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New York

SUMMARY RECORD OF THE 38th MEETING

Chairman: Mr. DANKWA (Ghana)

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

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The meeting was called to order at 3.20 p.m.

AGENDA ITEM 131: UNITED NATIONS COMMON SYSTEM (continued) (A/44/30; A/C.5/44/14, A/C.5/44/16, A/C.5/44/18 and A/C.5/44/20)

AGENDA ITEM 132: UNITED NATIONS PENSION SYSTEM (continued) (A/44/9 and A/44/682; A/C.5/44/6 and A/C.5/44/18)

1. Mr. BOUR (France), speaking on behalf of the States members of the European Community, expressed, first of all, the gratitude of the Twelve to the Chairman and to all the members of ICSC as well as to all those who had participated in the comprehensive review of conditions of service. He also took note with satisfaction of the improvements introduced in the functioning of ICSC and of the fact that the Commission had recently had the participation of staff representatives.
2. With regard to the report of ICSC (A/44/30) and to pensionable remuneration, his delegation observed that less than three years from its approval by the General Assembly, the adjustment method was already obsolete, which made it necessary to revise the system in order to replace it by another that was simple, stable and durable. In the meanwhile, his delegation accepted the formula proposed by ICSC in paragraph 42 of its report. It was necessary to take into account that the amount of pensionable remuneration, which influenced the actuarial balance of the Fund, depended at the same time on the method of adjustment and the structure and level of salaries, questions that were interlinked and should be examined simultaneously.
3. With regard to the evolution of the margin between the net remuneration of the United States federal civil service and that of the United Nations system, his delegation observed that, in the opinion of ICSC, class 10 post adjustment should be granted for New York with effect from May 1989, the date on which adjustment was made to the norm adopted by General Assembly resolution 43/226. Since there existed different methods of calculating the margin, it would be appropriate in future to apply a simple, coherent and durable method.
4. With regard to the comprehensive review, the Chairman of ICSC had himself pointed out that an important aspect relating to the structure of remuneration still had to be defined, so that the application of a large part of the measures proposed in the report A/44/30 might depend to a considerable extent on what was decided on that question. It would be appropriate for the Secretariat to indicate the relations existing between the different measures.
5. The Working Group established by ICSC had examined in detail that aspect of the comprehensive review and had recommended the separation of the housing component from the other elements of global remuneration. The modification of the structure would have repercussions on the other factors and would raise a large number of questions, among them those pointed out by ICSC in paragraph 196 of its report. It was necessary to evaluate all the relevant consequences, including the financial ones. In that regard, it would be appropriate for the Secretariat to make known the available information in relation with alternatives B and G of annex III of volume II of the ICSC report.

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(Mr. Bour, France)

6. One of the first proposals, which would undoubtedly give rise to considerable debate in the Fifth Committee was that of a general salary increase of 5 per cent. His delegation would like the Secretariat to clarify the consequences that such an increase would have over different periods of 1990 and the relation between the proposed increase level and the different increases decided on or envisaged for 1990 in application of the mechanisms in force, in particular, the granting of class 11 or a higher class for New York and the consequences of the 3.6 per cent salary increase for United States civil servants.

7. With regard to the recommendation on the general level of remuneration and that relating to the establishment of a minimum base salary at a level equivalent to the current base salary plus 12 points by incorporation of a part of the post adjustment, his delegation wondered what reasons had justified the choice of such a procedure, since the General Assembly, in resolution 43/226, had only requested that the Commission should study the elimination of negative post adjustment. He requested the Secretariat to supply detailed information so as to facilitate a judgement of the relative advantages of the two possibilities.

8. With regard to comparison with the comparator civil service and calculation of the margin, the Commission reaffirmed the validity of the Noblemaire principle and the concept of a margin that should be applied for all staff. In order to be able to make a detailed study of the question of the margin, it would be necessary to have more information about the method envisaged by ICSC, particularly with regard to the fixing of the margin within the appropriate limits proposed. In order to adopt a decision on the practical modalities of that calculation, the General Assembly would have to take into account other elements of the remuneration system, including the way in which housing was regarded.

9. His delegation had taken note of the Commission's recommendations designed to simplify and clarify the post adjustment mechanism. It would be interesting to know the effects of the decision to apply the out-of-area expenditures index in New York and the proposal to extend the elimination of negative post adjustment to all posts. His delegation was prepared to give careful consideration to the proposals aimed at promoting mobility and improving conditions of service in difficult duty stations, as well as ways to increase staff productivity and motivation.

10. In order to facilitate the Committee's work, it would be appropriate for it to have models to evaluate the consequences of the proposed measures for net remuneration, whether the measures were adopted separately or as a whole, on the basis of a representative sample of the different categories and duty stations.

11. The Twelve were prepared to participate, within the framework of informal consultations in the Committee, in the search for general agreement on the basis of the proposals submitted by the International Civil Service Commission with a view to establishing a new and simpler mechanism that would be easier for the organizations to administer and fairer and more equitable for staff within the common system.

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12. Mr. MENON (India) said that, in response to General Assembly resolutions 42/221 and 43/226, ICSC had made a comprehensive review of the conditions of service of staff in the Professional and higher categories (A/44/30); nevertheless, owing to lack of time, the Commission had not been able to finalize its review of some elements of the base salary, particularly the housing component.
13. Taking into account the difficulties in recruiting and retaining staff and the loss of purchasing power of the base salaries of the system and those at other duty stations, his delegation supported the 5 per cent across-the-board increase in salaries for the Professional and higher categories of staff with effect from 1990, as recommended by the Commission.
14. With regard to the question of minimum base salaries, his delegation considered reasonable the recommendation made by ICSC in paragraph 118 of its report (A/44/30, vol. II) to establish minimum salaries approximately equal to current net base salaries plus 17 points of post adjustment.
15. With regard to the question of the net remuneration margin, his delegation considered that it was not technically justifiable to apply the expatriation element of the margin to non-expatriate staff and considered that that matter should be further examined in the informal consultations.
16. His delegation considered reasonable the recommendations of ICSC that the calendar year should be used as the margin reference period and that comparisons should be based on the average salaries for each category in both administrations. On the other hand, the Commission's recommendation of a floating margin between 110 and 120 ran counter to the provisions of General Assembly resolution 40/244, which had approved a range of 110 to 120 with the desirable mid-point of 115, on the understanding that the margin would be maintained around the mid-point over a period of time.
17. His delegation took note of the fact that the Commission had made a number of useful recommendations aimed at simplifying the post adjustment system, and it hoped that, with the introduction of those measures, further rationalization and stability of that system would be achieved.
18. His delegation noted that ICSC had proposed a merger of the hardship and mobility allowances to provide adequate incentives to staff to move from Headquarters to a field duty station, or from one duty station to another. In that connection, his delegation requested the ICSC secretariat to provide to the Fifth Committee a classification of all duty stations in category H and in categories A to E, before the informal consultations on the item began. With respect to the proposed matrix, his delegation considered that the entitlements proposed for various duty stations, particularly those in categories A to C, appeared somewhat excessive. In addition, even if the General Assembly were to accept the matrix, it was not certain that the real problems in staff recruitment at hardship duty stations would be resolved. It was not enough to compare the existing entitlements of the United Nations system with those of the comparator; the Commission should in addition examine in detail the actual difficulties faced by the United Nations and other member organizations in recruiting suitable staff at specific duty stations.

