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**REVISED BUDGET ESTIMATES FOR 2002-2003  
AS A RESULT OF STATUTORY REQUIREMENTS**

**OUTLINE**

The Director-General submits revised budget estimates for the Draft Programme and Budget for 2002-2003 (31 C/5) and makes proposals with regard to:

**Revised Paris post adjustment classification:**

- the financing of the additional amount of \$10,264,200 required under the staff costs budget as a result of the application of the revised post adjustment classification to staff in the Professional category and above in Paris with effect from 1 July 2001;

**New United Nations inter-agency cost-sharing mechanism for security costs:**

- the financing of an additional amount of \$770,100 required to honour UNESCO's contribution to the new United Nations inter-agency cost-sharing mechanism in respect of security and safety of staff and related personnel.

## Background

### Revised Paris post adjustment classification

1. Based on the results of the cost-of-living survey undertaken in Paris in September 2000, the International Civil Service Commission (ICSC), at its 53rd session (Montreal, 11-29 June 2001), established a revised post adjustment multiplier for staff in the Professional category and above in Paris of 8.9, effective 1 July 2001, at the operational rate of exchange of 7.71405 French francs equal to one United States dollar.
2. In comparison to the remuneration for June 2001 expressed in French francs, this change, effective 1 July 2001, represented an increase of approximately 8.87%, over the net amount (net base salary plus post adjustment) received by staff members in the categories concerned. The budgetary impact of this increase, calculated at the exchange rate of 5.70 French francs or 0.869 euro to one United States dollar, on the staff costs of the Organization has been estimated at:
  - **\$2,400,000 for the six-month period July-December 2001**, which have been proposed to the 162nd session of the Executive Board (162 EX/26) for financing through a transfer from Part VII of the budget for 2000-2001 (Anticipated Cost Increases) to the relevant appropriation lines;
  - **\$10,264,200 for the 24-month period January 2002-December 2003**, which are **not** included in the total staff costs budget of \$310,776,500 proposed in document 31 C/5, this document having been completed before the results of the cost-of-living survey were communicated to the Director-General.

### New United Nations inter-agency cost-sharing mechanism in respect of security and safety of staff and related personnel

3. In view of the growing number of events resulting in the death and detention of United Nations staff members, especially over recent years, the matter of staff safety and security has been receiving the highest priority consideration by the United Nations system. This gave rise to decisions and statements by the ACC and, more recently to General Assembly resolution A/RES/55/238, which calls for the establishment of an effective inter-agency mechanism for cost-sharing arrangements of security costs to replace the current, somewhat inefficient system, the shortcomings of which led, on certain occasions, to delays in the implementation of security measures.
4. The Secretary-General consulted Executive Heads of United Nations system organizations in February 2001 and, subsequently, the ACC High Level Committee on Management (Geneva, 10-11 September 2001) discussed this issue at length and approved an appropriate cost-sharing formula for security costs. Within this new approved formula, **UNESCO's contribution for 2002-2003 amounts to \$1,037,900**, representing **an increase of \$770,100** over the amount of \$267,800 foreseen in document 31 C/5 under Part I.C of the budget (Participation in the Joint Machinery of the United Nations System).

### Financing of the additional requirements

5. The 161st session of the Executive Board (28 May-13 June 2001), having examined the Draft Programme and Budget for 2002-2003 (31 C/5) took note that "... the level of the budget ceiling in document 31 C/5 (US \$544,367,250 at an exchange rate of 5.70 French

francs or 0.869 euro for one United States dollar) which represents zero nominal growth compared with document 30 C/5;” and “Proposes to the General Conference a level of the budget ceiling of US \$544,367,250 at an exchange rate of 5.70 French francs or 0.869 euro for one United States dollar which represents zero nominal growth compared with document 30 C/5;” (cf. 31 C/6, Section II.A, paras 3 and 4).

