director-General is authorized, on request, to accept payment in the national currency of any Member State if he considers that there is a foreseeable need of a substantial amount of that currency."

49. The 1972 General Conference also resolved that:

/...

'The scale of assessments for Member States of UNESCO for the financial period 1973-1974 shall be calculated on the basis of the scale of assessments adopted by the XXVth session of the General Assembly of the United Nations for 1971-1973, suitably adjusted to take into account the difference in membership between UNESCO and the United Nations.'

The Conference also decided that, since the percentage for Bangladesh had not yet been established by the United Nations, the assessment on Bangladesh for 1971-1972 should be based upon a provisional rate of 0.04 per cent.

50. Conscious of the risk that the rate of payment of member States might not be rapid enough to cover the authorized expenditure, the UNESCO General Conference at its extraordinary session authorized the Director-General, when it became necessary, to negotiate and contract short-term loans with lenders of his choice within the limits of the approved supplementary appropriation; and appealed to member States to consider the possibilities of offering loans to the Organization on conditions more favourable than those prevailing on the commercial market or, if necessary, of guaranteeing the commercial loans.

D. International Civil Aviation Organization

	<u>1973</u> <u>appropriations</u>	<u>1974</u> <u>appropriations</u>
	\$	\$
Personnel services (gross)	9 546 400	10 079 700
General services	1 297 500	1 365 900
Acquisition of furniture and equipment	90 800	54 600
Acquisition and improvement of premises	892 000	-
Fellowships, grants and contributions	13 200	13 200
Other expenditures	508 400	751 300
	<hr/>	<hr/>
Total (gross)	12 348 300	12 264 700
<u>Less:</u> Staff assessment	1 784 300	1 943 700
Miscellaneous income	535 000	543 000
	<hr/>	<hr/>
TOTAL (net)	<u>10 029 000</u>	<u>9 778 000</u>

51. The Advisory Committee discussed the budget for 1974 and related matters with a representative of the Secretary-General of ICAO.

The budgets for 1972, 1973 and 1974

52. Every three years, the Assembly of ICAO approves appropriations for each of the three succeeding years. Thus, the process of preparing and approving budget estimates is triennial, but each appropriation applies to a single year.

53. At its eighteenth session (June-July 1971), the Assembly of ICAO approved appropriations for the years 1972, 1973 and 1974, which are set forth in the Advisory Committee's report (A/8874, para. 95).

54. Except in the case of credits for meetings, appropriations cannot be held over from one year to the next. For 1974, however, in addition to a carry over of \$313,000 for expenses of meetings, ICAO will have available to it \$348,000, as a carry over by special authority of the Council for part II (the secretariat), to meet inflationary pressures and the effects of currency fluctuations.

55. The gross appropriation for 1974 (excluding the amounts brought over from 1973) is \$83,600 less than that for 1973. The decrease is mainly attributable to the fact that the 1973 budget included \$892,000 as a non-recurring expense for conference and other facilities required in connexion with the new ICAO headquarters building.

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56. Another factor behind the decrease is the reduction of \$36,200, compared with 1973, in the requirement for new or replacement reproduction equipment.

57. Several items in the 1974 budget show an increase over 1973. The largest relates to personnel services, which is scheduled for an increase of \$533,300, mainly as the result of the addition of 26 new posts, normal annual increments and an increase in temporary assistance for meetings. A table setting forth the scheduled growth of the ICAO regular-budget establishment for the period 1971-1974 may be found in the Committee's report (A/8874, para. 99). 7/

58. The \$242,900 increase under "Other expenditures" is in line with the full budgeting concept as practised by ICAO; it relates to contingent expenditures in respect of salaries for General Service staff and post adjustment/pensionable remuneration of Professional staff.

Effects of monetary fluctuation

59. When the budget estimates for 1972, 1973 and 1974 were prepared, 1971 costs in Canadian dollars were estimated on the basis of the then existing exchange rate of \$Can.1.02 = \$US 1.00. With the Canadian dollar floating, subsequent changes in the exchange rate led to additional United States dollar costs to ICAO in 1973. These, however, were not as severe as they were in 1972, and the Secretary-General expects that they can be absorbed by offsetting savings. Should the present monetary situation continue during 1974, there will similarly be unbudgeted costs in that year; as pointed out in its previous report (A/8874, para. 100), the Advisory Committee understands that such costs are about \$25,000 for each one point of upward movement of the Canadian dollar in relation to the United States dollar. Pressure on the ICAO budget has also been brought about by upward revaluations of currencies in countries where it has regional offices.

60. As noted previously by the Committee (A/8874, para. 101), the contingency provision under "Other expenditures" (referred to in this report in paragraph 58 above) is intended to meet only increased costs related to salaries; there is no budgetary provision for increases in the cost of goods or contractual services which occur after the budget has been approved, and these must be compensated either by savings or by supplementary appropriations which the Council has the authority to approve under the Financial Regulations.

New headquarters premises

61. The latest information received by the Committee is that the new premises of ICAO, which were to have been ready for occupancy in 1973, will now be ready during the autumn of 1974. As pointed out in the Committee's previous report (A/8874, para. 102), these premises are being built by a private developer and will be leased to ICAO; the Canadian Government has agreed to contribute \$1.1 million a year to the rent payable by the Organization, which amounts to

7/ For extrabudgetary posts see paragraph 63 below.

\$1,246,000. The Advisory Committee understands that the delay in the occupancy of the building may lead to the postponement until 1974 of some of the purchases originally scheduled for 1973, with a consequential need to carry the related credits over to 1974.

Extrabudgetary funds

62. The Advisory Committee understands that the activities financed by extrabudgetary funds (UNDP, funds-in-trust), are kept separate from those financed by the regular budget, and that the regular budget is, to the extent possible, fully reimbursed for all services provided by the regular programme to extrabudgetary activities. Such reimbursement has not included, however, general service costs such as accommodation, utilities, etc. In this connexion, the Committee is informed that ICAO has found generally adequate the 13 per cent rate at which UNDP reimburses the overhead costs of the executing agencies. (The UNDP flexibility rule for small agencies has been invoked only once.)

