

WORLD COMMISSION ON ENVIRONMENT AND DEVELOPMENT

SECOND MEETING
Jakarta, 27-29 March 1985

WCED/85/12

Item 8 of the Provisional Agenda

BUDGETARY AND FINANCIAL MATTERS

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Budget

1. At the Inaugural Meeting in Geneva in October, the Commission adopted its budget for the period 1984-1987 (WCED/84/RD1). To assist the Commission in its ongoing review of the Budget, the following are attached:

- . A balance sheet as at 31 December 1984 which shows an excess of contributions received by the Commission in 1984 over expenditures incurred by it in the same period of US \$ 748,273 (Annex 1);
- . A profit and loss account for the year 1984 which sets out a comparison of actual expenditures incurred and income received during 1984 as against the expenditure and income projected in the Budget (Annex 2);
- . A balance sheet as at 28 February 1985 which shows a surplus of funds available as at that date of US \$ 541,698 (Annex 3);
- . A profit and loss account for the two months ended February 28, 1985 which sets out a comparison of actual expenditures incurred and income received during that period as against the expenditure and income projected for the same period in the Budget (Annex 4); and

- . A summary schedule which sets out a comparison of actual expenditure and income as against budgeted expenditure and income for the year of 1984, for the first two months of 1985 and cumulatively for the period from inception to the end of February 1985 (Annex 5);

2. As can be seen from Annex 5, the Commission's expenditures to date have been well under those projected in the Budget. It must be noted however that three significant expenditure items totalling approximately Sfr. 515,000 which were not projected in the Budget will be incurred in 1985. These are the expenditures in respect of the Secretariat's stationary and supplies (current estimate: Sfr. 70,000), those in respect of photocopy rental, maintenance and utilization (current estimate: Sfr. 73,000) and those in respect of purchase of the Secretariat's word processing system (current estimate: Sfr. 330,000), and its maintenance (current estimate: Sfr. 42,000/year). These items were not included in the Budget as submitted to the Commission at the Inaugural Meeting because the City of Geneva had undertaken to provide them to the Commission at their cost as part of the invitation made by the Swiss Government to locate the Secretariat in Geneva. In the event it was not possible for the City of Geneva to fulfil this undertaking and the costs associated with these items will therefore have to be borne by the Commission out of its own resources.

Appointment of Auditors

3. Article 11 of the Financial Regulations stipulates:

" The Commission shall appoint a recognized firm of external auditors to perform the audit of the accounts of the Commission."

4. It is proposed that the Commission approve the appointment of:

HUNZIKER ASSOCIATES S.A., Geneva

5. Hunziker Associates SA is a fiduciary company and accountancy firm formed in 1974 and owned by Roger F. Hunziker, founder member and managing director. Their principal activity is in the provision of professional accountancy and audit services carried out in accordance with the Swiss Code of Obligations or by special commission.

6. The partner in charge of WCED would be Joseph E. Riedweg who is a qualified Swiss accountant and auditor with extensive international and local experience. He has in the past been responsible for the audits of IATA, WCOTP (World Confederation of the Teaching Profession) and various other non-profit international organisations.

Financial Resources

7. In furtherance of the Mandate given to it at the Inaugural Meeting, the Finance Committee of the Commission has twice met since October, once in November and once in December. As a consequence of those meetings, it adopted a fundraising strategy, the major objective of which is to obtain funds from as broad a spectrum of countries as possible. Indeed, it was decided that all member governments would be given the opportunity to provide financial support to the Commission and that they would be approached for funds either personally by (or by letter from) the Chairman of the Commission and/or the Vice-Chairman. In implementation of this strategy,

- . Funding requests have been made by the Chairman of the Commission to each of the co-sponsoring groups of countries (other than Japan) requesting them to consider their initial pledge as their contribution to the Commission for 1984 and to repeat that pledge for each of the years 1985, 1986 and 1987. In the case of Sweden, they were requested to double their initial pledge.
- . The Chairman of the Commission, after consultations with Mr. Volker Hauff and Mrs. Agnelli, submitted funding requests to the Federal Republic of Germany and Italy; and, in the company of the Secretary General, she made a personal visit to Berne to discuss the Swiss contribution to the Commission.
- . The Vice-Chairman made a trip to Africa visiting five countries during which funding requests from himself and the Chairman were delivered.

8. Attached as Annex 6 is a schedule setting out the results of the Commission's fundraising efforts to date. As that annex illustrates,

- . US \$ 1,286,565 has to date been pledged to and received by the Commission,
- . US \$ 2,065,000 has been pledged to but not as yet received by the Commission; and

. US \$ 3,050,000 has been requested but not as yet pledged or received, giving a total of US \$ 6,401,565.