6. Unless the General Conference decides to the contrary, the Director-General intends to respect the recommendation of the Executive Board and to maintain the budget proposed for 2002-2003 at the zero nominal growth level of \$544,367,250. Accordingly the additional amounts of (i) \$10,264,200 required for the statutory increase in the remuneration of staff in the Professional category and above at Headquarters and (ii) \$770,100 for UNESCO’s contribution to the new United Nations inter-agency mechanism for cost-sharing arrangements of security costs, will have to be financed from within the budget ceiling of \$544,367,250.

7. With regard to the **revised Paris post adjustment classification**, the Director-General is confronted with the following difficulty:

The revised post adjustment multiplier came into effect on 1 July 2001 and, in order to reflect reality with regard to the staff costs requirements in 2002-2003, the budgetary impact (\$10,264,200) on the proposals in document 31 C/5 should be added to the amount of \$310,776,500 provided for established posts at Headquarters and in the field (ref. paragraph (j) of the Draft Appropriation Resolution), thus bringing the total requirement for staff costs to \$321,040,700.

8. The Director-General wishes to recall that, prior to fixing the proposed staff costs budget at \$310,776,500 for 2002-2003, the staff establishment was subjected to an extremely rigorous and thorough review with the aim of tailoring the number and level of posts to the needs of the programme. As stated in his introduction to document 31 C/5, whilst the original objective of saving \$30 million was not achieved, savings amounting to \$26 million were identified, stemming from the abolition of 170 Headquarters posts by comparison with document 30 C/5 Approved (or over 200 posts if all the posts established previously, or outside document 30 C/5 are taken into consideration). These savings enabled statutory cost increases to be covered, the number of field posts to be increased and some of the costs relating to the reform to be financed. Moreover, with a view to ensuring the sound management of the staff costs budget, all posts have been budgeted for the 24-month period at the incumbent’s real grade, promotions in a personal capacity having been discontinued. A small Reserve for Reclassifications (\$1.5 million) has also been included with a view to improving transparency and providing a budgetary framework for reclassifications so as to avoid the situation that occurred in the past whereby a number of posts were reclassified over and above the provision for staff costs. In this respect, it should also be recalled that, due to the application of the budgeting technique “Adjustment for staff turnover and recruitment delays” (lapse factor) the proposed staff costs budget of \$310,776,500 represents only 97% of the amount required to finance the 1,983 posts foreseen in document 31 C/5 (Appendix V). Thus the Director-General is obliged to effect savings in the staff costs budget amounting to \$9.6 million during the course of the biennium in order to ensure that the staff costs budget is not exceeded. He wishes to stress, therefore, that it is highly unlikely that total savings of \$19.9 million (\$9.6 million lapse + \$10.3 additional requirement) could be achieved without affecting the execution of the programme planned for 2002-2003 which he is determined to implement to the maximum extent possible.

9. In order to remain within the zero nominal growth level and to reflect the true staff costs requirement in the Programme and Budget for 2002-2003, thus providing a transparent basis for the calculation of these requirements in 2004-2005 and their comparison with 2002-2003 provision, the following options have been considered:

- (i) **To reduce the provision (\$13,690,850) for Part IV of the budget** – Anticipated Cost Increases\* by \$10,264,200 and to add this amount to the \$310,776,500 provided for staff costs in document 31 C/5. Thus the Appropriation Resolution would reflect the real staff costs requirement of \$321,040,700 and a provision under Part IV of the budget amounting to \$3,426,650, the budget ceiling remaining at the zero nominal growth level of \$544,367,250. However, as the reduced provision of \$3,426,650 would be insufficient to cover cost increases arising from statutory and other factors during the course of the 2002-2003 biennium, the Director-General would have no alternative but to absorb requirements over and above this amount within the budget for the programmes and activities of the Organization which would have a serious impact on programme implementation.
- (ii) **To increase the staff costs budget by \$10,264,200 to \$321,040,700 but to offset this increase by a negative adjustment of \$10,264,200 in the Appropriation Resolution for 2002-2003**, thus containing the total budget ceiling within the zero nominal growth level of \$544,367,250 (for ease of reference, the Annex to this document provides the Appropriation Table for 2002-2003 as revised to reflect this option). This negative adjustment would be financed by savings effected during the execution of the programme and budget and would provide the Director-General with the flexibility of using economies that may arise in staff costs or in other non-programme elements of the budget in the first instance, before having recourse to either Part IV of the budget or to the provisions for the programmes of the Organization.

