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Monday, 22 November 1976
at 3 p.m.
New York

SUMMARY RECORD OF THE 34th MEETING

Chairman: Mr. MUNTASSER (Libyan Arab Republic)

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

CONTENTS

AGENDA ITEM 103: REPORT OF THE INTERNATIONAL CIVIL SERVICE COMMISSION (continued)

AGENDA ITEM 92: PROGRAMME BUDGET FOR THE BIENNIUM 1976-1977 (continued)

Administrative and financial implications of the draft resolution by the
Special Political Committee contained in document A/SPC/31/L.4

Administrative and financial implications of the draft resolution recommended
by the Sixth Committee contained in document A/31/292

Revised proposals under section 12, UNIDO

AGENDA ITEM 97: JOINT INSPECTION UNIT

(b) QUESTION OF THE CONTINUATION OF THE JOINT INSPECTION UNIT

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The meeting was called to order at 3.25 p.m.

AGENDA ITEM 103: REPORT OF THE INTERNATIONAL CIVIL SERVICE COMMISSION
(A/31/8/Add.6, A/31/30 and Add.1, A/31/239; A/C.5/31/26; A/C.5/31/CRP.4) (continued)

1. Miss FORCIGNANO (Italy) reaffirmed her delegation's full support for ICSC and the independence granted to it in its statute. She expressed appreciation for the Commission's efforts to fulfil the General Assembly's request for a priority examination of the salary system, while bearing in mind other important means for achieving the organizational goals of the United Nations system.
2. Her delegation agreed with the view that the General Assembly should provide clear and precise indications before the Commission embarked on a basic reform of the present salary system. For that purpose, the Commission should indicate to the Assembly any valid alternative proposals it deemed worthy of consideration.
3. In assessing the changes in remuneration proposed by the Commission, her delegation would have appreciated a table showing the net and gross salaries paid at present and those projected as of 1 January 1977 for all levels of personnel in the various offices of the organizations in the common system.
4. The Commission's report stated in paragraph 98 of document A/31/30 that total staff costs amounted to almost \$620 million, or 71.5 per cent of the total regular budgets, for 1976 alone. However, if one took into account voluntary as well as assessed contributions and temporary as well as permanent personnel, the true reckoning of personnel expenses for the United Nations system would be approximately \$2 billion.
5. With regard to the Commission's recommendation to consolidate five classes of post adjustment into the base salary, she said that it was one thing to seek the conceptual protection of salaries against the rising cost of living and unfavourable rates of exchange and quite another to seek absolute protection in that regard. Otherwise, existing disproportions between the United Nations salary system and national systems would be greatly aggravated. The Noblemaire principle was still valid and, in the absence of more practical alternatives, should be strictly observed.
6. Her delegation had some doubts regarding the recommendations in paragraphs 77 to 79 because some of the measures in the present system constituted a duplication of the funds already allocated by the United Nations for the modification or termination of a contract of employment. The proposal to extend the period of reference in the calculation of some of the allowances was not easily justified. Rather, attention should be given to certain special cases deserving of special attention, such as the situation in which death occurred before the employee had reached minimum pension age.
7. With respect to the education grant, her delegation felt that the extension over the years of that benefit was unjustified and that the selection of beneficiaries was indiscriminate. In the circumstances, it did not support the

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(Miss Forcignano, Italy)

proposal for a further extension of the benefit or for an increase in the percentage of approved costs reimbursable.

8. She would like to reiterate her delegation's concern about the de facto discrimination against staff members whose mother tongue was not one of the official languages. Only at Headquarters did the possibility for discrimination exist; the other organizations in the system had not adopted measures equivalent to the so-called language incentives. It was unfortunate that ICSC had been unable to see its way to abolishing those measures and she trusted that it would examine the question as soon as possible.

9. In the light of the comments in paragraph 329 of the report of the Commission, her delegation considered that the principle of "best prevailing" rates should be suspended until such time as the Commission had examined thoroughly the salary structures of the General Service category.

10. Mr. LAPOINTE (Canada) said his delegation was prepared to adopt the report of ICSC and take note of its conclusions, as many of the Commission's recommendations were acceptable and would help to eliminate anomalies and inequities in the current salary system.

11. Looking to the longer term, his delegation believed that the United Nations had reached such proportions that some problems might need to be re-examined and the salary system simplified. In that connexion, the question of compensating staff for virtually all increases in the cost of living by means of the post adjustment system should be reconsidered in view of the fact that the United States Civil Service did not receive automatic compensation for cost-of-living increases. The question of the rate of post adjustment should also be studied. Under the current system, the rate of post adjustment began at 5 per cent for staff members at the P-1 level and decreased in the higher levels of the Secretariat. The report of ICSC (A/31/30) did not contain information regarding the spendable income on which the rate of post adjustment was calculated. Surveys indicated that persons earning \$50,000 per annum spent only 35 per cent of their income. Persons earning less than \$10,000 per annum, on the other hand, might spend 50 to 70 per cent. Compensation for cost-of-living increases should be calculated accordingly and his delegation would welcome assurances that the United Nations took fully into account the real level of spendable income in calculating rates of post adjustment.

12. Another solution to the problem would be to establish a non-movable base of 100 representing the cost of living in Washington, D.C. United Nations staff in countries where the index was higher would be compensated for cost-of-living increases in excess of those in Washington. Thus, United Nations staff would not be completely sheltered from the effects of inflation and would be placed in the same situation as their counterparts in national civil services. The United Nations could adjust its salaries when those of the highest paid civil service were raised. Moreover, the need for further consolidation of post adjustment classes in future would be eliminated and the salary system would be made much more workable. The 1971-1972 Special Committee had recommended that further study be given to the possibility of developing a system which did not grant periodic increases and his delegation would support efforts in the Fifth Committee to provide some guidance on that matter to ICSC.

