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at 10 a.m.
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SUMMARY RECORD OF THE 35th MEETING

Chairman: Mr. MAYCOCK (Barbados)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 10.30 a.m.

AGENDA ITEM 1271 UNITED NATIONS COMMON SYSTEM (continued) (A/45/30 and Add.1; A/C.5/45/23, A/C.5/45/24, A/C.5/45/29 and A/C.5/45/43)

AGENDA ITEM 128: UNITED NATIONS PENSION SYSTEM (continued) (A/45/9 and A/45/699; A/C.5/45/7, A/C.5/45/22 and A/C.5/45/43)

1. Mr. KOULYK (Ukrainian Soviet Socialist Republic) said that, since his country's Supreme Soviet had proclaimed the sovereignty of the Republic, the Ukrainian SSR now had to reorganise its civil service on new foundations. It was thus observing with particular interest the methods and practices adopted in the United Nations system in order to draw on its experience. During the past year the International Civil Service Commission (ICSC) had adopted a number of important recommendations. His delegation supported many of them, such as the one concerning an increase in the allowance in respect of a disabled child payable to staff in the General Service and related categories, to cite only one of several examples. However, it found other recommendations debatable either in their substance or from the standpoint of their financial implications. The ICSC report (A/45/30) specified the costs for each of the recommendations but gave no indication of the total cost, as it had done in some previous years, In fact, the total financial implications amounted to $24.6 million, which represented more than one per cent of the regular budget for all the United Nations organizations. That figure was far in excess of the total financial implications in the previous two years.

2. Apart from the financial considerations, his delegation would like to find in future ICSC reports information about the number of staff members who would bo affected by any given recommendation. The decisions essentially concerned people, and it was important to bring out the "human factor".

3. In order to make the remunoration system easier to understand in the annual reports, it might be useful to include figures illustrating its main characteristics: (a) the amount of the total annual remuneration paid in the United Nations organizations and its main elements; in the case of Professional staff, the base salary, the post adjustment, the housing allowance and an average, for example the median remuneration; in the case of General Service staff, the total amount of payments made and the average annual salary; (b) similar data for the headquarters cities and the main duty stations; and (c) a general indication of the evolution of post adjustment, which was the most fluid element in remuneration.

4. In the absence of more comprehensive data it would be difficult to support the ICSC recommendation on housing allowance, which entailed an additional annual expenditure of $4.8 million. When the housiny allowance system had been introduced: it had been supposed to produce economies over time. It would be interesting to know the extent to which that supposition had been justified. Insufficient justification was given for the recommendations on the amount of the education grant, With regard to the surveys of the conditions of employment of General Service staff in New York, Rome and London.. although the need for a general

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(Mr. Koulyk, Ukrainian SSR)

reassessment of the salaries of that category of staff was indisputable, the report contained no reference to a genuine increase, with supporting figures, which might fully justify the measures which the Commission was proposing,

5. In hi8 delegation's view, therefore, some thought ahould be given to new proposals. They might be considered during the Preparation of a resolution on the item or directly in the Committee. It had two oonorete propoaals to make in that connection, Firstly, the functions of the Commission's subsidiary body - the Advisory Committee on Post Adjustment Questions (ACPAQ) - might be expanded to cover consideration of certain important issues which required more intensive preparatory work. Its initial terms of reference had already been expanded when it had been made responsible for consideration of questions connected with the pensions system or housing allowance. In order to ease the work-load *of* the Commission, which already held very long sessions, ACPAQ might take over the problem of the remuneration of General Service staff and some questions.

6. Secondly, his delegation proposed the establishment a control mechanism for the calculation of poet adjustment. That element in remuneration required a very large of entailed a total annual expenditure of $300 million for the whole of the United Nations system. The mechanism might consist, for example, of a body made up of members of ACPAQ and the ICSC secretariat, which might limit itself, if necessary, to taking random samples to verify the accuracy of the information transmitted. The additional expenditure on such an operation would not exceed $10,000 to $15,000 a year, and most of it would be r acovered.