63. ICAO's staff resources for technical assistance and funds-in-trust activities are as follows:

	<u>Professional</u>	<u>General Service</u>	<u>Total</u>
Field missions and field experts			
UNDP	140	20	160
funds-in-trust	22	1	23
Administrative and operational services costs (Technical Assistance Bureau and support to that Bureau)	25	47	72
	<u>187</u>	<u>68</u>	<u>255</u>

64. Total expenditures and obligations in 1972 on technical assistance and funds-in-trust activities amounted to \$9.5 million.

E. Universal Postal Union

	<u>1973</u> <u>appropriations</u> \$ ^{a/}	<u>1974</u> <u>appropriations</u> \$ ^{a/}
Personnel services (net)	2 869 643	2 935 928
General services	1 149 929	1 046 286
Special projects and activities	17 857	447 500
Miscellaneous	-	-
Total (gross)	4 037 429	4 429 714
<u>Less:</u> Supplementary income	748 500	750 500
TOTAL (net)	<u>3 288 929</u>	<u>3 679 214</u>

a/ At 2.80 Swiss francs to \$US 1.00.

65. As the Committee noted in its report of last year (A/8874, para. 106), the budget of the Union is subject to a limit for net expenditures fixed by the sixteenth Universal Postal Congress (Tokyo, 1969). That limit was set in gold francs. As a result of the revaluation of the Swiss franc in relation to gold in 1971 and of the rise in the cost of living, the Executive Council recommended that the Supervisory Authority (the Swiss Postal Administration) authorize that the expenditure ceiling be exceeded to the extent necessary to implement the duly approved budgets for 1972, 1973 and 1974.

Revised appropriations for 1973

66. At its session in May 1973, the Executive Council of UPU approved revised gross appropriations amounting to 702,700 Swiss francs (\$250,964 - all dollar figures for the Union are based on the rate of exchange of 2.80 Swiss francs to the United States dollar). The increase is partially offset by a rise in revenue amounting to 233,400 Swiss francs (\$83,357). The net expenditure increase is therefore 469,300 Swiss francs (\$167,607).

Summary analysis of the budget for 1974

67. The 1974 estimated appropriations (gross) show an increase of 1,098,400 Swiss francs (\$392,286) or 9.72 per cent over the revised appropriations in 1973. The increase is attributed essentially to the convening of the forthcoming Universal Postal Congress which will be held at Lausanne in 1974. The amount to be spent on the Congress, 1,253,000 Swiss francs (\$447,500) has been partially offset by savings in other areas of the budget (such as general services) and is within the specific ceiling for such expenditure as fixed by the sixteenth UPU Congress.

/...

68. An improved salary scale for staff in the General Services category, the filling of posts hitherto vacant and regular step increments have resulted in an estimated appropriation increase for staff of 185,600 Swiss francs (\$66,286) or 2.3 per cent over the revised estimates for 1973.

69. General services estimates for 1974 show a reduction of 290,200 Swiss francs (\$103,643) compared with 1973. This is attributable to the fact that there will be no meeting of the Consultative Council on Postal Studies in 1974, that the meeting of the Executive Council in February 1974 will be shorter and that the estimated costs of missions during the year of the forthcoming Congress are lower.

70. Contributions from member States constitute the main source of financing for the UPU budget; they account for approximately 81 per cent of the budget for 1973 and 83 per cent for 1974. The balance is made up by supplementary income which consists mainly of compensation for expenditure which, for a variety of reasons (UPU Constitution, decisions of UPU organs) cannot be deducted directly from gross expenditure. Supplementary income therefore includes proceeds from the sale of UPU publications, the reimbursement by UNDP of UPU overhead costs, counterpart payments for interpretation costs (French is the only official language for UPU), the cost of facilities provided by the International Bureau to the language groups, and income from the renting to third parties of premises and conference rooms not occupied by UPU in its administrative building. Since the reimbursement for interpretation expenses of the forthcoming Congress is offset by the conservative estimate that has been made of the UNDP payment to UPU in 1974 for overhead costs, the 1974 supplementary income estimates of 2,101,400 Swiss francs (\$750,500) have remained very close to the 1973 level (2,095,800 Swiss francs or \$748,500).

Extrabudgetary expenditure

71. The costs of producing Union documents in languages other than French are considered extrabudgetary by UPU since these costs are fully met by member States requesting the translations. The following table gives a breakdown of the net expenditure on translation activities for 1973 and the estimates for 1974:

	<u>Budget for</u> <u>1973</u>	<u>Budget estimates</u> <u>for 1974</u>
	\$	\$
<u>Net expenditure:</u>		
(a) English language group	343 500	427 700
(b) Arabic language group	77 100	109 400
(c) Spanish language group	38 200	70 500
Total extrabudgetary expenditure	<u>458 800</u>	<u>604 600</u>

Working Capital Fund

72. UPU has no Working Capital Fund. The sums necessary to cover the current expenditure of the International Bureau are advanced for one year on an interest-free basis by the Swiss Government within the limit of credit fixed by the UPU Congress. The advances are repaid out of the contributions of member States due for the year following the financial year in question. Contributions still outstanding on 31 December of the following financial year are charged interest from that date at the rate of 5 per cent per annum.

Recent developments

73. The Advisory Committee, in its previous report, had made the following three suggestions (A/8874, paras. 117, 119 and 120):

- that the Executive Council, so as to prevent escalation of costs, should review the subscription rates of the monthly publication Union Postale and examine its multilingual form;
- that the Executive Council should review the practice of charging the cost-of-living subsidy for pensioners to the regular budget;
- that all entertainment expenses should be grouped in one article.

