



*Chairman: Mr. E. Olu SANU (Nigeria).*

**AGENDA ITEM 76**

**Budget estimates for the financial year 1972 (continued)**  
(for the documentation, see the 1462nd meeting)

*First reading (continued)\* (A/C.5/XXVI/CRP.3 and Corr.1)*

**SECTION 15. UNITED NATIONS CONFERENCE ON  
TRADE AND DEVELOPMENT (A/8406 AND CORR.1  
AND 3, A/8408 AND CORR.1 AND 2, A/C.5/1362)**

1. The CHAIRMAN recalled that, in the budget estimates for the financial year 1972 (A/8406 and Corr.1 and 3), the Secretary-General had requested \$11,880,900 in appropriations under section 15. In its first report (A/8408 and Corr.1 and 2) on the budget estimates, the Advisory Committee on Administrative and Budgetary Questions had recommended that that amount should be reduced by \$240,500 to \$11,640,400. In document A/C.5/1362, the Secretary-General had given detailed information on the appropriations needed for the UNCTAD/GATT International Trade Centre, which had been included in that figure.

2. Mr. PÉREZ GUERERRO (Secretary-General of the United Nations Conference on Trade and Development) said that 1972 would be a particularly important year for UNCTAD and that the latter had concentrated on preparations for the third Conference on Trade and Development. Although UNCTAD was continuing to develop and to assume new responsibilities, it seemed, nevertheless, to have emerged from its formative phase—a development reflected in the size of the appropriations required under section 15. The same was not true of the International Trade Centre, which was still at the initial stage of its formation; that explained the large increase in appropriations requested under chapter XII of that section.

3. UNCTAD had tried in 1971 to act upon the recommendations made by the Administrative Management Service following its 1970 survey, and it intended to make further adjustments in 1972. It had, in particular, tried to absorb an increased workload within the limits of its available resources and was making considerable efforts to reduce the volume of its documentation. In that connexion, and bearing in mind the fact that some documents prepared for the second session were still valid, it was seeking to reduce documentation relating to the third session of the Conference on Trade and Development by half.

4. He had proposed that six Professional and eight General Service posts should be added to the UNCTAD staff in

1972; that would have increased the establishment from 297 to 311. Although the Advisory Committee had not agreed to the full increase, the UNCTAD secretariat hoped to absorb its increased workload even if some sacrifices had to be made.

5. With regard to the International Trade Centre, the numerous Governments which benefited from its activities had asked it to carry out many tasks which it was not in a position to undertake with its available resources. Many Governments, those of the Scandinavian countries in particular, made generous voluntary contributions to the Centre, but, if it was to continue working effectively in the interest of the Organization as a whole, an attempt would have to be made to strike a better balance between those voluntary contributions and the appropriations in the regular budget of the United Nations.

6. Mr. RHODES (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the appropriations under section 15 represented an 18 per cent increase over the appropriations for 1971. There were various reasons for the increase which were set forth in the Advisory Committee's first report, in particular, the third session of the Conference on Trade and Development, the increase in salaries, the proposed new posts and the increased cost of the International Trade Centre, half of which was charged to the United Nations. With regard to expenditures relative to the third session of the Conference on Trade and Development, he drew the attention of Fifth Committee members to paragraph 227 of the report where the Advisory Committee urged the Secretary-General of UNCTAD to investigate all possible ways of reducing the volume of in-session and post-session documentation. He noted with satisfaction the efforts mentioned by the Secretary-General of UNCTAD in that connexion.

7. Recalling that one of the factors determining the 1971 establishment of UNCTAD had been the survey carried out by the Administrative Management Service and that in all its surveys the Service had sought to arrive at a recommended level of staff which would not only be sufficient to carry out the workload existing at the time but would allow some margin for the absorption of further tasks, the Advisory Committee had recommended that two of the proposed Professional posts and two of the General Service posts should be deleted. Some of the other reductions proposed by the Advisory Committee concerned travel of staff, printing costs and temporary assistance expenditure, as indicated in paragraphs 237, 239 and 240 of the report. The Advisory Committee had also recommended a reduction in expenditure on computers, for which an appropriation had already been requested under section 12.

