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THE REVOLVING FUND (INFORMATION)

Report of the Executive Director

1. By decision 10/27, paragraph 16, the Governing Council requested the Executive Director to report to it at its eleventh session on problems encountered in the administration of the Revolving Fund (Information).
2. The Revolving Fund (Information) was established by the Governing Council in 1974 at a level of \$100,000 ^{1/} and subsequently raised to a level of \$200,000 in 1979. ^{2/} Overall, the Environment Fund has provided the Revolving Fund with amounts totalling \$204,005. In addition, as shown in paragraph 5 below an estimated total income of \$125,474 had been earned by the Revolving Fund by the end of 1982.
3. According to the provisions of the Rules governing the use of the Revolving Fund, ^{3/} which were established under Governing Council decision 42 (III) and to which subsequent amendments were reported to the Council at its ninth session in 1981, ^{4/} the purpose of the Revolving Fund is "to provide for the financing of such parts of the costs of preparing, producing and distributing UNEP information materials as can reasonably be expected to be recoverable as revenue from the sale of such materials or of reproduction rights therein".
4. During the Council's ninth session, it was pointed out that the turnover of the Revolving Fund had been much lower than expected because it had only been credited with income derived from information materials if the cost of those materials had originally been charged to it, and because the cost of particular publications or films could not be charged to it unless there was a reasonable expectation at the outset that such costs would be fully recoverable from the revenue received. ^{5/} The Executive Director had accordingly amended the Rules so that all revenues derived from the sale of information materials would be credited to the Revolving Fund whether or not such materials were financed in whole or in part from that Fund.

5. The use of the Fund as measured by the trend of income and expenditure has been increasing, as follows:

	<u>Income</u> \$	<u>Expenditure</u> \$
1975	-	12,800
1976	330	1,585
1977	2,362	-
1978	6,878	-
1979	7,080	15,595
1980	24,000	32,147
1981	44,824	93,697
1982 Estimate	<u>40,000</u>	<u>83,517</u>
Total 1975-1982	<u>125,474</u>	<u>239,341</u>

6. The foregoing figures underline the principal problem confronting the Executive Director in managing the Revolving Fund. Whereas income from publications as a whole may be growing, income from particular publications inevitably accrues some time after the expenditure has been incurred on them. As a result, although income has been growing, it has not grown as fast as expenditure which has been legitimately charged to the Fund in the expectation that income will build up and cover it over a period of years. Consequently, the resources of the Fund become exhausted before they can be replenished from income it generates.

7. The only way of overcoming this problem would be to restrict the charging of expenditure against the Revolving Fund to the level of its annual accrual of income, which would mean reversing the policy of charging to the Fund all expenditures in respect of information material which, over time, might be expected to be recouped by income.

8. The Executive Director does not recommend such a reversal of the present policy and proposes instead that the Revolving Fund be replenished from the Environment Fund programme reserve up to a level of \$200,000 on 1 January 1984.

Notes

- 1/ Decision 11 (II).
- 2/ Decision 6/13, Sect. A, para. 6.
- 3/ UNEP/GC/47, annex.
- 4/ UNEP/GC/9/9, paras. 28 to 30.
- 5/ Ibid.
