Seventy-fifth session
Nessebar, Bulgaria, 13 and 14 June 2005
Provisional agenda item 10(c)

DRAFT PROGRAMME OF WORK AND BUDGET
FOR THE PERIOD 2006-2007

(c) Report of the Committee on Budget and Finance

Note by the Secretary-General

In this document the Secretary-General transmits to the Executive Council the report of the Committee on Budget and Finance on the draft programme of work and budget for the period 2006-2007, referred to it for examination at its forty-fourth meeting, held at Madrid, Spain on 29 April 2005.
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1. As indicated in document CE/75/5(b), the Committee on Budget and Finance devoted part of its deliberations to examining the draft budget for the financial period 2006-2007.

DRAFT PROGRAMME OF WORK AND BUDGET PREPARED BY THE SECRETARY-GENERAL (2006-2007) [CE/75/10(a)]

2. Mrs Angelika Liedler, Chairperson of the Programme Committee, reported the Committee’s recommendations on the programme of work for 2006-2007, which were drawn up at the Committee’s meeting in Madrid on 27 and 28 April 2005.

3. The Committee on Budget and Finance focused its work on the financial and budgetary aspects of the draft.

4. First of all, the Secretary-General and the Director of Administration Division presented the draft programme of work and budget for the period 2006-2007.

5. The Committee appreciated the clarity of the document containing the draft programme budget and welcomed the continuing use of the budget-by-programme method, as it served to assess the total cost and volume of each activity.

6. The Committee took note of the creation of two new departments in Part I of the Major Programme – Programme of Work: “Ethical and Social Dimensions of Tourism” (Section 4) and “E-Tourism Development” (Section 7).

7. Then, the Committee proceeded to study the detailed information on the cost increases appearing in Table II of document CE/75/10(a).

8. The Committee considered it appropriate to take into account the three economic assumptions described in the reference document. Firstly, three new Full Members are expected to join the Organization. Secondly, it noted that the increase in the CPI in Spain was 3.2 per cent in 2004 and that the official forecast of the Spanish Government for 2005 would be 2.0 per cent. For 2006, the European Commission and the Organization for Economic Cooperation and Development (OECD) estimate the inflation rate for Spain at 2.7 per cent. This was the index selected by the Secretariat to estimate the budget. It acknowledged that even though the price index used did not affect all expenditures, it did enable an assessment to be made of cost increases in general. It further noted that the statutory increases applied to staff costs also affected the Organization’s expenditure.
Lastly, the Committee decided to adopt the assumption of an exchange rate of 1 US dollar = 0.80 euros for budgetary purposes.

9. The Committee studied the programme and budget proposals for 2006-2007, drawn up in euros in accordance with resolution 433(XIV) of the General Assembly. These proposals amounted to EUR24,165,000, a nominal increase of 9.4 per cent over the budget of EUR22,083,000 approved for 2004-2005.

10. The Committee observed that, although the increase in estimated costs was 9.4 per cent over the budget for 2004-2005, in real terms it was an increase of 3.93 per cent, because the accumulated increase in the consumer price index (CPI) forecast for 2006-2007 was 5.47 per cent.

11. Agreeing to the total budgetary income proposed, which included the surplus from the financial period 2002-2003, the Committee observed that the Organization's own funds, sundry income and proceeds from the sale of publications were 3.3 per cent higher than those of the previous biennium.

12. The Committee on Budget and Finance adopts as its own the Programme Committee's view that the Draft Programme is well-designed, well-structured, and properly addresses the needs and concerns of all of the members.

13. The Committee observed that the appropriation for the programme of work in Part I of the budget represented 53.74 per cent of the total budget, an appropriation that it was, moreover, proposed to bolster with extra-budgetary income amounting to EUR780,000. It likewise observed that Part I of the budget has increased by 12.5 per cent as a result of enlarging the staff by 7 new posts in order to provide the necessary personnel for the two new sections, and to reinforce the sections most directly involved in cooperation for development and poverty reduction; that Part II of the budget has decreased by 0.8 per cent despite the addition of one new post in the Translation service, due mainly to the removal of provisions to cover compensation for separation from service of the Secretary-General and the Deputy Secretary-General, which had been included in the previous budget; and that Part III of the budget increased by 13.2 per cent with respect to the previous programme due to the transfer of appropriations for Computers and Telematics personnel from Part I and the allocation of appropriations for staff training.

14. The Committee on Budget and Finance recommended the Council to approve the draft programme of work and budget for 2006-2007 prepared by the Secretary-General with the provision that if for any reason the dates of joining of the new Members were to differ significantly from the expected dates, it would be necessary to revise the budget total upward or downward as the case may be at its 45th meeting.
15. The Committee on Budget and Finance authorizes the Secretary-General to make any changes and readjustments he deems necessary in Table II "Appropriations Proposed for 2006-2007 – Budget estimates and analysis of increases by major programme" in order to apply the recommendations made in the Report of the Programme Committee.

16. It further recommended the Executive Council to propose to the General Assembly that it request the Secretary-General to execute the programme of work and budget for 2006-2007 according to income received, in keeping with the established practice that had proved satisfactory.