

ECONOMIC COMMISSION FOR EUROPE

Informal document WP30/AC.2 No. 7 (2011)

Administrative Committee for the TIR Convention, 1975

30 September 2011

Fifty-second session

Geneva, 6 October 2011

ENGLISH ONLY

Item 3 (b)(ii) of the provisional agenda

Procedure for financing the operation of the TIR Executive Board and TIR
secretariat

Exchange of correspondence between UNECE and IRU

Below, the Secretariat reproduces an exchange of letters of UNECE and IRU on the budget proposal and cost plan for the year 2012, which might be of interest to the Administrative Committee.



NATIONS UNIES **ОБЪЕДИНЕННЫЕ НАЦИИ** **UNITED NATIONS**
COMMISSION ÉCONOMIQUE **ЭКОНОМИЧЕСКАЯ КОМИССИЯ** **ECONOMIC COMMISSION**
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Ref. No.: EM/KG/194

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Geneva, 22 September 2011

Dear Mr. Marmy,

In accordance with Annex 8, Article 13, paragraph 2 of the TIR Convention and the established practice, please find enclosed an advance copy of the budget proposal and cost plan of the TIRExB and TIR secretariat for 2012. The Cost Plan for the year 2012 amounts to US\$ 1,638,500.

It is expected, based on the cost plan for 2012, that the amount to be transmitted to the TIR Trust Fund, to provide for the operation of the TIR Executive Board and TIR secretariat for 2012 is US\$ 1,134,000 (rounded). As you are aware, a final decision concerning the budget is expected be taken by the TIR Administrative Committee at its fifty-second session on 6 October 2011.

In order to calculate the required amount per each TIR Carnet in 2012 – also to be decided by the TIR Administrative Committee – I would appreciate if you could inform me about the number of TIR Carnets the IRU forecasts to issue in 2012.

Thank you very much for your continued cooperation.

Sincerely,

Handwritten initials, possibly 'E.M.', in the left margin.

Handwritten signature of Eva Molnar.

Eva Molnar
Director
Transport Division

Enclosure (1)

Mr. Martin Marmy
Secretary General
International Road Transport Union (IRU)
3, rue de Varembe
1202 GENEVE

cc: Mr. Muratbek Azymbakiev, Head of TIR Relations
Mr. Marek Retelski, Head of TIR Department

By email and post

Ms Eva Molnar
Director of the Transport Division
Transport Division of the United Nations
Economic Commission for Europe (UNECE)
Palais des Nations
8-14 Avenue de la Paix
Room 424

CH - 1211 GENEVE 10

AD/G1004995/MMM

Geneva, 28 September 2011

**Financing of the operations of the TIRExB and the TIR Secretariat:
UNECE Secretariat Budget Proposal and Cost Plan for 2012**

Dear Ms Molnar,

Dear Eva,

Thank you for your letter EM/KG/194 received on Friday 23 September 2011, containing an advance copy of the UNECE Secretariat's draft Budget Proposal and Cost Plan for the financing of the TIRExB and TIR Secretariat for the year 2012.

Despite the late transmission of the budget proposal, which prevented the IRU Finance Commission from examining it this year and despite the very short notice given to the IRU to examine these important financial documents before the start of the sessions of the UNECE / TIR Bodies on 4 October 2011, we have nonetheless carried out a swift analysis, in light of the current economic and financial crisis, which leads to the following comments.

It should be noted that since 2008, the economic and financial crisis has led to major negative consequences affecting our industry comprising principally of small and medium sized enterprises (SMEs). Moreover, the crisis has led governments and most governmental and non-governmental international organisations, including the IRU, to monitor more rigorously all their expenditures and critically review budgets.

When one compares the budget figures for 2011 to the financial figures presented by the UNECE Secretariat in their budget proposal for 2012, as summarised in the attached table containing a comparative analysis of available figures, it is most surprising to note that during this global economic crisis the overall budget is foreseen by the UNECE to increase by a startling 11%!

A more detailed analysis of the Annex I shows that the budget proposed by the UNECE Secretariat still mentions under the budget line for "Project Personnel" five experts on a fixed term appointment. However, during the past three years this budget line covered the fixed term appointments of only 3 experts known by the IRU to be involved in the TIR System.

