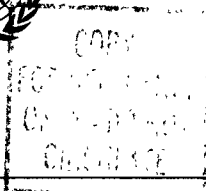


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FIFTH COMMITTEE
37th meeting
held on
Tuesday, 15 November 1983
at 10.30 a.m.
New York

SUMMARY RECORD OF THE 37th MEETING

Chairman: Mr. KUYAMA (Japan)

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

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The meeting was called to order at 10.50 a.m.

AGENDA ITEMS 109 AND 110: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1984-1985 AND PROGRAMME PLANNING (continued) (A/38/3 (Part II) and Corr.1, A/38/6, A/38/38, A/C.5/38/CRP.2 (Parts I and II))

First reading (continued)

Income section 3. Revenue-producing activities

1. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) drew attention to the first sentence of paragraph IS3.14 in the English version of the Advisory Committee's report, where the word "garage" had been inadvertently omitted after the words "United Nations".

2. The Secretary-General estimated that income from various revenue-producing activities would be \$20,648,200 for the forthcoming biennium. The Advisory Committee had accepted all the Secretary-General's administrative proposals relating to revenue-producing activities but had slightly modified his proposals relating to the operation of the garage at Headquarters. The question of garage operations for New York, Geneva and Vienna was dealt with in paragraphs IS3.12 to IS3.15 of the Advisory Committee's report. The Advisory Committee had gone into that question in some detail and noted that the Secretary-General had put new parking rates into effect for both staff and delegations. The Advisory Committee was of the view that the matter should be considered further, particularly with regard to the fees charged to delegations. The Advisory Committee's position was summarized in paragraph IS3.14, in which it stated that the garage should be regarded primarily as a service operation for both staff and delegations and that the revenue-producing aspect of the garage operations should be secondary. It was his personal belief that parking in the garage for delegations was not a luxury; it was sometimes a necessity. Even if it were cheaper to park in commercial garages, there were some circumstances in which delegations had to park in the United Nations garage. The Administration should prepare a special report on the garage operations for submission to the Advisory Committee at its spring session in 1984. The Advisory Committee would examine the report and, if necessary, make additional recommendations for the consideration of the Fifth Committee. The Advisory Committee was, of course, aware of the various problems involved. It would be best when dealing with problems affecting delegations to consult them in the context of the Fifth Committee and the Advisory Committee. The Advisory Committee was recommending revised parking fees as indicated in paragraphs IS3.15 of its report, and, as a consequence of that recommendation, an increase of \$128,500 in the Secretary-General's estimate for income section 3.

3. Mr. HOUNGAVOU (Benin) noted with satisfaction the Advisory Committee's view, stated in paragraph IS3.14 of its report, that the operation of the garage should be considered primarily a service for staff and delegations. The question of parking at Headquarters was a very sensitive one, especially for delegations. Money was not the only consideration: delegations had their security to consider as well, and it was not always practical to park in commercial garages. In 1978,

(Mr. Houngavou, Benin)

his delegation had proposed that each delegation should be allocated a given number of parking spaces in the garage, and it wished to reiterate that proposal. It also favoured the elimination of all parking fees for both staff and delegations. In his country, civil servants were entitled to a parking space at their place of employment free of charge. The United Nations should provide a similar benefit. The revenue derived from the garage operation was not so significant as to affect the financial situation of the Organization. The Permanent Mission of Benin, whose means were modest, had difficulty paying the parking fees charged by the garage since there was no provision in its budget for that item. His delegation was, nevertheless, prepared to accept the Advisory Committee's recommendations with regard to income section 3 on a provisional basis, in the hope that the Fifth Committee would carry out a comprehensive review of garage operations.

4. Mr. KELLER (United States of America) said that many of the services referred to in income section 3 were not revenue-producing activities in the strictest sense. The garage operations, the catering services, the gift shops and services to visitors were technically operated on a break-even basis; the profits were retained by the Organization and losses were absorbed by Member States in the form of higher net assessments.

5. With regard to garage operations, his delegation supported the Advisory Committee's recommendations for revised rates in New York. The report on garage operations which the Secretary-General would be submitting in 1984 would apparently focus on New York, but it would be useful to include reference to Geneva and Vienna as well. He noted that very little income was expected from garage operations in those two cities. If the operating expenses referred to in paragraph IS3.56 of the proposed programme budget had not been charged to section 28M, the garage in Vienna would operate at a loss. In that connection, he pointed out that the monthly rate at Vienna was only 70 schillings, or less than \$4, while rates in Geneva were also artificially low. Since the rates would be raised in New York, an increase in parking fees at Geneva and Vienna was also desirable.

