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Proposed programme budget for the biennium 2000-2001

Revised estimates: effect of changes in rates of exchange and inflation

Report of the Secretary-General

Summary

In accordance with established practice, the proposed programme budget is recosted prior to its adoption by the General Assembly, following its preliminary recosting, as reflected in the budget proposals of the Secretary-General (A/54/6/Rev.1).

The present report provides the latest data on actual inflation experience, the outcome of salary surveys and the movement of post adjustment indices in 1999, and the effect of the evolution of operational rates of exchange in 1999 on the proposed programme budget for the biennium 2000-2001.

The recosted level of the resources proposed under the expenditure sections would amount to \$2,584.6 million. Similarly, the recosting estimates of income for 2000-2001 would amount to \$365.7 million.



1. In order to provide a comparable basis to analyse increases and decreases in a programme from one biennium to another, the proposed programme budget is presented at the same price levels and at the same rates of exchange as the current programme budget. At the same time, the proposed programme budget contains provisions for anticipated increases owing to inflation, and adjustments owing to changes in the rates of exchange. These are isolated and presented separately in the column entitled "recosting" in the proposed programme budget. After preparing the proposed programme budget, the programme budget is "recosted" three times in the biennial cycle as follows:

(a) The first recosting (as per the present report) is contained in the revised estimates submitted by the Secretary-General for consideration by the General Assembly, in order to update the resource requirements in the proposed programme budget before an initial appropriation is approved;

(b) The second is contained in the revised estimates submitted by the Secretary-General in the first performance report (end of the first year of the biennium), in connection with approval of a revised appropriation;

(c) The third is included in the second performance report (end of the second year of the biennium), in connection with approval of the final appropriation.

2. As foreseen in the introduction to the proposed programme budget for the biennium 2000-2001 (A/54/6/Rev.1, vol. I, para. 8), a recosting of the proposed programme budget is provided to take into account changes in operational rates of exchange, actual inflation experience, the outcome of salary surveys, if any, and the movement of post adjustment indices. The recosting in this case is based on data available up to November 1999.

3. The table below provides a summary of the results of the recosting based on the parameters described in the following paragraphs. It may be subject to further revision, as necessary, as a result of specific decisions of the Fifth Committee on programme budget implications and revised estimates.

<i>Initial proposed programme budget 2000-2001</i>	<i>Adjustments recommended by the Advisory Committee^a</i>	<i>Proposed programme budget + adjustments</i>	<i>Exchange rate</i>	<i>Inflation</i>	<i>Total changes</i>	<i>Estimated 2000-2001 appropriation</i>
(1)	(2)	(3)	(4)	(5)	(6)=(2+4+5)	(7)
<i>(Thousands of United States dollars)</i>						
2 655 362.4	(5 785.2)	2 649 577.2	(69 563.8)	4 615.0	(70 734.0)	2 584 628.4

^a See paras. 10 and 11 below.

4. The following annexes to the present report provide the proposed revised recosting factors to be applied for the first recosting in the biennial cycle and are compared to the assumptions applied in the preliminary recosting included in the proposed programme budget for the biennium 2000-2001:

Schedule I. Rates of exchange and annual rates of inflation by main duty station included in the proposed programme budget and in the present report

Schedule II. Post adjustment multipliers by main duty station

Schedule III. Cost-of-living adjustments by main duty stations (General Service)

Schedule IV. Effect of recosting by section, subsection and main determining factor

5. The United Nations operational rates of exchange in force at the time of the recosting (latest exchange rate) have frequently been used as the basis of recostings. In the present recosting, a similar approach of using the latest rate of exchange (that is, November 1999) has been used. This is in line with the views of the Advisory Committee on Administrative and Budgetary Questions (A/51/7/Add.6, para. 5) that the Administration should use such operational rates of exchange in its recosting exercises as would allow for the lowest estimates.