(Mr. Menon, India)

19. India accepted the recommendations in paragraph 356 of the Commission's report (A/44/30, vol. II) regarding motivation and productivity, although it believed that a better performance evaluation system should precede the introduction of any substantive changes in that area. Unless motivation benefits were based on relatively objective criteria, they could adversely affect the morale of the large majority of staff members.

20. His delegation took the view that the recommendation concerning pensionable remuneration in paragraph 42 of volume I of the Commission's report, which was also included in subparagraphs (c) and (d) of paragraph 93 of the Pension Board's report (A/44/9), was logical; because of recent changes in United States tax laws, cost-of-living increases would not mean a higher tax bracket.

21. As to the United Nations/United States pensionable remuneration ratio, his delegation had taken note of paragraphs 36 and 37 of volume I of the Commission's report, and believed that both the Commission and the Pension Board should examine, in the course of the comprehensive review of pensionable remuneration in 1990, how to keep the pensionable remuneration ratio within reasonable limits, taking into account the Noblemaire principle and the concept of income replacement.

22. India believed that the practice adopted by certain Member States of making supplementary payments to staff members who were their nationals was contrary to the provisions of Article 100, paragraph 2, of the Charter of the United Nations, and would adversely affect the independence of the international civil service. It also believed that the General Assembly should request the Member States to stop giving such benefits, and that the Secretary-General and the Executive Heads of the other United Nations organizations might take measures to dissuade staff from accepting such payments, with a view to respecting Article 100, paragraph 1, of the Charter.

23. While his delegation had noticed some improvements in the Commission's report, it believed that there was further scope for simplifying it, clarifying technically complex recommendations and shortening certain parts, particularly those dealing with the views of the organizations and staff representatives, and discussions in the Commission. The report could include some explanation of the current methodology relating to the post-adjustment system, and tables giving additional details concerning the Commission's recommendations.

24. India strongly supported the Pension Board's recommendations to reduce the actuarial imbalance of the Pension Fund (A/44/9, para. 62), which represented a compromise between different positions voiced by the various groups.

25. His delegation took note of paragraph 107 of the Pension Board's report, and supported the views expressed in paragraph 109. However, it urged the Board to consider the concern voiced by the Conference of the International Telecommunication Union when it undertook the comprehensive review of pensionable remuneration in 1990, with a view to providing similar benefits to the staff members of all the United Nations organizations at the various duty stations.

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(Mr. Menon, India)

26. His delegation supported the budget estimates of the secretariat of the Pension Board for the biennium 1990-1991, as well as the improvements proposed by the secretariat relating to data processing, organizational structure and operations, communications and other administrative arrangements.

27. India congratulated the investment team which advised the Pension Fund; despite the volatility of the financial markets and the rise in the value of the United States dollar, the returns on the Fund's investments had been significant.

28. Mrs. SHEAROUSE (United States of America) noted that the salaries and benefits of United Nations staff constituted the major portion of the United Nations budget. The International Civil Service Commission and the Joint Staff Pension Board faced difficult tasks in ensuring that salary and pension levels were fair, and sufficient to attract and retain competent staff. At the same time, the interests of Member States and the very real resource constraints which they faced must be taken into account.

29. Her delegation welcomed the good start to the comprehensive review of conditions of service for staff in the Professional and higher categories, a review which had been entrusted to ICSC, and believed that many of its recommendations deserved careful consideration. The United States was disappointed, however, that ICSC had not completed the comprehensive review, and that the General Assembly was presented with only a partial package affecting the remuneration of Professional staff. Her delegation had reviewed the proposed changes in the light of three criteria: equitable salaries and benefits; clear and concise policies; and an appropriate role for Member States in the decision-making process.

30. The United States took the view that the recommendation for a 5 per cent across-the-board increase in salaries for staff in the Professional and higher categories distracted attention from the comprehensive review, which was of such great importance for restoring the credibility of the common system. A completed comprehensive review would have provided a better basis for consideration of the recommended salary increase. In her delegation's opinion, the Commission's report did not present sufficient evidence to support that salary increase. The report provided no specific data or analysis to demonstrate tangibly that recruitment and retention problems did in fact exist, and to what extent. It did appear that there were problems with respect to certain occupations and at certain duty stations, but it was not clear that the problems were systemic. Inefficient and inadequate administrative practices also caused recruitment and retention problems. Those matters needed to be addressed before one could estimate the impact of the recommended increase.

31. There was also the question of what steps might be required for Member States and the United Nations itself to afford a 5 per cent salary increase, which would add over \$60 million annually to the budgets of the organizations of the United Nations common system. Because of the current world-wide economic difficulties, nearly every Member State had to manage resources carefully and reduce expenditure. The approval of the salary increase would raise the cost of

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(Mrs. Shearouse, United States)

administering every United Nations programme, and would have an adverse effect on voluntarily funded agencies, for the higher level of assessed contributions would reduce funds available for voluntary contributions. Personnel costs must be kept in reasonable proportion to overall costs, and offsets must be considered to keep overall costs within reasonable bounds.

32. While her delegation had difficulty with the recommendation for an across-the-board salary increase, it believed that those recommendations that were more directly relevant to the comprehensive review were for the most part well founded. In that connection, it supported the recommendation to establish a base/floor salary for United Nations employees. Such a measure would be in line with the practice of the comparator civil service. The United States believed that the recommendation meant that floor net remuneration in the United Nations common system would be equal to the salaries received by United States civil servants in Washington, D.C.

33. Having a national civil service as a comparator had been fundamental to the credibility of the remuneration system. Her delegation believed that the Noblemaire principle should continue to apply in determining conditions of service for the staff and that, for the moment, the United States Federal Civil Service should be retained for comparison purposes. ICSC had also recommended a review every five years of which national civil service was the best paid; her delegation believed that was necessary to ensure the competitiveness of the comparator. She regretted that the competitiveness of the civil service currently used as the comparator had not been studied on the present occasion, since that could have had a large effect on the other aspects of the report.

34. Her delegation regarded with satisfaction the recommendations and decisions of ICSC seeking to simplify the post adjustment system, but would like the suitability of including certain factors in the cost-of-living surveys to be considered. For example, it did not believe it was appropriate to include a survey of domestic service costs in New York, and felt that United Nations officials, particularly in the junior grades, should not be compensated for such service. It would also like to know to what extent post adjustment for other duty stations reflected the costs of domestic service, and what weighting was given to that factor.

