

WORLD TRADE ORGANIZATION

RESTRICTED

WT/BFA/21

26 March 1996

(96-1234)

Committee on Budget, Finance and Administration

REPORT OF THE MEETING HELD ON 29 FEBRUARY 1996

INTRODUCTION

1. The WTO Committee on Budget, Finance and Administration met on 29 February 1996 under the chairmanship of Mr. J. Yokota of Japan. The terms of reference and composition of the Committee are set out in document WT/L/44/Rev.1. The Agenda contained in document WTO/AIR/274 was adopted.

A. ADMINISTRATIVE UP-DATES AND PROGRESS REPORTS

CASH SITUATION AND STATEMENT OF OUTSTANDING CONTRIBUTIONS

AS AT 31 JANUARY 1996
CRP(96)01 AND WT/BFA/CONT/13

INSTALMENT PAYMENTS FOR COUNTRIES IN ARREARS
(CONTRIBUTIONS FROM 1987 AND EARLIER YEARS) -
PROGRESS REPORT AS AT 31 JANUARY 1996
CRP(96)02

CONTRIBUTION OF OBSERVER COUNTRIES TOWARDS THE COST OF
SERVICES PROVIDED BY THE SECRETARIAT -
PROGRESS REPORT AS AT 31 JANUARY 1996
CRP(96)03

2. The Committee heard the reports presented by the Secretariat on the cash situation and statement of outstanding contributions as at 31 January 1996, the instalments payments for countries in arrears, and the contributions of Observer countries towards the cost of documentation services provided by the Secretariat. The total contributions received amounted to Sw F 17,858,937, and the Working Capital Fund stood at Sw F 6,476,891. As of end of 1995, there were seventeen former Contracting Parties to GATT 1947 which were not WTO Members. Since then, six had become Members of the WTO. In addition, one country which was not a former Contracting Party to GATT 1947, also joined the WTO in January 1996. As indicated in document WT/BFA/CONT/13, as of 31 January 1996, there were five Members listed in Category I, four Members in Category II, six Members in Category III and eighteen Members in Category IV of the administrative measures applicable to Members with outstanding contributions. No additional contribution had been received in January 1996 from countries in arrears. One Observer country, Estonia, had made contribution in January towards the cost of services provided by the Secretariat, and two others, Latvia and Lithuania in February 1996.

3. The Committee took note of the reports.

B. OVERHEAD COSTS ON TRUST FUNDS
CRP(95)57

4. The Chairman recalled that the Committee had first examined the question of overhead costs on trust funds during its meeting on 30 November 1995 and then decided to revert to the issue in future meeting.

5. A member of the Secretariat recalled the basis for the need of overhead costs. He indicated that a standard overhead rate of 13 per cent of the trust fund expenditures is generally charged by other international organisations. Members of the Committee agreed to the principle of charging overhead costs for trust funds that WTO administered as well as using a rate of 13 per cent of trust fund expenditures.

6. A Member of the Committee, furthermore, pointed out that the overhead cost was only one aspect of the management of trust funds. Since the trust funds for extra-budgetary activities have other implications on the normal function of the organisation activities financed by the regular budget, the delegate proposed that within the framework of the forthcoming discussion on the policy objectives of the WTO, the question of trust funds for extra-budgetary activities in the context of technical co-operation and development aid including, *inter alia*, the modalities concerning their use and management, be examined.

7. The Committee took note of the comments and considered that the issue of trust funds, including, *inter alia*, the modalities concerning their use and management, in the context of technical cooperation and development aid, be examined, in the appropriate forum, as soon as possible.

8. Furthermore, with regard to the charging of overhead costs on trust fund, in accordance to the proposal made in document CRP(95)57, the Committee recommends to the General Council that:

- (i) If WTO is the sole implementing organisation for a trust fund, a standard overhead rate of 13 per cent on the trust fund expenditures will be charged.
- (ii) If implementing partners are involved, WTO will charge a standard overhead rate of 13 per cent of the expenditures of the part of the trust fund that WTO itself implements. The overhead cost for the remaining amount of the trust fund will be charged by the other implementing partner(s) at the rate that is normally applied in its/their accounting system(s) with regard to trust funds.

C. EXTERNAL AUDIT OF THE WTO ACCOUNTS: TERMS OF
REFERENCE FOR THE WORKING GROUP
TO EXAMINE THE CANDIDATURES

CRP(96)04

9. The Chairman recalled that in the meeting of 29 January 1996, the Committee decided that a working group composed of five members of the Committee which had not submitted candidatures, and up to five representatives of the Secretariat should be formed to examine the various tenders. The Secretariat distributed on 8 February 1996, original copies of tenders received to all the Members and translations were provided subsequently. Following consultations that the Chairman had with the Members of the Committee on the composition of the Working Group, the following five delegates agreed to serve as member of the group: (i) Mr. Wetz from Germany, (ii) Mr. Suboh from Malaysia, (iii) Mr. Tagma from Morocco, (iv) Mr. Stoler from the United States, and (v) Mr. Thielen from

Venezuela. With regard to the terms of reference for the Working Group, the Chairman suggested that the letter calling for the competitive tenders could serve as a basis for discussion.

10. After extensive discussion on the terms of reference for the working group, the maximum period of appointment of the external auditors and the period required for completing the process of selection, the Committee agreed that, pending further written comments from any Members which might like to make them, the Working Group should begin the selection process. It would base its work on the terms contained in the letter calling for competitive tenders as well as the comments made by the Members during the Committee meeting, and would make an interim progress report at the next meeting of the Committee. In the report mentioning its recommendation, the Working Group should give reasons for the choice made. The target for completing the selection process would be the end of April.

11. The Secretariat informed the Committee of the offer received from Malawi after the deadline set out in the letter calling for competitive tenders. The Committee felt that the offer from Malawi could not be taken into consideration as deadline had to be respected and copies of the tenders had been already distributed.

D. OTHER BUSINESS

12. In reply to a query from a Member on the progress on the recruitment of 37 new professional staff for 1996, the Secretariat indicated that it had received a large number of applications and the recruitment process was in the interview stage. With regard to the question concerning the Deputy Directors-General, the Committee was informed that the Director-General intended to bring the matter before the General Council at its meeting on 16 April 1996.

13. The Committee was also informed that Ambassador Geyger's response to Mr. Metzger's letter regarding the Value Added Tax exemption was circulated to the WTO Members on 29 February 1996.

14. In reply to a query on the electronic access by the delegations to the Document Data Base, the Secretariat explained that: (i) access by delegations to the Document Data Base would be available by the third trimester of the year; and (ii) new documents issued would be available in electronic letter boxes (one per language) for five days after their publication; this service would be available during the second trimester of 1996. The Secretariat would provide, in due course, further information regarding the type of hard and software which would be required for access to the Document Data Base.

POINT FOR DECISION

Paragraph 8