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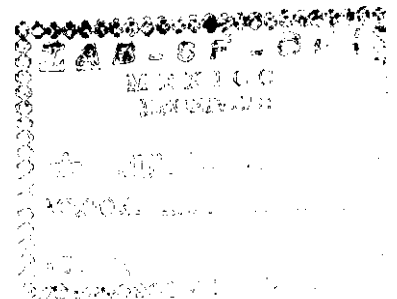
ECONOMIC COMMISSION FOR LATIN AMERICA
Ninth Session
Santiago, Chile, May 1961

DRAFT ANNUAL REPORT OF THE COMMISSION

Annex to the programme of work and priorities

STATEMENT BY THE EXECUTIVE SECRETARY ON THE PRELIMINARY
FINANCIAL IMPLICATIONS OF THE PROGRAMME OF WORK

61-15512



STATEMENT ON FINANCIAL IMPLICATIONS^{1/}

I. General observations

The total programme of work which is before the Commission for adoption corresponds, in terms of areas of expansion but at an accelerated rate of growth, to the trends foreseen for ECLA in the Five-Year Perspective (E/CN.12/579-E/3347/Rev.1) which was prepared by the Economic and Social Council in 1959 and of which the General Assembly has taken note.

Most of the draft resolutions dealing with specific work projects can be implemented through the combined use of normal budgetary resources and technical assistance funds, the financial co-operation of other international and regional organizations and, in the case of certain country and industry studies, the contributions towards costs to be made by individual governments and private institutions. Additional requirements for which the Secretary-General would have to seek supplementary appropriations for 1962 and future years would arise, however, in the case of the draft resolution approving the Agreement between OAS, IADB and ECLA, in as much as the plan for co-operation, which affects many areas of ECLA activity, requires for its fulfilment certain new methods of co-ordination between the three organizations and a stepping up of ECLA's advisory services to governments. Additionally, the draft resolutions on the statistical programme, on agricultural policy and on the establishment of a sub-regional office at Bogota, as well as the several resolutions dealing with social aspects of economic development would increase the scope of secretariat work in these fields beyond present resources.

^{1/} This statement of financial implications associated with draft resolutions which are before the Commission for adoption is submitted in accordance with rule 26 of the Rules of Procedure of the Commission. The statement, with such amendments as may be appropriate in the light of the final action of the Commission, will be annexed to the approved report of the Commission so as to be available to the Economic and Social Council when the report is considered by the Council at its forthcoming session.

The draft resolution dealing with the formation of an Economic Development Institute calls upon the Executive Secretary to offer assistance in the detailed formulation of this proposed Special Fund project. It is anticipated also that, with the establishment of such an Institute, ECLA would share in its policy direction and would provide certain support services. At the same time, the Institute would take over gradually the operation of ECLA's advisory and training services, thus eventually freeing some of ECLA's substantive resources for further research and analysis. It is not expected that the existence of the Institute would have any significant net effect upon ECLA's financial requirements.

In the meantime, as will be seen below, the immediate decentralization of certain technical assistance functions from UN Headquarters to the ECLA secretariat would, if endorsed by the ECOSOC, require an increase in ECLA's administrative staffing in connexion with the selection and servicing of experts and of fellows. The sizeable increase in the number of advisory groups and of experts would have to be taken into account in the technical assistance programming process, through revision of the programme in 1962 and through initial programming thereafter, until such time as the Planning Institute will have come fully into operation. In order to supply properly experienced and oriented personnel for additional advisory groups, it would be necessary to increase the complement of substantive posts in ECLA somewhat, so that relatively long-term contracts could be offered to persons destined to serve as key members of new advisory groups. This expense to the budget would be offset to the extent that salary costs were later reimbursed from the advisory group (project) budgets.

II. Details of financial implications

The details of the financial implications associated with the draft resolutions are given below. All salary figures are shown as gross, and staff assessment, which averages about 25 per cent, must be deducted to arrive at actual net cost. Common staff costs, covering recruitment charges and various allowances and benefits, are uniformly calculated at 25 per cent of total gross salary. While the details given below are in terms of a full calendar year, funds for staff would be requested on the

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basis of a 25 per cent deduction for delayed recruitment for the initial year of 1962.

A. Agreement with OAS and IADB (Conference Room Paper No. 19)

1. Major new organizational arrangements:

(a) new methods of co-ordination at the policy level

(i) Strengthening of Washington Group

In 1961: temporary use of a Santiago D-1 post to permit the stationing in Washington of a high level permanent representative: costs limited to transfer expenses (\$6,400) and assignment allowance (\$1,400), totalling \$7,800, to be absorbed within existing appropriations.

In 1962 (and subsequent years): continuation of the senior representative and the addition of one P-4 staff member and one general service staff member; at an annual cost of \$33,360 for salaries, and \$7,840 for related common staff costs.

(ii) Travel of Executive Secretary or his alternate for meetings of the Ad Hoc Co-ordinating Committee at Washington, or travel of the Washington representative to Santiago.