9. Dr. Khalid, Chairman of the Finance Committee, will make a formal verbal report to the Commission on the activities of the Finance Committee to date as well as on the fundraising efforts it will be conducting in the course of upcoming months.

ANNEX 1 to WCED/85/12

BALANCE SHEET AS AT 31 DECEMBER 1984

<u>ASSETS</u>	<u>US-Dollars</u>
- Total Cash in Bank	743,524
- Receivables:	
. UNEP ¹⁾	5,627
. Sweden ²⁾	78,701
. Other	5,460
. Interest accrued	3,286
	<hr/>
	93,074
	<hr/>
TOTAL ASSETS	836,598
	=====
 <u>LIABILITIES</u>	
- Provident Fund/Staff Accounts	39,096
- Accounts payable and Accruals	32,600
- Currency Reserve on US\$ at 31.12 ³⁾	16,629
 <u>SURPLUS OF FUNDS AVAILABLE</u> (Excess of Contributions received over Expenditure incurred in 1984)	748,273
	<hr/>
	836,598
	=====

- 1) Balance on IIPC Interim Special account, payable to WCED in 1985
- 2) Balance of Swedish 1984 contribution (after deduction of Organisational Meeting expenditures) payable to WCED in 1985
- 3) See explanation page 2

NOTE: A final, audited balance sheet for 1984 will be submitted to the Oslo Meeting in June 1985

W0051C/es/bb/18.3.85

ACCOUNTS 1984

GENERAL NOTES

- (1) The accounts in Geneva are kept in Swiss Francs and in US-Dollars. Salaries and most expenditures are paid in Swiss Francs, income is received partly in Dollars and partly in other currencies.
- (2) For reporting purposes Swiss Franc income and expenditure is converted into US-Dollars at the rate of 1 \$ = Sfr. 2.35 which was the average rate of exchange for the year 1984 and the rate applied for the calculation of the budget figures.
- (3) Transfers from the US-Dollar bank account to the Swiss Franc bank account are registered at the actual exchange rate in effect on the date of transfer. In view of the important dollar fluctuation in 1984, the value of the US-Dollar bank account at 31 December 1984 resulted in a currency gain of Sfr. 39,078.85 or \$ 16,629. For reasons of prudence this currency gain was not registered as an immediate profit, but put on a "Currency Reserve" account to hedge against possible currency losses during the future life of the Commission.
- (4) The accounts 1984 are not yet final in view of the fact that detailed accounts from UNEP and the Swedish Foreign Ministry are still outstanding. When the total expenditure incurred by both UNEP and the Swedish Foreign Ministry are known, the 1984 result as shown in the attached 1984 accounts will be subject to only minor adjustments.

14 March 1985

ANNEX 2 TO WCED/85/12

PROFIT AND LOSS ACCOUNT

ALL FIGURES IN US-DOLLARS

PERIOD: YEAR 1984

<u>EXPENDITURE</u>	<u>REAL</u>	<u>BUDGET</u>
SECRETARIAT	379,135	445,000
OSLO OFFICE	22,516	37,000
CONSTITUTION OF COMMISSION & ORGANISATIONAL MEETING GENEVA MAY 1984 *)	90,479 *)	---
INAUGURAL MEETING GENEVA OCTOBER 1984	70,519	101,000
FINANCE COMMITTEE	2,690	---
FINAL REPORT/GENERAL PUBLIC INFORMATION	2,045	---
<hr/> TOTAL EXPENDITURE	<hr/> 567,384	<hr/> 583,000
<hr/>	<hr/>	<hr/>
<u>INCOME</u>		
CONTRIBUTIONS	1,286,565	1,320,000
INTEREST	<u>29,092</u>	<u>35,000</u>
TOTAL INCOME	1,315,657	1,355,000
<hr/>	<hr/>	<hr/>
RESULT	748,273	772,000
	=====	=====

*) These expenses were paid out of the UNEP Interim Special Account and by the Swedish Foreign Ministry out of their contribution for 1984. They were not budgeted for in the Budget covering 1984. Details on these expenses have been requested from UNEP and Sweden and on receipt they will be submitted to our auditors.

