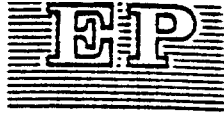




United Nations  
Environment  
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MEDITERRANEAN ACTION PLAN

Sixth Ordinary Meeting of the Contracting Parties  
to the Convention for the Protection of the  
Mediterranean Sea against pollution and its  
related protocols

Athens, 3-6 October 1989

The Effects of Inflation on the MAP Budget

Note by the Secretariat

1. The Bureau of the Contracting Parties, at its March 1989 meeting considered the Secretariat's proposal for a 5 per cent increase per year of the MAP budget for the 1990-1991 biennium. The Co-ordinator indicated that, in view of the great diversity of inflation figures for each Mediterranean coastal State, the proposal should be considered reasonable and that any lower amount would mean a reduction of the MAP budget in real terms. At the end of the debate, "the Bureau agreed that a 5% adjustment of the budget, to take account of inflation should be reflected in the 1990-1991 proposed budget subject to the reservation expressed by the French Vice-President regarding the customary justification" (document UNEP/BUR/34/7 paragraph 36(c)).
2. The joint meeting of the Scientific and Technical Committee and the Socio-Economic Committee (Athens, 26-30 June 1989) decided to recommend to the Contracting Parties, at their Sixth Ordinary Meeting in October 1989 to approve a programme budget based on this rate of increase. However, one delegation pointed out that the Secretariat was expected to produce evidence justifying increases of up to 5% (UNEP(OCA)/MED WG.3/4 paragraph 154). The present Note is submitted in response to that request.
3. The following elements were used by the Secretariat as a basis for the adjustment. Only official figures were used, for which documentary evidence was available:

I. Inflation figures for 1988 published by the International Monetary Fund<sup>1)</sup>

The latest figures available for Mediterranean coastal states refer to the second or third calendar quarter of the year 1988:

France (III)	2.8%
Greece (III)	14.0%
Italy (II)	5.0%
Spain (III)	5.3%
Turkey (II)	72.9%
Yugoslavia (II)	164.1%

II. Travel Costs R/T economy for some Mediterranean destinations (shown in U.S. Dollars)<sup>2)</sup>

<u>From/to Athens</u>	<u>1987</u>	<u>1989</u>
	<u>(in US dollars)</u>	
Referred to the capital city:		
Cyprus	411	393
Egypt	409	407
France	1020	968
Israel	324	649
Italy	432	678
Malta	613	911
Morocco	1076	970
Spain	1081	1147
Syria	501	481
Yugoslavia	379	346
Total	6246	6950

Average Variation : +11,27%

<sup>1)</sup>International Monetary Fund: International Financial Statistics, Volume XLII, Number 2 (February 1989)

<sup>2)</sup>Source: Wagons-lits Cook

III. UN Daily Rates of Subsistence<sup>3)</sup>

(In U.S. Dollars)

	<u>September 1987</u>	<u>May 1989</u>
ALGERIA		
Algiers <sup>3)</sup>		177
Oran <sup>3)</sup> and Annaba <sup>3)</sup>	161	
Algiers	111	119
Oran		
Annaba and elsewhere	88	66
CYPRUS		
All areas	65	75
EGYPT		
Cairo	96	119
Aswan	75	110
Luxor	53	99
Alexandria	73	94
Alexandria <sup>3)</sup>	47	
Cairo <sup>3)</sup>	61	
and elsewhere	47	66
FRANCE		
Paris	122	124
Elsewhere	102	106
GREECE		
Athens	63	93
Elsewhere	46	75
ISRAEL		
Tiberias	96	124
Tel Aviv	91	114
Jerusalem	84	93
Haifa	68	74
Nahariya and elsewhere	58	69
ITALY		
Florence and Venice	174	168
Rome and Milan	144	139
Elsewhere	107	103

3) Subsistence rates vary with the hotel used.  
Source: ICSC/CIRC/DSA/168 of 24 May 1989.

	<u>September 1987</u>	<u>July 1989</u>
LEBANON		
Beirut <sup>3)</sup>	36	70
	22	55
Tripoli/Baalbeck and Elsewhere	25	38
LIBYAN ARAB JAMAHIRIYA		
Tripoli and Benghazi	112	113
Misurata	85	98
Elsewhere		86
MALTA		
All areas	104	107
MONACO		
All areas	96	127
MOROCCO		
All areas	72	93
SPAIN		
All areas		166
Madrid/Barcelona	149	
Elsewhere	116	
SYRIAN ARAB REPUBLIC		
Damascus	132	154
Palmyra	65	
Lattakia	75	87
Palmyra/Lattakia <sup>3)</sup>		96
Aleppo		125
Elsewhere	54	47
TUNISIA		
Tunis	60	64
Elsewhere	41	53
TURKEY		
Istanbul	163	245
Antalya		178
Istanbul <sup>3)</sup>	108	123
Bursa, Ankara and Izmir	83	104
Adana	70	83
Elsewhere (Commercial accommodation)	47	63
Elsewhere (Government Guest House)	17	15

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3) Subsistence rates vary with the hotel used

	<u>September 1987</u>	<u>July 1989</u>
YUGOSLAVIA		
Dubrovnik and Zagreb	101	150
Belgrade and Novisad		125
Sarajevo, Ljubljana and Maribor	59	115
Split, Tuzla and Opatija	72	96
Elsewhere	54	61
	<hr/>	<hr/>
T O T A L	4,405	5,286
	<hr/>	<hr/>
Average	155.76	182.27
Average variation		+17.02%

IV. Professional Annual Salaries in Athens

Professional Salaries (1987 to 1989) in MAP<sup>4</sup>)

Variation +3.36%

V. General Service Annual Salaries for Athens (determined by the United Nations, N.Y.)

General Service Salaries

Variation :	1987 to 1989	47.2%
	1988 to 1989	37.9%

VI. Remuneration Rates Applicable to Free-Lance Interpreters<sup>5)</sup>

European rate	271.50	282.50
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Variation: +4.05%

4. The six categories for which comparisons are made represent a major share of expenditures in the Mediterranean Programme budget (travel and per diem of staff and participants, consultant fees, cost of interpretation, staff salaries). Equipment purchases are similarly affected.

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4) UNEP/IG.56/5 Annex VIII

5) Office instruction No. 105/Amendment 251 dated 17 June 1987 and Amendment 277 dated 10 January 1989.

5. It should also be noted that all comparisons are made in U.S. dollars and take already into account the exchange rate fluctuations in the country of expenditure.

#### Conclusions

6. As can be seen from these figures the rate of increase has been close to or higher than 5%. On this basis a higher overall increase could have been justified. However, in order to achieve a broad consensus on the issue, a flat figure of 5% was used and it is hoped that with the additional information provided in the present Note, the Contracting Parties will be able to approve the level of expenditure for 1990-1991 proposed by the Secretariat and recommended for their approval by the Government-designated members of their two technical committees.