



SUMMARY RECORD OF THE 23rd MEETING

Chairman: Mr. FONTAINE-ORTIZ (Cuba)

later: Mr. NTAKIBIRORA (Burundi)

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

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

AGENDA ITEM 116: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS: REPORT OF THE COMMITTEE ON CONTRIBUTIONS (continued) (A/41/11)

1. Mr. NTAKIBIRORA (Burundi) said that, as a result of its failure to reach agreement at its fortieth session on the preparation of a new scale of assessments on the basis of resolution 39/247, the General Assembly had been obliged to retain the scale as it stood, despite its defects, in the hope that the Committee on Contributions would be able, after further study, to propose a new methodology that would make it possible to elaborate a more acceptable scale of assessments.
2. Four new approaches were outlined by the Committee in its current report (A/41/11). Alternative I, proposing to divide the Organization's expenditures among three groups of States, appeared to come close to the principle of real capacity to pay and could perhaps answer the concerns expressed by Member States. It might be difficult to implement, however, because of the heterogeneous nature of the Group of 77. The analysis of that group of States should be pursued in order to establish comparable sub-groups, as was suggested in paragraph 13 of the report. In the view of his delegation, the percentage shares to be assigned to a particular group of States should be based on an analysis of the international economic situation, which was essentially changeable. It was therefore in favour of having shares negotiated every three years, with the Committee on Contributions remaining responsible for fixing the assessments of individual countries.
3. Alternative II seemed unnecessarily complicated. The combination of the three factors of permanent membership in the Security Council, sovereign equality of States and capacity to pay mingled political and economic considerations that were essentially not comparable. His delegation would not disagree with the argument that the first two criteria derived from the Charter but it felt that the principle of capacity to pay was also a factor that had stood the test of time. Regardless of the size of the share to be assigned to the permanent members of the Security Council, he could find no justification for the proposal. Furthermore, the distribution of that share among the permanent members could raise many problems. The application of the two other criteria would have the immediate result of increasing the contributions of the developing countries, including the least developed. His delegation was therefore categorically opposed to alternative II.
4. Alternative III was also unacceptable. Its adoption would prevent developing countries, particularly the least developed among them, from serving on the Security Council.
5. Alternative IV suggested a method that was technically impracticable and probably politically dangerous. It proposed to establish a distinction in the budget between core and non-core activities. The types of activity that would be financed by so-called concerned Member States, the non-core portion, would include technical co-operation, operational activities and special assistance. His delegation considered that peace and development were both objectives laid down in the Charter. All States should regard themselves as responsible for promoting those ideals which were inconceivable without the social justice generated by well-

(Mr. Ntakibirora, Burundi)

balanced international co-operation. To link participation in financing to a Member State's interest in a given activity would open an undesirable breach in the collective solidarity of nations. In an ever-changing world, the problems to be solved were perceived differently and their importance could not be the same for all countries. Some so-called basic activities were far from being of direct interest to all Member States. For example, the Committee on Contributions should have borne in mind the disputes that inevitably arose over the resources needed to finance the Organization's peace-keeping forces. His delegation rejected alternative IV on the grounds that it would impede multilateralism and could lead to profound disagreement among Member States. At a time when there were already serious differences among Member States, on the planning and budgetary procedure, in particular the content and level of the budget, it would not be appropriate to impose additional difficulties by adopting the controversial principle of core and non-core activities. He was glad to note that the Committee on Contributions itself had recognized, in paragraph 47 of its report, that some of its reflections and proposals fell outside its terms of reference. He urged the Committee to continue to concentrate on the elements listed in General Assembly resolution 39/237 B.

6. Mr. ABRASZEWSKI (Poland) said that the scale of assessments should reflect the relative and real level of capacity to pay of all Member States, large and small, poor and wealthy. The General Assembly had adopted a number of resolutions aimed at improving the methodology used to establish the scale in order to reflect changes in the real capacity to pay of Member States. The latest findings of the Committee on Contributions in that respect were contained in its report. His delegation firmly believed that the mandate of the Committee on Contributions had passed the test of time and that a strong and independent Committee was in the best interest of all Member States.

