

WORLD TOURISM ORGANIZATION

**EXECUTIVE  
COUNCIL**



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**DRAFT PROGRAMME OF WORK AND BUDGET  
FOR THE PERIOD 2010-2011**

**(c) Report of the Committee on Budget and Finance**

**Note by the Secretary-General**

In this document the Secretary-General transmits to the Executive Council the report of the Committee on Budget and Finance, which held part of its meeting jointly with the Programme Committee, on the draft programme of work and budget for the period 2010-2011, referred to it for examination at its fiftieth meeting, held at Madrid, Spain on 25 February 2009.

**DRAFT PROGRAMME OF WORK AND BUDGET FOR THE  
PERIOD 2010-2011**

**(c) Report of the Committee on Budget and Finance**

1. As indicated in document CE/85/5(b), the Committee on Budget and Finance devoted part of its deliberations to examining the draft budget for the financial period 2010-2011.

**DRAFT PROGRAMME OF WORK AND BUDGET PREPARED BY THE  
SECRETARY-GENERAL (2010-2011) [CE/85/7(a)]**

2. The joint meeting of the Committees on Programme and Budget and Finance focused its work on the financial and budgetary aspects of the draft.

3. First of all, the Deputy Secretary-General, the Director of Programme and Coordination and the Director of Administration Division presented the draft programme of work and budget for the period 2010-2011.

4. The Committee appreciated the clarity of the document containing the draft programme budget and welcomed the change carried out in its structure which revolves around two strategic objectives, in contrast to the four appearing in the budget of the previous biennium, thus responding to the requests made by the members as well as by the Programme Committee and the Executive Council, as it served to address the short-term needs of the members (Objective A) and development needs in the long term (Objective B).

5. The Committee took note of the new structure of Part I of the budget by departments, with the number of sections reduced from 10 to 9 as a result of the inclusion of the activity of Destination Management in Section 3 Affiliate Members. Furthermore, the budget includes a new Part IV in its main structure in order to reflect the appropriations that the UNWTO must make to cover contingencies relative to post-service medical insurance costs for staff members of the Organization and repatriation costs, as stipulated in the International Public Sector Accounting Standards (IPSAS).

6. Then, the Committee proceeded to study the detailed information on the cost figures appearing in Tables I, II and III of document CE/85/7(a).

7. The Committee considered it appropriate to accept the three economic assumptions described in the reference document. Firstly, two new Full Members, Norway and Vanuatu, are expected to join the Organization and one Full Member, United Kingdom, is withdrawing in 2009.

Secondly, it noted that the inflation level expected for the biennium 2010-2011 would be around 2.5% per annum, taking into account the inflation forecasts for Spain established by the Government of Spain, the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), the European Commission (EC), and the United Nations Office at Geneva (UNOG). Based on these forecasts, the Secretariat considered it prudent and reasonable to use, for the purposes of estimating the budget and calculating contributions, price indices of 2.5% per annum.

It acknowledged that even though the price index used did not affect all expenditures, it did enable an assessment to be made of cost increases in general. It further noted that the statutory increases applied to staff costs also affected the Organization's expenditure.

Lastly, the Committee decided to adopt the assumption of an exchange rate of 1 Euro = 1.49 U.S. Dollars for budgetary purposes.

8. The Committee studied the programme and budget proposals for 2010-2011, drawn up in euros in accordance with resolution 433(XIV) of the General Assembly. These proposals amounted to EUR26,546,000, a nominal increase of 5.7 per cent over the budget of EUR25,110,000 approved for 2008-2009.

9. The Committee observed that, although the increase in the programme budget estimated costs was 5.7 per cent over the budget for 2008-2009, in real terms it was an increase of 0.64 per cent, because the accumulated increase in the consumer price index (CPI) forecast for 2010-2011 was 5.06 per cent.

10. The Committee noted that the amount of 600,000 euros appropriated under the newly-created Part IV – Provisions for the 2010-2011 budget, by itself accounted for 2.4 percentage points of the total nominal increase, and that therefore, had it not been necessary to make a provision of such amount, the budgetary increase would have been 3.3% instead of 5.7%, which would have meant, in real terms, a decrease of 1.7% with respect to the 2008-2009 budget.

11. The Committee agreed to the total budgetary income proposed, which included the surplus from the financial period 2006-2007.

12. The Committee on Budget and Finance recommended the Council to approve the draft programme of work and budget for 2010-2011 prepared by the Secretary-General with the provision that if for any reason the dates of joining of the new Members were to differ significantly from the expected dates, it would be necessary to revise the budget total upward or downward as the case may be at its 51<sup>th</sup> meeting. Furthermore, it noted that the Programme Budget does not include extrabudgetary funds which, in fact, reinforce the resources and thus the activities of the Organization, specially on the subject of technical cooperation.

13. It further recommended the Executive Council to propose to the General Assembly that it request the Secretary-General to execute the programme of work and budget for 2008-2009 according to income received, in keeping with the established practice that had proved satisfactory.

14. The Committee also recommended the Executive Council to consider the recommendation raised by the Programme Committee on the establishment of a provision for dealing with emergency situations during programme and budget implementation. This provision would be articulated through a mechanism enabling the Secretary-General to dealing with such situations. The mechanism would imply withholding 5% of the overall budgetary appropriations of each year, amount which could be reallocated in accordance to needs arising from these situations. The Secretary General would report to the Committee on Budget and Finance about any reallocation made on the basis of this mechanism.