

WORLD TRADE ORGANIZATION

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REPORT OF THE JOINT WTO/GATT COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

INTRODUCTION

1. The WTO Committee on Budget, Finance and Administration and the GATT 1947 Committee on Budget, Finance and Administration, hereafter referred to jointly as the Committee, met on 25 April and 3 May 1995.
2. The Committee was chaired by Mr. J.-M. Metzger of France. The terms of reference and composition of the Committee are set out in documents L/5964/Rev.9 of 20 March 1995 and PC/IPL/2 of 28 October 1994.
3. The Agenda for the meeting contained in document WTO/AIR/69, GATT/AIR/3681 was adopted.

A. FINANCIAL IMPLICATIONS OF AN ADDITIONAL DEPUTY DIRECTOR-GENERAL CRP(95)6 ,CRP(95)10 & CRP(95)14

4. The Chairman referred to the minutes of the meeting of the WTO General Council of 24 March 1995 (WT/GC/M/2) whereby the Chairman of that body mentioned that an understanding had been reached "on the creation of one more post of Deputy Director-General, in addition to the three existing Deputy Director-General posts." The Chairman of the General Council stated that "it was therefore recommended that the necessary measures to create such a position and to make the appointment be taken up immediately by the WTO Committee on Budget, Finance and Administration and the new Director-General respectively..." The Committee on Budget, Finance and Administration was therefore invited by the General Council "...to take up the question of the establishment of another post of Deputy Director-General and report to the General Council on this matter..."
5. A member of the Secretariat introduced documents CRP(95)6, relating to the financial implications of an additional Deputy Director-General, and CRP(95)10, concerning a proposal for financing the additional costs. The costs in 1995 (6 months) were estimated at Sw F 261,000 for the post of Deputy Director-General and Sw F 56,000 per secretary post.
6. In the ensuing discussions, members of the Committee raised a number of points. It was thought that (i) a job description should have been made available before any decision on the matter, (ii) the new post should be treated in the context of the on-going examination of both the management review as well as the various personnel-related questions of the WTO, and (iii) the specific and general mandates which have been given to the Committee should be kept in mind. A member of the Committee stressed that it was necessary to ensure that the WTO is equipped to fulfil its role in the most efficient and concrete way. He suggested that any recommendation which might be made

should be accompanied by an observation that a possible decision to create an additional post of Deputy Director-General should not prejudice the completion of the debate in the Committee regarding the structure of the future secretariat of the WTO nor the examination of the 1996 budget. The whole structure of the WTO secretariat should thus be re-examined in the light of the process of examination currently being conducted in the Budget Committee and its working group.

7. With regard to the question of additional support staff mentioned in document CRP(95)6, the Committee recalled its previous discussions on the necessity to improve the General Service/Professional ratio in the Secretariat. The opinion was expressed that the Secretariat should provide the necessary staff through redeployment or pooling of staff rather than creating additional posts. The Secretariat, in the name of the Director General made a reserve in this regard.

8. Returning to the Secretariat's reserve mentioned above, the Chairman reported that the Director General had indicated to him that he would have preferred a compromise on the question of the two support staff requested for the additional post of Deputy Director General. The compromise would be to approve one support post rather than the two originally requested. The Committee, however, maintained its position on this issue and requested the Secretariat to propose a plan for rationalization of General Service staff in the WTO. The Chairman suggested that the issue might be re-examined when the overall additional staff requests are discussed.

9. In the light of the invitation of the General Council to take up the question of the establishment of another post of Deputy Director-General, The Committee recommends that the financial implications of the additional post of Deputy Director-General, not to exceed Sw F 261,000 according to the details presented in document CRP(95)6, be financed primarily from the credit of Sw F 300,000 foreseen in the 1995 budget under Section 15 - Unforeseen Expenditure. In making this recommendation, the Committee underlines that the creation of the post shall not prejudice the on-going deliberations with regard to the management review, including the structure of the future secretariat, nor the examination of the 1996 budget proposals.

B. ADDITIONAL RESOURCES NEEDED FOR TRANSLATION REQUIREMENTS

CRP(95)10, CRP(95)11 & CRP(95)15

10. A member of the Secretariat introduced the topic and explained that the workload with regard to document translation and management had obviously increased substantially over the course of the Uruguay Round negotiations. With the entry into force of the WTO, the workload had continued to increase; the first quarter of 1995 had already shown a 20 per cent progression over 1994, with the trend appearing to be gaining momentum. Increases in documentation could be attributed to the increases in the number of legal instruments to be implemented in the framework of the WTO, of standing bodies, of notification requirements and of "Code" members.

