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SUMMARY RECORD OF THE 39th MEETING

Chairman: Mr. MUNTASSER (Libyan Arab Jamahiriya)

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

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The meeting was called to order at 10.20 a.m.

AGENDA ITEM 116: UNITED NATIONS COMMON SYSTEM (continued) (A/46/30 and A/46/275; A/C.5/46/28, A/C.5/46/31, A/C.5/46/33 and A/C.5/46/35)

AGENDA ITEM 117: UNITED NATIONS PENSION SYSTEM (continued) (A/46/9 and A/46/614; A/C.5/46/15, A/C.5/46/31 and A/C.5/46/33)

1. Mr. SAHU (India) said that the staff were the most important asset of the organizations of the United Nations system and that adopting an appropriate policy on conditions of service and pensions was an essential prerequisite for the implementation of Article 101, paragraph 3, of the Charter. The Noblemaire principle continued to be valid as a pillar of thr "common system". It was true that the system should better reflect the specialised nature of certain jobs in technical organizations and that it had resulted in serious anomalies among different categories of staff at different duty stations because it did not respond rapidly enough to the evolution of various situations. Nevertheless, the common system remained the best mechanism for determining conditions of service in all the organizations in the system, and there was no justification for the unilateral steps taken by some administrations, namely the International Telecommunication Union (ITU) and the International Labour Organisation (ILO). In subscribing to the statute of the International Civil Service Commission (ICSC), those organizations had surrendered their independence with respect to the conditions of service of their staff. His delegation was in full agreement with the views expressed on that subject in chapter II of the ICSC report (A/46/30), and it believed that the resolution the General Assembly would adopt on that matter should urge all organizations that had accepted the ICSC statute, before taking any decision affecting the remuneration of their staff, to consult the Commission and to invite a member of its secretariat to acquaint Member States with all of the pros and cons of any proposal.

2. With respect to the report by the Administrative Committee on Coordination (ACC) on the functioning of ICSC (A/46/275) and the latter's response to the recommendations contained therein, while his delegation would like efforts to improve the Commission's effectiveness and functioning to continue, they should stop short of amending its statute. The statute had been drafted after prolonged and arduous negotiations and should not be amended unless absolutely necessary.

3. Regarding the margin between the net remuneration of United States Federal employees and United Nations staff, ICSC was right to request the General Assembly to rescind its decision requiring the average margin to remain at the mid-point of the range over a five-year period, as doing so would make it possible to avoid a freeze on remuneration that would have unacceptable consequences from the managerial standpoint. Similarly, granting partial post adjustment increases was a good idea, since it would enable net remuneration to remain within the upper limit of the range. In any case, the

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entry into force of the United States Federal Employee8 Pay Comparability Act of 1990 would bring the margin below the mid-point after 1994 so that, over a 10-year period, the General Assembly'8 requirement would be met. The Commission's recommendation to increase the base/floor salary scale by 8.6 per cent through consolidation of port adjustment classes would have very significant financial implication8 not in itself but as a result of the mobility/hardship scheme. Before taking a position on that proposal, his delegation wished to know whether it war absolutely necessary to decide on that question during the current session. It also wanted to know the logic behind linking tho mobility/hardship allowance to base salary, a8 well a8 the 8timat.d amount of savings to result from lower staff turnover rates at hardship duty stations.

4. As for the condition8 of service of Assistant Secretaries-General and Under-Secretaries-General, ICSC recommended the use of approximate working quivalontr between those officials and rtaff at certain levels of the Executive Schedule of the comparator civil service. In view of the difficulty of clearly rtablirhing direct equivalencies between the two civil services and the political nature of appointments to the post in question, that approach war the moat appropriate, The question of increasing the net remuneration of those official8 should be conridered in the context of the Noblemaire principle, which should apply to all categories of rtaff. His delegation war also prepared to look favourably on the payment to thore official8 of rental subsidies and representational allowances.