(Mr. Lapointe, Canada)

13. His delegation would prefer that all selective allowances, and in particular the children's allowance, be incorporated into the staff assessment scheme unless the expenses in question could be shown to be related to expatriation or field service.

14. His delegation shared the concerns expressed by the representative of Austria with regard to the payment of repatriation benefits to employees who did not in fact return to their home countries. Consideration could also be given to establishing a ceiling for such grants since repatriation costs did not increase constantly with salary and length of service.

15. His delegation inquired as to the original justification for accepting to pay the costs of post-secondary education of the children of United Nations staff members. Virtually no other employer paid such costs. His delegation therefore suggested that the Commission should reconsider its position on that matter in the light of the practice of other large employers. His delegation also wished to know why grants for university study in the area of the duty station had originally been excluded and whether the proposed change was justified in the light of the original purpose.

16. Mr. MOLTENI (Argentina) said that the complexity of United Nations personnel questions was proof of the wisdom of establishing the International Civil Service Commission as a permanent body with responsibility for a broad range of questions. The General Assembly thus did not have to deal with issues which it did not have the time to attend to. In its conclusions, ICSC had managed to strike a balance between ensuring adequate remuneration for international civil servants and unrealistic and extreme measures which would affect the financial situation of the organizations concerned. His delegation therefore endorsed the conclusions contained in the Commission's report. Those recommendations would bring about significant improvements in those aspects of the salary system requiring changes without altering its basic structure.

17. In the view of his delegation, the procedure followed by the Commission to ascertain the views of the organizations and the staff representatives concerned had been sufficiently flexible to ensure that all the necessary information was obtained.

18. His delegation agreed with the Commission that the United States Federal Civil Service should continue to be taken as the guide for establishing the level of United Nations remuneration, subject to the condition laid down in paragraph 51 of its report that the question should be kept under review.

19. With regard to the Commission's recommendation on the education grant (para. 75), his delegation believed that the fact of expatriation justified the extension of the grant to cover study in the country of the duty station.

20. The Commission's recommendation with regard to the end-of-service grant payable to staff members whose fixed-term contracts were not renewed after six years of service was in keeping with the policy of making greater use of such contracts to give greater flexibility and adaptability to the staff structures of the United Nations system. However, if a consensus did not exist with regard to that

(Mr. Molteni, Argentina)

recommendation, the Commission and the various organizations concerned could investigate the proposal further.

21. Finally, his delegation welcomed the decision of the Commission to undertake in February 1977 a study of the principles and the methodology applied in the determination of salaries and allowances of the General Service category.

22. Mr. CROM (Netherlands), referring to the report of ICSC (A/31/30), said he was pleased to note that staff representatives had had ample opportunity to express their views. In general, his delegation could accept the proposals in the report. In studying the report, it should be asked whether United Nations staff members were adequately paid in relation to the highest paid national civil service, whether there were any difficulties in recruiting and retaining well-qualified staff members and what the budgetary implications of the proposals in the report were. ICSC had concluded that in general, United Nations civil servants were satisfactorily paid (A/31/30, paras. 56 and 186), but the report did not contain much information on the question of recruitment and the information on budgetary implications was inadequate, since it did not go beyond 1977. More information should therefore be provided on those matters, particularly on the budgetary question.

23. With respect to the comparison of the United Nations civil service and the United States civil service, the two systems should be compared at all levels, and account should be taken of all relevant factors. The comparison should be based on the terms of service in general, and not just one element. A maximum and a minimum should be established with regard to the margin of the expatriation element. More information was needed with respect to the recommendations on terminal payments, education allowances, termination indemnities and end-of-service grants (A/31/30, paras. 65, 66, 75, 78 and 79), since the financial impact of those recommendations had not been adequately discussed and no mention had been made of the possible managerial benefits to the United Nations system as a whole. Furthermore, since there was a close connexion between the recommendations of ICSC and the pension system, it would be interesting to know what impact changes in the pension system would have on the Commission's proposals.

24. With respect to education allowances, comparisons should be made with the various national systems and with the best-paid national civil service, taking into account the question of fiscal benefits. ICSC had based its comparison between the United Nations and the United States civil service on the net remuneration of a married official without children (E/31/30, para. 53). However, according to paragraph 97, a United Nations staff member had an average of 1.3 children. He therefore wanted to know why the Commission had not based its comparison on the remuneration of a married official with one child, and what the implications of such a change would be.

25. ICSC should go ahead with an in-depth study of the General Service category, and the recommendation contained in paragraph 84 of the Commission's report should be a temporary one. ICSC was correct in pointing out that an improved salary system would not by itself raise the efficiency of the Secretariat. Managerial improvements were necessary, and it was to be hoped that the administrations would help in that task.

26. Mr. ALLISON (Nigeria) commended ICSC on its well-reasoned report and expressed great satisfaction with the way in which ICSC had performed its task.

27. In his delegation's view, the issue was not one of accepting or rejecting the Commission's recommendations so much as discussing whether, in the light of the findings in document A/31/30, the Commission could have arrived at a different set of conclusions or made different recommendations.

