



# General Assembly

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Agenda item 150

### Financing of the International Residual Mechanism for Criminal Tribunals

## **Revised estimates for the International Residual Mechanism for Criminal Tribunals: effect of changes in rates of exchange and inflation**

### **Report of the Secretary-General**

#### *Summary*

In accordance with established practice, the proposed budget is recosted prior to its adoption by the General Assembly. A preliminary recosting is reflected in the proposed budget for the International Residual Mechanism for Criminal Tribunals for 2023 ([A/77/528](#)).

The present report contains an update of the rates assumed earlier in 2022 in the context of the proposed budget for 2023 regarding inflation. It also contains an update of the rates of exchange between the United States dollar and other currencies, standard costs for salaries and common staff costs, and vacancy rates. The updated rates were obtained in November 2022 and supersede the rates used in the proposed budget, which had been obtained in December 2021.

The preliminary recosting, which took into consideration projections for inflation for 2023, amounted to \$3.3 million. In the present report, all four recosting parameters are updated. The effects of updating the recosting parameters would amount to an increase of \$4.8 million, or an increase of \$1.5 million compared with the preliminary recosting estimate of an increase of \$3.3 million included in the proposed budget. The increase mainly reflects the adjustments to inflation for the United States and the eurozone.



## I. Introduction

1. In accordance with established practice, the proposed budget for 2023 contained in the report of the Secretary-General (A/77/528) uses the same price levels and rates of exchange as the budget for 2022. The effect of the changes in those parameters is isolated and presented in a separate column entitled "Recosting" in the proposed budget for 2023 (ibid., table 12) to provide Member States with an indication of the effects of inflation. The preliminary recosting amount of \$3.3 million is now superseded by \$4.8 million, which represents an increase of \$1.5 million.

2. The present report is submitted to provide the General Assembly with an update on the effects of changes in inflation, rates of exchange and other recosting parameters assumed in the initial proposed budget for 2023. By applying the rates known in November 2022, the Assembly, in determining the appropriation for 2023, can reflect the effects of the most recent recosting parameters available in the proposed budget.

3. Because of a timing issue, the recommendations of the Advisory Committee on Administrative and Budgetary Questions on the proposed budget for 2023 are not reflected in the present report. This is, however, without prejudice to decisions yet to be made further to any recommendations by the Advisory Committee.

4. Table 1 contains a summary of the effects of recosting and presents the resource requirements for 2023 based on the updated recosting parameters proposed by the Secretary-General for 2023.

Table 1  
**Effects of recosting for 2023 by main category of expenditure**

(Thousands of United States dollars)

	<i>2023 estimates (before preliminary recosting)</i>	<i>Post</i>				<i>Non-post</i>	<i>Total recosting</i>	<i>2023 estimates (after recosting)</i>
		<i>Salaries</i>	<i>Post adjustment</i>	<i>Common staff costs</i>	<i>Vacancy rates</i>			
Initial proposal	78 992.3	91.8	221.0	–	–	2 983.0	3 295.8	82 288.1
Revised estimates	78 992.3	14.5	103.3	(5.9)	47.0	4 674.0	4 832.9	83 825.2
<b>Net change</b>	<b>–</b>	<b>(77.3)</b>	<b>(117.7)</b>	<b>(5.9)</b>	<b>47.0</b>	<b>1 691.0</b>	<b>1 537.1</b>	<b>1 537.1</b>

5. An explanation of the variations in the costing parameters, by main category of expenditure, assumed in the calculation of the proposed budget estimates is provided in sections II.A (subsects. 1–4) and II.B below. The annex provides the costing parameters used in the present report, notably the effects of updated rates of exchange relative to the United States dollar and effects of updated annual inflation rates (consumer price indices).

## II. Recosting of the proposed budget

### A. Recosting of post resources (increase of \$158,900)

6. Changes in post resources reflect updated salary scales for 2023 for the Professional and higher and the General Service and related categories; the projected post adjustment multiplier for 2023; projected common staff costs for 2023; and projected vacancy rates for 2023. The total recosting of post resources amounts to \$158,900, due mainly to increases in the post adjustment multiplier (\$103,300) and

salaries (\$14,500), and vacancy rate adjustments (\$47,000), offset in part by a decrease of \$5,900 under common staff costs.

# 1. Recosting due to changes in salaries (increase of \$14,500)

7. The salaries of staff in the Professional and higher and the General Service and related categories are adjusted through the recosting process to reflect new salary scales and updated standard salary costs based on payroll experience, by location and post category.

8. For staff in the Professional and higher categories, salaries were adjusted to reflect a 2.28 per cent adjustment to be implemented by increasing the base salary and commensurately decreasing post adjustment multiplier points, as set out in annex IX to the report of the International Civil Service Commission for 2022 (A/77/30). The adjustments resulted in an increase of \$121,800.

9. For staff in the General Service and related categories, salaries were adjusted on the basis of the latest scales applicable in November 2022, and further adjusted for inflation, and the rate of exchange. As a result of such adjustments, General Service salaries decreased by \$107,300, due mainly to the stronger United States dollar, which appreciated against the euro (0.883 assumed in the proposed budget vs. 0.949) and the Tanzanian shilling (2,309.98 assumed in the proposed budget vs. 2,332.56), therefore reducing the General Service salaries in dollar terms, despite the higher amounts in local currency.