74. The Advisory Committee was informed that as far as the Union Postale is concerned, the Executive Council considers it to have a non-commercial purpose - that of serving as a source of information for postal administrations and their personnel. Nevertheless, the Council directed the International Bureau to study means of reducing the publication's expenses, and if these can be found, to report on them to the Council. The other two suggestions of the Advisory Committee will be the objects of studies by relevant committees who will report to the Council at its next session in February 1974.

F. World Health Organization

	<u>1973</u> <u>appropriations</u> ¢	<u>1974</u> <u>appropriations</u> ¢
<u>Personnel services</u>	<u>66 375 900</u>	<u>73 952 700</u>
Salaries (net)	53 208 500	57 491 700
Common staff costs	13 667 400	16 461 000
<u>General services</u>	<u>17 709 000</u>	<u>18 578 100</u>
Travel on official business	2 280 300	2 365 300
Contractual services	5 490 900	5 548 900
General operating expenses	4 337 300	4 667 400
Supplies and materials	3 006 000	3 243 000
Acquisition of furniture and equipment	1 951 000	2 083 000
Acquisition and improvement of premises	634 500	670 500
<u>Special projects and activities (fellowships, grants and contributions)</u>	<u>10 667 000</u>	<u>12 099 000</u>
<u>Other expenditure</u>	<u>1 431 000</u>	<u>1 600 000</u>
TOTAL EFFECTIVE WORKING BUDGET	<u>96 682 000</u>	<u>106 328 800</u>
<u>Add:</u> (i) Undistributed reserve	2 438 840	2 828 950
(ii) Estimated tax reimbursement	402 010	522 000
Total budget	<u>99 523 750</u>	<u>109 679 750</u>
<u>Less:</u> Credits other than assessments	<u>6 741 500</u>	<u>2 000 000</u>
TOTAL (net)	<u><u>92 782 250</u></u>	<u><u>107 679 750</u></u>

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75. The Advisory Committee discussed the budget appropriations of WHO for 1973 and 1974 with representatives of the Director-General of the organization.

Supplementary appropriations for 1973

76. The twenty-sixth World Health Assembly, in May 1973, considered supplementary estimates for 1973 in the amount of \$5,494,100. Of that amount, \$673,000 related to unforeseen increases in the Geneva post-adjustment classification and General Service salaries which had resulted from cost-of-living increases in Geneva. The balance of \$4,821,100 resulted from the adjustment in the exchange rate between the Swiss franc and the United States dollar, and from adjustments in the parities of certain other currencies used by the organization. In approving these additional budgetary requirements, the World Health Assembly accented the recommendation of the Ad Hoc Committee of the Executive Board to finance them by using \$3,508,500 of available casual income, and, as an exceptional measure, by reducing in the amount of \$1,985,600 the provisions contained in the 1973 budget for credits to the Terminal Payments Account. The 1973 effective working budget, as adjusted, thus became \$96,682,900.

Summary analysis of the 1974 budget

77. The 1974 effective working budget, as originally proposed by the Director-General, ^{8/} was \$100,250,000. Subsequent international monetary developments made it necessary for the Director-General to submit revised estimates to the World Health Assembly which approved an effective working budget for 1974 in an amount of \$106,328,800 (resolution WHA 26.33).

78. The Advisory Committee was informed that the effective working budget represents an increase of \$9,645,900 (9.97 per cent) over the adjusted 1973 level and that more than half of the increase is required to maintain the 1973 staff level and other continuing requirements. The increase is distributed as follows:

	\$
Part I: Organizational meetings	95 950
Part II: Operating programme	8 686 023
Part III: Administrative services	827 827
Part IV: Other purposes	36 100
Total	<u>9 645 900</u>

79. The increase of \$95,950 under part I (Organizational meetings) relates to additional costs for temporary staff and printing costs of the World Health Assembly and the Executive Board, partially offset by a saving on the Handbook of Resolutions and Decisions (which will not be produced in 1974).

^{8/} Official Records of the World Health Organization, No. 204.

80. The increase of \$8,686,023 under part II (Operating programme) includes \$2,370,473 for headquarters, \$5,446,387 for field activities and \$860,163 for regional offices.

81. The increase of \$827,827 under part III (Administrative services) is attributed by the Director-General almost wholly to higher costs, but it also includes provision for one new post.

82. The increase of \$36,100 under part IV (Other purposes) relates to repayments of loans for the headquarters building.

Staff

83. The 1974 budget as approved provides for a net increase of 31 posts over the 1973 establishment (14 for field activities, 6 for regional offices, 11 for headquarters). The following table shows the growth of the established posts under the regular budget of WHO since 1969:

	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
Headquarters	1 107	1 108	1 174	1 165	1 176	1 187
Regional offices	530	538	566	578	570	585
Field activities	1 342	1 444	1 555	1 557	1 597	1 611
Total	<u>2 979</u>	<u>3 090</u>	<u>3 295</u>	<u>3 300</u>	<u>3 352</u>	<u>3 383</u>

The table does not include posts of interpreters, which are charged to the meetings they serve. The figures shown for 1972 and 1973 differ slightly from the figures shown in last year's report for the same years (A/8874, para. 135). The Advisory Committee has been informed that in 1973 this difference is the result of the established practice of taking into account for the year following the preparation of the regional budget proposals the changes in priorities and programme requirements of Governments requesting assistance. As to 1972, the figures reflect the latest estimated number of posts required to implement that year's programmes at the time the proposed programme and budget estimates for 1974 were prepared.

Accommodation

84. The Advisory Committee was informed that the World Health Assembly has decided not to proceed with the further development of plans for the extension of the headquarters building at this time (resolution WHA 26.46). In so deciding, the Assembly was influenced by the uncertainty of the organization's financial situation, the present inability of Swiss authorities to provide low interest construction loans, uncertainty about the future size and pattern of headquarters staff, and the possibility of renting accommodation in the new ILO building. The situation is to be reviewed by the Executive Board which will report to the twenty-seventh World Health Assembly.