7. His delegation awaited with interest the results of thu review of the functioning of ICSC expected in 1991, for it ought to reveal interesting possibilities for improving and intensifying the Commission's work or even making radical changes in it.

8. Mrs. SHEAROUSE (United States of America) said that the major task of ICSC for 1990 had been to complete its work on the comprehensive review of the conditions of service of the Professional and higher categories. The purpose of the review was two-fold: (a) to provide a sound methodological basis for establishing a competitive United Nations remuneration system, and (b) to simplify that system to make it more transparent and comprehensible. Her delegation was disappointed that neither objective had been fully achieved. Rather than assuming a progressive role, ICSC - with a few exceptions - had only made ad hoc marginal changes which made the system snore costly and no less complicated. In theory the comprehensive review had been completed, but her delegation believed that continued efforts must be made to strengthen and simplify the remuneration system. It was greatly troubled to see that the statement of programme budget implications for the ICSC report indicated additional costs close to $15 million.

9. Her country had used three criteria to evaluate the proposed changes in the salary and benefits payable in the common system: (a) equity; (b) clear and concise policies; and (c) an appropriate role for Member States in the

(Mrs. Shearouse, United States)

decision-making process. The Commission had recommended that housing should be maintained for the time being in the post adjustment system, enoept for duty stations away from Headquarters where valid houaing comparisons were diffioult or impossible to make. With regard tO the duty stations in group A, the idea of using external data for the time-to-time adjustment of the housing elem nt was interesting . Her delegation would like to know more apeaifioally how the envisaged criteria would be developed, for example for the commuting distance and the availability of shopping facilities. With regard to the duty stations in group B, it welcomed the experimental approaches but still had some doubts.

10. The proposed changes in the rental subsidy saheme were difficult to accept. Despite some "inequities", the present saheme was a qererous one since it covered up to 40 per cent of aatual rents. The reqressivity of reimbursements and the time-limit placed on them were intended as a disincentive. The removal of those two elements turned the benefit into a simple salary supplement, In any event, her delegation also questioned the criteria which would govern the granting of that benefit, particularly those set out in paragraph 95 (b) (viii) c. (Changes in the family size) and e. (staff members wishing to move from their current accommodation below the defined standard),

11. The recommendation whereby executive heads would be authoriaed to exercise discretion to approve the granting of increased housing subsidies to officials at the Assistant Secretary-General, Under-Secretary-General and equivalent levels (para. 124 (b) (i) invited abuse and uneven application of the benefit. Her delegation did not think it advisable to leave it to each organisation to develop precise guidelines governing housing arrangements for senior staff. It would prefer uniform, system-wide guidelines. Similarly, adopting a common approach to the question of representation allowances (with some monitoring) would ensure that those allowancea were used for their intended purpose and not simply as salary enhancers.

12. The common system could not be preserved unless the participating orqanioationa gave a tangible demonstration of their commitment to established rules and procedures. In that connection, her delegation regretted the continued practice of IL0 and WHO of granting additional steps beyond the salary scale for staff in the Professional and higher categories, as well as their non-compliance with the recommended scales for the General Service and related categories. It concurred with the relevant recommendation of the Commission, However, it felt that the recommendation to pay cash awards for merit (para. 162) was premature. That kind of payment presupposed an appropriate system of performance evaluation. The Commission had not addressed that question. Her delegation considered that the departures from the common system should be brought immediately to the attention of the governing bodies concerned. In addition, it supported the Commission's decision regarding WIPO.