In 1961: Nine trips at a cost of \$11,600; this expense is being treated as of utmost priority within existing funds, with the result that some other travel will be postponed.

In 1962 (and subsequent years): Six trips at \$8,500, for travel between Santiago and Washington as required.

2. Arrangements for joint studies

To implement the arrangements for preparation of the regional economic survey, the work at Mexico City on Central American integration, and the work on transport, the following arrangements are required, beginning in 1961:

(a) Transfer of three P-3 - P-4 ECLA staff members to Washington on two-year assignments to work on the regional survey, the costs being:

/In 1961:

In 1961: for transfer of staff, \$10,185; for assignment allowances, \$3,600; premises and all services to be provided by OAS.

In 1962 (and subsequent years): the assignment allowance cost of \$3,600 will continue; other common staff costs are not appreciably affected.

- (b) Transfer at OAS expense of three of its staff members to Santiago to work on transport studies; premises and all services to be provided by ECLA at no extra cost.
 - (c) Transfer to Mexico City at OAS expense of four of its experts (one on transport costs, one architect, one industrial engineer, one economist); premises and all services to be provided by ECLA, Mexico City, within existing resources, except that, as from 1962, two additional general service posts will be needed at a cost per year of \$5,600 for salary and \$1,400 for common staff costs.
3. The additional special surveys, seminars, and meetings which are called for under the Terms of the Agreement could be carried out within the normal level of budgetary and technical assistance resources, with two important exceptions:
- (a) in the case of the Tax Programme, it proves necessary, after consultation with the Foundation and University officials concerned, that the ECLA contribution towards consultant requirements be increased by \$20,000; and
 - (b) for the work on customs questions, in view of the growing inter-organizational relationships now foreseen, a special staff travel provision of \$5,000 will be needed.
4. Total additional costs are therefore \$33,185 in 1961 and \$85,200 per annum for future years.

B. Statistical programme (Conference Room Paper No. 14)

If, as the resolution contemplates, there is to be a further expansion in the statistical work of ECLA, some further increase in resources beyond the two additional posts being requested in the Secretary-General's initial estimates for 1962, will be a necessity. The

/Executive Secretary

Executive Secretary believes that the additional resources required are: one P.4 post at \$12,300 for salary and \$3,075 for common staff costs; one general service clerical post at \$3,000 for salary and \$750 for common staff costs, as well as a provision for travel on official business in the amount of \$2,500. Total costs, \$21,625.

C. Agricultural policy (Conference Room Papers Nos. 10 and 15)

The proposal to intensify secretariat work on problems of land tenure makes it necessary for ECLA to increase its contribution to the Joint ECLA/FAO Group by one post of agricultural economist (P-3 level) and, in view of the lack of further absorptive capacity in the general services, one general service secretarial post, the costs being \$12,300 and \$3,000 for salaries and \$3,075 and \$750 for common staff costs. An allowance for travel on official business in the amount of \$2,000 also would be advisable. Total costs, \$21,125.

D. Sub-Regional Office at Bogota (Conference Room Paper No. 4)

On the invitation of the Colombian Government, which has undertaken to provide premises and all necessary local services and staff at no cost to the UN budget, a sub-regional office would be established at Bogota to permit concentration on studies of the Grand Colombian area, with emphasis initially on the development problems of Colombia, Ecuador and Venezuela. The costs to the UN budget, beginning in 1962, would relate to salaries (\$34,300) and common staff costs (\$8,575) for one P-5 and P-3 officer, and for official travel, assuming six trips averaging \$400 each, in an amount of \$2,400. Total costs, \$45,275.

E. Social aspects of economic development

In addition to the new emphasis on land problems, referred to above, proposals are made for reinforcing the work on population analysis, rural and community development, and social studies aimed at the identification and analysis of the principal social factors in Latin America which should be taken into account for an effective policy of economic and social development. The associated additional costs for strengthening the Social Affairs Unit of ECLA are assessed by the Executive Secretary as follows:

1. Population problems (Conference Room Paper No. 16/Rev.1)

Beginning in 1962, one additional professional staff member at

/P-4 level

P-4 level with salary at \$12,300 and common staff costs of \$3,000, plus one supporting statistical clerk at a salary of \$4,000, with common staff costs of \$1,000. A provision for travel to countries of \$1,500 per year is also needed. Total costs, \$21,800.

2. Rural and community development (Conference Room Paper No. 13)

To enable the secretariat to initiate a programme of practical studies, the provision of one officer at P-3 or P-4 level in 1962 to work exclusively in this field. The officer would be responsible in part for studies and in part for providing substantive support for the growing number of technical assistance projects in Latin America which are geared specifically to the immediate improvement of social conditions in rural areas. Costs are \$12,300 for salary and \$3,000 for common staff costs, plus a provision of \$2,000 for travel to countries, on a total cost of \$17,300.

