

WORLD TOURISM ORGANIZATION

**EXECUTIVE
COUNCIL**



CE/85/5(b)
Madrid, March 2009
Original: Spanish

Eighty-fifth session
Bamako, Mali, 7-8 May 2009
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 fiftieth meeting, held at Madrid, Spain on 25 and 26 February 2009.

ADMINISTRATIVE, FINANCIAL AND STATUTORY MATTERS

(b) Report of the Committee on Budget and Finance

1. The Committee on Budget and Finance (CBF) held its fiftieth meeting at the Organization's Headquarters at Madrid on 25 and 26 February 2009, under the chairmanship of Argentina, represented by Mr. Alejandro Varela. Delegations of the following Members participated in this meeting of the Committee: Bulgaria, Slovakia, Kenya, Lebanon, Malaysia, the Islamic Republic of Iran and South Africa. Also in attendance were the representatives of Affiliate Members Cámara Argentina de Turismo and the International Federation of Tour Operators (IFTO).
2. The Annex to this document contains the list of participants in the fiftieth meeting of the Committee on Budget and Finance.
3. The Secretary-General, the Deputy Secretary-General, the Assistant Secretary-General, the Director of Programme and Coordination, the Director of the Administration Division, and the Administrator of the Finance Section also attended the meeting.
4. The Committee considered the following documents, which will be submitted to the Executive Council at its eighty-fifth session (7-8 May 2009):

ADMINISTRATIVE, FINANCIAL AND STATUTORY MATTERS

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| I - Report of the Secretary-General on the financial situation and plan of expenditure for 2009 | CE/85/5(a) |
| II- Auditors' report and administrative accounts of the Organization for the financial year 2008 | CE/85/5(c) |
| III- Closing of the audited administrative accounts of the sixteenth financial period (2006-2007) | CE/85/5(d) |
| IV- Application of Article 34 of the Statutes and paragraph 13 of the Financing Rules attached to the Statutes | CE/85/5(e) |
| V- Place and date of the fifty-first meeting of the Committee on Budget and Finance | |

DRAFT PROGRAMME OF WORK AND BUDGET FOR THE PERIOD 2010-2011

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| VI- Draft programme of work and budget prepared by the Secretary-General | CE/85/7(a) |
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Recommendations to the Executive Council by the Committee on Budget and Finance

1. To endorse the proposed draft programme of work and budget for the 2010-2011 biennium, as approved by the Programme Committee.
2. To follow the existing practice of using the financial surplus from the 2006-2007 biennium to strengthen the activities of the 2010-2011 program of work
3. To support the progressive implementation of IPSAS, encourage the Secretary General to move forward on the proposed plan for its implementation, and enable the Organization to make use of the reserve for replacement of fixed assets to finance activities directly related with IPSAS implementation.
4. To consider the recommendation raised by the Programme Committee on the establishment of a provision for dealing with emergency situations during programme and budget implementation. This provision would be articulated through a mechanism enabling the Secretary-General to dealing with such situations. The mechanism would imply withholding 5% of the overall budgetary appropriations of each year, amount which could be reallocated in accordance to needs arising from these situations. The Secretary General would report to the Committee on Budget and Finance about any reallocation made on the basis of this mechanism.
5. Following the favourable assessment by the Committee of Budget and Finance, to take note of the documents "Report of the Secretary General on the financial situation and plan of expenditure for 2009", "Application of article 34 of the statutes and paragraph 13 of the financing rules attached to the statutes" and "Auditors report and administrative accounts of the Organization for the financial year 2008" and recommend the Executive Council to authorize these accounts, to authorize the transfers of appropriations effected at the closing of accounts of the financial year 2008 and to take note of the new salary scale approved by the United Nations and applied by the Secretary-General with effect from 1 January 2009 in accordance with Staff Rule 33(1), to appeal all Members to pay their contributions to the budget within the time-limits urging Members in arrears to discharge their debts to the Organization as soon as possible, and finally, to take note of the information on the financial situation and plan of expenditure for 2009.
6. To note the draft report by the Joint Inspection Unit "Review of management and administration in the UNWTO" and request the Secretary-General to formulate proposals to address the recommendations provided by the JIU.
7. To note the draft audit report on the ST-EP foundation and UNWTO Osaka Office and request the Secretary-General to formulate proposals to address the recommendations provided by the External Auditor.
8. To hold its 51st meeting in Astana, Kazakhstan on 3rd October 2009 prior to the eighteenth session of the General Assembly.