10. Table 2 provides a summary of the effects of recosting of salaries, by category of staff and location.

Table 2

## Effects of recosting of salaries for 2023 by category of staff and location

(Thousands of United States dollars)

Location	Professional and higher			General Service and related			Total	
	Before recosting	After recosting	Recosting amount	Before recosting	After recosting	Recosting amount	After recosting	Recosting amount
Arusha	2 901.9	2 968.4	66.5	2 205.4	2 131.9	(73.5)	5 100.3	(7.0)
The Hague	2 346.6	2 400.2	53.6	1 516.5	1 482.7	(33.8)	3 882.9	19.8
New York	74.4	76.1	1.7	—	—	—	76.1	1.7
<b>Total</b>	<b>5 322.9</b>	<b>5 444.7</b>	<b>121.8</b>	<b>3 721.9</b>	<b>3 614.6</b>	<b>(107.3)</b>	<b>9 059.3</b>	<b>14.5</b>

# 2. Recosting due to changes in post adjustment multiplier (increase of \$103,300)

11. The post adjustment multiplier is a variable component that is adjusted periodically to reflect changes in the cost of living in a duty station. It helps to ensure that United Nations staff in the Professional and higher categories have equivalent purchasing power regardless of their duty station.

12. The proposed budget included adjustments to the post adjustment multiplier based on rates assumed earlier in 2022. In the present report, the projections for the post adjustment multiplier were updated on the basis of the latest post adjustment multipliers promulgated by the International Civil Service Commission (November 2022) and projected inflation for the remainder of 2022 and 2023, taking into account the latest exchange rate of local currencies relative to the United States dollar. The projections for the post adjustment multiplier also reflect decreasing post adjustment multiplier points, following the upward adjustment to salaries by 2.28 per cent to be

implemented by increasing the base salary as set out in annex IX to document [A/77/30](#).

13. As a result of these changes, the estimated post adjustment multiplier for 2023 results in an increase of \$103,300, due mainly to the higher post adjustment multiplier in the Netherlands, which increased from 40.3 per cent to 42.9 per cent.

Table 3

**Effects of recosting of the post adjustment multiplier for 2023 by location**

(Thousands of United States dollars)

Location	Approved PAM for 2022		Actual PAM (November 2022)	Estimated PAM for 2023		Recosting amount
	Percentage	Amount		Percentage	Amount	
Arusha	45.1	1 965.6	43.9	44.1	1 973.4	7.8
The Hague	40.3	945.2	42.1	42.9	1 029.7	84.5
New York	69.1	51.4	73.8	82.0	62.4	11.0
<b>Total</b>		<b>2 962.2</b>			<b>3 065.5</b>	<b>103.3</b>

Abbreviation: PAM, post adjustment multiplier.

**3. Recosting due to changes in common staff costs (decrease of \$5,900)**

14. Common staff costs aggregate expenditures of the Organization with staff entitlements such as pension contribution, contribution to health plans, dependency allowance, education grant and home leave. The estimates for 2023 were calculated on the basis of expenditure experience between November 2021 and October 2022, and further adjusted on the basis of projected inflation for 2023.

15. The proposed budget did not adjust the estimates for common staff costs. In the context of the present report, total common staff costs for 2023 are estimated at \$3.2 million for the Professional and higher categories and \$2.3 million for the General Service and related categories.

16. The decrease of \$5,900 resulting from adjustments to common staff costs is due mainly to the lower provisions for medical, dependency allowance, education grant and hardship allowance, offset in part by higher provisions for separations and pension contribution.

**4. Recosting due to changes in vacancy rates (increase of \$47,000)**

17. The vacancy rate is a tool for budgetary calculations, as stipulated by the General Assembly in paragraph 31 of its resolution [70/247](#).

18. A revision of the vacancy rates for continuing posts is proposed in line with the average realized vacancy rates for 2022 as at the end of October 2022 and reflected in table 4. The impact of vacancy rate adjustments for continuing posts would result in an increase of \$47,000, comprising \$30,300 under the Professional and higher categories and \$16,700 under the General Service and related categories. The increase is due to the lower average vacancy rates (weighted) for both categories, compared with the budgeted rates.