10. Concerning **UNESCO's contribution to the inter-agency cost-sharing mechanism for security costs**, the Director-General fears that, in view of recent tragic events, the additional amount of \$770,100 may represent only the "tip of the iceberg" in respect of future security requirements. He considers, therefore, that it would be prudent:

- (i) **To leave intact the provision under Part IV of the budget** (Anticipated Cost Increases), rather than reducing it at the beginning of the biennium by the transfer of \$770,100 to Part I.C, Chapter 6 (Jointly financed activities relating to United Nations security measures).
- (ii) **To increase by an amount of \$770,100 the provision in document 31 C/5 for Part I.C.6** (Jointly financed activities relating to United Nations security measures), **but to offset this increase by a negative adjustment of \$770,100 in the Appropriation Resolution for 2002-2003**, thus reflecting the total amount of \$1,037,900 required for UNESCO's contribution to the inter-agency cost-sharing mechanism for security costs and containing the total budget ceiling within the

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\* In accordance with the approved budgeting techniques, the cost increases occurring during programme implementation in 2002-2003 on account of statutory and other factors, are shown separately under this Part, included in 31 C/5 which was established on the basis of past and current trends, as well as indicators of future tendencies concerning cost increases arising from statutory and other factors and their impact on the various elements contained in the proposed appropriations.

zero nominal growth level of \$544,367,250 (the Annex to this document provides the Appropriation Table for 2002-2003 as revised to reflect this proposal).

## Conclusion

11. In light of the above and with a view to (i) adhering to the Executive Board's recommendation that the budget ceiling for 2002-2003 remain at the zero nominal growth level of \$544,367,250; (ii) preserving, to the maximum extent possible, the programmes and activities approved by the General Conference; (iii) reflecting the real staff costs requirement in 2002-2003 in order to provide a sound and transparent basis for the establishment of the staff costs budget for 2004-2005 and for its comparison with the 2002-2003 provision; and (iv) reflecting in document 31 C/5 the total amount required for UNESCO's contribution to the United Nations inter-agency cost-sharing mechanism for security costs, the Director-General proposes that the total additional requirement of **\$11,034,300**:

- **\$10,264,200** resulting from the application of the revised post adjustment classification to staff in the Professional category and above in Paris with effect from 1 July 2001, and
- **\$770,100** for UNESCO's contribution to the United Nations inter-agency cost-sharing mechanism for security costs

be financed, as described in paragraphs 9(ii) and 10(ii) above, and be offset by a negative adjustment of \$11,034,300 in the Appropriation Resolution for 2002-2003, thus containing the total budget ceiling within the zero nominal growth level of \$544,367,250.

It goes without saying that the Director-General would report regularly to the Executive Board on the evolution of the situation.

## ANNEX

# Draft Appropriation Resolution for 2002-2003

The General Conference, at its 31st session, resolves that:

## A. Regular programme

(a) For the financial period 2002-2003 the sum of \$544,367,250 is appropriated as follows:

