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FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS ROME

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Rome, 9 - 28 November 1991

FINANCIAL REPORT AND STATEMENTS : VOLUME I

REGULAR PROGRAMME 1988-89

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NOTE: This document is being submitted to the Finance Committee at its Sixty-ninth Session. The Committee's comments thereon will be found in Document CL 98/18. It is also being submitted to the Ninety-eighth Session of the Council.

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FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS
FINANCIAL REPORT AND STATEMENTS 31 DECEMBER 1989

INTRODUCTION

1. The Financial Report and Statements of the Food and Agriculture Organization of the United Nations for the period ended 31 December 1989 are presented in three Volumes. Volume I covers the activities financed from the Regular Programme, from Trust Funds and other funds; Volume II those financed from funds provided under the United Nations Development Programme, and Volume III those financed under the World Food Programme.

SUMMARY STATEMENT OF OBLIGATIONS - ALL PROGRAMMES

2. Obligations Incurred (expressed in US\$'000 - with comparative figures for 1986-87).

	<u>1986-87</u> \$'000	<u>1988-89</u> \$'000
Volume I:		
Regular Programme (excluding Technical Co- operation Programme)	351 767	404 414
Technical Cooperation Programme <u>a/</u>	72 439	56 793
Trust Funds <u>b/</u>	<u>331 500</u>	<u>357 922</u>
Sub-Total	<u>755 706</u>	<u>819 129</u>
Volume II:		
UNDP	300 039	363 966
Volume III:		
WFP	<u>1 485 100</u>	<u>1 776 438</u>
Total	\$ <u>2 540 845</u>	<u>2 959 533</u>
	=====	=====

BUDGET APPROPRIATIONS AND TRANSFERS

3. The effective Working Budget for 1988-89 approved by the Conference at its Twenty-Fourth Session (Resolution 7/87) totalled US\$492 360 000. The appropriations voted by the Conference are shown in Statement I. The Director-General effected a transfer of US\$3,600 000 from Budgetary Chapter 2 to Budgetary Chapter 5 under Financial Regulation 4.5(b)(i). A transfer up to US\$6,000,000 was approved by the Finance Committee at its Sixty-Sixth Session. The Director-General also transferred US\$1,400,000 from Budgetary Chapter 5 to Contingencies under Financial Regulation 4.5(c)(ii) to cover the costs of the FAO Special Management Reviews.

a/ Includes obligations against appropriations carried forward from the previous biennium.

b/ Excludes unliquidated obligations except for Trust Funds funded from UN Agencies.

INCOME AND EXPENDITURE

4. The income and expenditure of the Organization in 1988-89 were as follows:

Income:	\$	\$
Member Nations' contributions received (net of contributions to the Tax Equalization Fund)	423 479 888	
Miscellaneous Income	33 485 666	
Transfer to Working Capital Fund 31 December 1988	(13 257 950)	
Replaced from Working Capital Fund 31 December 1989	<u>17 977 238</u>	
		461 684 842
Expenditure:		
Expenditure (including outstanding obligations)	433 442 537	
Unobligated TCP funds carried forward to 1988-89	<u>34 119 345</u>	
		<u>467 561 882</u>
Excess of Expenditure over Income and unobligated TCP funds		(5 877 040) =====

5. A comparative analysis, showing the Income and Expenditure for the biennia 1984-85, 1986-87 and 1988-89 as reported and with Contributions taken into income on an accrual basis, follows this report as "Annex I to the Director-General's Report". This demonstrates that if Member Nations had paid all the assessed contributions for 1988-89 there would have been no recourse to the Working Capital Fund and the Surplus would have been US\$46.5 million.

6. Of the total contribution income received during 1988-89 of US\$424,679,890 (Schedule 3.1.1) US\$424,271,983 was received in US dollars and the balance in Lire.

7. Expenditure for personal services has been recorded at the exchange rate used in the Budget, that is Lire 1235 = US\$1. The positive variance which arose due to the strengthening of the dollar has been credited to the Special Reserve Account established by Conference Resolution 27/77 (see paragraph 16 below).

8. Expenditure shown on Statement I included US\$15,127,158, being the estimated cost of Field Programme support in Headquarters Technical Divisions and Regional Offices (Chapter 2) and Field Programme Development Division (Chapter 3). Total support costs including other Chapters, as determined later under the Cost Measurement System, amounted to US\$62.5 million for UNDP, US\$18.8 million for World Food Programme, and US\$53.8 million for Trust Funds.

9. Analysis of expenditure by Programme is shown in Schedule 1.1.

TECHNICAL COOPERATION PROGRAMME

10. The establishment of a Technical Cooperation Programme provides FAO with the flexibility to respond to urgent, small-scale requests from developing countries. Directed at providing assistance for emergencies, investment proposals, training and small-scale unforeseen requirements, the projects are of short-term duration, not to exceed US\$400,000, in any one instance. The status of projects, summarized by country is shown in Annexes 1.1 and 1.2. From 1 January 1988 a Support Cost Account was set up to recover the direct operating expenses of TCP projects. At 31 December 1989 the balance of this Fund was US\$2,407,237 (Schedule 3.4), which together with the Unobligated TCP Funds to be carried forward to 1990-91 of US\$34,119,345 (Statement II), produces a total carried forward of US\$36,526,582

WORKING CAPITAL FUND

11. The US\$13,257,950 balance on the Working Capital Fund, which had been transferred to the General Fund at the end of 1987 in accordance with Financial Regulation 6.2(a)(i), to finance budgetary expenditures pending receipt of contributions, was paid back at the end of 1988 in accordance with Financial Regulation 6.5(a), out of the receipt of arrears of contributions.

12. Conference Resolution 16/78 increased the authorized level of the Fund to US\$17,000,000 as of 1 January 1988 and to US\$20,000,000 as of 1 January 1989. These increases were assessed on Member Nations, who at 31 December 1989 had paid US\$4,719,288. The amount owed by Member Nations at that date towards these increases in the Fund was US\$2,022,762.

13. At 31 December 1989 the amount owed by Member Nations to the Programme of Work and Budget was US\$151,036,967, therefore in accordance with Financial Regulation 6.2(a)(i) US\$17,977,238 was transferred to the General Fund (see Statement II). Thus the balance on the Working Capital Fund to be carried forward to 1990 was zero.

SPECIAL RESERVE ACCOUNT

14. The Special Reserve Account was established by Resolution 27/77 of the Conference to protect the Organization's Programme of Work against the effects of unbudgeted extra costs. The Conference by Resolution 13/81 raised the level of the Special Reserve Account from 2.5 percent to 5 percent of the total effective working budget of the respective subsequent biennium. The balance of the Special Reserve Account brought forward at 1 January 1986 was US\$21,850,000. However, the adverse relationship between the average Lira/Dollar UN rate of exchange and the budget rate during the 1986-87 biennium created unbudgeted extra costs which completely exhausted the Account, which was carried forward to 1988-89 with a zero balance.

15. The effective working budget for the biennium 1988-89 was US\$492,360,000 and therefore according to Conference Resolution 13/81 the initial balance on the Special Reserve Account should have been US\$24,618,000. Conference Resolution 17/87 authorized the Director-General to assess Member Nations in 1988 for amounts required to replenish the Special Reserve Account up to fifty percent of the authorized level, i.e. US\$12,309,000.

16. During the 1988-89 biennium the positive relationship between the average Lira/Dollar UN rate of exchange and the budget rate created savings on Staff Costs in the amount of US\$10,852,400 which were credited to the Special Reserve Account. Member Nations paid US\$8,818,933 towards the special assessment of US\$12,309,000. In accordance with Conference Resolution 17/89 the net balance of Profit and Loss on Exchange for the biennium 1988-89, amounting to a debit of US\$160,457 was charged to the Special Reserve Account. Thus the balance on the Account at the end of the 1988-89 biennium is US\$19,510,876. A further US\$3,490,067 is owed by Member Nations in respect to the special assessment.

17. The effective working budget for the biennium 1990-91 is US\$568,800,000, thus the authorized level of the Special Reserve Account is US\$28,440,000 at the beginning of 1990. In view of the Accumulated Deficit on the General Fund at 31 December 1989 of US\$52,707,123 no funds are available to increase the balance on the Account to its authorized level.

18. Conference Resolution 13/81 authorized the Director-General to use the funds in the Special Reserve Account to finance budgetary expenditures pending receipt of contributions, whenever the Working Capital Fund is insufficient. However, in view of the uncertainties as to the Lira/Dollar exchange rates in 1990-91, the Director-General has decided to carry forward the full balance of the Account, of US\$19,510,876 at 31 December 1989, into the next biennium.

ACCUMULATED DEFICIT ON THE GENERAL FUND

19. The Deficit on the General Fund at the end of the 1986-87 biennium was US\$46,830,083. The excess of Expenditure over Income in the 1988-89 biennium was contained at US\$5,877,040 (Statement II) after applying the full Working Capital Fund Balance including the US\$4,719,288 paid by Member Nations during the biennium, against the special assessments to increase the level of the Working Capital fund to US\$20,000,000. However, the accumulated net deficit balance on the General Fund at the end of 1989 had reached US\$52,707,123 to carry forward to the 1990-91 biennium (Statement III).

ACCOUNTS RECEIVABLE AND PAYABLE

20. Major items included in accounts receivable are: Salary and other advances US\$15,426,913; due from World Food Programme US\$2,436,803; deposits and pre-payments US\$712,967; joint programmes with Development Banks US\$341,321; due from other Agencies US\$1,753,443; due from UNDP US\$10,230,393.

21. Major items included in accounts payable are: Accrued salaries US\$144,451; FAO Medical and Insurance Schemes US\$9,486,278; Staff Commissary Account US\$82,242; Member Nations' contributions received in advance US\$499,936; Unidentified receipts US\$369,560.

EQUIPMENT, FURNITURE AND VEHICLES

22. The inventory records of the Organization show that at 31 December 1989 the gross value of FAO-owned equipment, furniture and vehicles at cost price was US\$103,034,516 of which US\$34,691,915 related to the Regular Programme and US\$68,342,601 to Trust Funds. These items are shown on the Statement of Assets and Liabilities, Statement III, at a written-down value of \$1.

FAO STAMPS, MONEY AND MEDALS

23. The valuation of the stock of FAO stamps, money and medals at 31 December 1989 was US\$212,785. Stamps are valued at their cost value. Coins are valued at their face value converted at the current UN exchange rate, with certain exceptions, e.g. coins purchased at a premium above face value. Medals and bullion for minting medals are valued at the lower of cost or replacement value. These items are included in the written-down value of \$1 for inventories on Statement III.

SERVICES PROVIDED BY THE ORGANIZATIONStaff Restaurant and Canteens

24. Accommodation, furniture and equipment were made available free of charge to the Staff Restaurant and Canteens. In addition, gas and electricity services, estimated at US\$120,000 were provided during the biennium.

PERSONNEL RELATED CONTINGENT LIABILITIES

25. The Organization has certain personnel related contingent liabilities which are not provided for or only partially provided for. Most of these obligations cannot be calculated with any degree of accuracy but rough estimates have been provided in Annex II to this report. The Management Consultants recommended that these contingent liabilities should be disclosed in the published accounts.

PENDING LITIGATION

26. During the 1988-89 biennium there were ten cases against FAO before the ILO Administrative Tribunal. One case was decided in January of 1990 with judgement against FAO which was ordered to pay damages and interest to the complainant amounting to about US\$12,000, including costs. The other nine cases are still pending but they are not considered likely to have any material financial implications.

Date:

Edouard Saouma
Director-General

ANNEX I

Comparative Analysis of Biennia 1984-85, 1986-87 and 1988-89
With Contribution Income on Cash Basis and on Accrual Basis^{a/}
 (US\$ millions)

	1984-85		1986-87		1988-89	
	Cash Basis	Accrual Basis	Cash Basis	Accrual Basis	Cash Basis	Accrual Basis
<u>INCOME</u>						
Contributions	389.7	394.6	326.3	396.0	423.5	480.6
Balance on Special Reserve in excess of 5% of Budget	9.8	9.8	-	-		
Miscellaneous Income	46.1	46.1	36.2	36.2	33.5	33.5
Total Income	445.6	450.5	362.5	432.2	457.0	514.1
<u>EXPENDITURE</u>						
Expenditure against Budget	365.2	365.2	385.4	385.4	433.5	433.5
Unobligated TCP carried forward	45.6	45.6	27.8	27.8	34.1	34.1
Deficit on Special Reserve Account	-	-	9.4	9.4	-	-
Total Expenditure	410.8	410.8	422.6	422.6	467.6	467.6
<u>EXCESS OF INCOME OVER EXPENDITURE</u>	<u>34.8</u>	<u>39.7</u>	<u>(60.1)</u>	<u>9.6</u>	<u>(10.6)</u>	<u>46.5</u>
<u>CONTRIBUTIONS OUTSTANDING</u>	<u>24.2</u>	<u>24.2</u>	<u>93.9</u>	<u>93.9</u>	<u>156.5</u>	<u>156.5</u>

^{a/} This Annex depicts the Income and Expenditure for the three biennia comparing the Financial Results when contributions are accounted for on a Cash Basis and on an Accrual Basis. The accounting policy of FAO is to take contributions into income when received (Cash Basis). Some other U.N. entities (including the UN New York General Fund) treat the total assessed contributions as income (Accrual Basis). While the Organization is not proposing to change its accounting policy, it presents this analysis for statistical information only. It will be noted that during the first biennium, when the shortfall in contributions was comparatively small, the different accounting methods produced results which were similar. In 1986-87 and 1988-89, however, the extraordinary shortfall in contributions produced results under the two methods which differ by \$69.7 million and \$57.1 million respectively. The above figures exclude the effects of all transfers to and from the Working Capital Fund.

ESTIMATED PERSONNEL RELATED CONTINGENT LIABILITIES
AT 31 DECEMBER 1989

<u>Description</u>	<u>Estimated Liability US\$'000</u>	<u>Extent of Current Coverage US\$'000</u>
<u>FULLY FUNDED</u>		
1. Repatriation Grant (Trust Fund and Trust Fund Support Staff)	6 475	14 486 <u>a/</u>
2. Service incurred accidents and illnesses (Compensation)	17 000	21 189 <u>b/</u>
<u>PARTIALLY FUNDED</u>		
3. Separation Payments for General Service Staff	69 262	47 328 <u>c/</u>
<u>NOT FUNDED</u>		
4. Repatriation Grant (RP & SC)	40 000	-
5. Accrued leave	12 000	-
6. Major separation costs (Household removals and Repatriation travel)	40 000	-
7. After Service Medical Coverage	<u>d/</u>	-

a/ Terminal Payments Fund.

b/ Compensation Plan Reserve Fund. Market value of investments \$24.2 million.

c/ Separation Payments Scheme Fund. Market value of investment \$52.2 million.

d/ To be determined by Actuarial Evaluation. Amount estimated at US\$100 million in 1985.

REPORT OF THE EXTERNAL AUDITOR TO THE CONFERENCE OF THE
FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS ON
THE FINANCIAL STATEMENTS OF THE REGULAR PROGRAMME, TRUST
FUNDS AND OTHER FUNDS FOR THE FINANCIAL PERIOD 1988-89
ENDED 31 DECEMBER 1989

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REPORT OF THE EXTERNAL AUDITOR TO THE CONFERENCE OF THE
FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS ON
THE FINANCIAL STATEMENTS OF THE REGULAR PROGRAMME, TRUST
FUNDS AND OTHER FUNDS FOR THE FINANCIAL PERIOD 1988-89
ENDED 31 DECEMBER 1989

SUMMARY AND CONCLUSIONS

GENERAL

1. I have audited the Financial Statements of the Food and Agriculture Organization (FAO) of the United Nations for the financial period 1 January 1988 to 31 December 1989 in accordance with Article 12 of the Financial Regulations of the Organization and the 'Additional Terms of Reference Governing External Audit' appended thereto. My audit of the Financial Statements had regard to the work of the Office of Internal Audit, Inspection and Management Control.

2. My observations on a number of matters arising from the financial audit include Outstanding Contributions (paragraphs 17 to 23); Personnel-Related Contingent Liabilities (paragraph 24 to 28); Inventory Control (paragraphs 29 to 33); and Losses (paragraph 34).

3. I have also continued with a programme of examinations under Article 12.4 of the Financial Regulations. This programme is intended to review the important aspects of the Organization's activities and the use of resources over an appropriate cycle. The reviews concern themselves with matters of economy, efficiency and effectiveness. In accordance with this programme my staff reviewed in 1988-89 the arrangements for the Procurement of Field Equipment and Services (paragraphs 35 to 98). The Summary and Conclusions of this review are at paragraphs 7 to 16 below.

4. In addition it is my policy to follow up the response made to my previous Reports over an appropriate cycle and therefore my staff reviewed the progress made by the Organization in improving the administration of Trust Fund Projects on which I reported in 1986-87. The results of this review are at paragraphs 99 to 113.

5. My observations on all the matters contained in this Report, as well as a number of minor questions not reported herein, were communicated to the Organization. The Organization have confirmed the facts on which my observations and conclusions are based and provided explanations and answers to my queries.

6. I have reported separately on the status of funds advanced to the Organization by the United Nations Development Programme (UNDP) in 1988-89 and on the World Food Programme (WFP) Financial Statements 1988-89.

PROCUREMENT OF FIELD EQUIPMENT AND SERVICES

Introduction

7. During the 1988-89 financial biennium the FAO's Field Programme expenditure, funded under the Technical Co-operation Programme (TCP), Trust Funds and the UNDP, was \$643 million. Of this some \$167 million was spent on the purchase of field equipment and related services. The purchase and delivery of equipment to projects are complex operations involving the participation of the Field, FAO Headquarters, other Agencies and private sector manufacturers and suppliers. In determining its general procurement policies the FAO have to take account of the interests of Member Nations, Donors and the recipient Governments.

