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Proposed programme budget for the financial period 1996-1997: Cost increases

Report by the Director-General

In accordance with resolutions WHA46.35 and WHA47.8 on budgetary reform the Director-General's proposed programme budget for 1996-1997 (document PB/96-97) is expressed in **real terms**, i.e. costed at the costs and currency rates of exchange of the approved programme budget for 1994-1995. Following the new procedure for presenting the programme budget, the Director-General, in April 1995, will finalize the cost increases to be incorporated in the proposed programme budget. Before review of the programme budget by the Forty-eighth World Health Assembly, the Director-General will also recost the budgetary estimates, as required, in line with the United Nations/WHO accounting rates of exchange with respect to the relationship between the United States dollar and the respective currencies of the countries of location of the regional offices and headquarters.

The present report gives the cost increases that the Director-General, at this stage, intends to propose for inclusion in the programme budget. These proposals will be further reviewed before the Forty-eighth World Health Assembly.

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I. INTRODUCTION

1. In the past, cost increases and currency exchange rate adjustments were included in the Director-General's proposed programme budget for a financial period. Accordingly, cost-increase ceilings were established at the time of issuance of guidance and instructions for the preparation of the proposed programme budget. Such guidance and instructions were reviewed by the Programme Committee of the Executive Board before they were finalized by the Director-General, as foreseen in resolution EB79.R9. Because of the fairly long programme budgeting process, cost-increase ceilings were established some two and a half years before the start of the biennium. Currency exchange rate adjustments were proposed by the Director-General using the United Nations/WHO accounting rates of exchange prevailing in the month the estimates were finalized, some 15 months before the start of the biennium.

2. In accordance with resolutions WHA46.35 and WHA47.8 on budgetary reform, the Director-General's proposed programme budget for the financial period 1996-1997¹ contains the budgetary proposals in real terms, i.e. costed at the costs and currency rates of exchange of the approved programme budget for 1994-1995. According to the new procedures, the cost increases proposed by the Director-General will be finalized in April 1995. Before review of the programme budget by the Forty-eighth World Health Assembly, the Director-General will also recost, as necessary, the budgetary estimates in line with the accounting rates of exchange for May 1995 with respect to the relationship between the United States dollar (the currency in which the programme budget proposals are presented) and the respective currencies of the countries of location of the regional offices and headquarters.

II. PROPOSED COST INCREASES

General

3. The estimates for posts in established offices have been calculated using a system of average cost factors established for various categories and locations. These averages, which are subject to continuous review, are based primarily on the actual cost of staff in the previous four years, and cover salaries, allowances and various common staff costs. The estimated costs for all posts also take into account the period for which they are expected to be required and, in respect of professional posts, expected delays in recruitment. Consequently, a standard lapse factor for existing or new posts is not required, since (a) past experience with respect to vacancies is automatically incorporated in the average costs, and (b) budgetary provision is made only for the expected period of occupancy of a post.

4. Any cost increases applied in the programme budget proposals will be based, to the extent possible, on forecasts available at the time of preparation of the present report and updated as necessary before the Forty-eighth World Health Assembly. They relate to such well-defined items of expenditure as post adjustments in order to take account of expected movements in the cost of living at different duty stations; expected increases in general service staff salary scales; and expected increases for programme activities and in operating costs of established offices in the regions and at headquarters. In addition, some of the increases for staff averages stem from statutory costs for both professional and general service staff, comprising annual within-grade increments in their salaries, increases resulting from the reclassification of posts or the promotion of staff, and any other increases in staff entitlements resulting from changes in the Staff Rules. Other costs incorporated in the staff averages include various charges to the Organization as an employer, as laid down in the Staff Rules, such as contributions to the United Nations Joint Staff Pension Fund, the cost of staff insurances, education grants, and recruitment and reassignment travel, etc.

¹ Document PB/96-97.

5. The cost increases will also take into account adjustments, as appropriate, to cost assumptions for the current financial period (1994-1995) in the light of actual developments since the preparation of the 1994-1995 budget. Such adjustments, called "biennialization", can be either positive (increasing the costs in 1996-1997) or negative (reducing the costs in 1996-1997). As the cost increases approved in the past few bienniums have in most cases been below what was actually required, biennialization will result in an additional overall cost at this stage estimated at US\$ 9 000 000. As is the case with the programme content of the programme budget proposals, cost increase proposals have been drawn up separately by each regional office and by headquarters. In this exercise both international statistics, such as IMF data, and locally produced statistics and forecasts are used. As in the past, estimates include cost absorption to a certain extent, as proposals do not always provide for full cost increases, justified by such sources of information.