Appropriation line	31 C/5 (Blue Book) \$	31 C/5 Rev.1 \$
<b>PART I GENERAL POLICY AND DIRECTION</b>		
<b>A. Governing Bodies</b>		
1. General Conference	6 237 100	6 292 400
2. Executive Board	7 795 700	7 839 400
<b>Total Part I.A</b>	<b>14 032 800</b>	<b>14 131 800</b>
<b>B. Direction</b>	<b>15 427 000</b>	<b>16 186 400</b>
<i>(Including: Directorate; Office of the Director-General; Internal Oversight; International Standards and Legal Affairs)</i>		
<b>C. Participation in the Joint Machinery of the United Nations System</b>	<b>1 382 900</b>	<b>2 153 000</b>
<b>TOTAL, PART I</b>	<b>30 842 700</b>	<b>32 471 200</b>
<b>PART II PROGRAMMES AND PROGRAMME RELATED SERVICES</b>		
<b>A. Programmes</b>		
<b>Major Programme I - Education</b>		
<b>I.1 Basic education for all: meeting the commitments of the Dakar World Education Forum</b>		
I.1.1 Coordinating the follow-up of the Dakar Framework for Action	21 270 400	21 644 400
I.1.2 Strengthening inclusive approaches to education and diversifying delivery systems	23 736 300	24 168 300
<b>I.2 Building knowledge societies through quality education and a renewal of education systems</b>		
I.2.1 Towards a new approach to quality education	15 488 400	15 833 500
I.2.2 Renewal of education systems	14 165 600	14 489 500
<b>UNESCO education institutes</b>		
UNESCO International Bureau of Education (IBE)	4 591 000	4 591 000
UNESCO International Institute for Educational Planning (IIEP)	5 100 000	5 100 000
UNESCO Institute for Education (UIE)	1 900 000	1 900 000
UNESCO Institute for Information Technologies in Education (IITE)	1 100 000	1 100 000
UNESCO International Institute for Higher Education in Latin America and the Caribbean (IESALC)	2 200 000	2 200 000
UNESCO International Institute for Capacity-Building in Africa (IICBA)	1 200 000	1 200 000
Projects relating to cross-cutting themes*	1 865 000	1 865 000
<b>Total, Major Programme I</b>	<b>92 616 700</b>	<b>94 091 700</b>
<b>Major Programme II - Natural Sciences</b>		
<b>II.1 Science and technology: capacity-building and management</b>		
II.1.1 Follow-up to the World Conference on Science: policy-making and science education	5 609 400	5 763 700
II.1.2 Science and technology capacity-building	14 638 600	15 043 000
<b>II.2 Sciences, environment and sustainable development</b>		
II.2.1 Water interactions: systems at risk and social challenges	8 524 600	8 691 200
II.2.2 Ecological sciences	4 943 600	5 036 000
II.2.3 Cooperation in earth sciences and natural hazards reduction	5 487 400	5 665 800
II.2.4 Towards sustainable living in coastal regions and on small islands	2 278 600	2 328 900
II.2.5 UNESCO Intergovernmental Oceanographic Commission	7 058 600	7 004 000
Projects relating to cross-cutting themes*	2 335 000	2 335 000
<b>Total, Major Programme II</b>	<b>50 875 800</b>	<b>51 867 600</b>
<b>Major Programme III - Social and Human Sciences</b>		
<b>III.1 Ethics of science and technology</b>	3 513 700	3 563 800
<b>III.2 Promotion of human rights, peace and democratic principles</b>	11 832 200	12 216 000
<b>III.3 Improvement of policies relating to social transformations and promotion of anticipation and prospective studies</b>	9 987 900	10 222 400
Projects relating to cross-cutting themes*	2 580 000	2 580 000
<b>Total, Major Programme III</b>	<b>27 913 800</b>	<b>28 582 200</b>
<b>Major Programme IV - Culture</b>		
<b>IV.1 Reinforcing normative action in the field of culture</b>		