6. With respect to inflation, consideration is given, as necessary, to a series of factors, including analysis of the movement of the consumer price index at the different duty stations for goods and services, and probable increases in the salaries of General Service staff as a result of the movement of consumer price indices and the outcome of comprehensive salary surveys.

7. In the case of the salaries of staff in the Professional category, while base salaries are not affected by exchange rates, as they are denominated in dollars, the post adjustment component moves in response to changes in cost-of-living and exchange rates. The base salaries are, however, adjusted at each recosting to incorporate latest trends following an analysis of monthly payroll data by grade for each duty station.

8. The present recosting takes into consideration a number of recommendations of the Advisory Committee, which have been separately identified in paragraphs 9 to 11 below, as well as the attached schedules to the present report. While the General Assembly is yet to take action on the recommendations, the assumption has been made that it would be best to reflect them at this stage, to the extent that they can be specifically costed. This would allow Member States to have a more comprehensive picture of the overall level of estimates for consideration in determining the appropriation for the biennium 2000-2001. It should be noted, however, that the following clarifications would apply.

9. In paragraph 128 of its report (A/54/7), the Advisory Committee indicated that it had no basis to change the overall level of resources proposed by the Secretary-General. At the same time, however, in paragraph 130, the Committee indicated that there were several areas and sections where additional resources could be required. In order to identify these specific areas or sections, subject to compensating increases or reductions in resources, section guidance would be required before they could be reflected in the estimates. However, in the case of those clearly identified recommendations of the Advisory Committee affecting individual sections of the budget, their effects have been incorporated in the present recosting and are detailed below.

10. In paragraph 28 of the introduction to the proposed programme budget for the biennium 2000-2001, a uniform vacancy rate was proposed for posts in the Professional and General Service category: a rate of 5 per cent for staff in the Professional category and a rate of 2.5 per cent for General Service staff. However, in paragraph 36 of its report, the Advisory Committee recommended the reinstatement of the 50 per cent delayed recruitment factor for new posts. Accordingly, adjustments have been made in line with the recommendations of the Advisory Committee and these amount to \$48.9 million gross.

11. In addition to the following other recommendations, amounting to \$903,200 to individual sections have been incorporated in the recosting. These are listed below with reference to the specific section and paragraph of the report of the Advisory Committee as follows:

<i>Recommendations of the Advisory Committee contained in its report (A/54/7)</i>		
<i>Section</i>	<i>Paragraph reference</i>	<i>Description</i>
Section 1, Overall policy-making, direction and coordination	I.16	Not convinced of the proposal for a new P-5 post in the Executive Office of the Secretary-General to assist the Deputy Secretary-General in her responsibilities related to the ongoing reform process.
Section 11A, Trade and development	IV.38	Recommendation against the redeployment of a P-2 post from subprogramme 5 to subprogramme 1.
Section 22, Human rights	VI.12	Recommendation against the request for the additional new P-4 post for the New York Office of the High Commissioner.
Section 25, Humanitarian assistance	VI.28 and VI.31	Recommendation against the redeployment of one P-2 from New York, to the Geneva Liaison Unit of the Inter-Agency Standing Committee (subprogramme 2 to subprogramme 1); Recommendation that the subvention to the United Nations Development Programme from the regular budget be set at \$2,310,000 for the biennium 2000-2001, as opposed to the amount of \$2,309,300 (an increase of \$700).
Section 26, Public information	VII.8	Recommendation against the reclassification of the P-5 to D-1 (under executive direction and management).
Section 28, Internal oversight	IX.5	Recommendation against the reclassification of the P-5 to D-1 under executive direction and management; and recommendation that the new post for a planning and compliance officer be provided at the P-4 level and at the P-5 level reflected in the proposed programme budget.
Section 29, Jointly financed administrative activities	X.16	Recommendation against the appropriation of the United Nations share as it related to the Information Systems Coordination Committee.