7. For purposes of comparison, the Committee on Contributions had studied the methods of assessment followed in 28 international organizations, both within and outside the United Nations system. As indicated in paragraph 6 of the report, the criterion of capacity to pay predominated in the United Nations system and also in a large number of those surveyed outside the system. The principle thus received worldwide acceptance and, in his delegation's view, was that best suited to a universal organization such as the United Nations.

8. Of the various alternatives contemplated by the Committee on Contributions, alternative I had been explored in the greatest detail but given the difficulties entailed, his delegation saw little chance of developing the approach further for the time being. The concept's greatest weakness, and a paramount consideration for his delegation, was that it would freeze contributions, at their current level both for groups and for individual countries. It would thus be counter to the General Assembly's clearly expressed wish to modify further the current methodology, which could well result in decreasing the contributions of countries severely affected by current economic difficulties, in particular by problems of servicing foreign debt. The concept of dividing the membership into groups was therefore aimed at slowing or hampering the process of change in the scale of assessments reflecting changes in real capacity to pay. The concept should be developed further only after the provisions in General Assembly resolutions calling for the incorporation

(Mr. Abraszewski, Poland)

of additional elements in the current methodology had been implemented. His delegation was therefore in favour of deferring consideration of that alternative for the time being.

9. Alternative II, the essence of which was the addition of two new factors, based on political rather than technical considerations, would lead to a further substantial weakening of the principle of capacity to pay. His delegation also had difficulty in accepting the idea of linking financial obligations to privileges. It had the same difficulty in regard to alternative III, which would increase the assessment of the non-permanent members of the Security Council. It saw little merit in developing either of those two alternatives further.

10. Alternative IV, whereby the budget would be divided into core and non-core portions, seemed both conceptually interesting and financially desirable. His delegation was, however, aware of the political and technical difficulties involved. The principle was already applied to some extent, in that a large portion of United Nations activities was financed through voluntary contributions. If greater political understanding among Member States regarding the financing of the United Nations were to emerge in the future, the concept of core and non-core expenditures might be developed further.

11. The view that, for the time being, the improvement and refinement of the methodology currently in use was the right course of action seemed to be gaining wide acceptance. For all its shortcomings, that methodology had been confirmed and modified in the 1982 and 1985 revisions of the scale of assessments. The Committee on Contributions should, therefore, carry on with a more detailed examination of such elements of the current methodology as the low-income allowance formula and the debt-servicing relief formula.

12. The Committee on Contributions should reconsider the ceiling on the low-income allowance formula at its next session and report on it to the forty-second session of the General Assembly. The formula for additional relief in the assessments of heavily indebted countries should be refined further on the basis of broader and more specific information, covering, among other things, net debt. The Committee on Contributions should concentrate on the relief for debt at its next session. The Fifth Committee would then have an opportunity to decide on the matter before the revision of the scale of assessments in 1988.

13. His delegation had taken note of the work of the Committee on Contributions on a uniform data base, conversion factors for countries with multiple exchange rate systems, purchasing power parities and price-adjusted rates of exchange. Only time would tell whether the decision to discontinue the practice of sending a separate questionnaire every three years, for assessment purposes only, was a sound one. To be on the safe side, the decision should be regarded as experimental and its implications reviewed in the near future. Regarding the tentative scheduling of the next session of the Committee on Contributions, his delegation felt that in view of the highly technical and difficult nature of the subject-matter, the choice should be left to the Committee.

