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PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1974-1975
AND MEDIUM-TERM PLAN FOR 1974-1977

Administrative arrangements for the UNCTAD/GATT
International Trade Centre

Note by the Secretary-General

A. BACKGROUND

1. The Advisory Committee on Administrative and Budgetary Questions (ACABQ) in its second report to the General Assembly in 1972 ^{1/} commented on the administrative arrangements for the UNCTAD/GATT International Trade Centre. In that report, the Advisory Committee observed that "such arrangements were to have been worked out between the two sponsoring organizations in accordance with General Assembly resolution 2297 (XXII) of 12 December 1967, by which the Centre was established; the absence of a formal agreement had been noted in his reports on both the 1970 and 1971 accounts by the Controller-General of Colombia, a member of the United Nations Board of Auditors, who had recommended that it be rectified". ^{2/}

2. On 1 January 1968, the Centre became a joint operation of the United Nations Conference on Trade and Development (UNCTAD) and the General Agreement on Tariffs and Trade (GATT). It was at that time decided that GATT would continue to deal with personnel actions, make payments and keep accounts relating to the regular budget of the Centre, and that GATT staff rules and regulations would apply to the staff thereof.

^{1/} Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 8A, document A/8708/Add.1, paras. 13-16.

^{2/} Ibid., para. 14.

3. Since 1968, there has been a rapid expansion of the Centre's activities. In the autumn of 1972, the executive heads of UNCTAD and GATT undertook a review of the administrative arrangements for the Centre to determine what changes, if any, should be made. In making this review, the executive heads were mindful of certain recommendations made by ACABQ in 1971, and reiterated in 1972, regarding the placement of Centre support staff under the direct control of the Centre. The report on the review, formulating certain modifications in procedures, was submitted to the GATT Council by the Director-General of GATT on 27 November 1972 and is reproduced in the annex to the present document.

4. The system for administrative support existing at the time of the above-mentioned review by the executive heads, which continued until 1 March 1973, is described in paragraphs 6 to 10 of the annex.

B. MODIFICATIONS IN THE ADMINISTRATIVE ARRANGEMENTS

5. The modifications in the administrative arrangements resulting from the review by the executive heads are summarized in paragraphs 11 to 14 of the annex. Further modifications, as summarized below, were proposed on behalf of the United Nations by the Under-Secretary-General for Administration and Management to accord with existing arrangements in the United Nations Office at Geneva for provision of administrative support to Geneva-based organizations. These further modifications involved payments and accounts, contracts and supporting administrative staff (subparagraphs 13 (ii), (v) and (x) of the annex) and were as follows:

(a) The present appointment and promotion machinery would remain in operation; the staff would receive United Nations appointments limited to service with the Centre.

(b) Personnel servicing for Centre staff under the 100 series rules (regular staff), regardless of source of funds, would be taken over by the United Nations Office at Geneva.

(c) Personnel servicing for Centre staff under the 200 series rules (project staff) would be handled temporarily by the Centre, with general guidance from the United Nations Office at Geneva.

(d) Payroll, payments and accounts would be maintained by the United Nations Office at Geneva.

(e) The Director (Programmes) of the Centre would be designated as certifying officer for Centre accounts.

The administrative arrangements proposed by the executive heads, as modified by the above, have been in effect since 1 March 1973.

C. THE PRESENT SITUATION

6. In June and July 1973, the Administrative Management Service (AMS) reviewed the remaining administrative problems. The main problem found was with respect to personnel services. At that time, the Administrative and Financial Services of the United Nations Office at Geneva had not yet assumed full responsibility for providing personnel services to the Centre for staff members governed by the 100 series of the staff rules (regular staff). The main cause of the delay was that the majority of the present Centre staff had refrained from accepting the United Nations appointments offered until the situation regarding the administrative arrangements as a whole had been clarified and finally approved. As regards arrangements for recruitment and other personnel services for staff governed by the 200 series of rules, they have been the subject of a separate review by AMS, and its recommendations are now under discussion by the parties concerned.

7. Another question concerns language services for the Centre. At present, 17 posts are budgeted by the Centre for language staff working in GATT on language services for the Centre. It has been proposed that a better arrangement would be for the Centre to reimburse GATT for language services, and for GATT to do its own budgeting for the staff required; however, this would pose problems for GATT, and the present arrangement will be continued for the time being.

8. A third unresolved question concerns the distribution of publications. The Centre's publications policy is different from the United Nations policy in that the primary objective is wide distribution free of charge within developing countries, rather than revenue from sales. Nevertheless, those publications that are offered for sale can best be sold by the United Nations through the Geneva Office because of its world-wide distribution and sales service. For the time being, the distribution of free publications will continue to be handled by the Centre.

