

Staff costs and some aspects of utilization of human and financial resources in the United Nations Secretariat

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STAFF COSTS AND SOME ASPECTS OF UTILIZATION OF HUMAN AND
FINANCIAL RESOURCES IN THE UNITED NATIONS SECRETARIAT

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I. INTRODUCTION

1. On the eve of the United Nations' fortieth anniversary, as the Secretary-General put it, "there is no shortage of challenges to the Organization or of demands made upon it to contribute to its principal objectives - the maintenance of international peace and security and the furtherance of economic and social progress". ^{1/} Obviously, the ability of the United Nations to comply with the tasks ahead is to a great extent dependent upon its Secretariat, which is responsible for implementing decisions of the legislative bodies in terms of specific programmes of activities. With a staff exceeding 16,000 and a biennial budget of over \$1.6 billion, the United Nations Secretariat is a sizeable organization by any standard and, no doubt, capable of fulfilling the mandate assigned to it.

2. However, in recent years, the Secretariat has become the target of mounting criticism because of the rapid increase in its costs which, paradoxically, is accompanied by declining efficiency. The problem of raising the Secretariat's performance has become a regular subject of discussion at sessions of the General Assembly, ECOSOC, ACABQ and other United Nations organs. The run-away budget and persisting inefficiency of the Secretariat threaten to exhaust the willingness of Member States to commit substantial resources, thus plunging the Organization into a severe financial crisis. The thirty-seventh session of the General Assembly was a very symbolic occasion in this regard when Member States, who pay almost 90 percent of United Nations expenditure, were unable to endorse the budget. Serious measures aimed at improving the Secretariat's performance and containing budget growth are both urgent and imperative.

3. With the above in mind and in accordance with the JIU Statute, which provides that "the Inspectors shall have the broadest powers of investigation in all matters having a bearing on the efficiency of the services and the proper use of funds", the Inspectors concerned have prepared the present report. Given the diversity of factors affecting staff costs and efficiency of the Secretariat, they have selected only those which they deem to be of utmost importance. Accordingly, in no way do they consider the present report, which continues the series of JIU studies devoted to United Nations staff, to be an exhaustive analysis.

4. On the basis of the analysis of the on-going debate in the General Assembly over staff costs and utilization of human and financial resources, the Inspectors decided to concentrate on three main problems which are of great concern to Member States.

5. Firstly, Member States are preoccupied by the rapid increase of "salaries and common staff costs", which are the largest items of expenditure in the United Nations budget and, more particularly, by that of remuneration. There are some Member States who raise doubts as to the justifiability of the present high levels of remuneration of United Nations staff in the Professional and higher categories. There are still others who maintain that these categories of United Nations staff are largely overpaid compared to the employees of the United States Federal civil service, which is the comparator. On the other hand, staff representatives hold the view that remuneration of Professional staff is inadequate and wage an active campaign for higher salaries.

^{1/} A/38/6, page 1.

6. The second preoccupation of Member States is the growth in the number of United Nations staff which, obviously, also contributes to growth of the United Nations budget. One may legitimately wonder whether the expansion of United Nations staff by 20.4 percent during the last decade has been really necessary and whether at least a part of the increase could not have been accommodated through a more rational use of staff. A lack of constructive approach in utilization of United Nations human resources is evident. An eloquent illustration in this regard is the fact that, concurrent with the growth of staff, the Secretariat has continued to appeal to a great number of outside consultants and experts engaged on substantive work, entailing an additional financial burden for Member States. The large-scale recourse to outside help is viewed as a result of further bureaucratization of the Secretariat and transformation of a large number of United Nations employees into administrative and managerial staff.

7. The rapid increase in staff costs is also attributable to changes in the grade structure of United Nations staff. At present, the number of posts at the P-4 level and above financed from the regular budget stands at 58.8 percent 2/ of total Professional posts against 58.4 percent 3/ in the 1974-1975 period. By way of comparison, the number of corresponding posts in the United States Federal civil service constitutes less than 25 percent. The question is often raised whether the positions in the United Nations Secretariat have not been upgraded artificially. The problem of "grade creep" in the United Nations Secretariat deserves serious attention from Member States and the United Nations Administration.

8. The third object of Member States' concern, which is also related to the growth in number of staff and, consequently, staff costs, is the failure of the United Nations in taking vigorous measures to establish priorities and to abandon projects that are obsolete, ineffective or of marginal usefulness. As in the past, limited resources are fragmented over too many programmes and sub-programmes while the Organization should be more effective in concentrating on fewer, high priorities. In the view of Member States, the budgeting process should incorporate a thorough review of all programme expenditure on a regular basis, establishing "ceilings" and deadlines for the programmes, thus precluding their being carried over to the next budget without sufficient justification. Since the resources of the Organization are inevitably limited, it is in the interests of all Member States to make sure that they are used more effectively.

