This document contains the proposals of the Director-General for the implementation of the decisions taken by Council in December 1983 to mobilize about half of the special contribution of Spain for the partial pre-financing of the pp improvement project and to re-deploy part of the true income and savings by the Organization towards the funding of that project.
FINANCING OF THE p̅p IMPROVEMENT PROJECT

1. Following the discussions on documents CERN/CC/1513 and CERN/1519, Council approved the p̅p improvement project and the principles for its financing at its Seventy-fifth Session.

2. It was agreed that the Director-General would present in February 1984 to the Finance Committee and to Committee of Council the formal procedures to implement the principles set out in document CERN/1519. These proposals are shown in the following paragraphs.

3. **Breakdown of expenditure**

   The total additional cost foreseen for the project at the 1984 price level is 55 MSF, of which 45 MSF are for material and 10 MSF for additional personnel expenditure. Some 30 extra staff (on posts of limited duration) will be required over the construction and commissioning period. Therefore, a total of 10 MSF will be added to heading 1, Personnel, in these years and a total of 45 MSF will be allocated to the project in the material headings of the annual budgets.

   In view of the more detailed planning of the project and the corresponding tentative spending profile, which are being worked out at present, it is expected that, during the period from 1984 to 1986 inclusive, some 40 MSF will be necessary. This would leave 15 MSF to be foreseen for 1987 and 1988 covering the period of start-up and final bill-paying.

4. **Financing**

   The financial means will come from three sources:

   4.1 **Savings**

      Inside the budget at constant level the Organization will endeavour to find 19 MSF by savings on the execution of the present programme of activities, including a small increase in the total length of the normal shutdowns during the next few years.
4.2 Additional true income

About 10 MSF in bank interest and miscellaneous true income of the period 1984/1988 will be redeployed for the financing of this project. The accumulation of this sum will depend on very early receipt of contributions from all Member States every year, on the rate of interest available on the money markets and the rate of payments for the Organization's activities. For the period in question it is suggested that only about half of the estimated true income be earmarked in the annual budget for the reduction of Member States' contributions. Any amount of true income in excess of that estimated half and, for 1984, any possible amount in excess of the 7.23 MSF already earmarked in the approved budget should be destined for the funding of the project.

4.3 Pre-financing with part of Spain's Special Contribution during the period 1984/1988

a) Spain's Special Contribution paid in increasing installments over the transitional period as defined in document CERN/CC/1451/Rev.3 and updated in document CERN/FC/2646/Rev. is as follows, in 1984 prices:

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<td>(MSF)</td>
<td>7.4</td>
<td>8.9</td>
<td>10.7</td>
<td>12.3</td>
<td>15.9</td>
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b) According to the agreement reached in December 1983, the total amount of this Special Contribution (some 55 MSF over the period 1984/1988) will finally have been paid in full to the Member States other than Spain by the end of 1990, each benefitting according to its contribution percentage. Part of the project would be pre-financed on an annual basis, or according to the possibility of each Member State, by leaving to the Organization 50% or more of the Member State's share of the Special Contribution.

Arrangements are being made with each Member State and resulting contributions will be reported to the Finance Committee. At present, it is expected that over the first three years of the project a total amount of some 20 MSF will thus be made available by Member States, leaving some 6 MSF to be foreseen for 1987 and 1988.

c) This delay in the payment to the Member States of part of the agreed total sum representing Spain's Special Contribution, will be treated in the Organization's accounts as a loan. A creditor account for each Member State...
5. **Budget and Accounts**

In 1984, income and expenditure for the project will be shown for the first time in the revision of the budget (document Transfers and Expenditure in Excess of Provisions) in the autumn. The changes will be mainly in PS Division. In 1985 and later years, estimated income and expenditure will be included in the budget documents.

Income for this project will be shown separately in the annual accounts including a separate table on the contributions from Member States. The total expenditure to completion of the project will be shown as usual in the Budget section on projects costing more than 3 million francs. The evolution of the temporary extra staff posts will also be reported.

6. **Decision**

The Finance Committee and Committee of Council are invited to approve the procedures outlined in this document.