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**MEDITERRANEAN ACTION PLAN**

Ninth Ordinary Meeting of the Contracting  
Parties to the Convention for the Protection  
of the Mediterranean Sea against Pollution  
and its Protocols

Barcelona, 5-8 June 1995

**UPDATED REPORT ON THE IMPACT OF INFLATION  
AND EXCHANGE RATE FLUCTUATIONS ON THE  
MEDITERRANEAN ACTION PLAN BUDGET**

## **INTRODUCTION**

This is the second update of the report of the Financial Experts on the Impact of Inflation and Currency Fluctuations on the MAP budget. The initial study was undertaken in July 1991 (UNEP/BUR/39/4), and covered the 1990-1991 budgetary cycle that was presented to the Meeting of the Bureau of the Contracting Parties. In July 1993, the first update was prepared, providing same analysis for the 1992-1993 period (UNEP(OCA)/MED IG.3/Inf.5) that was submitted to the Eighth Ordinary Meeting of the Contracting Parties.

The aim of this report, as it was of the previous ones, is to demonstrate the actual budgetary requirements based on the changes (upwards as well as downwards) in the currency movements and inflation rates that occur in the given period, with the supposition that all other elements remain the same, i.e. the number of activities, the projects' objectives, number of personnel, etc.

The Mediterranean Action Plan is operating on US dollar budgetary system. At the same time it is utilizing the United Nations exchange rate mechanism which is not always in conformity with the daily exchange rates offered by the local banks. In addition, the official inflation rate in each country, in practical terms, does not represent in many a times the actual cost increase/decrease on the items of relevance to the operation of MAP centres.

Having taken these elements into consideration, the analysis provided in this report for each centre is programme specific and does not necessarily follow the inflation trend of that country in general.

Similar to previous reports, the MAP budget approved for 1994-1995 is divided into six main components:

- Personnel/operational Costs
- Intergovernmental Meetings
- Technical/Training/Fellowships meetings
- Consultancy
- Sub-contracts
- Provision of Equipment

Personnel/operational costs of the Coordinating Unit and five centres of MAP are analyzed individually and then summarised collectively. Other components are studied on the basis of programme requirements, where specific locations are of little or no consequence.







## **ANALYSIS**

### **INTERGOVERNMENTAL MEETINGS**

This component with \$76,000 for 1994-1995 takes up 0.7 percent of the total budget. The allocation, compared to 92-93 period, is reduced by some 23.9 percent mainly due to several of the major meetings being funded by host governments. Such are the 9th Ordinary Meeting of the Contracting Parties, the Conferences of Plenipotentiaries on Offshore Protocol and Hazardous Wastes by Spain, and the Conference "Mediterranean 21" by Tunisia.

Travel (including daily subsistence allowance) and conference support services are the main expenditure items under this budget component, the cost of which are based on US dollars and follow the international trend irrespective of the local currency movements. The conference support staff fees, as well as DSAs are calculated based on the United Nations scales of fees/rates in USD.

Since a comparable meeting to the one analyzed in 1993 will only take place in April 1995 (after the completion of this report), the absolute increase/decrease of same components are therefore calculated based on the present on-going prices.

The following Table I reflects an average increase in costs of 10.8 percent compared to May 1993 for convening the same Joint Meeting of the Scientific and Technical Committee and the Socio-Economic Committee, in Athens. Table II demonstrates the daily subsistence allowance rates of the United Nations for the Mediterranean countries. It will be noted that the overall trend is 3.8 percent decrease as compared to June 1993.

N.B. The figures are rounded where necessary.

