



**SUMMARY RECORD OF THE 65th MEETING**

Chairman: Mr. AMNEUS (Sweden)

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

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The meeting was called to order at 6.20 p.m.

AGENDA ITEM 123: UNITED NATIONS COMMON SYSTEM; REPORT OF THE INTERNATIONAL CIVIL SERVICE COMMISSION (continued) (A/C.5/42/L.18)

1. The CHAIRMAN drew attention to draft resolution A/C.5/42/L.18, which had been introduced by the representative of Trinidad and Tobago at the previous meeting.
2. Draft resolution A/C.5/42/L.18 was adopted.
3. Mr. FIGUEIRA (Brazil) said that his delegation had reluctantly joined in the consensus on the adoption of draft resolution A/C.5/42/L.18, which represented a step backwards in several respects. There had been a lack of reasonable accord among Member States at the current session and also among members of the International Civil Service Commission (ICSC) on the full enforcement of the spirit and letter of Articles 100 and 101 of the Charter of the United Nations. It was essential that the United Nations should be able to attract and retain highly qualified candidates, by paying remuneration that was both appropriate and attractive and that took full account of the Noblemaire principle. The supplementary and equalization payments made by certain Governments to their nationals in the service of the United Nations raised fundamental questions of principle and propriety. Should it be concluded that the United Nations was no longer able to select candidates at all levels owing to insufficient remuneration, the issue must be addressed objectively, within the ambit of the United Nations system.
4. Brazil was also disappointed that ICSC was no longer adopting its decisions by consensus. It was a matter of grave concern to his delegation that ICSC members were pushing their arguments to the limit, without characterizing such a procedure as a dissenting vote on a certain ICSC decision or recommendation. Brazil objected to the procedure reflected in annex V to the ICSC report (A/42/30), in which two members of the Commission - not identified by name, as they should have been in the case of a dissenting vote - expressed views in a less than appropriate fashion. It was to be hoped that such a procedure would not be allowed to become a precedent.
5. Moreover, in carrying out the recommendation set forth in section VIII of the draft resolution just adopted, ICSC should review the presentation and format of its report to the General Assembly, which should be shorter and both objective and informative.
6. Mr. BARABANOV (Union of Soviet Socialist Republics), speaking in explanation of position, said that his delegation's objections to the recommendations and decisions included in the report of ICSC had been expressed in the joint statement made on behalf of the group of socialist States. The draft resolution just adopted was the result of a compromise and took some account of certain of those objections. In a desire to ensure the broadest possible agreement on all questions with budgetary implications, his delegation had not objected to the adoption of the draft resolution without a vote. It had serious reservations, however, with respect to certain parts of the resolution.

(Mr. Barabanov, USSR)

7. Firstly, it objected to the fact that the cost-of-living differential between New York and Washington, D.C., was to continue to be taken into account in comparing net remuneration in the United Nations and in the United States federal civil service. It also had serious objections to modifications in the post adjustment system for duty stations with low or negative post adjustments, believing that such modifications undermined the fundamental principle of equal purchasing power for United Nations staff at all duty stations. However, given that the principal result of the modifications would be to improve the situation of field staff, it had agreed to their adoption as an exceptional interim measure for a period of two years.

8. His delegation endorsed the decision that a comprehensive review of the conditions of service of staff should be undertaken with a view to facilitating the formulation of a balanced and objective system for the remuneration of international civil servants. It also noted with satisfaction the request that ICSC should undertake a study of its own functioning and hoped that the study would produce recommendations which might help to ensure greater objectivity and impartiality in its decision-making. Attention should also be given to the need to separate the personal interests of ICSC secretariat staff from the level of remuneration of international civil servants, perhaps by establishing a special system to determine levels of remuneration for ICSC staff.