6. The tables in the Annex have been prepared in response to paragraph 1(3) of resolution WHA47.8. They show actual or projected cost increases for 1992-1993, 1994-1995 and 1996-1997 and compare them with budget provisions. The bases for calculation, procedures and sources of information used by each office in this exercise are briefly described below.

Africa

7. Determination of cost assumptions in the African Region has been affected by a major devaluation of the CFA franc in January 1994, and the inflation that has since been experienced or is expected.

8. As a first consequence of that devaluation, an unforeseen and large salary increase of 25% was accorded to general services staff in the Regional Office in February 1994. It is hoped that inflation will stabilize and a projected increase of 21%, including 2% for biennialization, is proposed for 1996-1997. The post adjustment was reduced for professional staff, applying the measures to deal with abrupt and substantial devaluations established for their protection, in accordance with procedures of the International Civil Service Commission.

9. Locally purchased common services items, such as utilities and communication costs for the Regional Office, will follow the same inflationary trend. On this assumption, an increase of some 8% has been projected for these items. For office items not purchased locally, such as office supplies, equipment and furniture, a projection of 5% only is proposed for the biennium.

10. An analysis of the budgetary requirements under unspecified country and intercountry activities reveals that expenditures are essentially incurred for consultants, supplies, fellowships and other programme activities subject to global inflation. They are therefore not affected to the same extent by local inflationary trends. A projection of 10% is considered sufficient to cover the rising costs of these elements.

11. Overall, the proposed cost increase of US\$ 21 017 000 due to inflation, or 13.6% of the approved 1994-1995 budget, is a reflection of the economic situation prevailing on the African continent.

The Americas

12. Information on actual and projected increases was obtained from analysis of the history of actual expenditures, especially salaries, which constitute a large percentage of the budget; and of the consumer price index for the Washington, D.C. metropolitan area, issued bimonthly by the United States Department of Labor. It should be noted that the basic budget for this Region is supported by both WHO and PAHO funding, in an approximate one-third/two-thirds proportion. Therefore, analysis of specific details in budget projections is sometimes distorted when attempting to deal with only one of these sources of funds.

13. The current post-adjustment multiplier for Washington, D.C. is 25. Projections are based on trends and consumer price index, giving an average multiplier of 30 for 1996 and 34 for 1997.

14. The salary projections for general service staff at the regional office are based on actual experience in 1992-1993 and incumbents in 1993. The net salary increases, based on a comparison of actual costs in 1992-1993 with projected costs for 1996-1997, show average annual increases of between 2% and 3%.

15. The current average cost of one consultant-month is US\$ 8300, as compared to US\$ 7800 projected in the programme budget 1994-1995, i.e. an increase of 6.4%. It is, however, proposed to keep the amount of US\$ 8300 also for 1996-1997. Fellowship costs will remain the same as those contained in the programme budget 1994-1995, namely US\$ 2100 per month. The average fellowship cost is currently US\$ 2000 per month.

16. For all other elements, annual cost or inflationary increases of 5% for locations outside Washington, D.C. have been used, even though the 1993 ECLAC report indicated an average increase of 19.0%. Annual cost or inflationary increases of 4.0% have been used for Washington, D.C.

17. Expected cost absorptions within the regional proposals have not been calculated. It is, however, likely that the above assumptions will not cover all reasonably expected cost increases, and that costs will have to be absorbed during implementation. Based on ECLAC's cost increase reports, it is estimated that well over US\$ 4 million would have to be absorbed annually.

South-East Asia

18. A net cost increase of 13.5% for inflation, plus an increase of 3.1% on account of biennialization, as justified and authenticated in United States dollars by major item of expenditure, needs to be incorporated in the regional programme budget for 1996-1997 in order to offset any adverse effect on programme activities of loss in "purchase value".

19. For posts in established offices, net inflation is 26.6%, a figure which takes into account such factors as period of occupancy, post adjustment, within-grade increments, reclassification of posts, revision of salary scales, and recruitment and reassignment travel. On the basis of available information on trends in general service salaries, an estimated increase of 22% to 25% per annum over the current salaries has been assumed for years 1994 to 1997.

