



SUMMARY RECORD OF THE 14th MEETING

Chairman: Mr. FONTAINE-OPTIZ (Cuba)

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

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FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued)**

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The meeting was called to order at 10 a.m.

AGENDA ITEM 38: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS: REPORT OF THE GROUP OF HIGH-LEVEL INTERGOVERNMENTAL EXPERTS TO REVIEW THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued) (A/41/49; A/41/663)

1. The CHAIRMAN invited delegations to comment on the statement made at the previous meeting by Mr. Akwei, Chairman of the International Civil Service Commission (ICSC).
2. Mr. MILLS-LUTTERODT (Ghana), referring to the staff cuts, asked who would carry out the prior analysis referred to by the Chairman of ICSC considering that the Commission had not even been consulted on the subject by the Group of Experts.
3. Mr. ORLANDO (United States of America) asked who was responsible for seeing to the implementation of rules in respect of personnel administration. He would like to know what were the most recent documents on the subject. With regard to the education grant for post-secondary education, he had been somewhat surprised to hear that a somewhat similar system existed for officials of the United States Federal Government. He would welcome clarification on that point.
4. Mr. AKWEI (Chairman of the International Civil Service Commission), replying to the representative of Ghana, said that he would have expected the Group of Experts to have carried out an analysis of needs, prior to recommending a 12-15 per cent reduction in staff; however, the report appeared to contain no such analysis. If no analysis had been made, the Secretary-General would seem to be the right person to undertake one inasmuch as he had made it known that he could agree to the proposed reduction. Replying to the representative of the United States, he pointed out that the Commission's annual report, which would shortly be before the Fifth Committee, contained a chapter on the application of rules in respect of personnel management. With regard to the education grant for post-secondary studies, he had not spoken of an "allowance" but of "assistance" in so far as the United States civil service was concerned. According to information provided by the Federal Government, it appeared that various forms of assistance were available to United States officials posted abroad, although it was not called an "allowance". Mention was made in the relevant regulations of a travel allowance, which enabled students who were dependants of officials of the Federal Government posted abroad to travel to the United States to continue their studies. Individual States also offered assistance programmes for officials of the Federal Government who were from those States.
5. Mr. LADJOUZI (Algeria), referring to recommendation 15 of the report of the Group of Experts concerning a 15 per cent reduction in staff and a 25 per cent reduction in the number of senior posts, asked whether the recommendation resulted from the budget cuts or whether it had been made in the interests of sound personnel management. The reduction appeared to have been proposed without prior analysis of the Secretariat's needs and without regard to what was needed for the purpose of programme implementation.

(Mr. Ladjouzi, Algeria)

6. Most of the recommendations to which the Chairman of ICSC had referred appeared to have an impact on the common system. What precisely would their repercussions be on the other organizations that applied the system? The question was particularly relevant inasmuch as the Noblemaire principle, on which the system was supposed to be based, seemed already to have been the object of a selective approach.
7. Mr. OTHMAN (Jordan), referring to the education grant for post-secondary studies, asked for exact figures relating to the United States civil service and the international civil service.
8. Mr. RAHMAN (Bangladesh), referring to recommendation 56, which stated that "a vacant post should not be filled merely because it becomes vacant" and that "the work-load in the organizational unit in which the post is located should be considered before deciding whether it is necessary to fill that post", asked whether ICSC was competent to judge the work-load of the various organizational units, whether it had the means to do so, and whether it could advise the Secretariat on the matter. With regard to performance evaluation, did ICSC receive the periodic reports of staff members?
9. Mr. ORLANDO (United States of America) pointed out that while it was true that a travel allowance was provided in the United States civil service for dependent students, all assistance for education costs was granted on an individual basis and was often in the form of scholarships; it was therefore not a grant.
10. Mr. KHALEVINSKI (Union of Soviet Socialist Republics), referring to recommendation 56 concerning vacant posts, pointed out that it was well-known that there always was a large percentage of vacant posts which took time to be filled. There were also a large number of underrepresented countries. He wondered why the vacant posts were not used to ensure application of the principle of equitable geographical representation.
11. Mr. MUDHO (Kenya), referring to recommendation 57 concerning the ratio between permanent staff members and staff members on fixed-term appointments, noted that the Chairman of ICSC had indicated that that issue was the responsibility of the General Assembly. He would like to know whether the Assembly had set any guidelines in that area or whether that was something that needed to be done. It would be good to know who decided whether a particular post should be filled by a permanent staff member or a staff member on a fixed-term appointment. Should not a certain percentage of staff members of any given nationality be on permanent contracts?
12. Mr. AKWEI (Chairman of the International Civil Service Commission), replying to the representative of Algeria, said that when the Commission had considered the report of the Group of Experts, it had noted that, in the case of some of the proposed recommendations, no technical arguments had been presented showing how they would improve the administrative and financial functioning of the Organization. In the introduction to its report (A/41/49, para. 8), the Group indicated that it had not addressed immediate problems, i.e. the cash-flow

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(Mr. Akwei)

situation. However, it was obvious that some of the recommendations had been influenced by the current problems. It could hardly have been otherwise.

