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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Preparatory work for bringing the Common Fund into operation

Administrative and financial implications of the draft decision
contained in document A/C.2/34/L.117

Statement submitted by the Secretary-General in accordance with
rule 153 of the rules of procedure of the General Assembly

1. In the draft decision contained in document A/C.2/34/L.117, the General Assembly would take note of resolution 206 (XIX) of the Trade and Development Board at the second part of its nineteenth session on "Preparatory work for bringing the Common Fund into operation", and would decide to make appropriate arrangements to advance the necessary funds to enable the financing of the preparatory work required for bringing the Common Fund into operation, up to a total of \$1.8 million.
2. Should the General Assembly adopt this draft decision, an additional appropriation in the amount of \$1,722,700, on a non-recurrent and reimbursable basis, would be required under a new section 15B of the programme budget for the biennium 1980-1981. This provision would be fully offset by an increase of the same amount under the Income section of the budget reflecting the reimbursement due to the United Nations from the Common Fund once it is declared operational. In view of the uncertainty as to the exact date the Fund will be declared operational, the Secretary-General intends to allot funds to the Secretary-General of UNCTAD on an "as required" basis. Accordingly funds not spent at the time the Common Fund is declared operational would be surrendered in the context of one of the performance reports due for the biennium 1980-1981.
3. The breakdown of the above-mentioned amount is in paragraph 13 below.
4. The fundamental elements of the Common Fund relating to its objectives, capital structure, organization, management and voting procedures are discussed in the annex to the present document. 1/
5. The exact nature of the preparatory work to bring the Common Fund into operation, its location and the related institutional setting have not yet been fully determined. Neither can it be precisely stated at this stage how long the

1/ See document A/C.2/34/L.119/Add.1.

preparatory machinery would need to remain in existence. It is however estimated that the period from the date of the adoption of the Articles of Agreement of the Fund to the formal commencement of operations could range from six to eighteen months. Thus this statement of administrative and financial implications has been based on a compromise duration of 12 months with the location of the Preparatory Commission being assumed to be in Geneva.

6. In the period between the adoption of the Articles of Agreement by the Negotiating Conference and the inaugural meeting of the Governing Council, and subsequently until the first meeting of the Executive Board which would mark the commencement of the Fund's operations, it would be necessary to undertake certain activities suggested by the experience of similar international financial institutions. That experience indicates that the preparatory work would involve legal and procedural activities such as the drafting of the rules of procedure of the Governing Council and the Executive Board, the by-laws for the conduct of the business of the Fund, and the related financial regulations. The framework of operational activities would need to be established, involving the formulation of the Fund's lending policies and criteria and the drafting of the general conditions applicable to association agreements and to loan agreements. In addition, relationship agreements with the United Nations and various other co-operating institutions would need to be written, as well as a headquarters agreement with the host country. There would be a need to define an organizational structure for the Fund, and to produce an administrative budget. Furthermore, personnel policies would have to be formulated, including the related staff rules and regulations. Finally, it would be necessary to make arrangements for the first session of the Governing Council in the light of the progress made in securing signatures and ratifications of the agreements.

7. Fourteen posts are deemed necessary to carry out the work of the Preparatory Commission in bringing the Common Fund into operation. They are as follows:

Professional category and above

Executive Secretary	1 D-2
Legal Adviser	1 D-1
Financial Adviser	1 D-1
Operations Adviser (First account)	1 P-5
Operations Adviser (Second account)	1 P-5
Administration Adviser	1 P-5
Administrative Officer	1 P-3
Administrative Officer	1 P-3

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General Service

Administrative assistant	1 principal
Secretarial/Clerical	5 other

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Total 14

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8. The required posts under general temporary assistance are costed below on the basis of a 12-month duration, in Geneva, at the 95 per cent turnover rate for Professional staff. As the commencement date of the activities for which these posts are required is not known, costs are distributed over the last six months of 1980 and the first six months of 1981, for presentation purposes.

		<u>Staff requirements</u>		
		<u>1980</u>	<u>1981</u>	<u>Total</u>
		\$	\$	\$
<u>General temporary assistance</u>				
<u>Professional</u>				
1 D-2		34,200	34,500	68,700
2 D-1		62,400	63,000	125,400
3 P-5		85,200	85,900	171,100
2 P-3		<u>40,400</u>	<u>40,800</u>	<u>81,200</u>
	Subtotal	<u>222,200</u>	<u>224,200</u>	<u>446,400</u>
<u>General service</u>				
1 principal		20,050	20,050	40,100
5 other		<u>69,000</u>	<u>69,000</u>	<u>138,000</u>
	Subtotal	<u>89,050</u>	<u>89,050</u>	<u>178,100</u>
	TOTAL	<u>311,250</u>	<u>313,250</u>	<u>624,500</u>
Common staff costs -	TOTAL	98,800	99,400	198,200
	GRAND TOTAL	<u>410,050</u>	<u>412,650</u>	<u>822,700</u>

9. Official travel estimated at a cost of \$40,000 would be required to be undertaken by senior staff to the various geographic areas in the course of the preparatory process of bringing the Fund to operational status.

10. The services of consultants, equivalent to 20 work-months would also be required to assist in the highly technical aspects of the preparatory work for the Common Fund, as outlined in paragraph 6 above. It is estimated that \$100,000 in fees and associated travel would be needed for this purpose.

11. It is assumed that the Preparatory Commission would require six weeks of meetings for which a cost of \$600,000 is estimated.

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12. An estimated amount of \$160,000 would cover the cost of accommodation, furniture and equipment, supplies and materials, communications and miscellaneous services.

13. The requirements for a period of 12 months during the biennium 1980-1981 are summarized as follows:

	<u>1980</u>	<u>1981</u>	<u>Total</u>
	\$	\$	\$
Salaries and common staff costs	410,050	412,650	822,700
Consultant services	49,500	50,500	100,000
Travel of staff	19,900	20,100	40,000
Meetings	285,000	315,000	600,000
Other operating costs	75,000	85,000	160,000
TOTAL	<u>839,450</u>	<u>883,250</u>	<u>1,722,700</u>

14. The UNCTAD secretariat will continue to render assistance to the preparatory activities for the establishment of the Common Fund from resources available within the existing commodities programme of UNCTAD. Accordingly the level of requirements requested above has been based upon the level of additional workload arising, which cannot be absorbed within existing resources.