20. For items of expenditure noted below, cost assumptions are based on inflation rates received from the countries of the Region and other official information available at the time of preparation.

- Consultants and temporary staff, travel on official business, and fellowships, grants and contributions: Estimates vary from 13% to 40% on the basis of rising air fares, per diem rates, tuition fees, and stipend rates and allowances.
- General operating expenses, supplies and materials, and acquisition of furniture and equipment: Estimates vary from 40% to 92% on the basis of rising procurement prices and costs of computer maintenance, furniture replacement and in particular operational services and utilities at the regional office location.

Europe

21. In line with past practice at the Regional Office, inflation estimates for Denmark based on OECD data were applied to such elements of the budget affected by local prices as communications, utilities, building maintenance, supplies and materials. The forecasted rise in consumer prices is 2.5% per annum for 1994 and 1995, with an outlook for "higher than projected inflation" beyond that period. An analysis of actual costs during 1992, 1993, and 1994 also revealed cost increases for some of these elements slightly higher than the

inflation rate. Accordingly, a biennium rate of inflation of 5% was applied to the travel, supplies, and common services components of the programme budget.

22. A slightly higher percentage applies to the salary element, as OECD estimates for increases in employee compensation in Denmark are 3.5% and 3.6% for 1994 and 1995 respectively, with similar expectations for 1996-1997. In addition to inflation, provision has been made for statutory cost increases.

23. For unspecified country and intercountry activities in the European Region, inflation rates projected by OECD and the United Nations range in the local currency from 12.5% to over 1000% for the countries of central and eastern Europe and new independent states where programme activities for the European Region are concentrated. In addition, the cost of travel on official business by staff and consultants to these Member States has increased by 12.8%. In view of the statistics provided, the 10% cost increase may still result in an overall decrease in programme delivery.

Eastern Mediterranean

24. The cost increases for the proposed programme budget 1996-1997 for country activities are based on a detailed analysis of country programmes made with specific inflationary expectations by component and country on the basis of data from UNDP, IMF and ministries of finance and/or planning. Final cost-increase percentages differ from one country to another depending on the mix of programme components and inflationary expectations.

25. The balance of the proposed programme budget is broken down mainly into professional and general service staff costs in the Regional Office and WHO Representatives' offices. When determining the cost assumptions for calculation of professional staff averages, only ACC recommendations were taken into consideration to forecast any increase.¹ Payroll data for the past biennium were used to calculate the averages, taking into account vacancies for each group of grades. Previous underbudgeting - eventually absorbed during implementation - and civil disturbances and strife in the Region resulted in an increased cost of maintaining essential staff. Cost assumptions for general service staff were based on actual salary surveys, inflationary trends in Egypt, and trends and expectations of local comparator companies.

26. These cost assumptions for the 1996-1997 proposed programme budget result in an overall increase of 14.2% over the same budget calculated at 1994-1995 costs.

Western Pacific

27. Based on trends in cost increases from 1991 to 1994, yearly increases ranging from 2% to 4% were projected for professional staff. To these averages were added an expected post-adjustment component based on best projections and expected trends in inflation and other cost of living factors for each duty station in the Region. The increase in the post adjustment multiplier points in the various duty stations ranged from 5% to 10%.

28. The averages for the general service staff salaries were based on the expected salary increases of comparator companies; a 10% yearly increase was projected for Manila-based staff and 7.5% for country-based staff.

29. The projected biennial cost increase for general operating expenses in the Regional Office is estimated at 15% on the bases of actual cost and usage and of projected trends for representative samples of utilities

¹ See paragraph 31.

and other costs, for example, electricity by kilowatt hour, water by cubic metre, telephone cost per minute, etc.

30. Within unspecified country and intercountry activities, actual expenses incurred for consultants were analysed, including their place of origin and assignment. On this basis an average of US\$ 15 000 (US\$ 10 000 in 1994-1995) was projected per consultant month. The biennial cost increase of 15% for fellowships was arrived at after analysing cost of airfares, tuition fees, stipends and miscellaneous expenses; and statistics on place of study and country of origin of the fellows. A projected biennial cost increase of 10% was arrived at by comparing the actual cost of supplies and equipment most commonly purchased in prior years for the countries. Special attention was made to shipping costs, particularly to South Pacific countries, and to inflation within and outside the Region.