8. In paragraphs 242 to 249 of its report, the Advisory Committee had analysed the cost estimates for the Inter-

\* Resumed from the 1461st meeting.

national Trade Centre, half of which were borne by the United Nations. As the estimates for the Centre had previously been examined by the GATT Committee on Budget, Finance and Administration, which had recommended that they should be reduced, the Advisory Committee had accepted the GATT Committee's proposals, although its doubts about certain of them—in particular the proposal that the post of Deputy Director of the Centre should be reclassified from D-1 to D-2—remained.

9. With regard to the expenditure for certain supporting services, hitherto provided free by GATT and which would be charged to the Centre's budget as from 1972, the Advisory Committee did not object to the recommendation of the GATT Committee on Budget, Finance and Administration, but suggested that, in that case, all posts whose incumbents worked exclusively on Centre business should be transferred from the GATT manning table to that for the Centre, as it had indicated in paragraph 247 of its report. The Advisory Committee intended to explore the question with the Director-General of GATT when it visited Geneva the following spring.

10. The reductions recommended by the Advisory Committee under section 15 totalled \$240,500. A recapitulation of the reductions recommended in the various chapters of that section could be found in paragraph 250 of its report.

11. Mr. SILVEIRA DA MOTA (Brazil) said that, in view of the reduction recommended by the Advisory Committee, his delegation supported the appropriation requested under section 15. He drew attention to paragraph 15.68 of the budget estimates for 1972 (A/8406 and Corr.1 and 3) which stated that, in the light of the agreement reached between GATT and the Secretary-General of UNCTAD to increase the budget of the International Trade Centre so that the Centre could provide the necessary supporting services for implementing projects assigned by UNDP, no appropriation was being requested for 1972, and requested further information concerning the agreement reached between GATT and the Secretary-General of UNCTAD. He asked what arrangements would be made in 1972 for the general expenses for technical assistance activities.

12. Mr. SANTA CRUZ (Chile) said that UNCTAD was one of the most important United Nations bodies for the developing countries. It operated with a smaller staff than other organizations and its recruitment policy was most prudent. He appealed to the Committee to show understanding.

13. Recalling that the third session of the Conference on Trade and Development was to be held in his country, he said that, after studying the cost estimates for that session in depth he felt that any reduction in appropriations would be unrealistic not only because future developments might give rise to unexpected costs but also because a number of supplementary expenses could already be foreseen, resulting from the fact that Chinese would probably be used in addition to the four official languages that had initially been provided for and that the session would probably be extended in accordance with the recommendation of the Trade and Development Board, which would undoubtedly

be approved by the Second Committee.<sup>1</sup> In view of the supplementary expenditure which could already be foreseen, his delegation felt that it would be wiser to increase the Conference's budget without delay rather than to reduce it. His Government had every intention of scrupulously fulfilling its role as host Government in accordance with General Assembly resolution 2609 (XXIV) whereby a Government which had issued an invitation for a session of a United Nations body to be held within its territory met all costs additional to those which would have arisen had the session taken place at the body's headquarters. His Government had therefore set aside a large sum in its budget for such costs.

14. His delegation considered that the International Trade Centre should not be separated from UNCTAD, to which it was so closely bound, and hoped that it would be possible to install the Centre in the new premises under construction at Geneva.

15. Mr. DE BELDER (Belgium) pointed out that, although half of the regular budget of the UNCTAD/GATT International Trade Centre was financed by GATT and half by UNCTAD, that arrangement did not apply to allocations made to the Centre for the execution of extra-budgetary projects. Allocations to cover overhead costs relating to extra-budgetary projects derived from three sources: first, 10 per cent from voluntary national contributions for the execution of certain projects which were subject to the approval of the donor country; that had amounted to \$124,000, \$125,000 and \$140,000 for 1970, 1971 and 1972 respectively; secondly, some derived from a lump sum from UNCTAD which received, through the United Nations, allocations for overhead costs relating to projects executed by the Centre on behalf of UNDP/Technical Assistance. In 1970, the Centre had executed projects costing \$418,000 and had received no allocation for overhead costs; for 1971, it had allocated \$1 million for projects to be executed and \$50,000 for overhead costs and, for 1972, \$1,150,000 for projects to be executed and \$80,000 for overhead costs. Those \$80,000 had, however, been deleted from the United Nations budget estimates for 1972. Finally, allocations for overhead costs also derived from about 7 per cent—sometimes less—of appropriations for the execution of UNDP/Special Fund projects. The Centre had not executed any projects of that type in 1970; the projects scheduled for 1971 amounted to \$600,000, plus an allocation of \$35,000 for overhead costs, and, for 1972, to \$1,400,000, plus \$98,000 for overhead costs.

