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**Committee on Budget, Finance and Administration**

**REPORT OF THE MEETING HELD ON 5 JULY 2002**

1. The WTO Committee on Budget, Finance and Administration met on 5 July 2002 under the chairmanship of Mr. Neil McMillan of the United Kingdom. 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/1849 was adopted.

**I. ADMINISTRATIVE UP-DATES AND PROGRESS REPORTS AS AT 31 MAY 2002**

CASH SITUATION AND STATEMENT OF OUTSTANDING CONTRIBUTIONS (CRP(02)16 AND WT/BFA/SPEC/76)

INSTALMENT PAYMENTS FOR COUNTRIES IN ARREARS (CONTRIBUTIONS FROM 1987 AND EARLIER YEARS) (CRP(02)17)

CONTRIBUTIONS OF OBSERVER COUNTRIES TOWARDS THE COST OF SERVICES PROVIDED BY THE SECRETARIAT (CRP(02)18)

HUMAN RESOURCES (CRP(02)19)

EXTRA-BUDGETARY CONTRIBUTIONS:

- STATUS OF ALL EXTRA-BUDGETARY CONTRIBUTIONS (CRP(02)20)
- STATUS OF PLEDGES MADE AND FUNDS RECEIVED: DOHA DEVELOPMENT AGENDA TRUST FUND (WT/BFA/SPEC/77)

2. A member of the Secretariat presented the cash situation, the statement of outstanding contributions as at 31 May 2002, a progress report of payment by instalments for countries in arrears (arrears from 1987 and earlier years), and the contributions of Observer countries towards the cost of services provided by the Secretariat. As of 31 May 2002, the total contributions received from Members amounted to CHF 82.5 million. Since the date of the report, the following Member countries had made payments: (i) Greece, (ii) Krgyz Republic (iii) Namibia, (iv) the Netherlands, (v) Saint Lucia, (vi) Singapore, and (vii) St. Vincent and the Grenadines. Contributions received from Observers to the WTO towards the cost of services provided by the Secretariat stood at CHF 386,590. The Working Capital Fund amounted to CHF 8.8 million as at 31 May 2002. There were two Members in Category I of the Administrative Measures, and four each in Category II and III, while in Category IV, there were 18 as at 31 May 2002.

3. Another member of the Secretariat presented a progress report, document CRP(02)19 on human resources. Considerable progress had been made in the selection process of fast track posts. Of the 17 posts advertised, candidates from 11 different countries, eight of which were from developing countries, had filled 12 positions. Implementation of the Performance Award System (PAS) was well under way, and supervisors and staff would be shortly carrying out the mid-year

review of performance under the PAS. The Secretariat recalled that the new PAS system would operate within the established lines of 2 per cent of the total salary budget.

4. In another development, the Director-General, on the basis of a recommendation by the Joint Advisory Committee, issued a circular setting out a formal procedure for dealing with staff members' complaints and grievances.

5. A member of the Secretariat introduced documents CRP(02)20 and WT/BFA/SPEC/77. He drew the attention of the Members to the situation as at 30 June 2002 of the Doha Development Agenda Global Trust Fund (DDAGTF), which had received contributions amounting to CHF 14.7 million. He indicated that expenditure under the fund was less than foreseen due to the fact that recruitment of L-posts was taking somewhat longer than expected. It was anticipated that expenditure for the second half of the year would increase. He further informed the Committee of the creation of a new Trust Fund for the Trade Policy Courses in Africa.

6. One Delegation indicated that his Government had made a transfer order of its contribution to the DDAGTF the previous week. Several Members indicated that their contributions for the fund would be coming shortly. One Member suggested that the Secretariat should remind the Members of the availability of the Trust Fund foreseen to provide legal advice to developing countries as stipulated in Article 27 of the Dispute Settlement Understanding. It was also suggested that the Secretariat should inform the Members how the Trust Fund is executed, from the standpoint of transparency and accountability, since it is funded by non-earmarked contributions. It was further recalled that the overhead costs on Trust Funds, as approved by the General Council (WT/GC/M/11), amounted to 13 per cent and were channelled into the Programme Support Fund (WT/GC/M/32). With regard to earmarking of Trust Funds, it was also recalled that, where earmarked contributions could be used to finance activities covered by the Plan, the funds would be transferred over to the DDAGTF, as could be seen from the document CRP(02)20.

7. The Committee took note of the various progress reports and the comments of the Members.

## **II. RESULTS-BASED MANAGEMENT**

8. The Chairman recalled the open-ended informal consultations held on 3 July 2002 where the non-paper (document WT/BFA/W/76), prepared by the Delegates of Belgium, Canada and the Netherlands, was discussed. He then highlighted the following points of the discussions: (i) the Secretariat would prepare a short report for the next meeting in autumn with regard to the present state of Results-Based Management (RBM) in the WTO and its evolution since 1995, (ii) for the preparation of the 2003 budget proposals, the Secretariat would take those elements from the document WT/BFA/W/70 which could be easily implemented, particularly with regard to the presentation, (iii) it seemed that there was a general consensus that any further developments in RBM should be neither burdensome nor bureaucratic, (iv) delegates mentioned that the RBM process should not turn into an exercise of micro-management of the Secretariat, and (v) to the extent possible, emphasis should be placed on quantifiable objectives, while not neglecting the qualitative aspect of the exercise.