3. Social policy studies (Conference Room Papers Nos. 25 and 34)

The draft resolution proposes an urgent study of social factors requiring solution in conjunction with integrated economic and social planning of Latin American countries. For 1962, the equivalent of 8 man-months of professional services at the P-4 level would be involved; this represents a consultant requirement of \$10,000 for fees and subsistence, with a related provision of \$2,000 for travel. Additionally, if a research programme along the lines of the Mexico Working Group is to be developed, it will be necessary to add one professional staff member (P-3) to the Social Affairs Unit who would specialize on social policy studies. The costs would relate to a salary of \$11,800 with common staff costs of \$2,950, plus one general service staff member at a salary of \$3,000, with related common staff costs of \$750. Some provision for travel to countries in the sum, say, of \$1,500, would be needed.

4. The total costs for the proposed extension of ECLA's work programme in the social field would therefore come to \$71,100 in the initial year of 1962.

F. Decentralization of technical assistance operations (Conference Room Paper No. 24)

1. For administrative strengthening, beginning in 1962, two administrative and finance officers at the P-3 - P-2 level and three general service clerical staff, at a total annual cost of \$28,160 for salaries and \$7,040 for common staff costs.
2. For strengthening of the policy and programme control functions of the Executive Secretary's immediate office, one senior officer at the P-5 level to take complete responsibility for the internal management of technical assistance and Special Fund matters and one secretarial post, the related salary costs being \$15,300 and those for common staff costs being \$3,750.
3. In connexion with substantive support requirements, but justified as much by the intention, under the Agreement with OAS and IADB, there would be an expansion in the number of Advisory Groups and an extension of services, through groups or individual experts as appropriate, to include the evaluation of technical assistance needs. For these purposes, there would need to be provision, either in the form of posts or as a lump-sum for continuing consultant appointments, for the equivalent of four man-years at the P-5 level. The related cost, assuming average fees of \$1,000 per month and monthly subsistence of \$420, would come to \$67,360. Travel and local costs for periods of actual service on Advisory Groups would be paid from project budgets, and a reimbursement of salary during such periods also could be foreseen. The possibility of financing this particular cost as a direct charge to the regular technical assistance funds of UN is now being explored with Headquarters, and it is likely, subject to normal country request procedures, that such an alternative method of financing will prove feasible.
4. Total increased costs to the budget as from 1962 would therefore range from \$54,240 to \$121,610, depending on the precise handling of the additional advisory group requirements.

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5. While transfers to the Commission of experienced Headquarters staff members would take place in individual cases, there is no possibility of off-setting the new ECLA needs by equal post savings at Headquarters. The growing size of the total technical assistance, OPEX, and Special Fund activities, and the related increase in Headquarters policy and fiscal control responsibilities and global substantive and administrative support, mean that significant reductions at Headquarters should not be contemplated.

III. Summary

The new costs associated with the draft resolutions are given in summary below. All expenditures in 1961 would be treated as priority items within existing appropriations. Expenses arising in 1962 are in all cases supplementary to the Secretary-General's initial budget estimates for that year, and, assuming Commission and ECOSOC approval of the proposed actions, would be the subject of revised estimates for submission to the forthcoming regular session of the General Assembly. Expenses recurring in subsequent years would be taken into account in preparing the initial estimates for those years.

It must be noted that the present cost estimates make no allowance for new documentation requirements and the associated expenses of translation, reproduction, and possible contractual printing. Considerable new costs will arise for these purposes and their impact on budgetary requirements will be significant, beginning in 1963. It is not possible at this time, however, to calculate the amounts involved. As to premises for housing of new staff, the initial budget estimates for 1962 request the General Assembly to provide a reasonable component of extra funds for further rental of space, pending the availability of ECLA's permanent site.

/The summary

The summary of extra costs follows:

Project and year	Type of expenditure				Total
	Salaries ^{1/}	Common Staff costs	Consultants	Travel on Business	
A. In the year 1961					
1. Agreement with OAS and IADB	-	21,585	-	11,600	33,185
Sub-total	-	21,585	-	11,600	33,185
B. In the year 1962					
1. Agreement with OAS and IADB	38,960	12,840	20,000	13,500	85,200
2. Statistical programme	15,300	3,825	-	2,500	21,625
3. Agricultural policy	15,300	3,825	-	2,000	21,125
4. Sub-regional office at Bogota	34,300	8,575	-	2,400	45,225
5. Social aspects	43,400	10,700	12,000	5,000	71,100
6. Decentralization of technical assistance operations	43,460	10,790	67,360 ^{2/}	-	121,610 ^{2/}
Sub-total	190,720	50,555	99,360	25,400	365,935
Deduct 25% for de- layed recruitment	(47,680)	(12,665)	-	-	(60,345)
Reduced sub-total	143,040	37,890	99,360 ^{2/}	25,400	304,590 ^{2/}

^{1/} These sums would provide for posts, additional to those contained in the 1962 initial budget estimates, as follows: 12 professional posts (8 at Santiago, 2 at Bogota and 2 at Washington), plus 11 General Service posts (8 at Santiago, 2 at Mexico City and 1 at Washington).

^{2/} Subject to reduction by \$ 67,360 if plans for financing this cost as a direct technical assistance charge can be implemented.