11. The Committee generally recognized that, as a result of the expanded scope of the new organization, the workload had increased significantly. Some members mentioned, however, that it was perhaps too soon to say whether a certain element of the current workload might be the result of start-up activities which might stabilize or diminish over the course of time.

12. As the Committee indicated that it would be prepared to examine the question of immediate needs on a Temporary Assistance basis and to consider longer-term needs in the context of the examination of posts for 1995/1996, document CRP(95)15 was subsequently prepared and submitted to the meeting of 3 May. This paper indicated that the costs for the immediate needs on a Temporary

Assistance basis amounted to Sw F 758,000 for 36 work/months of translators and 18 work/months of support staff, with again the same additional requirements required in the second half of 1995.

13. As it was decided to consider only the most immediate needs at present, the Committee recommends that the financial implications of immediate additional resources for translation requirements, not to exceed Sw F 758,000 according to the details in paragraph 2 a) and table of CRP(95)15, be financed as follows : (i) any balance of the credit for unforeseen expenditure (Section 15) under the regular budget after taking account of the financial implications of an additional Deputy Director General; (ii) any budgetary savings for 1995; (iii) any excess of miscellaneous income over estimated miscellaneous income for 1995; and (iv) withdrawal , if necessary, from the Working Capital Fund.

C. FINAL POSITION OF THE 1994 BUDGET OF THE GATT

L/7627

14. A member of the Secretariat introduced document L/7627 and drew the Committee's attention to the Surplus Account in Annex B of the document. It showed that the regular budget showed a savings of Sw F 638,000, while expenditure under the supplementary budget amounted to Sw F 2,730,000 against an authorization of Sw F 3,706,000. The under-expenditure with regard to the supplementary budget was mainly the result of the fact that the additional personnel had not been able to take up their functions before the end of the year. In accordance with the decision of the Council meeting of 4-5 October 1994, the supplementary budget was financed from the provision for unforeseen expenditure (Sw F 100,000), the positive balance of the Surplus Account as at 31 December 1993 (Sw F 556,000), 1994 budgetary savings (Sw F 638,000), the surplus of miscellaneous income over that foreseen for 1994 (Sw F 1,369,000), with the balance of Sw F 67,000 being taken from the Working Capital Fund. According to the rules of the Fund, this amount would be reimbursed to the Fund through a credit in the 1996 budget.

15. The Committee recommends the approval of transfers between sections of Sw F 895,558 which are necessary in order to cover excess expenditure over approved appropriations on the sections mentioned in paragraph 15 of document L/7627 by savings on other sections.

D. ACTUARIAL SITUATION OF THE UNITED NATIONS PENSION FUND - POSITION OF ICITO/GATT

CRP(95)13 & Rev.1

16. A member of the Secretariat introduced CRP(95)13 dealing with the proposed terms of reference for the study by the Secretariat of the WTO of the conditions for the possible withdrawal of the WTO (ICITO) from the United Nations Joint Staff Pension Fund (UNJSPF) and the feasibility of a WTO Pension Plan (WTOPP). He said that the proposed terms of reference dealt not only with withdrawal from the UNJSPF but also with the feasibility of a WTOPP as it was necessary to undertake the two exercises in tandem. It was noted that any withdrawal from the UNJSPF would ultimately have to be approved by the United Nations General Assembly.

17. The Committee discussed the proposed terms of reference and made several suggestions which were included in CRP(95)13/Rev.1. A number of members of the Committee recognized the problems of the UNJSPF, particularly the problem of overlap in benefits between General Service staff and Professional and higher category staff. Some delegations said the UNJSPF had certain advantages which should also be taken into consideration by the study. They expressed concern about

the cost of the new scheme and preferred to remain in the UNJSPF, but were prepared to keep an open mind pending the results of the study. In response to a question regarding the efforts of the International Civil Service Commission to address the problem of overlap in benefits, it was explained that the impact of measures currently under discussion would have only a marginal impact and that the problem would continue to exist. A number of members stressed that the study was a technical one without prejudice to the question of principle as to whether the WTO should leave the UNJSPF, which could only be decided in the light of the study taking account of a range of factors. The whole question should be treated with prudence as they did not want to be put in front of a "fait accompli" and they did not want to create false expectations for the staff of the Secretariat.

18. After further discussion, the Committee approved the terms of reference as contained in document CRP(95)13/Rev.1 attached hereto as Annex A.

**E. CASH SITUATION AND STATEMENT OF OUTSTANDING CONTRIBUTIONS
AS AT 31 MARCH 1995**

CRP(95)7 & WT/BFA/CONT/3

19. The Secretariat prepared a document on the cash situation (CRP(95)7) as at 31 March 1995, 1994 and 1993 and a statement of outstanding contributions (WT/BFA/CONT/3) as at 31 March 1995.

