

United Nations
GENERAL
ASSEMBLY

FORTY-SECOND SESSION

Official Records*



FIFTH COMMITTEE
35th meeting
held on
Wednesday, 18 November 1987
at 3 p.m.
New York

SUMMARY RECORD OF THE 35th MEETING

Chairman: Mr. AMNEUS (Sweden)

later: Mr. MURRAY (Trinidad and Tobago)

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

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The meeting was called to order at 3 p.m.

AGENDA ITEM 118: ADMINISTRATIVE AND BUDGETARY CO-ORDINATION OF THE UNITED NATIONS WITH THE SPECIALIZED AGENCIES AND THE INTERNATIONAL ATOMIC ENERGY AGENCY
(continued) (A/41/671, A/42/328 and 683; A/C.5/41/23, A/C.5/42/22)

1. Mr. BELYAEV (Byelorussian Soviet Socialist Republic) said that his delegation saw increased administrative and budgetary co-ordination of the United Nations with the specialized agencies and the International Atomic Energy Agency (IAEA) as an important means of enhancing the efficiency of the administrative and financial functioning of the United Nations system as a whole. The practical results of such co-ordination should include the stabilization of overall budget levels by avoiding duplication and eliminating ineffective and obsolete programmes, the creation of common systems in areas such as conference servicing, electronic data processing, communications and publications, the synchronization of planning and budgetary cycles and the standardization of administrative and budgetary practices.

2. Despite the wealth of useful statistical information contained in the reports of the Advisory Committee (A/41/671 and A/42/683), it was difficult to see what practical use was made of that information. Although the reports should serve as guidelines for the governing bodies of the United Nations system, there was little evidence of co-ordinated action or exchanges of experience among the various organizations concerned. His delegation proposed that future reports of the Advisory Committee should include information on the extent to which the various organizations had adopted the practices of others with a view to making effective use of available resources. The time had come for the Advisory Committee to consider how best practically to implement Article 17 of the Charter and rule 157 of the rules of procedure of the General Assembly by ensuring that the Assembly played a more active part in formulating the administrative and financial policies of the specialized agencies. Specific conclusions and recommendations from the Advisory Committee would undoubtedly contribute to a more objective solution of problems relating to co-ordination.

3. Comparative data on the administrative and financial activities of the United Nations, the specialized agencies and IAEA showed that each applied its own independent rules and procedures. The budgetary practices of some specialized agencies revealed an unjustifiable degree of complacency with respect to the inevitability of uncontrolled expenditure growth and expansion of staff. However, organizations could, if they adopted a critical approach, plan their activities within the limits of available resources and restrict expenditure to the levels of previous budgets. Indeed, reports showed that certain organizations had managed successfully to overcome the difficulties caused by inflation and currency fluctuations, as well as to make effective use of contingency funds to cover unforeseen and additional expenditures.

4. While the United Nations was, despite difficult circumstances, in the process of implementing radical measures to reduce spending and cut staff, such measures did not appear to be properly understood by the specialized agencies. It was the

(Mr. Belyaev, Byelorussian SSR)

hope of his delegation that the Advisory Committee would address specific questions to the agencies' governing bodies with respect to the corresponding measures they intended to take and include their replies in its next report. For the time being, there appeared to be no co-ordination for practical purposes in the United Nations system. By way of example, the United Nations had hastened to invest in very costly technology in the area of computerized communications, despite the fact that its cost-effectiveness was still being studied by certain specialized agencies. His delegation wished to know how much the system had cost and how great the return on the investment had been in terms of increased productivity and efficiency.

5. A reading of document A/C.5/42/22 produced the impression that the organizations concerned with the unification of conference services at the Vienna International Centre were, despite a universal recognition of the need for unified services, interested not so much in co-ordination as in the preservation of their feudal fiefs. It was the hope of his delegation that such attitudes would give way to a businesslike, constructive discussion on co-ordination throughout the United Nations system with a view to ensuring a more rational, effective use of resources by the United Nations and the specialized agencies.

6. Mr. ABRASZEWSKI (Poland) said that constant review and improvement of co-ordination was an important exercise in the attempt to make optimum use of limited resources. However, the Fifth Committee had recently shown diminishing interest in such co-ordination. The debate due to take place in 1986, an off-budget year, had been postponed because the programme of reforms emanating from the report of the Group of High-level Intergovernmental Experts (A/41/39) had taken up much of the Committee's time. Given that the trend was not a new one, his delegation wished to ask the Secretariat whether there would be any impediment to consideration of the item on a biennial rather than on an annual basis, in conformity with recommendation 3 (b) of the Group of High-level Intergovernmental Experts.

7. His delegation believed the Advisory Committee's reports on administrative and budgetary co-ordination to be the only system-wide source of information on budgets, contributions, established posts, technical co-operation activities and extrabudgetary funds. It hoped that the Advisory Committee would continue to provide special studies on specific administrative and budgetary questions common to the entire system.

8. The key issue demanding immediate attention was the question to what extent the process of reform and renewal in the United Nations should affect other organizations of the system, particularly in the broad area of administration, budgeting and planning. Without denying the independence of the specialized agencies, it was entirely appropriate, in accordance with Articles 57 and 63 of the Charter and in conformity with the relationship agreements concluded between the United Nations and the specialized agencies, that the United Nations should, through the Administrative Committee on Co-ordination and to a certain extent through the Advisory Committee, share with the specialized agencies information and experience relating to the process of reform. The issues covered by the Group of

(Mr. Abraszewski, Poland)

High-level Intergovernmental Experts were relevant to the specialized agencies, and his delegation would welcome the provision of some information during the current session on how the Secretariat intended to address problems of reform through the mechanism of inter-agency co-ordination.