14. Mr. Ntakibirora (Burundi) took the Chair.

15. Mr. LADJOUZI (Algeria) said that the study carried out by the Committee on Contributions had confirmed the validity of the principle of capacity to pay as a basis for calculating the contributions to be paid by Member States. It was disagreement over the various methods of determining capacity to pay and the inability of the United Nations system to establish a method by which to evaluate the level of development of each Member State that had so far held up any progress in the work of the Committee. The Committee's report was particularly important in view of the current financial crisis, the recent questioning of the capacity-to-pay principle by certain Member States and the fact that the report of the Group of High-level Intergovernmental Experts (A/41/49) contained no recommendations relating to contributions.

16. The first of the four alternative methods of assessment proposed in the Committee's report, although helping to reduce statistical problems, would exacerbate political difficulties. It was recognized, in paragraph 13 of the report, that the proposal was in effect addressing the situation of some 30 developing countries whose assessments were susceptible to change, whereas his country believed that the imposition of additional financial burdens on those countries would be unacceptable. The proposal implied no changes in the floor and ceiling contributions, whereas the current financial crisis made such changes essential. The statement, in paragraph 21, that qualifications and concessions, mandated by the General Assembly, would need to be accommodated within each group represented a further departure from the principle of capacity to pay and would also eliminate certain positive features of the current system. However, his delegation wished to inquire whether alternative I might be applied simply for the purposes of consideration of statistical problems by the Committee on Contributions and the United Nations Statistical Office.

17. With regard to alternative II, the sovereign equality factor was already incorporated in the current method of assessment. The capacity-to-pay criterion, on the other hand, should be treated not as one of a group of criteria but as the essential basis for any methods to be adopted. The newly introduced factor of permanent membership in the Security Council was justified in view of the privileges enjoyed by permanent members and was also in keeping with the principle of capacity to pay. The decline since 1946 in the combined assessments of permanent members was economically and financially unwarranted. Alternative III could not be considered as a complete method of assessment and ran counter to the principle of sovereign equality, but might be incorporated as an element of alternative II.

18. With regard to alternative IV, the designation of a non-core portion of the budget, to include technical co-operation, operational and specific assistance activities, was not in keeping with the principle of multilateral co-operation embodied in the Charter. The so-called non-core activities were also fundamental to the basic purposes of the United Nations. It was the conclusion of his delegation that the four alternative methods of assessment would not help to solve the problems inherent in working out a universally acceptable scale of assessments and would instead represent a further departure from the capacity-to-pay principle. Any future consideration of alternatives should resolve the political problem of the ceiling contribution and develop a method by which to measure capacity to pay which took into account the developing constraints faced by individual States.

19. Mr. SALARIAN (Islamic Republic of Iran) said that assessments for the regular budget of the United Nations should be compared not to the membership dues of a club but to a tax system with a progressive structure. Any differences between assessments could be justified by the need, expressed in the Charter, to employ international machinery for the promotion of the economic and social advancement of all peoples and thus should not compromise the sovereign equality of States. His delegation believed that the principle of capacity to pay should be strictly observed in determining the scale of assessments, without the introduction of political complications. Each of the alternative methodologies proposed in the report of the Committee on Contributions required further clarification, and any which did not reflect the principle of capacity to pay would be entirely unacceptable to his delegation.

20. While it was obviously very difficult to establish a methodology which would clearly reflect the real capacity to pay of all Member States, reliance on national and per capita income as the sole criteria for determining capacity to pay, without reference to the different levels of development of various Member States, had led to the unfair over-assessment of certain countries. The serious disparities which existed between developed and developing countries meant that it was impossible to apply exactly equivalent procedures when determining their shares of the expenses of the United Nations. It was disappointing that the Committee on Contributions had not addressed the problem of the use of national income as the sole criterion for the calculation of capacity to pay. The use of that criterion, together with the lack of data comparability, particularly with regard to adjustments for inflation and exchange rates, had caused the assessments of the most developed States and those with centrally planned economies to decline, while those of developing countries had been unjustifiably increased. The recent assessment applied to his country had not taken into account the impact of inflation on national income, the devastating effects on the economy of the imposed war, natural disasters, falling oil prices and the burden of caring for some 2.5 million refugees.