**TABLE I**  
**COST OF INTERGOVERNMENTAL MEETINGS - ILLUSTRATIVE CASE**

	May 1993 <sup>a/</sup> (USD)	March 1995 Absolute increase %	Required Provision
Participants:			
Travel	14,735	16.8	17,210
Subsistence	9,360	2.5	9,594
<b>Sub-total</b>	<b>24,095</b>	<b>11.2</b>	<b>26,804</b>
Conf. Support Staff:			
Interpreters (6) Fee	13,752	7.5	14,783
Revisers (4) Fee	5,085	14.0	5,797
Travel	5,942	16.8	6,940
Subsistence	2,340	2.5	2,399
<b>Sub-total</b>	<b>27,119</b>	<b>10.3</b>	<b>29,919</b>
<b>Grand Total</b>	<b>51,214</b>	<b>10.8</b>	<b>56,724</b>

a/ Joint Meeting of the Scientific and Technical Committee and the Socio-Economic Committee, Athens, 3-7 May 1993.

TABLE II

**UNITED NATIONS DAILY SUBSISTENCE ALLOWANCE RATES  
FOR MEDITERRANEAN LOCATIONS**

Country/City	June 1993 (USD)	February 1995 (USD)	Fluctuation %
Albania/Tirana	122	132	8.2
Algeria	157	86	-45.2
Croatia/Zagreb	150	150	0.0
Croatia/Split	90	90	0.0
Cyprus	109	125	14.7
Egypt/Cairo	178	106	-40.4
Egypt/Alexandria	172	124	-27.9
France/Paris	214	230	7.5
France/elsewhere	190	216	13.7
Greece/Athens	119	122	2.5
Greece/elsewhere	96	99	3.1
Israel/Tel Aviv	233	230	-1.3
Italy/Rome	222	223	0.5
Italy/Milan	226	219	-3.1
Lebanon/Beirut	233	256	9.9
Libya/Tripoli	226	191	-15.5
Malta	111	108	-2.7
Monaco	233	242	3.9
Morocco/Casablanca	227	249	9.7
Morocco/Rabat	157	189	20.4
Spain/Madrid & Barcelona	190	178	-6.3
Spain/elsewhere	157	147	-6.4
Syria/Damascus	164	190	15.9
Tunisia	108	99	-8.3
Turkey/Istanbul	216	173	-19.9
Turkey/Ankara	123	103	-16.3
Turkey/Antalya	154	120	-22.1
<b>Unweighted Average</b>			<b>-3.8</b>



## TECHNICAL MEETINGS/TRAINING AND FELLOWSHIPS

The allocation for these meetings (that do not normally require simultaneous interpretation and conference services) under the 1994 -1995 approved budget, is \$1,615,000, some 14.3 percent of the total. Comparing the travel and the DSA costs of the illustrative cases in 1993 to March 1995 in Table III show an average increase of 6.35 percent. The same component had shown an increase of 19.58 percent during 1992-1993, and 33.17 percent during 1990-1991.

It should be noted that in general, efforts are being made, since the last report in July 1993, to take advantage of reduced conditional air fares, thus, the lower increase level in the present cycle.

**TABLE III**  
**COST OF TECHNICAL MEETINGS/TRAINING AND FELLOWSHIPS**  
**ILLUSTRATIVE CASES**

Meeting		1993 (USD)	Absolute increase %	Required Provision
Athens <sup>a/</sup> of which:	Total	24,095	11.2	26,804
	Travel	14,735	16.8	17,210
	DSA	9,360	2.5	9,594
Sophia Antipolis <sup>b/</sup>	Total	7,932	15.3	9,145
	Travel	4,072	16.8	4,756
	DSA	3,860	13.7	4,389
Alexandria <sup>c/</sup>	Total	16,499	-12.1	14,504
	Travel	5,835	16.8	6,815
	DSA	10,664	-27.9	7,689
Malta <sup>d/</sup>	Total	21,575	10.9	23,933
	Travel	15,075	16.8	17,608
	DSA	6,500	-2.7	6,325
<b>Unweighted Average</b>			6.35	

a/ Joint meeting of the Scientific and Technical Committee and the Socio-Economic Committee, May 93.

b/ Based on a five day meeting of four participants at actual travel/DSA costs.

c/ Training workshop on the statistical treatment and interpretation of marine community data, December 93.

d/ Training course on the theory and handling of protective equipment, May 93.