Appropriation line	31 C/5 (Blue Book) \$	31 C/5 Rev.1 \$
<b>B. Participation Programme</b>	<b>22 000 000</b>	<b>22 000 000</b>
<b>C. Programme Related Services</b>		
1. Strategic planning and programme monitoring	5 844 800	6 128 000
2. Budget preparation and monitoring	4 016 000	4 244 900
3. Field management and coordination	48 809 000	48 954 500
4. Coordination of action to benefit Africa	2 540 000	2 647 700
5. Fellowships Bank Programme	1 942 000	1 962 400
6. Public information	19 750 300	20 354 400
<b>TOTAL PART II</b>	<b>82 902 100</b>	<b>84 291 900</b>
	<b>358 557 400</b>	<b>365 067 900</b>
<b>PART III SUPPORT FOR PROGRAMME EXECUTION AND ADMINISTRATION</b>		
<b>A. External Relations and Cooperation</b>	<b>21 264 200</b>	<b>22 008 800</b>
<b>B. Human Resources Management</b>	<b>25 237 600</b>	<b>25 684 800</b>
<b>C. Administration</b>	<b>86 982 000</b>	<b>88 685 500</b>
<b>D. Renovation of Headquarters Premises</b>	<b>6 292 500</b>	<b>6 292 500</b>
<b>TOTAL, PART III</b>	<b>139 776 300</b>	<b>142 671 600</b>
<b>TOTAL, PARTS I - III</b>	<b>529 176 400</b>	<b>540 210 700</b>
Reserve for reclassifications	1 500 000	1 500 000
<b>PART IV ANTICIPATED COST INCREASES</b>	<b>13 690 850</b>	<b>13 690 850</b>
<b>TOTAL</b>	<b>544 367 250</b>	<b>555 401 550</b>
<b>LESS: Amount to be absorbed during the execution of the programme and budget within the limits of the approved total budget</b>		<b>(11 034 300)</b>
<b>TOTAL APPROPRIATION</b>	<b>544 367 250</b>	<b>544 367 250</b>
* <i>Cross-cutting themes:</i>		
1. <i>Eradication of poverty, especially extreme poverty</i>		
2. <i>The contribution of information and communication technologies to the development of education, science and culture and the construction of a knowledge society</i>		

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The text of the Appropriation Resolution would be identical to that proposed in 31 C/5 (Blue Book) with the exception of **paragraph (j)** which would be amended to reflect the staff costs provision of **\$321,040,700** rather than \$310,776,500



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**REVISED BUDGET ESTIMATES FOR 2002-2003 AS A RESULT  
OF THE REINFORCEMENT OF SECURITY AT HEADQUARTERS**

**OUTLINE**

The Director-General submits revised budget estimates for the Draft Programme and Budget for 2002-2003 (31 C/5) as a result of the proposed urgent reinforcement of security at Headquarters, the costs of which are estimated at \$3,451,500.



## Background

1. In accordance with Article 5, paragraph 3, of the Headquarters Agreement UNESCO is obliged to conform to the laws and regulations of the French Republic. The Organization's non-compliance with this Article in respect of safety and security has already been underlined in the Belmont Plan.

2. The Headquarters Committee addressed the issue of the security of users of the Headquarters buildings at its 140th session (19 December 2000), considering that, in view of UNESCO's particular nature as an Organization which is open to the public to a great extent, owing to the conferences, exhibitions, cultural events and symposia held there, security and the reception of visitors were indissociable elements which would need to be combined in such a way as to ensure optimal security. At that session, the Chief of Safety and Security spoke about how the security services might be improved both qualitatively and quantitatively. In his view, adequate security rested on two pillars: human resources and the infrastructure referred to by Mr Belmont in his Plan for the restoration and improvement of Headquarters. Mr Belmont confirmed that the measures proposed in the Plan for security and protection against external attack (pages 35-37) had been based on the present security policy at OECD. Bearing in mind the observations of the Member States, the Headquarters Committee took note of the information provided by the Chief of Safety and Security and suggested, as a first step, that controls at building entrances should be reinforced.

3. At its 143rd session (13 September 2001) the Headquarters Committee examined a report prepared by the Chief of Safety and Security concerning security-related matters in which ways and means of improving the functioning of the Guard Service and the operation of the fire-safety and reception services were proposed (cf. Annex I). This report was prepared on the basis of a thorough review of the Organization's security arrangements conducted by a private company specializing in security devices (Société MID-AIC) which revealed that:

- the Guard Service Unit and the Fire Protection Unit were **considerably understaffed**;
- financial resources amounting to some **\$526,500**, in addition to the \$526,300 already included in Phase 1 of the Belmont Plan, were required in order **to equip the Safety and Security Unit** in an adequate manner (cf. Annex II).