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

85. The year 1974 will be the last time the WHO programme and budget is presented in the traditional format. The programme and budget for 1975 is currently being prepared in a programme-oriented format as approved by the World Health Assembly. Constitutional amendments (adopted in resolution WHA 26.37) have made it possible to introduce a biennial budget cycle. As a transitional measure, until such time as those amendments come into force, the Executive Board and the Health Assembly will receive budget proposals covering two years (the first biennium being 1976-1977) but will approve each year only the portion corresponding to the next financial year.

Funds administered directly or indirectly by WHO

86. In addition to its regular budget, the organization directly or indirectly administers funds from several sources. The following table gives the number of posts financed or to be financed from those funds, the amounts available or estimated to be available for 1972, 1973 and 1974, and the corresponding figures for the regular budget.

	<u>Number of posts</u>			<u>Obligations</u>		<u>Estimated Obligations</u>	
	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	
Regular WHO budget . . .	3 300	3 352	3 383	85 217 553	96 682 900	106 328 800	
Voluntary Fund for Health Promotion . . .	30	33 ^{a/}	32 ^{a/}	7 122 290	10 423 581 ^{a/} 2 261 737 ^{b/}	11 683 014 ^{a/} 3 917 508 ^{b/}	
Pan-American Health Organization (PAHO):							
Regular budget . . .	839	861	880	17 811 558	19 593 540	21 522 310	
Other funds of PAHO.	406	403	396	6 178 133	6 437 602	6 004 166	
United Nations Develop- ment Programme	395	430	395	13 598 645	26 975 816	21 732 710	
United Nations Fund for Drug Abuse Control . .				18 813	162 600	144 000	
United Nations Fund for Population Activities.	124	149	146	4 279 411	14 625 691	13 460 899	
Funds-in-trust	83	75	45	989 624	1 674 758	927 900	
TOTAL	5 177	5 303	5 277	135 216 027	176 566 488 ^{b/} 2 261 737 ^{b/}	181 893 799 ^{b/} 3 917 508 ^{b/}	

a/ Programmes to be implemented from funds available in the Voluntary Fund for Health Promotion as at 31 December 1972.

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

87. In addition to UNDP project costs, as reflected in the above table, estimated reimbursement from UNDP (overhead costs) is as follows: funds disbursed in 1972 - \$1.9 million; estimated obligations in 1973 and 1974 - \$2.2 million and \$2 million respectively. In this connexion, the Committee was informed that the experience of WHO with the cost measurement system developed by the Consultative Committee on Administrative questions seemed to be pointing to a full overhead cost level of support to projects in the region of 20 to 25 per cent.

88. WHO does not administer the funds provided by UNICEF to projects that are jointly assisted by both organizations. The approximate level of assistance which UNICEF has indicated may be expected to be allocated for supplies and equipment and for stipends for the training of local health personnel to projects jointly assisted by UNICEF and WHO are: \$25 million (1972), \$27 million (1973), \$28 million (1974). The figures for 1972 and 1973 are considerably higher than those furnished to the Committee last year. The Committee was informed that the initial estimates, as approved at the April 1971 session of the UNICEF Executive Board have since been augmented by the estimate of call-forwards against commitments approved in 1972.

Recent developments

89. The Committee has been informed that the World Health Assembly has decided (resolution WHA 26.21) that, as a matter of principle, the maximum contribution of any one member State in the WHO scale of assessment shall not exceed 25 per cent of the total. However, as the goal of a 25 per cent maximum contribution can only be reached by utilizing the percentage contributions of new member States and the normal triennial increase in the percentage contributions of Member States resulting from increases in their national incomes, it may be some time before the 25 per cent objective can be realized.

90. The Committee notes that the Health Assembly has authorized the Revolving Fund for Teaching and Laboratory Equipment, the level of which is \$0.4 million, to be used by members also for the purchase of medical literature (resolution WHA 26.25).

91. The Committee was further advised that the Working Capital Fund will be maintained at its present level of \$11 million (resolution WHA 26.23). The Health Assembly will no longer necessarily review the Fund every year but has asked the Director-General to submit reports on the Fund at his discretion, but in any case at least once every third year.

G. International Telecommunication Union

	<u>1973</u> <u>appropriations</u> \$ <u>a/</u>	<u>1974</u> <u>appropriations</u> \$ <u>a/</u>
Staff ^{b/}	11 850 286	12 707 107
General services	2 663 607	3 109 714
Special projects and activities	2 275 714	1 815 000
Other budget estimates	553 214	589 643
Total (gross)	17 342 821 ^{c/}	18 221 464
<u>Less:</u> Miscellaneous income	4 413 553	3 937 214
TOTAL (net)	12 929 268	14 284 250

a/ Total for the regular, technical co-operation and supplementary publications budgets (see paragraph 93 below). The budgets of ITU are expressed in Swiss francs, and the United States dollar figures for ITU in this report are based, for both years, on an exchange rate of 2.80 Swiss francs to \$US 1.00.

b/ Excludes staff assessment, since ITU salaries are budgeted on a net basis. Total staff assessment is estimated by ITU at 7,400,000 Swiss francs (\$2,640,000) for 1973 and 7,900,000 Swiss francs (\$2,820,000) for 1974.

c/ Includes additional credits (see paragraph 92 below).

Revised appropriations for 1973

92. At its twenty-eighth session in 1973, the Administrative Council approved additional credits for the 1973 budget amounting to Swiss francs 1,705,700 (\$609,179) to cover the additional expenditure due to changes in the condition of employment under the United Nations Common System of salaries and allowances (1,674,700 Swiss francs (\$598,107)); and other expenditure (31,000 Swiss francs (\$11,072)).

Summary analysis of the budget for 1974

93. Expressed on a gross basis, the three budgets of the Union for 1973 and 1974 can be broken down as follows:

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	<u>1973</u> <u>final appropriations</u> \$	<u>1974</u> <u>estimates</u> \$
Regular budget	12 943 785	14 297 178
Technical co-operation - Special Accounts Budget ^{a/}	2 123 321	2 109 286
Supplementary publications budget ^{b/}	2 275 715	1 815 000

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

^{b/} Financed by the sale of documents published by the Union.