35. On the subject of mobility and difficult working conditions, her delegation was particularly concerned at the problems of offering mobility incentives and providing adequate compensation for staff at difficult duty stations. The proposed measures simplified the current rules and did relate to the duty stations with the greatest problems in hiring and retaining staff.

36. On the subject of motivation and productivity, the Commission had recommended structural changes in the salary scale to improve staff motivation and career prospects, and agencies' promotion policies. Her delegation agreed with the proposal to add a number of steps at the upper level of each grade, not as recognition for longevity but rather because the range of variation within the remuneration proposed for each grade was within acceptable limits. In so far,

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(Mrs. Shearouse, United States)

however, as the revised salary scale appearing in annex II of the report of ICSC (A/44/30, vol. II) reflected the five-per-cent salary increase, her delegation opposed the amounts it indicated.

37. Her delegation generally supported the recommendations relating to benefits although it would like to know, before the proposed changes were approved, what steps the Secretary-General and other executive heads had taken to improve the internal control mechanisms governing payment of such benefits. The Board of Auditors had found severe shortcomings and many cases of fraud and abuse in the system; if, therefore, her delegation was going to agree to increases in such benefits, it would need to be sure that the benefits would go only to the staff members who were entitled to them.

38. Her delegation also supported the recommendation in volume I, paragraph 42, of the report of ICSC (A/44/30) not to apply the 1.22 multiplicative factor when determining changes in pensionable remuneration, and the recommendation to increase the mandatory age of separation for new staff from 60 to 62 years.

39. Turning to the report of the Joint Staff Pension Board, she praised the skill with which the investments of the Fund had been managed, and expressed agreement with the current plans to conserve the principal of the Fund. She also noted with satisfaction the steps proposed by the Board to continue to reduce the actuarial imbalance of the Fund and, accordingly, supported all the Board's proposals.

40. Her delegation was ready to work with other delegations on correcting anomalies in the system of remuneration, making it more competitive and attractive for all.

41. Mr. HOHENFELLNER (Austria) said his delegation was pleased that the tripartite composition of the Joint Pension Fund was continuing and that the proposals submitted by the Pension Board to the General Assembly were based on consensus of all the parties concerned.

42. His delegation had considered carefully the package proposed by the Pension Board to eliminate the existing actuarial imbalance of the Fund (A/44/9, para. 62) and agreed with the Board that an increase in the retirement age was fully justified. A change should, however, be introduced gradually, and its proposed application only to new staff members seemed right. A proposed increase in the contribution rate from 22.5 per cent to 23.7 per cent of pensionable remuneration was also a reasonable move to restore the financial balance of the Fund. The other two steps proposed by the Board (A/44/9, para. 62 (b) and (c)) only affected the position of participants in the Fund, who would thus be contributing to the financial stability of the system.

43. The Pension Board, with the support of the Advisory Committee on Administrative and Budgetary Questions, had proposed that the package should go into effect as early as possible, preferably as of 1 January 1990, but no later than 1 January 1991, since greater delay would aggravate the imbalance of the

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(Mr. Hohenfellner, Austria)

Fund. To avoid such an occurrence, his delegation agreed that the package should take effect on 1 January 1990.

44. On the other decisions of the Pension Board, his country noted with satisfaction the proposed amendment to the regulations of the Fund to permit payment of a disabled child's benefit to commence at the same time as early retirement benefit (A/44/9, para. 169).

45. His delegation noted with appreciation the report of the Secretary-General on investments, which indicated encouraging results, and agreed with the Assistant Secretary-General that in future the volatility of the financial markets might result in less favourable investment yields. It also believed that the main objective of investment activities was to preserve the principal of the Fund and seek to minimize the effects of a possible downturn in the stock markets.

46. Ms. BROJNOWSKI (Australia) said that her delegation hoped the current session would follow up on the requests made by the General Assembly in resolutions 41/208, 42/221 and 43/226, and recommend measures relating to conditions of service which would become part of the reform process and a basic element in budget planning and future activities. Questions relating to personnel were of fundamental importance, and the morale of the staff, like their future stability and personal safety, were of exceeding interest to her delegation. The reports of the International Civil Service Commission and the Joint Staff Pension Fund had disappointed it in some areas. The shortcomings lay not in the presentation of the reports, which showed that everything possible had been done to explain complex and controversial matters in an understandable way. Nor, generally, did her delegation object to the recommendations of the Joint Staff Pension Board, although the comprehensive review of pensionable remuneration had not yet been completed. It did not know for certain what effect the proposed increase of 5 per cent on base salaries would have on pensions, or what effects the increase in retirement age would have on hiring or the career prospects of more junior staff.

47. Her delegation was not opposed in principle to a salary increase for United Nations staff, but was concerned that, in arriving at the recommended 5 per cent, ICSC had not applied the Noblemaire principle which was the basis of comparison between United Nations emoluments and those of the highest-paying civil service, as reaffirmed by the General Assembly in resolution 43/226. Although a new system of calculation which might produce an increase in net remuneration remained a possibility, abandoning the established principle and assuming a new methodology for calculating the margin before a decision was taken on the subject would set a precedent for remuneration to be increased or reduced arbitrarily from one year to the next.

48. The ICSC report asserted that a 5 per cent increase would enable the United Nations to regain its competitiveness as an employer. Her delegation, however, like some members of ICSC itself, considered that in terms of attracting qualified competent staff, better results would be achieved by applying management and personnel reforms. Her delegation had been concerned to hear the Assistant

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(Ms. Broinowski, Australia)

Secretary-General for Human Resources Management state that the Organization attracted very few young graduates and, at the same time, had a large number of staff to be placed, under circumstances in which some duty stations remained unstaffed or understaffed. Those were management problems which went beyond the issue of salaries.

49. There was an urgent need to introduce, throughout the Organization, a proper system of assessment and merit-based promotion to advertised vacancies. A rapid solution was also required to the problem of lack of opportunity for upward movement of staff of proven capacity. On the basis of Australia's experience, her delegation was not convinced that the Organization was doing all it could to advertise vacancies globally or to present itself as a competitive employer offering young people a dynamic career, or that it provided enough training programmes for staff whose mobility, motivation and morale were now more important than in the years before budgetary stringency. Her delegation would be pleased to see representatives of the Office of Human Resources Management regularly visit capitals, conduct recruiting seminars, interview prospective applicants and make the Organization more attractive and accessible to people who could bring new blood into it. Competitiveness was as much a question of management style as of money.