13. With regard to margin considerations, allowing the margin to float within the established range would be contrary to the recent decision of the General Assembly that United Nations salaries should not exceed the salaries of the comparator civil

(Mrs. Shearouse, United States)

service by more than 15 per cent. Her delegation understood the concerns expressed about a freeze on salaries. However, it believed that a 15 per cent differential was sufficient and that the Noblemaire principle must continue to guide the system of remuneration. Its initial reaction to the ICSC recommendation was therefore negative but it would welcome a discussion on that issue. The Commission had not stated clearly how it had arrived at the figure of 8.5 per cent for the increase in the base/floor salary scale, It was therefore diffiault *to* take a position on that proposal. Moreover, since the baseifloor scale was also used in calculating mobility/hardship allowances and separation payments, the relationship between the scale sad the allowanoes should be further reviewed, as had been proposed by the Nordic countries.

14, With regard to the survey of beat prevailing conditions of service for staff in the General Service category in New York, her delegation supported the findings of ICSC concerning the salary levels of those staff members and greatly regretted the action taken by the Secretary-General. That action undermined the Commission's integrity and independence and would have adverse effects on the common system. A solution to the problem was urgent.

15, Regarding the education grant, no interim arrangements *ware* necessary for the time being *since* the Commission would carry out a full study in 1991.

16. Her delegation was concerned about the costs associated with the recommendations regarding the Field Service category but did see some merit in the recommendations.

17. The report of the Joint Staff Pension Board showed that the state of the Pens ion Fund was very good, The actuarial situation seemed broadly satisfactory. Her delegation agreed with the changes made in the actuarial assumptions to correct the underestimation of the male mortality rate after retirement. It would also be prepared to support a study of the actuarial implications of extending the maximum number of years of creditable contributory service (pars. 21).

18. Efforts to Increase direct and indirect investments in developing countries should continue. The missions organised for that purpose, such as the one sent to Africa, were certainly very valuable.

19. It was regrettable that some countries continued to withhold taxes on Pension Fund investment income. Since it seemed that all means of redress had been exhausted, the Pension Fund should divest itself of its holdings in the countries concerned until such time as the withheld taxes were returned.

20. Her delegation welcomed the improvements in the administration of the Pension Fund secretariat. It also shared the concern of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) that the main components of the new computer system should be operational by 1992 and hoped that a solution would be found to the office accommodation problems.

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21. On the subject of pensionable remuneration for staff in the Professional and higher categories, the Pension Board had not aonaurred with the position taken by ICSC on the margin range. Mer delegation, too, questioned the need for a margin range for pensionable remuneration, since the latter was directly derived from net remuneration that was already aontrolled by a margin range,

22. It emerged from annex IV of the report of the Pension Board that there was a substantial disparity in the levels of pensionable remuneration of ungraded officials. That situation was not *normal.* Her delegation supported the action proposed in that regard and hoped that etepa would be taken to standardise the levels in 1991.

23, In order to solve certain specific problems suah as aurreacy fluctuation, a two-track pension adjustment system had been introduced. The numerous subsequent adjustments had made the system even more aompliaated. It was apparent that a long-term solution must be considered in order to establish a aatiafaatory pension adjustment system. When the interim floor measure had been adopted, the Pension Board and the Assembly had not anticipated the difficulties it would cause. Her delegation therefore welcomed the establishment of a Preparatory Group (para. 128) to develop a long-term solution to the problem of aaloulating initial local currency pensions and to review the pension adjustment system. It also supgarced the establishment of a joint ICSC/Pension Board Preparatory Working Group to review the pensionable remuneration of rtaff in the General Service category.

24, Regarding the assistance requested by IL0 in implementing two recent IL0 Administrative Tribunal judgements, her delegation supported the Pension Board's recommendation, with the three conditions set out in paragraph 190 of the report. It did not understand the reluatanae of IL0 in that *regard.*

25. No real solution was in sight on the question of the entitlement to survivors' benefits for spouses and former spouses (para. 168). The question was certainly very complicated. Nevertheless, since it was likely to grow more acute in the future, her delegation hoped that the Pension Board would continue its efforts to *find an* appropriate solution.