The comparison in the attached table of the UNECE Secretariat's foreseen expenditures for 2012 with the previous approved budgets and the expenditures effectively realised since 2009¹

¹ 2009 has been chosen as the reference year for this comparison as it is the first full financial year after the beginning of the current financial crisis.

demonstrates many flagrant increases of the foreseen 2012 expenditures, despite the persistent severe global economic crisis. The following examples illustrate this clearly:

- The foreseen UNECE Secretariat's expenditures for the 2012 budget line "*Project Personnel*", when compared to the realised expenditures in 2009, demonstrate the foreseen increase in the expenditures by 84%.
- The foreseen UNECE Secretariat's expenditures for the 2012 budget line "*Administrative Support Personnel*", when compared to the realised expenditures in 2009, demonstrate the foreseen increase in the expenditures by 53%.
- The foreseen UNECE Secretariat's expenditures for the 2012 budget line "*Consultant fees and travels*", when compared to the realised expenditures in 2009, demonstrate the foreseen increase in the expenditures by 70%.
- The foreseen UNECE Secretariat's expenditures for the 2012 budget line "*Travel on official business*", when compared to the realised expenditures in 2009, demonstrate the foreseen increase in the expenditures by 72%.
- The foreseen UNECE Secretariat's expenditures for the 2012 budget line "*Staff training*", when compared to the realised expenditures in 2009, demonstrate the foreseen increase in the expenditures by 1200%.

It should be noted that such increases of the foreseen expenditures for 2012 cannot be justified by currency exchange rate fluctuations, as mentioned in the paragraph 2 of the UNECE Secretariat's Budget Proposal and Cost Plan for the year 2012.

Based on the above, TIR Contracting Parties may wish to examine the UNECE Secretariat's budget proposal and cost plan for 2012 before its adoption in order to ensure that this important financial document more accurately reflects the real financial needs and expected expenditures for 2012.

Finally, I trust that the UNECE Secretariat will inform the Contracting Parties, as per their request documented in ECE/TRANS/WP.30/AC.2/103 para 25 on the steps it has undertaken to ensure that the financing of the operations of the TIRExB and TIR Secretariat are fully covered by the UN general budget.

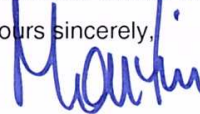
Regarding the IRU's forecast for TIR Carnets to be distributed in 2012, I can inform you that based on the current global economic uncertainties the IRU has made a prudent forecast of 2.8 million TIR Carnets.

Depending on the budget finally approved by the Administrative Committee (AC.2) and on the basis of the consequent amount of the advance payment to be made by the IRU before 15 November 2011, the IRU will then be in a position to indicate what amount will be invoiced per TIR Carnet.

As in previous years, the individual amount to be allocated per TIR Carnet will be expressed in Swiss Francs, based on the prevailing USD / CHF exchange rate applicable on the day of the transfer. You will be informed accordingly.

As per the established practice, you may wish to inform the TIR Contracting Parties before the forthcoming UNECE/TIR bodies meetings by publishing this letter and its annex.

Yours sincerely,



Martin Marmy
Secretary General

Enc.

FINANCING OF TIRExB AND TIR SECRETARIAT: COMPARATIVE ANALYSIS OF THE REALISED EXPENSES AND BUDGETS (2009 TO 2012)						
EXPENSES / BUDGET ITEM	2009 ¹	2010	2011	2012	VARIATION 2011/2012 USD	VARIATION 2011/2012 %
	REALISED USD	BUDGET USD	BUDGET USD	BUDGET USD		
Project Personnel	571'673	919'100	919'100	1'054'000	134'900	14.67%
Administrative Support Personnel	148'234	228'000	228'000	228'000	-	-
Consultants fees and travels	17'814	30'000	30'000	30'000	-	-
Travel on official business	28'955	40'000	40'000	50'000	10'000	12.50%
Travel of experts	14'900	30'000	30'000	30'000	-	-
Staff Training	1'252	15'000	15'000	15'000	-	-
Office automation & equipment	4'159	20'000	20'000	20'000	-	-
Operation and maintenance of equipment	-	2'000	2'000	2'000	-	-
External contractual services	15'152	20'000	20'000	20'000	-	-
General operating expenses	-	1'000	1'000	1'000	-	-
Total estimated direct expenditures	802'139	1'305'100	1'305'100	1'450'000	144'900	11.10%
Programme Support (13% of Total expenditures)	104'278	169'700	169'700	188'500	18'800	11.07%
Total budget TIRExB & TIR Secretariat	1'474'800	1'474'800	1'474'800	1'638'500	163'700	11.09%
Total realised expenses TIRExB & TIR Sec.	906'417	1'002'927	N/A	N/A	-	-

¹ 2009 has been chosen as the reference year for this comparison as it is the first full financial year after the beginning of the current financial crisis.