12. Schedule IV contains a detailed listing, by section and main determining factor, of the revised estimates for the biennium 2000-2001 resulting from the recosting of the resource requirements of the expenditure sections in the proposed programme budget, inclusive of the adjustments enumerated in paragraphs 10 and 11 above, using the rates of exchange and inflation recommended in the present report.

13. The foregoing budget factors are also proposed to be applied to the income sections. The revised estimates for the income sections are summarized below:

<i>Section</i>	<i>Initial proposed programme budget 2000-2001</i>	<i>Revised estimates</i>	<i>Increase/(decrease)</i>
<i>(Thousands of United States dollars)</i>			
IS1. Income from staff assessment	326 945.2	323 119.6	(3 825.6)
IS2. General income	37 900.0	37 356.0	(544.0)
IS3. Services to the public	5 590.5	5 215.4	(375.1)
Total	370 435.7	365 691.0	(4 744.7)

Schedule I

Rates of exchange and annual rates of inflation by main duty station included in the proposed programme budget and in the present report

Main duty station	Rates of exchange 2000-2001		Average annual rates of inflation (percentage)			
	Proposed programme budget	In the present report ^a	Proposed programme budget		In the present report	
			1999 ^b	2000-2001	1999 ^c	2000-2001
New York (United States dollars)	-	-	2.4	2.4	2.2	2.6
Geneva (Swiss francs)	1.46	1.53	0.9	0.9	0.7	1.1
Vienna (Austrian schillings)	12.45	13.10	1.5	1.5	0.6	1.2
The Hague (Netherlands guilders)	2.01	2.10	2.3	2.3	2.3	2.4
Bangkok (Thai baht)	41.17	38.91	7.0	7.0	0.8	0.8
Santiago (Chilean pesos)	451.55	535.00	4.8	4.8	2.9	2.9
Mexico City (Mexican pesos)	8.78	9.45	13.3	13.3	16.6	16.6
Addis Ababa (Ethiopian birr)	7.06	8.12	2.4	2.4	2.2	2.6
Nairobi (Kenyan shillings)	60.45	75.00	9.0	9.0	5.8	5.8
Port-of-Spain (Trinidad and Tobago dollars)	6.24	6.20	5.8	5.8	3.1	3.1
UNMOGIP (rupees)	40.44	43.12	16.5	16.5	10.1	10.1
UNTSO (new shekels)	3.67	4.24	4.0	4.0	5.3	5.3
Gaza (new shekels)	3.67	4.24	4.0	4.0	5.3	5.3
UNRWA (shekels)	3.67	4.24	4.0	4.0	5.3	5.3
Beirut (Lebanese pounds)	1 512.18	1 501.00	4.9	4.9	1.5	1.5
United Nations information centres ^d	-	-	2.4	2.4	2.2	2.6

^a 1999 November rate.

^b Revised 1998-1999 appropriation.

^c 1999 average with actuals through November and November rate projected for December.

^d Combined effect of inflation and exchange rate changes.

Schedule II

Post adjustment multipliers by main duty station

Main duty station	Proposed programme budget			This report	
	1999 ^a	2000 ^b	2001 ^b	2000	2001
New York	146.9	146.8	149.5	148.6	151.7
Geneva	154.0	150.3	150.3	144.2	144.2
Vienna	136.5	134.2	135.8	127.2	127.9
The Hague	127.6	124.6	125.7	120.0	120.6
Bangkok	116.9	110.0	113.6	111.3	111.3
Santiago	129.0	127.1	128.8	116.2	116.2
Mexico City	108.3	119.2	127.5	117.2	127.0
Addis Ababa	118.1	115.3	115.3	112.8	112.8
Nairobi	125.0	127.8	133.9	118.2	118.2
Port-of-Spain	120.1	119.5	123.8	116.9	119.4
UNMOGIP	127.6	132.9	145.5	126.4	133.8
UNTSO	123.5	125.0	126.9	119.5	121.4
Gaza	123.5	125.0	126.9	119.5	121.4
UNRWA	123.5	125.0	126.9	119.5	121.4
Beirut	148.1	144.6	145.3	144.7	144.7
United Nations information centres	126.8	129.2	131.7	127.9	128.6

^a Revised 1998-1999 appropriations.