Global and interregional

31. As is customary, representatives of organizations of the United Nations system in Geneva met (September 1994) to consider the rates of exchange to be used and the rates of inflation to be expected when preparing the Geneva component of proposed budgets for 1996-1997. The conclusions of the meeting were documented and reported to ACC.¹ These common sets of assumptions will be used as the base by the various organizations concerned when drawing up their budgets. Although the meeting reviewed the situation and made assumptions item by item, the base assumption for Geneva is an annual inflation rate of 3%. It is confirmed that the estimates for cost increases in Geneva have followed the conclusions reached at the meeting.

32. The effect of applying these assumptions is shown in Table 7. The overall increase in provisions for salaries and allowances is somewhat above the general assumption for inflation in Geneva. The main reasons are staff cost factors such as biennialization, resulting in a higher cost increase for the lower-graded general services posts, and the provision for a 5% salary increase for professional and higher categories in 1997 based on the margin between professional salaries and those of the comparator civil service. For other types of expenditures the imposition of cost-increase ceilings in previous bienniums left many provisions without any cost-increase provisions, even though justified. As indicated in Table 7, the Director-General has in many cases decided *not* to compensate the programme activities for the loss in "purchase value" so imposed, and the cost increases proposed will be limited to the 1996 and 1997 assumptions made by Geneva-based organizations in common. This absorption of expected cost increases for 1994-1995 is estimated at US\$ 5 600 000 in 1994-1995 and US\$ 1 860 000 in 1996-1997.

III. CURRENCY ADJUSTMENTS AND IMPACT ON THE PROPOSED PROGRAMME BUDGET FOR 1996-1997

33. The Director-General's programme budget proposals are expressed in real terms. Following the policy of zero-growth in real terms in force since the 1984-1985 biennium the total amount of the proposals at this stage is the same as the approved programme budget for 1994-1995, i.e. US\$ 822 101 000. Application of the cost increase assumptions contained in section II above gives a regular budget level for 1996-1997 of US\$ 918 852 000 at this stage, broken down in the table below.

¹ Document ACC/1994/FB/R.38.

	1996-1997 proposals in real terms	Cost increases		Total
	US \$	US \$	%	US \$
Africa	154 310 000	21 017 000	13.62	175 327 000
The Americas	79 794 000	7 222 000	9.05	87 016 000
South-East Asia	98 948 000	16 435 000	16.61	115 383 000
Europe	48 987 000	3 514 000	7.17	52 501 000
Eastern Mediterranean	85 518 000	12 146 000	14.20	97 664 000
Western Pacific	71 531 000	10 834 000	15.15	82 365 000
Global and interregional	283 013 000	25 583 000	9.04	308 596 000
Total	822 101 000	96 751 000	11.77	918 852 000

34. Budget provisions which, since the inception of the exchange rate facility in 1978-1979, are based on the currencies of the countries of location of the regional offices and of headquarters will also have to be adjusted using the United Nations/WHO accounting rates of exchange prevailing in May 1995. The table below shows the December 1994 rates of exchange as compared to the rates of exchange in the approved programme budget for 1994-1995.

	Africa	South-East Asia	Europe	Eastern Mediterranean	Western Pacific	Global
Budgetary rate of exchange 1994-1995	296 CFA franc	20.00 Indian rupee	6.70 Danish krone	3.32 Egyptian pound	27.70 Philippine peso	1.49 Swiss franc
United Nations/WHO accounting rate of exchange for December 1994	537 CFA franc	31.20 Indian rupee	6.12 Danish krone	3.37 Egyptian pound	25.40 Philippine peso	1.32 Swiss franc

35. Should those discrepancies prevail in 1995 the Director-General would have to propose revisions to the budgetary rates of exchange.

36. Taking account of the real term level proposed for the 1996-1997 programme budget and the above cost increases, it is estimated that such currency adjustments would result in an approximate additional cost to the proposed programme budget as shown in the table below.

Regions, and global and interregional	Increases (decreases) due to currency adjustments	
	US\$ million	% ¹
Africa	(11.3)	(7.3)
South-East Asia	(4.0)	(4.0)
Europe	2.2	4.4
Eastern Mediterranean	(0.1)	(0.1)
Western Pacific	0.8	1.2
Global and interregional	20.5	7.2
Total	8.1	1.0

¹ As a percentage of the related 1996-1997 allocation in real terms.