50. Her delegation was not convinced of the advisability of allowing the margin to fluctuate as high as 120 instead of remaining around the mid-point of the range, as recommended at previous sessions: if that were to happen, the margin would soon cease to be a range and would become an upper limit to be contested, thus jeopardizing the methodological concept established in resolution 42/221. It also suspected that the proposal to base salary calculations on average salaries instead of on step I might have an inflationary effect. From the information before the Committee, it was not possible to judge whether that would be the case, or whether using a 12-month average as a base for defining the cost-of-living differential between New York and Washington instead of the present calculation method would also have inflationary consequences. With regard to that issue, as well as to the proposal to use the calendar year as the reference period for the margin, a trial period followed by a review might prove the best course to take.

51. The measures recommended by ICSC to simplify the post adjustment system should to a large extent resolve the problems of reduced purchasing power and currency fluctuation at some duty stations. Nevertheless, the report did not pay attention to the cases of revaluation or increased purchasing power that could also sometimes occur. The capacity of ICSC to compensate international civil servants for rising costs and for financial disadvantage appeared better developed than its ability to reduce such compensation, thus freeing funds for other salary purposes.

52. The mobility/hardship matrix proposed by ICSC met the obvious need to staff difficult or dangerous duty stations, as well as to induce greater mobility of staff between stations. It appeared, however, to benefit some staff who were not serving under genuine hardship conditions; should that be the case, her delegation would prefer to see that compensation re-directed to stations of greater hardship.

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(Ms. Broinowski, Australia)

53. Her delegation regretted that ICSC had postponed until 1990 its work on housing costs and some matters relating to pensions. While it appreciated the work that had been done and the considerable effort made by the Commission, it was disappointed at the emphasis placed on achieving a palliative pay rise instead of proposing more rational measures to improve management, promotion and recruitment. It hoped that in 1990, when the remaining work of ICSC and its final recommendations were submitted to the General Assembly, the Committee would have the sound and stable methodological basis for a remuneration system which it had sought in 1987.

54. Mr. DE SOTO (Colombia) welcomed the participation by the two organizations representing the staff in the work on the conditions of service. Improving relations between ICSC and the staff organizations was extremely important, and it was thus encouraging to note the progress made in that respect. It was essential that, in that process, all parties concerned should act in a spirit of conciliation, and, just as ICSC had introduced changes in its methods of work, the staff organizations, and especially the Federation of International Civil Servants Associations, should continue the dialogue with the Commission in a spirit of mutual respect and recognition of the common objective of the welfare of the Organization's staff and employees.

55. The ICSC recommendation regarding a 5 per cent general increase in base salary for staff in the common system was reasonable, and his delegation therefore supported its approval by the General Assembly. It also endorsed the other proposals submitted by ICSC, since it felt that they constituted a coherent whole and had been accompanied by satisfactory explanations. It was thus prepared to support their approval in the programme budget for the biennium 1990-1991.

56. Presumably, the figures given in the Secretary-General's report (A/C.5/44/18) on the financial implications of the recommendations had been prepared on the basis that all adjustments would go into effect as of 1 January 1991. That did not appear easy, bearing in mind that the time in which to arrive at a decision on the subject was short. Accordingly, he would appreciate a clarification by the Secretariat regarding how the recommendations were to be implemented and the timing of that process, so that the costs could be adjusted.

57. The question of so-called supplementary payments made by certain Member States to some of their nationals continued to give grounds for special concern. Despite the universal criticism to which it had been subjected, that practice appeared to have been on the rise. A solution to the problem must be found, either by revising the Charter and the staff rules and regulations or by undertaking to put an end to those subsidies by making the necessary adjustments within a juridical framework. It would be appropriate to set a deadline for putting an end to the problem, and the approval of the Commission's proposals offered a favourable opportunity for doing so.

58. There had obviously been a decline in incentives for suitable nationals of all countries to join the Organization, and it was particularly difficult to find staff

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(Mr. De Soto, Colombia)

wishing to work in the field and even more difficult to fill vacancies at locations where they were subject to risk. However, an analysis of the statistics showed that there appeared to be no problem in retaining staff in the Professional and higher categories, due to the favourable treatment of such staff under the pension system, by comparison with others. If that was the case, it was important to ensure the financial health of the Pension Fund, in which connection the measures proposed by the United Nations Joint Staff Pension Board in its report (A/44/9) were appropriate.

59. The proposal submitted by the International Telecommunication Union to the Joint Staff Pension Board (A/44/9, paras. 106 to 116) and the related recommendation of the Board highlighted the need for the governing bodies of the various agencies to apply the United Nations common system in personnel matters and for those agencies which had not yet done so to join that system.

60. In conclusion, he reiterated his country's commitment to the United Nations and affirmed his confidence in the revitalization of the Organization, to which the Secretary-General had referred when he addressed the Fifth Committee. He also reiterated his support for the recommendations of ICSC, although he found it difficult to give any reason - other than his certainty that they would yield future benefits - given that the purchasing power lost by workers in the vast majority of the developing countries was far greater than that experienced by staff members of the United Nations system.

61. Mr. NASSER (Egypt) said it was gratifying to note that the actuarial imbalance had decreased from 4.4 per cent of pensionable remuneration as of 31 December 1986 to 3.71 per cent as of 31 December 1988. However, the fact that there continued to be an imbalance was a source of concern to Member States and, as the Chairman of the Joint Staff Pension Board had noted, the reduction in the imbalance was smaller than might have been expected. The measures proposed by the Board to remedy the imbalance (A/44/9, para. 62), and the explanation of the imbalance (*ibid.*, para. 34) needed careful examination.

62. Logically, actuarial calculations and projections should be made on the basis of actual facts and conditions of service, rather than vice versa. It therefore seemed wrong to propose changes in conditions of service in order to accommodate projections and assumptions which could ultimately prove to be inaccurate. His delegation would have been the first to endorse the proposed change in the normal retirement age if that had been the wish of the staff in the light of increasing life expectancy or if the change had been requested by executive heads to facilitate current career development programmes and recruitment plans. However, it could not support the proposed change if the purpose was to make up for past managerial decisions and inaccurate actuarial projections. Adoption of the proposal would give the wrong impression to all the parties concerned.

63. The year ended 31 March 1989 was not a good one for the investments of the Fund, with the return amounting to only 0.9 per cent in real terms, compared with a real annual rate of return of 3.15 per cent over the past three decades. In that

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(Mr. Nasser, Egypt)

context, comparison with the rate of return in the previous year was inappropriate since, as was well known, the stock market crisis in October 1987 had made that an exceptionally bad year. There had been reason to hope that the Fund's investment return would be maintained if not improved. The justification for the actual return, provided in paragraph 71 of the report, was not particularly convincing.

64. His delegation took note of the Board's efforts to diversify its currencies and the structure of its portfolio. It urged the Board to continue giving due regard to investment in developing countries, in accordance with related resolutions of the General Assembly. He would be grateful if the Board could provide more details in that respect, particularly concerning the outcome of the planned mission to various African countries. It would also like to know more about the volume of direct and indirect investments by the Board in Africa and south-west Asia.

