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### PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1992-1993

#### Representation allowance for under-secretaries-general and assistant secretaries-general

#### Report of the Secretary-General

#### INTRODUCTION

1. The General Assembly, by section V of its resolution 45/241 of 21 December 1990, requested the International Civil Service Commission (ICSC) to reconsider, in a comprehensive manner, the remuneration of staff of organizations of the United Nations common system at the assistant secretary-general and under-secretary-general and equivalent levels, taking into account, *inter alia*, the remuneration levels of equivalent positions in the comparator civil service, representation and other allowances, housing arrangements and pensionable remuneration levels, and to report thereon to the General Assembly at its forty-sixth session.
2. At its thirty-fourth session, ICSC undertook a comprehensive review of the conditions of service of assistant secretaries-general and under-secretaries-general. The Commission made specific recommendations on levels of net remuneration and pay comparability *vis-à-vis* the United States civil service, housing arrangements and pensionable remuneration levels. However, with respect to representation allowances, it concluded that they were "not susceptible to common system treatment and would best be handled by executive heads under guidance from governing bodies of their respective organizations". 1/
3. The present report is submitted pursuant to the latter conclusion. It is divided into three sections: background information, review of the level of representation allowances and financial implications.

## I. BACKGROUND INFORMATION

4. The purpose of a representation or hospitality allowance in the United Nations has not been precisely defined. Equally difficult is the establishment of an appropriate basis for its comparison or measurement. In 1946, it was foreseen that assistant secretaries-general would be delegated considerable political responsibility and that their expenses for hospitality would be substantial. Their conditions of service differed considerably from those of other staff members. In 1946, their allowance could range from \$7,000 to \$11,500, at the Secretary-General's discretion, as compared with a base salary of \$13,500 per annum. 2/ The allowance covered representation, education costs, children's allowances, dependency allowance and housing. A top-ranking Director 3/ received a net salary of \$11,000, together with an allowance varying from \$3,000 to \$6,000.

5. The Flemming Committee recommended that assistant secretaries-general be entitled to dependency and housing allowances, but that the representation allowance should be separate. The General Assembly, by its resolution 470 (V) of 15 December 1950, decided to continue the existing allowances at a range of \$7,000 to \$10,000, compared with a net base salary of \$15,000 a year, as of 1 January 1951. The allowances were deemed to include all representation (including hospitality) and special allowances, such as housing, education and children's allowances, but not reimbursable expenses. At the same time, a top-ranking Director became eligible to receive "the allowances which are available to staff members generally" and a specific allowance for representation varying from \$1,000 to \$3,500. In 1954, the Assembly made assistant secretaries-general eligible for several allowances and benefits applied to other staff members, but not for education grant or children's allowances. As of 1 January 1955 [General Assembly resolution 887 (IX) of 17 December 1954], assistant secretaries-general were renamed under-secretaries-general, with a salary of \$18,000 (subject to the staff assessment plan at the rates laid down in Assembly resolution 239 (III) of 8 November 1948) and with an allowance of \$3,500 a year to cover representation, education costs and children's allowances. If otherwise eligible, they received other allowances and benefits available to staff members generally. At the same time, the Secretary-General was authorized to make additional payments to under-secretaries-general and officials of equivalent rank at Headquarters to compensate for such special costs as might be reasonably incurred, in the interest of the Organization, in the performance of duties assigned to them by the Secretary-General. The maximum total amount of such payments was to be determined in the annual budget by the General Assembly. Three years later, the allowance was discontinued and hospitality allowances instituted, up to maximum amounts approved in the regular budget of the Organization. Since 1971, assistant secretaries-general/under-secretaries-general have been paid \$3,000 and \$4,000 as representation allowances, respectively.

6. The payment of a separate representation allowance has been acknowledged by the General Assembly for 20 years. Its general purpose is to cover some of the costs associated with the representational aspects of the work of these

senior officials. However, no reference point has been established to determine the level of the allowance, nor has any periodic adjustment mechanism been applied to account for inflationary changes in the costs the allowance is designed to cover. There is no differentiation in the amounts payable at different duty stations, despite the fact that costs associated with representation may vary substantially from one location to another. This variation is reflected in the annual amounts of representation allowance of senior officials of the other organizations of the United Nations common system, as presented in table 1.

7. The provisions of paragraphs 2 and 5 of annex I to the Staff Rules authorize the Secretary-General "to make additional payments to the Director-General for Development and International Economic Cooperation, to under-secretaries-general and to assistant secretaries-general to compensate for such costs as may be reasonably incurred, in the interest of the Organization, in the performance of official duties assigned to them by the Secretary-General. The maximum total amount of such payments is to be determined in the programme budget by the General Assembly."