26. Mr. HAMILA (Libyan Arab Jamahiriya) said that the salary scale methodology was obscure and complicated, The recommendations in the ICSC report made it still more complicated, in addition to imposing an excessive financial burden on Member States, particularly those countries which were already undergoing serious economic difficulties. Consequently, his delegation found the recommendations difficult to accept and urged the *Commission* to continue its efforts to arrive at a salary system that would be simple and transparent.

27. The argument that the United Nations system would have difficulties recruiting and retaining competent staff because of the deterioration of conditions of service was not convincing. On the contrary, his delegation noted that countries were continuing to recommend highly qualified candidates for vacant posts in the international organizations. All that was necessary was to make full use of that

(Mr. Hamila, Libyan Arab Jamahiriya)

potent lal. His delegation also did not think that retaining the current methodology would neoessarily lead to freezing aalarlea at duty stations where the oost of living was high, It felt that the recommendations in paragraph 124 (b) (revised housing arrangement8 for those at the Assistant Secretary-General, Under-Secretary-Qeneral and equivalent levels) paragraph 207, (8.5 per cent iacreaae in the base/floor salary scale), and paragraph 251 (maximum education grant and ceiling for boarding costs) were not justified. Lastly, it wished to express its concern that the Secretary-General had refused to apply the salary scale recommended by ICSC for General Service staff. It hoped that the Secretariat. would provide a satisfactory explanation and that the situation would not rocur.

28. Mr. DANKWA (Ghana) said that the efforts of the General Assembly to establish a common system for all the United Nations-related organizations were worthy of sustained pursuit. It was indisputable that jobs that demanded comparable levels of responsibility and skill ahould receive similar pay, It was gratifying to observe the full participation of GATT *and* IFAD in the work of the Commission. The two *organisations* should take appropriate ateps towards acceptance of the Commission's statute.

29. While it welcomed any measure that oontributed to the effective participation of all interested parties, notably the ataff, in the work of the Commission as *envisaged* in artiole 12 paragraph 3, of its statute and rules 36 and 37 of its rules of proaedure, his delegation found the present tendency to turn the Commission into a negotiating forum somewhat disturbing, since it appeared to violate article 6 of the statute of ICSC and called its very purpose into question. The Commission was a technical body which should carry out the functions set out in chapter III of its statute independently of any external influence whatsoever. The opportunities for consultation with various bodies envisaged in rules 36 and 37 of *the* Commission's rules of procedure and article 12 of its statute were intended solely to enable the Commission to collect and analyse the necessary technical information that should inform its recommendations and decisions. By authorising non-members to participate in its meetings, including those at which decisions were taken, the *Commission* seemed to be in violation of rule 35 of its rules of procedure, whereby all substantive determinations should be adopted in executive meeting. The General Assembly should be precise in what it wanted of ICSC. The Commission could, on the one hand, continue to be independent and partial in its collection, collation and analysis of information on which to base its recommendations and decisions and, on the other, it could represent the General Assembly in negotiations with the staff. It could not do both. It was to be hoped that the General Assembly would remove any ambivalence in that connection at the current session. The General Assembly should also seek to play the role assigned to it under article 10 of the Commission's statute and not try to be a substitute for ICSC nor duplicate its work. Thus, in reviewing the ICSC report, the Assembly should focus more on the principles for determining of the conditions of service of the staff, salary scales and post adjustments, allowances and benefits. It was precisely because the General Assembly was not expected to be concerned with technicalities that under article 11 of its statute the Commission established the methods by which the principles approved by the General Assembly

(Mr. Dankwa, Ghana)

for determining conditiona Of service should be applied, The General Assembly should concern itself essentially with the political, administrative and budgetary implications of principles and *methods.* Bis delegation hoped that the Commission would bear that diatinctioa in mind in *preparing* its report and spare the Qeneral Assembly the technical complexities which sometimes led it to take decisions without fully comprehending the implicationa.

