Seventy-fifth session
Nessebar, Bulgaria, 13 and 14 June 2005
Provisional agenda item 5(b)

ADMINISTRATIVE, FINANCIAL AND STATUTORY MATTERS

(b) Report of the Committee on Budget and Finance

Note by the Secretary-General

In this document the Secretary-General transmits to the Executive Council the report of the Committee on Budget and Finance on the administrative, financial and statutory matters referred to it for examination at its forty-fourth meeting, held at Madrid, Spain on 29 April 2005.
ADMINISTRATIVE, FINANCIAL AND STATUTORY MATTERS

(b) Report of the Committee on Budget and Finance

1. The Committee on Budget and Finance (CBF) held its forty-fourth meeting at the Organization's Headquarters at Madrid on 29 April 2005, under the chairmanship of Argentina, represented by Mr. Alejandro Varela. Delegations of the following Members participated in this meeting of the Committee: Brazil, Slovakia, Russian Federation, Lebanon, South Africa and Thailand. Also in attendance were the Chair of the Programme Committee Dr. Angelika Liedler (Austria), in application of decision CE/DEC/10(XVIII), the Auditor (Spain) Mr. Fernando Casas Guillén and the representative of the Affiliate Members (RCI Europe and Middle East). The Annex to this document contains the list of participants in the forty-fourth meeting of the Committee on Budget and Finance.

2. The Secretary-General, the Director of the Administration Division, and the Administrator of the Finance Section also attended the meeting.

3. The Committee considered the following documents, which will be submitted to the Executive Council at its seventy-fifth session (13-14 June 2005):

ADMINISTRATIVE, FINANCIAL AND STATUTORY MATTERS

I - Report of the Secretary-General on the financial situation and plan of expenditure for 2005 CE/75/5(a)

II- Auditors' report and administrative accounts of the Organization for the financial year 2004 CE/75/5(c)

III- Closing of the audited administrative accounts of the fourteenth financial period (2002-2003) CE/75/5(d)

IV- Application of Article 34 of the Statutes and paragraph 13 of the Financing Rules attached to the Statutes CE/75/5(e)

V- Place and dates of the forty-fifth meeting of the Committee on Budget and Finance

DRAFT PROGRAMME OF WORK AND BUDGET FOR THE PERIOD 2006-2007

VI- Draft programme of work and budget prepared by the Secretary-General CE/75/10(a)
I. REPORT OF THE SECRETARY-GENERAL ON THE FINANCIAL SITUATION AND PLAN OF EXPENDITURE FOR 2005 [CE/75/5(a)]

4. The Committee examined the information submitted by the Secretary-General on the current financial situation of the Organization and the plan of expenditure for 2005. It noted with satisfaction the good level of the income from contributions received by the date of its meeting, which came to EUR5,475,633 or 56 per cent of EUR9,835,613, amount assessed for 2005. By the same time last year, 57 per cent of the amount receivable for that year had been collected. With regard to the plan of income and expenditure, prepared on the basis of the recommendation of the 15th General Assembly's Resolution 463(XV) for the General Programme of Work to be executed according to income received, the Committee noted the estimate made by the Secretariat of forecast income for 2005, which would amount to EUR9,658,000, of which EUR8,107,000 would correspond to contributions from Members and EUR1,551,000 to the other budgetary income allocated by the General Assembly.

5. The Committee observed that graph 1, presented by the Secretariat and depicting the amount of contributions received in each of the past five financial years, revealed that except for 2001, when the percentage of contributions received reached 87%, the collection level was very similar for all the other years at around 81%-82%, and therefore the estimate made by the Secretariat based on the average for the past five financial years (82%) was considered justified.

6. Moreover, it was estimated that arrears of contributions amounting to EUR700,000 would be collected, 49 per cent of which had already been received by the date of the Committee’s meeting (EUR342,470.10).

7. The Committee also noted that, according to graph 2 showing the amounts of arrears of contributions received in the past five years, total arrears receivable this year could exceed the amount estimated in the graph judging from the average of the past five years. However, given the downward trend in this income and the low level received in the 2002 financial year, it was considered prudent to maintain the projected amount for this year.

8. It was also observed that estimated expenditure for 2005 had been established at 85 per cent of approved appropriations, in order to maintain financial balance with expected income, as recommended by the General Assembly in resolution 463(XV) and in accordance with decision CE/DEC/4(LXXIV) adopted at Salvador de Bahia, Brazil.

9. The Committee considered that the estimates prepared by the Secretary-General for the present financial year were realistic and reflected a cautious approach.
10. At the request of the delegations of Thailand and South Africa, the Committee took note of the expressions of gratitude of their respective countries to the Secretariat for the aid provided to the tsunami-affected countries, as well as for the activities carried out and planned as part of its programmes for sustainable tourism development and poverty reduction in the region of Africa.

11. The Committee recommended the Executive Council to take note of the information on the financial situation and of the plan of expenditure for 2005.

12. With regard to the new salary scale applicable to staff of the professional and higher categories, the Committee was informed of the recommendation of the International Civil Service Commission (ICSC) to apply such salary scale effective 1 January 2005. The Committee recommended the Executive Council to take note of the new salary scale approved by the United Nations and applied by the Secretary-General with effect from 1 January 2005 in accordance with Staff Rule 33(1).

II. AUDITORS’ REPORT AND ADMINISTRATIVE ACCOUNTS FOR THE FINANCIAL YEAR 2004 [CE/75/5(c)]

13. The Auditor (Spain) presented to the Committee the report on the accounts for the financial year 2004 prepared jointly with the Auditor from India.