8. My staff have examined the FAO's procedures for planning equipment inputs to projects and reviewed the two main methods of purchasing. Most purchasing is carried out by the central Purchasing Branch but lower value items can be ordered directly by project staff in the Field. To gain a fuller appreciation of the purchasing process my staff carried out a review of the FAO Headquarters procedures and controls and made visits, in consultation with the FAO, to four countries.

9. My staff concluded that the FAO had a well established procurement system that generally worked effectively. Whilst recognising the need for a flexible approach to purchasing to cater for a wide range of equipment and the many diverse and difficult circumstances under which projects operate, my staff considered that, although several improvements had already been implemented and others envisaged, further enhancements to procedures could be made. The detailed findings of the review are at paragraphs 37 to 98 and my main conclusions and recommendations are in paragraphs 10 to 16 below:

Planning

10. Planning equipment requirements is first considered as part of the project formulation stage. Whilst recognising the need for some flexibility in procedures to cope with the wide range of projects, my staff concluded that more attention could be paid to detailed planning of equipment requirements and that such requirements and cost estimates should be kept as up to date as practicable (paragraph 54). To build on the FAO's initiatives in this area guidelines could be established to ensure more involvement of procurement expertise, at the outset, in the definition of equipment needs and specifications. The Organization informed me that recently such consultations with Purchasing Branch have taken place and that detailed guidelines for equipment formulation are under preparation and will be issued shortly (paragraph 52). In my view such enhancements would lead to more rational and accurate equipment budgets being drawn up and contribute to

achieving improved purchasing, with timely delivery of suitable equipment to projects.

Headquarters Purchasing of Field Equipment

11. My staff found that the Purchasing Branch operated effective procedures and controls designed to ensure that equipment purchases were usually subject to full international competitive bidding. Although quality, maintainability and delivery are taken into account in evaluating suppliers' bids, price is usually paramount. However, the process is generally long drawn out (paragraph 66) and there are several areas where improvements could be made:-

- (a) in cases where the Field have carried out preliminary technical and cost evaluations in drawing up Purchase Requisitions this information should be passed to the Purchasing Branch so that they can make use of it (paragraph 59);
- (b) steps should be taken to produce standard specifications for many categories of ordinary equipment, tailored as necessary to the varying operational circumstances prevailing in different countries. In the case of more specialist equipment I recognise that standardisation is not always possible (paragraph 71);
- (c) the FAO should explore the possibility of holding more periodic competitions with suppliers to establish longer term and fixed prices for common and regularly ordered units of equipment (paragraph 71). Earlier consultations between the Operating Divisions and the Purchasing Branch might assist the latter in identifying future equipment requirements for this purpose; and
- (d) in addition to speeding up the procurement process, the time needed for it should be disseminated widely to allow more realistic planning of lead times (paragraph 68).

Field Purchasing

12. My staff were impressed by the efforts made by Field staff to comply with the FAO's purchasing objectives and procedures, and at the same time overcome some of the problems associated with operating in areas of the world where there may not be the infrastructure to support extensive procurement activities. However, they identified several aspects of Field purchasing which could be enhanced:

- (a) there was a need for all projects to have access to more frequent and up to date purchasing data on international suppliers and their equipments (paragraph 77);

- (b) for vehicles purchased under the UNDP standardisation scheme run through the Inter Agency Procurement Services Organization (IAPSO), provided the budget appropriation has been approved and funds are available, there could be a higher financial limit for Field purchases made direct from manufacturers (paragraph 78);
- (c) there was scope for reducing local overhead costs through the greater co-ordination of some purchases (paragraph 80); and
- (d) the introduction of standard equipment specifications (paragraph 11(b)) would assist project staff, especially in cases where detailed knowledge of purchasing requirements was not readily available on the project site (paragraph 84).

Delivery of Equipment

13. Considerable problems and delays, outside the direct control of the FAO, are often experienced in achieving timely delivery of equipment to project sites. However, my staff considered that opportunities did exist for overcoming some of the difficulties associated with clearing equipment through ports of entry or across the borders of recipient countries. In particular there could be more coordinated efforts at the national level between the FAO and UNDP Representatives. Guidance could also be provided on how to deal most effectively with the customs and import procedures operating in different countries (paragraph 87). There was also scope for greater co-ordination between FAO and UNDP representatives (paragraph 88).

Purchasing Spares

14. Maintaining and servicing equipment is a key factor in the success of many projects. FAO staff have adopted a variety of approaches to reduce the problems which occur in this area. However, two further desirable improvements were identified:-

- (a) extending the system of purchasing some important vehicle spares at the time the initial order is placed to other items of equipment (paragraph 92); and
- (b) the development of spares listings, drawn up by reference either to the supplier or an independent consultant (paragraph 96).

Performance Monitoring

15. Although the FAO carry out evaluations of the design, implementation and effectiveness of projects, as well as requiring regular progress reporting, they do not operate a formal monitoring procedure for assessing the performance and reliability of various equipments. The

FAO consider that more detailed monitoring may not be cost effective and that the counterpart Government entities are best suited to monitor equipment performance. However, as equipment is often a key factor in the successful implementation of projects, my staff considered that a simple procedure could be developed by the FAO for collecting more basic data on purchasing and reliability. This could be incorporated into the existing system by which progress on projects is regularly reported. Such information could inform future equipment formulation and tendering decisions (paragraph 98).

General

16. The intention of my conclusions and recommendations is to enhance existing procedures and, through them, the efficiency with which equipment is provided for Field projects. I recognise that any redrawing of the balance of responsibilities between the Field and Headquarters is dependent on decisions relating to a wider area than procurement alone. For example the recent FAO Group of Experts' Report on the 'Review of Certain Aspects of FAO's Goals and Operations' recommended strengthening the FAO's Country Representations and various other Field operations which, if implemented, could have an impact on the procurement process.

DETAILED FINDINGS

OUTSTANDING CONTRIBUTIONS

17. Statement III of the Financial Statements and supporting schedules show that at the end of the 1988-89 biennium arrears of contributions amounted to \$151 million, an increase of \$57.1 million (60 per cent) over the contribution arrears of \$93.9 million at the end of the 1986-87 biennium. The shortfall in contribution income represents about 31 per cent of the Regular Programme Budget compared with 21.5 per cent and 5.5 per cent in 1986-87 and 1984-85 respectively. The following table illustrates how the arrears have increased over the last three biennia.

TABLE 1: CONTRIBUTIONS AND ARREARS 1984-1989

	1984-85	1986-87	1988-89
	\$million	\$million	\$million
Assessed contributions	395.9	397.2	481.8
Contributions received			
Current Biennium	373.3	306.8	378.4
Previous Biennia	16.4	19.6	45.0
Contributions unpaid			
Current Biennium	22.6	90.4	103.4
Previous Biennia	1.6	3.5	47.7
Cumulative contributions			
Arrears	24.2	93.9	151.1
Budgeted Expenditure	421.1	437.0	492.4
Actual Expenditure			
(including Technical			
co-operation Programme			
Funds carried forward)	410.8	422.6	467.6

As at 30 June 1990 \$7.3 million has been received for arrears of contributions which had totalled \$151 million at 31 December 1989; \$129 million had been received against the 1990 assessments of \$278.8 million.

18. The deficit on the Income and Expenditure Account (Statement II) at 31 December 1989, including a refund to the Working Capital Fund of \$13.3 million required by Financial Regulation 6.5(a) but excluding any drawings from that Fund, was \$23.9 million compared with \$60.1 million at the end of the previous biennium. The reasons for the reduced deficit were:-

- (a) budgetary savings of \$25 million;
- (b) a good response from some Member Nations to the Organization's request for prompt payment of contributions. As a result total contribution income, including arrears, in 1988-89 represented 90 per cent of expenditure compared with 77 per cent in the previous biennium; and
- (c) miscellaneous income which exceeded the Budget by \$21.7 million. This was mainly due to a special contribution of \$15 million and a higher than expected level of bank interest.

19. During the biennium the Organization were able to maintain sufficient cashflow without recourse to external borrowing. However, by 31 December 1989 the Working Capital Fund was exhausted. Transfers from the Working Capital Fund in 1988-89 of \$18 million to the Income and Expenditure Account (Statement II) reduced the deficit for the biennium from \$23.9 million to \$5.9 million (\$46.8 million in 1986-87) so that the accumulated excess of expenditure over income at 31 December 1989 was \$52.7 million. However, the total drawings from the Working Capital Fund of some \$18 million are required to be reimbursed from the General Fund as soon as feasible during 1990-91 in accordance with Financial Regulation 6.5(a).

20. Of the \$6.7 million special assessments on Member Nations to increase the size of the Working Capital Fund (Conference resolution 16/87), some \$4.7 million had been paid by 31 December 1989 leaving a balance of \$2 million to be paid (Schedule 3.6). At 30 June 1990 the balance outstanding was \$1.9 million.

21. The Special Reserve Account, set up to safeguard the Organization against currency fluctuations, had a balance of \$19.5 million at 31 December 1989, which was an improvement on the position at the end of the previous biennium when the Account was exhausted. The balance resulted from favourable exchange rates and some \$8.9 million contributed by Member Nations under special assessments approved by the FAO Conference. Some \$3.5 million of these special assessments had not been paid at 31 December 1989.

22. Unless the arrears of contributions and special assessments set out in paragraphs 17, 20 and 21 above are significantly reduced the Organization have informed my staff that they will inevitably face cash flow problems before the end of the 1990-91 biennium. However, I note that steps are being taken to safeguard the 1990-91 Programme of Work and Budget by:-

- (a) requesting Member Nations to pay promptly the 1990 assessed contributions. This has met with a good response and some 46 per cent of the total due had been received by 30 June 1990; and by
- (b) arranging to borrow internally from funds set aside for specific purposes before resorting to external borrowing. The Conference and Council have made provision for the manner in which interest charges on any borrowing should be met.

23. The growth in the size of the arrears and delays in the payment of these or the contributions for 1990-91 may impact on the Organization's ability to deliver the Programme of Work and Budget approved by the FAO Conference. There is therefore an urgent need for Member Nations to pay their outstanding contributions as expeditiously as possible.

PERSONNEL-RELATED CONTINGENT LIABILITIES

24. In paragraph 25 of his report, the Director-General draws attention to certain estimated personnel-related contingent liabilities of the Organization, some of which are fully funded, some partially funded and some not provided for at all. Unfunded liabilities are budgeted and paid for out of current expenditure as they arise. These estimated liabilities total \$285 million and are as follows:

**TABLE 2: ESTIMATED PERSONNEL-RELATED CONTINGENT
LIABILITIES AS AT 31 DECEMBER 1989**

Description	Estimated Liability US\$ million	Extent of Current Provision US\$ million
<u>FULLY FUNDED</u>		
(see Schedule 3.4 of the Financial Statements)		
1. Repatriation Grant (Trust Fund and Trust Fund Support Staff)	6.5	14.5
2. Compensation Plan Reserve Fund (Service incurred accidents illnesses)	17.0	21.2
<u>PARTIALLY FUNDED</u>		
(See Schedule 3.4 to the Financial Statements)		
3. Separation Payments Scheme (General Service Staff)	<u>69.3</u>	<u>47.3</u>
Sub total	----- 92.8	----- 83.0
<u>NOT FUNDED</u>		
4. Repatriation Grant (Regular Programme and Support Cost Staff)	40.0	-
5. Accrued Leave (Accumulated annual leave paid on retirement)	12.0	-
6. Major Separation Costs (Household removals and Repatriation travel)	40.0	-
7. After Service Medical Coverage	<u>100.0</u>	-
Sub total	----- 192.0	-----
TOTAL	----- 284.8	----- 83.0

25. The Organization obtained actuarial valuations for the After-Service Medical Scheme in 1985 and for the Compensation Plan Reserve Fund and the Separation Payment Scheme in 1988. In all other cases, the liability has been calculated or broadly estimated by FAO staff or management consultants. The Organization have told my staff that these estimates will be updated when more

reliable information is available and that an actuarial review will be commissioned in some of the cases.

26. I welcome the positive steps taken by the Organization to disclose, in addition to the funded schemes shown in Schedule 3.4 of the Financial Statements, all the other personnel-related contingent liabilities. I recommend that in future this disclosure could be enhanced by being made in the Financial Statements. It is usual practice to revalue liabilities of this nature every 3 years. I also recommend therefore, that the disclosure should include a note of when the valuations had been made and, in the case of funded schemes, any proposals to adjust the provisions in the light of these valuations.

27. Table 2 above shows that the FAO have accumulated contingent liabilities estimated at over \$200 million which are not provided for. I recognise that most of these liabilities are unlikely to mature for a number of years or at any one time unless the Organization had to meet their legal liabilities in the event of significant reductions in staff numbers.

28. I also consider that it would be timely for the Organization to further review their strategy for meeting the unfunded contingent liabilities out of current income. I recognise that during the present period of financial constraints it may be difficult to set aside funds for contingent liabilities, but it is a matter that could be considered when the financial situation of the Organization improves.

INVENTORY CONTROL SYSTEM

29. An inventory of all non-expendable equipment (Regular Programme, Trust Funds and United Nations Development Programme (UNDP)) is maintained at the FAO Headquarters. At 31 December 1989, the inventory was valued at \$308.3 million. Items are recorded at cost price and included in expenditure for the biennium in which they were purchased. The value of equipment is not included in the Financial Statements, although it is referred to by the Director-General in his Report on the Accounts. On termination of a project, title to the equipment purchased by the FAO is usually transferred to the Government concerned to provide continued support for the project or programme. For all other equipment, surplus items are disposed of by the FAO.

30. In his Report on the 1984-85 UNDP Financial Statements, my predecessor drew attention to the need for revisions and improvements to the FAO's inventory control systems and procedures. In 1988 I reported on the measures the FAO were taking to improve these systems and procedures. In particular I drew attention to the need for the receipt of year end reports and the implementation of the new computerised inventory system, including the revision of sections of the FAO Manual dealing with such inventory control procedures. My staff have reviewed the

progress made by FAO in these areas during the 1988-89 biennium as set out in the following paragraphs. The results of this review, as they relate to UNDP projects, are also contained in my Report on the FAO/UNDP Financial Statements for 1988-89.

31. Progress has been made in improving the timing of receipt of year end inventory reports. For equipment financed from Regular Programme, including the Technical Co-operation Programme, nearly 90 per cent of year end inventory reports for 1988 had been received by 30 June 1990, and in the case of Trust Funds only 7 per cent of reports were outstanding. In March 1990 the FAO introduced a computerised programme to assist in the follow-up of outstanding inventory reports and the FAO expect this programme to help achieve further improvements in the timely receipt of year end inventory reports.

32. While under development for the past two years, the improved computerised inventory system for projects, which was planned to be in operation in the third quarter of 1989, has not been fully completed as expected. Certain improvements have been implemented already, including development of new equipment transfer procedures for Technical Co-operation projects.

33. The FAO told my staff that the fully developed system will become available to the Organization as of 1 July 1991. The revised Manual Section is ready for publication and will be distributed when the system has been tested and released to users. The FAO informed my staff that the reasons for delay stems in part from the difficulty in recruiting a key staff member and a late decision just taken to adopt the United Nations Common Coding System for equipment and inventory now being used in other United Nations Agencies. This Common Coding System will allow for greater consistency in the exchange of data between UN Agencies which will be of benefit both to FAO and the United Nations system.

LOSSES ETC

34. I have examined details of losses, ex gratia payments, and writes-off to the value of \$294,858 submitted to me by the Director-General in accordance with Financial Regulations 10.4 and am satisfied with the information and explanations provided. No cases of fraud have been reported to me in accordance with Articles 10.3 and 10.4 of the Financial Regulations.

PROCUREMENT OF FIELD EQUIPMENT AND SERVICES

Introduction

35. As part of my continuing programme of selecting major areas of expenditure for review, and following on from last biennium's review of the Administration of Trust Fund and UNDP Projects, my staff have examined the FAO's procedures and controls for procuring equipment and related services for use in Field projects. During 1988-89 the FAO spent \$183 million on equipment and services for the whole Organization. The major part, some \$167 million, was for over 2,500 FAO-administered Field projects, funded under the Technical Co-operation Programme (TCP), UNDP and Trust Funds, in some 140 countries.

Scope

36. My staff reviewed the FAO Headquarters procedures and controls for Field procurement and carried out, in consultation with the FAO, field visits to 4 countries in 3 regions to obtain as broad a cross section of opinion and experience as possible within the time and resource constraints of the review. The 21 projects reviewed during these Field visits were selected primarily on the basis of their equipment components, but also with a view to gaining an insight into the issues that can arise under a variety of different operational circumstances. My staff also ensured that all the major funding sources (UNDP, Trust Funds and TCP) were covered and that the selection reflected the balance of activities between the Organization's Agriculture, Fisheries and Forestry Departments.

TABLE 3: ESTIMATED REGIONAL EXPENDITURE ON EQUIPMENT AND SERVICES, 1988-89

Region	UNDP \$million	Trust Funds \$million	TCP \$million	Number of Projects Total/Reviewed	
Africa	36	36	7	1,096	9
Asia & Pacific	31	12	3.5	627	9
Latin America	8	11	2.5	311	-
Near East	3	5	3	310	2
Europe	1	1	-	56	-
Interregional	1	6	-	183	1
Total	80	71	16	2,583	21

37. My staff's review concentrated exclusively on purchasing arrangements for the Field, accounting for some \$125 million (75 per cent) of the total Field expenditure on procurement. The major categories of equipment purchased are vehicles; office equipment including

computer items; agricultural machinery; and chemicals. The review did not cover contract purchasing, for example building construction work or purchasing of equipment for use in the Headquarters.