65. With regard to the report of the International Civil Service Commission, it was his view that the practice whereby certain Member States made supplementary payments to United Nations staff members who were their nationals was inconsistent with the letter and the spirit of the Charter and with the Staff Rules and Regulations. Furthermore, upper-echelon staff members in particular were expected to set an example by refusing such supplementary payments. It should also be noted that such payments were made on a selective basis to individuals in key positions and not to all staff members of a particular nationality. His delegation urged the Secretary-General to contact Member States at the highest level, to request that they provide relevant information and to induce those who adopted such practices to revise their position.

66. His delegation expressed its appreciation to the International Civil Service Commission for its work so far in connection with the comprehensive review of the conditions of service of the Professional and higher categories, in accordance with the request contained in General Assembly resolution 43/226. It also welcomed the resumption of the staff bodies' participation in the work of the Commission.

67. The competitiveness of the United Nations system, related to the recruitment and retention of staff, must be maintained. However, all components of the remuneration package should be considered together. His delegation believed that there should be greater staff mobility and considered that staff members and their families should be compensated for the difficulties which they underwent as a result of such mobility. That compensation should be reflected both in the form of financial measures and in accelerated career prospects.

68. Mr. KAFIR (Bangladesh) said that ICSC, despite being faced with difficulties, had made a serious and thorough effort and produced a series of recommendations. It was also pleasing to note that CCISUA had taken part in all stages of the Commission's work on the comprehensive review, as well as on other aspects; however, FICSA had taken part only in the comprehensive review. It was to be hoped that the staff bodies would, in future, participate fully in all aspects of the Commission's work.

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(Mr. Kabir, Bangladesh)

69. The reforms adopted at the United Nations in accordance with General Assembly resolution 41/213, although producing many positive results, had also affected the remuneration and other benefits of United Nations staff and, therefore, their morale. That deterioration had occurred at a time when the United Nations was called upon to play an increasingly important role in maintaining international peace and promoting co-operation and development. It was important to have an efficient and effective Secretariat in view of the increasing range of activities and programmes undertaken by the United Nations. In that context, his delegation had carefully examined the package of recommendations made by ICSC and understood the rationale for its proposal to award an across-the-board salary increase of 5 per cent. That should serve as a first step towards re-establishing competitive salary levels and to restoring the relationship with levels of remuneration in the comparator service. However, it would be useful to have more information, particularly with respect to the various levels of remuneration and to the different duty stations, including Headquarters. It was most important that the Commission should complete its examination of the whole United Nations remuneration package by 1990.

70. The Noblemaire principle should continue to be the basis for determination of the conditions of service of United Nations staff and the United States federal civil service should continue to serve as the comparator. Nevertheless, the role of the United States federal civil service as the comparator should be kept under review, especially in the light of its competitiveness as a domestic service. Furthermore, the conditions of service of expatriate staff should form the basis of any comparison. The margin range of 110 to 120 with a desirable mid-point of 115, as established in General Assembly resolution 40/244 should continue to apply; however, his delegation accepted the proposal of ICSC for its flexible operation.

71. He generally agreed with the conclusions of ICSC with regard to post adjustments and would like to see the introduction of a simpler and more transparent system capable of coping with rapid change and large-scale changes in socio-economic conditions.

72. The issue of adequate compensation for unfavourable working and living conditions in the field and the issue of staff mobility were areas of concern for all. He was pleased that the Commission had looked into that area and had made concrete recommendations and, while generally supporting paragraph 333 of the Commission's report (A/44/30, vol. II), he felt that the matter should be kept under continuing review in the light of changing circumstances.

73. The proposal to increase the number of steps with a view to improving motivation and career prospects of staff would not help to achieve the desired goal unless a clear link was established between merit and reward, with a promotion policy based on an effective, meaningful and impartial system. The existing system should continue until the review of the situation was completed. Moreover the placement of newly recruited personnel in advanced steps needed to be based on transparent, specific and objective guidelines. Accordingly, that area required further study, along with measures to improve career development planning, training

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and other areas. His delegation was generally supportive of the recommendations made by the Commission with regard to the structure of allowances, but that, too, would require continuing review in line with changing circumstances and economic conditions.

74. The total cost of the package recommended by the Commission would be approximately \$90 million. He was fully aware of the serious differences of opinion concerning the package and hoped that those differences would be resolved through a process of consultations and understanding. The real issue was to ensure an effective and well-motivated international civil service in the face of the ever-increasing demands made on it. Unless the Committee acted with foresight and wisdom it might face a critical situation, as the Secretary-General had pointed out in his statement.

75. The most important issue raised by the report of the United Nations Joint Staff Pension Board (A/44/9), was the actuarial imbalance. Thanks to a number of measures the imbalance had been reduced, but not as much as had been expected. He expressed the hope that the measures to restore the actuarial balance, contained in part I of the draft resolution proposed for adoption by the General Assembly (A/44/9, annex XIII), which the Joint Staff Pension Board had approved by consensus, would receive serious and positive consideration by the Fifth Committee and would contribute to the attainment of the desired objective.

76. Mr. TELLMANN (Norway), speaking also on behalf of Finland, Iceland and Sweden, expressed satisfaction at the participation of CCISUA and FICSA in the working groups. A comprehensive review of conditions of service would have been almost meaningless without the participation of the staff representatives. There were fundamental difficulties relating to the ICSC machinery and they could be overcome only if there was a true dialogue between all parties involved. The Nordic countries supported the principle of the right of public servants to negotiate and believed in the idea of direct negotiations, but they did not see that as a realistic possibility at the current stage. There might come a time when it would be feasible to look for changes in the statutes of ICSC. In that connection, it should not be forgotten that General Assembly resolution 43/226 II invited the Commission to review its rules of procedure to allow for the fullest possible consultations with the staff.

77. The delegations of the Nordic countries supported the recommendations of ICSC and were of the view that they should be adopted as a package. At the present time it was more important than ever for the United Nations to have well-qualified staff in the Secretariat. That was difficult, since the existing remuneration system had ceased to be competitive and there was a danger that the Organisation would lose, or be unable to attract, qualified personnel. The United Nations should be able to attract competent nationals from all countries. The Nordic countries were also concerned at the increasing use of supplementary payments. A competitive remuneration package could help to put an end to that practice. In addition, while motivation and satisfaction did not depend only on remuneration, a satisfied and motivated staff member was substantially more efficient than one who was dissatisfied with his or her working conditions.

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78. Although concern had been voiced about the magnitude of the costs of the reform, the Nordic countries believed that the money would be a good investment for the future. Those expenses should be dealt with in the revised estimates for the biennium 1990-1991.

79. For reasons stated in paragraph 109 of the report of ICSC, the Nordic delegations were prepared to support a 5 per cent increase in salaries. Even after an increase of 5 per cent the margin would be only 112.7, which would still not make United Nations salaries competitive.