94. Following is a breakdown of the regular budget for 1974, with comparative figures for 1973 (final appropriations) and 1972 (expenditures). In view of recent currency fluctuations vis-à-vis the United States dollar all figures are given in Swiss francs for the purposes of comparison since that is the currency of ITU contribution and expenditure.

	<u>1972</u> <u>obligations</u>	<u>1973</u> <u>final</u> <u>appropriations</u>	<u>1974</u> <u>appropriations</u>
	- <u>Swiss francs</u> -		
1. Administrative Council	560 628	577 200	579 000
2. Staff	20 103 838	21 400 200	21 958 000
3. Social security	4 041 779	4 151 400	4 304 000
4. Premises	1 276 148	1 175 200	1 270 600
5. Missions	107 846	128 000	128 000
6. Offices and miscellaneous expenses	1 522 418	1 906 000	1 861 500
Non-recurrent expenses for installation in new offices	-	1 500 000	1 622 000
7. ITU Conferences under No. 208 of the Convention of 1965	10 760	3 152 600	3 100 000
8. Meetings of the International Consultative Committees under No. 209 of the Convention of 1965	4 258 918	2 103 000	4 330 000
9. Regional Administrative Conference under No. 210 of the Convention .	-	-	700 000
10. Other expenditure	98 252	100 000	150 000
Expenditure on fitting out laboratory of the International Telegraph and Telephone Consultative Committee (CCITT)	16 944	34 000	20 000
Expenditure on maintenance and renewal of interpretation and sound reproduction equipment	12 620	15 000	9 000
TOTAL	<u>32 000 151</u>	<u>36 242 600</u>	<u>40 032 100</u>

95. Considered as a whole the 1974 budgets are \$878,643 greater than the revised budgets for 1973, an increase of about 5.07 per cent. The regular budget has increased by 10.46 per cent, the Technical Co-operation special accounts budget has decreased by 0.66 per cent and the supplementary publications budget has decreased by 20.24 per cent.

96. Increases in the regular budget can be attributed to the additional costs of changes under the United Nations Common System of salaries and allowances and a higher programme level of conferences. The budget for ordinary expenditure (that

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is, excluding the cost of conferences and meetings) is within the limits established by Additional Protocol I to the International Telecommunication Convention (Montreux, 1965), as modified by the exceptions provided in the Protocol and as revised by the Administrative Council in consultation with the members of the Union.

97. The reduction in the Technical Co-operation special accounts budget is due to vacancies and lower office expenses which have entirely offset increases in salaries. The reduced publications budget is accounted for by the lower level of the publications programme.

Staff

98. Staff costs in 1974 are estimated at 35,579,900 Swiss francs (\$12,707,107) as compared with 33,180,000 Swiss francs (\$11,850,286) in 1973. The increase amounts to 2,399,100 Swiss francs (\$856,821) or about 7.23 per cent. As mentioned in paragraphs 96 and 97 above, this increase is due to changes in the conditions of employment under the United Nations Common System, and the higher level of conferences.

The number of established posts fixed by the Administrative Council for 1974 is , of which 443 are charged to the regular budget and 99 to the Technical Co-operation budget (administrative costs). In 1973 there were 541 established posts (regular budget 443, Technical Co-operation budget 98) and in 1972 there were 509 (regular budget 430, Technical Co-operation budget 79).

Other budget estimates

100. The increase of 122,000 Swiss francs (\$43,571) under the heading "Other budget estimates" is due to the increase from 1,500,000 Swiss francs (\$535,714) to 1,622,000 Swiss francs (\$579,285) in the costs of removal to the new extension in the Union's building.

H. World Meteorological Organization

	<u>1973</u> <u>appropriations</u> ^{a/}	<u>1974</u> <u>appropriations</u>
	\$	\$
Personnel services	4 260 947 ^{b/}	5 003 300 ^{b/}
General services	553 650	583 730
Special projects and activities	1 285 950	1 821 100
Other budgetary provisions	62 500	62 500
Total (gross)	6 163 047	7 470 630
<u>Less:</u> Income from staff assessment	665 347	720 600
Miscellaneous income	2 500	2 500
Credit available from previous year <u>c/</u>	16 300	27 150
TOTAL (net)	<u>5 478 900</u>	<u>6 720 380</u>

^{a/} Includes supplementary appropriations totalling \$806,700 (gross) and \$715,600 (net).

^{b/} Figures grossed up to include staff assessment, although WMO has no tax equalization fund.

^{c/} \$16,300 was reappropriated from 1972 because of the postponement of a meeting originally scheduled for that year. \$27,150 was similarly reappropriated from 1973.

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

Supplementary appropriations for 1973

102. Currency exchange rate fluctuations and continuing inflationary trends have resulted in a total additional cost for 1973 of \$1,105,674. WMO expects that savings in the originally approved budget would be of the order of \$390,000, leaving an additional amount of \$715,600 as being required to meet obligations for 1973. These supplementary estimates were approved by the WMO Executive Committee at its twenty-fifth session in September 1973; the Committee decided that \$482,200 would be made available from the General Fund and \$233,400 would be assessed on members. Thus the total net appropriations for 1973 amounts to \$5,478,900.

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Summary analysis for 1974

103. At its twenty-fifth session the Executive Committee of WMO adopted a budget for 1974 of \$6,750,030, to be financed as to \$6,720,380 from contributions of members, \$2,500 from miscellaneous income and \$27,150 from reappropriations from 1973 because of the postponement of a meeting originally planned for that year. In accordance with WMO practice, the budget appropriation figure adopted for 1974 does not include staff assessment.