I. REPORT OF THE SECRETARY-GENERAL ON THE FINANCIAL SITUATION AND PLAN OF EXPENDITURE FOR 2009 [CE/85/5(a)]

5. The Committee examined the information submitted by the Secretary-General on the current financial situation of the Organization and the plan of expenditure for 2009. It noted with satisfaction the good level of the income from contributions received by the date of its meeting, which came to EUR3,377,453 or 29 per cent of EUR11,670,263, the amount assessed for 2009. By the same time last year, a similar percentage of the amount receivable for that year had been collected. Budgetary expenditures amounted to 818,857 euros, representing 6% of the approved budget, which is slightly lower than the percentage at the same date the previous year. With regard to the plan of income and expenditure, prepared on the basis of the recommendation of the 17th General Assembly's 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 2009, which would amount to EUR11,212,000, of which EUR9,920,000 would correspond to contributions from Members and EUR1,292,000 to the other budgetary income allocated by the General Assembly.

6. The Committee observed that graph 1, presented by the Secretariat and depicting the amount of contributions received in each of the past seven financial years, revealed a rising trend in the collection of contributions starting in 2005, and the notably excellent performance in this regard during the past four financial years when the highest collection percentages in the UNWTO's history were achieved (88% in 2005, 89% in 2006, 90% in 2007 and 89% in 2008). Nevertheless, the Committee considered justified the estimate made by the Secretariat for 2009, which is close to the average for the past seven financial years (85%).

7. Furthermore, the Committee recalled that EUR800,000 of arrears is expected to be collected in 2009, observing that 18 per cent of this amount had already been received by the date of the Committee's meeting (EUR142,390).

8. The Committee also noted that, according to graph 2 showing the amounts of arrears of contributions received in the past seven years, total arrears receivable this year could exceed the amount estimated in the graph judging from the average (EUR1,000,000) of the period analysed. However, given the irregular variations in this income, it was considered prudent to maintain the projected amount for this year.

9. It was also observed that estimated expenditure for 2008 had been established at 92 per cent of approved appropriations, in order to maintain financial balance with expected income, as recommended by the General Assembly.

10. 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 adjust the "base salary" of such officials upwards by 2.33 per cent in accordance with the "no loss-no gain" principle for salaries and to apply such salary scale effective 1 January 2009. 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 2009 in accordance with Staff Rule 33(1).

11. The Committee recommended the Executive Council to take note of the information on the financial situation and of the plan of expenditure for 2009.

II. AUDITORS' REPORT AND ADMINISTRATIVE ACCOUNTS FOR THE FINANCIAL YEAR 2008 [CE/85/5(c)]

12. The Committee heard the reading by the Spanish Auditor in cooperation with the Auditor from India concerning the accounts for the financial year 2008

13. The Committee took note of the explanations given by the Secretariat regarding the accounts for the financial year of 2008, which have been closed. The Secretariat informed the Committee of the budgetary results for 2008, pointing out the moderate budget surplus (euros 80,144.14) achieved, as a result of the lower level of collection of arrear contribution payments, compared to the surplus of the preceding year. However, thanks to the high level of contributions collected for the financial year, it was possible to execute 97.61 per cent of the budget.

14. The Committee agreed to the transfers of appropriations between sections of the same part of the budget, made by the Secretary-General at the close of the accounts for 2008 with the prior authorization of the Chairman of the Committee on Budget and Finance 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.

15. 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 authorize the accounts.

16. With regard to the forthcoming adoption of the International Public Sector Accounting Standards (IPSAS), the Secretariat presented an action plan for the implementation of the IPSAS in the Organization.