21. His delegation supported the proposed discontinuation of the special questionnaire and the collection of data by a single organization. It also urged the Committee on Contributions to complete its work on price-adjusted rates of exchange before determining the next scale of assessments. Finally, despite its opposition to the use of the veto privilege in the Security Council, his country believed that the privileges of permanent members of the Security Council should be taken into account in determining the scale of assessments, particularly since the combined assessments of the Council's permanent members had decreased by 24 per cent since 1946.

22. Mr. MONAYAIR (Kuwait) said that, although the report of the Committee on Contributions contained certain positive suggestions, sufficient attention had not been devoted to the contents of General Assembly resolutions and his delegation did not feel that the four proposed alternative methods of assessment adequately reflected the principle of capacity to pay. Any proposed methodology would have to take into account the continuing wide disparity between the economies of developing and developed countries, as well as the circumstances of particular Member States which faced a continuing decline in their national incomes. It was unlikely that the use of alternative I would lead to a just apportionment of expenses since the

(Mr. Monayair, Kuwait)

apportionment of shares to be paid by each group would constitute a political decision and would not take into account the circumstances of individual States within those groups. Alternative II contained significant positive ideas which were worthy of further consideration but alternatives III and IV both fell outside the ambit of the Committee on Contributions.

23. The attention devoted to data comparability, including the use of price-adjusted rates of exchange and adjustments for inflation, would help to establish a more equitable scale of assessments, and his delegation hoped that the Committee on Contributions would continue to pursue its studies of such factors. It also hoped that the Committee would further examine and elaborate the low per capita income allowance formula.

24. Mr. JOHNSON (Liberia), commenting on the various alternatives proposed, said that any attempt to make a distinction between core and non-core activities could herald the beginning of the end of the Organization, since the tendency would be to minimize the core portion of the budget. Alternatives II and III, which would require additional contributions from members of the Security Council, would violate the principle of sovereign equality and would be almost tantamount to commercializing the United Nations.

25. His delegation accepted the argument of the Committee on Contributions that alternative I offered the best possibility for application of the capacity-to-pay principle. Much would depend upon the level of the global assessment assigned to each group as well as upon country assessments within the various groups. However, it expressed reservations on the statement in paragraph 21 of the report that "qualifications and concessions, mandated by the General Assembly, would necessarily need to be accommodated within each group and not across group lines". Such an approach would not be in keeping with the spirit of the United Nations. Any special dispensation from the general assessment should continue to be borne by the group as a whole. The formula proposed in paragraphs 15 to 28 for sharing the burden among groups could be a fair and equitable point of departure since it was based on historical trends. However, constant renegotiation of the predetermined shares for each group might jeopardize the Organization's ability to plan far ahead. Accordingly, his delegation would like to see any agreed assessment cover at least two scale periods. It would certainly favour a system whereby the Committee would, as was currently its practice, recommend a scale for each individual country rather than leaving that task to Member States.

26. Capacity to pay remained the only workable and acceptable basis for determining assessments. If a greater degree of equity would result from grouping States as proposed in alternative I, his delegation would, however, be very willing to consider that alternative further. In the mean time the Committee on Contributions should continue to elaborate and refine its proposal further.

27. Mr. Fontaine-Ortiz (Cuba) resumed the Chair.

28. Mr. ZONGWE (Zaire) said that the principle of the sovereign equality of States set forth in the Charter should be the Organization's guide in all its activities. Accordingly, all Member States had the obligation to contribute to the United

(Mr. Zongwe, Zaire)

Nations budget in accordance with their real capacity to pay. His delegation was encouraged, therefore, by the comments in paragraph 6 of the report of the Committee on Contributions.

29. The first alternative studied by the Committee had certain attractions, but its division of Member States into categories might be felt to impair the principle of sovereign equality. Moreover, even those States assessed at the floor rate, of which Zaire was one, bore a heavy burden in paying their contributions to the Organization. As far as the OECD and planned economy countries were concerned, alternative I had the merit of simplifying the use of statistics in elaborating the scale of assessments, but that was not so in the case of the third category, the Group of 77 and others. He stressed that any search for a better approach to the development of the scale of assessments must remain within the parameters of respect for the principle of capacity to pay and must take into account the economic and financial situation of each Member State.