28. Every review of public service remuneration was based on the assumption that there would be a cost increase. In the case of the United Nations system, it must be assumed that structural changes aimed at meeting the criteria of efficiency, competence and integrity of staff laid down by the Charter must necessarily be accompanied by new salary levels. The problem was to ensure that the new scale was commensurate with the level and the efficiency of the staff. The comparison, for the purposes of establishing United Nations remuneration, between an essentially civil service city like Washington and a predominantly commercial city like New York was a welcome one. However, in view of the special interests of General Service staff, it might have been more logical to arrive at a mean based on prevailing rates in New York and those in Geneva or Vienna. He would like the Commission to define precisely what it meant by saying that the appropriate level should be determined pragmatically taking into account all relevant factors. In that connexion, it was important to avoid criteria which might be subject to different interpretations at different duty stations.

29. His delegation was happy to note that the Commission, in accordance with its statute, had addressed itself fully to the task of determining a rational basis for post adjustment and rates of daily subsistence allowances. In view of the time-lag before the recommendations, if adopted, became operational, there should be a study to ensure that no staff member suffered undue losses in income because they served at a particular duty station. However, his delegation could not support the idea that a staff member should be promoted in order not to incur a loss in earnings.

30. It was gratifying to note that the Commission had given considerable attention to termination indemnities and other benefits. The welcome changes in that respect were in line with the policy followed by the Nigerian public service system. In the United Nations system, fixed-term staff in many cases served as long or longer than the permanent staff; it was only equitable therefore that they should receive an "end-of-service grant". However, there was little logic about the practice of granting the termination indemnity to a staff member who was dismissed for misconduct or gross inefficiency.

31. His delegation would like to suggest that the Commission should work out a scale of termination benefits which gave due consideration to length of service. For example, the United Nations might adopt a system based on percentages of salary according to the number of years of unbroken service, in which the present 12 months' ceiling might represent the benefit awarded for, say 10 years, with the possibility of an increase of up to twice that amount for additional service. Such a scheme would provide an additional incentive to the staff member who had already served for a number of years.

(Mr. Allison, Nigeria)

32. In conclusion, he said that his delegation was willing to support any draft resolution that embodied the majority of the recommendations of the Commission.

33. Mr. DE FACQ (Belgium) said that, because of lack of time, ICSC had limited itself to making improvements in the existing system, but it was to be hoped that the Commission would draw up a preliminary plan for a fundamental reform of the salary system which, with the approval of the General Assembly, would guide its future activities.

34. In view of the current economic situation, international organizations, like Governments, must moderate their expenditure, and although the international civil service must be able to attract nationals from all countries, it would be wrong to do more than necessary in that respect. While it was true that there was no acceptable alternative to the Noblemaire principle, it was possible that it had been somewhat betrayed. According to the aforementioned principle, the conditions of service of international staff must be such as to attract citizens of the country with the highest pay levels. It thus referred essentially to "conditions of service", but in practice, since the general conditions of service of international civil servants were clearly better than those of United States civil servants, only net remunerations were compared. Furthermore, the comparison between net remunerations was limited to the P-3, P-4 and P-5 grades. A comparison of all grades showed that the net remuneration of international civil servants was approximately 45 per cent above that of United States civil servants, both at the top and the bottom of the salary scale. The over-all conditions of service in the international civil service were therefore very generous, and ICSC should, with the help of independent experts, establish equivalencies of grades between the international civil service (from P-1 to the highest grade, with the exception of the Secretary-General) and the United States civil service; it should then compare over-all remuneration (salaries, allowances, other advantages) and report without delay. In the meantime, the Committee should avoid any excessive increases in salaries and allowances resulting from changes in post adjustments, particularly in cases where such increases were automatically included in the pensionable remuneration.

35. From 1 January 1977, the annual net remuneration, excluding allowances, of a staff member with dependants stationed in New York, would range from \$14,500 at P-1 level to \$52,500 at the level of Under-Secretary-General, and in Geneva, it would range from \$18,500 to \$66,300. The remuneration of United States federal civil servants with comparable posts living in New York would range from a little over \$8,000 to a little over \$36,000. The differences between the grades used for comparison were less marked. For a staff member at P-4 level with dependants, the initial net remuneration would be approximately \$26,300 in New York and approximately \$33,600 in Geneva, whereas that of a United States federal civil servant in New York would be approximately \$22,000. The maximum pensionable remuneration of an international civil servant would be \$76,000, whereas the maximum gross remuneration in the United States Civil Service barely exceeded \$40,000. Any excessive increases in the remuneration of international civil servants must therefore be avoided, and the difference between the remuneration of international civil servants and that of United States civil servants should be reduced, particularly at those levels where it was most marked. A difference of approximately 10 per cent at each level should be adequate.

(Mr. de Facq, Belgium)

36. The structure of grades described in the report of ICSC (A/31/30) was satisfactory. The Noblemaire principle, as defined in paragraph 119 of the report, should be retained, and ICSC, when preparing its report on the salary system of the international civil service, should evaluate the over-all conditions of service of the international civil service and of the civil service to be used as a reference, not just salaries. With regard to the equivalence of grades, ICSC must, with the help of independent experts, examine posts in the two systems in order to effect as complete a comparison as possible. The existing bases for comparison were inadequate and caused distortions at the higher and lower levels of the scale.