^b Multipliers for 2000 onwards adjusted for consolidation of 2.48 multiplier points effective 1 March 1999.

Schedule III

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

<i>Main duty station</i>	<i>Proposed programme budget</i>		<i>In the present report</i>	
	<i>1999^a</i>	<i>2000</i>	<i>1999</i>	<i>2000-2001</i>
New York	2.0	2.0	1.5	2.6
Geneva	-	-	-	1.1
Vienna	-	-	-	1.2
The Hague	2.2	2.0	1.5	2.4
Bangkok	15.0	15.0	-	0.8
Santiago	5.7	5.0	4.3	2.9 ^b
Mexico City	12.1	10.0	10.5	16.6
Addis Ababa	4.6	4.6	4.6	2.6 ^b
Nairobi	8.0	8.0	18.8	5.8 ^b
Port-of-Spain	3.1	3.2	6.0	3.1
UNMOGIP	4.5	4.5	16.7	10.1 ^b
UNTSO	6.3	6.3	6.9	5.3 ^b
GAZA	6.3	6.3	6.9	5.3
UNRWA	6.3	6.3	6.9	5.3
Beirut	4.5	4.5	4.5	1.5 ^b
United Nations information centres	4.5	4.5	4.5	2.6

^a Revised 1998-1999 appropriations.

^b Projections.

Schedule IV

Effect of recosting by section, subsection and main determining factor

(Thousands of United States dollars)

Expenditure sections	Proposed programme budget (1)	Administrative Committee recommended adjustments (2)	Proposed programme budget + Administrative Committee (3)	Recosting		Total changes (6) = (2) + (4) + (5)	Estimated 2000-2001 appropriation (7) = (1) + (6)
				Currency (4)	Inflation (5)		
1 Overall policy-making, direction and coordination	48 658.3	(537.7)	48 120.6	(364.6)	304.4	(597.9)	48 060.4
2 General Assembly affairs and conference services	441 244.9	-	441 244.9	(8 619.2)	2 247.8	(6 371.4)	434 873.5
3 Political affairs	134 647.0	(38.3)	134 608.7	-	407.1	368.8	135 015.8
4 Disarmament	14 216.2	(226.8)	13 989.4	(91.1)	55.4	(262.5)	13 953.7
5 Peacekeeping operations	88 598.2	-	88 598.2	(7 102.3)	961.8	(6 140.5)	82 457.7
6 Peaceful uses of outer space	4 162.0	-	4 162.0	(194.5)	(111.9)	(306.4)	3 855.6
7 International Court of Justice	22 263.1	(315.6)	21 947.5	(517.4)	114.6	(718.4)	21 544.7
8 Legal affairs	35 299.7	(194.8)	35 104.9	(170.9)	166.9	(198.8)	35 100.9
9 Economic and social affairs	113 822.6	-	113 822.6	-	935.0	935.0	114 757.6
10 Africa: New Agenda for Development	6 337.2	(263.7)	6 073.5	(124.0)	129.4	(258.3)	6 078.9
11 Trade and development	115 473.3	-	115 473.3	(5 080.0)	(42.8)	(5 122.8)	110 350.5
A. Trade and development	95 302.4	-	95 302.4	(4 173.4)	(27.2)	(4 200.6)	91 101.8
B. International Trade Centre							
UNCTAD/WTO	20 170.9	-	20 170.9	(906.6)	(15.6)	(922.2)	19 248.7
12 Environment	9 463.4	-	9 463.4	(1 031.6)	568.5	(463.1)	9 000.3
13 Human settlements	14 633.3	-	14 633.3	(2 070.3)	1 544.2	(526.1)	14 107.2
14 Crime prevention and criminal justice	6 175.6	(105.3)	6 070.3	(277.2)	(156.2)	(538.7)	5 636.9
15 International drug control	17 558.9	(295.6)	17 263.3	(762.9)	(408.0)	(1 466.5)	16 092.4
16 Economic and social development in Africa	83 519.3	(558.6)	82 960.7	(9 041.1)	5 764.5	(3 835.2)	79 684.1
17 Economic and social development in Asia and the Pacific	64 472.6	-	64 472.6	3 199.8	(9 984.3)	(6 784.5)	57 688.1
18 Economic development in Europe	44 290.6	(117.0)	44 173.6	(1 965.8)	182.8	(1 900.0)	42 390.6
19 Economic and social development in Latin America and the Caribbean	90 757.7	-	90 757.7	(10 986.6)	224.3	(10 762.3)	79 995.4

