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Agenda item 109

PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1984-1985

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

Report of the Secretary-General

1. In paragraph 23 of the introduction to the proposed programme budget for the biennium 1984-1985 1/ and paragraph 9 of the first report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the proposed programme budget 2/, it was indicated that developments in exchange rates would be reviewed in order to ensure that the final appropriations were based on the latest available rates.

2. Rates of exchange. Revised rates for the following duty stations are proposed based on United Nations operational rates effective at 1 December 1983:

| | <u>Initial proposal</u> | <u>Revised proposal</u> |
|----------------------|-----------------------------|-----------------------------|
| Geneva (francs) | 2.13 | 2.18 |
| Vienna (schillings) | 17.70 | 19.00 |
| The Hague (guilders) | 2.75 | 3.03 |
| Bangkok (bahts) | 22.90 | 23.01 |
| Addis Ababa (birr) | 2.07 | 2.05 |
| Nairobi (shillings) | 11.15 | 13.60 |
| Rome (lire) | 1 445.00 | 1 630.00 |
| Kingston (dollars) | 1.78 | 3.10 |

3. Inflation rates. The Advisory Committee in paragraph 25 of its first report recommended that the Secretary-General should keep inflation rates under careful review and, if warranted, propose an adjustment towards the end of the thirty-eighth session of the General Assembly to reflect the most recent movements in inflation rates. A revised inflation rate for New York of 5 per cent per year in 1984 and 1985 is proposed in place of the initial projection of 5.5 per cent per year. This reduced rate of inflation is proposed bearing in mind the lower rate of inflation experienced in New York during 1983.

4. With respect to other duty stations it is deemed prudent to maintain projected inflation rates at the levels stated in annex IV of the proposed programme budget. In the case of Geneva, Vienna and the Hague, which are budgeted for 5.5 per cent inflation, actual 1983 inflation implicit in the post adjustment indices was 6.7, 6.3 and 6.1 per cent respectively. The other duty stations budgeted for 10 per cent annual inflation presented a mixed picture with many rates exceeding 10 per cent per year. A 10 per cent rate has been retained for those duty stations originally proposed as 10 per cent as well as for United Nations information centres and UNHCR field offices consistent with the recommendation of the Advisory Committee in paragraph 25 of its report.

5. The proposed inflation rates have been applied to the levels of salary and other costs based on actual experience in 1983 as reported in the final performance report for the 1982-1983 biennium (A/C.5/38/49). This provides a more accurate derivation of projected costs for 1984 and 1985 than would be the case if the revised rates were applied to the 1983 rates which were used in calculating the resource base.

6. The new rates have been applied to the proposed programme budget as approved by the Fifth Committee in its first reading and to all revised estimates and statements of administrative and financial implication approved up to and including the 63rd meeting. The effect of the recosting is shown in annex I.

7. The overall effect of the recosting of the amounts referred to in paragraph 6 above can be summarized as follows:

| | \$ |
|---|-----------------------------|
| A. Amounts approved for expenditure section | 1 606 291 600 |
| Difference resulting from recosting | <u>(35 046 400)</u> |
| Total | <u><u>1 571 245 200</u></u> |
| | |
| B. Estimates approved for income sections | 286 173 500 |
| Difference resulting from recosting | <u>(5 727 600)</u> |
| Total | <u><u>280 445 900</u></u> |

8. As regards the outstanding items awaiting decisions of the Fifth Committee at the time of writing,

(a) The consolidated statement of administrative and financial implications in respect of conference-servicing costs has been prepared on the basis of the new rates and any amounts approved in this respect by the Fifth Committee will therefore not require recosting;

(b) Revised estimates and statements of financial implications still pending at the time of the preparation of this report are listed in annex II, at the current amounts. It is proposed that the amounts eventually approved for these items be recosted at the time they are approved by the Fifth Committee and reflected directly in the amounts submitted to the Fifth Committee at second reading.

Notes

1/ Official Records of the General Assembly, Thirty-eight Session, Supplement No. 6 (A/38/6), vol. I.

2/ Ibid., Supplement No. 7 (A/38/7).

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Annex I

RECASTING - BIENNIUM 1984-1985

(Thousands of US dollars)

| | <u>Approved by Fifth Committee</u> | <u>Inflation and currency adjustment</u> | <u>Total appropriation</u> |
|--|--|--|--------------------------------|
| A. <u>Estimates of expenditure</u> | | | |
| 1. Overall policy-making, direction and co-ordination | 40 419.9 | (540.7) | 39 879.2 |
| 2A. Political and Security Council affairs; peace- keeping activities | 83 385.3 | (1 518.6) | 81 866.7 |
| 2B. Department for Disarmament Affairs | 8 297.6 | (72.7) | 8 224.9 |
| 3. Political affairs, trusteeship, and decolonization | 23 217.3 | (165.0) | 23 052.3 |
| 4. Policy-making organs (Economic and social activities) | 3 938.3 | (114.6) | 3 823.7 |
| 5A. Office of the Director-General for Development and International Economic Co-operation | 3 460.6 | (10.3) | 3 450.3 |
| 5B. Centre for Science and Technology for Development | 3 892.1 | (19.6) | 3 872.5 |
| 5C. Regional Commissions Liaison Office | 598.5 | (1.1) | 597.4 |
| 6. Department of International Economic and Social Affairs | 49 135.1 | (235.1) | 48 900.0 |

