



UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL

Distr.
GENERAL

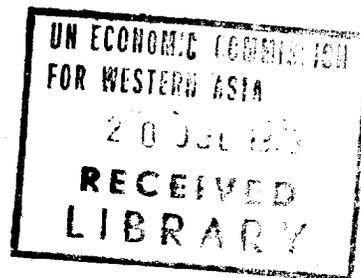
E/ECWA/64/Add.1
4 October 1978

Original: ENGLISH

ECONOMIC COMMISSION FOR WESTERN ASIA

Fifth Session
2-6 October 1978
Amman, Jordan

Item 12 (a) of the Agenda



Interim Reports on the Commission's Headquarters
Report on the permanent headquarters at Baghdad, Iraq

FINANCIAL IMPLICATIONS

INTRODUCTION

1. The Secretary-General's statement to the resumed sixty-first session of ECOSOC (Document E/L. 1738/Add.1 dated 25 October 1976) dealt with the financial implications of the move of ECWA to Baghdad and the cost of operating the Commission in that city during the biennium 1980-1981. In view of the lapse of time, it is necessary to update the calculations on which the financial implications were based.
2. As in the Secretary-General's statement referred to above, the cost plan is based on certain assumptions which may have to be modified in the light of developments. These assumptions are that:
 - (a) The move to Baghdad will take place in 1980.
 - (b) Sufficient qualified General Service staff would be available locally in Baghdad at the time of the move to provide the necessary services.
 - (c) The growth of the Commission between the present date and 1980 will be in the order of two per cent.

- (d) In the buildings to be provided, all the necessary facilities for the secretariat and for meetings would be available without additional cost to the regular budget, including furniture, office equipment and conference equipment.
- (e) All costings are made at current 1978-1979 biennium prices, salary levels and post adjustment classifications.
3. Should a decision be taken to relocate the Commission in September 1979 the financial implications for the 1978-1979 biennium are considered in paragraph 14.

COST ESTIMATES

4. The estimated operating costs of the Commission that would be affected by its location during the biennium 1980-1981, broken down by object of expenditure are listed below:
- A. Salary costs
5. It is assumed that by 1980 the staffing table of ECWA will have increased by approximately two per cent compared with its current level and will include 100 Professional and 150 General Service posts.
6. The cost adjustment at Baghdad is expected to be in 1979 at class 5 (multiplier 28) compared with class 8 (multiplier 48) at Beirut, seat of the provisional headquarters of ECWA. As far as local level staff is concerned, the 1979 standard net salary cost is estimated at \$ 6,500 compared with \$ 8,700 at Beirut. It is anticipated accordingly that as a result of the proposed move to Baghdad in 1980-1981, no additional costs would be incurred for salaries and that, on the contrary should the present trend continue to prevail, a lower level of expenditures would be experienced at Baghdad.
7. It can be estimated that at current rates, savings in the amount of roughly \$ 700,000 annually would be achieved under "Salaries" as follows:

- (a) Professional salaries - effect of the post adjustment differential (rounded to the nearest \$ 100).

Beirut class 8, multiplier 48

Baghdad class 5, multiplier 28

$$20 \times 83 \times \$ 191.40^{\frac{1}{2}} = \$ 317,700$$

$$20 \times 17 \times \$ 177.80^{\frac{1}{2}} = \underline{60,500}$$

378,200

- (b) Local level staff salary differential

$$\$ 8,700 - \$ 6,500 \times 150 = \underline{330,000}$$

$$\text{Total for one year} \quad \$ 708,200$$

or approximately \$ 1,415,000 for the biennium.

8. For the information of the Commission, a tentative estimate of total salary costs for ECWA at Baghdad in the biennium 1980-1981 at current rates is provided hereunder:

(a) Professionals	\$ 28,200 x 100 =	\$ 2,820,000
General Service	\$ 6,500 x 150 =	\$ 975,000
		<u>3,795,000</u>
Total for one year		\$ 3,795,000

or approximately \$ 7,600,000 for the biennium.

B. Common Staff costs

9. It can be anticipated that the impact of the proposed move by ECWA to Baghdad on expenditures in this category would be threefold:

- (a) Significant costs would be incurred on a non-recurrent basis for the transfer to Baghdad of 100 Professional staff members. The estimated costs to be incurred in the biennium 1980-1981 would amount to \$ 920,000, as follows:

¹/ Assuming that five-sixths of the staff-members have dependent spouse or child and one-sixth do not.