37. The cost increases indicated above, together with the currency rate adjustments to the programme budget proposals, would result in an effective working budget for 1996-1997 of some US\$ 926 952 000, or an increase by 12.75% over the approved programme budget for 1994-1995. As explained above, the Director-General will continue to monitor inflation and currency rates of exchange, and will finalize his programme budget proposals prior to the review by the Forty-eighth World Health Assembly.

ANNEX

REGULAR BUDGET COST ASSUMPTIONS FOR THE PROPOSED PROGRAMME BUDGET 1996-1997

TABLE 1. AFRICA

Item of expenditure	1992-1993		1994-1995		1996-1997					
	Cost increase provided a	Actual cost increase during biennium b	Cost increase provided c	Cost increase now projected during biennium d	Costed at 1994-1995 cost terms e ¹	Cost increases				Costed at 1996-1997 cost terms h
						Biennialization f ²		Inflation g		
	%	%	%	%	US \$	US \$	%	US \$	%	US \$
Posts in established offices	14.86	38.0	18.34	20.0	53 642 600	890 000	2.0	10 451 900	19.0	64 984 500
Consultants and temporary staff	13.98	6.1	65.12	65.1	3 837 100	-	-	192 200	5.0	4 029 300
Travel on official business	10.98	2.1	9.01	9.0	3 119 800	-	-	249 000	8.0	3 368 800
Contractual services	8.00	2.5	8.78	8.8	437 400	-	-	21 900	5.0	459 300
General operating expenses	8.87	7.8	25.53	25.5	12 391 300	-	-	1 239 500	10.0	13 630 800
Supplies and materials	8.35	5.8	2.28	2.3	1 446 300	-	-	72 300	5.0	1 518 600
Acquisition of furniture and equipment	7.69	2.3	17.10	17.1	786 900	-	-	39 400	5.0	826 300
Fellowships, grants and contributions	9.26	11.6	6.00	12.5	312 700	20 000	6.5	5 000	1.5	337 700
Other expenditure	-	-	-	-	-	-	-	-	-	-
Unspecified country and intercountry activities	9.89	14.6	8.85	8.9	78 335 900	-	-	7 835 800	10.0	86 171 700
Total	11.43	20.9	13.90	14.5	154 310 000	910 000	0.6	20 107 000	13.0	175 327 000

¹ i.e. 1996-1997 programme budget proposals (in real terms).

² In terms of percentage, f cannot exceed (b - a) + (d - c).

REGULAR BUDGET COST ASSUMPTIONS FOR THE PROPOSED PROGRAMME BUDGET 1996-1997

TABLE 2. THE AMERICAS

Item of expenditure	1992-1993		1994-1995		1996-1997					
	Cost increase provided a	Actual cost increase during biennium b	Cost increase provided c	Cost increase now projected during biennium d	Costed at 1994-1995 cost terms e ¹	Cost increases				Costed at 1996-1997 cost terms h
						Biennialization f ²		Inflation g		
	%	%	%	%	US \$	US \$	%	US \$	%	US \$
Posts in established offices	11.02	11.6	14.95	13.5	21 199 800	(314 000)	(1.5)	1 547 800	7.3	22 433 600
Consultants and temporary staff	13.47	16.5	7.70	9.4	230 700	3 800	1.7	23 100	10.0	257 600
Travel on official business	12.21	12.5	9.18	8.2	186 400	(1 800)	(1.0)	15 400	8.3	200 000
Contractual services	12.70	12.8	8.78	9.7	1 055 300	9 200	0.9	98 100	9.3	1 162 600
General operating expenses	14.36	14.4	6.74	9.8	3 670 900	110 900	3.0	378 300	10.3	4 160 100
Supplies and materials	12.91	12.7	8.34	9.6	827 100	10 600	1.2	77 100	9.3	914 800
Acquisition of furniture and equipment	12.03	-	-	-	-	-	-	-	-	-
Fellowships, grants and contributions	18.79	19.0	14.91	12.1	243 600	(6 700)	(2.8)	31 800	13.1	268 700
Other expenditure	-	-	-	-	-	-	-	-	-	-
Unspecified country and intercountry activities	8.93	9.0	18.58	19.0	52 380 200	199 000	0.4	5 039 400	9.6	57 618 600
Total	9.94	10.1	16.61	16.7	79 794 000	11 000	0.0	7 211 000	9.0	87 016 000

¹ i.e. 1996-1997 programme budget proposals (in real terms).