Factors Influencing The Procurement Process

38. The FAO's general procurement objective is "to secure at the most advantageous cost ... equipment and supplies which meet established requirements on quality and availability" (Source: FAO Manual section on Procurement of Equipment and Supplies). My staff noted a number of factors which have influenced the development of the FAO's procedures for achieving this general objective. First, the procurement process has to be sufficiently flexible to ensure that it is applicable to a wide range of purchases from vehicles to vaccines, as well as being appropriate to the many different circumstances under which projects operate.

39. Second, the FAO's procurement procedures are subject to certain external influences. For example, a number of donors make the purchase of equipment from their national manufacturers a condition of project funding. This is referred to as 'Tied Aid'. The FAO do not monitor the overall level of Tied Aid purchases but my staff were told that Tied Aid did not necessarily result in the purchase of more expensive or less suitable equipment. Furthermore, some recipient Governments place restrictions on the source of project equipment or products to be used in their countries.

40. Third, the FAO subscribe to the UNDP equipment standardization initiative run through the Inter Agency Procurement Services Organization (IAPSO) based in Copenhagen. IAPSO conduct market surveys and produce catalogues containing information on a wide range of equipments for individual countries. In addition IAPSO have negotiated special United Nations prices for vehicles and office equipment. My staff estimated that 40 per cent of the FAO's 1988-89 Field equipment purchases were made under the IAPSO scheme. The FAO are extending the categories of equipment for standardisation in co-operation with other United Nations agencies and IAPSO. The FAO estimate that this may cover up to 50 per cent of the equipment requirements of Field projects.

41. Finally, under United Nations General Assembly Resolution Number 42/196 (December 1987) the FAO are expected to support least developed and emerging country suppliers, for example by allowing up to a 15 per cent price tolerance on their bids. At the same time the FAO are being asked, under the same General Assembly Resolution, to try to improve the amount of business placed with certain major donors who do not insist on Tied Aid but whose suppliers are not securing a reasonable number of orders under normal competitive tendering.

The Purchasing Process

42. The basic mechanisms of purchasing are simple: a need is identified, a technical solution designed, equipment inputs and their sources identified and then purchased, for the main part by competitive tendering. The FAO have two main methods for ordering equipment, both covered by a comprehensive set of procedures. Equipment may be purchased directly by the Field staff working on a project or via the Headquarters. The determining factor is cost. However all payments are made by the Headquarters and subject to normal expenditure controls.

43. Under current procedures for orders of less than \$20,000 (\$25,000 for vehicles and spares) project staff have delegated authority to make the purchase using a Field Purchase Order. For more expensive purchases equipment is ordered through the central Purchasing Branch using a standard Purchase Order. Orders over \$70,000 are subject to clearance by the FAO's Purchases Committee. The Purchases Committee is responsible for ensuring "... coordinated action and appropriate control" and "... gives particular attention to any proposal suggesting departure from the Organization's established procurement principles and procedures". (Source: the FAO Manual).

44. In 1988-89 the Purchasing Branch processed 4,473 Purchase Orders at a value of over \$87 million. The average value of a Purchase Order was \$19,500. Based on currently approved staffing levels and using the FAO's Standard Staff Costs, my staff estimated that the Purchasing Branch spent some \$3.5 million in 1988-89 on all procurement services which extend beyond the production and control of purchase orders. This excludes Purchasing Branch resources spent on inventory, stock distribution and control.

45. The delegated limit for a Field Purchase Order was \$10,000 until April 1988 when it was increased to current levels in order to reflect the worldwide increase in costs of equipment. The use of Field Purchase Orders has been encouraged by the FAO in an effort to relieve some of the pressure on the Purchasing Branch, to speed up the purchasing process and improve delivery times. In 1988-89 the Field issued 7,483 Field Purchase Orders at a value of some \$38 million. The average value was \$5,100, which represents an increase from an average of less than \$3,000 in 1986.

Formulation of Equipment Requirements

46. The need for equipment and related services is first considered during the project formulation stage. The FAO's Development Department are responsible for arranging project formulation, in conjunction with Headquarters Technical Divisions from the other major Departments. This includes identification of all technical inputs, including equipment. Project formulation results in the production of a Project Document by the Technical Division assisted by a Task Force, consisting of representatives from Headquarters Units directly involved.
47. The Development Department are responsible for final appraisal and approval of each Project Document and for sending them to the Donor and the recipient Government for their approval. The approved Project Document is then signed by the Donor, the recipient Government and the FAO and forms the basic legal, administrative and financial authority for all action under the project, including the purchase of equipment.
48. My staff found that in some of the projects examined the Project Document contained inappropriate lists of equipment or inadequate budgetary provision for it. My staff were informed that in some cases this could have been due to a lack of procurement expertise and up to date knowledge of particular equipment markets on the part of the technical specialists involved in project formulation. In the 21 projects visited, plus an additional 24 project formulation files examined at Headquarters, there was no evidence that the technical specialists responsible for project formulation had consulted the Purchasing Branch on the planned equipment components.
49. Such consultations could be important in reducing the length of the procurement process by avoiding the need for time-consuming adjustments to the equipment specifications set out in approved Project Documents. The FAO's Field Programme Committee, which is responsible for coordinating policy and procedures for the FAO's total Field Programme, have recommended that the Purchasing Branch should be consulted about equipment inputs at the formulation stage. However, my staff were informed that the Purchasing Branch have only been consulted in a few recent cases.
50. Given the number and range of projects it is neither practicable nor desirable that the Purchasing Branch should contribute to every project formulation exercise. On the other hand it seems inappropriate to leave the decision on when to seek advice entirely to the staff involved in project formulation as lack of specialist procurement knowledge may prevent them from perceiving problems or identifying the need for advice.
51. If the consultation process is to work effectively the Purchasing Branch should establish criteria to assist Technical Divisions or Task Forces during the formulation

stage. Brief guidelines, periodically updated, might indicate the need for preliminary consultation in known problem areas, such as certain scientific equipment where specifications are complex, or in areas known for rapid technological or price changes such as computer equipment or fertilisers. In addition when equipment costs exceed a predetermined level the need for consultation could be made a requirement. The Organization informed me that such consultations are now taking place in cases where equipment expenditure is estimated at \$50,000 or above. In the past three months information on delivery schedules and cost has been provided by the Purchasing Branch to five Task Forces.

52. Using 1988-89 as their basis my staff estimated that if guidelines such as these were adopted there could be a need for consultations in about 150 projects over a biennium. Furthermore, if the Purchasing Branch were consulted earlier this would assist them in their own resource and work planning. Purchasing Branch would, of course, remain open to general queries. The Organization informed me that they are currently preparing detailed guidelines for ensuring more involvement of the Purchasing Branch in the equipment formulation stage. However, FAO point out that detailed equipment specifications can be defined only after the project staff are on site and have been able to assess local conditions and to consult National Project Directors, appointed by the host Government.

53. During their discussions with project staff my staff were informed that problems could be caused by Project Documents containing needlessly rigid equipment specifications. Some project staff considered that over-detailed specifications limited their flexibility to purchase the most suitable and up to date equipment. However, some FAO staff were reluctant to change draft Project Documents, even when data was known to be out of date, for fear of further delaying the formulation stage and the tripartite clearance (paragraph 47) which can take over 2 years to complete.

54. My staff noted that a variety of approaches had been applied to equipment planning on the projects they reviewed, from the item by item specification of exact requirements to a single line entry of estimated expenditure. Whilst I recognise the need for some flexibility, it is important for financial control and in the interests of accountability that a reasonable level of detail is provided. The problems of too rigid or inappropriate specifications could best be dealt with by earlier consultations with the Purchasing Branch, subject to a final review of equipment cost being carried out at a later stage. This could be done in the same way that staff costs are already reviewed by the FAO at the end of the formulation stage to ensure that the estimate is up to date. This might remove the FAO staff's reluctance to make amendments and ensure the best basis for project implementation.

Headquarters Purchasing Branch

55. The Purchasing Branch are usually first involved when a Purchase Requisition is raised by the user project stating what equipment is required and when. The project staff are required to state the specification of the equipment in general technical terms and not base it on one specific manufacturer's product. A list of potential suppliers may be provided. This procedure provides the basis for inviting suppliers to bid and reduces the risk of prejudging the selection. If a single supplier is favoured the Requisition should contain a request for waiver of bidding. In such cases a justification has to be presented and the specification tends to be more specific.

56. The Requisition is routed from the Project to Headquarters for financial and technical clearance against the Project Document. It is usually only after all relevant clearances have been obtained that the Purchasing Branch receive details of what equipment is required, when and for where.

57. Purchasing Branch are responsible for vetting the Requisition to ensure its conformity with the FAO's General Regulations. A list of potential suppliers is then identified from their library and invitations to bid are issued. The procedures specify that a minimum of 3 suppliers should be invited to bid but the Purchasing Branch usually include additional ones to build up experience of different companies. My staff were told that the usual practice was to approach between 6 and 8 suppliers.

58. Invitations specify that replies should be by sealed bid for orders over \$20,000, to be opened by appointed FAO officials. For lower valued orders over \$5,000 bids are normally made by letter or telex. While bidding is not mandatory for orders of less than \$5,000 the Organization pointed out that all staff are informed that they should maintain records justifying procurement decisions at all expenditure levels. Evaluation of suppliers' responses is carried out by the Purchasing Branch. Where all requirements have been met the Purchasing Branch raise a Purchase Order, which forms the basis of the purchase contract, for despatch to the successful supplier. Should responses not meet requirements on technical, cost or other grounds, the Purchasing Branch seek clarification from the Operating Divisions before either proceeding with the order or reissuing invitations to bid.

59. My staff noted a number of cases where project staff had carried out a comprehensive technical review and evaluation of the cost of different suppliers' equipment in the course of determining their requirements. Under current procedures the Purchasing Branch are still required to carry out their own exercise and may, in effect, duplicate work already carried out to a

satisfactory standard. My staff concluded that, in cases where preliminary work has been carried out by the Field, the papers should be provided to the Purchasing Branch with the Requisition. The Purchasing Branch could then decide whether to make use of this information and thereby avoid any unnecessary duplication of effort.

60. Delays in the purchasing process can occur for a number of reasons. For example, if the Requisition is not sufficiently clear or is too obviously directed at one product or supplier to allow the Purchasing Branch to construct an impartially worded invitation to bid, my staff found the Requisition is generally sent back to the Operating Division to be amended. This also applies if a waiver request is rejected or if the technical description needs to be more general to allow more suppliers to bid. Referrals to the Operating Divisions are passed on to the FAO Country Project Officer (CPO) who may need to consult with project staff. If suppliers raise technical questions on the invitation, offer alternative equipment or even fail to bid my staff found the Purchasing Branch usually has to approach the Operating Division for advice.

61. Country Project Officers are the focal point for Headquarters project management and administration and act as the main communications conduit between the Field and the Headquarters Technical and Central Units such as Purchasing Branch. The process of communicating and clearing procurement queries can be slow. The February 1989 Report of the Group of Experts on FAO's Field Operations (called for under FAO Conference Resolution 6/87) commented that "... CPOs in Headquarters must handle, on an average, 40 projects each ..." and "... was conscious of stress and overload at this point in the Organization".

62. The Organization informed me that the Purchasing Branch are taking the initiative to correspond directly with projects on their problems of equipment supplies, including specifications. The Organization consider this is assisting the workload of CPOs but does increase that of Purchasing Officers.

63. Another significant aspect of the purchasing process is the treatment of waivers. Whilst dispensing with bidding procedures might be expected to reduce the time required to place an Order, my staff often found that the additional administrative procedures for justifying these exceptions resulted in little time being saved. The level of authority required to approve waivers increases with the value of the case. Any sums over \$70,000, including Tied Aid cases, require Purchase Committee sanction (paragraph 43).

64. A key factor in securing timely delivery is adequate and accurate planning of equipment inputs. This starts with the formulation of the Project Document (paragraphs 46-47) but, to be effective, these dates need to be reviewed and updated in the light of developments. Under

the FAO's procedures this is covered by the project work planning exercise controlled by the Operating Divisions. However my staff noted that a significant factor in delivery delays is that projects do not always allow sufficient lead times for purchasing actions. The Organization have issued some advice (Field Programme Circular 12/89), on indicative suppliers' delivery times for different categories of equipment but it was too early for my staff to assess whether this advice was contributing to more timely equipment planning.

65. My staff considered that, to be of practical value to the Field, such information needs to be expanded to cover the whole process from authorising a Purchase Requisition to expected delivery, together with any general information relating to delivery conditions in particular countries. This information could be drawn from existing computer data for Purchase Orders but is not readily available for Field Purchase Orders because the Headquarters monitoring of this area is limited. The Organization informed me that a replacement document for Field Programme Circular 14/74 on Procedures for Procurement of Equipment and Supplies by Authorised Field Personnel is in the final draft stage. The Organization plan to issue this document before the end of the year.

66. To establish the duration of the procurement cycle my staff analysed the Purchasing Branch's computerised data on a sample of 90 purchases made for the projects visited. These covered a variety of major equipment categories. The results, which were communicated to the FAO, showed that it took on average 136 days (excluding the response time of suppliers to invitations to tender) from project staff requisitioning equipment to the Order being placed by the Purchasing Branch. The analysis also showed that an average clearance of 81 days through the Operating and Technical Divisions accounted for the greater part of this time.

67. On lead times the results showed that, with the exception of vehicles, projects had not allowed sufficient time before their declared Date Required for the Order to be placed. In no case was anything approaching a sufficient lead time allowed for the full procurement and delivery times identified. Timing of delivery for all categories of equipment had been underestimated by more than 100% and some by considerably more. The average time lag in delivery of equipment compared to the dates required was over 9 months. Even the best case (vehicles) was on average over 5 months late.

68. In addition to taking steps to speed up the procurement process, for example by insisting on sufficiently clear requisitions, I recommend that the time needed for this process should be disseminated widely to allow more realistic planning of lead times for delivery.

Effectiveness of Purchasing by the Headquarters

69. From their examination my staff concluded that the procedures for arranging competitive bidding, reviewing and evaluating bids and attaining a geographical distribution of orders were comprehensive and well executed. Nevertheless the time taken to carry out all the procedures and the time projects have to wait for equipment can be extreme. There is also a significant cost in terms of manpower and time in carrying out purchasing on a cycle determined on the basis of individual Requisitions. My staff were informed that bidding is combined if two or more Requisitions coincided but currently this would be more likely to happen by accident than design. I consider that the FAO should investigate ways in which they might reduce the number of tendering actions. It is significant that, in the analysis of the time required for the Procurement cycle (paragraphs 66 and 67), the shortest time required was for IAPSO listed vehicles where no tendering is required.

70. The FAO Manual Section covering Procurement allows waiving of the normal bidding procedures if "... identical items have been obtained during the previous 12 months (unless there has been a substantial change in price or market trends)". The Purchasing Branch already receive manufacturers' price lists for a large range of equipment and have data on the terms secured for recent and similar purchases. My staff therefore attempted to assess the impact of this provision through analysis of the FAO's data on suppliers and the overall pattern of ordering. They found that the Purchasing Branch database holds information by category of equipment not by supplier. No supplier-based statistics are available. The Organization informed me that financial difficulties have restricted the Purchasing Branch's ability to run such a database. In these circumstances priority has been given to establishing which suppliers are most cost effective in terms of cost and delivery.

71. On the basis of a review of selected commodities including trucks, tractors and generating sets, my staff concluded that the normal tendering process can often result in a significant number of orders being placed with the same limited number of suppliers but on the basis of separate and time consuming competitions. However my staff were told that, because project staff might specify basically the same requirement in a slightly different way, this often makes separate tender exercises necessary. Furthermore, the Organization told me that uncertainties over the timing of project approvals and funding restricted their ability to hold periodic competitions, although some had been held on the basis of reasonable assurances of funds forthcoming. Nevertheless my staff concluded that, if more standard specifications for common items of equipment were used and if there was more consultation at the project formulation stage (paragraph 52), Purchasing Branch would have the basis to approach suppliers periodically for fixed, longer term prices.

Individual orders could then be placed by reference to a computerised price data base without a full tender exercise being necessary each time. This approach might also address the problem of manufacturers always reserving the right to alter listed prices without notice. The Organization pointed out that greater Purchasing Branch involvement at the project formulation stage would reduce the need for separate tendering exercises and facilitate forward buying of equipment in some cases.

Purchasing by the Field

72. The main advantage of the Field Purchase Order procedure is its relative speed and flexibility. In many cases, where the Chief Technical Advisor in charge of a project controls all the elements of the procurement process, items ordered by Field Purchase Order could be purchased and delivered in the time usually required for the Purchasing Branch to action a Requisition. Use of Field Purchase Orders also relieves pressure on the Purchasing Branch because their involvement is confined to authorising payment of invoices from suppliers, provided the cost is within the delegated limits and reasonably close to that quoted on the Field Purchase Order.

73. The main controls over the Field Purchase Order system are the financial limit and the requirement for international competitive bidding. My staff were told that one of the main problems was knowing which international suppliers to approach. Despite this there was surprisingly little centrally produced guidance held by the projects they visited and there seemed a fairly widespread reluctance to ask Purchasing Branch for advice, generally on the premise that it might delay the procurement process. The majority had not seen an IAPSO Catalogue (paragraph 40) and only two had received any information on suppliers from the Purchasing Branch.

74. My staff were impressed with the attempts made by project staff to inform themselves about potential suppliers. This ranged from informal exchanges of local information to the use of external expertise. In one case the FAO Regional Office held information on the local availability of vehicles spares and in another the Chief Technical Advisor had built up his own reference library from information held by Embassy Trade Delegations on their national manufacturers.