W0051C/es/bb/18.3.85

ANNEX 3 TO WCED/85/12

BALANCE SHEET AS AT 28 FEBRUARY 1985

<u>ASSETS</u>	<u>US-Dollars</u>
- Total Cash in Bank	609,727
- Receivables:	10,907
- Office equipment	704
	<hr/>
TOTAL ASSETS	621,338
	=====
 <u>LIABILITIES</u>	
- Provident Fund/Staff Accounts	63,011
- Currency Reserve on US\$	16,629
 <u>SURPLUS OF FUNDS AVAILABLE</u>	
- Surplus as at 31.12.84	748,273
- less Result as at 28.2.1985	<u>(206,575)</u>
	541,698
	<hr/>
	621,338
	=====

ANNEX 4 TO WCED/85/12

PROFIT AND LOSS ACCOUNT

PERIOD: 1 January 1985 - 28 February 1985

ALL FIGURES IN US-\$

<u>EXPENDITURE</u>	<u>Real</u>	<u>Budget *)</u>
SECRETARIAT	188,065	283,247
OSLO OFFICE	7,253	13,167
COMMISSION MEETINGS	-	-
FINANCE COMMITTEE TRAVEL	5,049	-
PROGRAMME WORK RELATED TO KEY ISSUES	6,876	150,664
FINAL REPORT/GENERAL PUBLIC INFORMATION	1,999	-
TOTAL EXPENDITURE	<u>209,242</u>	<u>447,078</u>
<u>INCOME</u>		
CONTRIBUTIONS	--	166,667
INTEREST	2,667	-
TOTAL INCOME	<u>2,667</u>	<u>166,667</u>
SHORTFALL FOR THE PERIOD	206,575 =====	280,411 =====

* Budget for 2 months equal to 2/12 of yearly budget 1985 except for Commission Meetings budget (first meeting 1985 in March only, therefore no budget for Jan. & Feb.)

ANNEX 5 TO WCED/85/12

SUMMARY
(in US \$)

	REAL 1984	BUDGET 1984	REAL Jan&Feb 1985	BUDGET Jan&Feb 1985	REAL 1984 to Feb 1985	BUDGET 1984 to Feb 1985	BUDGET 1984 to 1987
EXPENDITURE							
- Secretariat	379,135	445,000	188,065	283,247	567,200	728,247	4,717,012
- Oslo Office	22,516	37,000	7,253	13,167	29,769	50,167	257,000
- Commission Meetings	160,998	101,000	---	---	160,998	101,000	1,017,000
- Programme Work/Key Issues	---	---	6,876	150,664	6,876	150,664	1,808,000
- Special Committee	2,690	---	5,049	---	7,739	---	---
- Final Report/General Public Information	2,045	---	1,999	---	4,044	---	200,000
Total Expenditure	<u>567,384</u>	<u>583,000</u>	<u>209,242</u>	<u>447,078</u>	<u>776,626</u>	<u>1,030,078</u>	<u>7,999,000</u>
INCOME							
- Contributions	1,286,565	1,320,000	---	166,667	1,286,565	1,486,667	2,320,000
- Interest	29,092	35,000	2,667	---	31,759	35,000	35,000
Total Income	<u>1,315,657</u>	<u>1,355,000</u>	<u>2,667</u>	<u>166,667</u>	<u>1,318,324</u>	<u>1,521,667</u>	<u>2,355,000</u>
Result (Shortfall)	<u>748,273</u>	<u>772,000</u>	<u>(206,575)</u>	<u>(280,411)</u>	<u>541,698</u>	<u>491,589</u>	<u>(5,644,000)</u>

ANNEX 6 TO WCED/85/12

Schedule of Financial Resources and Fundraising
as of
28 February 1985

Pledged and Received		Pledged but Not Received		Requested but not pledged or received	
Country	Amount	Country	Amount	Country	Amount
Canada	US\$ 150,000	Cameroon	US\$ 20,000	Canada	US\$ 450,000
Finland	US\$ 25,000	Denmark	US\$ 50,000	Denmark	US\$ 150,000
Japan	US\$ 750,000	Ethiopia	*	Finland	US\$ 150,000
Norway	US\$ 61,565	Finland	US\$ 25,000	F.R.G.	US\$ 600,000
Sweden	US\$ 300,000	Gabon	*	Sweden	US\$ 200,000
		Indonesia	**	United States	US\$1,500,000
		Italy	US\$ 330,000		
		Japan	US\$ 750,000		
		Kenya	*		
		Netherlands	US\$ 400,000		
		Norway	US\$ 210,000***		
		Sweden	US\$ 100,000		
		Switzerland	US\$ 180,000****		
		Zimbabwe	**		
Total	US\$1,286,565	Total	US\$2,065,000	Total	US\$3,050,000
					GRAND TOTAL
					US\$6,401,565

- * Have offered to host an Advisory Panel Meeting and cover the related local costs excluding international travel
- ** Have offered to host a Commission Meeting and cover the related local costs excluding international travel
- *** Includes US\$150,000 to cover the cost of Oslo Meeting
- **** Does not include SFr 600,000 of contributions in kind provided by the city of Geneva, i.e., the redecoration of the Palais Wilson and the furniture for our offices nor the value of rent-free premises for three years.