9. In view of the recent problem caused by frequent absences of certain members of the Commission from meetings which had dealt with important matters of principle, it appeared necessary to consider the appointment of alternate members to act in their stead. Consideration should also be given to the advisability of rotating the post of Chairman of the Commission on a regular basis. Such a measure would, inter alia, be justified by the principle of equitable geographical distribution. His delegation trusted that ICSC would take account of the foregoing observations in its future work.

10. Mr. GUPTA (India) said that his delegation had supported the consensus on the draft resolution before the Committee despite its concern about the method of calculating the net remuneration margin. The procedure for calculating the margin recommended by ICSC in its report to the General Assembly was the correct one. India therefore hoped that, following further consideration of the matter as soon as possible, all Member States would be able to accept the Commission's recommendation.

11. Mr. GREGG (Australia) said that his delegation had joined in the consensus on the draft before the Committee with some reservations. It hoped that the comprehensive review called for in section III, paragraph 1, would lead to the establishment of a more coherent and defensible approach to conditions of service. It also attached importance to the self-evaluation study proposed in section VIII of the draft resolution. It believed that some of the difficulties that Member States had encountered with ICSC recommendations and decisions stemmed from a perception that the Commission was unduly responsive to the interests of United Nations staff. Australia therefore saw an important presentational advantage in establishing an independent secretariat for the Commission. Accordingly, it trusted that the Commission would give consideration to that proposal when it

(Mr. Gregg, Australia)

undertook the study requested in section VIII. Australia also saw merit in the suggestion that alternate members should be appointed in order to ensure full representation at all Commission meetings.

12. Ms. BOGÅRDE (Sweden), speaking on behalf of Denmark, Finland, Iceland and Norway, as well as her own delegation, said that the Nordic delegations had been pleased to join in the consensus on the draft resolution on the ICSC report. It was important that decisions on questions relating to the United Nations common system should be supported by all Member States. However, the decision in section I, paragraph 1, of the draft resolution was in contradiction with the recommendation made by ICSC. For the reasons put forward in their statement in the Committee at the 35th meeting, the Nordic delegations would have preferred the ICSC recommendation on that point to have been accepted.

13. Mr. SEFIANI (Morocco) said that, although his delegation had joined the consensus on the draft resolution just adopted, it had serious reservations about such major issues as the supplementary payments made by certain Governments to their nationals who were United Nations staff members and the practice of some States of withholding amounts from the United Nations salaries paid to their nationals.

14. Mr. KLUFT (Netherlands) said that his delegation welcomed the adoption by consensus of the draft resolution before the Committee. It was necessary to undertake a comprehensive review of the current conditions of service offered by the system, how the system operated and the problems encountered in its operation over a period of time. On the basis of a thorough and objective analysis, it would then be possible to consider guidelines for designing a system that would have sufficient flexibility to respond adequately to the widely varying requirements of different types of staff. The system should also be able to react to changes in external conditions in a manner that did not undermine its coherence and consistency.

15. With regard to the issue of supplementary payments, it was not the policy of the Netherlands to supplement systematically the salaries of its nationals in the international civil service. In that connection, it was regrettable that the Netherlands was referred to in the relevant annex to the ICSC report. The case in question concerned temporary compensation for expenses related to the former service contract of a particular individual. The payment had been of a temporary nature and had long since been terminated. The Netherlands therefore wished to request the Secretariat to issue an appropriate corrigendum to the report. The Netherlands believed that the remuneration system of an international organization should have a sufficient degree of flexibility to enable it to react adequately to the specific circumstances of staff who only served for a limited period of time. The remuneration should be similar to the remuneration received for comparable types of work in the public sector and in comparable international organizations.

16. His delegation believed that the Fifth Committee needed the services of an expert body such as ICSC. However, it urged ICSC to approach the issue of

(Mr. Kluff, Netherlands)

conditions of service from a technical point of view and to leave it to the Fifth Committee to take account of political factors.