13. The application of new rules concerning personnel would create enormous difficulties because the other organizations of the common system had not been consulted on the matter. The Group's recommendations on that subject had not been studied by the Commission, which had received no mandate to do so.

14. With regard to the Noblemaire principle, the conditions of service must be such as to attract candidates of the highest calibre and must be comparable to the most favourable conditions of service offered by a national civil service. Each year, the Commission reported on the margin between the net remuneration of the United Nations and that of the United States federal civil service, the current comparator. That comparison was obviously incomplete, since it did not take into account the full range of entitlements which made up the compensation package. Consequently, since 1976, the Commission had been seeking the Assembly's approval to undertake a comparison of total compensation. All elements having a bearing on the conditions of service would thus be taken into account, which was the ideal. It could therefore be said that the Noblemaire principle was not being fully applied.

15. In reply to the representative of Jordan, he said that ICSC had information on financial assistance for educational expenses provided in the United States federal civil service, which varied according to the duty station. As to the questions asked by the representative of Bangladesh, the problem of vacancies was not within the Commission's sphere of competence. Likewise, methods of performance evaluation were the responsibility of the Secretary-General. ICSC had recommended the standardization of evaluation systems, but the organizations continued to use different forms. He pointed out to the representative of the United States that if the education grant was to be made to depend on "need", all the staff members of the United Nations would consider that they met the requirements. As to the questions asked by the representative of the Soviet Union concerning recommendation 56, he said it was plausible that vacancies could be filled in such a way as to ensure the more equitable geographical representation of Member States, but the Secretary-General alone had authority for that matter, as well as the number of vacant posts. Lastly, with regard to the percentages of permanent staff members and staff members appointed on a fixed-term basis - a particularly delicate problem - it was for the General Assembly to determine what proportion of permanent staff was necessary to enable the Organization to discharge its functions. Of course, ICSC could assist it in that task.

16. Mr. ODUYEMI (Nigeria) asked whether, if recommendation 61 of the Group of Experts had been referred to ICSC for an in-depth review, the latter would have been able to take a clear cut position on the issues, given the fact that it still did not have a satisfactory yardstick for comparing the total compensation of United Nations staff members and that of United States federal civil servants. He wondered what had prevented ICSC from undertaking such a comparison and whether the unavailability of a total compensation comparison might not result in arbitrary action with respect to the remuneration of staff members.

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17. Mr. OTHMAN (Jordan) said that the intent of his question had been broader. He wished to know whether, with respect to total compensation, the conditions of service of United Nations staff members were still comparable with those of the best paid national civil service, namely the United States federal civil service.

18. Mr. GITSOV (Bulgaria) said that he would like to hear the general views of ICSC on the education grant for post-secondary education. Was it, on average, comparable to, more generous or less generous than the "assistance" for post-secondary education available to United States federal civil servants?

19. Mr. MAJOLI (Italy) noted, in connection with recommendation 58, that the Group of Experts emphasized the need for training programmes to be "strictly" geared to the needs of the Organization and for their effectiveness to be "carefully monitored", whereas ICSC stressed the importance of such programmes. It seemed that the two did not have the same viewpoint.

20. Mr. ORLANDO (United States of America), reverting to the question of the education grant, said that he understood need to mean need in relation to the financial situation of the civil servant. Moreover, while United States civil servants posted abroad were eligible for a grant for primary education, it should be recalled that primary education was free of charge in the United States.

21. Mr. NTAKIBIRORA (Burundi) questioned the validity of recommendation 58, which suggested that training programmes were not always geared to the needs of the Organization. In paragraph 4 of its report, the Group of Experts emphasized the inadequate qualifications of staff, especially at the higher levels. Training programmes would therefore seem to be of even greater importance. ICSC had also emphasized the necessity of making maximum human and financial resources available for such programmes. He would therefore welcome information on that subject from the Secretariat.