75. However my staff found that for most projects visited the Chief Technical Advisors tended to rely heavily on major export warehouses or trading companies. These companies supply a wide range of equipment and produce catalogues which enable selection and price comparisons to be carried out with relative ease. Thus, in many cases examined only a limited form of competition was being carried out which did not necessarily provide the competitive pricing which might be obtained from direct contact with suppliers or a broader knowledge of the market. For instance, my staff noted a case where

motorcycles purchased from an export warehouse cost \$1,500 per unit more than similar ones bought direct from a supplier. In other cases inability to identify suppliers resulted in local purchases at a greater unit cost compared to prices secured internationally by other projects in the same country. However, in all cases examined the purchase process was carried out expeditiously.

76. Generally my staff found that, whilst genuine attempts are made to comply with procedures, the absence of basic, up-to-date information on equipment and suppliers can lead to single source or repeat orders, following limited initial competition. In acknowledging these points Chief Technical Advisors stressed to my staff that they often had no option in the time available. My staff found that, irrespective of experience and familiarity with the FAO's procedures, all Chief Technical Advisors interviewed felt they would benefit from additional guidance being provided by Headquarters on sources and availability of equipment.

77. Whilst acknowledging the efforts made in certain individual cases my staff concluded that the most effective way of providing this information, and keeping it up to date, would be for the Purchasing Branch to distribute lists of potential suppliers, including IAPSO publications, for particular commodities, to the Field. Only one project visited by my staff had obtained such a list; but it contained names and addresses of companies covering a far wider range of commodities than the project would ever need. Nevertheless, by relating such information more directly to the type and location of projects, it could have a valuable wider distribution.

Effectiveness of Purchasing by the Field

78. My staff noticed that projects were using the Field Purchase Order procedure very successfully for IAPSO listed vehicles, often to obtain quicker delivery of initial vehicles whilst the major higher value orders were being processed through Headquarters. However, under the current \$25,000 delegated limit the use that can be made of delegated purchasing authority by the Field is severely limited; generally only two vehicles can be purchased by the Field under this amount. It therefore seemed to my staff that the FAO are not obtaining the maximum benefit from the IAPSO initiative and should consider raising the delegated authority for vehicles ordered direct from manufacturers through this scheme, provided authority exists for the equipment in the Project Document and the budget appropriation is available. However, I recognise that further delegation to the Field can only take place where adequate administrative support exists both to projects and the FAO Representations.

79. From a review of project documentation my staff noted that certain projects were issuing very low average value Field Purchase Orders. My staff discovered that

this seemed to be the case where there were several local or regional centres of a project. Although the purchasing requirements for each centre pass through the Chief Technical Advisor for approval, there was little evidence of any attempt at coordination. In some cases, my staff noted that similar items were being purchased at similar times for the different centres.

80. My staff also found evidence of supplier resistance to low value orders because it was not always worth their while to process them. In other cases suppliers did not respond to requests for small value quotations or, where they did, my staff noted that the associated delivery costs were as high as for larger purchases. Whilst recognising the need for different centres to identify their own equipment requirements, my staff considered there was scope for greater coordination of some purchases at the time the orders are approved by the Chief Technical Advisor. This would minimise local overhead costs.

81. In one country my staff were informed that a particular reason for the large number of similar small value purchases was that many projects were not headed by an FAO staff member but by a National Project Director appointed by the host Government. In such cases, unless the Government is prepared to provide the FAO with an indemnity against errors or malpractice by its Official, the FAO do not allow the National Project Director the normal delegated authority to issue Field Purchase Orders.

Country Specifications

82. My staff noted cases where project staff considered that the equipment they received was not well suited to the project's location or operating conditions. They told my staff that problems with original specifications arose because they had not been consulted about queries made by Headquarters before Orders were placed. The cases noted by my staff include vehicles provided without essential accessories, provision of petrol vehicles in areas where petrol is scarce or of low quality; and computer software and manuals provided in the wrong languages.

83. In other cases the requirements between one country and another are dictated by factors other than climatic conditions and languages. For example, different technical specifications are required for different operating environments and in one case key electrical equipment was supplied at the wrong voltage. In another, standard IAPSO listed vehicles were requested on the Purchase Requisition with different wheels due to the difficulties of obtaining the original tyre size in the country. Additional vehicles of the required type were successfully purchased by the Field Purchase Order action but the main Headquarters Purchase Order was for vehicles with standard wheels. Given the difficulties of service and maintenance in most recipient countries such situations provide considerable problems for projects.

84. It was clear to my staff that there was no single reason for equipment being provided that was not entirely suitable. Sometimes this seemed to result from a failure to establish clearly at the outset the exact specifications of the equipment, the uses to which it would be put and the limitations of the operating environment. Standard specifications for common items of equipment, as recommended in paragraph 71, could assist project staff, especially where the detailed knowledge was not readily available on the project. My staff noted that for one project visited the creation of a standard specification for irrigation equipment, suitable for the conditions in the recipient country, was incorporated as a project objective.

85. I recommend that to avoid some of these problems greater attention should be paid across all projects to identifying specific country requirements before firm orders are placed. This should not in the long run lead to delays in project implementation as experience of the conditions prevailing in different countries and likely problem areas with suppliers should be known. Furthermore, more investment in getting it right at the start could reduce the risk of purchasing unsuitable equipment.

Delivery Procedures

86. Equipment, by whatever method it is ordered, can be subject to delivery delays, often outside the direct control of the FAO. My staff were told that projects often experience difficulty in obtaining clearance of their goods from customs and local port authorities, occasionally running into many months' delay. My staff noted one case where equipment remained at the port for 7 years and, in one country, projects have almost lost equipment through the local port periodically selling at auction uncleared items held in port transit stores.

87. My staff were told that, in the majority of cases, the recipient countries' customs procedures contributed to delays. However, from discussions with staff of the FAO and UNDP country offices in the Field, my staff concluded that delays often arose through lack of knowledge of what was required of them by project staff. Bearing in mind that project staff might be new to a particular country, my staff considered that brief guidance notes should be prepared on a country basis, setting out documentary and procedural requirements, together with usual lead times for local administration by host Government Agencies.

88. My staff found that the responsibility for dealing with local administrative requirements varied between the countries visited. In some cases where there was a UNDP presence, the UNDP office would be responsible for issuing documentation required for registering vehicles and obtaining duty free importation of goods for all projects. In another country arrangements for clearing Trust Fund and TCP projects equipment were carried out through the

FAO Representative's Office whereas the UNDP office dealt with UNDP projects only. Whilst my staff recognised the need for flexibility so that arrangements can be tailored to particular local circumstances, they considered that there was scope for greater coordination at the national level between the FAO and UNDP and for one agency to assume the responsibility and thereby develop the required expertise for all matters bearing on delivery.

Insurance

89. Under current FAO procedures arranging insurance for equipment in transit to a project is carried out by the FAO or by the supplier if specified on the Order. However my staff noted two areas of concern. Firstly, cover is sometimes provided only to the port of entry. This has caused problems in assessing responsibility for damage or loss between the port of entry and the project site. Secondly, cases arise where claims are debarred because they are made after expiry of the insurance contract. This is mainly because equipment is held in ports for long periods or is not immediately unpacked and tested. I am pleased to note that the FAO have recently drawn Field staffs' attention to the need for adequate insurance cover and for the immediate inspection of goods on receipt. To avoid delays in inspections project staff need to identify in good time those cases where it is necessary to involve a representative of the manufacturer, a local agent or an external consultant in installing and testing equipment.

Purchasing Spare Parts

90. Reliable and maintainable equipment is a key factor in the success of many projects. Project staff rate maintainability as highly as price in their selection of suppliers because time lost through unserviceable equipment can impact directly on the delivery of the project. Thus a substantial proportion of waiver requests are justified on the existence of a local servicing capacity. My staff were struck by the significant amount of time spent by project staff on spares and maintenance transactions and by the many different problems they faced.

91. Most spares are purchased through local agents. The agents vary enormously in quality and often have difficulty in providing an adequate service because they do not always hold all the required spares. Also some Chief Technical Advisors reported that Agents do not service equipment not purchased from them. My staff noted that this problem had been overcome in certain cases by placing Orders with the main supplier at the price and in the currency of the supplying country but routing them through a local agent.

92. In the case of vehicles, under the FAO's procedures, it is usual practice to procure up to 10 per cent of the value of each vehicle in essential and fast moving spares at the time of the initial purchase. In 1988-89 initial

vehicle spares ordered by the Purchasing Branch were estimated by my staff to have cost some \$2.5 million. The FAO have no data on the total volume or value of vehicle spares purchased directly by projects, although my staff estimated from the projects visited that it must be a significant item of expenditure. For example my staff calculated that to keep a fleet of 15 Landrovers in working condition on one project cost \$75,000 per annum. My staff considered that the practice of initial spares ordering might be extended to other equipment such as photocopiers.

93. My staff noted from their Field visits several different approaches adopted by projects to purchasing of vehicle spares. Some projects made bulk purchases at the time the vehicles were purchased, although storage can present severe security problems. In one project visited spares valued at \$37,000 were lost in two separate incidents. Other projects have spares packed in individual vehicle kits by the supplier and these are issued to vehicle users. Some buy spares on an ad hoc basis when required which tends to involve small orders and relatively high overhead costs relating to delivery and insurance. My staff noted an example where a \$700 spare part incurred a \$300 overhead cost.

94. Other problems included difficulties in identifying spares requirements in advance and establishing reliable sources of supply of original or good quality parts. Not all Chief Technical Advisors were satisfied that the vehicle suppliers used on some projects provided suitable fast moving spares. My staff were told of consignments for rough country and off road vehicles containing no suspension spare parts. Some projects have employed consultant mechanical engineers to draw up lists of appropriate fast moving spares to be purchased with the initial equipment.

95. My staff also noted the successful steps being taken by some project staff to reduce the costs of purchasing spares by considering alternative sources to the supplier from whom the original equipment was purchased. In one case, for spares priced at \$30,000 by the main supplier, a project had saved \$10,000 by using a specialist spares company which stocked extensive spares for several major manufacturers. Another case was noted where spares for refurbishing old equipment under a TCP project were obtained for \$14,000 direct from the manufacturer whereas the original supplier had quoted \$55,000.

96. From my staff's examination it is clear that spares and maintenance is an area with continuing significance for the success of projects and one where some coordinated guidance might be useful. Given the problems of identifying fast moving spares requirements it is important that, once suitable spares listings are drawn up, either by the equipment supplier or a consultant and that these should be communicated to all projects holding that equipment and operating in a similar environment.

Furthermore, the widely differing prices of spares, both within and between countries, leads me to the conclusion that some monitoring of price levels needs to be carried out to inform future purchasing decisions of both vehicles and spares.

Monitoring Performance

97. In view of the premium placed on the maintainability of equipment and the difficulties sometimes encountered in setting specifications, my staff enquired what procedures existed for monitoring and comparing the performance of different makes of equipment in the Field. They were told that significant equipment failures were reported through Evaluation Missions and the 6 monthly Project Progress Reports submitted to Headquarters. However, these Reports are normally expressed in fairly general terms. My staff found no evidence of any systematic or regular reporting of equipment performance nor any formal analysis and comparison of the reliability or suitability of the various types or makes of equipment used. Most project staff felt that such information would be useful but were wary of any increase in the reporting load they already carry.

98. The FAO consider that more detailed monitoring of equipment performance may not be cost effective and that the counterpart Government entities are best suited to monitor equipment performance. However, it appeared to my staff that a relatively simple form could be devised to identify successful equipments, as well as causes of equipment failure such as equipment design, operator error, poor maintenance and so on. It would be necessary for all such reports to take account of the equipments' performance specifications. Such a return would provide the FAO with a formal system of feedback which could inform future equipment formulation and tendering decisions.

FOLLOW-UP OF 1986-87 REPORT ON THE ADMINISTRATION OF TRUST FUND PROJECTS

99. In my Report accompanying the Regular Programme Financial Statements 1986-87 I made a number of observations and comments on the Administration of Trust Fund Projects. I suggested that procedures could be enhanced if the Organization took certain steps in addition to those, they informed my staff, they were already taking. It is my policy to follow-up the FAO's response to my previous Reports and therefore, my staff have reviewed the progress made and the results are set out in paragraphs 100 to 113 below.

100. The review was carried out by interviewing FAO staff at Headquarters and by examining the procedural changes that have been introduced and a sample of project documentation. Field visits were not undertaken because of the costs involved and therefore this review concentrated on project formulation and evaluation.

101. In my previous Report I recognised the complexities of administering Trust Fund projects, in which the Organization are involved with both donors and recipient Governments, as well as the problems they faced from managing projects in difficult operational circumstances. The FAO currently administer about 850 Trust Fund projects and in the 1988-89 biennium expenditure, including support costs, increased to \$355 million.

102. A number of the general issues on project management and organization raised by my Report have been subsumed by the Group of Experts' comprehensive and longer-term review of 'Certain Aspects of FAO's Goals and Operations', which is currently being taken forward following decisions by the 25th Session of the FAO Conference. In particular the FAO informed me that preparations are underway for strengthening project assessments to facilitate a more systematic review of Field operations by the Technical Committees and other Governing Bodies. In addition, the FAO have also made some progress in specific areas covered in my previous Report.

103. I recommended that in enhancing the administration of projects the FAO should consider the applicability of the United Nations Development Programme's (UNDP) detailed Guidelines on project formulation. The FAO have recently responded positively to this recommendation and published new Guidelines for the formulation of some Trust Fund projects based on those used by the UNDP. These Guidelines were introduced on a trial basis for a year on 1 March 1990 for Government Cooperative Programme projects, which account for 46 per cent of all Trust Fund activities.

104. In addition administrative procedures have been enhanced by the introduction of the new Project Formulation Framework and a revised Project Document. The Project Document includes a specimen Workplan which provides for the consideration of time constraints and a clearer statement of output targets which are linked to the projects' objectives and activities.

105. The Guidelines do not include a project appraisal checklist as used in the UNDP guidance. The Organization told my staff that projects are at present appraised by a Formulation Task Force who aid the lead Operating Division in finalizing the Project Document. The Programme for Work and Budget, 1990-91 states that a "project appraisal group and a team of project formulators would be set up in order to systematically enhance project quality". However, my staff were told that the financial aspects of this initiative are under review, and therefore arrangements for expert appraisal, independent of project formulation and prior to approval, as I recommended in 1988, are still not in place.

106. In 1988 I reported that PROSYS, a computerised system for Headquarters monitoring of Field programmes and

projects was being developed. However, in September 1988, shortly after my Report was published work on PROSYS was suspended due to financial constraints and the concurrent demands arising from the introduction of the computerised financial and personnel systems, FINSYS and PERSYS; although further enhancements have been made to the PIPELINE computerised system (PCS) maintained by the Field Programme Development Division. In the interim, two working groups have been set up to review all Field Programme management procedures and information systems, of which PROSYS was to be one. The review of procedures has resulted in the preparation of an action plan, the implementation of which is to be monitored by the Field Programme Committee. However, besides the approval of an overall strategy little progress appears to have been made towards establishing an integrated information system to monitor and analyse data relating to the Field Programme as a whole. The Organization informed me that they have now identified an extra-budgetary source of funding to enable development of the system to get underway again.

107. In my 1986-87 Report I noted that Progress Reports on projects had usually been completed in the prescribed format and regularly submitted to Headquarters within the specified time. However, I recommended that the content of these Reports could be improved by the inclusion of more analysis of progress against defined targets to facilitate enhanced monitoring and action by Headquarters staff. The format of Progress Reports has been improved with provision made for analysing achievements against objectives in a quantifiable way and assessing outputs against targets.

108. In 1988 I made a number of recommendations for strengthening project evaluation, which involves an assessment of the design, implementation and effectiveness of projects by persons not directly concerned with their formulation or implementation. Of the 166 project evaluation missions undertaken in the biennium, the independent Evaluation Service took part in 24, which is more than for the previous biennium. Whilst there was a shift towards achieving a more even distribution of the Evaluation Service's activity between Trust Fund and UNDP projects, 25 per cent (40) of all project evaluation missions were carried out on Trust Fund projects in the biennium compared with 29 per cent (40) of the 139 project evaluation missions carried out in 1986-87. The Organization informed my staff that there were other similar reviews of Trust Fund projects carried out with Donors. I recognise that the overall trend over the last decade has been towards doing slightly more Trust Fund project evaluations, and that the decision on such evaluations does not always rest with the FAO alone and needs to be taken in consultation or with the permission of the Donor. Nevertheless, I recommend that further steps could be taken to ensure a more even distribution of all evaluation activity between Trust Funds and other Field projects.

109. Plans for project evaluations are now regularly prepared by the Operating Units. The Evaluation Service review these plans and draw up, in consultation with the Units, a yearly programme of projects which are to be evaluated with the participation of their staff. For evaluations of programmes, involving a number of projects, the planning and organization is handled by the Evaluation Service. The FAO consider that as project evaluations cover the operational management needs of projects, it is appropriate that the Operations or Trust Funds Liaison Units coordinate the planning and organization of most project evaluations. I previously recommended that in order to play a more comprehensive role in drawing up plans and carrying out evaluations the independent Evaluation Service should be strengthened. At the time of my staff's review the service had a complement of 15 posts of which 10 were Professional posts. Four of the Professional posts (40 per cent) were vacant but steps were being taken to fill them.

