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MEDITERRANEAN ACTION PLAN

Meeting of experts on the impact of
inflation rates and exchange rate
fluctuations on MAP budget

Athens, 4-5 July 1991

**Report of the meeting of experts
on the impact of inflation rates
and exchange rate fluctuations on MAP budget**

1. During the last Joint Meeting of the Scientific and Technical Committee and the Socio-Economic Committee of the Mediterranean Action Plan (MAP) (Athens, 6-10 May 1991), the Secretariat of MAP presented a proposed budget for the 1992-1993 biennium (UNEP(OCA)/MED WG.25/4), which was 23.42 percent larger than the budget for the 1990-1991 biennium. It was explained that the proposed budget had taken into consideration the effects of inflation and exchange rate fluctuations on the MAP budget, as well as an increase in the current level of activities and further expansion in some components of the Action Plan. The Meeting thoroughly reviewed the budget proposal, made various amendments and approved it, subject to the study requested on the actual impact of inflation rates and exchange rate fluctuations on the MAP budget. The budget as agreed provided for an increase of 19.78 percent over the budget for the 1990-1991 biennium (UNEP(OCA)/MED WG.25/5). After lengthy discussion of the proposed budget, the Meeting decided that for the purpose of constructing a sound budget that took into account inflation rates and exchange rate changes, it was essential that the rates used in the calculations should be carefully checked using the experience of financial experts and a UN Agency familiar with similar problems.

2. The objective of such work would be to design a general formula for reflecting accurately the effects of inflation and exchange rate fluctuations on the MAP budget, which could be used in the future, and also to apply this formula to the proposed 1992-1993 budget. Results of this work are to be submitted to the meeting of the Bureau of the Contracting Parties (Cyprus, 16-17 July 1991) for its consideration. The budget, revised accordingly, will be submitted to the Seventh Ordinary Meeting of the Contracting Parties (Cairo, 8-11 October 1991).

3. Pursuant to this decision, the Secretariat has conducted consultations with UNESCO (through Mr. M. Batisse of BP and Mr. S. Antoine of France) and UNCTAD with a view to recruit a financial expert to undertake the assignment. UNCTAD agreed to assist and designated one of its officials, Mr. Michael Tobin (Ireland) to undertake the assignment without a fee. Mr. E. Scicluna (Malta) accepted to provide his services as the expert from the South. The report of the experts (UNEP/BUR/39/4) will be discussed by the Bureau at its Cyprus meeting.

4. Mr. M. Tobin (UNCTAD) paid a first visit to the Co-ordinating Unit in Athens, on 4 to 9 June 1991, during which he was briefed by the Secretariat on the background of the issue and was provided with relevant data in this respect.

5. Mr. M. Tobin and Mr. E. Scicluna finalized their report with the assistance of the Secretariat and submitted it on Friday 5 July 1991.

6. The report of the financial experts is contained in document UNEP/BUR/39/4, which is a working document of the Bureau meeting (Cyprus, 16-17 July 1991). It is expected that the Bureau will consider the report.

7. On this occasion, the Secretariat would like to place on record, its deep appreciation to Mr. M. Tobin (and through him to UNCTAD) and Mr. E. Scicluna for their co-operation in accepting to assist UNEP/MAP Secretariat and the Contracting Parties to the Barcelona Convention, in undertaking this assignment.

Annex

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