6. According to table IS3.18, the catering services at Headquarters were expected to break even in the forthcoming biennium. However, the financial statements showed a negative trend: the catering services had operated at a loss of \$793,215 in 1980-1981 and \$765,066 in 1982 alone. Such losses represented subsidies from Member States. The loss in 1982 had been equivalent to the sum of the assessed contributions of 15 Member States. The United Nations had entered into a contract with a new management firm and prices had been increased. However, significant and unexplained cost increases were shown in table IS3.19. For example, the proposed management fee was five times the current rate. He asked what the reasons were for such increases, whether the United Nations audited the catering operations, whether the caterer had other sources of income apart from the management fee and what the projected losses of the catering services were for 1983.

7. With regard to services to visitors, he said that the guided tour operation had been plagued by large deficits in recent years, totalling \$2.4 million from

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(Mr. Keller, United States)

1978 to 1982. While small deficits would be tolerable, it seemed that little effort was being made to correct the situation. Some adjustments in staffing were obviously needed. According to the evaluation report submitted to CPC, DPI was contemplating measures to attract new visitors, but he wished to know what steps were being taken to control costs. The permanent establishment of the Visitors Section could be cut back and the tour schedule revised so as to reduce the need for temporary guides and dispatchers. Perhaps consideration should be given to transferring the management of services to visitors to a different Secretariat unit.

8. Mr. BOURBONNIERE (Office of General Services) assured the representative of Benin that his comments and suggestions would be taken into account in the report on garage operations which the Secretary-General was expected to submit to the Advisory Committee in the spring of 1984. He also wished to reassure the United States representative that the report would cover Geneva and Vienna too.

9. The management fee for the catering services at Headquarters had been set on the basis of competitive bidding, and the best bid received had been accepted. All transactions of the catering services were audited by the United Nations without exception. The catering services had no other source of income than the management fee. The projected losses were not reflected in the proposed programme budget because the Secretariat was still hopeful that the catering services would be able to break even. However, it was projected that the loss for 1982-1983 would be \$1.3 million. Prices had been increased overall by approximately 15 per cent following consultations with the staff but the increased prices had been put into effect only in August. The price increases were interim, and the matter was still under review. The Secretariat expected that the situation would improve further in the near future.

10. Mr. FORAN (Controller), replying to the questions asked on services to visitors, said that there were no immediate plans to reduce the staff of the Visitors Section. The Secretariat had to take into account more than just the number of visitors; other relevant considerations were the frequency of tours and the languages in which tours had to be offered. The Secretariat was hopeful that the number of visitors could be increased and that tours could continue to be offered as frequently as at present. Tours were not scheduled at set times, and there was a limit to how long visitors could be kept waiting. If the trend of recent years continued, the Secretariat might have to consider staff reductions.

11. The estimate of \$20,776,700 recommended by the Advisory Committee under income section 3 for the biennium 1984-1985 was approved in first reading without a vote.

Section 9. Transnational corporations

12. The CHAIRMAN reminded members that the Committee had decided not to take up section 9 until the report on the use of experts and consultants by the Centre on Transnational Corporations requested in General Assembly resolution 36/235 had been submitted. The report had now been circulated to the Committee in the form of a conference room paper (A/C.5/38/CRP.2), the two parts of which dealt with the use

(The Chairman)

of experts and consultants financed from the regular budget and extrabudgetary resources respectively.

13. Mr. TOMMO MONTHE (United Republic of Cameroon) said that the question of the use of consultants arose in connection with many more sections of the budget than just section 9. He urged members, when considering the list of consultants provided in the conference room paper, to bear in mind the observations and recommendations of CPC in paragraphs 378 and 379 of part II of its report (A/38/38).

14. The Secretary-General's request for the establishment of a P-4 post under section 9 seemed reasonable, and he proposed that it be approved by the Fifth Committee.

15. The CHAIRMAN said that he had inadvertently failed to draw the Committee's attention to the account of CPC's discussion of section 9 in paragraphs 164 to 185 of part II of its report (A/38/38).

16. Mr. HOUNGAVOU (Benin) said he hoped that members would, when considering the information provided in the conference room paper, bear in mind the comments concerning the use of experts and consultants which his delegation had made at an earlier meeting when the Committee had discussed the reports of the Board of Auditors. His delegation was in contact with other delegations interested in improving the use of experts and consultants in the United Nations. That objective might be advanced by laying down specific guidelines for the recruitment of consultants and the increased use of consultants from developing countries.