9. The CHAIRMAN said that the Committee had thus concluded its general consideration of agenda item 118. With respect to sub-item (c), on the feasibility of establishing a single administrative tribunal, the Rapporteur had agreed to pursue consultations with delegations with a view to formulating a draft decision for consideration by the Committee. Delegations might wish to make further suggestions with respect to subjects on which consultations should take place under agenda item 118.

AGENDA ITEM 122: PERSONNEL QUESTIONS (continued) (A/41/640 and A/C.5/41/14; A/42/636; A/C.5/42/3, 7, 14, 24, 28 and 37)

10. Ms. SHERWOOD (United States of America) said that her delegation generally supported the recommendations of the Joint Inspection Unit (JIU) with regard to the restructuring of administrative justice procedures. It supported in principle the creation of an Office for the Administration of Justice within the Executive Office of the Secretary-General, provided that no additional financial burdens were incurred. It also favoured the creation of an independent Office of Ombudsman to replace both the Panel on Discrimination and other Grievances and the Joint Appeals Board. It would prefer to see one high-level professional in the capacity of Ombudsman, as recommended by JIU, and stressed that the creation of the new Office should likewise not result in additional costs.

11. Recognizing that the Secretary-General had opted to retain most elements of the current administrative justice system rather than to accept major restructuring, her delegation requested that the Secretariat should provide the Fifth Committee with a summary comparing cases addressed over the past two years with a view to providing a better basis for judging progress in the use of the system. That summary should include information on the number of cases filed, the number acted upon, the number resolved by the Joint Appeals Board, the number forwarded to the United Nations Administrative Tribunal and the average time required to resolve cases, and should, if possible, be provided during the current session.

12. Mr. AHTISAARI (Under-Secretary-General for Administration and Management) said that the representative of Kenya had asked what steps were being taken to implement those parts of resolutions 38/231, 39/245, 40/258, 41/206 and 41/213 which had requested that the Secretary-General strengthen the role and emphasize the authority of the Office of Personnel Services in recruitment and other personnel matters throughout the Secretariat. In reply, he wished to say that the Office had been renamed the Office of Human Resources Management. That had not been merely a change of name but it also reflected a change in management style; it emphasized that the Office was moving from a reactive to a "pro-active" role. Its role was

(Mr. Ahtisaari)

not merely to service departments and offices, a vital function in itself, but also to provide policy guidelines which would help managers to manage their staff.

13. To reflect that change, a number of steps had been taken since the beginning of the year. The appointment of Mr. Kofi Annan as Assistant Secretary-General for Human Resources Management had been an important step in strengthening the Office. Mr. Annan, whose reputation as a strong manager was well known, brought to the Office qualities which were essential for maintaining its authority; he had extensive experience in the area of personnel management at all levels from the operational to the policy-making levels. He also had an independent mind, an essential quality in that type of function.

14. Under the new procedures for vacancy management and staff redeployment which had been announced by the Secretary-General at the end of the previous year, the Office of Human Resources Management had a central role to play in filling posts deemed essential for the delivery of mandated programmes, ensuring fair treatment of staff and facilitating mobility among duty stations.

15. Procedures currently in force required that any exception to the recruitment freeze must be referred by the Assistant Secretary-General for Human Resources Management to the Secretary-General through the Under-Secretary-General for Administration and Management. No appointment could therefore proceed without the endorsement of the head of the Office of Human Resources Management. The only exceptions were the highest posts which were within the prerogative of the Secretary-General himself.

16. In 1987 responsibility for the security of staff members throughout the world had been given to the head of the Office of Human Resources Management and Mr. Annan had therefore been appointed as Security Co-ordinator.

17. The Office was being strengthened by a current major reorganization and restructuring which would emphasize the role of training and career development and ensure coherent and co-ordinated policies concerning staff salaries and benefits. To that end, it was planned to bring under the same service the Allowances and Benefits Unit and the Classification Section. The placement and recruitment functions were also being merged to ensure a more efficient and central approach to the filling of posts.

18. The measures which he had just outlined all served to achieve the objectives set out in the various resolutions mentioned by the representative of Kenya. During the restructuring period, that question would be kept very much in mind and the measures taken would be reviewed to determine if any further steps were needed.

19. Mr. ANNAN (Assistant Secretary-General for Human Resources Management) said that he had noted the comment made by the representative of the United States and would try to provide the information requested as soon as possible.

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20. Mr. MURRAY (Trinidad and Tobago) said that he understood that the Department of Public Information had been able to find the resources needed for external typesetting and printing in connection with an ad hoc project; he therefore imagined that such resources would also be available for mandated programme activities.

21. He wished to clarify remarks he had made at the previous meeting on the Secretary-General's proposals for overall priorities in the proposed programme budget for the biennium 1988-1989. He had never suggested that women's issues were not among the many serious problems requiring attention. There was no doubt that the total integration of women into all aspects of society was an absolute imperative. However, conflict was inherent in the very concept of priority, and his remarks had been intended to highlight the problem of priority-setting and to question the practicality and even the desirability of designating such an overall priority in the context of the programme budget.