## **PERSONNEL AND OPERATIONAL SUPPORT**

### **COORDINATING UNIT (ATHENS, GREECE)**

The Coordinating Unit including MED POL (except IAEA) has an allocation of \$2,988,000 for 1994-1995 period (50.3 percent of the total personnel and operational costs of the budget), \$800,000 of which is provided by the host government in local currency. Salaries of one professional and four supporting staff, paid from Programme Support Costs are excluded.

Greek Drachma in relation to US dollar had an overall depreciation of 4.2 percent during the reporting period while the Consumer Price Index rose steadily at an average rate of 10.5 percent. The increase in CPI resulted in raising the United Nations Post Adjustment Index<sup>1</sup> for salaries of the professional staff up to 40 percent (from 17 in June 1993 to 24 in February 1995). In addition there was a worldwide salary increase of 3.7 percent in 1994, retroactive March 1994 by the United Nations, in professional category. For the purpose of this study, as the increase in PA effected gradually, the prorated figure of 28 percent is calculated that includes the above mentioned salary increase as well.

Similarly, in the general service category an increase of 25.5 percent in late 1993 and an average increase of 4.5 percent in late 1994, following a Comprehensive Salary Survey was decided by the United Nations, effectively requiring 30 percent upward adjustment to the approved allocation for 1994-95 cycle.

Rent of the Coordinating Unit rose by 23 percent (in dollar terms).

Travel (including daily subsistence allowance), having taken into account obtaining most economical available air fares is increased by 6.35 percent. The same component had 33.17 percent increase in 90-91, and 10.58 percent in 92-93 period.

Reporting costs have not been significantly affected by the inflation mainly due to the special arrangements that were negotiated with suppliers, and other economical and cost effective measures taken by the Coordinating Unit.

Equipment and maintenance component that include up-keeping and repair of the office equipment, electrical and electronic installations, etc. has incurred 11.5 percent increase since 1993.

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<sup>1</sup> Post Adjustment Index is a multiplier figure used by the UN for calculation in different countries as supplementary amount to the base salaries for Professional Staff.

Post and telecommunications, including express delivery systems, rose by 15.5 percent.

The above changes amount to an overall increase of 23.37 in allocation requirements for the Unit, as demonstrated in following tables.

Athens, Greece	1993 (USD)	1995 (USD)	Increase 1993-1995 %
Postage rates/20 g			
Local	0.28	0.34	21.4
Europe	0.43	0.50	18.2
USA/Asia/Africa	0.57	0.63	9.5
Telephone Rates	0.035	0.04	11.4
<b>Unweighted Average</b>			<b>15.1</b>

**TABLE IV**  
**ESTIMATED INCREASES IN COSTS: COORDINATING UNIT, ATHENS, GREECE**

Components	1994 - 1995 budget (US \$)	Increase in cost (%)	Adjustments
Professional Staff	1,256,000	28	1,607,680
GS staff	752,000	30	977,600
Rent	214,000	23	263,220
Travel	215,000	6.35	228,653
Reporting costs	130,000	0	130,000
Equipment and Maintenance	153,000	11.5	170,595
Post and Telecommunications	268,000	15.1	308,468
<b>Total</b>	<b>2,988,000</b>	<b>23.37</b>	<b>3,686,216</b>

### BLUE PLAN (BP/RAC, Sophia Antipolis, France)

This Centre has \$670,000 allocation that amounts to 11.3 percent of the personnel and operational costs of MAP budget. The French Franc went through a steady loss against the US dollar during the reporting period, ranging between 0.2 percent to 11.5 percent, with average depreciation of 2.7 percent for the cycle.

Staff salaries, in line with local taxation rates and the currency exchange overlap have increased approximately 4.7 percent, requiring an adjustment increase of \$25,756. It should be noted that only three of the professional staff receive a supplementary salary from MTF. Travel costs according to the increase pattern of other centres are raised by 6.35 percent.

Reporting costs (in US dollars), show an estimated increase of 10 percent, and post and telecommunications (also in USD terms) as reflected in the table below are increased 7.18 percent.

The above mentioned changes amount to an overall increase of 5.24 percent, i.e. \$705,086 for the 1994 - 1995 budgetary cycle.