9. As a result of the AMS review, certain further refinements in the administrative arrangements, as summarized below, have been decided upon:

(a) The present appointment and promotion machinery of the Centre will be continued and:

- (i) Present permanent staff members will be given United Nations appointments limited to service within the Centre;
- (ii) All future appointments of both Professional and General Service staff will be on the same basis.

(b) Language services for the Centre will continue to be provided by GATT on the present basis.

(c) Use will be made by the Centre of the publication sales mechanism provided by the United Nations Office at Geneva. The Centre will continue to make its own free distribution to developing countries.

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D. CONCLUSION

10. Therefore, the administrative arrangements proposed are those set forth in paragraph 13 of the annex, with the modifications described in paragraphs 5 and 9 above. The General Assembly may wish to approve those arrangements.

11. Proposals regarding the administrative support of technical assistance sponsored by the Centre are now under consideration as part of the larger question of arrangements for the provision of administrative support to technical assistance sponsored by all Geneva-based organizations.

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Annex

REVIEW OF THE ADMINISTRATIVE AND FINANCIAL ARRANGEMENTS FOR THE
UNCTAD/GATT INTERNATIONAL TRADE CENTRE: REPORT BY THE
DIRECTOR-GENERAL OF GATT AND THE SECRETARY-GENERAL OF UNCTAD

(Submitted to the GATT Council on 27 November 1972)

I. INTRODUCTION

1. At the time the joint International Trade Centre UNCTAD/GATT was established, effective 1 January 1968, it was decided in the interest of flexibility and economy that GATT should continue to deal with personnel actions, make payments and keep accounts relating to the regular budget of the Centre, and that GATT staff rules and regulations should apply. Such arrangements were, however, to be provisional and subject to review in due course.
2. Since 1968 there has been a rapid expansion of the activities of the Centre and these activities are expected to grow further in the coming years. This development has involved, inter alia, also a considerable increase in GATT's responsibilities relating to personnel and administration, budgetary control, the maintenance of accounts, the servicing by the Centre of projects financed from different sources of funds, as well as the employment of Centre staff against funds drawn from these different sources. In these circumstances, the executive heads of UNCTAD and GATT considered that the time had now come to carry out the review of the administrative and financial arrangements foreseen at the time of the inception of the joint Centre.
3. In proceeding with this review, the executive heads were also mindful of certain recommendations made by ACABQ in 1971, and reiterated in 1972, regarding the placement of Centre supporting staff under the direct control of the Director (Programmes) of the Centre.
4. As a result of this review, the two executive heads have agreed, on the basis of recommendations by the Liaison Officers on Centre Matters, to suggest certain changes in the existing arrangements in respect of the Centre administration, within the framework of continued joint and equal responsibility for the operation of the Centre.
5. The present system and the proposed modifications which are being submitted to the governing bodies of UNCTAD and GATT are outlined below:

II. PRESENT SYSTEM

Sources of funds and management of resources

6. The Centre operates with four major sources of funds:

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- (a) The regular budget, provided in equal parts by UNCTAD and GATT;
- (b) Allocations received through UNCTAD for expenditure on UNDP-financed projects;
- (c) Extrabudgetary resources (known as trust funds) put directly at the disposal of the Centre by individual Governments;
- (d) To a minor extent, resources from the regular technical assistance programme of the United Nations.

7. At the present time, the servicing of the regular budget of the Centre and the handling of trust funds put directly at the disposal of the Centre are carried out by the administration of GATT, which also provides administrative servicing of resources suballotted to the Centre in respect of Geneva based operations under both the UNDP and the regular technical assistance programme of the United Nations.

Budget preparation and control

8. In present practice, the regular budget of the Centre and the budgets for trust fund projects are drawn up by the GATT Budget and Control Section on the basis of the work programme prepared by the Centre under the guidance of the Secretary-General of UNCTAD and the Director-General of GATT. The budgets for UNDP-financed projects are formally submitted by governments but are drawn up by the Centre with assistance from GATT and UNCTAD staff in regard to figures etc. The GATT Budget Section also controls, under the responsibility of the Director-General of GATT, expenditure incurred under the regular budget, on trust funds and part of the expenditure (including elements of overhead) incurred on UNDP-financed projects.

Finance and accounts

9. The making of payments and keeping of accounts in regard to the regular budget, the trust funds of the Centre and part of the UNDP funds is also carried out by GATT. The Director-General of GATT certifies the year-end accounts and signs the annual Financial Report, together with the Director of the Administrative and Financial Division. A certified copy of the year-end accounts and the auditors' report thereon are submitted to the Secretary-General of UNCTAD for comment. Auditing is effected through the External Auditors of GATT.

Personnel management

10. Appointments of Centre staff are at present made on behalf of ICITO and UNCTAD in the name of the Director-General of GATT, who also assumes responsibility for matters such as relations with local authorities and with the Swiss Government in matters such as the issuance of "cartes de légitimation".