22. Mr. VAHER (Canada) said that in decision 41/463 the General Assembly had taken note of a request by the Fifth Committee that the Secretary-General should provide specific information to the General Assembly at its forty-second session on the implementation of the action programme for the improvement of the status of women in the Secretariat. Four requests for information had been made but so far only one had been answered, namely, that relating to the number of women in technical co-operation posts, which had been included in the report on the composition of the Secretariat. He would therefore like to know where information on the remaining three questions could be found, namely, statistics relating to ad hoc and accelerated promotions of men and women in posts subject to geographical distribution; on the distribution of women consultants engaged during the period, by field of activity, and; on the participation of women in the work of personnel advisory boards. Full details of those questions were contained in document A/41/950.

23. Mr. KUBIZNAK (Czechoslovakia) asked the Assistant Secretary-General for Human Resources Management for answers to questions which his delegation had raised at the 27th meeting, namely, what savings had been achieved from the suspension of special post allowances (SPAs) and what expenses would have to be borne by the United Nations should it become necessary to terminate staff members who had received permanent contracts during the period of the freeze. As regards expenses for the replacement of staff holding fixed-term contracts, his delegation would like to stress that it was a question of replacing one staff member by another and not of recruiting to fill vacant posts. The figure quoted by the Assistant Secretary-General should therefore be reduced by the appropriate amount.

AGENDA ITEM 123: UNITED NATIONS COMMON SYSTEM: REPORT OF THE INTERNATIONAL CIVIL SERVICE COMMISSION (continued) (A/42/7/Add.7, A/42/30 and Corr.1; A/C.5/42/19, 20, 23 and 38)

AGENDA ITEM 124: UNITED NATIONS PENSION SYSTEM: REPORT OF THE UNITED NATIONS JOINT STAFF PENSION BOARD (continued) (A/42/7/Add.7, A/42/9 and Corr.1, A/42/682; A/C.5/42/13, 21 and 23)

24. Ms. CUNNINGHAM (Co-ordinating Committee for Independent Staff Unions and Associations of the United Nations) said that the Co-ordinating Committee represented more than 20,000 staff members, more than half of whom served at field duty stations around the globe. It urged the General Assembly to take a definite stand during the current session against the campaign which had been waged against the staff and which had been translated into attacks on the conditions of service of the entire common system. When the focus was on ways to strengthen the capacities of the system, when organizations were losing qualified staff members and having difficulties in replacing them, the Co-ordinating Committee submitted that it was time to bring some much needed improvement to selected elements of the remuneration package in order to achieve the goals of reform. The recommendations made by the International Civil Service Commission (ICSC) in order to deal with the deterioration of conditions of service, were far from generous but constituted the bare minimum that was needed to keep the United Nations system from becoming a second-rate employer. In particular the Co-ordinating Committee urged the General Assembly to accept the ICSC recommendations with respect to the maintenance of current entitlements to annual leave and the education grant. The recommendations of the Group of High-level Intergovernmental Experts had been studied extensively, and the staff, the Administration and ICSC unanimously found that the current entitlements were fully justified and should be retained. The Co-ordinating Committee was confident that the General Assembly, having asked ICSC in 1986 to review its conclusions regarding the margin methodology, would now endorse the ICSC recommendations on that subject, including the maintenance of the New York/Washington cost-of-living differential.

25. An increasing number of organizations had adopted emergency measures in order to cope with their financial difficulties. Most of the measures had been enacted at the expense of staff entitlements. Promotions, salaries and pensionable remuneration levels had been frozen or reduced. Methodologies established by ICSC and approved by the General Assembly for the determination of remuneration had been disregarded, as exemplified by the continued withholding by the United Nations of the scheduled increases in the cost-of-living adjustment for staff in the General Service and related categories. Such actions undermined the credibility of ICSC and weakened staff morale. The Co-ordinating Committee therefore urged the General Assembly to provide some formal assurance that the measures taken in response to the financial crisis were temporary and would be reversed in the foreseeable future, with full retroactive effect. It was time to improve specific benefits to ensure proper incentives and protection for those staff members who were willing to serve under increasingly difficult conditions. In that connection, the Co-ordinating Committee looked forward to the outcome of the ICSC review of conditions in the field and the comparison of conditions of service with those of bilateral

(Ms. Cunningham)

development agencies and development finance institutions; it was unacceptable that staff should suffer sizeable reductions in pay when they accepted service away from Headquarters. In that connection the Co-ordinating Committee wished to remind the Fifth Committee that ACC had recognized that the quality of services and expertise provided by the United Nations system was declining as a direct result of the erosion of the common system remuneration package. The executive heads had cited dramatic evidence of increasing difficulties in recruiting and retaining qualified staff for service in the field. In particular, negative post adjustment should be eliminated; the additional cost involved would be in the order of \$1.5 million for the common system and some \$300,000 for the United Nations regular budget.