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| | <u>Approved by Fifth Committee</u> | <u>Inflation and currency adjustment</u> | <u>Total appropriation</u> |
|---|--|--|--------------------------------|
| 7. Department of Technical Co-operation for Development | 17 592.9 | (99.2) | 17 493.7 |
| 8. Office of Secretariat Services for Economic and Social Matters | 3 778.5 | (3.7) | 3 774.8 |
| 9. Transnational Corporations | 9 707.3 | (99.1) | 9 608.2 |
| 10. Economic Commission for Europe | 25 150.1 | (40.8) | 25 109.3 |
| 11. Economic and Social Commission for Asia and the Pacific | 34 709.5 | 109.1 | 34 818.6 |
| 12. Economic Commission for Latin America | 53 779.5 | (7 383.1) | 46 396.4 |
| 13. Economic Commission for Africa | 45 912.0 | (599.7) | 45 312.3 |
| 14. Economic Commission for Western Asia | 27 250.1 | (841.5) | 26 408.6 |
| 15. United Nations Conference on Trade and Development | 56 582.6 | (123.6) | 56 459.0 |
| 16. International Trade Centre | 8 627.1 | - | 8 627.1 |
| 17. United Nations Industrial Development Organization | 73 857.8 | (2 329.3) | 71 528.5 |
| 18. United Nations Environment Programme | 12 219.9 | (1 014.9) | 11 205.0 |
| 19. United Nations Centre for Human Settlements (HABITAT) | 10 662.5 | (754.2) | 9 908.3 |
| 20. International Drug Control | 5 959.0 | (150.1) | 5 808.9 |

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| | <u>Approved by Fifth Committee</u> | <u>Inflation and currency adjustment</u> | <u>Total appropriation</u> |
|---|--|--|--------------------------------|
| 21. Office of the United Nations High Commissioner for Refugees | 31 621.8 | (1 596.8) | 30 025.0 |
| 22. Office of the United Nations Disaster Relief Co-ordinator | 5 236.7 | (0.3) | 5 236.4 |
| 23. Human Rights | 10 285.8 | (38.1) | 10 247.7 |
| 24. Regular Programme of Technical Co-operation | 34 519.2 | (1 608.3) | 32 910.9 |
| 25. International Court of Justice | 9 500.0 | (451.4) | 9 048.6 |
| 26. Legal activities | 14 914.4 | (163.8) | 14 750.6 |
| 27. Public information | 71 655.0 | (384.6) | 71 270.4 |
| 28. Administration and management | 309 633.5 | (8 124.2) | 301 509.3 |
| 29. Conference and Library services | 261 212.7 | (2 434.1) | 258 778.6 |
| 30. United Nations Bond Issue ... | 16 769.1 | - | 16 769.1 |
| 31. Staff assessment | 226 820.4 | (3 925.2) | 222 895.2 |
| 32. Construction, alteration, improvement and major maintenance of premises | <u>11 989.5</u> | <u>(311.8)</u> | <u>11 677.7</u> |
| Total, expenditure sections | <u>1 606 291.6</u> | <u>(35 046.4)</u> | <u>1 571 245.2</u> |
| B. <u>Estimates of income</u> | | | |
| Income section 1 | 229 147.2 | (4 320.2) | 224 827.0 |
| Income section 2 | 36 249.6 | (1 132.8) | 35 116.8 |
| Income section 3 | <u>20 776.7</u> | <u>(274.6)</u> | <u>20 502.1</u> |
| Total, income sections | <u>286 173.5</u> | <u>(5 727.6)</u> | <u>280 445.9</u> |
| Total, net requirements | <u><u>1 320 118.1</u></u> | <u><u>(29 318.8)</u></u> | <u><u>1 290 799.3</u></u> |

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Annex II

A. REVISED ESTIMATES AND FINANCIAL IMPLICATIONS, PENDING AS OF 14 DECEMBER 1983

- A/C.5/38/27 Conditions of service and compensation for officials other than Secretariat officials
- A/C.5/38/35 Common Services at the United Nations accommodation, Nairobi
- A/C.5/38/41 Contractual status of language teachers
- A/C.5/38/65 Study on conventional disarmament
- A/C.5/38/68 Study on concepts of security
- A/C.5/38/69 Reduction of military budgets
- A/C.5/38/70 Chemical and bacteriological (biological) weapons
- A/C.5/38/73 General and complete disarmament
- A/C.5/38/79 Technological innovations in the production of the publications and documentation of the United Nations
- A/C.5/38/82 Adequacy of the conference facilities of the Economic Commission for Africa at Addis Ababa
- A/C.5/38/83 Report of the Disarmament Commission
- A/C.5/38/86 United Nations Institute for Training and Research
- A/C.5/38/87 Conversion of UNIDO into a specialized agency
- A/C.5/38/88 Implementation of the Declaration on the Denuclearization of Africa
- A/C.5/38/93 Administrative and financial implication of the draft resolution contained in document A/C.2/38/L.104
- A/C.5/38/94 Transport and Communications Decade in Africa
- A/C.5/38/95 Implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries
- A/C.5/38/100 Accommodation for the subregional offices in the Caribbean

B. ESTIMATES PROPOSED BY THE SECRETARY-GENERAL FOR THE ABOVE

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| | |
|----------------------------|------------|
| Expenditure sections | 14 107 600 |
| Income sections | 2 675 600 |