17. Mr. EL-SAFIY (Egypt) endorsed the comments made by the representative of the United Republic of Cameroon.

18. Analysis of the information given in part I of document A/C.5/38/CRP.2 revealed that of the 140 experts and consultants employed by the Centre with resources from the regular budget, 43 (30 per cent of the total) came from a single country, had together accounted for 38 per cent of all the days worked, and had received 36.4 per cent of the entire sum paid to experts and consultants by the Centre. Another country had supplied 13 of the experts, another 8, another 7, and yet another country 6. In fact, seven Member States had supplied the Centre with 61 per cent of its experts, while the whole of Africa had supplied only eight experts from six countries and the 22 Arab nations had not been represented by a single expert. Even the socialist countries had provided only five experts, and two of them were working outside their home countries. Then again, over 20 per cent of all the experts and consultants employed by the Centre were graduates of just two universities. However high the standards might be at those two universities, and however effective the experts they turned out, his delegation could not agree to such a cultural monopoly over work on the subject of transnational corporations.

19. Many of the consultants employed were described simply as "experts on transnational corporations". In many cases, the reason given for hiring them was

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(Mr. El-Safty, Egypt)

just "to obtain expert advice". Was the intention to provoke Member States? Then, there were the entries indicating that one expert had been paid \$1,000 for two and a half days' work, another over \$11,000 for less than a month's work, a third \$1,300 for 13 days and a fourth \$1,852 for four days. It seemed very strange. The Centre had employed experts to edit its magazine: had there really been nobody available in DPI who could have done the job? One consultant had been paid almost \$11,000 for 32 days of effort "to facilitate the communications between trade unions and the Centre". Surely the Secretariat could not be serious. Part I of document A/C.5/38/CRP.2 also showed that over the first 21 months of the biennium 1982-1983 the Centre had spent only \$810,000 out of a total appropriation of \$1,221,400 for the hiring of experts and consultants, or 65 per cent of the allotted funds in 85 per cent of the time available. Yet the current budget proposals contained a request for \$1,365,000 for the same purpose. That could certainly not be termed serious. From the figures supplied in paragraph 9.8 of the proposed programme budget, it was apparent that the Secretariat generally costed the services of experts and consultants at \$4,000 per month - except in one case, where the figure used was \$4,082 per month.

20. He was glad that the matter of the experts and consultants hired by the Centre on Transnational Corporations had finally been raised, since it was high time that the General Assembly expressed an opinion on the subject.

21. Mr. GARRIDO (Philippines) drew attention to part I, paragraph 3, of the paper (A/C.5/38/CRP.2), in particular, the statement concerning the internal expertise of the Centre's relatively small staff. He wished to know exactly what that internal expertise comprised.

22. Mrs. de HEDERVARY (Belgium) said that her delegation had repeatedly drawn attention to the dearth of women employed as experts and consultants by the Centre. Part I of the conference room paper (A/C.5/38/CRP.2) did list the first names of the consultants employed, but she wondered how many women had been hired for any jobs other than editing. Part II of the paper gave only the initials of the consultants: she asked how many were women.

23. Mr. KAZEMBE (Zambia) said that the Centre must be aware that any report had a cultural bias, and for that reason it ought to seek to distribute consultant appointments across as broad a cross-section of the international community as possible. The balance between the Centre's small number of full-time Professionals, the experts on retainer and the core of high-level experts engaged on an ad hoc basis should be kept under continuous review. Efforts should be made in future to recruit experts from as many different countries as possible. Some developing countries might lack experts in certain areas, but none was totally bereft of the kind of expertise required by the Centre. According to the conference room paper, two South African nationals had been hired by the Centre; the Committee should be told under what circumstances they had been recruited and at what universities they had studied.

24. Mr. NKOUNKOU (Congo) asked how experts and consultants were hired.

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25. Mr. KELLER (United States of America) said that his delegation was prepared to accept the Advisory Committee's recommendations on section 9. If the Fifth Committee should decide to disregard the arguments put forward by ACABQ in paragraph 9.7 of document A/38/7, it should make a corresponding reduction in the amount allocated for hiring experts and consultants (\$52,000 at revised 1983 rates for 13 work-months).