26. It was time to question whether the United States federal civil service was still the best comparator by which to determine the appropriate levels of remuneration in accordance with the Noblemaire principle. It was common knowledge that the United States Government had repeatedly failed to implement mandated increases in accordance with legislation that required federal salaries to remain competitive with those paid for comparable work in the private sector. As a result, salaries in the United States federal service lagged behind those of the private sector by about 25 per cent; it was reported that the United States Government was contemplating only a 3-per-cent increase, which could hardly be expected to remedy the situation. The Co-ordinating Committee therefore urged the General Assembly to request ICSC to re-examine without further delay the question of whether there might not be another, more appropriate, comparator civil service. Moreover, while a number of Governments continued to question the levels of staff remuneration, some of those same Governments continued to make supplementary payments to their own nationals among the staff. Such a practice made a mockery of the principle of equal pay for equal work; moreover it was illegal and hypocritical and provided direct evidence that the remuneration package was not sufficient to attract and retain the calibre of staff that was needed.

27. The Co-ordinating Committee applauded the position taken by ACC at its latest session when it had aimed at providing a co-ordinated inter-agency response to illegal detention and other violations of the human rights of staff members. In addition to the mandated suspension of operations and cancellation of missions in the offending country, there should be a parallel suspension of recruitment of nationals of that country and of the use of contractors from the country, until the situation was resolved. Furthermore, bearing in mind that United Nations staff were more conspicuous targets for property crimes in small duty stations than at urban headquarters locations, the Committee urged that ICSC be asked to explore the institution of a household insurance scheme for field staff.

28. Lack of affordable housing was another key issue for field staff. The Co-ordinating Committee intended to pursue with ICSC the possibility of removing the housing component from the post adjustment mechanism and providing a separate housing allowance; it urged the General Assembly to instruct ICSC to consider that question as a matter of priority.

(Ms. Cunningham)

29. The Co-ordinating Committee urged the General Assembly to recognize that the actuarial imbalance of the Joint Staff Pension Fund had increased year by year, owing to the postponement of the implementation of previous recommendations for increases in the contribution rate. That situation could only get worse, as continuing decreases were expected in the number of persons contributing to the Fund, owing to the imposition of recruitment freezes and other moves aimed at limiting the size of the staff. The recent instability of the securities markets had made it all too clear that investment income could not be counted on to remedy the Fund's actuarial imbalance. It was absolutely critical that the contribution rate be increased to 22.5 per cent as from 1 January 1988, and to 24 per cent by 1 January 1990. It was equally imperative that the General Assembly should accept the recommendation of the Pension Board regarding the establishment of the currency "floor" at certain duty stations to mitigate the rapid decline of the United States dollar; that would be only a stopgap measure designed to provide some relief at those duty stations where staff had been hardest hit.

30. The Co-ordinating Committee was compelled to protest vehemently when any Government asserted that it should be allowed to confirm or deny the appointment of any individual staff member; such action was an unconscionable violation of Article 100 of the Charter. Moreover, the staff could have no confidence in future in an Administrative Tribunal that included among its members a national of a Member State that refused to honour the security and independence of their colleagues. As long as the Romanian Government continued to violate the rights of Mr. Liviu Bota, the Director of the United Nations Institute for Disarmament Research, the Committee would continue to insist that the appointment of Romanian nationals to the Tribunal was completely unacceptable.

31. Ms. SALA (President, Federation of International Civil Servants' Associations) said that the Federation of International Civil Servants' Associations (FICSA) represented 30,000 staff members serving with some 20 organizations, including all the specialized agencies. The Fifth Committee must bear in mind that the decisions it took would affect not only the staff of the United Nations Secretariat in New York but also the 45,000 staff members of the common system who served at various duty stations around the world. Staff assemblies had been held at almost all duty stations on 22 October 1987, and the position of the FICSA membership on various issues of concern was reflected in document A/C.5/42/19. During the year, there had been work stoppages at the General Agreement on Tariffs and Trade (GATT) and the International Labour Office (ILO), an unusual occurrence in both organizations. Conditions of employment had grown steadily worse in recent years and it was high time for the common system to adopt a genuine personnel policy. In many duty stations, for example, the real value of Professional salaries had dropped more than 20 per cent since the last increase in 1975. The post adjustment freeze had only made matters worse. In 1987, both ICSC and the United Nations Joint Staff Pension Board had recognized the need to remedy a situation which, if allowed to continue, could jeopardize the very existence of an independent international civil service. The inclusion of staff members in Fifth Committee working groups on particularly difficult issues was a welcome step. FICSA hoped that staff representatives would also be authorized to participate in informal working groups set up to consider the ICSC and Pension Board reports.

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(Ms. Sala)

32. Staff members disagreed with recommendation 61 of the Group of High-level Intergovernmental Experts which had, in any case, been invalidated by the Commission's comparisons of total remuneration in the Professional category. What those comparisons in fact revealed was that United States federal civil servants serving outside their country enjoyed much better conditions of employment than United Nations Professional staff.

33. The recommendations to reduce annual leave and abolish the post-secondary education grant would further erode conditions of service. The education grant was a major factor in a civil servant's decision to accept a posting abroad. Reducing or abolishing such entitlements would do nothing for the credibility of organizations in the system which were already experiencing difficulties in recruiting and retaining qualified staff. The Fifth Committee should therefore adopt the ICSC recommendation to maintain both entitlements. ICSC should be requested to undertake a comparison of total entitlements, a subject on which the Commission was still divided. The fact was that in many duty stations, United Nations salaries and conditions of service were no longer competitive and could not attract qualified personnel. Because of that situation, Governments felt compelled to offer supplementary payments to their nationals as an incentive to accept employment with the United Nations. Supplementary payments, like deductions from salaries, were contrary to the Charter of the United Nations. Most objectionable of all, those payments were being offered by the same countries which had argued that United Nations salaries were too high.