80. Reform of the hardship and mobility scheme seemed long overdue. The recommendations contained in paragraph 333 of the ICSC report were valuable and the Nordic delegations could support them. Implementation of those measures would be an important step towards ensuring mobility in the system. They also generally supported the modifications and changes in the post adjustment system and appreciated every effort to try to make it simpler and easier to understand. The proposal to abolish negative post adjustment was also very valid.

81. The Noblemaire principle should continue to be the basis for the determination of emoluments and there should be a periodic check to determine which civil service was the highest paid.

82. The Nordic delegations understood that the working group had not had time to go into details about removing the housing component from the post adjustment. It would have been useful to have that element included in the review at the current session. However, it was not a major difficulty and a study on the subject could be submitted to the General Assembly at its next session.

83. Finally, the Nordic delegations believed that the remuneration system should not be seen in isolation and that efforts should be made in other areas in order to ensure good and satisfactory conditions of employment for every individual in the common system.

84. Ms. ABBAS (Pakistan) said that the United Nations was facing a growing problem of low morale. Pakistan appreciated the dedication with which staff members had performed their duties in response to the Organization's increasing responsibilities, despite the decline in their conditions of service. The need for a highly efficient, competent and motivated staff was at its greatest at the current time. The comprehensive review mandated by the General Assembly at its forty-second session was therefore an undertaking of tremendous importance.

85. The Committee must take the necessary measures and the appropriate decisions to restore and maintain the competitiveness of the common system and its ability to deliver mandated programmes. Her delegation regretted that owing to the shortage of time the Commission had been unable to complete its work in 1989; Pakistan hoped, however, that the extension of the Commission's work programme would enable it to test the results of the various proposals and options, as well as to undertake more in-depth studies of major elements of the remuneration system.

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(Ms. Abbas, Pakistan)

86. The gravity of the problem with respect to the recruitment and retention of staff was described in considerable detail in chapter III of volume II of the Commission's report. The recommendation that there should be a 5 per cent across-the-board increase in the level of remuneration had financial implications for Member States, and any hesitation in that regard was therefore understandable. None the less, like many other delegations, her delegation endorsed the continued application of the Noblemaire principle, whereby the highest paid civil service should be used as the comparator. However, changing economic realities necessitated appropriate adjustments at times. Remuneration in the comparator civil service was 28.6 per cent lower than it should be according to the Pay Comparability Act. Moreover, there was a growing remuneration gap between the common system and the World Bank (26.7 per cent); the European Communities (22.2 per cent); and the Organisation for Economic Co-operation and Development (20.2 per cent). The purchasing power of staff salaries at Headquarters had declined by 7.5 per cent, and by more than that at other duty stations. Those facts should not be ignored if the criteria set out in Article 101 of the Charter were to be upheld. Pakistan recognized that the magnitude of the problem varied at different levels and locations, in different lines of work and among nationalities. However, owing to the complexity and size of the United Nations it would not be possible to make adjustments to meet the requirements of each specific case; the simplest approach would therefore be an across-the-board increase in remuneration.

87. The practice of some Governments of making supplementary payments to their nationals was unacceptable. That situation - which gave rise to disaffection among the staff, damaged the principle of equality and, as indicated by the Assistant Secretary-General, was equally embarrassing for the Governments that made the payments and for the senior officials who received such payments - must not be tolerated. The practice in question was in contravention of the staff rules and regulations, and Pakistan looked forward to receiving the Commission's recommendations on the issue at the following session; however, it could be that the time had come for the Secretary-General to take the matter up directly at the highest level of government, with all Member States.

88. The Commission had proposed changes in the margin methodology. The changes in question would allow the post adjustment system to function in accordance with its original purpose, which was to compensate for inflation and currency fluctuations. A flexible margin would make the system simpler to operate and to understand, and would lead to a better reflection of conditions in the market, which would in turn facilitate the recruitment and retention of staff of the required calibre. Pakistan endorsed the Commission's decision to review the margin methodology and believed that the proposed changes would simplify, rationalize and stabilize the process of calculating the margin.

89. The recommendations in chapter VII of volume II of the Commission's report, dealing with mobility and hardship, were reasonable and fully justified by the severe problems that arose.

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(Ms. Abbas, Pakistan)

90. As the various elements of the recommendations made in the context of the comprehensive review were interrelated, they should all be considered together, as a package.

91. Pakistan was pleased to note that the staff organizations, CCISUA and FICSA, had resumed their participation in the comprehensive review.

92. Lastly, the actuarial imbalance of the Pension Fund had been growing for some time now. After much negotiation, the three-party membership of the Joint Staff Pension Board had produced a consensus package that promised to eliminate the Fund's actuarial deficit and should therefore be approved. One of the parts of the package was the proposal to raise the retirement age from 60 to 62 years for staff employed after 1 January 1990; as that proposal could effect personnel policies, it must be closely monitored and kept under review.

93. Mr. BELYAEV (Byelorussian Soviet Socialist Republic) said that the Commission's report (A/44/30) was basically an account of the Commission's activities in implementation of General Assembly resolutions 41/221 and 43/226, which requested that a comprehensive review should be conducted of the conditions of service of staff in the Professional category and above in order to provide a sound, stable, methodological basis for staff remuneration.

94. Both staff members and Member States were entitled to expect the Commission to submit specific recommendations and proposals to solve the problems that had arisen, and the solutions put forward must be accompanied by information on their financial implications and an estimate of total costs, which should be comparable to the cost of the current remuneration system to the extent possible.

95. Those criteria were absolutely fundamental. The Byelorussian SSR shared the view expressed by other delegations that the Commission and the staff representatives had achieved a great deal and that some of the conclusions and recommendations resulting from the review could be used as a basis for the new remuneration system.

96. However, the Commission had not completely carried out the task entrusted to it, since - as the Commission itself acknowledged in paragraph 35 of volume II of its report - it had been unable owing to lack of time to consider a number of the staff's conditions of service in depth. The report could therefore not be regarded as a comprehensive review.

97. Secondly, it could not be said that the recommendations made by the Commission on the staff's conditions of service represented a viable way of solving all problems relating to the management of human resources. The report contained a whole series of recommendations - such as the recommendations that net salaries should be increased by 5 per cent and that changes should be made in the benefits and allowances system - that were not fully justified. A technical approach was inadequate. Adjustments needed to be made regarding the criteria and guiding principles set out in the resolutions in question. The Byelorussian SSR was

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therefore not satisfied with the studies conducted by the Commission so far. Furthermore, instead of simplifying its conclusions and presenting them in a clearer and more convincing fashion so as to enable the parties concerned to supervise the United Nations remuneration system, the Commission had submitted a set of recommendations that would not enable Member States to take an informed decision unless the matters in question were studied further. The Commission should therefore be given an opportunity to pursue its comprehensive review of the conditions of service of staff in the Professional category and above, and the guidelines laid down by the General Assembly should perhaps be recalled for the Commission's benefit.