104. Following is a breakdown of the budget by its constituent parts and a comparison with 1973:

<u>Part</u>	<u>1973^{a/} total appropriation</u>	<u>1974^{a/} appropriation</u>	<u>Increase (decrease) from 1973-1974</u>	
	\$	\$	\$	<u>per cent</u>
I. Policy making organs	122 050	167 250	45 200	37.0
II. Executive management	220 450	325 250	104 800	47.5
III. Technical programmes	3 668 400	4 599 400	931 000	25.4
IV. Regional activities	233 130	284 200	51 070	21.9
V. Administrative and common services	1 016 420	1 127 100	110 680	10.9
VI. Other budgetary provisions	237 250	246 830	9 580	4.0
TOTAL	<u>5 497 700</u>	<u>6 750 030</u>	<u>1 252 330</u>	<u>22.8</u>

a/ Excludes staff assessment.

105. The appropriation for 1974 is \$1,252,330 greater than the revised appropriation for 1973, an increase of about 22.8 per cent. Much of the increase is attributed by WMO to higher costs including \$336,030 in increased costs for certain fixed charges paid in currencies other than the United States dollar which have been affected by parity fluctuations. The budget also includes an increase in the WMO support to the Global Atmospheric Research Programme (GARP), which will rise by \$317,600.

106. WMO has a four-year budget period. The Congress of the Organization which meets every four years, establishes a budgetary ceiling for the ensuing four-year period, and individual budgets for each year are then adopted by the Executive Committee, within the framework of the ceiling. For the period 1972-1975 inclusive, the ceiling has been established at \$17,300,000 (net), but the Sixth Congress (1971),

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in accordance with past practice, approved two "flexibility clauses", which make it possible to exceed that amount. The first authorizes the Executive Committee to incur additional expenditure resulting from increases in staff salaries and allowances which might be applied within the United Nations common system provided that the Committee is satisfied that such expenditure cannot reasonably be met by savings. The second authorizes the Committee to incur "necessary expenditures" other than those described above, which may be agreed by the organization's members, up to a maximum of \$250,000.

107. The Advisory Committee was informed that the Executive Committee, in exercise of the authority vested in it (see paragraph 106 above) approved increased costs for salaries and allowances in an amount of \$1,710,966 over and above the maximum expenditures authorized for the sixth financial period.

108. The Advisory Committee also took note of the Executive Committee's direction to the Secretary-General of WMO to request authority from members, under provisions of the second "flexibility clause" (described in paragraph 106 above), to use an additional sum of \$250,000 in excess of the authorized maximum expenditure. This \$250,000 would be used partially to offset substantial unavoidable costs other than staff costs (such as the \$336,030 for currency fluctuation described in paragraph 105 above). The possibility of an upward revision of the \$17,300,000 maximum expenditure set for 1972-1975 will be examined by the Seventh Congress in the light of a comprehensive report which the Secretary-General has been directed by the Executive Committee to submit to Congress.

109. WMO hopes that resort to the "flexibility clauses", coupled with the cutting back of expenditures on working groups, panels and other meetings and additional economies wherever possible, will allow for increases for priority programmes (such as GARP), while avoiding the serious budgetary difficulties which might otherwise have been envisaged towards the end of the period 1972-1975, barring any further drastic currency fluctuations of a negative nature.

The budget currency and the budget cycle

110. In its previous report (A/8874), the Advisory Committee noted the request of the WMO Executive Committee to the Secretary-General that he report to it on the advantages that might ensue were WMO to express its budget and receive its contributions in a currency other than the United States dollar, and to outline the implications of changing from the present four-year budgetary cycle to a two-year cycle. The Advisory Committee was informed that the Secretary-General of WMO submitted his study of these questions to the twenty-fifth session of the Executive Committee.

111. The Executive Committee, after considering the information provided by the Secretary-General, decided to re-examine the questions at its next session in order to decide what advice to give to the Congress, since only that body can decide a change in either the currency or the periodicity of the budget of WMO.

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Staff

112. No additions to staff are planned for 1974; the number of posts in the establishment will remain at 219, the level of 1973. However, through reorganization elsewhere, a post of Director (D-1) for Programme Planning has been added to the Secretary-General's office. The regular establishment does not include the following:

- (1) Technical and administrative staff at WMO headquarters financed from UNDP funds: 52 posts in 1973, no change planned for 1974;
- (2) Joint Planning Staff of the Global Atmospheric Research Programme (GARP) at WMO headquarters financed jointly by WMO and the International Council of Scientific Unions: 4 posts in 1973, no change planned for 1974;
- (3) Scientific and Management Group of the GARP Atlantic Tropical Experiment: 5 posts in 1973 (3 at Bracknell, Berkshire, Great Britain, and 2 at WMO headquarters), no change planned for 1974. There are also 9 seconded government scientists working in this group at Bracknell;
- (4) Field staff of WMO/UNDP projects (including field general service staff): 97 posts (September 1973).

Method of dealing with tax reimbursements

113. As the Committee noted in its previous report (A/8874), the World Meteorological Organization has no tax equalization fund; when staff members request reimbursement for income taxes payable to their governments, which is very rarely, the practice has been to charge these amounts to contingencies (with the approval of the Executive Committee). 9/ The Advisory Committee had questioned the appropriateness of this practice and had suggested that WMO consider either the setting up of a tax equalization fund or the making of arrangements with individual member States which would avoid the need to charge reimbursements against contingencies. The Committee would reiterate this suggestion in the light of the fact that WMO seems to be continuing its traditional practice in this regard.

Working Capital Fund

114. The Committee was informed that the Secretary-General of WMO will not call on the Working Capital Fund to finance expenditures under the approved budget for 1973, including those resulting from the supplementary estimates approved by the Executive Committee of WMO in September 1973. All those expenditures are being covered by contributions levied on member States, reappropriations from 1972 and revenue deriving from miscellaneous income.

9/ In the case of project personnel, the amounts are charged to project costs.