19. Table 4 presents the effects of vacancy rates on post resources.

Table 4

**Effects of vacancy rates on 2023 estimates by category of staff and type of post expenditure**

(Thousands of United States dollars)

Vacancy rate applied	Vacancy rate by category of staff (percentage)		Before recosting				After recosting			
	Professional and higher	General Service and related	Salaries	Post adjustment	Common staff costs	Total	Salaries	Post adjustment	Common staff costs	Total
Full provision (no vacancy)	–	–	9 044.7	2 962.2	5 554.3	17 561.2	9 059.3	3 065.5	5 548.4	17 673.2
Approved vacancy rate for 2022 <sup>a</sup>	2.7	0.9	8 883.6	2 887.8	5 435.7	17 207.1	8 898.3	2 991.1	5 429.8	17 319.2
Proposed vacancy rate for 2023 <sup>a</sup>	2.4	0.7					8 905.9	3 004.3	5 456.0	17 366.2

<sup>a</sup> Weighted average.**B. Recosting of non-post resources (increase of \$4.7 million)**

20. In the context of the present recosting, the non-post provisions were adjusted on the basis of the combined effects of inflation and currency fluctuations. In accordance with the established methodology, adjustments for inflation are based on the consumer price index published by the *Economist*. For currencies with an active market of forward contracts, currency adjustments were based on such forward rates; otherwise, United Nations operational rates of exchange were used.

21. The total proposed non-post resources for 2023 amount to \$59.3 million. The proposed budget for 2023 included preliminary recosting adjustments of \$3.0 million for inflation only.

22. In the context of the present report, the non-post provisions were adjusted on the basis of currency use in 2022. The amount consumed in each currency was adjusted on the basis of the applicable inflation and converted to United States dollars using the exchange rate for 2023. This resulted in a net increase of \$4.7 million, consisting of an increase of \$6.3 million attributable to inflation, offset in part by a decrease of \$1.7 million due to changes in exchange rates.

23. The increase of \$6.3 million under inflation is due mainly to a number of factors, as follows:

(a) The application of an adjustment factor of 8.5 per cent to the United States dollar, which takes into account the higher-than-estimated inflation for 2022 (3.2 per cent projected in December 2021 vs. 8.0 per cent estimated in November 2022) and the projected inflation for 2023 of 3.7 per cent, which, when combined, result in an overall adjustment factor of 8.5 per cent. The euro and the Tanzanian shilling were also subject to recosting increases due to the application of inflation adjustments of 13.2 per cent and 4.6 per cent, respectively;

(b) Recosting adjustments to the provisions for energy where the price changes far exceeded the approved inflation provision for 2022 based on the consumer price index. For instance, in the Hague, the price per kilowatt-hour in 2022 increased from €0.05792 to €0.15980. As a result, energy provisions were adjusted to keep pace with prevailing energy prices;

(c) The 2022 baseline for travel costs, which is used as the basis for the projected 2023 inflation, was adjusted by 9.3 per cent, in line with the overall increase

in airfares and daily subsistence allowance experienced in 2022 beyond the approved inflation projections. Subsequently, the United States dollar-based projected inflation of 3.7 per cent was applied for 2023.

24. With regard to exchange rate fluctuations, in line with section IX of General Assembly resolution 69/274, a forward rate of exchange has been used as the basis for recosting for the euro and the Tanzanian shilling. The forward rate of exchange was determined in November 2022 on the basis of the average of monthly forward rates for 2023.

25. Exchange rate fluctuations reflect a net decrease of \$1.7 million due to the strengthening of the United States dollar against the euro (0.883 assumed in the proposed budget vs. 0.949) and the Tanzanian shilling (2,309.98 assumed in the proposed budget vs. 2,332.56).

26. Table 5 provides further information on the total effect of recosting, by currency and inflation, of non-post resources.

Table 5  
**Effects of recosting of non-post resources**

(Thousands of United States dollars)

<i>Currency</i>	<i>Currency use in 2022 (percentage)</i>	<i>Amount (before recosting)</i>	<i>Inflation</i>	<i>Rate of exchange</i>	<i>Total recosting</i>
United States dollar	60.5	35 878.7	3 373.7	—	3 373.7
Euro	34.8	20 626.4	2 853.4	(1 635.3)	1 218.1
Tanzanian shilling	4.7	2 787.3	116.2	(25.5)	90.7
<b>Total</b>	<b>100.0</b>	<b>59 292.4</b>	<b>6 343.3</b>	<b>(1 660.8)</b>	<b>4 682.5</b>

*Note:* Excludes staff assessment for posts.

## Annex

### A. Inflation rates (consumer price indices) by location/zone

(Percentage)

<i>Location/zone</i>	<i>December 2021</i>	<i>Preliminary recosting 2022</i>		<i>November 2022</i>		
	<i>Approved for 2022</i>	<i>Estimated 2022</i>	<i>Estimated 2023</i>	<i>Estimated 2022</i>	<i>Estimated 2023</i>	<i>Adjustment factor</i>
Eurozone	1.4	5.2	2.3	8.3	6.0	1.132
United Republic of Tanzania	4.3	5.0	4.4	4.4	4.5	1.046
United States of America	3.2	7.2	2.8	8.0	3.7	1.085

### B. Exchange rates of various currencies in relation to the United States dollar

<i>Currency</i>	<i>Approved rate (for 2022, used in the proposed budget for 2023)</i>	<i>United Nations rate of exchange as at November 2022</i>	<i>Expected rate for 2023</i>	<i>Currency adjustment factor applied in 2023 recosting (percentage)</i>
United States dollar	1.000	1.000	1.000	0.00
Euro	0.883	0.972	0.949	(6.95)
Tanzanian shilling	2 309.98	2 309.98	2 332.56	(0.97)