110. The Organization told my staff that attempts are being made to improve the quality of evaluation mission Reports by setting at the outset clearer Terms of Reference. The Evaluation Service are also participating in a training course for National Project Directors who together with FAO project staff, are expected to be consulted by evaluation missions. However, I note that the course on Monitoring and Evaluation Techniques for Headquarters staff has been suspended. This decision was taken because the FAO considered that staff would first need training in project formulation work before they could carry out more difficult monitoring and evaluation reviews. The suspension of the course is of concern, as about 86 per cent of all evaluation missions in 1988-89 were carried out by non-Evaluation Service staff. The Organization informed me that training in these areas is under review and that resources permitting monitoring and evaluation courses would be resumed.

111. In 1988 I noted that the FAO intended to make fuller and more systematic use of the findings of project evaluations to assist in the management of current projects and improve the formulation and appraisal of project proposals. The Development Department has now designated a liaison point with the Evaluation Service to ensure more feedback on a regular basis. The Organization also pointed out that the procedures for ensuring feedback of evaluation missions to all interested parties are set out in the Director-General's Bulletin on Evaluation (DG 84/28). A summary of the outcome of evaluation missions is also included in the high level biennial review of Field Programmes, coupled with Reports on evaluation findings being made to Technical Committees of the Council. However there is still, in my view, scope to enhance procedures to ensure that comprehensive feedback from all evaluation missions is regularly provided to all appropriate staff in Technical Divisions and Operating Units and that action taken as a result is more closely monitored.

112. In conclusion, the above paragraphs highlight the progress the FAO are making in enhancing the formulation of projects and progress reporting. Some computer development work for improving the Headquarters monitoring of Field Programmes and projects has been suspended. My staff were told this was due to financial constraints and the demands currently placed on key FAO personnel by the introduction of new computerised financial and personnel systems. The Organization informed me that work on the computer system would now continue as an extra-budgetary source of funding has been identified.

113. In view of the importance of project evaluation I attach considerable weight to the need for a strong and independent Evaluation Service. I recommend that some training of non-Evaluation Service Staff should be maintained and consider there should be a more even distribution of evaluation activity between Trust Funds and other Field projects. I also consider that it is important for the FAO to enhance procedures to ensure that the results of evaluation missions are more widely disseminated throughout the Organization.

ACKNOWLEDGEMENT

114. I wish to record my appreciation for the co-operation and assistance extended by the Director-General and the staff of the Organization during my audit.

JOHN BOURN
(Comptroller and Auditor General
United Kingdom)
External Auditor

13 September 1990

OPINION OF THE EXTERNAL AUDITOR

To: The Conference of the Food and Agriculture Organization

I have examined the following appended financial statements numbered I to III, and relevant schedules of the Regular Programme of the Food and Agriculture Organization for the financial period ended 31 December 1989, in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances.

As a result of my examination I am of the opinion that the financial statements present fairly the financial position at 31 December 1989 and the results of the operations for the period then ended; that they were prepared in accordance with the stated accounting policies which were applied on a basis consistent with that of the preceding financial period, and that the transactions were in accordance with the Financial Regulations and legislative authority.

JOHN BOURN
Comptroller and Auditor General
United Kingdom
External Auditor

27 July 1990

Financial Statements of the Food and Agriculture Organization
of the United Nations for the Financial Period 1988-89
ended 31 December 1989

Regular Programme
(Consolidating Trust Funds and Support Costs)

Statements I to III and Relevant Schedules

CERTIFICATION OF FINANCIAL STATEMENTS

The amounts shown in the
statements properly reflect
the recorded financial
transactions for the period.

Approved:

Frederic A. Heim
Director
Financial Services Division

Edouard Saouma
Director-General

REGULAR PROGRAMME

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Regular Programme includes the accounts of the Trust Funds and Other Funds.

1. Accounting Period

The financial period of the Programme is a biennium.

2. Basis of Accounting

The financial statements of the Programme have been prepared under the historical cost convention.

3. Investments

Investments are stated at cost.

4. Translation Policy

Assets and liabilities in currencies other than United States dollars have been translated at the U.N. operational rates of exchange at the period end, which approximate to market rates, except in the case of advances to staff members.

Income and expenditure items, except for staff costs, in currencies other than United States dollars have been recorded at the U.N. operational rates of exchange in effect at the date of the transaction.

Exchange differences arise:

- (i) When purchasing non-dollar currencies as a result of differences between market rates and the U.N. exchange rate;
- (ii) When revaluing non-dollar currency holdings upon changes in the U.N. rate.

These differences are credited or charged to the Special Reserve Account.

The element of staff costs which is based on the currency of the Headquarters country is charged at the budget rate of exchange. Gains or losses arising from the difference between the budget rate and the rates at the time of payment are credited or charged to the Special Reserve Account.

.../...

5. Cash/Accrual basis of Accounting

The concepts used in the preparation of these financial statements combine both the accrual and cash bases of accounting.

With regard to the Regular Programme the specific treatment of the major categories of income and expenditure is as described below:

- (a) Contributions are amounts assessed on Member Nations net of the notional tax (staff assessment) relating to their respective nationals employed by the Programme. Contributions from Member Nations are recorded as receivable when they become due with the corresponding credit to the Reserved Surplus, and they are recognised as income when received. Uncollected contributions are included in the Reserved Surplus.

Contributions from nations which become Members during the biennium are included in Miscellaneous Income.

- (b) Miscellaneous Income is recognised on a cash basis except for bank interest and investment income which are recorded on an accrual basis.

- (c) Expenditure, apart from staff costs, includes:

- (i) Disbursements with regard to the current biennium's budget;
- (ii) Outstanding obligations defined as prospective liabilities arising, for example, from binding contracts or purchase orders made;
- (iii) Disbursements involving amounts in excess of those reported in the previous biennium as outstanding obligations.

Contributions to Trust Funds and Support Costs are recorded on a cash basis. Expenditure is charged on a cash basis unless agreements with the donor provide otherwise.

The cost of equipment owned by the Programme and the Trust Funds is charged to expenditure when purchased. It is shown on the Statement of Assets and Liabilities at a nominal value of \$1.

6. Staff Costs

Staff Costs on the Regular Programme are charged to programmes and TCP projects at predetermined standard rates which are adjusted at the period

end to reflect actual costs in Dollars calculated at the budget rate of exchange. Staff Costs on Trust Funds are charged to the relative projects at the actual Dollar amounts when incurred. Staff Costs on Support Costs are charged to programmes at predetermined standard rates which are adjusted at the period end, to reflect actual costs in Dollars at exchange rates pertaining to the months when the costs were incurred.

Separation (i.e. salary) payments to general service staff are provided for to the extent of 50% for the Regular Programme and fully for Trust Funds and Support Costs. Other non-salary separation costs, however, are charged when incurred. Repatriation grants relating to Trust Funds are fully provided for.

REGULAR PROGRAMME
TWENTY-EIGHTH FINANCIAL PERIOD 1988-89
BUDGET APPROPRIATIONS, TRANSFERS AND EXPENDITURE ^{a/}
FOR THE BIENNIUM ENDED 31 DECEMBER 1989

Chapter	Title	Budget Appropriations 1988-89				Expenditure including Outstanding Obligations at 31 December 1989	Balance of Appropriations carried forward for use in 1990-91	Balance of Appropriations at 31 December 19
		As Voted in Conference Resolution 7/87	Transferred to Tax Equalization Fund	Other Budgetary Transfers (net)	Budget as Amended			
		\$	\$	\$	\$	\$	\$	
1	General Policy and Direction	34 205 000	-	-	34 205 000	32 776 782	-	1 428 218
2	Technical and Economic Programmes	233 466 000	-	(5 000 000)	228 466 000	208 404 784 ^{b/}	-	20 061 216
3	Development Support Programmes	77 077 000	-	-	77 077 000	75 872 498 ^{b/}	-	1 204 502
4	Technical Cooperation Programme ^{d/}	63 148 000	-	-	63 148 000	29 028 655 ^{e/}	34 119 345 ^{e/}	-
5	Support Services	67 559 000	-	3 600 000	71 159 000	69 923 723	-	1 235 277
6	Common Services	16 305 000	-	-	16 305 000	15 450 688	-	854 312
7	Contingencies	600 000	-	1,400 000	2 000 000	1 985 407	-	14 593
	Total Effective Working Budget	492 360 000	-	-	492 360 000	433 442 537	34 119 345	24 798 118
8	Transfer to Tax Equalization Fund	54 600 000	(54 600 000)	-	-	-	-	-
		\$ 546 960 000	(54 600 000)	-	492 360 000	433 442 537	34 119 345	24 798 118

^{a/} Expenditure on staff costs is shown at the rate of exchange used in the Budget (Lire 1235 = US\$1); gains and losses on exchange on staff costs are transferred to the Special Reserve Account in accordance with Conference Resolution 27/77. In 1988-89, a net gain amounting to US\$10,852,400 was credited to the Special Reserve Account (Schedule 3.6).

^{b/} Expenditure on Chapters 2 and 3 includes the estimated cost of Field Programme Support for the following Programmes:

	US\$
United Nations Development Programme	3 042 089
World Food Programme	455 346
Trust Funds	11 629 723
	<u>15 127 158</u>

Additional support provided from other Chapters will be determined under a separate Cost Measurement System exercise (see paragraph 8 of the Director-General's Report).

^{c/} In accordance with Financial Regulation 4.3 the unobligated funds on the Technical Cooperation Programme will be carried forward for use during the 1990-91 Biennium.

^{d/} For project details see Annex I.1.

^{e/} Expenditure includes US\$2,407,237 held in Support Costs Funds (see Schedule 3.4).

BUDGET APPROPRIATIONS, EXPENDITURE AND OBLIGATIONS BY PROGRAMME^{a/}
FOR THE FINANCIAL PERIOD 1988-89
((\$'000))

<u>Chapter</u>	<u>Title</u>	<u>Budget Appropriations As Amended</u>	<u>Expenditure including Outstanding Obligations</u>	<u>Balance 31.12.1989</u>
1.	GENERAL POLICY AND DIRECTION			
	Governing Bodies	13 157	11 663	1 494
	Policy, Direction and Planning	9 639	9 626	13
	Legal	3 687	3 249	438
	Liaison	7 722	8 239	(517)
		<u>34 205</u>	<u>32 777</u>	<u>1 428</u>
		=====	=====	=====
2.	TECHNICAL AND ECONOMIC PROGRAMMES ^{b/}			
	<u>Agriculture</u>			
	Natural Resources	16 232	14 336	1 896
	Crops	26 211	24 110	2 101
	Livestock	16 285	14 473	1 812
	Research	15 319	14 514	805
	Rural Development	26 568	24 348	2 220
	Nutrition	15 174	14 342	832
	Information and Analysis	25 811	23 808	2 003
	Policy	27 883	25 024	2 859
	Programme Management	7 267	7 560	(293)
		<u>176 750</u>	<u>162 515</u>	<u>14 235</u>
		-----	-----	-----
	<u>Fisheries</u>			
	Information	4 506	4 450	56
	Exploitation and Utilization	14 346	11 717	2 629
	Policy	6 832	5 823	1 009
	Programme Management	5 039	5 592	(553)
		<u>30 723</u>	<u>27 582</u>	<u>3 141</u>
		-----	-----	-----
	<u>Forestry</u>			
	Resources and Environment	5 380	5 081	299
	Industries and Trade	3 807	2 818	989
	Investment and Institutions	7 560	5 517	2 043
	Programme Management	4 246	4 892	(646)
		<u>20 993</u>	<u>18 308</u>	<u>2 685</u>
		=====	=====	=====
		<u>228 466</u>	<u>208 405</u>	<u>20 061</u>
		=====	=====	=====

SCHEDULE 1.1
(Continued)

<u>Chapter</u>	<u>Title</u>	<u>Budget Appropriations As Amended</u>	<u>Expenditure including Outstanding Obligations</u>	<u>Balance 31.12.1989</u>
3.	DEVELOPMENT SUPPORT PROGRAMMES ^{b/}			
	Field Programme Plann. & Liaison	5 766	6 193	(427)
	Investment	21 118	18 318	2 800
	Special Programmes:			
	Freedom from Hunger Campaign/Action for Development	1 324	1 451	(127)
	Fellowships (André Mayer)	398	216	182
	FAO Representatives	47 651	48 798	(1 147)
	Programme Management	820	896	(76)
		<u>77 077</u>	<u>75 872</u>	<u>1 205</u>
		=====	=====	=====
4.	TECHNICAL COOPERATION PROGRAMME ^{c/}	63 148	29 029	34 119
		=====	=====	=====
5.	SUPPORT SERVICES			
	<u>Information and Documentation</u>			
	Public Information	8 342	7 868	474
	Library	5 296	5 124	172
	Publications	3 524	3 209	315
		<u>17 162</u>	<u>16 201</u>	<u>961</u>
		=====	=====	=====
	<u>Administration</u>	51 970	51 876	94
	<u>Programme Management</u>	2 027	1 847	180
		<u>71 159</u>	<u>69 924</u>	<u>1 235</u>
		=====	=====	=====

SCHEDULE 1.1
(Concluded)

<u>Chapter</u>	<u>Title</u>	<u>Budget Appropriations As Amended</u>	<u>Expenditure including Outstanding Obligations</u>	<u>Balance 31.12.1989</u>
6.	COMMON SERVICES	16 305 =====	15 451 =====	854 =====
7.	CONTINGENCIES	2 000 =====	1 985 =====	15 =====
	TOTAL	\$ 492 360 =====	433 443 =====	58 917 ^{d/} =====

a/ Expenditure on staff costs is shown at the rate of exchange used in the Budget (Lire 1235 = US\$1); Gains or losses on exchange on staff costs are transferred to the Special Reserve Account in accordance with Conference Resolution 27/77. In 1988-89 net gain amounting to US\$10,852,400 was credited to the Special Reserve Account (Schedule 3.5).

b/ Expenditure on Chapters 2 and 3 includes the estimated cost of Field Programme Support for the following programmes:

	US\$
United Nations Development Programme	3,042,089
World Food Programme	455,346
Trust Funds	<u>11,629,723</u>
	<u>15,127,158</u>

Additional support provided from other Chapters will be determined under a separate Cost Measurement System exercise (see paragraph 8 of the Director-General's Report).

c/ For project details see Annex 1.1.

	US\$'000
d/ Balance of appropriations (Statement I)	24,798
Unobligated funds in respect of Technical Cooperation Programme carried forward for use in 1990-91	<u>34,119</u>
	<u>58,917</u>

Statement II

REGULAR PROGRAMME
 TWENTY-EIGHTH FINANCIAL PERIOD 1988-89
 INCOME AND EXPENDITURE OF THE GENERAL FUND
 FOR THE PERIOD ENDED 31 DECEMBER 1989

<u>INCOME</u>	\$	\$	<u>EXPENDITURE</u>	\$
Member Nations' Contributions received (Schedule 3.1.1)		423 479 890	Expenditure (Statement I)	433 442 537
Less: Transfer to Working Capital Fund at 31 December 1988	(13 257 950)	410 221 940	Unobligated Funds in respect of 1988-89 T.C.P. carried forward for use in 1990-91 (Statement I)	34 119 345
Miscellaneous Income:				
Interest on Bank Accounts and Deposits	32 665 844			
Less: Paid to Trust Funds	(19 578 164)			
Paid to Terminal Payments Fund	(2 196 339)			
Other Payments	(1 146 895)	9 744 446		
		693 334		
Refund of Prior Years' Expenditure				
Lapse of Prior Years' Unliquidated Obligations	3 506 746			
Income from Commissary	41 093			
Rent of Conference and Office Facilities ^{b/}	4 019 910			
Special Contribution for T.C.P.	15 000 000			
Other Income	480 135	33 485 664		
Transfer from Working Capital Fund at 31 December 1989 ^{c/}		17 977 238		
Excess of Expenditure over Income		5 877 040		
		\$ 467 561 882		\$ 467 561 882

a/ Repaid to the Working Capital Fund out of the receipt of arrears of contributions in accordance with Financial Regulation 6.5(b).
 b/ Net receipts for non-FAO use of Conference and Office facilities.
 c/ In accordance with Financial Regulation 6.2(a)(1).

REGULAR PROGRAMME
TWENTY-EIGHTH FINANCIAL PERIOD 1988-89
STATEMENT OF ASSETS AND LIABILITIES AT 31 DECEMBER 1989

<u>ASSETS</u>			<u>LIABILITIES</u>	
	\$	\$		\$
<u>Liquid Assets</u>			Accounts Payable	32 522 419
Cash at Banks, in Hand and in Transit	5 916 085		Outstanding Obligations	39 352 459
Bank Deposits and Interest-bearing Bank Accounts	<u>199 627 430</u>	205 543 515	Unobligated Funds of the 1988-89 Appropriation of the Technical Co-operation Programme reserved for use in 1990 (Schedule 3.3)	34 119 345
<u>Accounts Receivable</u>			Trust funds	143 821 093
Outstanding Contributions of Member Nations:			Other Accounts	97 005 295
Contributions unpaid and due (Schedule 3.1.1)	150 782 092		Special Reserve Account (Schedule 3.5)	19 510 876
Contributions payable by instalments in settlement of arrears (Schedule 3.1.1)	254 875		Working Capital Fund (Schedule 3.6)	-
	<u>151 036 967</u>	a/	Reserved Surplus, equalling total of uncollected contributions from Member Nations, amounts due as advances to the Working Capital Fund, amounts due to the Special Reserve Account and written-down value of FAO-owned equipment, furniture and vehicles	156 549 797
Amounts due to Special Reserve Account	3 490 067		Excess of Expenditure over Income for the biennium	(5 877 040)
Amounts due as advances to Working Capital Fund	<u>2 022 762</u>	156 549 796	Accumulated Excess of Expenditure over Income at 31 December 1987	<u>(46 830 083)</u> (52 707 123) b/
Accrued Interest	5 353 533			
Other Accounts Receivable	<u>36 017 708</u>	41 371 241		
<u>Investments</u>				
Investments at cost price plus accrued interest:				
Compensation Plan Reserve Fund (Market value at 31 December 1989 \$24 206 638)	20 995 813			
Separation Payments Scheme Fund (Market value at 31 December 1989 \$52 177 463)	<u>45 713 795</u>	66 709 608		
<u>Capital Assets</u>				
Written-down value of FAO-owned equipment, furniture and vehicles		1		
		<u>\$ 470 174 161</u>		<u>\$ 470 174 161</u>

a/ See also paragraph 5 of the Director-General's report.

b/ The amount shown would have been offset completely by receipt of outstanding contributions (\$151,036,967) and an excess of income over expenditure would have resulted.