5. The issue of pensionable remuneration and consequent pensions for General Service staff was complex and highly emotional. Staff organisation8 appeared to believe that the General Assembly was determined to reduce those pensions, while Member States, including India, pointed out that the current methodology for determining General Service pensionable remuneration had given rise to serious anomalies. It was necessary to settle the problem objectively, on the basis of technical data. The United Nations Joint Staff Pension Board had mentioned a number of possibilities in paragraph 108 of its report (A/46/9), and the Commission had recommended a phased approach to the problem. His delegation believed that the first step should be to collect and analyse all the necessary data and that, in the meantime, the current system should continue. With respect to ungraded officials, the pensionable remuneration of appointed official8 who were participants in the Fund should continue to be governed by the rules and regulation8 of the Fund. Elected ungraded officials should be given the choice of whether or not to participate in the Fund. The Commission should assist organisation8 by drawing up guidelines in order to ensure some system-wide compatibility for ungraded official8 who remained outside the Fund,

6. His delegation supported the Pension Board's consensus proposals for the modification of the pension adjustment system (para. 175 of the report of the Board). It was also glad to note in the Secretary-General'8 report on the investment8 of the Fund (A/C.5/46/15) that the real rate of return for the year ended 31 March 1991 had been 3.8 per cent, despite the general economic

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slump. India supported the ● ffortr of tha Investments Committee to increase Fund investments in developing countrior.

AGENDA ITEM 111: ADMINISTRATIVE AND BUDGETARY COORDINATION OF THE UNITED NATIONS WITH THE SPECIALIZED AGENCIES AND *THE* INTERNATIONAL ATOMIC ENERGY AGENCY (A/46/341 and A/46/546)

7. The CHAIRMAN raid that the Advisory Committee on Administrative and Budgetary Affairs customarily prepared an in-depth biennial report on agenda item 111 which the Committee would be able to examine at the forty-seventh session of the Generai Assembly. The only other question to be considered under agenda item 111 war that of the interim study prepared by thr Panel of Extrrnal Auditor8 on the development of common *accounting* rtandardr (A/46/341), That question was dea1t with in a paragraph of the draft resolution on agenda item 104 introduced by the Vice-Chairman. He therefore suggested that the Committee rhould hoar the delegations wishing to speak on agenda item 111 before moving on to the preparation of a draft decision.

8. It was so decided.

9. Mr. LINDFORS (Sweden), speaking on behalf of thr five Nordic countrior, strongly supported the idea of developing common accounting standards *for* all United Nations bodies (A/46/341) and was pleased to see that ACABQ was in agreement (A/46/546). The Nordic countrior alro ● ndor8.d the proposal that an expert rhould be asked to draw up a rot *of* common accounting standards based a8 far a8 possible on those published by the International Accounting Standard8 Committee (IASC) and the International Organization ot Supreme Audit Institutions (INTOSAI). It war true that the rtandardr ● rtablirhed by those bodies were geared specifically to the needs of commercial businesses, but the Nordic countrior felt that the rtandardr adopted by the United Nation8 system rhould deviate a8 little a8 possible from ● xirting international rtandardr. Donors of extrabudgetary fundn rhould be able to compare the financial statements of United Nations bodies with those of relief organisations in the private rector. Bringing it8 rtandardr into line with international rtandardr would enable the United Nation8 system to benefit at lower cost from progress made in the field of accountancy and recruit qualified staff more easily, thereby reducing internal training needs and increasing mobility by facilitating exchanger *of rtaff* between the system and other international or national organizations.

10. In annex II to document A/46/341, the Panel of External Auditor8 concluded that only 12 of the 29 existing rtandardr could be applied to the United Nations system with little *or* no amendment. However, the presumption rhould be that all the rtandardr wore applicable, while the burden of proof rhould rest with those who agreed that a specific standard war not applicable to the United Nations system. In my event, the Nordic countries wished their views *to* be given due consideration whoa the terms of reference of tho expert responsible *for* establishing the common accounting standards were decided.

AGENDA ITEM 104: FINANCIAL *REPORTS AND* AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/C.5/46/L.3)

11. Mr. SPAANS (Netherlands) road out the main points of the draft resolution A/C.5/45/L.3. As the rerolution *had a* number of financial implications, it would be the subject of a statement of programme budget implications. He welcomed the spirit of cooperation displayed by delegations during the informal consultation8 and proposed that, once the statement *of programme* budget implications had boon drawn up, the Committee rhould adopt the draft resolution without a vote.