Sophia Antipolis France	1993 (USD)	1995 (USD)	Increase 1993-1995 %
Postage rates/20g	0.75	0.80	6.6
Telephone Rates/unit	0.13	0.14	7.7
<b>Unweighted Average</b>			<b>7.18</b>

**TABLE V**  
**ESTIMATED INCREASE IN COSTS: (BP/RAC, Sophia Antipolis, France)**

Components	1994 - 1995 budget (USD)	Increase in cost (%)	Required Provision
Staff	548,000	4.7	573,756
Rent	-	-	-
Travel	40,000	6.35	42,540
Reporting costs	32,000	10	35,200
Equipment/maintenance	-	-	-
Post and Telecommunications	50,000	7.18	53,590
<b>Total</b>	<b>670,000</b>	<b>5.24</b>	<b>705,086</b>

### PRIORITY ACTIONS PROGRAMME (PAP/RAC, Split, Croatia)

This Centre with an allocation of \$540,000 takes up 9.1 percent of the Total Personnel and Operational Costs. The currency and the inflation rate in Croatia have taken a stable and steady turn since late 1993. Although the exchange rate compared to the last reporting period shows a loss of 14% in relation to US dollar, in effect it has remained practically unchanged since January 1994.

The professional staff salaries component is supplementary to the Government contribution, and therefore, is not affected by international revisions. General service staff have received an increase of 3.6 percent during the reporting period.

Travel component follow the same pattern of costing as the Technical/Training and fellowships meetings (Table III refers). Reporting costs have increased by 15 percent and post and telecommunications by 8.93 percent in US dollar terms. The following tables reflect the changes in postage and telephone rates, and in other operational costs of this Centre that amount to 4.46 percent.

Split, Croatia	1993 (USD)	1995 (USD)	Increase 1993-1995 %
Postage rates/100g, airmail	4.26	4.74	11
Telephone Rates/unit	1.02	1.09	6.86
<b>Unweighted Average</b>			<b>8.93</b>

**TABLE VI**  
**ESTIMATED INCREASE IN COSTS: PRIORITY ACTIONS PROGRAMME**  
**(PAP/RAC, Split)**

Component	1994 - 1995 budget (USD)	Increase in cost (%)	Required Provision
Professional Staff	120,000	-	120,000
GS Staff	222,000	3.6	229,992
Rent	-	-	-
Travel	46,000	6.35	48,921
Reporting costs	38,000	15	43,700
Equipment and Maintenance	30,400	-	30,400
Post and Telecommunications	83,600	8.93	91,065
<b>Total</b>	<b>540,000</b>	<b>4.46</b>	<b>564,078</b>

## REMPEC (MALTA)

This Centre has an allocation of \$973,000 for its personnel and operational costs that amount to 16.4 percent of the total budget under this sector.

The currency has remained fairly stable and shows an overall gain of 1% against the US dollar during the reporting period. The salaries of the professional staff have increased by some 7.3 percent including the annual increment.

Except for travel component that follows the same trend as other centres (at 6.35 percent increase), the remaining components were not affected by significant increase. The approved allocation, therefore, requires an overall increase of 4.97 percent to cover the above mentioned changes. The following tables show the itemized allocations and review requirements.

Malta	1993 (USD)	1995 (USD)	Increase 1993-1995 %
Postage rates/20g			
Local	0.12	0.12	0
Europe	0.30	0.30	0
Others	0.42	0.42	0
Telephone/unit	0.53	0.53	0
<b>Unweighted Average</b>			0

**TABLE VII**  
**ESTIMATED INCREASE IN COSTS: REMPEC (MALTA)**

Components	1994 - 1995 budget (USD)	Increase in cost (%)	Required Provision
Professional Staff	620,000	7.3	665,260
GS Staff	163,000	0	163,000
Rent	-	-	-
Travel	50,000	6.35	53,175
Reporting costs	20,000	0	20,000
Equipment and Maintenance	23,000	0	23,000
Post and Telecommunications	97,000	0	97,000
<b>Total</b>	<b>973,000</b>	<b>4.98</b>	<b>1,021,435</b>

### IAEA/ILMR (MONACO)

5.1 percent of the total budgeted amount for the personnel and operational costs is allocated to this Centre.