30. With regard to the margin *range* for net remuneration, it was the Commission's role to *monitor* developments world wide and ensure that the comparator service remained the highest paying. Properly maintained, the margin would endure that the conditions of service of the staff, both before and after retirement, remained competitive, For that reason, his delegation saw no justification for the establishment of a margin for pensionable remuneration.

31. As far as the methodology for determining pensionable remuneration waa concerend, the Joint Staff Pension Board was in *favour* of retaining the methodology applied in 1986, as revised in 1989, while the Commission recommended the methodology established on 1 April 1987. It would be desirable for the Commission to highlight the differences between the two methods and their implications for the staff and the General Assembly. It would also be useful to aompare each methodology with that of the comparator civil service. His delegation would also be interested to know how the scale of staff asaeaameat compared with the tax régime applicable to staff of the comparator civil service.

32. If the aim of the *common* system was to develop a single unified international civil service through the application of common personnel standards, methods and arrangements, the *Commission* should consider all pertinent iaauea relating to the conditions of service of all staff, including ungraded officials. The pensionable remuneration of the latter had not been addressed by the Commission during the comprehensive review. At the current session, therefore, the Commission ahould be given the necessary mandate to extend the review to ungraded officials.

33, Turning to the gueatioa of the housing and remuneration structures, he arid that, in his view, the General Assembly should review the issue from the perspective of the broad principles for the determination of conditions of service. Housing, among other elements, was already reflected in the conditions of service of the comparator national civil service. Properly applied, post adjustment could have been used to attract staff to the so-called hardship duty stations, where organiastions found it difficult to retain personnel. However, post adjustment had gradually evolved into an integral part of the pay package. In his delegation's opinion, housing rhould not be treated as a separate element outside the post adjustment system. The regressive reimbursement formula should be retained, since it was intended to help to alleviate the initial settlement or resettlement difficulties of new staff members.

34. Since the important point was that regular adjustments should be made in the base/floor salary scale to keep it aligned to that of the comparator civil service, his delegation approved the Commission's recommendation for an upward revision of 8.5 per cent with effect from 1 March 1991.

(Mr. Dankwa, Ghana)

35. His delegation commended the initiative taken by ICSC with respect to the surveys of the conditions of service for the General Service and related categories. Such surveys should be conducted regularly in order to minimise the resort to comprehensive reviews, which did not adequately address the problems of the staff and imposed heavy financial burdens on the organizations. It might be ureful for ICSC to study the relationship between the conditions of service of the Professional and higher categories, which were based on the highest paying national civil service, and those of the General Service categories, which reflected the best prevailing local conditions.

36. Lastly, his delegation supported the Secretary-General's decision not to contest the case before the United Nations Administrative Tribunal, in order to maintain the integrity of the common system, as well au the decision of ICSC to study the matter further. That development underscored the urgent need to establish a common administrative tribunal.

37. Mr. DUHALT (Mexico) said that, while he recognized that the specific characteristics of each of the specialized agencies might have led some of them to wish to disassociate themselves from the common system, he was still convinced of the need to maintain a common staff remuneration structure for the entire system in order to standardize conditions of service and ensure equitable and comparable remuneration. Maintaining a common system was also important in order to achieve proper oo-ordination and uaiform administration of all elements of the system and to prevent its disintegration, His delegation commended ICSC for its efforts to strengthen and improve the common system, au well as to improve its functioning as an expert group and to increase the participation of representatives of the staff in its work. It was sure that the new working methods that had been adopted would result in a clearer report, which would make it easier to take decisions on a highly technical subject, The review of the functioning of ICSC should also in the future allow that body to address issues relating to Personnel administration other than the question of remuneration, which had monopolised most of its attention,

38. While it supported moat of the recommendations made by ICSC in its report, his delegation had some reservations concerning a few of the specific measures recommended.