17. After a procedural discussion in which Mr. MUDHO (Kenya), Mr. KLUFT (Netherlands) and Mr. FONTAINE ORTIZ (Cuba) took part, the CHAIRMAN said that he would request both the ICSC secretariat and the Commission itself to consider the point concerning supplementary payments raised by the representative of the Netherlands.

18. Since the Committee had thus concluded its consideration of agenda item 123, he requested the Rapporteur to report directly to the plenary meeting.

AGENDA ITEM 124: UNITED NATIONS PENSION SYSTEM: REPORT OF THE UNITED NATIONS JOINT STAFF PENSION BOARD (continued) (A/C.5/42/L.19)

19. Mr. MURRAY (Trinidad and Tobago), introducing draft resolution A/C.5/42/L.19, said that the beginning of the third line of paragraph 2 (a) of section I should read: "avoiding further increases in the rate of contribution". The draft resolution under consideration represented great flexibility on the part of many delegations that had taken part in the informal consultations. The fact that the Committee had before it a draft resolution in which all of the United Nations Joint Staff Pension Board's recommendations were accepted, albeit with a number of changes, was a major achievement. He wished to draw attention to two of the changes in question. Firstly, the Committee would approve the changes in the Board's size and composition with effect from 1 January 1989. Secondly, the Committee would agree to a phased increase in the rate of contribution. With effect from 1 July 1988 - there would be an increase from 21.75 to 22.20 per cent of pensionable remuneration, and - with effect from 1 July 1989 - there would be an increase from 22.20 to 22.50 per cent of pensionable remuneration. He hoped that the draft could be adopted by consensus.

20. Draft resolution A/C.5/42/L.19 was adopted.

21. Mr. VAHER (Canada) said that his delegation had joined the consensus on the draft resolution with reluctance. Canada, inter alia, supported the unanimous recommendation made by the Board that the rate of contribution should be increased to 22.50 per cent as of 1 January 1988. Its agreement to the phased arrangement set forth in section I, paragraph 1, of the draft represented a concession in order to achieve consensus. The Board's unanimous recommendations and decisions carried weight and authority, and an increase on 1 January 1988 would have sent a strong and important message of support for the international civil service. Canada had joined the consensus on the matter on the understanding that the increase of 0.30 per cent scheduled for implementation on 1 July 1989 would not be subject to further consideration at the forty-third session of the General Assembly.

22. Mr. MAJOLI (Italy) said that the phased increase set forth in section I, paragraph 1, of the draft was important because it demonstrated the international community's concern about the Pension Fund's actuarial balance.

23. Mr. BARABANOV (Union of Soviet Socialist Republics) said his delegation had not objected to the adoption of the draft resolution without a vote since it wanted to see the broadest possible agreement achieved on all questions having financial implications. Although the text was highly unsatisfactory, he was pleased to note that individual provisions of the draft resolution, particularly those contained in paragraph 2 of section I, reflected the widespread view that the Pension Board ought to be able to deal with the actuarial deficit without seeking assistance from Member States. Moreover, given the unprecedented level of the Pension Fund's resources, it was to be expected that the Board could solve its problems in a manner that raised no additional financial implications.

24. His delegation welcomed the decision to expand the Board and hoped that that measure would enable the Board to take the views of Member States regarding contribution on levels fully into account and facilitate its operations.

25. Mr. ORTEGA-NALDA (Mexico) said his delegation had supported the consensus on the draft resolution despite reservations regarding both the way the agreement had been reached and the text itself.

26. He agreed that the text ought to be adopted on the basis of the broadest possible agreement. In fact, the Committee's debate on the subject had indicated that such agreement did exist, yet protracted negotiations had been held solely to accommodate the views of a minority of delegations, with the result that the final text differed significantly from the Pension Board's original recommendations. The negotiating process would have benefited from a greater display of political will. Unfortunately, many delegations had presented outdated and extraneous arguments. Such a process called the very expertise of the Pension Board into question: why should an expert group agree on recommendations that would subsequently be questioned by a small number of delegations? The Pension Board's recommendations had been endorsed by ACABQ, and he hoped that, in the future, the Committee would act in a manner more consistent with the Advisory Committee's recommendations.