Salaries of one professional and one support staff are charged to MTF. The professional salary has increased by 7.3 percent in line with the United Nations professional salary scale since 1994 and support staff by 6.6 percent.

Travel component, following the same increase as in other centres is raised by 6.35 percent.

Table VIII reflects the actual required adjustments to the approved budget of this Centre for 1994 -1995 period.

**TABLE VIII**  
**ESTIMATED INCREASE IN COSTS: IAEA/ILMR (MONACO)**

Components	1994 - 1995 budget (USD)	Increase in cost (%)	Required Provision
Professional Staff	170,000	7.3	182,410
Support Staff	90,000	6.6	95,940
Rent	-	-	-
Travel	40,000	6.35	42,540
Reporting costs	-	-	-
Equipment and Maintenance	-	-	-
Post and Telecommunications	-	-	-
<b>Total</b>	<b>300,000</b>	<b>6.96</b>	<b>320,890</b>

### SPECIALLY PROTECTED AREAS (SPA/RAC, TUNIS)

Personnel and operational support allocation for this Centre is \$468,000, representing 7.9 percent of the total allocation of the component for 1994 -1995 period in MAP budget.

Except for travel component that follows the same pattern of increase as other centres (6.35 percent), the other components remain unchanged. The currency against the US dollar kept a somewhat steady grounds, showing a minor gain of 1 % during the reporting period.

Inflation rate, from the beginning of 1994, took a slow decreasing trend and did not have a significant effect on the operational costs.

**TABLE IX**  
**ESTIMATED INCREASE IN COSTS: SPA/RAC, TUNIS**

Components	1994 - 1995 budget (USD)	Increase in cost (%)	Required Provision
Professional Staff	270,000	0	270,000
GS Staff	54,000	0	54,000
Rent	-	-	-
Travel	40,000	6.35	42,540
Reporting costs Equipment and Maintenance Post and Telecommunications	104,000	0	104,000
<b>Total</b>	<b>468,000</b>	<b>0.54</b>	<b>470,540</b>



### **SUMMARY OF COSTS OF THE SIX CENTRES**

The impact of inflation on the Centres of the Mediterranean Action Plan is being brought together in Table X to reflect the average estimated increase for the personnel and operational support component of the budget for 1994-1995. The required adjustments amount to 13.96 percent. The same estimate for 1992-93 and 1990-91 were 15.32 percent and 21.78 percent respectively.

**TABLE X**  
**THE IMPACT OF INFLATION ON THE CENTRES**  
**OF THE MEDITERRANEAN ACTION PLAN**

Centres	1994 - 1995 budget (USD)	Increase in cost (%)	Required Provision
Athens (MEDU)	2,988,000	23.37	3,686,216
Sophia Antipolis	670,000	5.24	705,086
Split	540,000	4.46	564,078
Malta	973,000	4.98	1,021,435
Tunisia	468,000	0.54	470,540
Monaco	300,000	6.96	320,890
<b>Total</b>	<b>5,939,000</b>	<b>13.96</b>	<b>6,768,245</b>

## **CONSULTANTS**

Consultancy services with an allocation of \$860,000 represent 7.6 percent of the total MAP budget. The same sector had \$1,225,000 allocation in 1992-93 and \$1,063,000 in 1990-91 cycle.

During the reporting period some 44 consultancy contracts were issued by the Coordinating Unit. The consultancy fees are generally related to the UN base salary for professional staff, but as the particulars in each case vary, an average of 5 percent increase in fees is assumed for the purpose of this study. Travel under this sector (including daily subsistence allowance) that represents some 15 percent of the total allocation, in line with other travel components, has taken a 6.35 percent rise since 1993. Table XI shows an average increase in costs of 5.20 percent. During the previous periods, this component had shown 13.13 and 13.69 percent increase.