34. In 1987, the Consultative Committee on Administrative Questions (CCAQ) and FICSA had provided ICSC with irrefutable statistics on the erosion of allowances by inflation. In its report (document A/42/30, para. 151), ICSC had even recognized the need to increase the education grant. However, anticipating a negative reaction by the Fifth Committee, it had proposed such an increase only for duty stations where schooling facilities were inadequate. While that was a welcome improvement, the education grant remained inadequate. The Fifth Committee should increase the maximum grant to \$6,000 per year.

35. In its resolution 41/207, the General Assembly had asked the Commission to reconsider its decision on the New York/Washington cost-of-living differential. It had not, however, objected to any of the other ICSC proposals to modify the method of calculation. FICSA endorsed the Commission's recommendation, in paragraph 83 of its report, to retain the New York/Washington differential, which could bring an early end to the post adjustment freeze in New York.

36. By far, the worse conditions of service were in the field duty stations, described in the many telegrams which FICSA regularly received. The Federation supported the ICSC recommendation to modify the post adjustment system in duty stations with low or negative post adjustment. In the future, however, the negative post adjustment should be abolished. United States civil servants, by comparison, were never paid less than the Washington level. Along with its recommendation on education grants, the Commission's recommendations to increase mobility allowances and financial incentives were steps in the right direction.

(Ms. Sala)

37. Drawing attention to paragraphs 289 to 290 of the Commission's report, she expressed fears that the status of women was becoming a routine issue, and the momentum gathered at the Nairobi Conference was slowly fading. The financial crisis would bring further staff reductions in the General Service category, where most women were employed. Their situation must be given special attention in the restructuring process.

38. FICSA urged the Fifth Committee to approve two recommendations by the Joint Staff Pension Board. The first involved the use of a "floor" exchange rate to offset the effects of the weakening dollar on pensions in certain strong-currency duty stations. The second concerned an increase in the rate of contribution, from 21.75 per cent to 22.50 per cent. In that connection, she recalled that the participants had borne the brunt of economy measures in recent years and that at the same time it was not in the interest of Member States to allow the actuarial deficit to widen further.

39. FICSA supported the principle of a common system of salaries and allowances, but conditions of service should not be based on the lowest common denominators. The various organizations of the common system differed widely among themselves. Those that had taken measures to safeguard the conditions of service of their staff had had good reason for doing so. The United Nations had not applied common system provisions when it introduced economy measures. It was regrettable that ISCS continued to single out certain organizations, usually the smaller ones, which did not base their conditions of service on the lowest common denominator.

40. Violations of the rights, privileges and immunities of international civil servants could not be tolerated. Despite his many efforts, the Secretary-General had been unable to learn anything to date about the fate of Mr. Alec Collett, who had been kidnapped in Beirut. In areas of conflict in various parts of the world, staff members had been imprisoned or killed. They included Mr. Tasfamarlam Zeggae, who had gone blind in an Ethiopian prison and was denied medical assistance. All staff members, including those recruited locally, were international civil servants and were thus covered by the Convention on the Privileges and Immunities of the United Nations. There were also cases in which the independence of the international civil service had been violated. Mr. Liviu Bota, a Romanian national, had been prevented by his Government since 1985 from returning to his United Nations post in Geneva. The rights of staff members' families were also being violated, particularly in the case of Mr. Eugene Soloviev, a UNESCO staff member, whose wife and daughter could not leave the Soviet Union to join him in Paris. The Fifth Committee should adopt a draft resolution along the lines proposed in paragraph 85 of document A/C.5/42/19 and the measures envisaged in paragraphs (e) and (f) should be enforced. The appointment of a national of a Member State which deliberately violated the independence of the international civil service to sit as a judge of the Administrative Tribunal would have a devastating effect on staff morale and do serious harm to the Organization's image.

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(Ms. Sala)

41. FICSA hoped that 1987 would mark a turning point for the international civil service. The measures proposed by ICSC and the Joint Staff Pension Board were but a first step toward restoring the Organization's credibility as an employer. At a time when Member States were stressing the important role which the Organization had to play in international affairs it should be recalled that the true worth of the Organization to Member States depended entirely on the competence and skills of the staff. If the staff were asked to continue to bear the burden of the political-cum-financial crisis, the organizations of the system would soon be doomed to impotence.

42. The CHAIRMAN recalled that the Co-ordinating Committee and FICSA had been invited to present their views on the ICSC report, in accordance with General Assembly resolution 35/213. The Joint Staff Pension Board was a tripartite body in which staff representatives fully participated. Appointments to the Administrative Tribunal were not included under agenda item 123 on the United Nations common system and should not have been discussed by the staff representatives.

43. Ms. KINGSMILL (Australia) said that her country viewed the Organization's financial crisis from the perspective of a nation that was dealing with its own economic and budgetary difficulties. Staff costs accounted for 80 per cent of all United Nations expenditures and, if they were not controlled, programme outputs would diminish. Australia had considered the various arguments advanced in support of the view that current remuneration levels in the common system were inadequate, but frankly believed that the quality of recruited staff had not declined, the high separation rates were not appropriate and top-up payments by a few countries, while regrettable, were irrelevant to the real issue. The fact was that for a number of years United Nations staff had been paid more than the General Assembly thought appropriate.