12, The CHAIRMAN asked the Secretariat to act swiftly in drawing up the statement of programme budget implications of the draft resolution under consideration so as to ● nablo the Committee to take a decision on the matter.

The meeting was suspended at 11 a.m. and reswmed at 11.15 a.m.

AGENDA ITEM 114: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/46/11 and Add.1 and Add.2/Rev.1)

13. Mrs. SUVARNATEMEE (Thailand) shared the views of those delegations which considered that the Organization's ● xponrrr rhould be apportioned among the Member States according to their capacity to pay and that, once the scale had boon fixed by the General Assembly, it rhould not be reviewed for at least three years unless the economic situation *of a* State had altered appreciably. Those basic principles, which wore laid down *in* rule 160 of the rules *of* procedure of the General Assembly, wore *fair,* sufficiently flexible and faithful to the Charter.

14. Her delegation endorsed the recommendations of the Committee on Contribution6 with regard to the relief gradient and the upper per capita income limit. Fixing that limit by reference to average world income would make it easier to establish a stable system which could be automatically adjusted *to* the evolution of world income.

15. Her delegation also favoured the maintenance of a 10-year statistical base period, since greater reliance on long-term economic trends would produce a more realistic scale of assessment. It was aware that the complexity of the scheme of limits had generated controversy but felt that, in the absence of en acceptable alternative, it rhould continue to be applied. In general, her delegation agreed with the methodology ured and was ready to play *an* active part in efforts to secure a consensus on the new scale.

16. Mr. MOOSE (United States *of* America) said that, while his delegation was grateful to the members of the Committee for their efforts in seeking to comply with the sometimes contradictory guidelines set by the General Assembly, it nevertheless had reservations concerning the ad hoc adjustments made by the Committee, whose mandate was that of a technical body.

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17. His delegations had on several occasions expressed its opposition to the idea that capacity to pay should be the fundamental criterion for determining the scale. It agreed with those members of the Committee on Contributions who considered that approach to be one of the reasons for the negative attitude taken by many Member States and for the distortions which had resulted, As pointed out in paragraphs 47 and 48 of tho report of the Committee on Contributions (A/46/11), the time had corns to reconsider the methodology in an effort to have Member States adopt a more positive attitude, taking into account the benefits and privileges of membership, The General Assembly should therefore authorise the Committee on Contributions to employ methods which wore no longer based solely on the capacity to pay but which took account of recent developments. The question was no longer how much each State should contribute, but how its contribution could assist in promoting the purposes and values of the Organisation. His delegation was aware that the Committee on Contributions required time to develop a new methodology and it urged the Fifth Committee to accept its proposals for the period 1992-1994, in accordance with rule 160 of the rules of procedure.

18. Mr. WIBISONQ (Indonesia) said that his delegation agreed with previous speakers who had supported the recommendations of the Committee on Contributions on the new scale of assessments, The fundamental criterion was the capacity to pay based on national income, His delegation was in favour of raising the upper per capita income limit and, generally speaking, of applying the scheme of limits, because it eased the burden on developing countries, It noted that many of the latter stood to benefit from ad hoc adjustments to the scale.

19. On the other hand, his delegation could not agree to some of the suggestions in chapter VIII of the Committee's report that envisaged modifications to the current methodology, In particular, it could not accept the adoption of any such criterion as the interest of Member States in the Organisation, because that implied that States endowed with enough financial resources could buy rights and prerogatives, whereas developing countries would find themselves deprived of their legitimate rights. With those reservations, his delegation was ready to participate in any endeavour to achieve consensus,

20. Mr. TALAVERA (Peru) said that his delegation, like many others, believed that the methodology for preparing the scale of assessments could be improved. Because the upper per capita income limit was the only factor that allowed the relative wealth of countries to be taken into account, it wanted the limit to be recalculated regularly so that it was never less than the average world per capita income.

21, The debt adjustment methods used should continue to be examined, because the current formula did not take full account of the problems of heavily indebted developing countries. The statistical base period should remain 10 years, both to ensure the required stability and to dampen the impact of

abrupt or rhott-term changes in the economic situation of Member State8 on their assessments.