27. Ms. BOGÅRDE (Sweden) said her delegation had joined in the consensus on the draft resolution even though it believed that the increase in the rate of contribution should have been effective as of 1 January 1988. In addition, her delegation's support for the consensus was based on the understanding that the increase scheduled to take effect on 1 July 1988 would not be subject to reconsideration.

28. The CHAIRMAN announced that the Committee had thus concluded its consideration of agenda item 124.

AGENDA ITEM 43: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS (continued)  
(A/C.5/42/L.21)

Draft resolution A/C.5/42/L.21

29. Mr. HAMADZIRIPI (Zimbabwe), introducing the draft resolution on behalf of the States Members of the United Nations which were members of the Movement of

(Mr. Hamadziripi, Zimbabwe)

Non-Aligned Countries, noted that the word "obligations" in paragraph 1 of the English text should appear in the singular.

30. The draft resolution reflected the non-aligned countries' deep concern at the threat the current financial crisis posed to the financial solvency, stability and work of the United Nations. As the crisis was a result of the non-fulfilment by some Member States of their obligations under the Charter, the first preambular paragraph recalled the purposes and principles of that instrument, while operative paragraph 1 reaffirmed the obligation of all Member States to finance the expenses of the Organization.

31. The picture painted by the Secretary-General in his most recent report on the current financial crisis (A/42/841) was a bleak one. Consequently, the draft resolution requested that the possibility of reconvening the forty-second session of the General Assembly at an appropriate moment in 1988 should be considered in order to address the Organization's financial problems and needs. It was important that all Member States should participate in any deliberations on the crisis. Measures to ensure such participation were set out in paragraph 3.

32. The draft resolution had been the subject of intensive consultations among delegations from non-aligned countries, whose full support it enjoyed. Unfortunately, time constraints had prevented other delegations from taking part in the negotiations. The sponsors of the draft resolution were open to any views other delegations might wish to put forward and hoped that the text would receive the support of the entire Committee.

33. Mr. KASTOFT (Denmark) said that all Member States attached great importance to the current financial situation of the Organization. However, he urged that consultations should be held on the draft resolution, in accordance with the Committee's usual practice.

34. Mr. TAKASU (Japan) endorsed the remarks made by the representative of Denmark, particularly since his own delegation had comments and suggestions it wished to make in connection with the draft resolution.

35. The CHAIRMAN suggested that delegations might express their views at a subsequent informal meeting at which items 41 and 43 would be considered together, in accordance with a decision of the General Assembly.

AGENDA ITEM 116: PROGRAMME PLANNING (continued) (A/C.5/42/L.20)

Draft resolution A/C.5/42/L.20

36. Mr. CABRIC (Yugoslavia) introduced the draft resolution, which had been prepared on the basis of informal consultations he had conducted at the request of the Chairman. He noted that in section III, paragraph 3, of the English text the word "manufacturers" should be revised to read "manufactures".

(Mr. Cabric, Yugoslavia)

37. The draft resolution was self-explanatory, covering all areas dealt with by the Committee for Programme and Co-ordination (CPC) with the exception of budgetary matters. It had been modelled on that of the report of CPC and in fact presented a good basis for the future work of that Committee, which was of growing importance within the United Nations system. It was to be hoped that the draft resolution could be adopted unanimously.

AGENDA ITEM 115: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1988-1989 (continued)

Unified conference services for the United Nations organizations at the Vienna International Centre (A/C.5/42/22)

38. The CHAIRMAN drew attention to the report of the Secretary-General on unified conference services for the United Nations organizations at the Vienna International Centre (A/C.5/42/22) and suggested that the Committee should recommend to the General Assembly that it should take note of the report and concur with the observations contained in section III.