I. Inter-Governmental Maritime Consultative Organization

	<u>1973</u> <u>appropriations</u> \$	<u>1974</u> <u>appropriations</u> \$
<u>Personnel services (including staff recruited for meetings)</u>		
Salaries and wages	1 220 000	1 555 000
Common staff costs	264 200	386 000
<u>General services</u>		
Travel on official business	49 500	89 700
Contractual services	4 700	10 400
General operating expenses	274 400	322 700
Supplies and materials	56 500	55 900
Acquisition of furniture and equipment	4 400	76 000
<u>Other expenditure</u>	<u>153 000</u>	<u>67 900</u>
Total (gross)	2 026 700	2 563 600
<u>Less: Miscellaneous income</u>	<u>20 000</u>	<u>30 000</u>
TOTAL (net)	<u>2 006 700</u>	<u>2 533 600</u>

Budgetary situation in 1973

115. The IMCO Council at its thirtieth session, in May 1973, approved the transfer of \$102,247 from section V (Other budgetary provisions) to other sections. The Secretary-General was to review the budgetary situation later in the year and present to the Council, at its seventh extraordinary session, in the autumn of 1973, revised estimates for the 1973 budget.

Summary analysis of the budget for 1974-1975

116. At its thirtieth session, the IMCO Council adopted budget proposals for the approval of the eighth IMCO Assembly (in November 1973) totalling \$5,209,200 in gross appropriations for the biennium 1974-1975. A breakdown of this amount by budget year and by section, as well as a comparison of the totals for the biennia 1972-1973 and 1974-1975, is given in the table below:

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Section	<u>1972-1973</u>	<u>1974</u>	<u>1975</u>	<u>1974-1975</u>	<u>Increase/</u> <u>(decrease)</u> <u>1974-1975</u>	<u>Increase/</u> <u>(decrease)</u> <u>1974-1975</u>
	<u>Biennium</u>	<u>appropriations</u>	<u>appropriations</u>	<u>Biennium</u>	<u>from 1972-1973</u>	<u>from 1972-1973</u>
	\$	\$	\$	\$	\$	%
I. Meetings	774 500	455 900	429 500	885 400	110 900	14.3
II. Personnel	2 433 700	1 640 600	1 730 400	3 371 000	937 300	38.5
III. General services	587 400	404 900	370 300	775 200	187 800	32.0
IV. Printing	57 000	5 100	5 100	10 200	(46 800)	(82.0)
V. Other budgetary provisions	<u>144 000</u>	<u>57 100</u>	<u>110 300</u>	<u>167 400</u>	<u>23 400</u>	<u>16.3</u>
Total (gross) . . .	3 996 600	2 563 600	2 645 600	5 209 200	1 212 600	30.3
<u>Less:</u> Miscellaneous income	<u>30 000</u>	<u>30 000</u>	<u>30 000</u>	<u>60 000</u>	<u>30 000</u>	<u>100.0</u>
TOTAL (net) . . .	<u><u>3 966 600</u></u>	<u><u>2 533 600</u></u>	<u><u>2 615 600</u></u>	<u><u>5 149 200</u></u>	<u><u>1 182 600</u></u>	<u><u>29.8</u></u>

117. The Advisory Committee noted that the question of a possible contingency reserve for currency fluctuations in 1974-1975, and the financial implications of the possible creation of the Marine Environment Protection Committee, will be considered by the IMCO Council at its seventh extraordinary session and that some increases in the budget for the biennium may result.

Staff

118. The IMCO budget for 1974 provides for an establishment of 129 posts (46 Professional and above and 83 General Service) as compared to 114 for the biennium 1972-1973 (41 Professional and above, 73 General Service).

119. As reported by the Advisory Committee (A/8874, paras. 187 and 188), an inquiry into the method followed since 1964 for determining general service salaries in London had verified that the system of using United States Embassy salary scales was in accordance with the guiding principles of the United Nations Common System and should be continued. The Council approved that recommendation and also approved a 10 per cent general service salary increase with effect from 1 February 1972. The Committee notes that the Council, at its thirtieth session, has approved a further increase of 8 per cent with retroactive effect from 1 November 1972 to maintain the relationship between the IMCO scales and the United States Embassy scales.

Currency of the IMCO budget

120. In its previous report (A/8874, para. 193), the Advisory Committee had noted that the IMCO Council had, at its twenty-eighth session, given preliminary consideration to the question of expressing the budget in pounds sterling, and decided to pursue the matter at its thirtieth session. The Committee has been informed that the thirtieth session of the Council decided that the IMCO budget should continue to be expressed in United States dollars, and that the question of expressing the budget in sterling should be discussed further at a later date.

Establishment of a Marine Environment Protection Committee

121. The IMCO Council, at its thirtieth session, decided to set up an Ad Hoc Working Group to study a proposal for the establishment of a Marine Environment Protection Committee. The Group, which met from 23 to 27 July 1973, prepared a report which it will submit to the seventh extraordinary session of the Council in 1973.

J. International Atomic Energy Agency

	<u>1973</u> <u>appropriations</u> <u>(adjusted)</u>	<u>1974</u> <u>appropriations</u>
	\$	\$
Personnel services (net of staff assessment) . . .	14 423 100	18 885 100
General services	2 293 100	2 606 100
Special projects and activities	2 981 800	3 572 800
Other budgetary provisions	-	-
Total	19 698 000	25 064 000
<u>Less:</u> Revenue	1 698 000	1 927 000
TOTAL (net) ^{a/}	18 000 000	23 137 000

a/ Corresponds to the amount assessed on member States.

122. The Advisory Committee discussed the Agency's budget for 1974 with representatives of the Director-General.

Summary analysis of the 1974 regular budget

123. The seventeenth General Conference of the Agency approved a gross regular budget for 1974 of \$25,064,000 as recommended by the Agency's Board of Governors. Miscellaneous income, estimated at \$1,927,000 would reduce the assessments payable by member States to \$23,137,000. This net assessment level is \$5,137,000 greater than the adjusted assessment for 1973, an increase of 28.5 per cent. Of that increase, salary and other price increases, including the effects of currency realignments, were estimated by the Agency at 26.2 per cent, leaving 2.3 per cent for programme expansion, mainly in the Safeguards Programme and the Nuclear Safety and Environmental Protection Programme.