22. Hi8 delegation recognized that the Committee on Contribution8 had to be able to make ad hoc adjustments to assessments because the methodology wa8 not perfect, but it insisted that *tho* criteria ● rtablinhed by the General Assembly in that regard be observed, It welcomed the fact that the Committee had decided to use price adjusted rate8 of exchange to mitigate the effects of major distortions in exchange rates. The recommended scale of assessments bore witness to the efforts made by the Committee to secure the approval of every Member State, It should remain in focco for three years, a8 recommended, on the understanding that the points raised by his delegation would be taken into account in subsequent scales.

23. Mr. BAZABIDILA (Congo) said that, in spite of it8 ● COnOmiC difficulties, hi8 country was up to date in paying it8 assessed contributions to the regular budget. Recalling the terms of reference given to the Committee *on* Contribution8 by the General Assembly, his delegation supported the Committee's recommendations on *the* whole. Application of the scale of assessments *for a* three-year period was in accordance with resolution 45/256 and with rule 160 of the ruler of procedure of the General Assembly. Hi8 delegation war in favour of raising the upper pot capita income limit, which reflected the rise in average world per capita income, and of retaining a lo-year statistical base period, which allowed more realistic assessments to be made for most Member States.

24. Like the Committee on Contributions, hi8 delegation considered that assessments should be related to the real capacity of Member State8 to pay at the time of payment; that was a principle established by the Charter and by the rule8 of procedure of the *General.* Assembly. In particular, the Committee on Contribution8 should make greater allowance *for* the indebtedness of developing countries and the other factor8 mentioned by the General Assembly *in* paragraph 3 of it8 resolution '3/223 B, as well as for the precarious situation Of countries assessed at the floor rate. The assessments of those countries should not be changed until their economic situation had tangibly improved. Otherwise, hi8 delegation endorsed the scale of assessments recommended by the Committee on Contributionr and was ready to consider any proposal designed to make the apportionment of the Organization's expenses faire!:.

25. Mr. AL-ARIMI (Oman) said that he wished to pay a tribute to the members of the Committee on Contributions, who had evidently made considerable effort8 to abide by the terms *of* reference provided by the General Assembly in its resolutions. Nevertheless, he would have liked the very complex methodology used to be described much more clearly in the Committee'8 report,

26, In view of the economic upheavals in the world over the past few years, it would be preferable to shorten the statistical base period to five years. The lo-year period currently used did not yield an accurate picture of the

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real capacity to pay of Member States. That was • 8pocially truei.. the case of a developing country such a8 Oman, which was making • normou# financial efforts to acquire necessary infrastructures. His country had borrowed very heavily to develop it8 most baokward areas where a large part of the population lived.

27, Another faator which the Committee on Contributions had not taken sufficiently into account was the very great dependence Of hi8 country's economy on oil: that non-renewable resource, whose price was very unstable, provided 83 per cent of Oman 8 national income and 95 par cent of it8 hard currency • arning8. Moreover, the • oonomicr stagnation caused by the Gulf war had had a very tangible impact on every country and • rpooially on those in the region.

28. In spite of all those factors, the Committee on Contribution8 war recommending that Oman's • 88088mont be increased by one point, whiah meant by 50 per cont. Such an increase oould only have a negative effect on Oman's contribution8 to other bodies and to peace-keeping operations. Hi8 delegation considered that such a recommendation was unfair and that the Committee had failed to take the General Assembly's terms *of* reference fully into account.

29. Mr. MONAYAIR (Kuwait) recalled the instructions provided by the General Assembly in resolution 45/256 and raid that several *of* the faatorr in the methodology which had boon used should be reconsidered, in particular the scheme of limit8 and the statistical base period. Ho noted that several of the General Assembly's instructions had not boon followed and expressed the hope that the Committee on Contribution8 would in future take due account *of* them, in particular of the provision in paragraph 3 of resolution 44/197 A concerning countries having certain economic characteristics. It was not right for the assessments of developing countries constantly to increase, while those *of* developed countries decreased. Among the factor8 which should be taken into account were indebtedness, distortions duo to • xchango rater, the comparability Of statistics and per Capita income, In the latter connection, ho recalled th8 disastrous consequences of the Iraqi invasion for tho economic8 of Kuwait and many other countries and for the environment,

The meeting rose at 12.05 p.m.