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PROGRAMME BUDGET FOR THE BIENNIUM 1978-1979

Budget and programme performance of the United Nations
for the biennium 1978-1979

Report of the Secretary-General

Addendum

Section 11A. United Nations Conference on Trade and Development

Section 11B. International Trade Centre

SECTION 11A. UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Table 11A.1

(in thousands of United States dollars)

A. Regular budget						
Revised appropriation 1978-1979	Estimated additional requirements					Total revised estimate
	Inflation	Rates of exchange	Decisions of policy-making organs	Other changes	Total	
46 960.3	322.0 <u>a/</u>	743.8	(324.5)	(383.7)	357.6	47 317.9

B. Extrabudgetary resources (substantive and administrative support)		
Previously estimated expenditures 1978-1979	Source of funds	Revised estimate
2 100	UNCTAD overhead funds	2 686
2 100	Total, B	2 686

49 060.3	Total, A and B	50 003.9
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C. Extrabudgetary resources (operational projects)		
Previously estimated expenditures 1978-1979	Source of funds	Revised estimate
13 000	UNDP	15 177
2 000	Various extrabudgetary trust funds	3 202
15 000	Total, C	18 379

64 060.3	Total, A, B and C	68 382.9
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a/ Includes inflation 1976-1977 for general operating expenses not taken into account in the revised appropriations 1978-79.

Table 11A.2

Regular budget: distribution of revised estimates by programme
(in thousands of United States dollars)

Programmes	Revised appropriations 1978-1979	Estimated additional requirements						Total 1978-1979 revised estimates
		Inflation	Rates of exchange	Decisions of policy-making organs	Redeployment	Other changes	Total	
I. Policy-making organs: Fifth session of the Conference	275.8	-	3.4	-	(37.8)	-	(34.4)	241.4
II. Executive direction and management	3 640.4	-	57.0	(17.6)	201.0	85.7	326.1	3 966.5
III. Programmes of activity: Money, finance and development	7 925.0	-	119.2	(26.6)	12.2	(515.3)	(410.5)	7 514.5
Trade in commodities	8 189.0	-	126.7	(22.4)	(76.7)	86.0	113.6	8 302.6
Trade in manufactures	4 256.4	-	65.1	(16.6)	4.2	(130.0)	(77.3)	4 179.1
Shipping and ports	3 437.8	-	53.6	(42.8)	(60.4)	(46.0)	(95.6)	3 342.2
Transfer of technology	3 021.3	-	43.5	(80.4)	(81.4)	(313.5)	(431.8)	2 589.5
Economic co-operation among developing countries	2 685.3	-	42.7	(78.9)	87.6	(42.9)	8.5	2 693.8
Trade among countries having different economic and social systems	1 742.5	-	24.3	(5.4)	(91.3)	(148.3)	(220.7)	1 521.8
Least developed, land-locked and island developing countries	1 313.7	-	23.7	(5.2)	89.8	189.7	298.0	1 611.7
Insurance	893.5	-	12.8	(2.9)	(66.2)	(16.8)	(73.1)	820.4
Trade facilitation	349.3	-	5.8	(1.4)	8.2	17.9	30.5	379.8
IV. Programme support: Management of technical co-operation activities	162.0	-	2.4	-	3.5	(1.3)	4.6	166.6
Conference affairs	3 575.9	-	60.4	(12.3)	11.6	246.0	305.7	3 881.6
Administration and common services	5 492.4	322.0	103.2	(12.0)	(4.3)	205.1	614.0	6 106.4
Total	46 960.3	322.0	743.8	(324.5)	-	(383.7)	357.6	47 317.9

Table 11A.3

Regular budget: distribution of estimated additional requirements
by programme and by main object of expenditure
(in thousands of United States dollars)