4. The Director-General stressed at his meeting with Permanent Delegates on 25 September 2001 that, in spite of the tragic events of 11 September, the work of UNESCO must and will go on and that the General Conference would take place as scheduled even though tighter security arrangements would be necessary. Stricter security measures have already been introduced and will be enhanced during the General Conference. In this respect, analysis of the MID-AIC report was accelerated and a study effected with regard to the number of safety/security staff required in order to comply with French legislation and European practice. This study, which was based on the actual condition and structure of the Headquarters buildings, revealed the following:

Category of staff	Number of staff needed to comply with French legislation/European practice	Actual staffing	Additional requirements	
			Staff	Costs \$
Fire officers	22	15	7	735,000
Security agents*	126	46	80	5,840,000
<b>Total</b>	<b>148</b>	<b>61</b>	<b>87</b>	<b>6,575,000</b>

\* 7 security agents are required for each security point. 18 security points have been identified at Headquarters (10 in the Fontenoy Building and 8 in the Miollis/Bonvin Buildings) requiring a total of 126 agents.

5. The magnitude of the additional requirements of 87 staff at a cost of \$6,575,000 led to a further study being effected. This was based on the fact that the renovation of Headquarters buildings and the addition of appropriate security/safety equipment would reduce the areas necessitating the presence of a full-time security point consisting of seven agents, thus obviating the need to foresee, at this juncture, the establishment of 87 additional posts. Using this hypothesis, it was estimated that vital staffing requirements, together with the necessary security/safety equipment (cf. para. 3), would result in the following additional needs:

Urgent and critical needs to ensure basic security				Total additional requirements	
Step 1		Step 2			
	Costs \$		Costs \$		Costs \$
7 fire officers	735,000			7 fire officers	735,000
7 security agents	511,000	23 security agents	1,679,000	30 security agents	2,190,000
<b>14 new posts</b>	<b>1,246,000</b>	<b>23 new posts</b>	<b>1,679,000</b>	<b>37 new posts</b>	<b>2,925,000</b>
<b>Equipment*</b>	<b>526,500</b>			<b>Equipment*</b>	<b>526,500</b>
<b>Total requirements</b>	<b>1,772,500</b>		<b>1,679,000</b>		<b>3,451,500</b>

\* After deducting the amount of \$526,300 already included in the Belmont Plan.

6. The Director-General wishes to stress that these are **minimal** requirements and that the costs of the 14 staff urgently required for the remainder of the current biennium (Step 1) could be financed within the staff costs budget for 2000-2001. Concerning the additional \$526,500 required for safety/security equipment, which cannot be absorbed in the 2000-2001 biennium, he would suggest that this amount be advanced from Phase 1 of the Belmont Plan and reimbursed thereto in 2002-2003.

## Financing of the additional requirements

7. The Director-General firmly believes that these reinforced security measures at Headquarters are not only absolutely essential but also in line with recently established United Nations practice with regard to the security and safety of staff and users of Headquarters facilities. He is, however, in a dilemma with regard to the financing in 2002-2003 of the additional requirements of \$3,451,500 (\$2,925,000 staff costs + \$526,500 equipment) bearing in mind that:

- these requirements cannot be considered to be of a statutory nature and, therefore, it will not be feasible to transfer the relevant costs from Part IV of the budget (Anticipated Cost Increases);
- he has already made known his intention to absorb, to the extent possible, within the budget for 2002-2003, an amount of \$11,034,300 stemming from the revised Paris post-adjustment classification for staff in the Professional category and above and the new United Nations cost-sharing mechanism for security costs in the field (cf. 31 C/5 Rev.). Absorption of a further \$2,925,000 would, he feels, be unrealistic and place too great a burden on the budget, thus adversely affecting the implementation of the programme;
- the budget provision included in document 31 C/5 for activities under Part III of the budget (Chapter 6 – Headquarters premises: Common services, maintenance and security), was established on the basis of requirements when that document was finalized some six months ago, thus precluding absorption of the additional \$526,500 required for safety and security equipment.

8. In view of the above, the Director-General regrets that he has no alternative but to propose that the total amount of \$3,451,500 required for the additional safety and security measures be added to the budget ceiling of \$544,367,250. Thus, in spite of his efforts to contain the budget for 2002-2003 within the zero nominal growth level, the total appropriation for the biennium would amount to \$547,818,750, or an increase of 0.6% over the zero nominal growth level proposed in documents 31 C/5 and 31 C/5 Rev.