44. Total entitlements should remain constant in monetary terms in the interest of producing net real reductions. In Australia, for example, wages had declined by 4.5 per cent in real terms since 1985. Such statistics explained the growing concern in Australia over the size, workload and remuneration of international secretariats. Therefore, her delegation welcomed the Secretary-General's intention to pursue the process of streamlining. The International Civil Service Commission must ensure appropriate workloads and levels of remuneration. One of the Commission's primary aims should be the development of a homogeneous body of decisions and regulations which would reverse the tendency towards disparate practices in the common system.

45. Australia was seriously disappointed by the 1987 ICSC report. Many of the proposals it contained were counter to the very spirit and objectives of General Assembly decisions, including resolution 41/213. The language of the report was so contorted and full of arcane jargon that, in places, it was almost impossible to understand. The presentation of data also left much to be desired. In many places, new figures were proposed with no indication of how they differed from existing benefits, or of how they had been arrived at. The Commission must use plain language lest Member States suspect they were being misled.

(Ms. Kingsmill, Australia)

46. The generally low quality of the debate on pay and working conditions in the common system was also disappointing. It would be much easier for Member States, ICSC and staff associations to reach an agreement if there was less special pleading. The long-term health of the Organization must be the overriding goal.

47. In its dismissive and superficial approach to recommendation 61 of the Group of High-level Intergovernmental Experts (see A/41/39), the Commission had ignored the wishes of Member States. As if that were not enough, the Commission actually proposed increases in remuneration and improved conditions of service that would cost \$11 million at a time of financial crisis. Australia was of the view that there was no justification for retention of the post-secondary education grant and that all staff should have four weeks' annual leave. The Fifth Committee had the responsibility to lay down firm guidelines for ICSC and oppose any proposals which could undermine the Organization's long-term ability to implement programmes.

48. Her delegation regretted the Commission's recommendation to retain the New York/Washington cost-of-living differential for another three years. If that differential were excluded, the actual margin for 1976-1985 would be an alarming 124. Even more alarming was the failure of ICSC to agree on recommendations for a more accurate methodology for calculating the net remuneration margin.

49. ICSC had invoked General Assembly resolution 40/244 to justify the average margin of 115. However, that resolution could also be used to argue for a margin of 110. Adjustment of the margin to 115 would produce a higher average margin than the General Assembly had intended. It was also inappropriate to compare international civil servants with expatriate United States civil servants, who were generally sent abroad for limited periods. International civil servants, on the other hand, were often permanently based in New York, Geneva or Vienna. Australia fully supported the position of ICSC members reflected in paragraph 104 of the Commission's report. It would be unwise and unproductive to pursue a costly methodology that yielded distorted and unreliable results.

50. The Commission's decision to apply a revised remuneration correction factor based on a complex formula was regrettable. Her country had hoped that the Commission would be able to recommend a simpler mechanism to deal with the impact of currency fluctuation on take-home pay. The working group established to study the question should review national examples of simple and effective currency adjustment mechanisms.

51. The Australian delegation opposed ICSC decisions taken outside the current general guidelines for budgetary restraint. Current circumstances were not being used as a pretext to deny increases, but rather provided a timely opportunity for remuneration packages to be rationalized. Specifically, ICSC had failed to provide adequate justification for its recommendations on the mobility allowance. Neither was there a statistical basis or any clear rationale for the Commission's decision on financial incentives to staff at difficult duty stations. The recommended increases in the remuneration of General Service staff in Vienna were also not

(Ms. Kingsmill, Australia)

justified. Without a transparent system of remuneration and conditions of service for the entire common system, doubts would persist about the Organization's cost-effectiveness and its public image would continue to suffer.

52. Ms. BOGARDE (Sweden), speaking also on behalf of Denmark, Finland, Iceland and Norway, said that the Nordic delegations agreed with the Commission's finding that it was not necessary to modify its mandate in order to underline further the Commission's responsibility for system-wide monitoring of the implementation of personnel management standards. They agreed that annual reports from the Secretary-General on action taken to promote harmonized and co-ordinated action by all organizations participating in the common system would assist the Assembly in its deliberations on those issues.

53. The Nordic delegations concurred with the Commission's recommendation that existing annual leave and education grant entitlements should remain unchanged. While the education grant entitlement went beyond what was common practice in most national services, they agreed with the Commission that there would have to be strong reasons to change a practice which had been in effect since the inception of the United Nations. The question should, however, be kept under review. They noted with satisfaction that the recommendations of the Group of High-level Intergovernmental Experts relating to personnel matters, concurred largely with the views and policies of ICSC.

54. Concerning the use of the cost-of-living differential factor between Washington, D.C., and New York, she said that in establishing the existing margin range of 110 to 120 the Assembly had taken into account a set of factors, one of them being the cost-of-living differential between the two cities. A change in one of the underlying factors would therefore necessitate an adjustment of the margin range. Accordingly they agreed that the present methodology for calculating net remuneration margin, with the modifications given in the recommendation, should continue to be applied for the next three years.

55. The Nordic delegations welcomed the intention of the Commission to try during 1988 to find a long-term solution to the problem of instability in the level of take-home pay at many duty stations caused by the volatility of currency markets. They reiterated their support for the introduction of an additional step for long service into the salary scales for the P-1 to P-5 levels.