CONTRIBUTIONS OF MEMBER NATIONS

CONTRIBUTIONS UNPAID AND DUE AT 31 DECEMBER 1989

(EXCLUDING CONTRIBUTIONS PAYABLE BY INSTALMENTS IN SETTLEMENT OF ARREARS)^{a/}

<u>Member Nation</u>	<u>1986 and Prior</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Total Outstanding</u> <u>31 December 1989</u>
	\$	\$	\$	\$	\$
Antigua and Barbuda	-	-	24 032	24 032	48 064
Argentina	-	1 685 994	1 778 368	1 778 368	5 242 730
Belize	-	-	-	24 032	24 032
Benin	-	-	20 556	24 032	44 588
Bolivia	-	-	-	24 032	24 032
Botswana	-	-	-	1 870	1 870
Brazil	-	-	-	4 034 650	4 034 650
Burkina Faso	-	-	4 102	24 032	28 134
Burundi	30 793	19 800	24 032	24 032	98 657
Cameroon	-	-	-	9 974	9 974
Cape Verde	-	-	24 032	24 032	48 064
Central African Republic	-	-	-	-	-
Chad	-	-	-	19 124	19 124
Chile	-	-	-	101 400	101 400
Comoros	-	3 863	24 032	24 032	51 927
Cook Islands	-	-	-	24 032	24 032
Côte d'Ivoire	-	-	40 961	48 064	89 025
Cuba	-	-	103 700	264 352	368 052
Democratic Kampuchea	91 020	19 800	24 032	24 032	158 884
Djibouti	-	-	-	24 032	24 032
Dominica	-	-	-	6 143	6 143
Dominican Republic	101 365	79 200	96 128	96 128	372 821
Ecuador	-	-	80 941	9 769	90 710

SCHEDULE 3.1.2
(Continued)

Member Nation	1986 and Prior \$	1987 \$	1988 \$	1989 \$	Total Outstanding 31 December 1989 \$
El Salvador	-	-	24 032	24 032	48 064
Equatorial Guinea	31 434	19 800	24 032	24 032	99 298
Gabon	-	-	67 814	96 128	163 942
Gambia	-	-	14 305	24 032	38 337
Ghana	-	-	-	24 032	24 032
Greece	-	-	-	103 703	103 703
Grenada	-	11 576	24 032	9 858	45 466
Guatemala	6 545	39 600	48 064	48 064	142 273
Guinea	-	-	24 032	24 032	48 064
Guinea Bissau	-	-	-	24 032	24 032
Guyana	-	-	-	14 438	14 438
Haiti	-	-	-	24 032	24 032
Honduras	-	-	685	24 032	24 717
Iran	-	-	1 612 688	1 826 432	3 439 120
Iraq	-	-	-	336 448	336 448
Israel	-	-	12 167	368 832	380 999
Jamaica	-	-	-	48 064	48 064
Kenya	-	-	-	23 728	23 728
Kuwait	-	-	-	773 569	773 569
Laos	-	-	-	24 032	24 032
Lebanon	-	-	-	6 209	6 209
Liberia	-	-	11 546	24 032	35 578
Libya	-	-	-	645 972	645 972
Mali	-	-	9 999	24 032	34 031
Mauritania	-	-	-	17 355	17 355
Niger	-	-	-	24 032	24 032
Pakistan	-	-	1 228	31 824	33 052
Panama	-	-	42 634	48 064	90 698
Papua New Guinea	-	-	-	24 032	24 032
Paraguay	-	-	-	14 245	14 245

b/

b/

SCHEDULE 3.1.2
(continued)

Member Nation	1986 and Prior	1987	1988	1989	Total Outstanding 31 December 1989
	\$	\$	\$	\$	\$
Peru	-	157 782	192 256	192 256	542 294
Philippines	-	-	-	97 195	97 195
Poland	-	-	1 700 000	1 850 464	3 550 464
Qatar	-	-	120 160	120 160	240 320
Romania	1 741 085	455 400	552 736	552 736	3 301 957
Rwanda	-	-	-	24 032	24 032
St. Christopher and Nevis	-	9 178	24 032	24 032	57 242
St. Vincent and Grenadines	-	-	-	12 016	12 016
Sao Tomé and Príncipe	31 366	19 800	24 032	24 032	99 230
Senegal	-	-	7 338	24 032	31 370
Seychelles	-	-	19 375	24 032	43 407
Sierra Leone	16 324	19 800	24 032	24 032	84 188
Solomon Islands	-	-	-	24 032	24 032
Somalia	-	-	24 032	24 032	48 064
Sudan	-	-	-	24 032	24 032
Suriname	-	11 634	24 032	24 032	59 698
Syria	-	78 742	120 160	120 160	319 062
Togo	-	-	-	24 032	24 032
Turkey	-	-	708 926	985 312	1 694 238
Uganda	-	-	20 314	24 032	44 346
United Arab Emirates	310 160	-	528 704	528 704	1 367 568
United States of America	17 320 869	25 089 343	35 680 000	42 344 137	120 434 349
Yemen, Peoples Dem. Rep. of	-	-	-	23 532	23 532
Yugoslavia	-	-	-	900 000	900 000

SCHEDULE 3.1.2
(concluded)

<u>Member Nation</u>	<u>1986 and Prior</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Total Outstanding</u> <u>31 December 1989</u>
	\$	\$	\$	\$	\$
Zaire	-	-	13 802	-	13 802
Zambia	-	-	-	11 051	11 051
Zimbabwe	-	-	-	48 064	48 064
	\$	\$	\$	\$	\$
	19 680 961	27 721 312	43 946 105	59 433 714	150 782 092

a/ Shown in Schedule 3.1.3.

b/ Taking account of those amounts due or overdue at 31 December 1989 in respect of arrears of Contributions Payable by Instalments as shown in Schedule 3.1.3 Columns 9 and 10, the total amounts of contributions unpaid and due from these Member Nations are:

Antigua and Barbuda	\$ 49 205
Central African Republic	6 804
Chad	61 491
Comoros	41 760
Guyana	52 880
Paraguay	42 735

CONTRIBUTIONS OF MEMBER NATIONS
CONTRIBUTIONS PAYABLE BY INSTALMENTS IN SETTLEMENT OF ARREARS
AT 31 DECEMBER 1989

Member Nation	Conference Resolution	Balance Outstanding 1 January 1988				Paid in 1988-89				Overdue (9)	Due in Future Years (10)
		Overdue (1)	Due 1988 (2)	Due 1989 (3)	Due in Future Years (4)	Overdue (5)	Due 1988 (6)	Due 1989 (7)	Due in Future Years (8)		
Antigua and Barbuda	14/87	-	6 151	6 151	43 054	-	6 151	-	-	6 151	43 054
Central African Republic	16/81	6 805	6 804	6 805	6 804	6 805	6 804	6 805	-	-	6 804
Chad	18/85	10 230	10 249	10 248	51 243	10 230	10 249	-	-	10 248	51 243
Comoros	13/83	6 721	7 008	7 007	21 024	-	-	-	-	20 736	21 024
Democratic Kampuchea	-	6 427	6 426	-	-	6 427	6 426	-	-	-	-
Guyana	15/87	-	6 610	6 610	52 880	-	6 610	6 610	-	-	52 880
Nicaragua	19/79	-	3 881	-	-	-	3 881	-	-	-	-
Paraguay	19/85	14 245	7 122	7 123	42 735	14 245	7 122	7 123	-	-	42 735
Total		44 428	54 251	43 944	217 740	37 707	47 243	20 538	-	37 135	217 740

Total Schedule 3.1.1

360 363
=====

105 488
=====

254 875
=====

TRANSACTIONS ON THE TECHNICAL COOPERATION PROGRAMME

1986-87 BUDGET APPROPRIATIONS

FOR THE FINANCIAL PERIOD 1988-89

INCOME

Balance of unobligated funds brought forward
at 1 January 1988 in accordance with
Financial Regulation 4.3

\$

27 764 190

\$

27 764 190
=====

EXPENDITURE

Expenditure including outstanding
obligations incurred during
1988-89

\$

27 764 190

27 764 190
=====

SCHEDULE 3.3

TRUST FUND

REGULAR PROGRAMME TRUST FUND AT 31 DECEMBER 1989

D O N J R

	BALANCE AT 1 JANUARY 1988	RECEIPTS 1988	RECEIPTS 1989	PAYMENTS 1988	PAYMENTS 1989	BALANCE AT 31 DECEMBER 1989
GOVERNMENT SPONSORED SCHEMES						
AUSTRALIA	1 928 221	626 483	1 067 130	701 970	894 816	2 035 154
AUSTRIA	170 020	90 373	68 744	94 202	56 752	177 988
BAHAMAS	126 038-	162 073	12 542-	21 347		751
BELGIUM	8 938 738	6 155 375	6 968 168	6 945 886	6 507 921	9 508 274
BENIN	59 538			21 978		37 560
BOLIVIA		53 270	3 433		51 829	1 924
BOTSWANA	346 738	286 010	228 365	372 693	420 513	68 603
BRAZIL	591 444	1 683 345	2 959 703	1 735 062	2 367 500	1 130 630
CAMEROON		51 771	1 444	32 721		20 054
CANADA	274 700	183 250	472 713	293 209	230 702	356 143
CHILE	547 410	613 823	1 113 543	330 869	814 937	630 775
CHINA PEOPLE'S REP	334 568	18 583	19 261	81 032	52 930	238 552
CJMBRUS ISLANDS	6 192	1 583-	112 435	9 473	5 539	101 032
CONGO	447 941	881 435	317 675-	779 746	95 570	147 435
DEM ARK	8 318 927	7 905 554	15 797 966	12 513 636	10 976 811	8 526 930
EGYPT	18 352	1 390	1 290	5 727	4 167-	18 172
EQUATORIAL GUINEA			71 038		105 827	34 785-
ETHIOPIA	345 156	214 810	25 190	153 360	132 757	338 545
FIJI/ALID	699 320	2 613 597	2 121 152	1 977 519	2 098 879	1 357 772
FRANCE	2 201 029	4 632 245	2 060 536	1 490 902	1 665 842	5 747 066
GABON	278 715	563 893	556 726	493 593	394 454	511 347
GAMBIA	50 993	72 392	135 619	100 582	105 337	53 075
GERMANY FED REP	1 320 296	1 231 285	1 726 417	1 165 923	1 527 259	1 584 816
GHANA	10 174					10 174
GJIVEA	20 437-	62 685	35 064	75 651	9 913	8 452-
INDIA	1 217 330	62 317	57 452	411 585	196 491	725 122
INDONESIA	17 710	174 230	2 832 137	140 703	1 796 654	1 056 720
IRAN	278					
IRAQ	112 501	5 653	26 902	34 750	79 816	278
IRELAND	22 925	49 500	28 519	54 559	43 119	30 450
ITALY	13 478 910-	56 370 336	37 223 460	29 446 991	31 749 541	6 673-
JAMAICA	154 055	449 956	177 866	357 091	304 733	18 919 454
JAPAN	6 305 539	5 994 533	12 471 617	4 650 690	11 374 327	110 083
KOREA, REP. OF			67 056		29 575	9 236 676
KUWAIT	1 793 936	551 593	97 353	774 967	690 929	37 481
LESUTHO		60 602	60 430-	172		587 001
LIBYA	2 034 259	75 419	103 775	353 300	449 656	502 958

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REGULAR PROGRAMME TRUST FUND AT 31 DECEMBER 1989

(continued)

D O N J R

	BALANCE AT 1 JANUARY 1988	RECEIPTS 1988	RECEIPTS 1989	PAYMENTS 1988	PAYMENTS 1989	BALANCE AT 31 DECEMBER 1989
GOVERNMENT SPONSORED SCHEMES						
MADAGASCAR	34 953	824	537	29 401	119	7 394
MALAWI	210 362	9 367	3 975	127 568	53 172	42 544
MALTA	4 427	271	356			5 054
MAURITANIA	87-	103 726	4 256	45 516	1 522	60 957
MEXICO	860 951	1 408 497	2 091 920	1 103 036	1 135 339	2 122 954
MOROCCO	207 122			178 393	23 599	4 630
MOZAMBIQUE	11 314	85 744	142 992	1 371	140 693	59 486
NEPAL	273 336	576 360	3 879	547 331	512 256	206 462-
NETHERLANDS	7 172 987	23 613 589	21 436 292	22 966 723	22 831 060	5 822 185
NEW ZEALAND	10 670	62 650	4 314		119	78 016
NICARAGUA	55 304-	55 304				
NIGERIA	72 579	41 065-	1 767			22 281
NORWAY	2 660 173	3 563 154	3 791 325	3 290 826	3 206 659	3 527 168
PAKISTAN	2 334 501	1 302 107	77 897	1 336 545	1 144 250	631 710
PORTUGAL	7 051			1 017		6 034
SAUDI ARABIA	22 617 338	11 659 713	3 318 016	14 535 239	15 509 579	13 945 250
SOMALIA	639 429	313 431	44 318	253 682	210 679	532 917
SPAIN	1 011 304	147 878	216 018	172 559	204 543	558 098
SRI LANKA	26 823	1 371	72 884	15 182	11 324	74 572
SUJAN	576 953	583 659	64 326	575 572	302 429	346 837
SWAZILAND	4 436	144	169			4 745
SWEDEN	3 950 007	1 123 663	6 354 900	7 240 445	4 740 372	547 241-
SWITZERLAND	4 126 570	2 593 403	4 269 571	4 205 075	4 611 191	2 152 293
TANZANIA	3 637 061	3 495 236	2 613 504	3 973 454	3 199 557	2 572 750
TRINIDAD AND TOBAGO	130 976	5 331	1 353	99 635	19 950	17 924
TUNISIA	36 977	51 530	283 567	59 424	40 407	278 301
TURKEY	2 624 834	5 978 163	615 582	2 329 761	1 953 527	5 235 346
UGANDA			561 136		34 175	526 961
UNITED ARAB EMIRATES	23 436-	1 303-				25 235-
UNITED KINGDOM	54 886	74 966	67 832	113 375	92 041	2 268
UNITED STATES (USA)	909 152	2 735 520	2 118 938	1 443 345	1 835 270	2 484 552
URUGUAY	12 621	629 402	50 324-	113 487	269 625	205 067
YEMEN ARAB REPUBLIC	694 235	459 393	1 053 230	832 124	696 104	658 627
YEMEN PDR	1 010 733	1 657 322	2 520 525	1 668 736	1 452 564	2 067 760
ZAIRE	146 595	104 322	123 808	147 422	59 967	167 806
ZAMBIA	794 412	517 443	904 653	980 008	739 017	557 488
TOTAL GOVERNMENT SPONSORED SCHEMES	82 136 390	154 166 353	147 469 944-	134 455 929	140 257 966	109 108 792

SCHEDULE 3.3

(continued)

TRUST FUND

REGULAR PROGRAMME TRUST FUND AT 31 DECEMBER 1989

	BALANCE AT 1 JANUARY 1989	RECEIPTS 1989	RECEIPTS 1989	PAYMENTS 1989	PAYMENTS 1989	BALANCE AT 31 DECEMBER 1989
NON-GOVERNMENT SPONSORED SCHEMES						
AFRICAN DEVELOPMENT BANK		207 462	668 173	76 377	293 019	505 740
AKTIONSGEMEINSCHAFT SOLIDARISCHE WELT (ASJW)	19 332	1 130	696	10 369	8 477	2 333
ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT	142 004	5 363	102 911	92 552	75 573	82 150
ARAB GULF FUND FOR JN DEVELOPMENT ORGANIZATIONS	2 378 350	1 814 970	470 522	1 931 079	1 203 548	1 579 225
ARAB ORGANIZATION FOR AGRICULTURAL DEVELOPMENT (AOAD)	160 612	8 810	10 706	23 310	25 323	130 955
ASIAN DEVELOPMENT BANK			205 928		127 946	77 982
AUSTRALIAN DEVELOPMENT ASSISTANCE BUREAU A/DAB/UNDP TRUST FUND						
AUSTRALIAN FFHC COMMITTEE	87 256	223-	1 060-	27 781	1 265	58 209
BAND AID/LIVE AID	1 716			427		
BANQUE ARABE POUR LE DEVELOPPEMENT ECONOMIQUE EN AFRIQUE (BADEA)	14 063-	241 643	623 189	241 645	623 199	
C.S. FUND (CALIFORNIA)		492-	14 631	29	47	
CATHOLIC COMMITTEE FOR FFHC, SPAIN - MAJUS UJIDJS	237 520	3 307	7 613	29 593	142 285	7 613
CENTRO INTERNAZIONALE CRUCEVIA (CRUCEVIA)	47 926	1 723	145 944	19 052	1 779	24 758
CHRISTIAN AID, UK		20 732	2 353		8 213	14 972
COMMUNAUTE ECONOMIQUE DE L'AFRIQUE DE L'OUEST (CEAO)	15 051	6 579-		243		8 229
CONFERENCE OF ARAB MINISTERS OF AGRICULTURE IN THE GULF	719 377	43 419	48 264	62 836	103 032	645 183
DANISHUR-HAID (DENMARK)	45 021	3 563-	12 324-	37 543	14 195-	5 781
DEUTSCHE WELTHUNGERHILFE, GERMAN NATIONAL FFHC COMMITTEE	201 365	372-	5 700-	156 700	25 231	3 862
EUROPEAN ECONOMIC COMMUNITY (EEC)	1 314 774	755 305	892 391	1 520 497	237 507	1 104 456
FAD MONEY AND MEDALS PROGRAMME	400 412	375 355	676 663	247 583	351 554	843 253
FERTILIZER INDUSTRY ADVISORY COMMITTEE (FIAC)	378 321	662 331	541 154	339 001	675 540	517 765
FOOD AND AGRICULTURE ORGANIZATION	81 959	107 214	126 860	65 732	79 159	171 142
FOOD FOUNDATION (THE)	6 075	100	1 175-	5 000		
GEDECC NEDERLAND B.V., EX LISA FABRIEKEN	1 922	119	75			2 115
GERMAN PROTESTANT CENTRAL AGENCY FOR DEVELOPMENT AID	7 399	473	318	772-		8 945
INSTITUT MONDIAL DU PHOSPHATE (MOROCCO)	16 071	17 368	2 019	2 246	19 129	14 062
INTERMON	9 292	432	45	9 141		628
INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)	1 176		1 176-			
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)	74 620-	122 352	38	47 015	7-	1 062

