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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

In accordance with established practice, the proposed budget is recosted prior to its adoption by the General Assembly. A preliminary recosting is reflected in the proposed budget for the International Residual Mechanism for Criminal Tribunals for 2021 ([A/75/383](#)).

The present report contains an update of the rates assumed earlier in 2020 in the context of the proposed budget for 2021 regarding inflation, rates of exchange between the United States dollar and other currencies, standard costs for salaries and common staff costs, and vacancy rates. The updated rates were obtained in December 2020.

The preliminary recosting, which took into consideration projections for inflation and standard costs for 2021, amounted to \$2,505,800. In the present report, all four recosting parameters are updated. The effects of updating the recosting parameters resulted in an additional \$2,965,900, primarily as a result of the weakening of the United States dollar vis-à-vis the euro.



I. Introduction

1. In accordance with established practice, the proposed budget for 2021 contained in the report of the Secretary-General (A/75/383) is presented at the same price levels and rates of exchange as the budget for 2020. The effect of the changes in those parameters is isolated and presented in a separate column entitled “Recosting” in the proposed budget for 2021 (ibid., table 12) to provide Member States with an indication of the effects of inflation and the fluctuation of exchanges rates.

2. The present report is submitted to provide the General Assembly with an update on the effects of changes in inflation, rates of exchange and other recosting parameters assumed in the initial proposed budget for 2021. By applying the rates known in December 2020, the Assembly, in determining the appropriation for 2021, can reflect the effects of the most recent recosting parameters available in the proposed budget.

3. Because of a timing issue, the recommendations of the Advisory Committee on Administrative and Budgetary Questions are not reflected in the present report. This is, however, without prejudice to decisions yet to be made further to any future recommendations by the Advisory Committee.

4. Table 1 shows a summary of the recosting effects.

Table 1
Effects of revised estimates for 2021

(Thousands of United States dollars)

	2021 estimates (before preliminary recosting)	Recosting					2021 estimates (after recosting)
		Exchange rate	Inflation	Standard salary costs	Vacancy rate	Total recosting	
	(1)	(2)	(3)	(4)	(5)	(6)=(2+3+4+5)	(7)=(1+6)
Initial proposal	97 194.0	–	951.0	1 554.8	–	2 505.8	99 699.8
Revised estimates	97 194.0	2 984.4	1 096.7	(47.6)	1 438.2	5 471.7	102 665.7
Net change	–	2 984.4	145.7	(1 602.4)	1 438.2	2 965.9	2 965.9

5. An explanation of the variations in the costing parameters assumed in the calculation of the appropriation is provided in section II.A–D below. Schedules I–III (see annex) provide the costing parameters used in the present report, as follows:

(a) Schedule I: effects of updated rates of exchange relative to the United States dollar and effects of updated annual inflation rates (consumer price indices);

(b) Schedule II: post adjustment multipliers and annual cost-of-living adjustments;

(c) Schedule III: average vacancy rates.

II. Revised estimates

A. Revised estimates due to changes in exchange rates (net increase of \$3.0 million)

6. In line with section IX of General Assembly resolution 69/274, a forward rate of exchange as of December 2020 has been used as the basis for recosting for the euro and the Tanzanian shilling.

7. Exchange rate fluctuations reflect an increase of \$2,984,400, owing to the weakening of the United States dollar against the euro (0.89 assumed in the proposed budget v. 0.83) and the Tanzanian shilling (2,342.90 assumed in the proposed budget v. 2,323.97).

8. Table 2 shows the distribution of the budget consumption by currency. The information takes into account the actual experience of currency use from January 2017 to October 2020. Table 3 shows the related exchange rate effect of various currencies relative to the United States dollar as provided in the proposed budget and the present revised estimates for 2021.

Table 2
Distribution of post and non-post resources in the proposed budget for 2021, by currency

(Thousands of United States dollars)

Currency	2021 estimates (before preliminary recosting)						Total, recosting effect	2021 estimates (after recosting)
	Posts	Percentage	Non-post	Percentage	Total, posts and non-post	Percentage		
Euro	7 431.0	33.8	30 597.9	40.7	38 028.9	39.1	3 477.0	41 505.9
Tanzanian shilling	13 863.2	63.1	4 365.4	5.8	18 228.6	18.8	1 397.0	19 625.6
United States dollar	164.1	0.7	40 160.9	53.4	40 325.0	41.5	525.3	40 850.3
Other	527.9	2.4	83.6	0.1	611.5	0.6	72.4	683.9
Total	21 986.2	100	75 207.8	100.0	97 194.0	100.0	5 471.7	102 665.7

Table 3
Effect of various currencies relative to the United States dollar as provided in the proposed budget and the present revised estimates for 2021, by currency

(Thousands of United States dollars)

Location/zone	2021 estimates (before preliminary recosting)	Rate of exchange effect
Euro zone	38 028.9	2 864.6
United Republic of Tanzania	18 228.6	150.2
United States of America	40 325.0	–
Other	611.5	(30.4)
Total	97 194.0	2 984.4

B. Revised estimates due to changes in inflation (net increase of \$1.1 million)

9. Updated inflation projections consist of three components: post adjustment for staff in the Professional and higher categories; cost-of-living adjustments for staff in the General Service and related categories; and updated consumer price indices for non-post objects of expenditure.