56. Turning to the report of the United Nations Joint Staff Pension Board (A/42/9), she said that, given the increase in the actuarial imbalance from 3.01 per cent to 4.4 per cent, the Nordic delegations were convinced that the rate of contribution to the Fund should be increased as recommended by the Board. They were pleased to note the good results which had been achieved in the management of the Fund's investments.

57. Noting the large numbers of senior staff from Europe and Japan who had chosen to retire as early as possible in order to avoid steep decreases in their pensions resulting from the fluctuations in exchange rates, the Nordic delegations agreed

(Ms. Bogarde, Sweden)

that long-term solutions should be sought in connection with the next comprehensive review of pensionable remuneration. However, interim measures were needed. The proposal to establish a "floor" for the relationship between the two tracks seemed a good solution in the circumstances and they supported introduction of such measures as from 1 January 1988. Although they realized the financial implications of those recommendations in the context of the Organization's precarious financial situation, the Nordic delegations found the recommendations necessary none the less.

58. Mr. Murray (Trinidad and Tobago) took the Chair.

59. Mr. KUBIZNAK (Czechoslovakia), speaking also on behalf of Bulgaria, the Byelorussian Soviet Socialist Republic, the German Democratic Republic, Hungary, Poland, Romania, the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics, said that, although the socialist delegations agreed that the United Nations must provide conditions of service capable of attracting persons of the highest calibre, ICSC had, as usual, adopted a biased approach in its report and had sought to distort the situation; accordingly they were unable to accept most of its conclusions and recommendations. To begin with, they disagreed with the methodology which ICSC was recommending for calculating the margin based on net remuneration. It was proposing deleting from the compromise package of measures which most delegations had supported at the previous session (A/41/30, para. 69), the most important component, namely, the recommendation that the cost-of-living differential between New York and Washington D.C., should not be taken into account. To do so would result in a sharp, artificial lowering of the margin between the remuneration in the United Nations and that of the comparator civil service clearly to achieve an unjustified increase in the level of pay in the United Nations.

60. They also objected, in principle, to the recommendations regarding duty stations with low or negative post adjustment. The establishment of any floor for salaries ran counter to the purpose of the post adjustment system, which was to ensure equal purchasing power for staff irrespective of their duty station.

61. The recommended procedures to minimize the effects of currency fluctuations were unwarranted and were also in conflict with the fundamental principle of equal purchasing power. There was no doubt that a comprehensive review of the post adjustment system was urgently needed; however, it would be premature to adopt the procedures recommended.

62. The delegations of the socialist countries of Eastern Europe were not satisfied with the approach taken by ICSC to recommendation 61 of the Group of High-level Intergovernmental Experts. In effect, the Commission had ignored Member States' concerns. It would therefore be appropriate to ask whether the Assembly should not make a decision independently regarding implementation of recommendation 61. The unbalanced decisions taken by the Commission in recent years had undermined its authority. ICSC should get down to the task of developing a well-thought-out system for regulating remuneration, which would be understandable and acceptable to all. Consideration might also be given to the desirability of changing the Commission's methods of work and reviewing its statute so as to enable it to carry out that task.

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63. Mr. OHMURA (Japan) welcomed the favourable investment return of 21 per cent adjusted for inflation, achieved by the Pension Fund and expressed support for the Secretary-General's investment efforts.
64. After reviewing the history of the two-track pension adjustment system he said that, given the continued decline in the strength of the dollar, the system was currently playing a very important role. At the same time it could be said to constitute a drain on the Fund's resources. In that connection it was necessary to bear in mind that, even if the proposed increase in the rate of contribution were to be fully implemented, there would still be an actuarial imbalance. While noting the Board's conclusion that lowering the "120 per cent cap" would yield minimal savings at the present time (A/42/9, para. 46), he said that it would be advisable none the less for the Board to review the two-track system to determine whether lowering the cap would have an impact on the actuarial imbalance over the long term.
65. The Board had again examined the question of inequalities in benefits, but had focused on the inequalities deriving from rapid and sharp fluctuations in exchange rates. The concern of the staff at the continuing depreciation of the United States dollar and the anomalous situation whereby longer service could lead to a drop in the value of the initial local currency pension in certain countries of retirement was quite understandable. Accordingly, his delegation supported the Board's recommendation for a floor to be established, on the understanding that it was an interim measure which would apply only until the next comprehensive review of pensionable remuneration had been completed and that it would therefore not constitute an acquired right that would block consideration of future fundamental changes in the pension system. It noted that the establishment of a floor would seriously affect the actuarial imbalance and that it was not clear how long such an interim measure could be justified and whether it was appropriate, in calculating pensions, to maintain floor exchange rates for a long time at levels substantially higher than the stipulated 36-month-average exchange rates. He expressed the hope that the interim measure would be re-examined in the light of experience, and that a comprehensive review of the floor and the two-track system would be conducted together with a review of pensionable remuneration.
66. Although he had doubts as to the need to enlarge the Pension Board at the current stage, it was true that expansion of the Board would mean a considerable increase in the proportion of seats allocated to the United Nations Staff Pension Committee and to representatives of the Fifth Committee in particular. Accordingly, the recommendation, and the decision of the Board to change to a biennial schedule of meetings, could be considered a step in the right direction.
67. Finally, his delegation noted with concern that, despite a series of economy measures taken over recent years the actuarial imbalance had in fact worsened owing, *inter alia*, to the assumption of zero growth in the number of future participants, the continuing accumulation of interest on the imbalance and the increasing number of early retirees. In the light of those developments, his delegation had concluded that further consideration should be given to restoring

(Mr. Ohmura, Japan)

the balance between Pension Fund income and outflow over the longer term and it asked the Board to continue studying such measures.