REGULAR PROGRAMME TRUST FUND AT 31 DECEMBER 1989

(continued)

NON-GOVERNMENT SPONSORED SCHEMES	D O N O R		RECEIPTS		PAYMENTS		BALANCE AT	
	1 JANUARY 1989	1 JANUARY 1989	1989	1989	1989	1989	31 DECEMBER 1989	31 DECEMBER 1989
INTERNATIONAL JJTE ORGANIZATION	10 565	9 518-	26	334			715	
INTERNATIONAL OLIVE OIL COUNCIL	5 797-			5 797-				
INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)	1 455	62 764	416	41 210	12 688		10 037	
IRISH FFHC COMMITTEE, BORTA	7 439	53 275	669	30 329	1 560		5 455	
LATIN AMERICAN ORGAN. FOR FISHERIES DEVELOPMENT (LOPESCA)		139 197	204 419	38 087	252 824		52 704	
MASSEY FERGOSSON	2 176	133	175				2 484	
MISCELLANEOUS DONORS	1 675 493	271 719	441 445	61 390	19 544		2 307 723	
MIREUR, F.R.	1 529	1 529-						
NORWEGIAN AGENCY FOR INTERNATIONAL DEVELOPMENT (NORAD)	86 109	27 345	23 313	48 293	22 675		65 799	
OFFICE OF THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES	205 950		5 494	109 500	307-		58 167	
OPEC FUND	279 817	16 721		33 090	221 069		51 874	
PERMANENT INTERSTATE COMMITTEE ON DRUGS CONTROL IN SAHEL (CILSS)	747 252-		209 954	28 553	9 909		575 660-	
ROCKEFELLER FOUNDATION	7 192-	7 192	126 331	10 904			126 331	
SIDA TRUST FUND FOR LESOTHO ADMINISTERED BY UNDP	12 788	73+	738	74	4 667		5 615	
SWEDISH FREE CHURCH AID (DIAKONIA)	24 548	19 346	7 643	40 623	73-		11 587	
TROCAIRE THE CATHOLIC AGENCY FOR WORLD DEVELOPMENT - IRELAND	649 142		4 770 000	4 317 790	1 156 236		134 884-	
UN CAPITAL DEVELOPMENT FUND (UNCDF)	197 821		110 176	211 669	42 549		53 379	
UN DEVELOPMENT FUND FOR WOMEN (UNIFEM)	3 371	9 000	19 000		1 205		28 866	
UN EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION (UNESCO)	1 325 174	381 000	370 000	1 242 239	553 709		21 763-	
UN EMERGENCY OPERATIONS (UNEP)	203 025-	966 231	446 292	901 327	649 481		440 820-	
UN FINANCING SYSTEM FOR SCIENCE AND TECHNOLOGY FOR DEVELOPMENT	25 075	4 000		27	23 250		758	
UN FUND FOR DRUG ABUSE CONTROL (UNFAC)	99 996	99 120-		358				
UN FUND FOR POPULATION ACTIVITIES (UNFPA)	37 113-	3 559 971	6 180 531	2 798 065	4 458 691		2 446 652	
UN SPECIAL FUND FOR UNEMPLOYED DEVELOPING COUNTRIES	9 359	35 985	1 957 024	27 967	1 593 562		17 477	
UN SUDAN-ARABIAN OFFICE (UNSO)	695 939-	2 609 161	1 320 651	2 004 147	4 670 311		272 507	
UN TRUST FUND FOR AFGHANISTAN	57 596	1 283 000		52 057	4 381 273		13 505	
UNDP ENERGY ACCOUNT				33 435	10 652			
UNDP TRUST FUND FOR ASSISTANCE TO REFUGEES IN AFRICA - ICARA II	12 210	154 983		73 342	38 653		65 150	

SCHEDULE 3.3
(continued)

TRUST FUND

REGULAR PROGRAMME TRUST FUND AT 31 DECEMBER 1989

	BALANCE AT 1 JANUARY 1988	RECEIPTS 1988	RECEIPTS 1989	PAYMENTS 1988	PAYMENTS 1989	PAYMENTS 1989	BALANCE AT 31 DECEMBER 1989
JUNIOR							
NON-GOVERNMENT SPONSORED SCHEMES							
UNEP TRUST FUND FOR THE NATIONALHOOD PROGRAMME OF THE FUND NAMIJIA	164 985				61 795	5 541-	108 731
UNION DOJANIERE ET ECONOMIQUE D'AFRIQUE CENTRALE (JDEAC)	27 317	1 654	2 122	1 474			30 119
UNITED NATIONS OFFICE FOR EMERGENCY OPERATIONS IN AFRICA (UNOCHA)	257 345			173 769	242 659		159 082-
UNITED NATIONS ORGANIZATION	1 130			562-	773-		2 615
USA FOR AFRICA (UNITED SUPPORT OF ARTISTS FOR AFRICA)		53 789	12 220	33 009	27 804		11 157
TOTAL NON-GOVERNMENT SPONSORED SCHEMES	9 324 040	13 922 130	30 166 399	17 423 233	19 018 446		17 371 790
MULTIDONOR PROJECTS							
ARGENTINA - SUPPORT FOR MAPUCHE COMMUNITIES		100 489	5 632	7 323	79 305		20 543
ARGENTINA - SUPPORT FOR LA SARITA AGRICULTURAL SCHOOL		13 225	1 371		535		19 061
BENIN - PROGRAMME DE SOUTIEN (PART I)			4 503		875		2 628
ETHIOPIA - SUPPORT OF WOMEN'S ASSOCIATIONS IN SETTLEMENT SCHEMES		394-	8 420	2 319-	4 475		181
ETHIOPIA - AGRICULTURAL DEVELOPMENT IN ABELA FARECHEW SERVICE COOPERATIVE		1 380	1 292	16 064	1 282		17 033
ETHIOPIA - AGRICULTURAL REHABILITATION IN WEYITO VALLEY							
GHANA - SRAFA SALT PROJECT	33 923	2 080	35 997-	11			
GHANA - SMALL-SCALE FARMING AND FOOD PROCESSING PROGRAMME IN THE GREATER ACCRA REGION	3 425	53	1 672-	20 931	69		19 154-
GHANA - WOMEN'S FISH PRODUCTION PROJECT	2 338	3 178	32 409	262	19 620		18 103
INDIA - COMMUNITY EDUCATION MEDIA EXPERIMENT UTTAR PRADESH			18 896		17 407		1 485
INTER-REG. - FIGHT AGAINST MOUTH DISEASE - EMERGENCY AID PROGRAMME	18 235	12 705	1 228	14 735			17 423
	80 319	12 561	30 513		12 563		111 230

(continued)

REGULAR PROGRAMME TRUST FUND AT 31 DECEMBER 1999

	BALANCE AT 1 JANUARY 1998	RECEIPTS 1998	RECEIPTS 1999	PAYMENTS 1999	PAYMENTS 1999	BALANCE AT 31 DECEMBER 1999
MULTIDONOR PROJECTS						
INTER-REG. - ANIMAL PRODUCTION AND HEALTH COMMISSION FOR ASIA, F. EAST AND S.W. PACIFIC	131 779	67 341	59 341	74 006	60 102	124 353
INTER-REG. - DESERT LDCJST - COMMISSION FOR CONTROLLING THE DESERT LDCJST IN NORTH-WEST AFRICA	406 714	202 341	113 736	348 935	240 521	133 235
INTER-REG. - DESERT LDCJST - COMMISSION FOR CONTROLLING THE DESERT LDCJST IN THE YEAR EAST	736 737	124 825	63 411	794 935	203 419	73 360-
INTER-REG. - DESERT LDCJST CONTROL PROJECT	256 130	72 134	134 554	26 779	245 986	200 053
INTER-REG. - EUROPEAN COMMISSION FOR THE CONTROL OF FOOT-AND-MOUTH DISEASE	17 278	209 557	157 181	197 412	173 769	17 846
INTER-REG. - INTERNATIONAL BOARD FOR PLANT GENETIC RESOURCES	2 134 969	5 595 304	7 955 268	7 294 863	6 533 213	1 947 944
INTER-REG. - CARIS CURRENT AGRICULTURAL RESEARCH INFORMATION SYSTEM	14 903	717	1 192	123	55	16 680
INTER-REG. - JUTLJK FOR THE DEVELOPMENT OF THE PULP AND PAPER SECTOR	70 755	4 650	5 399	9 369	476	70 958
INTER-REG. - EUROPEAN COOPERATIVE RESEARCH NETWORK ON RURAL ENERGY OPERATED BY REUR MAURITANIE - SUTIEI AUX INITIATIVES LOCALES D'AJTSUFFISANCE ALIMENTAIRE	48 367	73 552	41 974	27 037	89 351	47 535
INTER-REG. - SMALL SCALE FISHERIES REHABILITATION AND DEVELOPMENT (FULLJW-UP TO SCP/ADZ/006/SME)	21 243	20 180	18 265	20 872	30 952	16 862
REG. AFRICA - ASSISTANCE TO THE CECAF PROGRAMME	41 963	9 359	5 458	4 470	27 851	5 542
INTER-REG. - COMMISSION FOR THE CONTROL OF THE DESERT LDCJST IN EAST REGION	250 194	84 083	59 020	54 547	10 094	316 666
REG. ASIA - ASSISTANCE TO FFHC/AJ PROGRAMME IN SOUTH ASIA	14 000	113 075	164 114	97 061	109 211	95 447
REG. ASIA - SOUTH ASIAN WORKSHOP ON WOMEN AND DEVELOPMENT	12 860	701	12 233-	15 537	1 359	13 872
REG. ASIA - SOUTH ASIAN WORKSHOP ON WOMEN AND DEVELOPMENT - 1998	49 585	13 005	11 414	94 515	35 227	118 031
REG. ASIA - SMALL SCALE FISHERFOLK COMMUNITIES IN THE BAY OF BENGAL - PARTICIPATING JOV. CONTRIB.		101 196	96 992	1 875 177	1 535 067	124 185-
REG. ASIA - SMALL-SCALE FISHERFOLK COMMUNITIES IN THE BAY OF BENGAL		2 579 743	706 316	1 875 177	1 875 177	124 185-
INTER-REG. - INTEREST ACCJUIT FOR CCP/RAS/118/AJL (TF, 1997/99)		95 219	29 372			124 591

REGULAR PROGRAMME TRUST FUND AT 31 DECEMBER 1989

(continued)

	D U J J R				C 91/5	
	BALANCE AT 1 JANUARY 1988	RECEIPTS 1988	RECEIPTS 1989	PAYMENTS 1988	PAYMENTS 1989	BALANCE AT 31 DECEMBER 1989

MULTIDUOR PRJJECTS

NEAR EAST - REGIONAL CENTRE FOR PALMS AND DATES	2 123-	25 735	1 147	1 390	16 961	6 458
NEAR EAST - ARABIC VERSIJI AGRICULTURE	206 466	10 950	9 901	57 345	36 467	133 555
NEAR EAST - NEAR EAST REGIONAL ANIMAL PRODUCTION AND HEALTH - PHASE II	817 733	101 524	409 014	357 432	377 592	593 347
SENEGAL - PROGRAMME DE DEVELOPPEMENT RURAL DANS LA ZONE DU SAHIEL	10 076	21 844	2 249		14 813	15 356
SIERRA LEONE - SUPPORT FOR AGRIC. DEVELOPMENT INITIATIVES BY FARMERS ASSOC. IN SIERRA LEONE	33 952	20 373	1 410	33 400	7 943	15 002
SUDAN - CONSTRUCTION OF SMALL DAMS FOR IRRIGATION	24 941	1 529	26 470-			
TOGO - MODERNIZATION OF WELLS AND TRAINING OF SPECIALIZED TECHNICIANS	28 598	1 545	617	13 574	8	17 171
TANZANIA - SUPPORT FOR VILLAGE WOMEN'S GROUPS	121	7	35-	43		
ETHIOPIA - NGJ SUPPORT FOR LOCAL AGRICULTURAL REHAB. INITIATIVES (GENERAL ITCOME ACCOUNT)	631 774	1 344 205	333 764-			1 652 215
ETHIOPIA - NGJ SUPPORT FOR LOCAL AGRICULTURAL REHABILITATION INITIATIVES						
ETHIOPIA - AGRIC. DEV. IN BUNDELA SERVICE COOPERATIVE SOCIETY - AF. 512 BUNDELA	164 523	164 523	338 175	164 625	339 175	
ETHIOPIA - SUPPORT FOR FUND PRODUCTION BY WOMEN - PROJECT NO. 3			39 129		35 129	
ETHIOPIA - AGRICULTURAL DEVELOPMENT II		49 421	65 514	49 421	69 514	
MA DALKEA SERVICE COOPERATIVE - PROJECT NO. 4		29 593	49 966	29 593	49 566	
ETHIOPIA - AGRICULTURAL DEVELOPMENT II		523		523		
WEYITO VALLEY (PHASE II)						
ETHIOPIA - AGRIC. DEVELOPMENT IN UERA SERVICE COOPERATIVE		1 325	30 725	1 325	30 725	
ETHIOPIA - AGRICULTURAL DEVELOPMENT II			30 045		30 045	
IJKA SERVICE COOPERATIVE						
ETHIOPIA - AGRICULTURAL DEVELOPMENT		67 161	624	67 161	624	
II MAKUKA SERVICE COOPERATIVE		62 093		62 093		
ETHIOPIA - AGRICULTURAL DEVELOPMENT II UJHIE SERVICE COOPERATIVE						
INTER-REG. - C.S. FUND CONTRIBUTION TO THE INTERNATIONAL FUND FOR PLANT GENETIC RESOURCES	1 432-	7 447-		9 925-		
FOOD SECURITY ASSISTANCE SCHEME (FSAS)	2 442 435	5 730 315	8 853 442	7 004 539	7 633 716	2 437 988

T R U S T F U N D

SCHEDULE 3.3

(concluded)

REGULAR PROGRAMME TRUST FUND AT 31 DECEMBER 1989

	BALANCE AT 1 JANUARY 1988	RECEIPTS 1988	RECEIPTS 1989	PAYMENTS 1988	PAYMENTS 1989	PAYMENTS 1989	BALANCE AT 31 DECEMBER 1989
D J N J R							

MULTIJONOR PROJECTS							
NEAR EAST COOPERATIVE PROGRAMME (NECP)	1 574 374	42 962	55 734	501 502	360 603		730 565
OFFICE OF SPECIAL RELIEF OPERATIONS (OSR)	6 730 900	2 886 642	1 334 265	4 417 542	2 721 724		3 812 421
INTERNATIONAL FERTILIZER SCHEME (IFS)	1 371 316	621 289	43 989	1 297 127	223 439		526 029
PREVENTION OF FOOD LOSSES (PFL)	4 417 131	254 548	274 362	730 172	562 777		3 603 092
TOTAL MULTIJONOR PROJECTS	22 723 373	21 011 994	20 871 320	24 294 362	23 431 814		16 840 511
GRAND TOTAL REGULAR PROGRAMME TRUST FUND	114 234 703	189 000 477	198 507 663	176 163 524	131 759 226		143 821 093
=====							

SUMMARY OF TRANSACTIONS ON OTHER ACCOUNTS
FOR FINANCIAL PERIOD 1988-89

	Balance at 1 January 1988 \$	Income 1988-89 \$	Expenditure including Outstanding Obligations at 31 December 1989 \$	Amounts Transferred \$	Balance at 31 December 1989 \$
<u>Support Costs Account</u>					
- UNDP	1 360 954	45 464 608 ^{a/}	40 546 036	-	6 279 526
- WFP	-	15 306 024	15 306 024	-	-
- Trust Funds	4 265 570	31 420 342	31 614 085	-	4 071 827
- TGP	-	4 902 028	2 494 791	-	2 407 237
<u>World Bank Cooperation Programme</u>					
- Shared Costs Account	-	-	22 366 237	16 774 678 ^{b/} 5 591 559 ^{c/}	-
<u>Publications Revolving Fund</u>					
- General Publications	211 667	1 881 593	1 566 246	(181 666) ^{c/}	345 348
- Ceres FAO Review	-	-	575 754	575 754 ^{d/}	-
<u>Tax Equalization Fund</u>	712 876	54 600 000	678 915	(53 400 000) ^{e/} (335 863) ^{f/}	898 098 ^{g/}
<u>Compensation Plan Reserve Fund</u>	17 404 262	6 576 470	2 792 215	-	21 188 517
<u>Terminal Payments Fund</u>	12 114 659	4 589 213	2 217 417	-	14 486 455
<u>Separation Payments Scheme Fund</u>	35 938 036	15 264 824	3 874 573	-	47 328 287
	\$ 72 008 024	180 005 102	124 032 293	(30 975 538)	97 005 295

^{a/} Includes sundry income \$47,677

^{b/} World Bank 75% share is transferred to World Bank current account - FAO 25% share is transferred as expenditure to Chapter 3 of Statement I.