Programmes	Salaries and common staff costs	Travel	Printing	Other contractual services	General operating expenses	Supplies, materials, furniture and equipment	Other	Total
I. Policy-making organs: Fifth session of the Conference	(36.7)	.8	-	-	.2	-	1.3	(34.4)
II. Executive direction and management	199.6	92.5	34.0	-	-	-	-	326.1
III. Programmes of activity:								
Money, finance and development	(453.1)	38.0	4.6	-	-	-	-	(410.5)
Trade in commodities	250.5	(57.4)	(79.5)	-	-	-	-	113.6
Trade in manufactures	(106.1)	(4.8)	33.6	-	-	-	-	(77.3)
Shipping and ports	(89.4)	(29.7)	23.5	-	-	-	-	(95.6)
Transfer of technology	(347.8)	(70.5)	(13.5)	-	-	-	-	(431.8)
Economic co-operation among developing countries	(86.8)	41.0	54.3	-	-	-	-	8.5
Trade among countries having different economic and social systems	(175.7)	(14.5)	(30.5)	-	-	-	-	(220.7)
Least developed, land-locked and island developing countries	247.6	18.5	31.9	-	-	-	-	298.0
Insurance	(7.5)	(24.7)	(40.9)	-	-	-	-	(73.1)
Trade facilitation	27.3	3.2	-	-	-	-	-	30.5
IV. Programme support:								
Management of technical co-operation activities	.9	3.7	-	-	-	-	-	4.6
Conference affairs	290.6	25.7	(10.6)	-	-	-	-	305.7
Administration and common services	108.4	.3	6.1	-	348.5	150.7	-	614.0
Total	(178.2)	22.1	13.0	-	348.7	150.7	1.3	357.6

SECTION 11A. UNITED NATIONS CONFERENCE ON
TRADE AND DEVELOPMENT

I. Programme developments

11A.1 The biennium 1978-1979 was characterized by intensification and extension of on-going negotiations, on the one hand, and the preparation and follow-up of the Fifth Conference, on the other. Experience during the biennium has shown that for international economic negotiations it takes considerably more time to arrive at agreements than was originally anticipated. This is not only true of negotiating conferences themselves, but even more so for preparatory meetings and the related secretariat inputs. Departures from the activities enumerated in the approved programme budget are reported below.

Money, finance and development

11A.2 The preparation of trade projections was delayed by a higher than average vacancy situation.

Trade in commodities

11A.3 In the field of commodities progress achieved so far has, on the whole, fallen short of the results that might have been expected in the light of the original time-frame for the Integrated Programme for Commodities (IPC). The time-frame of two and a half years, set in 1976 at the Fourth Conference of UNCTAD, had to be extended, firstly through the end of 1979, and beyond that date by the Fifth Conference in resolution 124 (V). As regards negotiations on individual commodities, though considerably more preparatory meetings than anticipated have been convened, only two of the eighteen IPC commodities (natural rubber and cocoa) have been dealt with in negotiating conferences, which are to be resumed later in 1979. Whilst agreement could be reached at the United Nations Conference on Olive Oil in March 1979, no agreement could be reached at the United Nations Wheat Conference in spite of three extended conferences and a number of interim committee meetings. The absence of an agreement on the Common Fund has been considered to be a serious handicap to reaching agreement on individual commodities.

11A.4 The concentration on consultations and negotiations on the Common Fund and individual commodities has delayed progress on other than market stabilization aspects of the Integrated Programme for Commodities.

Trade in manufactures

11A.5 The Ad Hoc Group of Experts on Restrictive Business Practices required six sessions, rather than the four envisaged in the approved programme budget, before the United Nations Conference on Restrictive Business Practices could be scheduled by the Fifth Session of UNCTAD in the autumn of 1979.

Shipping and ports

11A.6 The Intergovernmental Preparatory Group on a Convention on International Multimodal Transport has so far met in six sessions and it was expected that the envisaged conference of plenipotentiaries would be held in late 1979 or early 1980, one year later than planned for.

Transfer of technology

11A.7 The preparatory work required for the Code of Conduct for Transfer of Technology was considerably more onerous than anticipated. The Intergovernmental Group of Experts on an International Code of Conduct for Transfer of Technology held six sessions before a United Nations Conference could be convened in the autumn of 1978. No agreement could be reached to date, though considerable progress was achieved during two sessions of the Conference in 1978 and 1979, respectively; a third session is to be convened late in 1979. The progress in other areas of transfer of technology, in particular certain policy and sectoral studies to which new impetus was given at the Fifth Conference in Manila, was therefore delayed to some extent. The difficulties encountered in filling new posts granted for this programme in 1977 still had an impact on the first part of the biennium. Several posts, in particular those of the Advisory Service, had to be occupied by short-term staff; as a result, the implementation of certain technical assistance projects has been delayed and a number of requests for advisory services had to be postponed.