39. It was so decided.

Salary and retirement allowance of the Secretary-General and salary of the Director-General for Development and International Economic Co-operation and of the Administrator of the United Nations Development Programme (A/42/7/Add.10)

40. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) recalled that the Secretary-General did not submit reports on the question before the Committee; in general, recommendations regarding the salary and retirement allowances of the Secretary-General were submitted directly to the General Assembly by the Advisory Committee. The current report (A/42/7/Add.10) had been submitted in order to take into account the decision taken by the Committee in its draft resolution on the report of the International Civil Service Commission (A/C.5/42/L.18).

41. Paragraphs 1 and 2 of the Advisory Committee's report contained background information. Paragraph 3 stated that, on the basis of a recommendation by ICSC, which the Fifth Committee had just endorsed, a revised rate of staff assessment should take effect as at 1 April 1988 for use in conjunction with gross base salaries and the gross amounts of separation payment for staff in the Professional and higher categories. The Advisory Committee went on to note that the gross salaries of the Secretary-General, the Director-General for Development and International Economic Co-operation and the Administrator of UNDP would likewise have to be revised upward, effective the same date. That action would entail an increase in expenditure during the biennium for staff assessment under section 31 by \$45,500, to be offset by an increase of the same amount under income section 1 (income from staff assessment). The Advisory Committee was not proposing any raise in the retirement allowance of the Secretary-General or of amounts paid to a former Secretary-General and the widow of a former Secretary-General. Those payments should be maintained at their current level.



(Mr. Mselle)

42. He emphasized the need to avoid any sensational coverage by the media of the Advisory Committee's recommendation, particularly as similar decisions in the past had been misrepresented. The Advisory Committee was not proposing an increase in the Secretary-General's salary. To facilitate a decision on the matter, the Advisory Committee had proposed a draft resolution in the annex to its report. If adopted, the draft resolution would amend annex I to the Staff Regulations.

43. The CHAIRMAN said that, if he heard no objection, he would take it the Committee wished to adopt without a vote the draft resolution recommended by the Advisory Committee in the annex to its report contained in document A/42/7/Add.10.

44. It was so decided.

Revised estimates: effect of changes in rates of exchange and inflation  
(A/C.5/42/58)

45. Mr. BAUDCT (Director, Programme Planning and Budget Division) introduced the Secretary-General's report (A/C.5/42/58) containing revised estimates which took into account the most recent rates of exchange and current trends in inflation. The increase in expenditures that would be incurred by recosting, shown in paragraph 6 of the report, amounted to \$139,491,300, which was partially offset by an increase of \$4,469,200 for income sections. Approximately 77.9 per cent of the total increase in expenditures (some \$108.6 million) could be attributed to new rates of exchange that reflected the weakening of the United States dollar vis-à-vis other major currencies. The situation was clearly illustrated by the table in annex II, which reflected significant increases at the Geneva and Vienna duty stations caused by the dollar's decline against the Swiss franc and the Austrian schilling.

46. Increased requirements resulting from inflation would total \$30,800,900, as indicated in paragraph 7 of the report. The three main factors contributing to that increase were: the recent recommendations and decisions of ICSC and the Pension Board; the upward movement in average salary levels, largely a repercussion of the current recruitment freeze; and the adjustment required for actual, as opposed to projected, rates of inflation. The total upward revision of \$37.9 million for inflation should be adjusted by a reduction of \$7,172,100 under section 1 of the proposed programme budget (staff assessment).

47. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that, of the \$108,690,400 increase attributable to currency fluctuations, \$95.3 million, or 87.4 per cent, could be attributed to the decrease in the value of the United States dollar against the Swiss franc and the Austrian schilling alone.

48. He drew attention to the breakdown of additional requirements arising from the application of revised rates of inflation (\$30.8 million) in paragraph 7 of the report. Of the \$5.9 million attributable to implementation of the recommendations of ICSC and the Pension Board, \$4.6 million related to the assumed implementation of the Pension Board's recommendation to increase the rate of contributions to the

(Mr. Mselle)

Pension Fund as at 1 January 1988. However, as the Fifth Committee had just adopted draft resolution A/C.5/42/L.19, dealing with the report of the United Nations Joint Staff Pension Board, the estimated \$4.6 million would now have to be further reduced by \$2,050,000.