124. Following is a breakdown of the estimates by programme with comparative figures for 1973.

	<u>1973</u> <u>appropriations</u> <u>(adjusted)</u>	<u>1974</u> <u>estimates</u>	<u>Increase or</u> <u>(decrease)</u> <u>over 1973</u>
	\$	\$	\$
1. Policy-making organs	785 000	837 000	52 000
2. Executive management and technical programme planning	402 000	428 000	26 000
3. Technical Assistance and training - Regular Budget	904 600	984 000	79 400
4. Food and agriculture	703 000	746 000	43 000
5. Life sciences	811 500	858 000	46 500
6. Physical sciences	909 000	992 000	83 000
7. The Laboratory	1 219 500	1 365 000	145 500
8. International Centre for Theoretical Physics - Regular Budget	155 000	181 000	26 000
9. Nuclear power and reactors . . .	916 200	991 000	74 800
10. Nuclear safety and environmental protection	876 000	1 142 000	226 000
11. International Laboratory of Marine Radioactivity - Regular Budget	241 000	301 000	60 000
12. Information and technical services	1 660 000	1 869 000	209 000
13. Safeguards	2 918 000	3 441 000	523 000
14. Service and support activities .	702 000	759 000	57 000
15. Administration	2 045 200	2 260 000	214 800
16. Common services	3 130 000	3 310 000	180 000
17. Contingent financing	1 320 000	4 600 000	3 280 000
TOTAL	<u>19 698 000</u>	<u>25 064 000</u>	<u>5 366 000</u>

125. The 1974 budget includes a \$4.6 million contingency appropriation made necessary by currency realignments which became effective after the 1974 estimates for individual programmes had been drawn up. The contingency provision includes \$2.1 million relating to exchange rate changes before June 1973 and \$2.5 million to further changes between June and 1 September 1973. These funds may be used only with specific authorization by the Board of Governors.

126. Apart from contributions from member States, the Agency's main income items under the regular budget are expected to be the sale of publications and microfiches (\$518,000, up \$77,000 from 1973), the reimbursement for services provided to UNIDO in Vienna (\$379,000, down \$45,000 from 1973), income from investments and short-term deposits (\$140,000, up \$10,000 from 1973), the allocation from the United Nations Special Account (\$330,000, down \$15,000 from 1973), and the refund from the United Nations Joint Staff Pension Fund (\$120,000, up \$52,000 from 1973).

The operational budget

127. In addition to its regular budget, the Agency has an operational budget, which is financed principally from voluntary contributions to the so-called "General Fund" and from special and direct contributions. For 1974, that budget amounts to \$4,209,000 which is \$468,000 more than in 1973. The Agency's Board of Governors has set a target of \$3 million in voluntary contributions to the General Fund, which is devoted to technical assistance in the form of experts and equipment and fellowships and training; the Advisory Committee was informed that the contributions received or pledged for 1973 may reach 93 per cent of the target (which would be the highest percentage ever), and that the Agency hopes that contributions for 1974 will exceed the target. The balance of the operational budget would be financed by special contributions of member States (\$300,000 from Italy for the Agency's Trieste Centre and \$45,000 from Monaco for its Laboratory there), direct contributions from other sources for special projects (\$686,600), miscellaneous income (\$112,400) and Governments' contributions for the services of experts (\$65,000). The Committee noted that funds available from direct contributions for special projects will benefit from UNDP support of scientific programmes in the amount of \$434,600.

128. The Advisory Committee understands that the Agency also administers approximately \$3 million worth of projects which are not included in the operational budget summary. In the Committee's opinion a fuller description of the total programme and resources available to IAEA, including the source and distribution of all extrabudgetary funds, would be helpful to the intergovernmental organs concerned. The Committee recommends that, for purposes of information, consideration be given to including data on extrabudgetary resources in the Agency's budget document.

Staff

129. The number of authorized posts in 1972, 1973 and 1974, including the Agency's operational facilities is as follows:

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<u>Level</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
Professional and above	419	415	438
General Service	517	537	553
Manual and Operative	155	156	167
Total	<u>1 091</u>	<u>1 108</u>	<u>1 158</u>

The 1973 figures have been revised to include 22 posts which are financed from additional income under the regular budget.

Programme and budget presentation

130. In accordance with the practice of the Agency in recent years, the budget estimates for 1974 were presented within the framework of a six-year programme (to be updated every second year) spanning the period 1973-1978. The 1974 budget corresponds to the second year of the period 1973-1974 for which a detailed programme was presented last year. The 1974 budget document therefore makes reference to approved programmes and only changes in programme content are mentioned specifically.

131. The breakdown of each programme into sub-programmes and programme components, introduced last year, has been further refined by providing detailed cost estimates by major expenditure category for each sub-programme and programme component, and by indicating the respective manpower requirements. In so doing, the Agency believes that it is better able to judge the value of proposed programmes and to set priorities.

132. As has been the practice, the budget is presented entirely on a programme basis, estimating gross expenditures and showing income separately. The estimates are based on the "full budgeting" concept, but the Advisory Committee was informed that continued fluctuations in the exchange rates may make realization of full budgeting increasingly difficult.

Accommodation

133. The Committee was informed that construction commenced in March 1973 on the new headquarters building for the Agency which should be ready by early 1978. Until that time the staff will continue to be housed in several temporary buildings.

Working Capital Fund

134. The level of the Working Capital Fund had been reduced in 1971 from \$2 million to \$1.7 million in order to finance part of the deficit in the Regular Budget for 1971. Continuing currency realignments, rising costs and an increase in the total sum of unpaid assessed contributions in 1972 caused difficulties which made necessary the reinstatement of the \$2 million level for 1973. The Advisory Committee is informed that the \$2 million level will suffice in 1974 in view of the improved cash situation attributable to early payment by member States of their regular budget assessments.