98. In view of the comments that had been made in the Fifth Committee, his delegation was willing to accept the proposal that informal consultations should be held on the recommendations. Some of the Commission's recommendations were unacceptable as they stood, particularly the recommendation that there should be a 5 per cent across-the-board increase in salaries.

99. With regard to the report of the Joint Staff Pension Board (A/44/9), his delegation welcomed the results of the measures adopted, which had made it possible to reduce to a great extent the Fund's actuarial imbalance over the period from 31 December 1987 to 31 December 1989. His delegation's position of principle on that problem was well known and remained unchanged. The actuarial imbalance both could and should be eliminated by means of effective economy measures and not by increasing the financial burden on Member States. With that reservation, his delegation was willing to work towards a consensus and to reach agreement on measures to eliminate the Fund's actuarial imbalance, particularly on the proposals that the age of retirement for new participants should be raised from 60 to 62 years and that contribution rates should be increased.

100. Mr. ZAHID (Morocco) said that concern with improving conditions of service in the United Nations in order to ensure that the Organization would have staff meeting the highest standards of efficiency, competence and integrity had been repeatedly expressed by the General Assembly, most recently in its resolutions 42/221 and 43/226. It was for that reason that ICSC had been asked to carry out a comprehensive review of the conditions of service of the Professional and higher categories.

101. The conditions of service had fallen to an unacceptable level, as the Secretary-General had pointed out. The most eloquent proof of the deterioration was the practice followed by some States of making supplementary payments to their nationals employed in the United Nations. That practice was illegal, because it gave an unfair advantage to some staff members, undermined the independence of the international civil service and diminished the effectiveness of the Organization.

102. There was an urgent need to improve the conditions of service so that it would be possible to recruit and retain qualified staff and successfully pursue the process of administrative reform begun in 1986. The financial crisis of the United Nations had, moreover, had a considerable impact on the morale of staff, who had

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consistently demonstrated the patience and dedication that were so essential to the Organization, especially at a time when its activities with respect to the maintenance of international peace and security were expanding. Favourable consideration should therefore be given to the various recommendations put forward by ICSC.

103. In that connection, his delegation considered the recommendation for a 5 per cent increase in base salary to be reasonable, as it did the other recommendations concerning improvement of the conditions of service for field staff. The 5 per cent increase would help to restore the purchasing power of staff, which had been considerably eroded in recent years. That measure, together with those relating to mobility and hardship, should, inter alia, help to improve the situation of some bodies, such as the Economic Commission for Africa, and to alleviate the difficulties experienced in recruiting and retaining qualified staff to which the heads of the different secretariats had drawn attention.

104. The effectiveness of any organization depended on the conditions of service and system of incentives it offered. Poor conditions of service, uncertainty as to career prospects or the lack of opportunity for advancement could not serve the effectiveness of the Organization. Consequently, careful consideration should be given to the ICSC recommendations concerning staff motivation. In the context of promotions, the requirement that staff members have a knowledge of at least the two working languages of the Organization should be observed.

105. His delegation appreciated the efforts of the Joint Staff Pension Board to reduce the actuarial imbalance. In that connection, the new measures proposed, particularly the proposal to increase the rate of contribution to 23.7 per cent and to increase the statutory age of retirement from 60 to 62 years for new participants could over the long term eliminate the actuarial imbalance. His delegation endorsed the recommendations of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on those issues.

106. With regard to personnel questions, and, in particular, equitable geographical representation, his delegation regretted that the number of unrepresented countries had increased and that the number of underrepresented States remained virtually unchanged. The Secretariat should pursue its efforts to ensure the representation of as many Member States as possible, especially those from underrepresented subregions, namely, the Middle East and Africa. Improvements were also needed in the representation of the developing countries in upper-echelon posts. With respect to the representation of women, the measures adopted by the Secretary-General in response to General Assembly resolution 43/224 had brought about an increase in the number of women in the Professional category, although there had been slippage in the overall situation with regard to women. Fresh efforts were needed, especially with regard to the African region for which the proportion of women staff members was only 12.2 per cent.

107. Concerned at the large number of violations of the privileges and immunities of international officials, his delegation supported all measures aimed at guaranteeing the requisite safety and security for the staff of the Organization.

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108. Mr. LADJOUZI (Algeria), referring first to the actuarial imbalance of the Joint Staff Pension Fund, said that, given the likelihood that the imbalance would worsen owing to accumulated interest, the Joint Staff Pension Board had proposed a package of measures aimed at rectifying the situation (A/44/9, paras. 45 et. seq.), having regard to the fact that the economy measures introduced previously had not been sufficient to achieve that objective.

109. The proposed measures should be adopted as a package in order to ensure balance in the sacrifices and efforts required of the various parties concerned - intergovernmental organizations, secretariats and staff. In normal circumstances, his delegation would not be willing to support an increase in the normal retirement age from 60 to 62 years for new participants, because of the effect it would have on United Nations personnel policy and on the geographical balance of the Secretariat, and because of the unfairness of legislating for those not present.

110. The measures designed to discourage early retirement and the increase in participants' contributions entailed substantial sacrifices for the staff, while the increase in the rate of contribution was the result of a collective effort by Member States and staff, although it was less than the rate of 24 per cent previously recommended by the Pension Board and the Committee of Actuaries.

111. There had been differences of opinion among the members of the Board with regard to the respective advantages of each and every one of the measures recommended, but the seriousness of the current deficit had spurred the Board, after protracted and difficult negotiations, to put forward the recommendations contained in paragraph 62 of its report. As a member of the Pension Board, his delegation had agreed to some of the measures on the understanding that they constituted a package which should be accepted as such, and it hoped that all members of the Fifth Committee would share that understanding and approve the package of measures in its entirety.

112. Turning to the proposal to establish a Pension Purchasing Power Protection Fund for staff in the Professional and higher categories of the International Telecommunication Union (ITU), he said that, while his delegation supported the conclusions of the Pension Board to the effect that the proposal should be considered in the context of the comprehensive review of pensionable remuneration as one possible long-term approach to the adjustment of pensions in local currency, it felt a need to point out that the Member States represented at the Plenipotentiary Conference had decided from the very beginning to create such a protection fund. In any event, a solution should be found within the context of the United Nations common system.

113. Thanks to the policy of diversification, which entailed investing in the best performing markets, the return on the Pension Fund's investments for the year ended 31 March 1989 had been satisfactory, at 5.9 per cent. While concurring in the Secretary-General's view that a policy of diversification and judicious selection of investment instruments, together with the search for investment opportunities in developing countries, were the best means of preserving the Fund's principal and increasing its long-term rate of return, his delegation felt there was a need for

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the General Assembly to promote greater investment in developing countries, for example, by making the investment criteria less strict and envisaging other forms of investment in developing countries where stock exchanges or financial markets did not yet exist.

