

9 BUDGET AND FINANCE

69 The Agency will maintain a central fund into which voluntary contributions from Commonwealth governments, and contributions from other organisations and agencies both public and private, will be paid. Separate funds will also be maintained, as appropriate, for specific collaborative projects to which governments, international agencies, and other public and private sector bodies may make contributions. As noted in para 34 there will be an annual budget approved by the Board from which the costs of headquarters administration, and of operations established in Vancouver and elsewhere will be met, including programmes in support of institutions.

70 The Commonwealth of Learning will need to seek funds from a variety of sources. The most important source of funds, that make its launch possible, is the funding committed by governments. Amounts already pledged are shown in table 1. In addition to these, funds have already been made available by both Cyprus and New Zealand for the current year but it is not yet possible to quantify these countries' contributions over a five-year period. It is anticipated that other Commonwealth governments will join those shown, and that the Commonwealth of Learning will be able to seek direct funding by governments beyond the initial period. With the exception of the contributions from Britain and Malta which are principally for activities in support of the Commonwealth of Learning within those countries, of contributions from Australia to support regional activities in Southern Africa and the Pacific, and of contributions in kind for accommodation and equipment from Canada, through the Federal Government and the Government of British Columbia which are part of the Canadian contribution, it is understood that these funds will be available for use by the Agency in any Commonwealth country and will be provided in convertible currency. In addition to this financial support, the Agency will be able to draw on facilities in certain Commonwealth countries without charge; Nigeria has, for example, agreed to make television services and free physical facilities available and facilities have also been offered by British Columbia, India and Malta.

71 We note that some pledged funds are entirely tied. If the Agency is to function as an effective multilateral organisation it will require substantial funds that are to the maximum extent freely usable by the Board for activities in any part of the Commonwealth. It is therefore our strong hope that in the future governments will feel able to make their contributions freely available. To enable the Agency to integrate activity financed with earmarked funds into its policies and programmes, these funds should preferably be channelled through the Agency and be under the policy control of the Board.

72 We recommend that the Secretary-General take the opportunity of our report to urge member countries that have not yet committed funds to do so.

73 The Commonwealth of Learning will need to be entrepreneurial in seeking funds from other sources in addition to this core finance from governments. Continuing sustained efforts will be needed to involve and maintain the interest and support of governments and other agencies both public and private. Sources of funding will include the following:

bilateral donors, willing to fund project activities in addition to any core funding;

multilateral agencies, including the development banks;

Table 1: Resources pledged for the Agency's first five years as at 8 June 1988

Currency £'000		
	Earmarked Buildings & Services equipment	Freely usable
Australia	1000 <u>a/</u>	
Britain	1000-2000 <u>b/</u>	
Brunei Darussalam		3000
Canada (Federal and British Columbia governments) <u>c/</u>	2000	4000
Cyprus		note <u>d/</u>
India	note <u>e/</u>	1000
Malta	note <u>f/</u>	
New Zealand		note <u>d/</u>
Nigeria	note <u>g/</u>	1500

Notes

- a** Indicative; for regional developments and subject to government approval and appropriation
- b** For expenditure on information and credit transfer
- c** These figures are approximations. The Canadian commitment made at Vancouver was for up to Cdn \$12m over five years, up to \$2m of which would be earmarked for the provision of communication equipment, and approximately \$2m of which would consist of an in-kind contribution from the provincial government of British Columbia of premises for the Agency's Headquarters in Vancouver. The remaining amount of up to \$8m would be made available as freely available cash to the central operational funds of the Agency, consisting of approximately \$3m from the provincial government of British Columbia, and up to \$5m from the federal government of Canada
- d** Exact figure awaited; expected to be freely available
- e** (i) £1m freely available
(ii) Indira Gandhi National Open University, New Delhi, would provide physical facilities for a regional unit, the value of which would be communicated in due course
- f** Building and resources in Malta
- g** (i) £1.5m freely available
(ii) Physical facilities for a regional centre based in Nigeria; it is expected that the value will be communicated in due course
(iii) Television facilities

the private sector especially where there are similar training needs in more than one country;

trusts and foundations.

In some instances the Agency will itself be able to raise finance from its activities, charging for its services where appropriate both within the Commonwealth and outside.

74 Regardless of the source of funding, the Agency's finances will be controlled by means of Financial Regulations. As mentioned in para 34 it will be for the Board to approve these after the Memorandum of Understanding has been agreed. They will provide for internal financial control and for audit in accordance with conventional international practice.

75 The funds shown in Table 1 will enable a useful start to be made on the work of the Commonwealth of Learning. They will permit the establishment and operation of the Vancouver headquarters and programme planning and implementation particularly at the regional level. The Canadian contribution in kind will adequately cover the initial needs for building and equipment. With the core funding available a modest range of programme activities, as described in section 7 above, can be undertaken. It will be necessary for further funds to be sought on a project basis and this will be an early task for the Agency's staff.

76 The British contribution will ensure the early development of information services. The British Government has indicated its willingness to finance work on information services, including credit recognition and transfer, at the British Open University at a level of between £1-2 million over a five-year period. This would have as its basis a letter of understanding between the Agency and the Open University setting out details of the services to be provided to the Commonwealth of Learning.

77 Britain and other countries are also ready to consider providing bilateral assistance for distance education where developing country governments see this to be a priority for aid funds.

78 In the light of the foregoing indications of resource availability, we have considered likely expenditure patterns for the first five years of operations of the Agency. On the basis of resources already pledged, excluding earmarked contributions and contributions in kind to the Agency, we envisage expenditure by the Agency of at least £9.5m in the first five-year period. In addition there may be expenditure outside the main budget on specific projects. Within the total indicated the build-up of expenditure over the initial period might be from about £1.4m in the first full year to perhaps £2.5m in the fifth year. Reflecting our concern that the profile of the headquarters should be as lean as is consistent with effectiveness over 80% of the expenditure will be for programme work including the costs of the professional staff engaged in delivering services to members of the network. The remaining expenditure on developing the necessary infrastructure will diminish as a proportion of the total as the Commonwealth of Learning develops. The total professional and managerial staff at headquarters might be in the region of 25 in the early years and the number of staff employed elsewhere will also be modest. There will also be expenditure in the regions from the Agency's budget but regional units and other activities would expect to draw funds from other sources. As additional funds become available, the scope and scale of activities funded from the Agency's budget would be increased.