8. Hospitality for official functions is not covered by the representation allowance: the amount is distributed among budget sections in amounts ranging, for the 1992-1993 biennium, from \$212,000 for the Secretary-General to \$500 for a number of offices. The Advisory Committee on Administrative and Budgetary Questions (ACABQ), in its first report on the proposed programme budget for the biennium 1992-1993, 4/ has noted difficulties in ascertaining a general rationale or policy guiding the request for such funds, including eligibility for their payment.

9. Table 2 compares the level of annual net remuneration and representation allowance of the Secretary-General, the Director-General for Development and International Economic Cooperation, the Administrator of the United Nations Development Programme (UNDP), under-secretaries-general and assistant secretaries-general and those of officials other than Secretariat officials. The level of representation allowance for the Secretary-General and the Chairmen of ACABQ and ICSC were revised effective 1 January 1991.

Table 1. Representation allowances per annum

Organization	ILO	FAO	UNESCO	WHO	ICAO	UPU	ITU	WMO	IMO	IFAD	UNIDO	IAEA	GATT
Currency	SwF	US\$	US\$	US\$	US\$	SwF	SwF	SwF	US\$	US\$	S	US\$	SwF
Executive head	51 000	32 000	30 370	20 000	20 000	a/ 20 000	24 000	24 000	25 000	32 000	265 000	17 748	60 000
Deputy Executive head	7 650	6 000	5 620	3 000	10 000	b/ 10 000	12 000	c/ 12 000	7 000	6 000	53 100	2 958	20 000
Assistant Executive head	6 375	3 000	3 190	2 600	-	Nil	-	12 000	-	3 000	10 620	-	d/

a/ President of the Council.

b/ Secretary-General.

c/ Maximum reimbursement levels to a total of 5 elected officials on basis of presentation of bills.

d/ May call on hospitality fund with prior authorization.

Table 2

(In United States dollars)

<u>United Nations Secretariat Officials</u>	<u>Annual net compensation</u>	<u>Current representation allowance</u>
Secretary-General	170 000	25 000
President of International Court of Justice	145 000	15 000
Director-General/UNDP Administrator	137 083	10 000
Chairman ICSC/ACABQ	112 875	8 000
USG (New York)	113 366	4 000
ASG (New York)	103 977	3 000
USG (Geneva)	138 524	4 000
ASG (Geneva)	127 052	3 000
USG (Vienna)	118 121	4 000
ASG (Vienna)	108 339	3 000

## II. REVIEW OF THE LEVEL OF THE REPRESENTATION ALLOWANCE

10. The present levels of representation allowance payable to under-secretaries-general and assistant secretaries-general were established in 1971. Over the 20-year period to January 1991, the cost-of-living in New York has increased by some 240 per cent. Bearing in mind the comprehensive review of conditions of service of this category of staff carried out by ICSC and the need for adjustments to representation allowances in order that they remain up to date, the Secretary-General would consider it reasonable to increase the level of the allowance at this time.

11. As part of the comprehensive review of conditions of service of the Professional and higher categories carried out by ICSC in 1989 and 1990, a proposal was put forward which provided for (a) linkage between the representation allowance and the emoluments of under-secretaries-general and assistant secretaries-general; and (b) adjustment of the allowance over time. 5/ The level of representation allowance for under-secretaries-general and assistant secretaries-general would be established at the equivalent of 10 per cent of the net base salaries (at the dependency rate) of these officials. Future adjustments to the levels of the allowance would be made in proportion to the movement of the net base salary, with the adjustment being effected when the net base salary increased by at least 15 per cent.

12. The net base salary scale is established and adjusted by reference to the corresponding net base salary levels of United States officials at Washington. Assuming increases of 4 to 5 per cent per year in the emoluments of officials of the comparator civil service, the proposal would provide for an increase in the level of the representation allowance every three to four years. However, adjustments to the level of representation allowance would be triggered not by movements in the cost of living in New York but by changes in comparator pay levels, which in turn are linked to labour market costs. The resulting amounts of representation allowance would bear no direct relation to the net emoluments of under-secretaries-general or assistant secretaries-general, nor would there be any differentiation in the amounts payable at different duty stations.

13. An alternative proposal would be to establish the levels of representation allowance by direct reference to salary, in amounts equal to one month of net remuneration. This would yield higher amounts and provide for automatic adjustments in the levels of the allowance to keep pace with cost-of-living movements. A direct linkage between the levels of the allowance and net remuneration would provide for differentiation in the amounts payable at different duty stations.