68. Mr. Anneus (Sweden) resumed the Chair.

69. Mr. KASTOFT (Denmark), speaking on behalf of the 12 States Members of the European Community, said that they had noted with concern that the annual valuation of the Pension Fund as of 31 December 1986 had shown a reversal of the trend of progressive reductions in the actuarial imbalance. Various factors had contributed to that development and their negative impact had more than offset the positive effect of the Board's investment performance. As a consequence the actuarial imbalance had increased from 3.01 per cent to 4.40 per cent on the assumption of zero growth in the number of participants, and the Board's report contained a unanimous recommendation to increase the rate of contribution to 22.5 per cent as of 1 January 1988. In the view of the Twelve, the present and estimated future assets of the Fund should broadly correspond to its projected liabilities. They had taken note of the fact that such an increase in the rate of contribution had also been recommended by the Advisory Committee on Administrative and Budgetary Questions. In spite of the current financial situation and the need for financial restraint, the Twelve recognized the grounds for the Board's recommendation. In the light of the effects of the increase in the rate of contributions, they might later decide whether or to what extent further increases would be necessary.

70. The Twelve could support the recommendation of the Board and the Advisory Committee that the "120-per-cent cap" for adjustment of the local-track pension should be maintained and that the situation should continue to be monitored. The Twelve also wished to support the recommendation of the Board, supported by the Advisory Committee, that, as an interim measure to be applied to the Professional and higher categories, a "floor" should be established for the relationship between the base amount of the United States dollar pension and the initial local-currency-track pension at those locations where the 36-month-average exchange rates had shown an overall decline during the previous two years, 1986 and 1987. The Twelve had noted that that measure would increase the actuarial imbalance and expressed the hope that, by reducing the number of early retirements, there would be some offsetting savings.

71. The Twelve had noted with satisfaction from document A/C.5/42/13 and the update given by Mr. Foran that, notwithstanding recent events in the stock market, the management of the investments of the Fund had been remarkably successful for the previous five years. The investment management team was to be warmly congratulated on that performance. The Twelve had, however, noted that the favourable conditions which had prevailed were not likely to continue and that slower growth and lower rates of return were to be expected in the future.

72. The Twelve had noted that the revised estimates of the Fund's expenses for 1986-1987 were \$472,900 higher than the initially approved estimates. As the increase was due to contractual obligations relating to advisory and custodial fees, the Twelve did not disagree with the Advisory Committee's recommendation to approve the revised estimates. The Twelve could approve the estimate of expenses

(Mr. Kastoft, Denmark)

for 1988-1989 but agreed with the Advisory Committee that only \$100,000 should be provided for consultants.

73. The Twelve had noted the recommendation of the Board to increase its membership to 33 and were ready to give favourable consideration to the Board's suggestion that a decision should be taken by the Fifth Committee in 1987 to approve the increase and that the additional seats should be allocated as suggested by the Board.

74. In conclusion, the Twelve had no objection to the recommendation of the Board that it be authorized to contribute up to \$200,000 to the Emergency Fund in the biennium 1988-1989.

75. Ms. YIN Shichang (China) said that her delegation agreed that the methodology used in calculating the net remuneration margin should remain unchanged and that, in future, average salaries should be used for purposes of calculating the margin.

76. Concerning the granting of the next post adjustment class in New York, she said that if the Commission's calculations proved correct and the net remuneration margin dropped below 112 in January 1988 (the desirable mid-point being 115) that the next post adjustment class for New York could be granted starting January 1988.

77. It was essential to ensure that the take-home pay of staff and the pension benefits of retirees did not decline as a result of exchange rate changes. Her delegation therefore approved the measures taken by the Commission to protect salaries of staff outside the United States and it approved the Board's recommendation, as an interim measure, that in calculating the base amount of the local currency track pension for prospective retirees in the next few years, the average annual exchange rate of 1987 should be set as the floor. At the same time it hoped that the Board would study the problem further so as to find a way to avoid excessive fluctuations of pension benefits of retirees residing in countries other than the United States.

78. Concerning the recommendations to eliminate the negative post adjustment classification, while agreeing that staff working in the field must be given incentives for so doing, her delegation supported the principle of ensuring equal purchasing power for staff all over the world. Accordingly, it believed that no decision should be taken on that recommendation until a comprehensive review of conditions of service in the field had been conducted.

79. She agreed with the recommendation by ICSC that the education grant and annual leave entitlements should remain unchanged, notwithstanding the recommendation of the Group of High-level Intergovernmental Experts to the contrary; those benefits had been in effect for decades and it would therefore be preferable to retain them.

80. Her delegation noted that the actuarial imbalance of the Pension Fund was increasing despite the economy measures which had been adopted in recent years, the effect of which had been borne by the staff. It therefore supported the Board's recommendation that the rate of contribution should be raised to 22.25 per cent as from January 1988.

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(Ms. Yin Shichang, China)

81. Finally, she commended the Investment Committee and the investment management team of the Secretariat on the favourable return yielded by the Pension Fund's investments and expressed the hope that timely measures would be taken to avoid or reduce any unfavourable effects which might stem from world economic and financial fluctuations.

The meeting rose at 6.25 p.m.