9. It appears that a more realistic level of remuneration of United Nations staff, more accurate determination of staff requirements, the critical analysis of programmes from the point of view of their relevance and usefulness and, consequently, elimination of those which are obsolete or marginal, resulting in redeployment of staff and of available financial resources, are sine qua non conditions for raising the efficiency of the United Nations Secretariat. Only if these conditions are met can the concepts of "zero real growth" or "maximum restraint" of the United Nations budget be really workable.

2/ A/38/6, Annex V(a)

3/ A/1006, Annex IV

10. The Inspectors are hopeful that the recommendations contained in the present report will be of assistance to the General Assembly in taking appropriate decisions on the subjects raised and will contribute to the strengthening of the Secretariat's efficiency in accordance with the principles and ideals of the United Nations - a goal which is intently pursued by Member States. In the meantime, the Inspectors gratefully acknowledge the observations and co-operation of all those concerned.

II. STAFF COSTS OF THE UNITED NATIONS SECRETARIAT

11. Over a number of years, some delegates at the General Assembly have been expressing concern over the high rates of increase in staff costs and continuing growth of their share in the United Nations regular budget which, as will be shown below, sometimes occurs at the expense of programme activities. During the last decade, staff costs have increased by almost 2.5 times.^{4/} The share of common staff costs in the United Nations budget rose from 61.2 percent in 1974-1975 to 65.8 percent in 1982-1983. If staff assessment were added, the corresponding share would amount to 74.9 percent. Moreover, as the analysis of the proposed 1984-1985 programme budget suggests, there will be a further increase in "salaries and common staff costs" up to 63.5 percent (staff assessment excluded) and 77.7 percent (staff assessment included) of the budget.

12. Apart from inflation, which over the last decade amounted to some 85 percent (7 percent a year on average), two major factors contributed to the growth of salaries and common staff costs, i.e., the increase in the number of staff by 20.4 percent ^{5/} and increase in their remuneration.

13. The level of salaries and fringe benefits, being the main items of "staff costs", has been considered at practically every session of the General Assembly. Much attention has been paid to remuneration of staff in the Professional and higher categories and how it related to that of the United States Federal civil service, taking into account the Noblemaire principle on which the United Nations salary administration is based.

14. At its thirty-seventh session, the General Assembly discussed the recommendation of ACC to increase by 5 percent the salary of staff in the Professional and higher categories effective 1 January 1983. ACC's recommendation stemmed from the assumption that the purchasing power of salaries has declined substantially. Proceeding from the same premise, the staff representatives insisted on an increase of 10 percent effective 1 January 1982. In this instance, it is worth mentioning that any increase in salaries means additional financial burdens to Member States. Thus, a 5 percent increase would imply that Member States will have to pay about \$45 million more annually in terms of their contributions to the regular budgets of the organizations of the United Nations system.

^{4/} In the 1974-1975 budget period, actual staff costs totalled \$370,640,600 and in 1982-1983 \$925,606,500.

^{5/} Under the regular budget, there were 9,566 and 11,520 Professional and General Service staff in the United Nations Secretariat in 1975 and 1982-1983, respectively.

15. Due to lack of convincing arguments in favour of the increase, divergent views on its possible amount, and position of some delegates who maintained that staff were actually overpaid by at least 20 percent, the General Assembly found itself unable to take any decision on the matter and requested the ICSC "to review further the basis for the determination and level of remuneration of Professional and higher categories, with a view to making recommendations thereon to the General Assembly at its thirty-ninth session and thereafter periodically on the level of remuneration". ^{6/} The General Assembly also noted "difficulties in reaching a consensus in the ICSC on the interpretation and application of the Noblemaire principle". ^{7/}

16. Recently, after reviewing all elements of the situation, ACC considered that its 1982 recommendation for an increase in the salaries of staff in the Professional and higher categories "was and continues to be justified".

17. Given the present situation, the Inspectors believe that to be objective on the matter it is indispensable to concentrate on the Noblemaire principle while taking into account the views of all parties concerned: Member States, Administration and staff.

The Noblemaire principle

18. On 1 October 1921, the Second Assembly of the League of Nations adopted the recommendation of the Fourth Committee, with Mr G. Noblemaire as its rapporteur, for determining the level of salaries for international civil servants. This recommendation, which became known as the Noblemaire principle, consists of three main elements.