37. It was difficult to accept that Washington should be the city of comparison. Twenty thousand United States federal civil servants living in New York, with posts comparable to those held by international civil servants, received a normal salary without any post adjustments; since only 2,500 United Nations staff members were involved, a comparison should be possible. It should be noted that the remuneration of United States federal civil servants in New York was even slightly lower than average because of higher taxation. ICSC should therefore review its decision, particularly since the formula it had chosen was apparently not consistent with the conclusion contained in paragraph 50 of its report, which referred only to remuneration and not to any form of increased remuneration. The margin in favour of United Nations staff members in New York was approximately 22.4 per cent in the categories taken as points of reference, and higher in the other categories. It was therefore difficult to understand how the real margin of United Nations remuneration over that of the United States could be 13.4 per cent (A/31/30, para. 185).

38. Furthermore, the margin in favour of staff members with dependants in Geneva amounted to 60-100 per cent at the lowest steps in each grade, over 100 per cent in the lower grades, over 50 per cent in the intermediary grades and 85 per cent in the higher grades. However, account had to be taken of fluctuations in exchange rates and in the cost of living in the various duty stations, and, to that end, the question of post adjustments must be studied in greater depth. Excessive increases should be avoided with respect to higher salaries; adjustments should be made less frequently when they amounted to more than 10 levels; measures should be taken to prevent an undue widening of the margin of United Nations remuneration over that of the United States; and the possibility of reducing margins in grades where they exceeded 25 per cent should be examined.

39. On 1 January 1977, pensionable remuneration would rise from 120 to 125 per cent of gross salary and, under the existing system, would continue to rise in accordance with the movement of the WAPA index. The Organizations' contribution had always been 14 per cent. However, the base was no longer the net salary or the gross salary, but the gross salary adjusted in accordance with the movement of the WAPA index. Accordingly, a maximum pension should be established, equal to that of a staff member at D-2 level with 30 years of service, which, on 1 January 1977, would represent an indexed pension of more than \$30,000 per annum. Such a formula would not affect the real pension of those high-level staff members who spent only a few years in the United Nations system.

40. With respect to entitlements on separation and termination indemnities, the improvements proposed by ICSC would cost \$5.5 million in the first year, if five

(Mr. de Facq, Belgium)

classes of post adjustment were incorporated into the base salary. If such indemnities were calculated on the basis of pensionable remuneration less staff assessment, as proposed by ICSC (A/31/30, para. 309), the basis for calculation would increase in accordance with the movement of the WAPA index, and it was therefore impossible to determine the future cost of such a system. Accordingly, he could not support ICSC's recommendations in that respect.

41. As for repatriation grants, the existing scale would be replaced by a scale based on a maximum of 28 weeks of pensionable remuneration less staff assessment, at a cost of \$2 million. He had no objection to the introduction of the new scale, provided that a ceiling, to be determined by ICSC, was established. The Commission should also decide whether the entire indemnity should be paid to a staff member retiring to a country other than his country of origin. With respect to termination indemnities, he was doubtful about paying indemnities in cases of termination owing to unsatisfactory service or misconduct. Furthermore, executive heads should not be authorized to increase the amount of the indemnity by up to 50 per cent, or the indemnity would range from \$23,000 to as much as \$65,000. There could be no justification for paying a separation indemnity to staff members who had completed a fixed-term contract, firstly, because the contractual obligation between employer and employee was fulfilled on the expiry of the contract and secondly, because, if a staff member with a fixed-term contract was entitled to both a repatriation grant and a separation indemnity, he would receive a total indemnity of 15 months' salary after 10 years of service and 18 months' salary after 15 years of service. He could not endorse the recommendation, since it would cost \$3,500,000 in 1977 and increasing amounts thereafter.

42. The initial aim of the education grant had been to help expatriate staff members meet the additional expense they incurred with respect to the education of their children. However, the proposed extension of the grant (A/31/30, para. 292) would be discriminatory, since it would relieve expatriate staff members of the normal costs of educating their children. In other cases, however, the reimbursement of educational expenses as recommended by ICSC was acceptable.

43. ICSC should examine the conditions of service of the General Service categories and report to the Fifth Committee at the thirty-second session. The basic criterion governing salaries in the General Service category should be, not the best prevailing level of remuneration, but the best prevailing conditions of service, which would include salary, allowances and other advantages. In the meantime, all salary increases in Geneva should be suspended. In that connexion, he drew attention to paragraph 30 and foot-note 16 of the report (A/31/30).

44. Mr. NAUDY (France) said that the voluntary decision of ICSC not to consider the question of a fundamental reform of the salary system could not be criticized, since, in addition to the fact that the Commission had not had sufficient time to complete work on such a fundamental reform, it was for Member States to decide whether it was desirable to do so. His delegation, for its part, believed that the question of fundamental reform was not of particular urgency and that priority should be given to a review of the existing system. There were, however, a number of points on which the existing system was in need of improvement and in that connexion regard should be had to the views put forward in the course of the debate.

(Mr. Naudy, France)

45. His delegation found the recommendations of the Commission to be acceptable on the whole, but had questions with regard to a number of points, all of which had financial implications. The Committee was entitled to evaluate the Commission's recommendations and to assign priority to them on the basis of financial considerations.

46. The staff of the United Nations system were very well treated in comparison to the staff members of national civil services, especially in view of the fact that the current period was one of austerity and budgetary moderation. The Commission itself had recognized that the current level of remuneration of United Nations staff members was sufficient to attract talented individuals to United Nations service. It was not a good policy for the image of the United Nations to provide additional benefits to its staff members, except in those cases in which they were disadvantaged vis-à-vis the staff of national civil services. The Commission's recommendations on a number of points would have financial implications in excess of what his delegation would have liked. His delegation had reservations regarding the end-of-service allowance for staff members whose fixed-term contracts were not renewed. Many of such staff members were seconded by their national civil services and resumed their work after serving in the United Nations. Moreover, such a measure was open to question in view of the financial restraint imposed by the world economic situation. His delegation also had doubts regarding the desirability of extending the education grant.