30. His delegation found both alternative II and alternative III unacceptable. The United Nations was not a commercial undertaking. It would, furthermore, be unfair to penalize those States which assumed the heavy responsibility of representing their regions in the Security Council. The suggestion of an additional burden, ranging from 0.5 to 1 per cent of the budget, for those countries during their two-year term on the Council was tantamount to auctioning off Council seats. Alternative IV, establishing a distinction between core and non-core parts of the budget, with a difference in the criteria for assessment or contribution, would be dangerous for other than core activities. Its only result would be a permanent financial crisis for the Organization. His delegation had noted the comments in paragraph 47 of the report and had serious difficulties in regard to all the proposed alternatives.

31. The comparability of data and the low per capita income allowance formula were both extremely important questions. His delegation therefore endorsed the statement in paragraph 51 of the report urging the Statistical Office to continue its efforts to improve national income estimates. Zaire, which still benefited from the low per capita income allowance, welcomed the Committee's efforts to supplement the current methodology so that the base relief gradient assigned to each Member State could be evaluated on the basis of its national income.

AGENDA ITEM 110: PROGRAMME BUDGET FOR THE BIENNIUM 1986-1987 (continued)

Programme budget implications of draft resolutions A/41/L.24-29 concerning agenda item 33 (A/C.5/41/32)

32. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Secretary-General had indicated, in paragraphs 2 and 31 of document A/C.5/41/32, that resources amounting to \$1,544,100 and \$3,891,700 had been included under sections 3.A and 3.D respectively of the programme budget for the biennium 1986-1987. An appropriation of \$134,200 had also been approved under section 27. As had been indicated in paragraphs 8, 11, 21, 22 and 25 of the Secretary-General's statement, the activities called for in draft resolutions A/41/L.25, A/41/L.26, A/41/L.28 and A/41/L.29 would be carried out within resources

(Mr. Mselle)

already provided for in the 1986-1987 budget. Implementation of draft resolutions A/41/L.28 and A/41/L.29 would entail conference-servicing requirements, estimated at \$117,500 on a full-cost basis, which would be considered before the end of the current session. In order to implement paragraph 17 of draft resolution A/41/L.24, the Secretary-General had requested, in paragraph 5 of his statement, an allocation of \$281,800 under section 3.A for assistance to the African National Congress of South Africa and the Pan-Africanist Congress of Azania. It was estimated, in paragraphs 14 and 15 of the Secretary-General's statement, that the 1987 programme of work of the Special Committee against Apartheid would require a sum of \$607,000 on a full-cost basis. However, after taking account of the pattern of expenditure in past years and uncommitted resources against 1986-1987 appropriations, the Secretary-General was requesting a net amount of \$302,800, comprising \$13,400 under section 1.B, \$284,700 under section 3.A and \$4,700 under section 27.

33. Draft resolution A/41/L.27 provided for a special allocation from the regular budget of \$375,000 to the Special Committee against Apartheid for 1987 for special projects. However, after taking account of uncommitted resources under the 1986 provision of \$500,000, the Secretary-General was requesting an allocation of \$152,600 under section 3.A. The Advisory Committee noted that the implementation of draft resolutions A/41/L.24 and L.27 would require \$1,263,800 on a full-cost basis, but that the Secretary-General was requesting an allocation of only \$737,200. The Advisory Committee recommended approval of that amount.

34. Mr. MICHALSKI (United States of America) said that his delegation did not believe that the activities proposed in the draft resolutions would contribute to peaceful change in South Africa. The main beneficiaries would be the recipients of United Nations travel and subsistence allowances. It was time for an evaluation by CPC of the effectiveness of the Special Committee's programme of work.