II. Revised budget estimates (Increase: \$357,600)

11A.8 It is expected that expenditures for UNCTAD will exceed by \$357,600 the revised appropriation for 1978-1979. Additional requirements in a total amount of \$1,065,800 for inflation (\$322,000) and exchange rate changes (\$743,800) were offset by savings in a total amount of \$708,200 consisting of \$144,000 in respect of delayed recruitment of General Service staff in implementation of paragraph 6 of General Assembly resolution 32/200 III, \$180,500 to restraint in the use of experts and consultants in the United Nations in implementation of General Assembly resolution 32/209 and \$383,700 to reduced expenditure for common staff costs, offset by increased expenditure for reproduction supplies.

11A.9 The additional requirement of \$322,000 for inflation refers exclusively to general operating expenses and includes inflation for 1976-1977 not taken into account in the revised appropriations for 1978-1979, as explained in paragraph 11A.22 below.

11A.10 The estimated additional requirement of \$743,800 for exchange rate changes is based on actual exchange rates until June 1979 and a projected exchange rate of 1.67 Swiss francs to the United States dollar for the second half of 1979.

11A.11 The decrease of \$324,500 attributed to decisions of policy-making organs is composed of a saving of \$144,000 (\$114,000 on established posts and \$30,000 on common staff costs) effected in compliance with paragraph 6 of General Assembly resolution 32/200 III concerning general service salaries, and a decrease of \$180,500 (\$111,400 in respect of consultants and \$69,100 in respect of ad hoc experts) in compliance with General Assembly resolution 32/209.

11A.12 The various redeployments among programmes, as indicated in table 11A.2, principally reflect variations in initially anticipated needs for temporary assistance, overtime, consultants and experts, travel and printing which became evident in the course of the execution of the programme of work. The variations among programmes shown in table 11A.2 under "Other" result from variations in relation to the standard costing on which the initial provisions for salaries and common staff costs were based, as explained in paragraph 11.15 below.

Salaries and common staff costs (Decrease: \$178,200)

11A.13 The reduced requirements under this heading are made up of the following factors:

	<u>Rates of exchange</u>	<u>Decisions of policy-making organs</u>	<u>Redeployments</u>	<u>Other</u>	<u>Total</u>
Established posts	558.3	(114.0)	-	-	444.3
General temporary assistance	47.1	-	(125.0)	-	(77.9)
Consultants	-	(111.4)	125.0	-	13.6
Ad hoc expert groups	-	(69.1)	-	-	(69.1)
Common staff costs	49.6	(30.0)	-	(508.7)	(489.1)
	655.0	(324.5)	-	(508.7)	(178.2)

11A.14 The main reason for reduction is a decrease of \$508,700 in estimated requirements for common staff costs. Actual requirements in 1978-1979 have amounted to 23.3 per cent of salary expenditures for the biennium, rather than 26 per cent as initially assumed.

11A.15 Experience in UNCTAD, which has a large number of small programmes, has shown that the statistical average used for calculating requirements for salaries and common staff costs, including standard deductions for staff turnover, frequently results in appreciable variations when compared to actual expenditures. This accounts for the fact that certain programmes show a considerable excess requirement for established posts or common staff costs, while others show savings. Thus, for instance, the concentration of senior General Service staff in the Office of the Secretary-General of UNCTAD and in the Conference Affairs and Administrative Service has been the main reason why these programmes have consistently shown expenditures in excess of estimates calculated on the basis of statistical averages.

11A.16 An amount of \$125,000 was redeployed from general temporary assistance to consultants for the trade in commodities programme. The amount was required for contracts with an international legal firm and a consortium of international lawyers to assist the secretariat in the drafting of the Articles of Agreement for the Common Fund, as requested by the negotiating conference on the Common Fund in March 1979. Variations in consultant expenditures between programmes with reference to the initial estimates reflect the need to continuously adjust to requirements of ongoing negotiations and to the changing priorities set by the continuing UNCTAD machinery. Thus appreciable savings had to be achieved in 1979 in respect of several programmes, notably trade in manufactures and shipping and ports, in order to meet urgent requirements for ongoing negotiations on commodities that could not be postponed.