39. First, the recommendation of ICSC regarding housing and remuneration structures appeared to complicate still further an already complex issue, and for that reason his delegation shared the concern expressed by the representative of Japan. It shared the doubts of the Argentine delegation regarding the criteria used to decide at which duty stations housing should be separated from the post adjustment system, as well as the financial consequence6 of that operation. In any event, the provisions in question were temporary and it would be a while before the advantages and disadvantages could be evaluated.

40. Second, his delegation had a few reservations concerning the recommendation of ICSC with respect to the net remuneration margin, which it accepted only because ICSC intended to avoid any negative impact on the morale of the staff of the

(Mr. Duhalt, Mexico)

system. Nevertheless, it remained convinced of the validity of the provisions of resolution 44/198 and thought that, in the future, ICSC should take the necessary steps to prevent annual margins from diverging from the desirable mid-point of 115. Moreover, it did not seem appropriate to use the level of remuneration in the private sector in the United States as a basis for comparison in determining the level of remuneration of the entire system. The Noblemaire principle should be applied scrupulously, and periodic reviews of the level of remuneration of various national civil services should be conducted in order to determine which should be usod as the comparator civil service,

41. *The* practice of some Member States of paying financial compensation to nationals of their countries in the servoce of the Organization was a subject of concern. That practice not only ran counter to the principles of independence and impartiality that should govern the international civil service by creating a conflict of interest, but was also a source of injustice in a system of remuneration based on the principle of equal pay for equal work. It was to be hoped that ICSC would be able to propose measures to remedy that situation.

42. In conclusion, his delegation wished to commend the Joint Staff Pension Board for the efforts that it had devoted over the past year to a number of complex issues.

AGENDA ITEM 117: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued) (A/45/16 (Part I) and Add.1 and A/45/16 (Part II), A/45/226, A/45/370 and A/45/617)

43. Mr. ERDENECHULUUN (Mongolia) fully subscribed to the view *expressed* by the Secretary-General that further changes might be required to enable the Organiaatioa to adapt itself to respond fully and effectively to new and emerging issues (A/45/226, pare, 260), especially with respect to economic growth and development, social progress, human development, environmental protection and the fight against terrorism and drug traf ticking. His delegation particularly welcomed the strengthening of the peace-keeping and peace-making role of the United Nations, and of the good offices functions of the Secretary-General. The increased financial burden should be borne by the parties to the various conflicts or disputes. The analytical report of the Secretary-General indicated that considerable progress had been made in the political sector, in which many measures had been taken to strengthen the capacity of the Organization to deal with its primary responsibilities. Furthermore, a number of organs of the system had made laudable *efforts* to streamline their structures, check the proliferation of documentation, biennialize their sessions, rationalise their work programmes and improve the planning and organiaatioa of their meetings, Notable progress had also been made in reducing the staff of the Secretariat. It was worth noting that those many encouraging changes had been introduced despite the continuing financial crisis of the Organization. In that connection, a change was also necessary in the attitudes of the Member States, which must scrupulously honour their financial obligations to the world body.

(Mr. Erdenechuluun, Mongolia)

44. The process of reform and restructuring should be extended to encompass other areas, in particular economic and social issues. His deleqation agreed with other delegations that high priority should be accorded to the reform of the economic and social activities of the Orqaniaation. It was regrettable that, after two years of negotiations, the Special Commission estat'lshed by the Economic and Social Council had failed to reach agreement. He was looking forward to the proposals which the Secretary-General would be aubmittinq to the General Asaembly at its current session, followinq several importer t meetings and deliberations that had taken place in that field in 1990.

45. With respect to personnel questions, qooqraphical distribution remained u..balanced, and special attention should be given to the recruitment of nationals of unrepresented or severely underrepresented Member States. In that connection, his delegation shared the disappointment of the Ghanaian deleqation regarding the inadequate representation of developing countries at senior levels in the Secretariat,

The meeting rose at 11.40 a.m.