35. His delegation questioned the need for the level of staffing for some of the activities, in particular, seven staff members for various conferences referred to in paragraph 14 (a) of document A/C.5/41/32, and wished to know what types of services staff members would provide to non-United Nations participants.

36. The United States was opposed to the provision of block grants to committees in order to finance activities that had not been presented to the Assembly for approval by all States Members of the United Nations. His delegation also objected to United Nations funding of the offices of South African national liberation movements.

37. An explanation should be provided of how the cost estimates had been arrived at, and why the appropriation request was the same for each office. Future statements of programme budget implications relating to the item should contain detailed information on actual expenditure, and an account of the activities funded from the block grant. His delegation requested a recorded vote on the Advisory Committee's recommendations.

38. Mr. HARAN (Israel) said that his delegation objected to the recommendations since draft resolution A/41/L.26 referred specifically to relations between Israel and South Africa. It was clearly unjustified to single out Israel, since many States Members of the United Nations maintained such relations.

(Mr. Haran, Israel)

39. It was ironic that the intergovernmental group to monitor the supply and shipping of oil to South Africa would include representatives of oil-exporting States. Document A/C.5/41/32 referred, in paragraph 25, to Secretariat support for the meetings of the intergovernmental group, but not for the substantive activities mentioned in paragraph 23(d). Further, paragraph 27 referred to substantive servicing of meetings of the intergovernmental group, as though the Secretariat could provide assistance with monitoring. There was no mention of oil or transport experts, who were plainly necessary. His delegation would vote against the Advisory Committee's recommendations.

40. Mr. DUVAL (Budget Division) said that the figure of seven staff members for servicing the activities referred to in paragraph 14 (a) of document A/C.5/41/32 comprised four Professional and three General Service staff.

41. The CHAIRMAN proposed that, on the basis of the Advisory Committee's recommendations, the Fifth Committee should inform the General Assembly that, should it adopt draft resolutions A/41/L.24-29, an additional appropriation of \$737,200 would be required under sections 1B, 3.A and 27 of the programme budget for the biennium 1986-1987, broken down in the following manner: \$13,400 under section 1B; \$719,100 under section 3.A; and \$4,700 under section 27. An additional appropriation of \$1,500 would be required under section 31, to be offset by an increase of the same amount under income section 1. The conference-servicing requirements, which would not exceed \$117,500, would be considered in the context of the consolidated statement. A recorded vote had been requested.

42. Mr. KOSTENKO (Ukrainian Soviet Socialist Republic), speaking in explanation of vote, said that his delegation always supported efforts to eliminate apartheid. He noted that no modification in the programme of work for 1986-1987 would be required. The additional expenditure necessitated by the meeting of the States Parties to the International Convention against Apartheid in Sports was well founded. His delegation would vote in favour of the Advisory Committee's recommendations.

43. At the request of the representative of the United States, a recorded vote was taken on the proposal.

In favour: Afghanistan, Algeria, Argentina, Australia, Bahamas, Bahrain, Bangladesh, Bhutan, Bolivia, Botswana, Brazil, Brunei Darussalam, Bulgaria, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cameroon, Canada, Central African Republic, Chad, China, Colombia, Congo, Costa Rica, Cuba, Czechoslovakia, Democratic Yemen, Denmark, Egypt, Ethiopia, Finland, German Democratic Republic, Ghana, Greece, Guinea, Guinea-Bissau, Guyana, Honduras, Hungary, Iceland, India, Indonesia, Iran (Islamic Republic of), Ireland, Jamaica, Jordan, Kenya, Kuwait, Lesotho, Liberia, Libyan Arab Jamahiriya, Madagascar, Maldives, Mali, Mauritania, Mexico, Morocco, Mozambique, New Zealand, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Philippines, Poland, Qatar, Romania, Rwanda, Saudi Arabia, Senegal, Singapore, Sri Lanka, Sudan, Swaziland, Sweden, Thailand, Togo, Trinidad and Tobago, Tunisia,

Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Emirates, United Republic of Tanzania, Venezuela, Yugoslavia, Zaire, Zambia, Zimbabwe.