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III. OUTLINE OF PROPOSED MODIFICATIONS

11. The proposed solution is designed not only to meet - to the extent possible - the difficulties and anomalies which have been experienced with the present system but also to take account of the Centre's long-term growth. Some details of these proposed arrangements will, of course, have to be worked out during the course of their implementation.

12. In proposing new arrangements, it has been recognized that three types of constraints must be taken into account:

- (i) In the present financial circumstances, Governments would be unwilling to accept new arrangements for the Centre which would involve any appreciable increase in budgetary expenditures.
- (ii) Most Governments would expect both UNCTAD and GATT, in joint and equal partnership, to continue to exercise policy guidance and control over the Centre operations and to take over-all responsibility for the budget of the Centre as presented to the Contracting Parties of GATT on the one side and the General Assembly on the other.
- (iii) The necessary legal or other steps must be taken to ensure that any solutions proposed, for example by way of transfer of functions to the Centre, do not lead to difficulties in implementation.

13. In the light of the above considerations, the following modifications in the present financial and administrative arrangements are proposed:

- (i) The responsibility for the drafting of the regular budget and budgets for trust fund projects, together with their control and administration, would be transferred to the Centre.
- (ii) The Centre would likewise be entrusted with the making of payments and the keeping of its accounts.
- (iii) The two changes proposed above would be effected simultaneously.
- (iv) The Director-General of GATT would cease to certify the year-end accounts of the Centre. The Director (Programmes) of the Centre would be designated as the certifying officer and the Controller of the United Nations would sign the year-end accounts as approving officer. The external audit would be transferred from the GATT auditors to the United Nations auditors as from 1 January 1973.
- (v) Contracts to be awarded to Centre staff would be issued by the Director (Programmes) of the Centre after approval by the Secretary-General of UNCTAD and the Director-General of GATT, under their authority and subject to their agreement on the text of Centre letters of appointment.

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- (vi) With respect to field activities financed by UNDP, appropriate arrangements will be worked out among the parties concerned.
- (vii) United Nations Staff Regulations and Rules would apply uniformly to all personnel, whether financed from budgetary resources, overheads or extrabudgetary resources.
- (viii) In order to ensure that Centre staff be recognized by the Swiss authorities as having the status of international civil servants, the responsibility for notifying the Swiss authorities of staff appointments and separations would be transferred to the United Nations Office at Geneva.
- (ix) With respect to purchase and procurement, orders would be placed through the United Nations Office at Geneva without attempting to develop independent procurement services for the Centre.
- (x) All supporting staff for such functions as personnel administration, sale of publications, reproduction, typing pools, travel and internal servicing of the Centre, that are at present located inside the GATT Administrative and Financial Division would be located inside the Centre. The situation of language services still requires further clarification.
- (xi) The changes in responsibilities and functions and the transfer of Centre supporting staff to the new premises would be effected as soon as the procedural or other steps required to effect these changes, as described above, can be taken. In principle, the implementation of these changes would begin with effect from 1 January 1973.
- (xii) The proposed modifications would involve some additional costs which could be covered in 1973 by income from overheads.

IV. END RESULT OF PROPOSED MODIFICATIONS

14. The end result of the modifications in the Centre administration proposed by the executive heads of UNCTAD and GATT would be the following:

As of 1 January 1973:

- (i) The Centre would be fully responsible for drafting initial budget estimates subject to the policy guidance of the executive heads and for budget management, through its own budget and control section.
- (ii) The servicing functions concerning payments and accounts would also be transferred to the Centre.

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- (iii) The Centre would issue contracts and would be responsible for personnel management, under the policy guidance of the executive heads. Responsibility for relations with the Swiss authorities would be transferred to the United Nations Office at Geneva. The Swiss authorities will be advised of this change of responsibility.
- (iv) Professional staff for the Centre would continue to be selected through the Joint Appointments and Promotions Board, which would make recommendations on appointments, promotions, extensions and terminations to the executive heads.
- (v) The Centre's work programme and budget would be prepared by the Director (Programmes) of the Centre subject to over-all policy guidance in respect of size of budget and over-all orientation by the Secretary-General of UNCTAD and the Director-General of GATT, and would be presented by the two executive heads to the General Assembly and the Contracting Parties.
- (vi) The existing mechanisms of intergovernmental control would be maintained in the form of the Advisory Group, the UNCTAD Board, the General Assembly and the GATT Council and the Contracting Parties.
- (vii) The Director (Promotion) and Director (Programmes) of the Centre would continue to be responsible to the Secretary-General of UNCTAD and the Director-General of GATT on matters of policy relating to Centre resources and operations, including those involving UNDP-financed projects, through the liaison officers appointed by the executive heads in accordance with arrangements already established.