The Secretariat considers that it is not realistic to be able to apply these standards in their totality on 1 January 2010, which is why it intends to do so in a progressive manner over the course of the biennium 2010-2011. The Committee took note of the action plan and underlined the importance of carrying out as soon as possible the full application of these standards. The Committee agreed that the costs deriving from the application of the IPSAS norms should be evaluated, and that once they are known, the necessary resources to cover such costs should be determined. The Committee, at the proposal of the Secretariat, recommended that to the Executive Council that it approve the use of the reserve fund for replacement of fixed assets to finance the cost of this project.

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 SIXTEENTH FINANCIAL PERIOD (2006-2007) [CE/85/5(d)]

19. The Committee referred to its discussions under item 3 of the agenda, Draft programme of work and budget for the period 2010-2011 (document CE/85/7(a)). It took note of the surplus balance in the General Fund from the financial period 2006-2007, amounting to EUR830,993.50.

20. The Committee debated the advisability of using such surplus to strengthen the Organization's programme of work for the biennium 2010-2011.

21. The Committee recalled that the General Assembly, at its last six sessions, had authorized the allocation of the surpluses corresponding to the financial periods 1994-1995, 1996-1997, 1998-1999, 2000-2001, 2002-2003 and 2004-2005 to the budgets for the 1998-1999, 2000-2001, 2002-2003, 2004-2005, 2006-2007 y 2008-2009 financial periods respectively, for the purpose of strengthening the activities of the programme of work.

22. After studying the Secretary-General's proposal to use the surplus from the period 2006-2007 to strengthen the Organization's programme of work for the biennium 2010-2011, 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/85/5(e)]

23. The Committee observed that the provisions of paragraph 13 of the Financing Rules attached to the Statutes were applied to four Full Members and Article 34 of the Statutes to nineteen including the Associate Member Netherlands Antilles.

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 that the Full Member Bolivia had scrupulously complied with the commitments acquired with regard to the payment of their contributions up to and including the current year.

26. With respect to Iraq, the Committee recalled that the General Assembly had granted it temporary exemption from the application of the provisions of paragraph 13 of the Financing Rules, subject to the payment of its contributions during the financial periods 2008 and 2009 [RES/523(XVII)].

V. PLACE AND DATES OF THE FIFTY-FIRST MEETING OF THE COMMITTEE ON BUDGET AND FINANCE

27. The Committee decided to hold its fifty-first meeting in Astana, Kazakhstan, on 3rd October 2009 prior to the eighteenth session of the General Assembly.

ANEXO / ANNEX / ANNEXE**CBF/50/LIST.PART.DEF
MADRID, febrero de 2009****COMITÉ DE PRESUPUESTO Y FINANZAS
COMMITTEE ON BUDGET AND FINANCE
COMITÉ DU BUDGET ET DE FINANCES**

Quincuagésima reunión / Fiftieth meeting / Cinquantième réunion

**LISTA DE PARTICIPANTES
LIST OF PARTICIPANTS
LISTE DES PARTICIPANTS****I. PRESIDENTE/CHAIRMAN/PRÉSIDENT**ARGENTINA
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Coordinador de Relaciones Multilaterales
Presidencia de la Nación
Secretaría de Turismo – Buenos Aires**II. MIEMBROS/MEMBERS/MEMBRES**BULGARIA
BULGARIEMr. Stanislav Novakov
Deputy Chairman
State Agency for Tourism
SofiaESLOVAQUIA
SLOVAKIA
SLOVAQUIEMs. Eliska Romanová
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Mr. Loi Young Chin
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Second Secretary
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SUDÁFRICA
SOUTH AFRICA
AFRIQUE DU SUD

Mr. Michael Basson
Counsellor
Embassy of South Africa in Madrid

III. REPRESENTATIVES OF THE AFFILIATE
MEMBERS/
REPRESENTANT DES MEMBRES
AFFILIÉS/
REPRESENTANTES
DE LOS MIEMBROS AFILIADOS

Sr. D. Carlos Gerbi
Protesorero
Cámara Argentina de Turismo
Buenos Aires

Mr. Martin Brackenbury
President
International Federation of Tour Operators
(IFTO)
London

IV. INTERVENTORES DE CUENTAS/
AUDITORS /
COMMISSAIRES AUX COMPTES

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