26. Mr. DITZ (Austria), drawing attention to paragraph 9.4 of the proposed programme budget, asked whether the report referred to under programme element 1.2 was the first report on corrupt practices and if not, what had happened to previous reports. Had the Commission on Transnational Corporations taken any action on the basis of them? What criterion had been used to assign lowest priority to that particular programme element? And what did the Secretariat understand by the term "advisory projects" as used in its description of programme element 4.5? In that same context, how many training workshops were planned, and where would they be held?

27. Mr. TAKASU (Japan) said that, if the large amounts spent on experts and consultants could be justified, his delegation was prepared to accept them, since it was aware how complex and technical the work done at the Centre was. Comparison of paragraph 9.8 of the proposed programme budget with the figures in document A/C.5/38/CRP.2 showed, however, that the Centre was not abiding strictly by the breakdown of requirements by programme element, but was prepared to spend more than the amounts indicated if the programme element required it. In that connection, he wondered how much the Centre disbursed quarterly on experts and consultants and how much of its appropriations for the biennium 1982-1983 it had spent up to the end of September 1983. Savings ought to be possible if a curb was put on the excessive use of consultants and the duration of contracts was restricted.

28. The request for experts and consultants showed a small, commendable decline in real terms but was offset by a request for a new post. In paragraph 9.7 of its report, the Advisory Committee argued convincingly against establishing that post. If the proposal of the Cameroonian representative was adopted, the Committee should make a consequential reduction in the appropriation for consultants. As some of the functions were already being performed by a P-5 official, the additional P-4 post, if approved, should be regarded as temporary.

29. Mr. EL-SAFTY (Egypt) said that the Intergovernmental Working Group, of which he was Vice-Chairman, had often called for reports and studies to be prepared for it, only to be told that, despite the sums approved for experts and consultants, no staff or funds were available to meet its requests. He believed, therefore, that the P-4 post requested by the Secretary-General should be granted. But he urged the Committee to consider the estimates for the hiring of experts and consultants on their own merits and not to link them in any way to its decision on the P-4 post. The two issues were quite separate.

30. Mr. BANGURA (Sierra Leone) said that the Centre was using an excessive number of experts, and there were gross inequities in current methods of selecting

(Mr. Bangura, Sierra Leone)

consultants and determining their remuneration. The need to hire more experts and consultants from developing countries and to observe the principle of equitable geographical distribution had often been emphasized.

31. His delegation supported the Secretary-General's proposal in paragraph 9.5 of the proposed programme budget for two P-4 posts, one for advisory and training services at the Centre and the other to service the Intergovernmental Working Group. It was to be hoped that the new posts would release resources to bolster the Centre's activities in other areas.

32. Mr. KAMAL (Pakistan) endorsed the proposal by the representative of the United Republic of Cameroon. The imbalance in the recruitment of experts by the Centre on Transnational Corporations had to be corrected.

33. Mr. MASARWEH (Jordan) asked what criterion was applied in deciding who would conduct research for the Centre. The paper before the Committee revealed a number of cases in which the qualifications of experts seemed unsuited to the work for which they were hired.

34. Mr. TRUSCOTT (Australia) said that while his delegation agreed that account should be taken of geographical distribution, the most important consideration was to secure the best person available and thus the best value for money.

35. Mr. HERRIDGE (United Kingdom) said that many of the outputs in section 9 of the proposed programme budget related to continuing activities. For example, it was stated in paragraph 9.4 that programme element 2.10 was concerned with analysis of information on individual transnational corporations. His delegation wished to receive details of those corporations and an explanation of how they had been chosen.

36. Mr. OUEDRAOGO (Upper Volta) inquired what criteria were used to establish remuneration for consultants and how it was possible that a consultant from a developing country had received \$22,500 for six months' work whereas a consultant from the United States of America had received some \$69,000 for a slightly shorter period.

37. Mr. YONIS (Iraq) said that the geographical distribution of consultants was unfair, the criteria used in hiring and in determining remuneration were not clear and the work performed by consultants was not always appropriate.

38. Mr. EL-SAFY (Egypt) said it appeared from document A/C.5/38/CRP.2 that consultants were not in fact paid an average of \$4,000 a month. What were the criteria which had determined the inclusion of that amount as the standard consultant's fee in the programme budget?

39. Mr. EMENYI (Nigeria) said that he wished to endorse the remarks made by his African brothers. There were few consultants from Africa, and the surveys carried out by the Centre on Transnational Corporations had ignored Africa south of the Sahara, except for Namibia.