^{c/} \$161,666 transferred to Miscellaneous Income in accordance with Financial Regulation 6.9. Reflects the balance at 31 December 1987 less \$50,000 retained and \$20,000 transferred to the credit of Ceres expenditure.

^{d/} \$555,754 transferred as expenditure against the Regular Programme allotment as provided in the Programme of Work and Budget and \$20,000 against the income of General Publications.

^{e/} Transfer to the credit of Member Nations' contributions accounts. Reflects total credit for staff assessment \$54,600,000, less amount required to meet the estimated cost of tax refunds to staff members of a Member Nation \$1,200,000.

^{f/} Transfer to the credit of a Member Nation's contribution account. Reflects the surplus of a Member Nation's contribution to meet the cost of refunds to staff members in 1986-87 over the actual cost.

^{g/} Reflects the net excess of amounts contributed by a Member Nation to meet the cost of refunds to staff members in 1988-89 to be transferred to the Member Nation's contributions account in 1990-91 of \$521,085 and the 1987 balance on advance account of \$377,013.

TRANSACTIONS ON SPECIAL RESERVE ACCOUNT
ESTABLISHED BY CONFERENCE RESOLUTION 13/81
FOR FINANCIAL PERIOD 1988-89

AUTHORIZED LEVEL

\$		\$
	Balance at 1 January 1988 (5% of 1988-89 PWB of \$492,360,000)	24 618 000
	Increase at 31 December 1989	<u>3 822 000</u>
	Balance at 31 December 1989 (5% of 1990-91 PWB of \$568,800,000)	\$ 28 440 000

CASH LEVEL

RECEIPTS

Balance at 1 January 1988

Receipts from Member Nations against the Special Assessment of US\$12,309,000 to replenish the Reserve to 50% of the Authorized level in 1988 (Conference Resolution 17/87)

Positive currency variance on Staff Costs arising from differences between the Lira exchange rate used in calculating the budget (1235) and the average rate in 1988-89 (1329)

PAYMENTS

0 Transfer net loss on Profit and Loss on Exchange Account during the 1988-89 biennium in accordance with Conference Resolution 17/89

8 818 933 Balance carried forward to biennium, 1990-91

10 852 400
\$ 19 671 333
=====

\$ 19 671 333
=====

TRANSACTIONS ON THE WORKING CAPITAL FUND
FOR FINANCIAL PERIOD 1988-89

AUTHORIZED LEVEL

\$		\$
	Balance at 1 January 1988	13 257 950
	Assessed on Member Nations - Conference Resolution 16/87:	
	As at 1 January 1988	3 742 050 ^{a/}
	As at 1 January 1989	3 000 000 ^{a/}
		<u> </u>
\$	Balance at 31 December 1989	20 000 000

CASH LEVEL

RECEIPTS

PAYMENTS

Balance at 1 January 1988	-	Transferred to the General Fund at 31 December 1989:	17 977 238 ^{b/}
Transferred from the receipt of arrears of contributions at 31 December 1988 (Statement II)	13 257 950	Balance at 31 December 1989	-
Received from Member Nations in respect to the Special Assessments	4 719 288 ^{a/}		
	<u> </u>		
	\$ 17 977 238		\$ 17 977 238

^{a/} The amount outstanding from Member Nations in respect to the Special Assessments is US\$2,022,762.
^{b/} Transferred to General Fund in accordance with Financial Regulation 6.2(a)(1).

STATUS OF PROJECTS FUND UNDER THE TECHNICAL COOPERATION
PROGRAMME AGAINST 1988-89 BUDGET APPROPRIATIONS AT 31 DECEMBER 1989

Country	Number of Projects	Project Budgets	Expenditure including	Unobligated
		\$	Outstanding Obligations	Balance of Budget
AFRICA				
Africa Regional	15	2 482 826	1 035 001	1 447 825
Angola	2	255 000	183 489	71 511
Benin	2	390 000	126 371	263 629
Botswana	1	32 000	3 721	28 279
Burkina Faso	12	648 700	457 866	190 834
Burundi	5	443 000	124 825	318 175
Cameroon	5	566 000	344 582	221 418
Cape Verde	6	350 300	190 133	160 167
Central African Republic	5	509 200	105 903	403 297
Chad	5	753 980	343 727	410 253
Comoros	1	143 000	115 225	27 775
Congo	2	51 000	50 680	320
Côte d'Ivoire	4	695 000	251 753	443 247
Equatorial Guinea	2	95 800	91 023	4 777
Ethiopia	12	1 524 000	859 012	664 988
Gambia	3	214 000	51 639	162 361
Ghana	5	468 800	199 821	268 979
Guinea	6	562 000	232 427	329 573
Guinea-Bissau	3	631 000	186 574	444 426
Kenya	4	240 000	162 045	77 955
Lesotho	5	830 000	321 697	508 303
Liberia	6	682 300	495 041	187 259
Madagascar	8	784 000	238 612	545 388
Malawi	7	977 800	421 352	556 448
Mali	3	391 000	265 759	125 241
Mauritania	6	826 000	286 630	539 370
Mauritius	1	94 000	35 723	58 277
Mozambique	5	660 000	156 241	503 759
Namibia	2	528 000	475 500	52 500
Niger	5	611 000	359 912	251 088
Nigeria	1	272 000	45 803	226 197
Rwanda	9	789 000	388 050	400 950
Senegal	4	504 000	261 824	242 176
Seychelles	3	269 000	116 195	152 805
Sierra Leone	3	327 300	247 326	79 974
Somalia	6	1 031 000	506 548	524 452
Swaziland	3	192 000	162 238	29 762
Tanzania	9	1 334 300	446 139	888 161
Togo	4	632 000	387 336	244 664
Uganda	9	1 382 000	772 441	609 559
Zaire	3	290 000	250 571	39 429
Zambia	7	995 000	476 006	518 994
Zimbabwe	4	577 000	254 565	322 435
Total	213	26 034 306	12 487 326	13 546 980
ASIA AND THE PACIFIC				
Asia Regional	7	835 900	493 214	342 686
Bangladesh	3	636 000	316 818	319 182
Bhutan	3	547 000	182 434	364 566
Burma	3	421 900	379 607	42 293
China	12	1 428 300	414 762	1 013 538
Cook Island	3	259 500	140 037	119 463
Dem. People's Rep. of Korea	4	321 000	66 078	254 922
Fiji	3	337 500	63 861	273 639
India	5	582 400	222 332	360 068
Indonesia	10	981 000	348 297	632 703
Iran	4	535 000	244 540	290 460
Kampuchea	1	390 000	85 540	304 460
Korea, Republic of	2	250 000	162 937	87 063
Laos	7	1 095 300	673 953	421 347
Malaysia	1	155 000	30 602	124 398
Maldives	1	56 600	37 391	19 209
Mongolia	4	718 600	472 617	245 983

Country	Number of Projects	Project Budgets \$	Expenditure including Outstanding Obligations \$	Unobligated Balance of Budget \$
Nepal	5	579 000	343 422	235 578
Pakistan	6	490 000	345 004	144 996
Solomon Islands	3	208 000	163 129	44 871
Philippines	9	787 500	346 735	440 765
Samoa	3	270 700	164 302	106 398
Papua New Guinea	1	77 000	42 609	34 391
Sri Lanka	5	553 300	462 910	90 390
Thailand	9	964 200	343 444	620 756
Tonga	2	42 000	31 177	10 823
Viet Nam	6	1 098 300	214 618	883 682
	122	14 621 000	6 792 370	7 828 630
<u>ROPE</u>				
Albania	1	79 000	68 538	10 462
Cyprus	3	398 000	89 271	308 729
Malta	2	122 300	37 465	84 835
Turkey	7	436 000	240 547	195 453
Yugoslavia	1	90 000	5 000	85 000
	14	1 125 300	440 821	684 479
<u>TIN AMERICA AND THE CARIBBEAN</u>				
Antigua and Barbuda	2	195 000	121 628	73 372
Latin America & the Caribbean Regional	15	2 685 500	1 204 052	1 481 448
Argentina	3	440 000	42 784	397 216
Bahamas	1	33 700	25 252	8 448
Barbados	1	125 000	76 736	48 264
Belize	2	220 000	90 911	129 089
Bolivia	1	122 000	100 441	21 559
Brazil	5	578 000	333 710	244 290
Chile	3	350 000	137 773	212 227
Colombia	3	380 000	64 453	315 547
Costa Rica	3	400 000	60 358	339 642
Cuba	8	759 000	291 463	467 537
Dominica	4	595 000	209 576	385 424
Dominican Republic	2	131 000	62 452	68 548
Ecuador	3	430 000	133 564	296 436
El Salvador	2	265 000	203 381	61 619
Grenada	3	248 200	186 734	61 466
Guatemala	1	100 000	76 717	23 283
Guyana	3	422 000	195 016	226 984
Haiti	2	202 000	61 630	140 370
Honduras	3	415 000	261 668	153 332
Jamaica	5	605 000	346 163	258 837
Mexico	5	1 035 000	276 155	758 845
Nicaragua	5	915 300	226 989	688 311
Panama	1	10 000	13 473	(3 473) ^{a/}
Peru	2	165 000	62 232	102 768
Saint Christopher Nevis	2	165 000	24 777	140 223
Saint Lucia	1	10 000	1 740	8 260
Saint Vincent and the Grenadines	1	8 000	5 109	2 891
Suriname	2	212 000	17 289	194 711
Trinidad and Tobago	1	125 000	129 031	(4 031) ^{a/}
Uruguay	2	250 000	13 000	237 000
Venezuela	2	328 000	265 896	62 104
	99	12 924 700	5 322 153	7 602 547

Project budget(s) under revision

<u>Country</u>	<u>Number of Projects</u>	<u>Project Budgets</u> \$	<u>Expenditure including Outstanding Obligations</u> \$	<u>Unobligated Balance of Budget</u> \$
<u>EAR EAST</u>				
Near East Regional	6	1 075 000	513 489	561 511
Algeria	2	440 000	211 572	228 428
Djibouti	1	250 000	27 004	222 996
Egypt	4	480 300	332 295	148 005
Iraq	4	461 000	360 737	100 263
Jordan	1	198 000	35 475	162 525
Lebanon	3	368 700	335 757	32 943
Libya	1	345 000	203 499	141 501
Morocco	4	251 000	109 170	141 830
Sudan	6	1 157 000	508 515	648 485
Syria	3	507 000	285 254	221 746
Tunisia	5	887 000	353 151	533 849
Yemen Arab Republic	1	115 000	105 807	9 193
Yemen, People's Democratic Republic	7	870 300	352 934	517 366
	48	7 405 300	3 734 659	3 670 641
<u>MISCELLANEOUS</u>				
	-	-	251 326	(251 326)
TOTAL	496	62 110 606	29 028 655	33 081 951

US\$
1988-89 Budget Appropriations 63 148 000
Total Expenditure & Obligations against
1988-89 Budget Appropriations 29 028 655
Unobligated Balance carried forward
in accordance with Financial Regulation
4.3 (Statement III) \$ 34 119 345

STATUS OF PROJECTS FUNDED UNDER
THE TECHNICAL COOPERATION PROGRAMME
AGAINST 1986-87 BUDGET APPROPRIATIONS
AT 31 DECEMBER 1989

<u>Country</u>	<u>No. of Projects</u>	<u>Expenditure including Outstanding Obligations</u> \$
<u>AFRICA</u>		
Africa Regional	28	3 770 615
Angola	3	284 817
Benin	6	573 221
Botswana	4	459 236
Burkina Faso	11	758 603
Burundi	7	499 147
Cameroon	9	295 656
Cape Verde	6	377 194
Central African Republic	3	341 758
Chad	4	673 958
Comoros Islands	5	296 353
Congo	4	590 199
Côte d'Ivoire	6	361 697
Equatorial Guinea	1	115 373
Ethiopia	19	1 703 980
Gabon	3	57 432
Gambia	9	570 290
Ghana	8	226 086
Guinea	8	387 472
Guinea-Bissau	5	362 622
Kenya	5	442 906
Lesotho	8	661 579
Liberia	3	262 169
Madagascar	6	545 187
Malawi	5	623 964
Mali	6	526 949
Mauritania	9	513 913
Mauritius	2	233 121
Mozambique	7	537 990
Niger	10	859 012
Nigeria	7	435 846
Rwanda	6	340 932
Sao Tomé and Príncipe	3	162 360
Senegal	7	615 136
Seychelles	3	192 116
Sierra Leone	5	555 384
Somalia	16	1 137 590
Swaziland	3	299 142
Tanzania	11	966 001
Togo	8	307 530
Uganda	12	768 482
Zaire	3	234 817
Zambia	18	1 138 407
Zimbabwe	7	490 864
	<u>319</u>	<u>25 557 106</u>

ANNEX 1.2
(continued)

<u>Country</u>	<u>No. of Projects</u>	<u>Expenditure including Outstanding Obligations</u> \$
<u>ASIA AND THE FAR EAST</u>		
Asia Regional	7	722 528
Afghanistan	1	168 165
Bangladesh	10	727 435
Bhutan	4	508 754
Burma	1	85 493
China	23	1 900 657
Cook Islands	3	73 019
Dem. People's Rep. of Korea	3	404 052
Fiji	5	244 465
India	11	1 206 044
Indonesia	10	680 545
Iran	5	325 753
Korea, Republic of	3	446 088
Laos	7	488 413
Malaysia	4	336 487
Maldives	4	305 820
Mongolia	2	184 315
Nepal	5	535 012
Pakistan	11	1 107 194
Papua New Guinea	2	44 425
Philippines	13	1 195 027
Samoa	5	237 131
Solomon Islands	4	65 595
Sri Lanka	8	466 853
Thailand	17	936 349
Tonga	8	183 390
Vanuatu	5	153 171
Viet Nam	13	1 470 757
	<u>194</u>	<u>15 202 937</u>
<u>EUROPE</u>		
Albania	6	181 620
Cyprus	6	353 144
Malta	2	64 174
Poland	2	154 225
Turkey	8	467 491
Romania	1	68 239
	<u>25</u>	<u>1 288 893</u>
<u>LATIN AMERICA</u>		
Latin America Regional	22	1 933 608
Antigua and Barbuda	1	48 073
Argentina	4	375 081
Bahamas	1	110 149
Barbados	3	175 003
Belize	4	199 926
Bolivia	7	694 497
Brazil	7	638 499
Chile	5	367 438
Colombia	6	605 375
Costa Rica	8	363 848

ANNEX 1.2
(concluded)

<u>Country</u>	<u>No. of Projects</u>	<u>Expenditure including Outstanding Obligations</u>
		\$
Cuba	9	750 360
Dominica	5	485 072
Dominican Republic	6	443 214
Ecuador	4	304 462
El Salvador	3	405 722
Grenada	3	143 916
Guatemala	3	369 583
Guyana	3	122 016
Haiti	6	386 263
Honduras	4	344 465
Jamaica	6	287 866
Mexico	7	837 480
Nicaragua	11	924 322
Panama	2	95 983
Peru	4	346 992
St. Christopher & Nevis	5	202 277
Saint Lucia	6	340 278
Saint Vincent & Grenadines	3	155 878
Surinam	2	60 962
Trinidad and Tobago	2	121 686
Uruguay	1	88 237
Venezuela	1	79 790
	<u>164</u>	<u>12 808 321</u>
 <u>NEAR EAST</u>		
Near East Regional	2	285 241
Algeria	3	447 563
Djibouti	8	381 571
Egypt	8	562 401
Iraq	3	176 020
Jordan	6	358 717
Lebanon	4	69 847
Morocco	13	888 020
Sudan	14	1 113 273
Syria	5	209 028
Tunisia	7	558 155
Yemen Arab Republic	6	361 260
Yemen, People's Democratic Republic of	9	582 265
	<u>88</u>	<u>5 993 361</u>
 <u>MISCELLANEOUS</u>		 570 382
 TOTAL	 790 ===	 61 421 000 =====
1986-87 Budget Appropriations		61 421 000
Total Expenditure and Obligations against 1986-87 Budget Appropriations		<u>61 421 000</u>
Unobligated Balance transferred to Miscellaneous Income (Statement II)		\$ Nil =====

EX-GRATIA PAYMENTS

Regular Programme

A recommendation was made for the amount of US\$2,200.00 to cover the costs of one return ticket Kampala/Rome/Kampala, to be granted to the wife of a late Staff Member. Approval was received from the ODG on 4 July 1988.

\$ 2,200.00

A recommendation was made for the amount of US\$520.00 to cover the costs of one return ticket Rangoon/Hanoi/Rangoon to be granted to the wife of a late Staff Member. Approval was received from ODG on 21 September 1988.

\$ 520.00

A recommendation was made for the amount of US\$800.00 to cover the costs of one return ticket Bangkok/Jakarta/Bangkok to be granted to a wife of a late Staff Member. Approval was received from ODG on 2 November 1988.

\$ 800.00

On 9 July 1986, the Director-General approved an ex-gratia payment of US\$15,000.00 in order to cover large medical and hospital expenses incurred by a Staff Member while he was awaiting the award of a disability benefit by the UN Joint Staff Pension Fund and was not covered by the Organization's Medical Insurance Plans.

\$ 15,000.00