49. With regard to changes in average salary levels, the Advisory Committee had been informed that the current average level had increased by almost one step, from P-4, step 6 to P-4, step 7. He drew attention to paragraphs 117 and 118 of the first report of the Advisory Committee (A/42/7). On the basis of the recommendations contained therein, and taking into account the reduction of \$2,050,000 to be applied as a result of the Fifth Committee's decision regarding the recommendations of the Pension Board, the Advisory Committee had found no technical basis for objecting to the Secretary-General's revised estimates as set out in document A/C.5/42/58, and accordingly transmitted them to the Fifth Committee for consideration.

50. Mr. MAJOLI (Italy) said he hoped that the question of the change in average salary levels would be studied more closely and that a report would be submitted on that question to the General Assembly at its forty-third session. While the consequences of the implementation of General Assembly resolution 41/213 might not have been foreseen, consideration could have been given to the aging of the Secretariat under normal circumstances, so that provision for that phenomenon could have been made in either the original programme budget document or subsequent updates.

51. Mr. BOUR (France) said that the Advisory Committee ought to study all factors affecting the Organization's payroll, such as grade creep and aging of the Secretariat. As those phenomena were inevitable, they should be taken into account in budget estimates. In addition, the amount of the payroll should also be included among items subject to inflation.

52. He wished to know whether the amount of \$5,922,800 shown in paragraph 7 of document A/C.5/42/58 was attributable to all recommendations of ICSC and the Pension Board, or only to implementation of the draft resolutions just adopted by the Fifth Committee.

53. Mr. VISLYKH (Union of Soviet Socialist Republics) recalled that, in his introduction to the proposed programme budget, the Secretary-General had emphasized the importance of reaching the broadest possible agreement on the budget. Yet the revisions that the Secretary-General was now introducing jeopardized the likelihood that such agreement would be achieved. He wondered whether the Secretary-General intended to submit any proposals to facilitate the broad agreement he sought.

54. Mr. BAUDOT (Director, Programme Planning and Budget Division) explained to the representative of France that the figure given in paragraph 7 in connection with recommendations of ICSC and the Pension Board applied to all recommendations of those bodies.

(Mr. Baudot)

55. He also wished to inform the representative of the Soviet Union that his comments would be duly noted.

56. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) corrected the figure that was to be deducted from the revised requirement resulting from the recommendations of ICSC and the Pension Board. As a result of the decisions just taken by the Fifth Committee, the amount of \$4.6 million would be reduced by \$2,050,000 with respect to the Pension Board recommendations; there would be no change in the amount of \$1.3 million with respect to ICSC recommendations. The total increase for those recommendations would then be \$3,872,800.

57. Mr. BAUDOT (Director, Programme Planning and Budget Division), replying to a question raised by the representative of Yemen, said that the revised rates of exchange and inflation appearing in document A/C.5/42/58 were the rates that would be applied during the second reading of the budget.

58. The CHAIRMAN noted that the revised rates appeared in paragraph 3 of document A/C.5/42/58.

59. Mr. BARABANOV (Union of Soviet Socialist Republics) noted that the reduction of \$2,050,000 applied only to the recommendations of the Pension Board and asked what adjustment would be made as a result of the adoption of the draft resolution on the ICSC report.

60. Mr. SACH (Budget Division) said that the revised estimates before the Committee had been computed on the assumption that the increase in post adjustment which ICSC had recommended should be implemented in January 1988 would be deferred. Consequently the revised estimate accurately reflected the action just taken by the Committee.

61. The CHAIRMAN invited members of the Committee to pursue their discussion of the item at a later informal meeting.

The meeting rose at 8.35 p.m.