16. The Centre was responsible for the administration of 90 per cent of the appropriations for extra-budgetary projects and various United Nations departments for the remaining 10 per cent. The Centre's administrative costs, however, substantially exceeded its allocations with the result that the regular budget was required to make up the difference; that caused a corresponding reduction in the number of regular projects executed by the Centre.

17. The following was a breakdown of the Centre's estimate of \$318,000 to cover overhead costs relating to extra-budgetary projects in 1972: 10 per cent, or \$140,000,

<sup>1</sup> See resolution 2820 J (XXVI), adopted by the General Assembly on 16 December 1971.

from national voluntary contributions; a lump sum of \$80,000 for UNDP/Technical Assistance projects; and an allocation of \$98,000 for UNDP/Special Fund projects.

18. It had been decided, however, that the United Nations would not pay the Centre the \$80,000 allocated under UNDP/Technical Assistance; that altered the total figure of \$318,000 on which the Centre's budgetary estimates for 1972 were based. Moreover, to the best of his delegation's knowledge, no agreement had been reached between the competent departments of GATT and UNCTAD confirming a state of affairs whereby an agency which executed entire projects assigned to it by UNDP received none of the 1972 allocations for overhead costs.

19. Although his delegation was aware that UNDP's procedure would probably be changed in January 1972, it considered it indispensable that the Centre should in future receive that part of the allocations for overhead costs which were due to it and that, for 1972, the United Nations should pay the Centre the \$80,000, which constituted only a very small share of the total amount it would receive from UNDP, provisionally estimated at \$1,874,400. He hoped that the Secretary-General of UNCTAD or the Controller would answer the questions raised by the representatives of Brazil and Chile before any vote on the matter was taken.

20. Mr. FAKIH (Kenya) said that his delegation had been surprised to read, in paragraph 15.68 of the budget estimates for 1972, that an agreement had been reached between GATT and UNCTAD to increase the Centre's budget so that it could provide the necessary supporting services for implementing projects assigned by UNDP. Like the representative of Brazil, he wished to receive further clarification on the nature of the agreement reached.

21. Mr. COIDAN (Director of the Budget Division) gave some explanations regarding overhead costs relating to the International Trade Centre's technical co-operation activities. Until the end of 1971, in the case of Special Fund projects, a percentage of the total cost of each project had been provided for in the project budget for administrative and overhead costs; in the case of technical assistance projects, UNDP had paid the participating agencies an amount equal to 14 per cent of the total cost of the projects. Those payments had appeared as income in income section 2 of the United Nations budget estimates and the corresponding expenditure had been included in the regular budget of the United Nations. With regard to the Centre, the United Nations had received the entire amount paid by UNDP to cover the overhead costs involved in implementing the projects, whereas the corresponding expenditure had been divided equally between UNCTAD—in other words, the United Nations—and GATT. There had thus been an obvious imbalance. The appropriations for that expenditure under the regular budget for 1971 had amounted to about \$50,000 and had appeared under a special heading of the Centre's estimated expenditure in section 15. The appropriation of \$50,000 had been discontinued in 1972, owing to the prevailing uncertainty as to how UNDP would reimburse the participating agencies for their overhead costs. Since then, UNDP had agreed to standardize the procedure from reimbursing overhead costs relating to both Special Fund and technical assistance projects and, for 1972, intended to allocate a single percentage of 13 per cent for all operations. The intention

was that, in 1972, expenditure on overhead costs should be included under the various projects and that the amount set aside for the reimbursement of such costs should no longer appear in the income section of the United Nations regular budget. Such expenditure would be considered as effective expenditure of the Special Fund and all income deriving from its reimbursement would be turned over to UNCTAD for distribution. It would no longer be necessary to include expenditure and income in the United Nations budget, as the total amount would be provided for in the cost of the projects. The percentage to be allocated to the Centre would be almost 100 per cent, since the Centre would be responsible for most of the expenditure, but it was difficult to give an exact breakdown. The \$318,000 provided for in part III of the expenditure estimates of the Centre corresponded to the estimated cost of the projects that the Centre would be called upon to implement in 1972.

