



General Assembly

Distr.: General
12 December 2017

Original: English

Seventy-second session

Agenda item 148

Financing of the International Residual Mechanism for Criminal Tribunals

Revised estimates for the International Residual Mechanism for Criminal Tribunals: effect of changes in rates of exchange and inflation

Report of the Secretary-General

Summary

A preliminary recosting is included in the budget for the International Residual Mechanism for Criminal Tribunals for the biennium 2018–2019 ([A/72/396](#)).

To update the costing parameters, the proposed budget is recosted before its adoption by the General Assembly. The present report provides updated projections taking into account inflation and the effect of the evolution of operational rates of exchange in 2017 on the proposed budget for the biennium 2018–2019.

After recosting, the resource requirements for the biennium 2018–2019 as proposed by the Secretary-General would amount to \$232,715,600 gross for the International Residual Mechanism.



1. To provide a comparable basis on which to analyse increases and decreases from one biennium to another, the proposed budget for the International Residual Mechanism for Criminal Tribunals is normally presented at the same price levels and rates of exchange as those used in the current budget. At the same time, the proposed budget contains provisions for adjustments to take account of inflation and changes in the rates of exchange. Those are isolated and presented separately in the column headed “Recosting” in tables in the proposed budget. The budget is subsequently recosted three times in the biennial cycle, as follows:

(a) The first recosting is contained in the present report, which is submitted to the General Assembly for the purpose of updating the resource requirements in the proposed budget before an initial appropriation is approved;

(b) The second recosting will be reflected in the revised estimates included in the first performance report on the budget submitted by the Secretary-General at the end of the first year of the biennium, in connection with the approval of a revised appropriation;

(c) The third recosting will be included in the second performance report, submitted at the end of the second year of the biennium, in connection with the approval of the final appropriation.

2. As indicated in the proposed budget for the biennium 2018–2019 for the International Residual Mechanism (see [A/72/396](#), para. 17), the proposed budget is recosted in line with the standard regular budget recosting methodology. In compliance with the provisions of paragraph 3 of section IX of resolution [69/274 A](#), forward exchange rates have been used for the present recosting for currencies for which an active forward rate exists. For the Tanzanian shilling, the latest operational rate has been used, given that no active market with forward rates exists. Adjustments to the vacancy rates are based on the average realized vacancy rates from January 2016 to October 2017. For the branch in The Hague, the rates are 5 per cent for the Professional and higher categories and 0.9 per cent for the General Service and related categories. For the Arusha branch, the rates are 8.1 per cent for the Professional and higher categories and 1.6 per cent for the General Service and related categories. Those rates are compared with the rates used for the proposed programme budget for 2018–2019, which include the branch in The Hague, with 10.1 per cent for the Professional and higher categories and 7.1 per cent for the General Service and related categories, and the Arusha branch, with 10.5 per cent for the Professional and higher categories and 4.8 per cent for the General Service and related categories.

3. The recommendations of the Advisory Committee on Administrative and Budgetary Questions had not yet been finalized at the time of reporting. In the meantime, the proposed budget has been recosted to provide Member States with a more comprehensive picture of the overall level of estimates when determining the appropriations for the biennium. This is, however, without prejudice to decisions yet to be made further to any future recommendations of the Advisory Committee.

4. A summary of the results of the recosting based on the parameters described herein is provided in the table below.

Summary of recosting of the proposed budget for the biennium 2018–2019

(Thousands of United States dollars)

<i>Recosting</i>							
<i>Proposed budget (gross)</i>	<i>Adjustments recommended by the Advisory Committee</i>	<i>Proposed budget including the Advisory Committee's adjustments</i>	<i>Exchange rate</i>	<i>Inflation</i>	<i>Vacancy</i>	<i>Total</i>	<i>Estimated initial appropriation (gross)</i>
(1)	(2)	(3)=(1+2)	(4)	(5)	(6)	(7)=(4+5+6)	(8)=(3+7)
228 001.7	To be determined	228 001.7 ^a	4 114.5	(352.3)	951.7	4 713.9	232 715.6

^a The amount may change depending on the adjustments recommended by the Advisory Committee.

