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THE AGENCY'S BUDGET FOR 1980

Note by the Director General

1. The Director General intends to consult the Board of Governors when it meets on 30 November about ways of overcoming the difficulties confronting the Agency as a result of the fluctuations in currency exchange rates that have occurred since the estimates in the Agency's budget for 1980[1] were prepared. In the light of its discussion on this matter, the Board may wish to make a communication to the General Conference in time for the Conference's consideration of the budget for 1980.
2. Programme cost estimates in the Agency's budget for 1980 are based on an exchange rate of 15.05 Austrian schillings to the United States dollar in order that they can be compared directly with the adjusted programme cost estimates for 1979, which are also based on that rate. The United Nations operational rate of exchange for June, the month in which the Board reviewed the budget estimates for 1980, was 14.00 schillings to the dollar. On the basis of the assumption that the United Nations operational rate of exchange in June would be the mean rate of exchange throughout 1980, the Board recommended that an amount of \$4 080 000 be provided for in appropriation Section 10, "Adjustment of programme cost estimates"[2], in order to compensate for the decline in the dollar/schilling exchange rate and permit programme execution at the planned level.
3. With effect from 1 October, the United Nations operational rate of exchange dropped sharply to 12.55 schillings to the dollar; with effect from 1 November, it now stands at 12.90 schillings to the dollar. Assuming that the current United Nations rate of exchange of 12.90 schillings to the dollar will be the mean rate of exchange throughout 1980, a deficit of \$4 987 000 has developed. In the current situation this additional amount is needed for the programme that the Board has approved for financing from the Regular Budget in 1980.
4. A memorandum by the Director General setting forth this problem and proposing a method of funding the \$4 987 000 deficit with the least inconvenience to Member States will be distributed to Governors before the Board meets on 30 November.

[1] GC(XXIII)/612.

[2] Ibid., Annex VII, draft resolution A.

