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THE AGENCY'S BUDGET FOR 1973

A supplementary estimate submitted by the Board of Governors

1. The Board of Governors has come to the conclusion that more funds will be needed than the \$18 127 000 the General Conference has appropriated for the Regular Budget expenses[1], if the Agency's activities are not to be drastically curtailed during the latter months of the current year. In June the shortage of funds was estimated at a little less than US \$2.3 million, of which about a third is accounted for by inflation since the budget was drawn up and the remainder by the fact that the realignment of currency exchange rates last March will make it more expensive for the Agency to buy the Austrian schillings that it needs to meet by far the greatest part of its expenses. Details are provided in the table that follows.

Object of expenditure	Estimated amount (\$)
To compensate for inflation:	
Post adjustment to the salaries of staff in the Professional and higher categories to reflect a rise in the cost-of-living index	260 000
Increases in the salaries and wages of staff in the General Service (GS) and the Maintenance and Operatives Service (M&O) categories, and in common staff costs	264 000
Increases of up to 20% in the cost of equipment, materials, services, subsistence allowances, supplies, etc.	200 000
	724 000

[1] By Resolution GC(XVI)/RES/292, para. 1.

Object of expenditure	Estimated amount (\$)
To compensate for the realignment of currency exchange rates:	
Post adjustment to the salaries of staff in the Professional and higher categories, March-December	555 000
Increased expenditure on salaries and wages for staff in the GS and M&O categories, and on common staff costs	478 000
Increased costs of air fares, equipment, materials, services, supplies, etc. paid for in currencies other than the United States dollar	535 000
	1 568 000
TOTAL	2 292 000

2. The Director General has informed the Board that he hopes it will prove possible by the application of various measures to accumulate about \$972 000, which could be used to reduce to \$1 320 000 the size of the supplementary appropriation that will be required to meet this shortage of funds. The Board, for its part, has considered how the latter sum could be raised with the least inconvenience to Members and has put together the financing plan reflected in the table below.

Source of revenue	Estimated amount (\$)
Final cash surplus in respect of 1971	16 433 ^{a/}
Part of the cash surplus in respect of 1972	27 260 ^{b/}
Miscellaneous income in excess of the \$1 182 000 taken into account in the Regular Budget for 1973 ^{c/}	20 000
Assessed contributions from States becoming Members in 1972 or 1973	6 307 ^{d/}
Supplementary assessment on Members for 1973	1 250 000
TOTAL	1 320 000

a/ See document GC(XVII)/504, Part IV, Statement I. D.

b/ The provisional cash deficit for 1972 shown in document GC(XVII)/504, Part IV, Statement I. C is likely to become a cash surplus of this order of magnitude by the end of the current year.

c/ By Resolution GC(XVI)/RES/292, para. 2(a).

d/ From Bangladesh, pursuant to Resolution GC(XVI)/RES/287, para. 2.

3. In the expectation that the Conference will be able to see its way to approving a supplementary appropriation to be financed in the manner suggested, the Board submits for its consideration the draft resolution set forth below. In so doing the Board would invite attention to the flexibility it has sought to provide by the wording proposed for sub-paragraph 2(e), with the object of reducing to the very minimum the assessments to finance the supplementary appropriation that will need to be made on Members before the year ends.

SUPPLEMENTARY REGULAR BUDGETARY APPROPRIATION FOR 1973

The General Conference,

Accepting the recommendations of the Board of Governors as to the need for increasing the appropriation for the Regular Budget expenses of the Agency in 1973, and as to how such an increase could be financed with the least inconvenience to Member States, [1]

1. Appropriates, as a supplement to the total amount of \$18 127 000 appropriated for the Regular Budget expenses of the Agency in 1973[2], a sum not exceeding \$1 320 000[*] in order to finance certain expenditure which is not provided for in the budget estimates for this year [3]; and
2. Decides that this supplementary appropriation shall be made up as follows:
 - (a) The final cash surplus of \$16 433 in respect of the year 1971; [4]
 - (b) \$27 260 from the cash surplus in respect of the year 1972;
 - (c) \$20 000 from miscellaneous income for the year 1973 not already taken into account in the financing of the Regular Budget expenses;
 - (d) \$6307 from contributions assessed on Member States pursuant to paragraph 2(b) of its Resolution GC(XVI)/RES/295 on the scale of assessment of Members' contributions for 1973; and
 - (e) Such further amounts as may become available under sub-paragraphs (b) to (d) above as, together with the sums provided for in sub-paragraphs (a) to (d) and a balance not exceeding \$1 250 000 to be assessed on Members in accordance with the scale of contributions for 1973, do not produce a total of more than \$1 320 000.

[1] GC(XVII)/501.

[2] By Resolution GC(XVI)/RES/292, para. 1.

[3] GC(XVI)/485.

[4] See document GC(XVII)/504, Part IV, Statement I, D.

[*] Note by the Director General. Since the Board decided to propose to the Conference a supplementary appropriation of this amount, there have been movements in the Austrian schilling/United States dollar exchange rate that could make it essential to increase the amount somewhat if the purpose of the supplementary appropriation is not to be defeated. It is however foreseen that any such increase would be counter-balanced by revenue increases under sub-paragraphs (c) and (d) of paragraph 2 of the resolution. The Director General expects that he will need to make a statement to the Conference on this matter.