14. The Committee took note of the explanations given by the Secretary-General regarding the accounts for the financial year of 2004, which have been closed. The Secretary-General informed the Committee of the budgetary results for 2004, pointing out the moderate budget surplus (euros 123,819.66) as a result of the lower level of arrear contributions received in comparison to the previous year. The level of budgetary income received made it possible to execute 83.68 per cent of the budget.

15. The Committee agreed to the transfers of appropriations between sections of the same part of the budget and between different parts of the budget, made by the Secretary-General at the close of the accounts for 2004 with the prior authorization of the Chairman of the Committee on Budget and Finance and of the Chairman of the Executive Council in accordance with Financial Regulation 5.3(a) and 5.3(b) and Council decision 6(LIII). It recommended the Executive Council to approve the aforementioned transfers.

16. Noting that the accounting procedures and records, as well as the financial transactions for the year, were in accordance with the Financial Regulations and other applicable directives, the Committee recommended the Executive Council to approve the accounts.
17. It further recommended the Council to endorse the appeal made by the Auditors to all Members to pay their contributions to the budget within the time-limits prescribed in Financial Regulation 7(2).

18. The Committee expressed its gratitude to the Auditors (India and Spain) for their excellent work.

III. CLOSING OF THE AUDITED ADMINISTRATIVE ACCOUNTS OF THE FOURTEENTH FINANCIAL PERIOD (2002-2003) [CE/75/5(d)]

19. The Committee referred to its discussions under item 10 of the agenda, Draft programme of work and budget for the period 2006-2007 (document CE/75/10(a)). It took note of the surplus balance in the General Fund from the financial period 2002-2003, amounting to EUR653,520.89.

20. The Committee debated the advisability of using such surplus to strengthen the Organization's programme of work for the biennium 2006-2007.


22. After studying the Secretary-General's proposal to use the surplus from the period 2002-2003 to strengthen the Organization's programme of work for the biennium 2006-2007, the Committee recommended the Council to agree to that proposal.

IV. APPLICATION OF ARTICLE 34 OF THE STATUTES AND PARAGRAPH 13 OF THE FINANCING RULES ATTACHED TO THE STATUTES [CE/75/5(e)]

23. The Committee observed that the provisions of paragraph 13 of the Financing Rules attached to the Statutes were applied to twenty-five Full Members and Article 34 of the Statutes to twenty-two.

24. It recommended the Executive Council to again urge all Members in arrears to discharge their debts to the Organization as soon as possible.
25. The Committee took note with satisfaction of the fact that the provisions of paragraph 13 of the Financing Rules are no longer applicable to the Lao People’s Democratic Republic, as it has submitted a plan for the payment of its arrears over 25 years starting in 2005, or to the Democratic People’s Republic of Korea, which paid off part of its contribution arrears. It also noted that Costa Rica, El Salvador, Kazakhstan, Mali and Nicaragua had scrupulously complied with the commitments acquired with regard to the payment of their contributions up to and including the current year, and that Georgia, Rwanda, Uruguay and Yemen have complied with such commitments partially.

26. The Committee, after studying the proposals by Italy and Nigeria to take into consideration the especially difficult situations being experienced by Full Members Iraq and Sierra Leone [CE/DEC/5/LXXIV] and to reduce the amount of their contribution arrears, and in light of the consultation carried out regarding this matter, decided to reserve its opinion, as it was informed that the aforementioned Member States had not yet submitted any request in this regard to the United Nations.

V. PLACE AND DATES OF THE FORTY-FIFTH MEETING OF THE COMMITTEE ON BUDGET AND FINANCE

27. The Committee decides to hold its forty-fifth meeting en Dakar, Senegal, immediately prior to the sixteenth session of the General Assembly to be held on 25 November-2 December 2005.
ANEXO / ANNEX / ANNEXE

COMITÉ DE PRESUPUESTO Y FINANZAS
COMMITTEE ON BUDGET AND FINANCE
COMITÉ DU BUDGET ET DES FINANCES

Cuadragésimo-cuarta reunión / Forty-fourth meeting / Quarante-quatrième réunion

LISTA DE PARTICIPANTES
LIST OF PARTICIPANTS
LISTE DES PARTICIPANTS

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ARGENTINA
ARGENTINE
Sr. D. Alejandro Varela
Coordinador de Relaciones Multilaterales
Presidencia de la Nación
Secretaría de Turismo – Buenos Aires

II. MIEMBROS/MEMBERS/MEMBRES

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BRAZIL
BRESIL
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Embassy of Brazil in Madrid

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Mr. Alexey Dementiev
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LEBANON
LIBAN
M. Alejandro Bitar
Premier Secrétaire
Ambassade du Liban - Madrid
SUDÁFRICA  
SOUTH AFRICA  
AFRIQUE DU SUD

H.E. Mr. Gert J. Grobler  
Ambassador of South Africa to Spain  
Embassy of South Africa in Spain – Madrid

III. REPRESENTANTE MIEMBROS AFFILIADOS/  
REPRESENTATIVE OF THE AFFILIATE MEMBERS/  
REPRÉSENTANT MEMBRES AFFILIÉS/

Sra. Dña. Angeles García-Tenorio  
Directora de Desarrollo de Negocio de  
RCI Europa y Oriente Medio

IV. INTERVENTOR DE CUENTAS/  
AUDITOR/  
COMMISSAIRE AUX COMPTES

Sr. D. Fernando Casas Guillén  
Interventor de Cuentas de la Organización Mundial del Turismo  
Madrid

V. PRESIDENTA DEL COMITÉ DE PROGRAMA/  
CHAIRPERSON OF PROGRAMME

Dra. Angelika Liedler  
Head of the International Tourism Policy Unit  
Federal Ministry of Economics and Labour  
Chairperson of the Programme Committee  
Vienna