² In terms of percentage, f cannot exceed (b - a) + (d - c).

REGULAR BUDGET COST ASSUMPTIONS FOR THE PROPOSED PROGRAMME BUDGET 1996-1997

TABLE 3. SOUTH-EAST ASIA

Item of expenditure	1992-1993		1994-1995		1996-1997					
	Cost increase provided a	Actual cost increase during biennium b	Cost increase provided c	Cost increase now projected during biennium d	Costed at 1994-1995 cost terms e ¹	Cost increases				Costed at 1996-1997 cost terms h
						Biennialization f ²		Inflation g		
	%	%	%	%	US \$	US \$	%	US \$	%	US \$
Posts in established offices	22.30	32.3	45.35	48.8	22 417 100	762 000	3.4	5 952 800	26.6	29 131 900
Consultants and temporary staff	8.03	25.0	21.52	21.5	476 600	-	-	122 500	25.7	599 100
Travel on official business	1.10	7.8	79.21	82.9	1 376 600	51 000	3.7	549 600	39.9	1 977 200
Contractual services	4.90	40.0	(32.12)	60.0	54 800	50 000	91.2	8 400	15.3	113 200
General operating expenses	8.45	33.2	12.23	37.7	1 751 600	445 000	25.4	700 900	40.0	2 897 500
Supplies and materials	7.88	55.0	49.48	60.0	530 600	56 000	10.5	279 600	52.6	866 200
Acquisition of furniture and equipment	6.08	35.0	57.12	33.4	337 600	(80 000)	(23.8)	309 100	91.6	566 700
Fellowships, grants and contributions	-	-	8.62	44.0	70 600	25 000	35.4	9 300	13.2	104 900
Other expenditure	-	-	-	-	-	-	-	-	-	-
Unspecified country and intercountry activities	9.54	11.5	9.56	12.0	71 932 500	1 755 000	2.4	5 438 800	7.6	79 126 300
Total	11.66	16.7	17.04	20.2	98 948 000	3 064 000	3.1	13 371 000	13.5	115 383 000

¹ i.e. 1996-1997 programme budget proposals (in real terms).

² In terms of percentage, f cannot exceed (b - a) + (d - c).

REGULAR BUDGET COST ASSUMPTIONS FOR THE PROPOSED PROGRAMME BUDGET 1996-1997

TABLE 4. EUROPE

Item of expenditure	1992-1993		1994-1995		1996-1997					
	Cost increase provided a	Actual cost increase during biennium b	Cost increase provided c	Cost increase now projected during biennium d	Costed at 1994-1995 cost terms e ¹	Cost increases				Costed at 1996-1997 cost terms h
						Biennialization f ²		Inflation g		
	%	%	%	%	US \$	US \$	%	US \$	%	US \$
Posts in established offices	5.84	7.0	11.38	7.8	33 219 000	(1 186 000)	(3.6)	3 165 300	9.5	35 198 300
Consultants and temporary staff	6.26	9.3	4.80	5.6	466 000	4 000	0.9	56 000	12.0	526 000
Travel on official business	9.00	4.3	7.00	12.8	1 035 000	60 000	5.8	3 000	0.3	1 098 000
Contractual services	4.27	8.5	7.00	3.6	337 000	(12 000)	(3.6)	31 600	9.4	356 600
General operating expenses	7.39	6.0	(1.11)	5.3	3 202 000	205 000	6.4	115 400	3.6	3 522 400
Supplies and materials	5.63	3.0	(0.21)	7.0	620 000	45 000	7.3	14 500	2.3	679 500
Acquisition of furniture and equipment	4.57	4.5	10.00	15.0	-	-	-	-	-	-
Fellowships, grants and contributions	5.52	8.0	6.03	8.0	150 000	3 000	2.0	12 700	8.5	165 700
Other expenditure	-	-	-	-	-	-	-	-	-	-
Unspecified country and intercountry activities	8.83	10.0	10.32	10.0	9 958 000	(32 000)	(0.3)	1 028 500	10.3	10 954 500
Total	6.60	7.5	9.92	8.1	48 987 000	(913 000)	(1.8)	4 427 000	9.0	52 501 000

¹ i.e. 1996-1997 programme budget proposals (in real terms).

² In terms of percentage, f cannot exceed (b - a) + (d - c).