9. One of the delegates who produced the non-paper introduced document WT/BFA/W/76 on RBM and highlighted three points: (i) to the extent possible, the Secretariat should be guided by the recommendations of the report of the Human Resources Consultant, document WT/BFA/W/70, in preparing the 2003 Budget, (ii) Technical Assistance should be integrated into the RBM process in due course, and (iii) an informal Working Group should be established to review and monitor the implementation of the RBM in the WTO.

10. With regard to the suggestion of integrating of the Technical Assistance into the RBM process, Members felt that the Secretariat should be given time to reflect on the issue.

11. Concerning the proposal to establishing a Working Group early in 2003 to monitor and review the implementation of the RBM, some Members showed concern over the increase of the number of meetings which could be a burden on smaller delegations. As the Secretariat would prepare and present a paper on the evolution of the RBM process in the WTO for a future meeting, it was felt that the matter could be further discussed at that time.

12. The Committee took note of the report and the Chairman summarized the discussions as follows: (i) RBM should not become a bureaucratic process, (ii) while the responsibility of the implementation of RBM rested with the Secretariat, the monitoring of the progress of the implementation rested with the Members, (iii) the Secretariat would prepare a paper on the evolution of the RBM process in the WTO, (iv) the Secretariat should bring to the attention of the new Director-General the report "Strategic Organizational Review" which the Human Resources Consultant had prepared (WT/BFA/W/69), and (v) the establishment of a Working Group or other mechanism to monitor and review the implementation of RBM should be discussed at the next meeting based on the Secretariat paper mentioned above.

### **III. AGREED TERMINATION SCHEME**

13. A member of the Secretariat presented the document WT/BFA/W/75 on a possible agreed termination scheme, which would be designed to target those staff members whose services were no longer required by the Organization and whose early separation from service would be in the mutual interest of the Organization and the staff member. In this respect, the scheme would not be limited to specific occupational groups or levels of the hierarchy. It would reflect only the existing provisions of the Staff Regulations and Rules and Pension Plan Regulations. The elements of an agreed termination package would comprise only the "variable" entitlements, including termination indemnity, pay in lieu of notice and special leave. It was suggested to constitute a fund either by transfers from an overall WTO surplus, if any, or by means of a budget allotment, and to be replenished on an annual basis as required. It was suggested the initial level of the fund could be set at CHF 2 million.

14. In general, Members indicated that they were open to the idea, but would like to have more details. Would the scheme serve as a tool for downsizing or be focused on restructuring? Would the initiative come from the staff or from management? What financial impact would the scheme have on the WTO Pension Plan? What, according to the Secretariat, would be the average yearly separations? Would the scheme serve as a contingency reserve? What implications could the scheme have on staff morale? How would the new scheme compare to the existing one as stipulated in the Staff Regulation 10? A few Members questioned the necessity of the scheme.

15. The Secretariat explained that the scheme was designed to implement what already had been provided in the Staff Rules and Regulations. It would give the Organization flexibility to refill the existing posts with staff having a more relevant profile in respect to the needs of the WTO. The initiative could come from the staff as well as from the management though the ultimate decision would rest with the Director-General. Separation would be transparent and on a voluntary basis. The annual separations could average from three to five cases. The WTO Pension Plan Management Board would be consulted on the actuarial implications of the scheme.

16. The Committee took note of the report and the various comments from the Members and would take up the issue again at the time of deliberation of the 2003 Budget.

### **IV. PROGRESS REPORT ON DRAFT PROJECT STUDY FOR NEW WTO ANNEXE**

17. The Chairman recalled the decision of the General Council in December 2001 which authorized the Director-General to launch, in cooperation with the Swiss authorities, a draft study aimed at producing a building plan and putting together the financial package required for its

implementation. The process would put the General Council and the Swiss authorities in a position to make a final decision on the matter.

18. The Swiss Delegation presented a progress report on the draft project study, document CRP(02)21. The Property Foundation for International Organizations (FIPOI) was preparing to organize an international architectural competition for the new WTO building annexe. The total cost of the draft project study was estimated at approximately CHF 5 million, including the costs of the competition procedure, the drawing up of the specifications, the identification of needs and the preparation of the general estimate. Subject to the approval of the Federal Council and the Federal Chambers, funding would take the form of an advance on the overall interest-free loan, repayable over 50 years, which would be granted to the WTO for the construction of the new building annexe if appropriate. It was foreseen that the process would start in September 2002 and terminate in December 2007.

19. The Committee took note of the report.

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