47. It was a matter of particular urgency that the Commission study the problems of the General Service category, which had been highlighted by the strike at Geneva earlier in the year. The report prepared on that question by JIU should be consulted before any recommendations were made. The Geneva strike had cost the United Nations over \$10 million and the specialized agencies some \$15 million. Thus, even before conducting an in-depth study of the problem, ICSC had been able to assert that the information it had received raised serious prima facie doubts about the way in which General Service salaries had been established hitherto in Geneva and in particular about the methodology employed.

48. Mr. QUIJANO (Chairman of the International Civil Service Commission) said that the Commission was pleased that the Fifth Committee seemed to accept the limited approach taken by ICSC in considering changes in the existing salary system. The Commission had considered numerous proposals which had been advanced by various organizations in the system and had accepted two, namely the end-of-service indemnity for the non-renewal of fixed-term appointments, and the expanded education grant, because it was convinced that they would have a beneficial effect on staff management and recruitment. The Commission had kept in mind the need for austerity and had sought to keep to a minimum the financial implications arising from its proposals. The actual amount of \$10 million covered all the organizations of the system. In that connexion, he stressed that the United Nations, as the central organization of the system, had a major responsibility for questions relating to the salary system, because its decisions had a direct impact on all the other organizations.

(Mr. Quijano)

49. ICSC was pleased that the Committee seemed to accept its application of the Noblemaire principle and, in particular, its view that the current margin of 15 per cent between United Nations salaries and those of the American civil service was adequate. That principle would not be used to increase United Nations salaries but, on the contrary, to ensure that excessive disparities would not arise between United Nations salaries and those of the American civil service.

50. The major change recommended by the Commission related to differentiation of remuneration between staff with dependants and those without. The Commission's recommendation was an urgent measure, which had received tentative approval by the General Assembly at its previous session and he hoped that more definitive action would be taken at the current session.

51. The objections which had been raised to the Commission's recommendation on the education grant seemed to be due to a mistaken interpretation of the grounds for providing that grant. What the Commission was proposing was not an innovation but rather a further step in a process which had begun in 1946. Over the years, the purpose of the education grant had come to be seen not so much as to facilitate readjustment of the children of staff members in their countries of origin as to assist the expatriate staff member in meeting the costs of educating his children. Those costs were generally lower for a person living in his home country and that was the chief reason for expanding eligibility for the education grant.

52. In reply to the question of the representative of the Netherlands, he indicated that the Commission had not studied the question of recruitment but that it intended to do so in connexion with its 1977-1978 work programme. The organizations of the system did not seem to be encountering difficulties in recruitment owing to the existing salary system.

53. Questions had also been raised as to whether the budgetary implications of the Commission's recommendations would be recurring or non-recurring. In that connexion, he drew attention to the table contained in paragraph 85 of the Commission's report (A/31/30) in which the non-recurring costs were identified. All other costs would therefore be recurring.

54. The Commission was planning to consider the question of the General Service category and had, since August 1976, been making preparations for that purpose. Preliminary documents had already been sent to the members of the Commission and it was hoped that decisions could be taken at its session in February, especially on the methodology applied in the determination of General Service salaries in the various duty stations. The Commission would, of course, give special attention to the situation at Geneva which was a matter of concern to all. The Fifth Committee would soon be considering the Geneva strike on the basis of the report of JIU and the Commission would carefully consider any views the Fifth Committee would express on that matter. The Commission would certainly be able to submit its conclusions and recommendations on the General Service to the General Assembly at its next session.

55. He hoped that the Committee would accept the conclusions of ICSC, which

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(Mr. Quijano)

represented the minimum measures necessary to put order into the salary system and obtain a respite of four or five years for completing the in-depth review of the United Nations salary system. He welcomed the views and suggestions put forward by delegations in the course of debate which would be most useful to the Commission when it undertook its next study on the salary system.

AGENDA ITEM 92: PROGRAMME BUDGET FOR THE BIENNIUM 1976-1977 (continued)

Administrative and financial implications of the draft resolution by the Special Political Committee contained in document A/SPC/31/L.4 (A/C.5/31/53)

56. Mr. LAVAU (Director of the Budget Division) informed the Committee that the additional appropriations indicated in paragraph 5 of document A/C.5/31/53 for conference servicing costs and travel costs of the Working Group on the Financing of UNRWA were an accurate estimate of potential costs. However, in view of the fact that the Working Group intended to meet only when the calendar of conferences and meetings permitted subject to the availability of Secretariat staff, the Secretary-General believed that it would not be necessary to request additional appropriations for that purpose. Accordingly, he was withdrawing his statement in paragraph 5 of document A/C.5/31/58 that he would towards the close of the session advise to what extent the estimated costs could be absorbed within existing resources. The Secretary-General was advising at the current stage that all the costs arising from draft resolution A/SPC/31/L.4 would be absorbed within existing resources.

57. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee had considered on an urgent basis the statement of administrative and financial applications contained in document A/C.5/31/53 and had raised a number of questions regarding the assumptions made in that document. Subsequently it had been informed by the representatives of the Secretary-General that all costs arising from the meetings of the Working Group would be absorbed from within existing resources. The Secretary-General's indication at the current stage that the draft resolution in question would have no financial implications might not be fully accurate. Hitherto, the Secretary-General had followed the practice of indicating the full costs which might arise from a draft resolution and specifying at a later stage to what extent they might be absorbed from within existing resources. The Advisory Committee took note of the slight departure from the practice followed so far in the session with regard to conference servicing costs and recommended that the Fifth Committee might wish to inform the General Assembly that, if it should adopt the draft resolution recommended by the Special Political Committee, no additional appropriations would be required either for conference servicing costs or the other elements of the draft resolution.

58. The CHAIRMAN suggested that the Committee request the Rapporteur to report directly to the General Assembly that, should it adopt the draft resolution recommended by the Special Political Committee contained in document A/SPC/31/L.4, no additional appropriations would be required under the programme budget for the biennium 1976-1977.

59. It was so decided.

Administrative and financial implications of the draft resolution recommended by the Sixth Committee in document A/31/292 (A/31/8/Add.8; A/C.5/31/44 and Corr.1)

60. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee had considered the statement by the Secretary-General (A/C.5/31/44 and Corr.1) on the administrative and financial implications of the draft resolution on the United Nations Conference on Succession of States in Respect of Treaties recommended by the Sixth Committee in document A/31/292, paragraph 10, and its recommendations were to be found in document A/31/8/Add.8.

61. When the General Assembly had adopted resolution 3496 (XXX), in which it had decided to convene the Conference in 1977, it had had before it a report by the Fifth Committee on the related administrative and financial implications, which had been estimated at "up to \$476,000 ... subject to review by the Assembly at its thirty-first session in the light of a further detailed report of the Secretary-General". The Secretary-General had accordingly submitted revised new estimates in the amount of \$911,600, or an increase of approximately \$436,000 over the amount estimated in 1975. Details of the increase, of which the most important elements were the provision of summary records, in accordance with paragraph 5 of the draft resolution, and the addition of a sixth language as provided for in paragraph 4 of the same draft, were to be found in paragraph 4 of the Advisory Committee's report. Those two elements were estimated by the Secretary-General as requiring \$144,000 and \$202,000 respectively. Although the Conference would be held in Vienna, the base used for costing was Geneva, for the reasons explained in foot-note 2 of the Advisory Committee's report.

62. The Secretary-General had estimated the total costs for the proposed Conference at \$911,600, of which \$761,900 were for conference servicing staff and \$149,700 for other requirements. The Advisory Committee had dealt with those estimates in paragraphs 5 to 11 of its report.

63. In the light of the information provided to it, both orally and in writing, the Advisory Committee was recommending that an amount of \$125,000 would be required under section 20 of the programme budget for 1976-1977 and that conference servicing costs should not exceed \$600,000, it being understood that those costs would be included in a consolidated statement, to be prepared for submission to the current session of the Assembly, in which the Secretary-General would recapitulate the estimated conference costs of all the decisions taken during the year and would indicate how much could be absorbed from within existing resources.

64. Mr. BOUAYAD-AGHA (Algeria) expressed his delegation's full support for the recommendations made by the Advisory Committee.

65. The CHAIRMAN suggested to the Committee that it request the Rapporteur to report directly to the General Assembly that, should it adopt the draft resolution recommended by the Sixth Committee in document A/31/292, an amount of \$125,000 would be required under section 20 of the programme budget for the biennium 1976-1977.

(The Chairman)

Conference servicing costs not exceeding \$600,000 would be considered by the General Assembly in the context of its consideration of the total requirements of the revised calendar of conferences for 1977, it being understood that the Secretary-General would recapitulate the estimated conference costs of all the decisions taken during the year and indicate how much could be absorbed from within existing resources.

66. It was so decided.

67. Mr. KRUMIN (Union of Soviet Socialist Republics) expressed his delegation's regret that the Secretary-General had not been able to absorb the additional estimated costs of the United Nations Conference on Succession of States in Respect of Treaties from within the existing budget by reordering priorities, as had been recommended by the Committee of 14. It was unfortunate, too, that the Advisory Committee had not seen fit to urge that the Secretary-General should observe that recommendation. His delegation whole-heartedly endorsed the opinion of the Committee of 14 that every effort should be made to avoid any additional appropriations during the budgetary period. Consequently, it would have voted against the decision just adopted if it had been put to the vote. It trusted that the Secretary-General, in the light of the Advisory Committee's recommendation in paragraph 13 of document A/31/8/Add.8, would find the resources needed either by reordering priorities or by seeking other sources of financing and would not have to request an additional appropriation for the Conference.

68. Mr. SAULS (United States of America) said that, in his delegation's view, it was inappropriate for the United Nations to pay the travel and subsistence expenses of representatives of national liberation movements which did not contribute to the United Nations budget.

Revised proposals under section 12, UNIDO (A/31/8/Add.7; A/C.5/31/11 and Corr.1)

69. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) recalled that the General Assembly, on the basis of the recommendations of the Fifth Committee had requested the Secretary-General to submit at the thirty-first session revised estimates for UNIDO, because it had been felt that the estimates submitted at the thirtieth session did not indicate clearly how those estimates had been affected by the Lima Conference. The Secretary-General had accordingly submitted in document A/C.5/31/11 and Corr.1 revised estimates for UNIDO for 1976-1977 amounting to \$48.1 million. That amount represented an increase of \$2.9 million, or 6.5 per cent, over the appropriation approved by the General Assembly at its thirtieth session. The Advisory Committee had been informed that, should the Austrian schilling hold for the rest of the biennium at 17.50 to the dollar -- a relationship which had existed in October 1976 -- an additional amount of \$1.1 million would be required.