10. For staff in the Professional and higher categories, adjustments to the post adjustment multiplier are affected by changes in both inflation and exchange rates. Updated projections for post adjustment have been calculated by the International Civil Service Commission and provided in its report for the year 2020 (A/75/30, para. 55 and annex IV) and were subject to the application of the inflation rate for 2020, as reflected in schedule II.

11. Changes in salaries for staff in the General Service and related categories and non-post resources are attributable to updated projected rates of inflation relative to those originally estimated, as reflected in schedules I and II.

12. The revised estimates due to changes in inflation resulted in a net increase of \$1,096,700. This increase predominantly reflects a higher-than-budgeted post adjustment multiplier and cost-of-living adjustments for The Hague and the United Republic of Tanzania. Under non-post resources, the increase reflects higher inflation projections for the United Republic of Tanzania and the United States of America.

13. Table 4 shows the distribution of the budget consumption by currency and the related inflation effect.

Table 4

Inflation effect in various locations/zones in the proposed budget and the present revised estimates for 2021

(Thousands of United States dollars)

<i>Location/zone</i>	<i>2021 estimates (before preliminary recosting)</i>	<i>Inflation effect</i>
Euro zone	38 028.9	47.2
United Republic of Tanzania	18 228.6	482.5
United States of America	40 325.0	513.4
Other	611.5	53.6
Total	97 194.0	1 096.7

C. Revised estimates due to changes in standard costs (net decrease of \$47,600)

14. Adjustments to standard costs reflect the net effect of changes in standard salary costs, staff assessment and common staff costs, which relate to allowances and benefits, appointments, transfers and separations of staff.

15. Revisions to standard salary costs for 2021, including staff assessment, are based on the latest payroll experience of October 2020, by location and post category.

16. Common staff costs are budgeted as a percentage of net salaries for each location and separated for the Professional and higher categories and the General Service and related categories for each duty station on the basis of actual expenditure analyses from January 2018 to October 2020.

17. The revised estimates due to standard cost adjustments resulted in a net decrease of \$47,600, primarily as a result of lower common staff cost percentages compared with those initially assumed in the proposed budget.

D. Revised estimates due to changes in vacancy rates (net increase of \$1.4 million)

18. In its resolution [74/259](#), the General Assembly approved the following vacancy rates for continuing temporary posts, which were used in the assumptions of the proposed budget for the Residual Mechanism:

(a) The Hague branch: 0.6 per cent for the Professional and higher categories and the General Service and related categories;

(b) Arusha branch: 11.5 per cent for the Professional and higher categories and 4.9 per cent for the General Service and related categories.

19. The average realized vacancy rates for continuing posts from January to October 2020 were:

(a) The Hague branch: 0.1 per cent for the Professional and higher categories and 0.3 per cent for the General Service and related categories;

(b) Arusha branch: 0.9 per cent for the Professional and higher categories and 0.2 per cent for the General Service and related categories.

20. A revision of the vacancy rates for continuing posts is proposed in line with the average realized vacancy rates for 2020, as reflected in schedule III. The impact of vacancy rate adjustments for continuing posts would result in an increase of \$1,438,200, owing to the lower vacancy rates for both the Professional and higher categories and the General Service and related categories.

Annex

Schedules

Schedule I

Effects of updated rates of exchange relative to the United States dollar and effects of updated annual inflation rates (consumer price indices)

(Percentage)

Duty station	Currency	Rate of exchange				Average annual rate of inflation			
		Proposed budget		Revised estimates		Proposed budget		Revised estimates	
		2020	2021	2020	2021	2020	2021	2020	2021
The Hague	Euro	0.89	0.89	0.89	0.83	1.5	1.7	0.5	1.2
Arusha	Tanzanian shilling	2 342.90	2 342.90	2 342.90	2 323.97	3.8	4.5	3.4	4.3
New York	United States dollar	1.00	1.00	1.00	1.00	1.6	1.9	1.2	1.5

Schedule II

Post adjustment multipliers and annual cost-of-living adjustments

(Percentage)

Duty station	Post adjustment multiplier (Professional and higher categories)				Cost-of-living adjustment (General Service and related categories)				
	Proposed budget		Revised estimates		Proposed budget		Revised estimates		
	2020	2021	2020	2021	2020	2021	General Service	National Professional Officer	General Service and National Professional Officer
							2020	2021	
The Hague	40.3	42.3	40.3	49	1.5	1.7	2.50	–	1.2
Arusha	39.5	40.4	39.5	42	3.8	4.5	–	–	4.3
New York	68.1	73.5	68.1	68.7	1.6	1.9	1.60	–	1.5

Schedule III

Average vacancy rates

Duty station	Proposed budget 2021		Revised estimates ^a	
	Professional and higher categories	General Service and related categories	Professional and higher categories	General Service and related categories
The Hague	0.6	0.6	0.1	0.3
Arusha	11.5	4.9	0.9	0.2
New York	0	–	0	–

^a Based on average vacancy rates from January to October 2020.