14. Table 3 presents a comparison of the amounts of representation allowance that would be payable to under-secretaries-general and assistant secretaries-general in New York, Geneva and Vienna under the proposals set out above, based on present levels of annual net base salary and total annual net remuneration.

Table 3

(In United States dollars)

<u>United Nations Secretariat officials</u>	<u>Annual net base salary</u>	<u>Total annual net remuneration</u>	<u>Proposal (1) Representation allowance</u>	<u>Proposal (2) Representation allowance a/</u>
USG (New York)	76 702	113 366	7 670	9 450
ASG (New York)	70 350	103 977	7 035	8 650
USG (Geneva)	76 702	138 524	7 670	11 550
ASG (Geneva)	70 350	127 052	7 035	10 600
USG (Vienna)	76 702	118 121	7 670	9 850
ASG (Vienna)	70 350	108 339	7 035	9 050

a/ Rounded to nearest \$50.

15. Either proposal would have a significant impact on the level of the representation allowance. Establishing the level on the basis of the value of one month's total net remuneration would result in an increase nearly 200 per cent. At the same time, it should be noted that, in the history of the United Nations, no attempt has been made to develop a system to establish and adjust the level of representation allowance. It would seem appropriate that such a mechanism be developed. The Secretary-General would thus propose that the level of representation allowance of under-secretaries-general and assistant secretaries-general be established on the basis of monthly total net remuneration. This method would offer the added advantage of administrative simplicity.

16. For officials other than Secretariat officials, the General Assembly has established a periodic review. The conditions of service and annual compensation of the members of the International Court of Justice and the Chairmen of ACABQ and ICSC were reviewed by the Assembly at its forty-fifth session. No increase in the level of the representation allowance of the President of the International Court of Justice took place but the special allowance payable to the Chairmen of ACABQ and ICSC was increased from \$5,000 to \$8,000. The next comprehensive review of the members of the Court is scheduled for 1993: that for the Chairmen of ACABQ and ICSC will take place in 1995. The level of annual remuneration of the Director-General for Development and International Economic Cooperation and the Administrator of UNDP was reviewed by the Assembly at its forty-fifth session: no change took place in their representation allowance (\$10,000).

17. Bearing in mind the nature of the impact of the proposed increase on the level of representation allowance for under-secretaries-general and assistant secretaries-general in the forthcoming biennium and taking into account the desirability of minimizing the additional financial implications thereof, the Secretary-General would propose to introduce the increase on a gradual basis. In this context, it is noted that ICSC has recommended an increase in the net remuneration level for these senior officials in the range of 7 to 11 per cent. Also, unrestricted movement of post adjustment at the base of the system would provide for further annual increases in the levels of net remuneration in New York in the order of 5 per cent.

18. Accordingly, the Secretary-General would propose to stagger the implementation of the increase in the level of representation allowance for under-secretaries-general and assistant secretaries-general over the period 1992-1996. The annual amounts would be established at 50 per cent of monthly net remuneration in 1992, 60 per cent in 1993, 70 per cent in 1994, 80 per cent in 1995 and at 100 per cent starting in 1996.

## III. FINANCIAL IMPLICATIONS

19. Should the General Assembly decide to grant an increase of some 10 per cent in the net remuneration of under-secretaries-general and assistant secretaries-general and should there be further annual increases of 5 per cent due to post adjustment movement, the resulting annual amounts of representation allowance in New York would be as follows:

(In United States dollars)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
<b>USG</b>					
Monthly net remuneration	10 645	11 177	11 736	12 323	12 939
Representation allowance per annum	5 320	6 710	8 210	9 860	12 940
<b>ASG</b>					
Monthly net remuneration	9 763	10 252	10 764	11 302	11 868
Representation allowance per annum	4 880	6 150	7 530	9 040	11 870

20. In summary, should the General Assembly approve the proposals outlined above, it is estimated that additional requirements of \$218,500 would arise for the biennium 1992-1993 as follows:

	<u>1992</u>	<u>1993</u>
Under-secretaries-general	36 960	75 880
Assistant secretaries-general	39 480	66 150
<b>Total</b>	<u>76 440</u>	<u>142 030</u>



Notes

1/ Official Records of the General Assembly, Forty-sixth Session, Supplement No. 30 (A/46/30), vol. I, para. 173 (e).

2/ General Assembly resolution 13 (I), sect. VI.

3/ The post of "top-ranking Director" covered the senior grade of the classified service: it applied to persons serving as deputy to an assistant secretary-general or as director of a major staff service (e.g. Director of Personnel, Director of Budget, Controller).

4/ Official Records of the General Assembly, Forty-sixth Session, Supplement No. 7 (A/46/7), para. 67.

5/ ICSC/1989/WG.3/R.3.

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