70. In paragraph 3 of its report (A/31/8/Add.7), the Advisory Committee indicated that the total cost of UNIDO programmes for the current biennium was estimated by the Secretary-General at \$135.3 million. The Advisory Committee welcomed the improvement in the format of the Secretary-General's report, in which substantive

(Mr. Mselle)

programmes were described in greater detail; however, the quantity and quality of the description and information varied.

71. The Secretary-General's assertion (A/C.5/31/11, para. 17) that the estimates of \$48.1 million had been drawn up following a zero-base approach was somewhat misleading: a zero-base approach implied a justification of the total rather than of the additional resources requested. In fact, the Secretary-General, as he had himself stated (A/C.5/31/11, para. 18) had used the appropriations for the current biennium as a point of departure.

72. Paragraph 10 of the report of the Advisory Committee summarized by programme the revised UNIDO estimates, the most striking feature of which was the large increase requested for the programme of industrial studies, i.e., \$3.1 million or 42 per cent more than had been appropriated for that programme in 1975. The output estimated for the programme, which would rely heavily on outside expertise, namely consultants and ad hoc expert groups, was summarized in paragraph 11 of the Advisory Committee's report.

73. The Advisory Committee had noted in paragraph 13 that concern had been expressed in the Industrial Development Board on the large number of studies proposed; it believed that the Board should review the matter so as to satisfy itself as to the extent the studies were necessary for the implementation of the Lima Declaration and Plan of Action. A summary of the requests for outside expertise, which represented 11 per cent of the total revised estimates for UNIDO for 1976-1977, was to be found in paragraph 15 of the Advisory Committee's report, where it was indicated that the Secretary-General was requesting \$3.3 million in addition to the \$2 million already appropriated in 1975 for that item. The increase consisted of \$3 million for consultants and \$287,000 for ad hoc expert groups. Of the total \$3.3 million, \$2.7 million would be earmarked for the industrial studies programme. In 1975, the General Assembly had appropriated for UNIDO as a whole \$1.56 million and \$519,000 for consultants and ad hoc expert groups respectively. The Advisory Committee had been informed that as of 30 September 1976 obligations and expenditures for consultants and ad hoc expert groups had amounted to \$1.2 million and \$135,337 respectively. After studying detailed information on the studies to be carried out by outside expertise, it had submitted its observations in paragraphs 17 to 19 of its report.

74. He drew attention to the Advisory Committee's observations and recommendations in paragraph 18 concerning the industrial technological information bank and its recommendation in paragraph 20 that an amount of \$3,120,200, or double the amount appropriated in 1975, be authorized for consultants and that the amount of \$519,100 appropriated in 1975 for ad hoc expert groups be maintained.

75. The staffing changes proposed by the Secretary-General were dealt with in paragraphs 22 to 29 of the report of the Advisory Committee. In 1975 the Secretary-General had requested the establishment in UNIDO of three posts at the Assistant Secretary-General level for Deputy Executive Directors; the General Assembly had authorized the establishment of one such post. In his current report the Secretary-General had resubmitted the two posts which had not been authorized. At the time

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(Mr. Mselle)

of its consideration of the revised estimates the Advisory Committee had been informed that the one post authorized in 1975 had not yet been filled. It had discussed the matter with the Executive Director but had been given no additional information to justify a change in the recommendations approved by the Assembly in 1975. The rest of the Committee's recommendations on the Secretary-General's requests for additional posts were to be found in paragraphs 25 to 29 of its report.

76. Lastly, the Advisory Committee was recommending that the provision of \$245,700 to cover inflation costs in respect of rental and communications charges should be deleted from the estimates (A/31/8/Add.7, para. 7). It was of the opinion that the rates of inflation authorized by the General Assembly at its thirtieth session should not be revised piece-meal on the basis of selected items. The proper time to review inflation costs was in the context of the Secretary-General's performance report, which would be submitted to the Assembly at its thirty-second session.

77. A summary of the Advisory Committee's conclusions was to be found in paragraph 32 of its report.

78. Mr. KRUMIN (Union of Soviet Socialist Republics) said that in the period under review, UNIDO had made a generally positive contribution to the economic and social progress of the developing countries. Although it was claimed that the revised estimates for UNIDO had been calculated on the zero-base procedure, the Secretary-General's report (A/C.5/31/11) did not provide any justification for the additional resources requested. The programme budget for 1976-1977, which did not claim to use the zero-base procedure, nevertheless contained more factual information in justification of the various expenditures. The lack of information in the Secretary-General's report meant that delegations could not evaluate the need for expenditure or for additional appropriations.

79. In spite of the General Assembly's instruction that fewer resources should be devoted to the hire of outside experts and consultants, the additional means requested by the report were to be used, on the whole, to employ such experts and consultants. The General Assembly had also decided that experts and consultants should only be used for tasks which could not be carried out by existing staff members because of lack of expertise. However, in UNIDO, experts and consultants were being used to carry out tasks which were the responsibility of regular UNIDO staff members, tasks such as the preparation of UNIDO publications, the organization of meetings and the preparation of information. The request of the General Assembly was therefore being ignored. In that connexion, he agreed with the conclusion reached by ACABQ in paragraph 19 of its report (A/31/8/Add.7). However, unlike ACABQ, he thought that no additional resources at all should be allocated to the payment of experts and consultants. He agreed with many of the recommendations of ACABQ, particularly concerning the need to make significant cuts in the resources requested by the Secretary-General. ACABQ should have recommended even greater reductions in the revised estimates. His delegation could not support those revised estimates, firstly because they could not be justified and secondly, because his delegation was, in principle, against approving additional appropriations

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(Mr. Krumin, USSR)

during a budget period. All new activities undertaken in the course of a budget period should be financed by redistributing existing resources.