19. The first element of the principle provides that remuneration offered to international civil servants should be such as to attract and retain the most competent and efficient citizens of any Member State. The Noblemaire report expressed this idea in the following terms "...the absolute value of salaries and wages shows a high average. It has been found impossible to do otherwise than calculate it on the basis of salaries granted to the highest paid officials in the various States Members of the League, otherwise there could have been a risk of seeing the Secretariat and the International Labour Office deprived of the service of the aforesaid officials, which would have been out of the question....this average scale of salaries and wages is justified from the point of view of comparative value". They (salaries) the report said "are perfectly reasonable and will allow the retention of the services of the nationals of all States Members of the League". ^{8/} The formulation suggests that the prime concern of the Noblemaire Committee in establishing a high level of salaries was to ensure the efficiency and effectiveness of international civil service staff.

20. Second element. While justifying the level of salaries for international civil servants based on the best paid national civil service, the Noblemaire Committee also laid emphasis on the expatriate nature of the international civil service. The Fourth Committee, which had discussed the Noblemaire

^{6/} A/RES/37/126

^{7/} Ibid

^{8/} League of Nations, Noblemaire Report, 1921, page 598

formulation before it was adopted by the Assembly, appreciated "the fact that in the scale of salaries proposed....the factor of expatriation had not been overlooked", and considered that "the Committee has taken it (the factor of expatriation) reasonably into account" (emphasis added). ^{9/} Thus, the Noblemaire principle provided for the expatriation factor being built into salaries of the international civil service.

21. Third element. The Noblemaire Committee anticipated that the level of salaries it proposed might be the subject of criticism on the part of public opinion. Therefore, the necessity of informing the public as to why salaries had been established at such levels had been underscored. "They" (salaries), it is said in the Noblemaire report, "constitute their own justification as against criticisms which public opinion - when better informed - will, it is to be hoped, no longer direct against them".^{10/}

22. The United Nations, since its inception, has accepted the Noblemaire principle as the only basis for determining the level of salaries and wages of international civil servants. On many occasions, its validity has been brought into question by representatives of some Member States and other principles and systems have been considered, but none have been found more valid or appropriate than the Noblemaire principle. Therefore in the present report, there is no need to go into their merits and deficiencies. The ICSAB conclusion that "the alternatives to Noblemaire so far advanced would do no more than replace one set of anomalies with another just as, or even more objectionable" ^{11/} appears to stand.

23. Notwithstanding the fact that the Noblemaire principle has never failed to be confirmed, the question has been repeatedly discussed as to what should be the basis for the comparison of total remuneration, what country should be the comparator and whether it should be civil or national service salary levels of the comparator country. On each occasion, it has been agreed that the basis for comparison should be the actual levels of remuneration in the United Nations system and the United States Federal civil service and not any other sector and no justification was found for a change in the manner in which the Noblemaire principle should be applied. The same position is held by the ICSC and ACC. Their view is that, under present circumstances, the Noblemaire principle is preferable to any other. Staff bodies also agree to the application of the Noblemaire principle and the United States as the comparator country. However, they sometimes insist that the basis for comparison should be the United States national salary levels, and in recent years they have advanced the so-called "pragmatic approach" to the application of the Noblemaire principle, which is in itself a deviation from the principle.

^{9/} League of Nations, Report of the Fourth Committee, page 5

^{10/} League of Nations, Noblemaire Report, 1921, page 598

^{11/} The Report of the Special Committee for the Review of the United Nations Salary System. Volume I, page 71, para. 4.

Application of the Noblemaire principle

First element - United Nations salaries should be based on the highest paid civil service

24. There is a feeling among the staff representatives that remuneration in the United Nations system is not sufficient to attract and retain nationals of the United States of America, which is the comparator country. Therefore, the United Nations Secretariat, in their view, recruits less qualified people and its efficiency suffers accordingly. On the other hand, there are some Member States who believe that the staff are paid more than enough to attract them to work in the United Nations Secretariat and that reasons for any inefficiency which exists are of a different nature.