**TABLE XI**

### **INCREASE IN CONSULTANCY COSTS**

Components	1994 - 1995 budget (USD)	Increase in cost (%)	Required Provision
Fees	730,000	5.0	766,500
Travel	130,000	6.35	138,255
<b>Total</b>	<b>860,000</b>	<b>5.20</b>	<b>904,755</b>

## **PROVISION OF EQUIPMENT**

Provision of equipment with \$1,630,000 allocation takes up 14.4 percent of the MAP budget. A comparative table (Table XII) is prepared to demonstrate the price fluctuations during the reporting period which are directly related to currency movements vis-a-vis the US dollar. Costs for the same items procured in 1992-93 show a fluctuation of -3.85 percent to 41.43 percent. The unweighted average increase for more frequently utilised items by the institutions amounts to 20.79 percent.

**TABLE XII**

### **ESTIMATED INCREASE IN COSTS: LABORATORY EQUIPMENT**

Item	Price in 1993 (US \$)	Price in 1995 (US \$)	Increase %
Printhead Assy 4270	348	470	35.06
Solenoid Valve x 75 AGCU	148	205	38.51
PWB Bat B/U AA2/4/12/1475	945	1,312	38.84
Gas Chromatograph	7,558	8,306	9.90
Electron Capturo detector for HP 5890	2,574	2,897	12.55
Printed circuit board D2BGC for AAS 2380	1,770	2,242	26.67
Computer de colonies 220V	600	687	14.50
Autoclave 20L 3 Bar	2,113	2,556	20.97
Kit Nitrate	78	75	-3.85
Pompe Unispence	2,253	2,322	3.06
Mercury Cell for AAS Spectr AA10	648	666	2.78
Kit Nitrate Tubes x 24	48	64	33.33
Coffret phosphate	37	48	29.73
Broyeur à mortier RMO 220V	2,886	3,128	8.39
Lampe à cathode creuse mercure spl: 6 5.00%	490	693	41.43
<b>Unweighted Average</b>			<b>20.79</b>

## **SUB-CONTRACTS**

An amount of \$1,199,000 is allocated for 1994-95 cycle under this sector. Sub-contracts represent 10.6 percent of the total budget and is divided into three components:

- Staffing support, for which a minor 2.5 percent per year increase is assumed;
- Travel costs, similar to other travel components have taken a rise of 6.35 percent, and
- Provision of equipment that shows an average increase of 20.79 percent.

The described changes are reflected in Table XIII.

**TABLE XIII**

### **ESTIMATED INCREASE IN COSTS: SUB-CONTRACTS**

Components	1994 - 1995 budget (USD)	Increase in cost (%)	Required Provision
Staff	479,000	5.0	502,950
Travel	120,000	6.35	127,620
Equipment	600,000	20.79	724,740
<b>Total</b>	<b>1,199,000</b>	<b>13.0</b>	<b>1,355,310</b>

## **CONCLUSIONS**

Summarizing the impact of local inflation and currency movements in individual Centres, and collectively on the six components of the MAP budget for 1994 -1995, amounts to an estimated 13.1 percent increase that would be needed in order to maintain the level of activities and achieve project objectives as were stipulated in 1993 for the 1994 - 1995 programme. The same overall increase for 1990-91 and 1992-93 were 21.9 and 19.96 percent respectively. The Summary Table below demonstrates the required adjustments for each component against the approved allocation.

### **SUMMARY TABLE**

#### **THE IMPACT OF INFLATION ON THE 1994-1995 MAP BUDGET**

Components	1994 - 1995 budget (USD)	Inflation % July 1993 - March 1995	Required Provision
Meetings	76,000	10.8	84,176
Training/Fellowships	1,615,000	6.35	1,717,553
Personnel and Operational Support	5,939,000	13.96	6,768,244
Consultants	860,000	5.2	904,720
Provision of Equipment	1,630,000	20.79	1,968,877
Sub-contracts	1,199,000	13	1,354,870
<b>Total</b>	<b>11,319,000</b>	<b>13.1</b>	<b>12,798,440</b>