Against: Germany, Federal Republic of, Israel, Netherlands, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Austria, Belgium, Côte d'Ivoire, France, Italy, Japan, Portugal, Spain.

44. The proposal was adopted by 93 votes to 5, with 8 abstentions.

45. Mr. HADWEN (Canada) said that his delegation had voted in favour of the Advisory Committee's recommendations, since it was important to send a clear message to South Africa. His Government had abstained in the vote on the corresponding resolutions at the fortieth session, but had changed its position to reflect the importance of the issue.

46. Mr. RENDOH (Botswana) said that his delegation's vote in favour of the recommendations should not be construed as support for draft resolutions A/41/L.25 and L.29.

47. Mr. MURRAY (United Kingdom) said that it was not clear that the proposed activities would, in fact, help to eliminate apartheid. The end-product of the two new activities proposed was difficult to identify. In particular, his Government objected to appropriations for projects to be decided upon by the Special Committee (A/41/L.27) and for the maintenance of liberation movement offices in New York (A/41/L.24). Accordingly, his delegation had voted against the recommendations. Lastly, he stated his concern at the late availability of the documentation, which had placed considerable pressure on delegations in their consideration of the question.

48. Mr. HOLBORN (Federal Republic of Germany) said that his delegation had voted against the recommendations owing to budgetary considerations.

49. Mr. LADJOUZI (Algeria) agreed with the representative of the United Kingdom that more time should have been made available for delegations to review the relevant documentation.

50. Mr. MUDHO (Kenya) said that, while his delegation would have welcomed more time, the Committee should be aware of the fact that the documentation could have been circulated well in advance, had it not been for one particular delegation.

AGENDA ITEM 118: UNITED NATIONS COMMON SYSTEM: REPORT OF THE INTERNATIONAL CIVIL SERVICE COMMISSION (continued) (A/41/7/Add.1, A/41/30; A/C.5/41/13, 22, 28 and 36)

51. The CHAIRMAN said that, if he heard no objection, he would take it that the Committee wished to invite the representatives of the Federation of International Civil Servants' Associations (FICSA) and of the Co-ordinating Committee for

(The Chairman)

Independent Staff Unions and Associations (CCISUA) to address the Committee as it had in previous years.

52. It was so decided.

53. Ms. Dam, Chairman of the Federation of International Civil Servants' Associations (FICSA) took a place at the Committee table.

54. Ms. DAM (Chairman of the Federation of International Civil Servants' Associations) expressed concern at certain developments in the functioning of the International Civil Service Commission (ICSC), which seemed no longer to be performing its functions as envisaged in its statute. The situation had deteriorated in 1985 when the statutory consultation procedure had broken down, leading to divergent views between the Commission and the United Nations Joint Staff Pension Board on the methodology for determining pensionable remuneration for the Professional and higher categories. The Commission's tendency to anticipate the reactions of the Fifth Committee and to make recommendations which it felt would be politically acceptable was another disturbing development. The Commission should remain what it had been established to be, namely, an independent body of experts in public administration.

55. Turning to the report of the Commission (A/41/30), she said that in general FICSA was disappointed in it for it left unresolved many technical points.

56. As noted in paragraph 31 of document A/C.5/41/13, FICSA believed that a comparison of the United Nations remuneration with that of the United States civil service on the basis of total compensation was the most appropriate method of comparison and she urged the Committee to request the Commission to complete a total compensation study including expatriate benefits.