REGULAR BUDGET COST ASSUMPTIONS FOR THE PROPOSED PROGRAMME BUDGET 1996-1997

TABLE 5. EASTERN MEDITERRANEAN

Item of expenditure	1992-1993		1994-1995		1996-1997					
	Cost increase provided a	Actual cost increase during biennium b	Cost increase provided c	Cost increase now projected during biennium d	Costed at 1994-1995 cost terms e ¹	Cost increases				Costed at 1996-1997 cost terms h
						Biennialization f ²		Inflation g		
	%	%	%	%	US \$	US \$	%	US \$	%	US \$
Posts in established offices	22.08	24.7	23.86	31.6	23 257 700	1 793 000	7.7	3 581 700	15.4	28 632 400
Consultants and temporary staff	26.12	36.8	37.29	37.3	216 800	-	-	47 900	22.1	264 700
Travel on official business	17.83	21.0	17.04	17.0	1 377 300	-	-	309 900	22.5	1 687 200
Contractual services	7.25	11.0	16.28	16.3	318 400	-	-	63 600	20.0	382 000
General operating expenses	14.90	15.0	17.18	17.2	1 278 800	-	-	244 600	19.1	1 523 400
Supplies and materials	13.17	15.0	17.52	17.5	3 746 300	-	-	478 700	12.8	4 225 000
Acquisition of furniture and equipment	21.95	21.0	23.68	23.7	710 000	-	-	163 600	23.0	873 600
Fellowships, grants and contributions	-	-	-	-	-	-	-	-	-	-
Other expenditure	-	-	-	-	-	-	-	-	-	-
Unspecified country and intercountry activities	10.10	10.1	13.89	13.9	54 612 700	-	-	5 463 000	10.0	60 075 700
Total	13.33	14.1	16.74	18.7	85 518 000	1 793 000	2.1	10 353 000	12.1	97 664 000

¹ i.e. 1996-1997 programme budget proposals (in real terms).

² In terms of percentage, f cannot exceed (b - a) + (d - c).

REGULAR BUDGET COST ASSUMPTIONS FOR THE PROPOSED PROGRAMME BUDGET 1996-1997

TABLE 6. WESTERN PACIFIC

Item of expenditure	1992-1993		1994-1995		1996-1997					
	Cost increase provided a	Actual cost increase during biennium b	Cost increase provided c	Cost increase now projected during biennium d	Costed at 1994-1995 cost terms e ¹	Cost increases				Costed at 1996-1997 cost terms h
						Biennialization f ²		Inflation g		
	%	%	%	%	US \$	US \$	%	US \$	%	US \$
Posts in established offices	23.04	44.8	18.05	36.4	21 653 300	3 971 000	18.3	738 400	3.4	26 362 700
Consultants and temporary staff	2.75	9.3	9.99	14.1	875 200	36 000	4.1	621 800	71.0	1 533 000
Travel on official business	0.71	8.7	9.51	9.5	1 766 800	-	-	262 600	14.9	2 029 400
Contractual services	14.27	4.9	13.19	13.2	337 700	-	-	70 500	20.9	408 200
General operating expenses	12.71	14.9	27.02	15.5	2 303 900	(265 000)	(11.5)	573 400	24.9	2 612 300
Supplies and materials	0.65	7.3	17.91	12.5	1 038 500	(57 000)	(5.5)	193 000	18.6	1 174 500
Acquisition of furniture and equipment	1.20	14.2	22.79	15.6	708 000	(51 000)	(7.2)	454 100	64.1	1 111 100
Fellowships, grants and contributions	-	-	-	-	-	-	-	-	-	-
Other expenditure	-	-	-	-	-	-	-	-	-	-
Unspecified country and intercountry activities	8.42	12.6	12.38	9.2	42 847 600	(1 371 000)	(3.2)	5 657 200	13.2	47 133 800
Total	11.43	20.0	14.04	16.1	71 531 000	2 263 000	3.2	8 571 000	12.0	82 365 000

¹ i.e. 1996-1997 programme budget proposals (in real terms).

² In terms of percentage, f cannot exceed (b - a) + (d - c).