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Ref. No.: EM/KG/199

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Geneva, 30 September 2011

Dear Mr. Marmy,

Dear Mark,

I thank you for your letter AD/G1004995/MMM of 28 September 2011, containing the IRU's forecast for TIR Carnets to be distributed in 2012 and an analysis of the Budget Proposal and Cost Plan for the operation of the TIRExB and TIR secretariat in the year 2012.

Regarding the forecast, I was very pleased to see that the TIR System does not seem to be affected by the global financial crisis and that, even by taking a conservative approach, you estimate that the forecasted number of TIR Carnets to be issued in 2012 will remain unchanged. This fact demonstrates how important the road transport industry is for the economies of the world.

Concerning the budget issues, I would like to assure you that UNECE attaches the greatest importance to cost-efficient functioning and limiting unnecessary expenses. In fact, any savings from the TIRExB and TIR secretariat budget and the interests obtained are deducted from the next year's budget proposal, thus reducing the funds transferred by IRU and the individual amounts per TIR Carnet paid by TIR Carnet holders.

With regard to specific concerns you raised, it is important not to mix the forecasted budget figures for different years and the actual expenditures for those years. For your information, please find enclosed two tables. One compares the budget proposals and cost plans for the years 2009-2012, and the other one compares the actual expenditures in 2009 and 2010.

As you can see, the budget proposal and cost plan remained unchanged in 2009, 2010 and 2011. An 11 % increase in the 2012 budget proposal is due to the following reasons:

- the budget line "Travel on official business" is raised by US\$ 10'000, in order to strengthen capacity-building and promotion activities, also in new potential TIR Contracting Parties, which are in common interests of UNECE and IRU;

Mr. Martin Marmy
Secretary General
International Road Transport Union (IRU)
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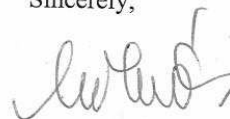
- 2 -

- The TIRExB and TIR secretariat budget is kept in US dollars, while the expenditures (including salaries) are effected in Swiss francs. The exchange rate fluctuation incontestably constitutes the major factor for the proposed increase in the budget of TIRExB and TIR secretariat in 2012. As you are well aware, in August 2011 the USD/CHF rate of exchange reached a very low level. That is why the UNECE financial services decided to wait for the trend in September 2011, which has been more favourable and allowed UNECE to establish a more prudent budget proposal. This has been the reason for the late submission of the figures to you for which I would like to apologize.

The content of the TIRExB and TIR secretariat Budget Proposal and Cost Plan for the year 2012 will be decided by Contracting Parties during the TIR Administrative Committee (AC.2). As usual, the secretariat is available to provide delegations with further explanations at the forthcoming session of AC.2.

Thank you for your ongoing cooperation.

Sincerely,



Eva Molnar
Director
Transport Division

Encl.

Financing of the TIRExB and TIR secretariat Comparative analysis of the Budget 2009 to 2012 (in USD)						
	2009	2010	2011	2012	Variation 2011/2012	Variation 2011/2012 %
Project Personnel	935,100	919,100	919,100	1,054,000	134,900	
Administrative Support Personnel	228,000	228,000	228,000	228,000		
Consultants fees and travels	30,000	30,000	30,000	30,000		
Travel on official business	40,000	40,000	40,000	50,000	10,000	
Travel of experts	20,000	30,000	30,000	30,000		
Staff Training	15,000	15,000	15,000	15,000		
Office automation & equipment	20,000	20,000	20,000	20,000		
Operation and maintenance of equipment	2,000	2,000	2,000	2,000		
External contractual services	14,000	20,000	20,000	20,000		
General operating expenses	1,000	1,000	1,000	1,000		
Total estimated direct expenditures Programme Support (13% of Total expenditures)	1,305,100	1,305,100	1,305,100	1,450,000	144,900	
	169,700	169,700	169,700	188,500	18,800	
Grand total	1,474,800	1,474,800	1,474,800	1,638,500	163,700	11%

Financing of the TIRExB and TIR secretariat Comparative analysis of the final accounts 2009 to 2010		
	2009	2010
Project Personnel	571,673	612,881
Administrative Support Personnel	148,234	198,734
Consultants fees and travels	17,814	22,166
Travel on official business	28,955	34,743
Travel of experts	14,900	18,590
Staff Training	1252.4	1978.65
Office automation & equipment	4,159	1,113
Operation and maintenance of equipment	15,152	-2,622
External contractual services	0	0
General operating expenses	0	0
Total estimated direct expenditures	802,139	887,584
Programme Support (13% of Total expenditures)	104,278	115,386
Grand total	906,417	1,002,970