57. The methodology for determining pensionable remuneration proposed by the Commission did not have the support of the Pension Board for technical reasons. Not only was it faulty but the resulting scale would reduce pensionable remuneration across the board at a time when the conditions of service offered by organizations already could not compete with those offered by bilateral agencies of national Governments. Staff were also concerned because the proposal had not been arrived at in the spirit of co-operation envisaged by the General Assembly itself in resolution 40/245. Since a new lower scale of pensionable remuneration had been introduced only two years earlier it was too soon to introduce yet another scale. In addition, a number of factors involved in the determination of the methodology were in such a state of flux that their future effect could not be predicted. New factors, such as the possibility of staff reductions in the United Nations, should be considered since the Commission had based its calculations on "zero growth" of staff. Staff reductions, together with a scale of pensionable remuneration such as the one proposed by the Commission could have serious consequences for the income of the Pension Fund.

58. The possible savings to be achieved if the Commission's recommendations were accepted would be transitory since the Fund's lower income as a result of the lower scale of pensionable remuneration would worsen the Fund's actuarial balance and

(Ms. Dam)

make it necessary to consider a further increase in the rate of contributions. Any new scale of pensionable remuneration should therefore be looked at in the light of the Fund's long term actuarial situation.

59. Other issues remained unresolved, such as the effect of the change in tax laws in the comparator country on the net remuneration margin - net remuneration in New York being the basis for determining the scale of pensionable remuneration. The methodology for determining the net remuneration margin, and hence the level of net remuneration in New York, was also an open question.

60. All parties concerned had agreed that pension benefits should provide income replacement. Thus, pensionable remuneration should be linked to 100 per cent of net income while employed. FICSA could therefore not accept the Commission's proposal, which arbitrarily selected 96 per cent of net income as the point of departure, and would oppose the proposal on that ground alone. Accordingly, there was every reason to defer the question.

61. Ms. Dam withdrew.

62. At the invitation of the Chairman, Mr. Bourne (Chairman, CCISUA) took a place at the Committee table.

63. Mr. BOURNE (Chairman of the Co-ordinating Committee for Independent Staff Unions and Associations) said that it was worth pointing out that no new element had been introduced into the structure of existing entitlements in the past 10 years, and that United Nations salaries and other conditions of service were not out of line with those of the European Economic Community, the Organization for Economic Co-operation and Development or of the United States or European countries' civil services.

64. Since career staff of the United Nations had no social security system, the adequacy and stability of their pensions was a major factor in the ability of organizations to attract qualified personnel. Major ongoing changes currently taking place in the pension scheme of the comparator country precluded the possibility of a valid comparison at the present stage.

65. According to paragraphs 21 and 26 of its report (A/41/30) the Commission had used its own judgement on crucial issues. That was not the best approach. The Board and the Commission should review their proposals in the light of all the factors and on the basis of a sound methodology.

66. Concerning Professional remuneration, the only valid basis for comparison between the international and United States civil services was one which took into account all the elements of remuneration.

67. The establishment of grade equivalencies must be based on comparable classification procedures. Post descriptions were not a reliable basis. Since the imposition of a margin range on Professional remuneration, the Commission had undertaken to review the methodology for calculation of the comparison between the United States federal and the international civil services. It now proposed to

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(Mr. Bourne)

eliminate the cost-of-living differential between New York and Washington without, apparently, taking into account that that would have raised the historical mid-point to 123. It also ignored the fact that New York was more expensive to live in than Washington.

68. The Commission had made recommendations on ways of improving the status of women in the Organization and he noted that a flexible personnel policy should be given priority in order to achieve that goal.

69. The system failed to give adequate consideration to the needs of field staff and did not adequately compensate them for the dislocations resulting from their high mobility.

70. Turning to the conditions of service at Headquarters, he recalled that the classification exercise for the General Service and related categories had not been implemented in New York. That was particularly unfortunate considering that reclassification had been implemented for the Geneva staff in 1983, for UNICEF staff as of January 1985 and for UNDP staff as of January 1986. The results of the classification exercise should be implemented.

71. A sound system of performance appraisal and recognition of merit was essential to staff morale. CCISUA appreciated the approach taken by the Commission on that subject and supported its call for priority to be given to that matter.

The meeting rose at 1 p.m.