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40. Mr. HANSEN (Assistant Secretary-General for Programme Planning and Co-ordination) said that the distribution of resources between permanent staff and consultants had not changed very much since the Centre's establishment. Relatively extensive use was made of technical experts on a short-term basis because of the nature of the Centre's work, which often involved the preparation of technical reports. For example, it had been necessary to hire consultants for the studies carried out on the telecommunications industry, under programme element 2.12, because the Centre would not be justified in employing permanent staff with the requisite degree of specialization in that field. Although the cost of consultants for the biennium 1984-1985 showed a slight increase, it was more than offset by a reduction in overtime costs for the biennium.

41. Referring to the P-4 post proposed in connection with the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, he said that when the Economic and Social Council had adopted the resolution establishing that body it had not been in a position to predict the Working Group's workload or the resources which would be required to service it. The cost of providing the P-4 post for the Working Group had been offset by savings elsewhere.

42. Replying to the questions of the Belgian representative, he said that 17 per cent of the consultants financed from the regular budget had been women and there had been no women among the consultants financed from extrabudgetary funds. In response to the questions on the geographical distribution of experts, he stated that nationals of developed countries had accounted for 57 per cent of the consultants used, nationals of developing countries for 39 per cent and nationals of the socialist countries for 4 per cent.

43. Mr. FORAN (Controller) said that \$1,221,400 had been appropriated for consultant services under section 9 in the biennium 1982-1983. Of that amount, \$49,100, or approximately one month's appropriation, had been uncommitted at 31 October 1983.

44. The conditions governing the employment of consultants were contained in document ST/AI/232. Remuneration of a consultant could be established on a time-linked or a lump-sum basis, while remuneration of a contractor was established on a piecework basis. No requesting office was authorized to make any financial commitment to a proposed consultant or contractor. Determination of the amount of remuneration lay with the Office of Personnel Services or the Office of General Services. The primary factor in establishing remuneration was the nature of the task to be performed, account being taken of the degree of specialization required. The remuneration to be paid should be the minimum amount necessary to secure the services of a consultant, due consideration being given to the current market rate.

45. There was no uniform amount for consultant services under different sections of the budget. It varied from office to office depending on a number of factors. For example, it might be necessary to pay travel and per diem expenses. The average cost of the consultants referred to in part I of document A/C.5/38/CRP.2 was \$3,380 per month, which was fairly close to the standard figure of \$4,000.

46. Mr. MASARWEH (Jordan) said that the replies given by the Controller were not adequate. In some instances the Centre had employed consultants who were without the requisite qualifications. He would appreciate some explanations in that regard.
47. The CHAIRMAN said that the Secretariat would provide additional answers to the questions raised in due course.
48. Mr. OUEDRAOGO (Upper Volta) said that the Secretariat was misleading the Committee. How did it reconcile the "standard figure" with the information in document A/C.5/38/CRP.2 that consultants had been paid varying amounts for the same number of days' work. His delegation insisted on knowing what criteria were used.
49. The CHAIRMAN said that delegations should bear in mind that the Secretariat required a certain amount of time to prepare comprehensive responses to the points raised by delegations.
50. Mr. EL-SAFETY (Egypt) said that the figures provided orally by the Controller seemed to indicate that between 30 September and 31 October 1983, the Centre on Transnational Corporations had committed some \$365,000 for consultants, which was approximately seven times the average monthly amount of \$50,000. In addition, the discrepancy between the actual monthly cost of experts during the current biennium (\$3,380) and the monthly amount provided for in the proposed programme budget (\$4,000) should be clarified.
51. Mr. EMENYI (Nigeria) said that certain African delegations had raised two points, namely that little use had been made of experts from Africa and the fact that the Centre's surveys had largely ignored Africa south of the Sahara. No satisfactory response had been given to either point.
52. Mr. TOMMO MONTHE (United Republic of Cameroon) said that there seemed little point in continuing the debate on the matter. CPC had recommended that attention should be paid to the periods for which consultants were employed and that their use should be restricted. In its general recommendation (A/38/38, Part II, para. 378), it had noted that there appeared to be no standards for consultants' remuneration. The recommendations of CPC should be endorsed and the situation corrected in the future, since it seemed unlikely that the Secretariat could provide satisfactory answers forthwith.
53. Mr. HOUNGAVOU (Benin) said that the Committee should suspend action until clear answers had been provided to the questions which delegations had raised.
54. The CHAIRMAN said that comprehensive answers would be provided at the next meeting.
55. Mr. HANSEN (Assistant Secretary-General for Programme Planning and Co-ordination) said that the points raised had been complex, in view of which it was necessary to consult the staff of the Centre before providing detailed responses.

The meeting rose at 1.05 p.m.