22. In response to a question posed by the representative of Chile with regard to extending the third session of the Conference on Trade and Development, he stated that revised estimates to cover an extension of the session would be submitted to the Fifth Committee as soon as the Second Committee had concluded its consideration of the matter (agenda item 41).

23. Mr. PÉREZ GUERRERO (Secretary-General of the United Nations Conference on Trade and Development) said that he wished to add a few details to the explanations given by the Director of the Budget Division, in response to questions that had been quite properly raised by the representatives of Brazil and Kenya. The wording of paragraph 15.68 of section 15 of the budget estimates had given them the impression that a special agreement had been reached between the Secretary-General of UNCTAD and the Director-General of GATT. It would have been more correct to say that, given the circumstances and, in particular, the current reorganization of UNDP, the Director-General of GATT and the Secretary-General of UNCTAD had decided to increase the International Trade Centre's budget for 1972, so that it could provide the necessary supporting services for implementing UNDP projects and that, as a result, no appropriation was being requested for 1972 under the heading of overhead costs. The matter would, however, have to be re-examined the following year, when it was hoped that UNDP would assume a larger share of the overhead costs. It should be noted that only one fifth of the increased appropriations requested for the Centre was for new posts, a very reasonable proportion for a relatively new and expanding agency.

24. With regard to the question of new premises, which was a major item in the Centre's budget, the problem was not merely a budgetary one but an administrative one, too. The staff of the Centre was currently located in five different buildings, which considerably reduced its efficiency and productivity. The Chilean representative's suggestion that the Centre should move to part of the new building that had been constructed in Geneva undoubtedly deserved consideration but, although that would be the best solution, the present circumstances were not favourable. He had contacted the Secretary-General with regard to that eventuality and hoped that a satisfactory solution would soon be reached.

25. Mr. DERWINSKI (United States of America) said that, since the Committee had discussed the question of consultants at length, his delegation had been very interested to read, in paragraph 235 of the Advisory Committee's first report on the budget estimates, that the estimate for consultants was \$18,000 less than the appropriation for 1971. As to paragraph 234 of the same report, which stated that, after experimenting with the separation of the External Relations Unit and the Division of Conference Affairs recommended by the Administrative Management Service, the Secretary-General of UNCTAD had concluded that the previous arrangement had been preferable, he would be interested to know what considerations had motivated that decision.

26. Mr. MAJOLI (Italy) supported the remarks made by the representative of Chile and stressed that an effort should be made to establish the International Trade Centre in the new wing of the Palais des Nations in Geneva. Such a step would be both economical and practical in view of the very difficult current situation. If the Centre were established elsewhere, additional costs would be incurred and, from the functional point of view, it was essential to tighten the link between the Centre and UNCTAD.

27. Mr. SANTA CRUZ (Chile) said he shared the view of the Secretary-General of UNCTAD and the representative of Italy regarding the premises of the International Trade Centre. He felt it was essential to consolidate the Centre's offices and those of UNCTAD in the same building, since the Centre's technical assistance activities could not be dissociated from the other activities of UNCTAD. The Secretary-General of UNCTAD had said that he had not yet obtained authorization from the United Nations Office at Geneva to establish the Centre's offices in the new wing of the Palais des Nations. He thought that before considering the establishment of new offices there, such as those responsible for studying the problems of the environment, priority should be given to the offices of UNCTAD. He hoped that the directors of the United Nations Office at Geneva and the Secretary-General of UNCTAD would reach an agreement on that subject.

28. Mr. SILVEIRA DA MOTA (Brazil) thanked the Director of the Budget Division and the Secretary-General of UNCTAD for their explanations and asked for those two replies to be recorded in the Committee's report to the General Assembly.

29. Mr. PÉREZ GUERRERO (Secretary-General of the United Nations Conference on Trade and Development) said he shared the concern expressed by many delegations regarding the premises of the International Trade Centre and that he would do everything possible to find a satisfactory solution to that problem in close co-operation with his colleagues at the United Nations Office at Geneva. It had not been possible to transfer the Centre to the new wing of the Palais des Nations, as he would have liked, but other possibilities were being considered, and it might be that they would be able to consolidate all the Centre's offices in one building, which would be an improvement on the present situation. Moreover, the Centre should be situated as close as possible to the offices of UNCTAD with which it maintained very close relations. He was currently seeking a solution which would take that into account.