22. Mr. AKWEI (Chairman of the International Civil Service Commission), replying to the representative of Nigeria, said that, had ICSC been consulted, it would have been able to provide the Group of Experts with conclusive data on both the amount of paid annual leave and the education grant. However, in the case of the latter, the Commission would have needed to gather detailed information on non-headquarters duty stations. In addition, he pointed out that ICSC decisions were taken after due consultation with the staff, represented by the Federation of International Civil Servants' Associations (FICSA) and the Co-ordinating Committee. There were, therefore, no obstacles to the adoption of reasonable decisions on staff entitlements. Replying to the question put by the representative of Jordan, he said that, if only salary was taken into account, as was currently the case, the comparison with the United States federal civil service was still valid, since the margin was around 15 per cent; however, no comparison was made on the basis of total compensation, for the good reason that the General Assembly had not yet approved such a procedure. ICSC had made some informal comparisons on that basis, which showed that for some duty stations the margin was reversed, with the compensation of United States civil servants exceeding that of United Nations staff by as much as 30 per cent in some cases.

(Mr. Akwei)

23. Replying to the question from the Bulgarian representative, he said that the General Assembly had from time to time asked ICSC to review the education grant system but had never asked it to establish a comparison with the assistance systems offered by the federal civil service. On the basis of its periodic considerations, ICSC had always concluded that the higher education grant was justified. Replying to the representatives of Italy and Burundi, he warned delegations against the temptation, in the light of the current crisis, to drop education programmes. In such an important area circumspection was needed. The United States representative, he pointed out, had suggested that assistance with education costs should be a function of financial need, while the Group of 18 recommended outright elimination of the higher education grant. Finally, stressing the expatriate factor applicable to United Nations employees, he argued that their conditions of employment should be compared with those of federal civil service employees posted not in Washington or New York but abroad.

24. Mr. TOMMO MONTHE (Cameroon) asked what effects the planned cuts in staff would have on the Pension Fund.

25. Mr. ORLANDO (United States of America) pointed out that the federal civil service did not provide a higher education grant, only a travel grant for employees whose children had to pursue their studies away from the duty station. The United States fully supported the proposal by the Group of Experts to eliminate the higher education grant. He challenged the figures provided by Mr. Akwei for the amount of paid annual leave given to federal civil service employees in New York, and asked whether Mr. Akwei was speaking as an expert or as the Chairman of ICSC.

26. Mr. MAJOLI (Italy), Mr. INZKO (Austria), and Mr. BOUR (France) challenged the information given by Mr. Akwei on the amounts of paid annual leave given in their countries' respective civil services.

27. Mr. AKWEI (Chairman, International Civil Service Commission), replying to the representative of Cameroon, said that if staff were dismissed the result would be greater financial obligations for the Pension Fund, which would have to pay more in pensions while it lost the contributions from the participants concerned. He queried the figure of 21 days' annual leave supplied by the representative of the United States. He went on to say that he was speaking as the Chairman of the ICSC, and the views he presented were based on the general sentiment within the Commission. Finally, replying to the representatives of Italy, Austria and France, he pointed out that the method used by ICSC to calculate the amount of paid annual leave given to United Nations employees was based on the most favourable conditions of employment available in the different headquarters cities. Hence, the figures in his statement did not necessarily relate to paid leave granted by the civil services of the various countries, but to the amounts offered by the best local employers.

28. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), responding to requests for information made during the informal meetings concerning the practice of the various specialized agencies with respect to contingency funds, said that in the International Labour Organisation (ILO), gains or losses on exchange were included in a separate part of the budget (Part IV: Effects of exchange rate adjustments), with gains being used to offset expenditures. In the case of losses, there were procedures under which the governing body could authorize supplementary appropriations to cover the losses. ILO endeavoured in all cases to keep to a minimum its additional expenditures. FAO, for its part, had established a special reserve account in 1980, set initially at 2.5 per cent of the working budget and subsequently increased to 5 per cent. Gains on exchange were credited to that account. At the end of a biennium, the balance in that account was carried forward to the following biennium or, if it exceeded 5 per cent the excess was reimbursed to Member States. In the International Civil Aviation Organization, part VI of the budget (Contingencies) covered increases in staff expenditure, inflation and losses on exchange. The Universal Postal Union, whose budget was drawn up in Swiss francs, had a reserve fund which was used to cover additional staff costs. In the World Health Organization, losses on exchange were covered by funds which the Director-General was authorized to draw from a casual income account. The International Telecommunication Union had a reserve account which covered losses on exchange, and any gains on exchange were credited to that account. The World Meteorological Organization had adopted a series of provisions authorizing it, first, to cover additional staff expenses, and, second, to set aside a specific amount (\$500,000 for the four-year period ending in 1987) to cover losses on exchange in connection with elements other than staff costs, and another amount (\$500,000 for the same period) for any other additional expenditure relating to programme activities. The International Maritime Organization, too, had a contingency fund for exchange rate fluctuations (Exchange Reserve Fund). Lastly, the International Atomic Energy Agency had adopted a new arrangement under which a country, upon notification, could pay its contribution in two parts: 75 per cent in Austrian schillings and 25 per cent in United States dollars. If the country decided to pay its entire contribution in United States dollars, and that currency lost value, it was charged the amount of the loss on exchange.