11A.17 Apart from expenditures for temporary assistance for the Integrated Programme for Commodities, which are predetermined by the existence of specific posts in two programmes (commodities and conference affairs), general temporary assistance expenditures did not strictly follow the distribution of the appropriation. This is explained by the unpredictable nature of expenditures for replacements of staff on extended sick leave or maternity leave, and for assistance during peak workload periods as far as conference services are concerned. The circumstances are similar with respect to the use of the overtime appropriation. Approximately one half of the appropriation for overtime granted under policy-making organs has

been used for programmes in connexion with work relating to the Fifth Session of the Conference. Such expenditures were recorded under the programme to which they actually referred.

11A.18 A saving of \$69,000 was realized in respect of ad hoc expert groups. Changes in the heavy conference programme resulted in the cancellation or postponement of ad hoc expert group meetings during the biennium.

Travel of staff (Increase: \$22,100)

11A.19 The increase is due to exchange rate changes. Redeployments among programmes reflect the need to adjust to changing requirements in the execution of the work programmes; for this reason the total credits under this object of expenditure are administered by UNCTAD centrally for all programmes. The considerable excess expenditure in respect of the Office of the Secretary-General of UNCTAD relates mainly to the travel of representatives of African liberation movements to attend UNCTAD meetings.

Printing (Increase: \$13,000)

11A.20 Exchange rate changes account for the increase in this object of expenditure. The adjustment of the over-all appropriation for external printing and binding reflects the printing programme as approved and implemented in 1978 and 1979. The expenditure pattern is actually subject to continuous change, due to the fact that the distribution between external and internal printing needs continuous adjustment in order to make full use of internal printing capacity of the Geneva Office, on the one hand, and to satisfy deadlines for the issuance of printed documents, on the other.

General operating expenses (Increase: \$348,400)

11A.21 Increased requirements in the amount of \$322,000 arose as the result of inflation, involving communications and the rental and maintenance of equipment. a further increase of \$26,400 was attributable to exchange rate changes.

11A.22 The inflation increase under communications is composed of \$160,000 for postage and \$100,000 for telephone charges. An increase of \$110,000 in the appropriation for 1976-1977 was requested in the final performance report for that biennium following a 43 per cent postal rate increase early in 1976. As this increase was not taken into account in the base of the 1978-1979 budget, the appropriation for the current biennium fell short by \$150,000, i.e. \$110,000 revalued at 1978-1979 rates. After adjustment to actual 1978-1979 rates, the total amounted to \$160,000. Early in 1978 telephone charges in Switzerland increased considerably for local and long distance calls. However no provision for the resulting increase of \$100,000 was requested in the first performance report for 1976-1977.

11A.23 During the biennium 1976-1977 a \$40,000 cost increase was experienced in respect of the rental and maintenance of equipment and was reported in the final performance report for that period. Consequently, as in the cases mentioned above, the base for the subsequent biennium fell short by an amount of \$62,000 at revised 1978-1979 rates.

Supplies, materials, furniture and equipment (Increase: \$148,900)

11A.24 The increase under this heading relates to exchange rate changes (\$23,900) and over-expenditures on reproduction supplies (\$125,000). The heavy conference programme during the biennium resulted in increased requirements for reproduction supplies. In addition, frequent sessions at night and during weekends, when the reproduction facilities in the Geneva Office were closed, required extensive photocopying of texts under negotiation.

SECTION 11B. INTERNATIONAL TRADE CENTRE

Table 11B.1

(in thousands of United States dollars)

A. Regular budget						
Revised appropriation 1978-1979	Estimated additional requirements					Total revised estimate
	Inflation	Rates of exchange	Decisions of policy-making organs	Other changes	Total	
7 844.5	25.0 <u>a/</u>	329.4 <u>a/</u>	-	(151.0) <u>a/</u>	203.4 <u>a/</u>	8.047.9 <u>a/</u>

B. Extrabudgetary resources (substantive and administrative support)		
Previously estimated expenditures 1978-1979	Source of funds	Revised estimate
7 844.5	GATT share	8 047.9
16.0	Miscellaneous income	128.0
2 975.0	Other extrabudgetary resources	3 065.0
10 835.5	Total, B	11 240.9

18 680.0	Total, A and B	19 288.8
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C. Extrabudgetary resources (operational projects)		
Previously estimated expenditures 1978-1979	Source of funds	Revised estimate
4 250.0	UNDP	4 800.0
17 000.0	Trust funds	18 200.0
21 250.0	Total, C	23 000.0

39 930.0	Total, A, B and C	42 288.8
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a/ These amounts relate to the 50 per cent share of the United Nations in the total budget of the Centre.