5. The proposed revised parameters to be applied in the first recosting in the biennial cycle compared with the assumptions applied in the preliminary recosting included in the proposed budget are set out in three schedules (see annex):

Schedule I: rates of exchange relative to the United States dollar and annual rates of inflation by duty station for the International Residual Mechanism;

Schedule II: post adjustment multipliers by duty station;

Schedule III: annual cost-of-living adjustments by duty station (General Service).

6. The estimated increased requirements of \$4,114,500 for the International Residual Mechanism in respect of exchange rate fluctuations reflect the depreciation of the United States dollar against the euro, partly offset by the strengthening of the United States dollar against the Tanzanian shilling. In the present recosting, the forward rate of exchange (contracted in December 2017) has been used as the basis for recosting for the euro, while the rate of December 2017 has been used for the Tanzanian shilling.

7. With respect to inflation, consideration is given to a series of parameters, including updated projections for inflation at the different duty stations. With regard to the salaries of Professional staff, while base salaries are not affected by exchange rates, given that they are denominated in United States dollars, the post adjustment component moves in response to changes in both inflation and exchange rates, and adjustments are triggered by movements in post adjustment multipliers approved by the International Civil Service Commission. With regard to General Service salaries and non-post requirements, changes are attributable to adjustments in projected rates of inflation relative to those originally estimated. It should be noted that updated rates of inflation for the biennium 2016–2017 are calculated against the realized level of inflation in 2017.

8. For the International Residual Mechanism, the estimated reduced requirements of \$352,300 reflect the net effect of reductions under General Service salaries (\$345,600), Professional salaries (\$147,900) and non-post objects of expenditure (\$6,100), partly offset by an increase under staff assessment (\$147,300).

Annex

Schedules

Schedule I

Rates of exchange relative to the United States dollar and annual rates of inflation by duty station for the International Residual Mechanism

<i>Duty station (currency)</i>	<i>Rates of exchange 2018–2019</i>		<i>Rates of inflation applicable to non-post objects of expenditure</i>						
			<i>Proposed budget</i>			<i>Present report</i>			
	<i>Proposed budget</i>	<i>Present report^a</i>	<i>2017^b</i>	<i>2018^c</i>	<i>2019^c</i>	<i>2016^d</i>	<i>2017^d</i>	<i>2018^c</i>	<i>2019^c</i>
The Hague (euro)	0.881	0.833	1.0	1.3	1.7	0.1	1.3	1.6	1.8
Arusha (Tanzanian shilling)	2 181.000	2 290.690	6.5	5.8	4.9	5.2	5.4	5.4	5.5
New York (United States dollar)	1.000	1.000	2.1	2.2	1.3	1.3	2.1	2.4	2.3

^a Based on the forward rate of exchange for The Hague and the rate of exchange of December 2017 for Arusha.

^b Revised rates for 2016–2017.

^c Projected.

^d Final estimates for 2016–2017.

Schedule II

Post adjustment multipliers by duty station

<i>Duty station</i>	<i>Proposed budget</i>			<i>Present report</i>			
	<i>2017^a</i>	<i>2018</i>	<i>2019</i>	<i>2016^b</i>	<i>2017^b</i>	<i>2018</i>	<i>2019</i>
The Hague	34.00	35.4	35.86	32.62	34.03	41.00	41.73
Arusha	41.50	45.85	49.78	42.72	40.77	37.13	38.73
New York	63.48	69.22	72.62	64.90	65.86	66.15	69.78

^a Revised appropriation for 2016–2017.

^b Final estimates for 2016–2017.

Schedule III

Annual cost-of-living adjustments by duty station (General Service)

(Percentage)

<i>Duty station</i>	<i>Proposed budget</i>			<i>Present report</i>		
	<i>2017^a</i>	<i>2018^b</i>	<i>2019^b</i>	<i>2017^c</i>	<i>2018^b</i>	<i>2019^b</i>
The Hague	1.0	1.3	1.7	—	1.6	1.8
Arusha	6.5	5.8	4.9	—	5.4	5.5
New York	—	—	—	—	—	—

^a Revised appropriation for 2016–2017.

^b Projected.

^c Actual.