30. As for the costs relating to consultants, the figure for which had been mentioned by the representative of the United States, he pointed out that the fact that UNCTAD could call upon consultants gave it a certain latitude which was essential in view of the fact that the number of permanent posts allocated to it was very limited. It was important to allow UNCTAD to retain the latitude it had by granting it the necessary appropriations to engage consultants.

31. In reply to the question put by the representative of the United States regarding the steps to be taken to consolidate some of the offices of the UNCTAD secretariat, in line with the recommendations of the Administrative Management Service mentioned in paragraph 234 of the Advisory Committee's first report, he said that it had been found impossible to separate the External Relations Unit and the Division of Conference Affairs, as had been recommended by the Administrative Management Service, and that it seemed preferable to return to the previous situation.

32. Mr. SANTA CRUZ (Chile) said he understood that the Committee would have to consider revised estimates for UNCTAD after the Second Committee had taken a decision on the question of the third session of the Conference on Trade and Development. He had hoped that those estimates would take account not only of the extension of the Conference session but also of other factors such as the use of Chinese as a working language.

33. The CHAIRMAN said that when it adopted section 15 on a first reading, the Fifth Committee would take the Second Committee's decision into account regarding the third session of the Conference on Trade and Development.

34. Mr. PLIUSHKO (Ukrainian Soviet Socialist Republic) said that his delegation maintained the position it had stated during the general discussion and was opposed to any increase in the staff of the Secretariat. It was convinced that a closer examination of the estimates presented by the Secretary-General would have enabled the Advisory Committee to recommend greater reductions and that a better distribution of the workload would have made it possible to improve the efficiency of the present staff of UNCTAD and to avoid the creation of 10 new posts. He could not, therefore, support the Advisory Committee's recommendation concerning section 15.

35. Mr. TARASOV (Union of Soviet Socialist Republics) pointed out that according to the budget estimates for the financial year 1972 submitted by the Secretary-General of UNCTAD and the Director-General of GATT (ITC/AG/17<sup>2</sup>), the sum of \$150,000 had been transferred from the budget of GATT to that of the International Trade Centre, since it had been decided to charge to the Centre's budget as from 1972 the cost of certain supporting services which had previously been provided free by GATT. However, the posts to which those costs related had not been transferred from the manning table of GATT to that of the Centre. He wished to know if the posts shown on the manning table of GATT would be written into the Centre's budget and financed jointly by GATT and UNCTAD, or whether they

<sup>2</sup> See A/C.5/1362, distributed separately (offset).

would be charged entirely to the Centre. He did not see why the Centre should finance the costs of the GATT secretariat.

36. Mr. PÉREZ GUERRERO (Secretary-General of the United Nations Conference on Trade and Development) said that since the International Trade Centre had originally been part of GATT before becoming a joint UNCTAD/GATT Centre, GATT had previously provided certain services to the Centre free of charge. Since the Centre was to be financed equally by GATT and UNCTAD, GATT felt that it alone should not cover the costs of those services, but should in future share the costs with UNCTAD. It would be logical, in that case, for the posts corresponding to those services to be transferred to the manning table of the Centre. That transfer would doubtless soon be made; the present situation was only temporary.

37. Mr. TARASOV (Union of Soviet Socialist Republics) thanked the Secretary-General of UNCTAD for his explanation but wondered if the fact that the United Nations covered 50 per cent of the costs relating to posts which did not appear on its manning table did not constitute a violation of the Financial Regulations.

38. Mr. COIDAN (Director of the Budget Division) pointed out that when the International Trade Centre had been established it had been agreed that the cost of some of the services provided to the Centre by UNCTAD and GATT would continue to be charged to the budgets of UNCTAD and GATT. GATT had felt, however, that the load it had carried was becoming too heavy and that it could not continue to take full responsibility for the costs of the supporting services. The whole of those costs had therefore been transferred from the budget of GATT to that of the Centre and should be covered jointly by the United Nations and GATT. The Director-General of GATT had requested, however, that the posts in question should not be transferred to the manning table of the Centre, in order that he could continue to exercise control over the staff of those services. The question had not yet been settled and, indeed, there was an inconsistency between the financial situation and the administrative situation of those services.

*The meeting rose at 1 p.m.*