80. Mr. AKASHI (Japan) said that his delegation endorsed all the recommendations of the Advisory Committee concerning the revised estimates for UNIDO and agreed with it that the budget proposals had not been prepared using a zero-base approach. Moreover, it endorsed the Advisory Committee's comments in paragraph 7 of its report regarding the methodology for estimating inflation costs.

81. His delegation shared the concern expressed in the Industrial Development Board, as well as by the Advisory Committee, over the large number of studies proposed and wondered whether they were really essential to the implementation of the Lima Declaration and Plan of Action. It noted with some alarm the request made by the Secretary-General for outside expertise. Having examined the report of the Industrial Development Board on its resumed tenth session held in September 1976 at Vienna, it had found that consultancy funds were sometimes requested for work which should be performed by staff members; he was referring in particular to studies on such subjects as the improvement of UNIDO's public relations and external relations system, the preparation of a report on the status of implementation of the Lima Declaration, the preparation of the monthly UNIDO Newsletter, and proposed studies of catering facilities for the Donaupark complex and the financial situation of UNIDO.

82. His delegation believed that the Industrial Development Board should have an opportunity to examine the feasibility study on the industrial technological information bank before the Secretary-General began the pilot operation and that the project should be subjected to the review procedures recommended by the Advisory Committee in document A/31/255 and endorsed by the Fifth Committee.

83. His delegation was prepared to accept all the reductions recommended by the Advisory Committee under section 12 in the belief that they would not have an adverse impact on the effectiveness of UNIDO, especially in the light of the current rather high vacancy rate in that organization.

84. Mr. BOUAYAD-AGHA (Algeria), supported by Mr. ABRASZEWSKI (Poland), suggested that the list of studies referred to by the representative of Japan and the names of the consultants who would undertake them should be circulated in a conference room paper.

85. Mr. OUEDRAOGO (Upper Volta), endorsing the suggestion just made, requested the Secretariat to issue the document by the end of November and to indicate in it the total number of consultants recruited by UNIDO, the number of man-months and costs involved, the nationality of the consultants, and whether or not they were former staff members of the United Nations.

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AGENDA ITEM 97: JOINT INSPECTION UNIT (continued)

(b) QUESTION OF THE CONTINUATION OF THE JOINT INSPECTION UNIT (A/31/3 (chap. III, sect. H and chap. VII, sect. C), A/31/75/Add.1 and Corr.1, A/31/89 and Add.1, A/31/325; A/C.5/31/21) (continued)

86. The CHAIRMAN suggested that Mr. Majoli of the Italian delegation, who had been Chairman of the Committee of 14, should assume the delicate task of co-ordinating consultations with a view to formulating a common position on item 97 (b).

87. It was so decided.

88. Mr. MAJOLI (Italy) thanked members of the Committee for the confidence shown in him and said that he would act in perfect neutrality in attempting to reconcile the many different viewpoints expounded. He urged any delegations which wanted to take part in the consultations to so signify to himself or the Secretary of the Committee.

89. Mr. OSSEI (Ghana) said that for an organization as large as the United Nations the importance of JIU could not be overemphasized, especially since the introduction of programme budgeting. One of the essential components of administrative management was feedback; and the effectiveness of feedback depended on the independence of the individual or body concerned. Notwithstanding the differences of opinion between JIU and ACABQ, his delegation was of the opinion that the draft statutes for JIU submitted by the two bodies were in agreement on that all-important point.

90. Having found no evidence for believing that the Advisory Committee might be suffering from institutional jealousy, his delegation agreed with most of the proposals that had been made by that body. It supported in particular the provision in article 4 of the ACABQ draft (A/31/325, annex) that the Inspectors should serve for a term of four years and might be appointed for one further term only. Article 2 of the ACABQ draft was also in order. His delegation did not consider that the provisions of article 2, paragraph 1, were an attempt to undermine the sovereignty of Member States; rather they served as a guide to Member States when they came to propose their nationals for appointment as Inspectors. However, his delegation was of the opinion that the number of the Inspectors should be increased from 8 to 11, with all 3 extra posts going to the African, Asian and Latin American groups of countries so as to correct the present imbalance and to strengthen the Unit in preparation for its new task of evaluation.

91. The proposal of ACC that JIU should include in its programme of work the timing of proposed visits to headquarters of regional offices was one that his delegation could not support; it was a calculated attempt to undermine the independence of the Unit and the usefulness of its reports. His delegation also had considerable difficulty with article 4, paragraph 2, of the ACABQ draft, and a similar provision in the JIU draft, concerning the replacement of an Inspector who was unable to serve his full term. It considered that, in order to ensure that the person concerned would serve as an Inspector long enough to be of benefit to the Unit, such replacement should take place only when the vacancy occurred during the first term of an Inspector and on the understanding that the person

(Mr. Ossei, Ghana)

would be reappointed. An Inspector who was unable to serve out his second term should be replaced by a fellow national who should have the prospect of eight years of service.

92. His delegation intended to make known its position on a number of other points concerning the draft statutes before the Committee at an appropriate time later in the session.

93. In conclusion he paid a tribute to the excellent work of the Inspectors and expressed the hope that the confidence placed in them would continue to be justified.

The meeting rose at 6.10 p.m.