114. In resolution 42/221, the General Assembly had requested the International Civil Service Commission to undertake a comprehensive review of the conditions of service of staff in the Professional and higher categories in order to provide a sound and stable methodological basis for their remuneration, and had also set out in that resolution, as well as in resolution 43/226, guidelines for carrying out the comprehensive review, some of which, in his delegation's opinion, were too peremptory for an expert body such as ICSC. Perhaps owing to the lack of precision in the General Assembly's guidelines, the Commission had not ascertained whether the civil service currently used as the comparator was still the highest paid in the world. With a view to fully respecting the Noblemaire principle and not falsifying the data resulting from the comprehensive review, the Commission could well have brought up to date its thinking on the comparison between the remuneration of the United States federal civil service and that of certain other civil services which, perhaps mistakenly, were regarded as more competitive. The Commission should keep the matter constantly on its agenda, since it was a very important aspect of the principle on which United Nations remuneration was based. The spread of the practice of some Member States of making supplementary payments to their nationals confirmed his delegation's doubts that the civil service currently used as the comparator was in fact the highest paid.

115. Although the Secretary-General had stressed the negative effect of the supplementary payments made by some countries to their nationals, the Commission had not completed the examination of that practice nor had it emphasized its significance as an indicator of the inability of the current system of remuneration to attract and retain the most competent staff. The fact that the practice persisted was in itself a justification for the ICSC recommendation of an across-the-board increase of 5 per cent in United Nations remuneration.

116. In addition to the arguments of a technical nature used by ICSC and the appeal made by the Secretary-General, there were clearly other reasons which justified the increase. They included the loss of purchasing power of current remuneration and the effects on conditions of service of the unprecedented financial crisis through which nearly all the organizations of the United Nations system were passing, in addition to the very difficult conditions of service existing in the developing countries where the presence of the United Nations was extremely necessary and useful.

117. The ICSC recommendation for the establishment of a base salary at a level equivalent to the current base/floor salary plus 17 points of post adjustment merited particular consideration. The practice whereby the base salary was that paid by the comparator civil service in Washington had been challenged periodically in the Fifth Committee as well as in ICSC. The increase of 17 points over the current base salary was due to the fact that certain increases and adjustments

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envisaged in the set of measures advocated by ICSC had been taken into account. If that was the case, then one might conclude that the most important feature of the recommendation was the establishment of a new method of calculating basic remuneration.

118. The idea of fixing a minimum base salary was acceptable to his delegation. However, he would like to be sure that it was compatible with the Noblemaire principle and with the fact that the civil service currently used as the comparator was that of the United States. The conditions of service of staff in the Professional and higher categories of the United Nations should be determined on the basis of the Noblemaire principle, and the civil service used as the comparator should be the highest paid. The competitiveness of the comparator civil service should be checked periodically; that could be done at five-year intervals in order to ensure a degree of stability in the system of remuneration. The periodicity of checks could also be based on significant variations which occurred in the remuneration of the comparator civil service and the conditions of service of the United Nations.

119. His delegation shared the doubts expressed by the delegation of Canada about the need to allow the margin to fluctuate freely within the range approved by the General Assembly in resolution 40/244. It would like the Chairman of ICSC to provide additional information on the advisability of approving that recommendation, which, in practice, was tantamount to substantially amending General Assembly resolution 40/244.

120. In view of the fact that ICSC had carried out a comprehensive review of conditions of service, he wished to ask its Chairman how the expatriation factor had been taken into account in calculating the margin and what reference system had been used. In other words, he would like to know whether the calculation of the margin was based also on the benefits and facilities granted to expatriate United States officials. Before it concluded that they should not be taken into account for purposes of comparison, ICSC should be in a position to confirm whether the bonuses and benefits which the United States federal civil service regarded as not forming part of base salary were in fact features which allowed that civil service to continue to be competitive.

121. In his delegation's view, the method used to calculate the Washington/New York cost-of-living differential should be improved so that it could serve as an important element in calculating the margin. The differential was not insignificant, particularly bearing in mind the high cost of housing in New York.

122. His delegation supported most of the recommendations of ICSC aimed at simplifying the post adjustment system, in particular the elimination of special measures and the use of external data sources for prices and housing costs. It was to be hoped that a prudent application of the recommendation that a single set of common expenditure weights should be used at all duty stations would result in more account being taken of the restrictions on the purchasing power of the remuneration of international civil servants in regions where the cost of living was increased by shortages of necessities and the underdevelopment of the social infrastructure.

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123. Algeria continued to be concerned about the inability of the United Nations to work out a system of staff mobility between headquarters duty stations in Europe and North America and hardship duty stations. The United Nations should take vigorous steps to ensure that the international civil service had, as far as possible, a degree of mobility similar to that in the national diplomatic corps of various countries. Before endorsing the set of specific measures recommended by ICSC, Algeria would like information regarding the repercussions of those measures on conditions of employment in the regional commissions, in particular the Economic Commission for Africa (ECA). It would also like to know what classification was given to the headquarters of the regional commissions located in developing countries. Algeria would support the set of measures if it would help to reduce the high vacancy rate in ECA and make for a more effective United Nations presence in difficult parts of the world.

124. It would be advisable also to clarify the situation with regard to the payment of assignment grants at European and North American headquarters duty stations. Such grants did not seem to be justified as an incentive for staff members to move to relatively easy duty stations. It would be better to encourage the opposite, since the aim of mobility was to ensure the effective presence of the United Nations in hardship areas, generally in developing countries.

125. The measures in regard to motivation and productivity recommended in chapter VIII of the ICSC report were not adequate. He did not think that the addition of steps or an advance of two steps on promotion to a higher grade would really motivate the staff or increase their productivity. However, they would be useful as a complement to the across-the-board increase of 5 per cent and to the set of measures recommended in connection with mobility and hardship. The increases in allowances envisaged in chapter IX of the ICSC report were altogether acceptable.

126. His delegation would like additional information on the recommendations of ICSC to which he had referred, which would allow it to consider accepting the recommendations as a whole. It would also agree to examine the recommendations on their merits, together with other interested delegations, provided that the shared objective of Member States continued to be to make United Nations remuneration competitive and to improve conditions of service in difficult areas of the developing countries.

127. In accepting the recommendations of ICSC as a whole, the possibility of reverting to the consideration of certain measures should not be excluded, particularly bearing in mind that the comprehensive review had not yet been completed.

128. His delegation took note with satisfaction of the contribution of the staff associations to the comprehensive review and urged them, and ICSC, to establish a lasting working relationship, which would facilitate the work of the General Assembly on a question as fundamental as United Nations conditions of service.

The meeting rose at 6.20 p.m.