Expenditure sections	Proposed programme budget (1)	Administrative Committee recommended adjustments (2)	Proposed programme budget +		Recosting		Total changes (6)-(2)+(4)+(5)	Estimated 2000-2001 appropriation (7)-(1)+(6)
			Administrative Committee	Committee	Currency	Inflation		
			(3)	(3)	(4)	(5)		
20 Economic and social development in Western Asia	53 011.4	-	53 011.4		368.2	(2 297.5)	(1 929.3)	51 082.1
21 Regular programme of technical cooperation	45 138.9	-	45 138.9		(1 722.5)	(864.4)	(2 586.9)	42 552.0
22 Human rights	43 429.9	(921.1)	42 508.8		(1 504.4)	134.6	(2 290.9)	41 139.0
23 Protection of and assistance to refugees	45 650.2	-	45 650.2		(2 061.1)	395.1	(1 666.0)	43 984.2
24 Palestine refugees	23 350.4	-	23 350.4		(2 860.1)	687.4	(2 172.7)	21 177.7
25 Humanitarian assistance	20 029.0	(446.4)	19 582.6		(220.7)	96.8	(570.3)	19 458.7
26 Public information	145 734.0	(23.4)	145 710.6		(366.4)	(97.5)	(487.3)	145 246.7
27 Management and central support services	460 086.6	-	460 086.6		(8 478.0)	2 412.3	(6 065.7)	454 020.9
A. Office of the Under-Secretary-General for Management	11 619.9	-	11 619.9		-	113.3	113.3	11 733.2
B. Office of Programme Planning, Budget and Accounts	22 761.9	-	22 761.9		-	172.2	172.2	22 934.1
C. Office of Human Resources Management	48 840.4	-	48 840.4		-	254.5	254.5	49 094.9
D. Office of Central Support Services	231 323.0	-	231 323.0		-	380.5	380.5	231 703.5
E. Administration, Geneva	99 671.4	-	99 671.4		(4 510.8)	825.4	(3 685.4)	95 986.0
F. Administration, Vienna	29 875.7	-	29 875.7		(1 454.7)	(238.4)	(1 693.1)	28 182.6
G. Administration, Nairobi	15 994.3	-	15 994.3		(2 512.5)	904.8	(1 607.7)	14 386.6
28 Internal oversight	20 079.9	(458.9)	19 621.0		(299.6)	367.9	(390.6)	19 689.3
29 Jointly financed administrative activities	8 451.8	(466.5)	7 985.3		(202.2)	(110.9)	(779.6)	7 672.2
30 Special expenses	53 888.4	-	53 888.4		(404.8)	(42.6)	(447.4)	53 441.0
31 Construction, alteration, improvement and major maintenance	45 653.7	-	45 653.7		(1 434.9)	(1 045.8)	(2 480.7)	43 173.0
32 Staff assessment	322 199.3	(815.5)	321 383.8		(5 177.6)	2 076.1	(3 917.0)	318 282.3
33 Development Account	13 065.0	-	13 065.0		-	-	-	13 065.0
Total expenditure estimates (gross)	2 655 362.4	(5 785.2)	2 649 577.2		(69 563.8)	4 615.0	(70 734.0)	2 584 628.4