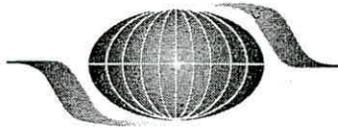


WORLD TOURISM ORGANIZATION

**GENERAL
ASSEMBLY**



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**DRAFT PROGRAMME OF WORK AND BUDGET OF THE
ORGANIZATION FOR THE PERIOD 2008-2009**

Addendum 2

Note by the Secretary-General

On the basis of the discussions held during the eighty-first session of the Council, the Secretary-General submits to the General Assembly this addendum.

DRAFT PROGRAMME OF WORK AND BUDGET OF THE
ORGANIZATION FOR THE PERIOD 2008-2009

Addendum 2

1. The Executive Council, at its 81st session held in Cartagena de Indias on 22 November 2007, has taken note of the efforts already made by the Secretary General, following the recommendations of the Council at its 80th session (June 2007), to revise the economic parameters used in the preparation of the UNWTO's budget for the biennium 2008-2009. The Council thanked the Secretary General for this revision.
2. The Secretary General explained in the first place that two economic parameters had suffered significant changes after the Executive Council meeting of June 2007. Firstly, the rate of exchange between the euro and the US dollar has continued to increase in favour of the euro, and this can result in only some limited benefits to the Organization's proposed budget, since barely 10 percent of the expenses are made in US dollars, while the bulk is spent in euros. On the other hand, this evolution will particularly affect those countries with a currency tied to the US dollar.
3. Secondly, there has been an acceleration in the rate of inflation in the eurozone, and especially in Spain, host country of the UNWTO Secretariat.
4. In spite of these changes, the Secretary General has proposed to the Executive Council to reduce the assumptions in the level of inflation forecast for the years 2008 and 2009 to 2.9 percent and 2.8 percent respectively, while retaining the hypothesis of a rate of exchange of 1.40 dollars to the euro.
5. Several Member States both, developed from the eurozone as well as developing nations, indicated that they still face difficulties in paying their contributions to the UNWTO's budget. Therefore, they requested to introduce further rationalisations within the Secretariat, a more efficient management of resources, and also, if necessary, a reduction in the number of activities to be included in the Programme of Work. Yet, most countries expressed their desire to maintain all the activities already approved by the Programme Committee and the Executive Council at its previous session for the next biennium.
6. The Secretary General explained that two important items of expenditure, namely staff remunerations, determined by UN salary scales, and fixed costs at the Secretariat, tied to inflation rates in Spain, can only be reduced substantially; therefore, any significant cut in the overall budget would imply a reduction in the activities of the Programme of Work, with the subsequent reduction of services to the Members.

7. Notwithstanding the above, the Secretary General proposed a newly revised budget for the 2008-2009 biennium, based on a further reduction of inflation assumptions for this period, from the original 5.6 per cent increase of the budget level and a 4.6 per cent one in the second draft, and to a new level that will be slightly below 4 per cent. This was agreed by the Executive Council.

8. As a consequence of this reduction in the total amount of the budget, the contributions of the Members are to be lowered. For 2008, it is proposed to retain the average rate of increase, which had already been revised lower to 2%, corresponding to the assumption of a budgetary growth rate of 4.6%. The resulting contribution scale has been approved by the Committee on Budget and Finance, and so, by the end of the Assembly it will be possible to provide the member countries with the information they need in order to pay their contribution for 2008 as soon as possible.

9. The second downward revision accepted by the Council will thus take full effect during 2009 and should lead to an appreciable reduction in the rate of increase of contributions previously foreseen for this financial period.