Table 11B.2

Regular budget: distribution of revised estimates
(in thousands of United States dollars)

Programmes	Revised appropriations 1978-1979	Estimated additional requirements						Total 1978-1979 revised estimates	
		Inflation	Rates of exchange	Decisions of policy- making organs	Redeploy- ment	Other changes	Total		
Trade promotion	15 705.0	50.0	658.8					518.8	16 223.8
Adjustment for miscellaneous income	(16.0)	-	-	-	-			(112.0)	(128.0)
Total	15 689.0	50.0	658.8	-	-			406.8	16 095.8

Table 11B.3

Regular budget: distribution of revised estimates
(in thousands of United States dollars)

Programmes	Revised appropriations 1978-1979	Estimated additional requirements						Total 1978-1979 revised estimates
		Inflation	Rates of exchange	Decisions of policy-making organs	Redeployment	Other changes	Total	
Trade promotion	486.8	7.3	(82.6)	-	175.1	(67.8)	(112.0) ^{a/}	406.8
Total	486.8	7.3	(82.6)	-	175.1	(67.8)	(112.0)	406.8

^{a/} Adjustment reflecting additional miscellaneous income.

SECTION 11B. INTERNATIONAL TRADE CENTRE

I. Programme developments

11B.1 The International Trade Centre has not reported any programme development which might have had a direct impact on resource requirements.

II. Revised estimates (Increase: \$203,400)

11B.2 As indicated in the proposed programme budget for the biennium 1978-1979, 1/ the United Nations and GATT share equally in the financing of the expenses of the Centre after reduction by a slight amount representing the costs to be met from miscellaneous income. To allow for a more logical presentation, tables 11B.2 and 3, as well as the explanations which follow, relate to the budget of the Centre as a whole rather than to the United Nations share only.

11B.3 As shown in table 11B.2 the total gross increase (\$518,800) is attributable essentially to exchange rate losses (\$658,800) which have been incurred since the issuance of the first performance report. The rate used at that time was 1.74 Swiss francs to the United States dollar. Since then the rate has continued to fall. The revised estimates prepared by the Centre are based on an average exchange rate of 1.58 Swiss francs to the United States dollar for the last four months of the biennium. The present estimates, however, reflect the United Nations exchange rate projection of 1.67 Swiss francs to the increases attributable to the United States dollar which has been used throughout this report.

11B.4 Aside from the depreciation of the dollar which affected all objects of expenditure, especially an increase of \$486,800 under salaries and common staff costs, other increases or decreases in requirements are analysed below.

Printing (Decrease: \$82,600)

11B.5 This net decrease was caused by a reduction in the printing programme for the biennium, resulting in savings of \$100,000, partly offset by an increase of \$17,400 arising from variations in the exchange rate.

General operating expenses (Increase: \$175,100)

11B.6 This main object group is composed of rental and maintenance of premises, rental and maintenance of equipment, communication, hospitality and miscellaneous services, all of which, with the exception of hospitality, involved increases owing solely to exchange rate changes, amounting to \$125,100. In addition to those increases, an increase of \$50,000 is attributable to inflation, reflecting higher costs for communications as a result of the new and more costly taxation system introduced on 1 January 1978 by the Swiss authorities.

Supplies and materials (Increase: \$12,200)

11B.7 The increase under this heading is due entirely to losses on exchange.

1/ A/32/6, para. 11B.3.

Furniture and equipment (Decrease: \$80,000)

11B.8 While an additional requirement of \$10,000 has arisen due to exchange rate changes, an estimated \$90,000 decrease will result from the postponement of a substantial volume of purchases, which in turn was caused by delays in the construction of the new ITC headquarters.

Income (Increase: \$112,000)

11B.9 The initial estimate of \$16,000 for income in 1978-1979 has been revised to \$128,000. It may be analysed as follows:

	\$
Saving on prior biennium expenditure	58,000
Refund from pension fund	44,000
Sale of publications	8,000
Miscellaneous income	18,000

Total:	128,000