REGULAR BUDGET COST ASSUMPTIONS FOR THE PROPOSED PROGRAMME BUDGET 1996-1997

TABLE 7. GLOBAL AND INTERREGIONAL

Item of expenditure	1992-1993		1994-1995		1996-1997					
	Cost increase provided a	Actual cost increase during biennium b	Cost increase provided c	Cost increase now projected during biennium d	Costed at 1994-1995 cost terms e ¹	Cost increases				Costed at 1996-1997 cost terms h
						Biennialization f ²		Inflation g		
	%	%	%	%	US \$	US \$	%	US \$	%	US \$
Posts in established offices	11.20	26.0	23.66	25.1	205 137 300	3 165 800	1.5	16 657 100	8.1	224 960 200
Consultants and temporary staff	-	8.0	0.80	5.1	16 992 300	-	-	1 019 400	6.0	18 011 700
Travel on official business	-	15.0	1.08	5.0	6 730 400	-	-	404 000	6.0	7 134 400
Contractual services	6.09	8.0	5.71	5.9	19 015 600	-	-	1 140 700	6.0	20 156 300
General operating expenses	0.10	8.0	0.22	5.3	16 599 900	388 200	2.3	1 242 500	7.5	18 230 600
Supplies and materials	0.68	8.0	0.71	6.9	2 305 800	63 200	2.7	168 700	7.3	2 537 700
Acquisition of furniture and equipment	-	8.0	-	3.4	1 062 000	-	-	45 000	4.2	1 107 000
Fellowships, grants and contributions	-	8.0	2.30	5.0	1 612 800	-	-	96 900	6.0	1 709 700
Other expenditure	3.21	8.0	7.91	10.7	13 556 900	377 800	2.8	813 700	6.0	14 748 400
Unspecified country and intercountry activities	-									
Total	8.10	20.1	17.03	19.1	283 013 000	3 995 000	1.4	21 588 000	7.6	308 596 000

¹ i.e. 1996-1997 programme budget proposals (in real terms).

² In terms of percentage, f cannot exceed (b - a) + (d - c).



World Health Organization
Organisation mondiale de la Santé

EXECUTIVE BOARD
Ninety-fifth Session

Provisional agenda item 11.2

EB95/21 Corr.1
4 January 1995

**Proposed programme budget
for the financial period 1996-1997:
Cost increases**

Report by the Director-General

CORRIGENDUM

Paragraph 5 - line 6: replace US\$ 9 000 000 by US\$ 11 000 000.

Annex - Table 6: replace by the attached.

REGULAR BUDGET COST ASSUMPTIONS FOR THE PROPOSED PROGRAMME BUDGET 1996-1997

TABLE 6. WESTERN PACIFIC

Item of expenditure	1992-1993		1994-1995		1996-1997					
	Cost increase provided a	Actual cost increase during biennium b	Cost increase provided c	Cost increase now projected during biennium d	Costed at 1994-1995 cost terms e ¹	Cost increases				Costed at 1996-1997 cost terms h
						Biennialization f ²		Inflation g		
	%	%	%	%	US \$	US \$	%	US \$	%	US \$
Posts in established offices	23.04	44.8	18.05	42.2	21 653 300	1 597 900	7.4	3 111 500	14.3	26 362 700
Consultants and temporary staff	2.75	9.3	9.99	28.1	875 200	390 900	44.6	266 900	30.5	1 533 000
Travel on official business	0.71	8.7	9.51	20.0	1 766 800	-	-	262 600	14.9	2 029 400
Contractual services	14.27	4.9	13.19	20.0	337 700	-	-	70 500	20.9	408 200
General operating expenses	12.71	14.9	27.02	31.1	2 303 900	(42 700)	(1.8)	351 100	15.2	2 612 300
Supplies and materials	0.65	7.3	17.91	24.9	1 038 500	(17 200)	(1.6)	153 200	14.7	1 174 500
Acquisition of furniture and equipment	1.20	14.2	22.79	31.1	708 000	150 800	21.3	252 300	35.6	1 111 100
Fellowships, grants and contributions	-	-	-	-	-	-	-	-	-	-
Other expenditure	-	-	-	-	-	-	-	-	-	-
Unspecified country and intercountry activities	8.42	12.6	12.38	15.9	42 847 600	183 300	0.4	4 102 900	9.6	47 133 800
Total	11.43	20.0	14.04	23.1	71 531 000	2 263 000	3.2	8 571 000	12.0	82 365 000

¹ i.e. 1996-1997 programme budget proposals (in real terms).

² In terms of percentage, f cannot exceed (b - a) + (d - c).