Travel for the purpose of transfer	\$ 65,000 ^{1/}
Household removal	\$ 320,000 ^{2/}
Installation grant	\$ 535,000 ^{3/}

(b) On a ~~re-current~~ basis, there would be costs resulting from the fact that an assumed 70 per cent of the staff would not exercise immediately their entitlement to household removal and would accordingly be entitled, for a period not exceeding five years, to an assignment allowance. The relevant costs for the biennium 1980-1981 is estimated at \$ 270,000.

(c) Non-recurrent freight costs estimated at \$ 75,000 would be incurred in moving certain items of equipment, documents, books, files, etc.

10. Apart from the above exceptional costs, it is estimated that a further 35 per cent of salary costs, or \$ 2,660,000 would be required over the biennium to cover regular common staff costs such as staff allowances, social security payments, home leave, etc.

C. Travel on official business

11. Costs under the object of expenditure are a direct consequence of work programme requirements which at this stage cannot be estimated for 1980-1981 with any accuracy. To the extent that those costs are affected by the location of the Commission's headquarters, it is felt that, while Baghdad's central location in the region might offer real advantages, these might be offset by increased travel distance to United Nations Headquarters and to the United Nations Office at Geneva.

^{1/} One hundred staff members, with an average of five persons per family, at \$ 130 per person.

^{2/} Assuming that 30 per cent of the Professional staff will exercise entitlements at an average cost of \$ 6,000 per family; costs for the balance of the staff will be at a rate of \$ 2,000 each.

^{3/} Assuming that one-sixth of the staff will be single and five-sixths will have five dependents (over-all average five to a family).

D. General Operating Expenses

12. It would obviously be premature to estimate the over-all 1980-1981 operating costs for a headquarter's complex that does not yet exist. Assuming that the order of magnitude of the operating expenses at Baghdad would be roughly comparable to expenditures in Beirut, a provision of the order of \$ 1,200,000 at current rates might have to be made in the ECWA budget for 1980-1981.

E. Acquisition of furniture and equipment

13. On the basis of the proposal made by the Government of Iraq, it is understood that the Government will provide all furniture required for the buildings. Additionally it is understood that the Government will provide all necessary equipment for the catering facilities and library, as well as internal reproduction and conference services, including printing equipment, simultaneous interpretation, video and audio recording and transmission equipment. It is assumed that the Government will arrange for installation of any equipment provided by the United Nations such as radio equipment and antenna.

It is assumed that the United Nations will provide all necessary official vehicles.

The cost of radio equipment is tentatively estimated at \$ 130,000, and the cost of vehicles at \$ 70,000.

CONCLUSIONS

The total estimate at current rates is as follows:

Established posts:

Professional	\$ 5,600,000
General Service	\$ 2,000,000
Common staff costs related to the move from Beirut	\$ 1,265,000
Other	\$ 2,660,000
General operating expenses	\$ 1,200,000
Furniture and equipment	\$ 200,000
Total at 1978-1979 biennium rates	\$ 12,925,000

The above total which is subject to the assumptions mentioned in paragraph 2 above, represents an order of magnitude only of the appropriations that might be required for ECWA for a biennium at Baghdad at present costs. It should be noted that the greater part of those costs, including base salaries, would have to be incurred by ECWA in 1980-1981, irrespective of the location of its headquarters.

14. Should the relocation to Baghdad take place in September 1979, and the Commission functions there for the last quarter of 1979, there would be the following implications for the 1978-1979 biennium budget:

Established posts:

Professional	\$ (95,000) ^{1/}
General Service	(82,000) ^{1/}
Common staff costs related to the move from Beirut	1,029,000
Other	(62,000) ^{2/}
Travel	16,000 ^{3/}
General operating expenses	- ^{4/}
Furniture and equipment	- ^{5/}
	<hr/>
	\$ 806,000
	<hr/> <hr/>

As a consequence of moving forward the non-recurrent costs into the 1978-1979 biennium, the 1980-1981 biennium would be relieved to the extent of an estimated \$ 995,000.

1/ Estimated savings on "Salaries".

2/ Estimated savings on common staff costs calculated as 35 per cent of the savings on "Salaries" of \$ 177,000.

3/ Extraordinary travel costs to be incurred in connexion with preparations for the move. It is assumed that this provision will be required in the 1978-1979 biennium whether the move takes place in 1979 or in 1980.

4/ No cost involved on the assumption that rental, utilities, building maintenance and all other costs related to temporary premises (now paid out of the Lebanese Government contribution in respect of ECWA's Beirut Headquarters) will be borne by the host Government.

5/ No cost involved in view of the assumption in paragraph 13 that these expenses will be borne by the host government. It is also assumed that the expenditure on radio equipment and vehicles will not take place in the 1978-1979 biennium.