20. The Committee took note of the reports.

**F. INSTALMENT PAYMENTS FOR COUNTRIES IN ARREARS
(CONTRIBUTIONS FROM 1987 AND EARLIER YEARS) -
PROGRESS REPORT AS AT 31 MARCH 1995**

CRP(95)8

21. The Secretariat prepared the report (CRP(95)8) as at 31 March 1995 on the payment of arrears by the thirty-two contracting parties assessed at the minimum and the six contracting parties assessed above the minimum in 1988.

22. The Committee took note of the report.

**G. CONTRIBUTION OF OBSERVER COUNTRIES TOWARDS THE COST OF
DOCUMENTATION SERVICES PROVIDED BY THE SECRETARIAT -
PROGRESS REPORT AS AT 31 MARCH 1995**

23. The Secretariat prepared a report (CRP(95)9) as at 31 March 1995 on the contributions of observer countries.

24. The Committee took note of the report.

POINTS FOR APPROVAL:

Paragraph 9
Paragraph 13
Paragraph 15

INTERNATIONAL TRADE CENTRE UNCTAD/GATT
FINANCIAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE
BIENNIUM ENDED 31 DECEMBER 1993 AND REPORT OF THE
BOARD OF AUDITORS

A/49/5

25. A representative of the International Trade Centre UNCTAD/GATT (ITC) presented document A/49/5 (Supplement No. 5), the Financial Report and Audited Financial Statements for the Biennium ended 31 December 1993 and Report of the Board of Auditors. He drew the Committee's attention to the statement of income and expenditure for the period in question which indicated that expenditure of US\$ 36,184,032 had been US\$ 196,068 less than the approved estimates for the biennium. A surplus of US\$ 197,048 as at 31 December 1993 was noted.
26. The Committee took note of the report.

ANNEX A

TERMS OF REFERENCE FOR THE STUDY BY THE WTO SECRETARIAT OF THE CONDITIONS FOR THE POSSIBLE WITHDRAWAL OF THE WTO (ICITO) FROM THE UNITED NATIONS JOINT STAFF PENSION FUND (UNJSPF) AND FEASIBILITY OF A WTO PENSION PLAN (WTOPP)

A. Possible withdrawal from the UNJSPF

- (i) To consult with the Secretariat of the UNJSPF to establish a preliminary estimate of the sums which current GATT/ICITO participants in the UNJSPF might be able to transfer to a future WTOPP, in the context (a) of a transfer agreement under Article 13 of the Fund's Regulations of the type normally approved by the UNJSPF, and (b) of a termination of membership under Article 16 of the Fund's Regulations.
- (ii) To prepare, on the basis of these estimates, illustrative estimates of the sums potentially available for the initial funding of a possible WTOPP, on a range of assumptions about the choices likely to be open to current GATT/ICITO participants, in the UNJSPF, identifying, *inter alia*:
 - (a) participants with more than 15 years of contributions to the UNJSPF;
 - (b) participants within five years of retirement age;
 - (c) participants expected to have their UNJSPF pension entitlements calculated on the basis of UNJSPF methodology for General Service staff, and for other staff.
- (iii) To consider the implications in the case that certain staff might not wish to withdraw from the UNJSPF.

B. Proposal for a WTO pension plan

With a view to seeking to relate pension benefits more closely to employee remuneration as adjusted for cost of living in Geneva, and mindful of staff concerns about overlap between P and G grade pensions, the Secretariat shall report on the following areas:

- (i) options for pension plans for P grade staff in the WTO, taking into account (a) the particular characteristics of its staff (age, gender distribution, average length of service, possible countries of retirement); (b) likely salary levels in the WTO; (c) the need to minimize the cost implications for the Organization, given the budgetary constraints of Members, and for the staff; (d) the features of the UNJSPF which the staff will wish to retain in a WTOPP;

- (ii) estimate of contribution rate required to fund benefits envisaged under plans proposed under B(i) above;
- (iii) estimate of additional start-up capital required in light of any shortfall envisaged under A(ii) above;
- (iv) estimate of cost of running the WTOPP, including day-to-day administration, financial and investment management;
- (v) comparison with the UNJSPF in terms of likely investment performance, risks for plan members, range of guaranteed benefits including cost of living and exchange rate adjustments, and administration costs.

C. Timing

The Secretariat is requested to initiate consultations with the UNJSPF Secretariat and to commence work on alternative plan designs as soon as possible in order that a proposal on possible withdrawal from the UNJSPF and the feasibility of a WTOPP can be presented to the General Council in the autumn of 1995.

D. Consultant actuary

In order to assist in the conduct of the above study, the Secretariat may retain the services of a consulting actuary. A maximum amount of Sw F 125,000 has been earmarked in the 1995 budget for this purpose.