29. As could be seen, therefore, the objective assigned to the various types of contingency fund varied from one organization to another. Such funds could cover both exchange rate fluctuations and inflation, or exchange rate fluctuations alone. In the latter case, the impact of such fluctuations on staff costs were not covered. The level of the contingency fund also varied with the extent of inflation and the degree of currency stability. In addition, in some cases gains on exchange were credited to contingency funds, while in others they were reimbursed to Member States. As to supplementary expenditures approved at year end, while some organizations seldom resorted to that practice, all had mechanisms for that purpose.

30. With respect to the United Nations, the establishment of a contingency fund to cover exchange rate fluctuations and inflation required detailed study. Agreement would first have to be reached on which elements would be covered by the fund and

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which would be covered by the resolution on unforeseen and extraordinary expenditures. In his view, the General Assembly should continue to adopt such a resolution, given its importance for the maintenance of peace and security and for the programme of work of the International Court of Justice. In any event, any contingency fund would have to be approved by the General Assembly when it adopted the resolution authorizing the budget appropriations and it must cover the same budget period.

31. As to the question put by the representative of Egypt concerning recommendation E of option (a) in paragraph 69 of the report of the Group of 18, he recalled that the costing of activities included in the budget was done by the Secretariat and not by the Advisory Committee, which considered the documents submitted to it and made detailed recommendations thereon to the General Assembly.

32. Mr. DEVREUX (Belgium) commented that the question of a reserve fund covered two distinct ideas. It could apply to a stabilization fund designed to protect the Organization against the effects of a changing financial situation, a notion which the Chairman of the Advisory Committee had described in detail in his statement but was not covered by the report of the Group of 18. The notion put forward in the report was of a cover-all heading for additional appropriations approved during the budget process. There were, thus, two separate ideas which did not serve the same purposes, and they must be kept distinct to avoid any risk of confusion.

33. Mr. GAMA FIGUEIRA (Brazil) asked whether the Advisory Committee considered the relative priority of different programmes, total appropriation levels and transfers of resources with a view to making recommendations to the General Assembly, and, if so, how extensive a role it played.

34. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that he had, at the end of his earlier statement, touched upon the contingency fund, referred to in the report of the Group of 18, after having described in detail the arrangements adopted by other organizations of the system. Replying to the representative of Brazil, he said that the Advisory Committee made detailed recommendations not on priorities or priority-setting, but on budgetary questions. In addition, ACABQ played a role in reviewing the medium-term plan, and its most recent report on that subject was contained in document A/39/667.

35. Mr. MURRAY (Trinidad and Tobago) asked the opinion of the Advisory Committee's Chairman on recommendations 13 and 28 of the Group of 18. In particular, he wondered whether it was possible to standardize the presentation of the various organizations' budgets and, if so, who would be responsible for establishing the relevant standards.

36. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the issue of harmonizing the programme budget format of the various organizations of the system, which was the subject of recommendation 13, was not new and that the Advisory Committee had considered it for several years, and would continue to do so. That function derived from the provisions of

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Article 17 of the Charter and, in that connection, the Advisory Committee prepared an annual report on administrative and budgetary co-ordination among the organizations of the system.

37. He did not think that recommendation 28 actually involved any issue of harmonization. All the expenditures of the regional commissions appeared in the United Nations budget. The recommendation should therefore have stressed the necessity of identifying the expenditures of the regional commissions to the fullest extent possible, including conference-servicing and related costs; that could be done, in the case of the Economic Commission for Europe, by the method of apportioned costs.

38. Mr. GREGG (Australia) asked if a representative of the Group of 18 could clarify what was meant by recommendation D presented in paragraph 6' (b) of the report.

39. The CHAIRMAN remarked that the clarification sought by the representative of Australia related to one option among several. Only the sponsors of that option could provide the necessary clarification. He hoped that they would do so, either during an open meeting or in private.

The meeting rose at 12.20 p.m.