25. The Inspectors presume that had remuneration of United Nations staff been insufficient, recruitment from those countries with highly-paid civil services would be affected. However, the ACC statistics suggest ^{12/} that as of 31 December 1983, of 3,950 professional posts financed from the United Nations regular budget, 560 were occupied by United States citizens and that there were 1,138 of them in the United Nations system as a whole. In the previous year, the respective figures were 3,885, 564 and 1,137. The recruitment data for 1982 and 1983 ^{13/} do not reveal any downward trend in the recruitment of United States citizens. On the contrary, the data suggest an increase in the number of those recruited from the private sector and academic (not civil service) institutions. In 1982, this recruitment constituted 56.3 percent of the total number of United States citizens recruited, and in 1983 66.3 percent. This evidence, concurrently with that of 944 United States citizens on the United Nations roster, seems to confirm the argument that the level of United Nations salaries serves as sufficient incentive, for both the Federal civil service and private sector employees, to seek employment with the United Nations. There is also a significant number of candidates on the roster from other countries with highly-paid civil services, i.e., United Kingdom (611), Canada (412), France (384), Federal Republic of Germany (187), the Netherlands (155), Belgium (116), Italy (140) and Sweden (135).

26. It is understood that the recruitment of United States nationals, as well as those of all other Member States, is limited by the system of desirable ranges of the number of staff from Member States and does not reveal the actual number of those who would like employment with the United Nations. However, the very fact that the United Nations roster contains several thousand candidates from developed countries speaks for itself. Another important point worth mentioning here is that, in general, staff members (including United States citizens) strive to obtain permanent contracts after joining the Secretariat and there are practically no cases of separation from the Organization on the grounds of insufficient pay. In other words, salaries in the United Nations Secretariat are high enough to discourage staff members from seeking employment elsewhere. It is worth noting that the United Nations community may be considered to be one of the most affluent not only in New York, but in the United States as a whole.

^{12/} ACC/1984/PER/37

^{13/} ACC/1984/PER/4/Rev.1

According to statistics recently made public by the Roosevelt University,^{14/} New York City has 8 of the nation's 20 most affluent areas, including Manhattan's Upper Second Avenue, Murray Hill and Washington Square, with an annual per capita income of \$19,025, \$18,630 and \$18,100, respectively, which are placed 12, 14 and 15 on the list. Taking into account the fact that the total remuneration of an average United Nations staff member (P-4, step VI) working and living in the New York City area is about \$58,000, the per capita income of a United Nations family of three falls comfortably into the above category.

Second element - expatriation factor

27. As mentioned above, the Noblemaire principle states that the expatriation factor is reasonably reflected or built into the scale of salaries of international civil servants. However, in the United Nations system nowadays we are facing several important deviations from this principle, which put United Nations staff in a more advantageous position compared with their comparator counterparts.

28. First. In 1972, the Special Committee on Salary Review recommended that "the level...of United Nations basic remuneration at New York of 15 percent above the United States Federal net pay is a satisfactory working margin, particularly as almost half the personnel are from Western European countries with much lower pay scales, and a large proportion of the rest are from countries where national salaries are lower than those prevailing in the highly industrialized countries".^{15/} As can be seen from the ICSC report to the General Assembly, ^{16/} the increase in the United Nations basic remuneration was recommended by the Special Committee by virtue of "the predominantly expatriate character of United Nations service", despite the fact that, in accordance with the Noblemaire principle, the expatriation factor is already reasonably reflected in salaries. The report states: "In order to compensate for differences in the nature of national service and international service and in particular the fact of expatriation, a margin has been allowed on the United Nations side. The adequacy of the level of the margin has never been defined. The 1971-1972 Special Committee by a majority decision had found a margin of 15 percent over the pay scales of the United States Government sufficient to attract and retain United Nations staff of high competence and appropriate geographic distribution". This means that the expatriation element has come to be reflected for the second time, leaving aside other expatriation benefits mentioned below. According to ICSC, this margin as adjusted for cost-of-living at present stands at 116.1 and at 124.3 without adjustment.

29. Second. All Professionals and above in the United Nations and their families enjoy home leave (once every two years) with extra days for the journey to their home country and return at United Nations' expense. In addition, all staff members (including the General Service category) have

^{14/} "International Herald Tribune", 8 August 1984.

^{15/} The Special Committee Report, Volume I, page 70, para. 191

^{16/} A/37/30, para. 90

ten more days' annual leave than United States employees. It should be noted that the staff bodies and the Administration hold the view that ten extra days are an expatriation benefit and should not be included when comparing total remuneration. On the other hand, some Member States believe that United Nations staff work ten days less than United States Federal civil servants and that this should be reflected in the comparison.

30. Third. United Nations staff members receive education grant benefits which are unknown in the comparator service.

31. Fourth. From their first day on the job, United Nations staff members may receive up to nine months' sick leave on full pay and a further nine months on half pay in any four-year period. At the same time, a United States employee would have to work 14 years with no sick leave whatsoever in order to accumulate nine months' sick leave at full pay.

32. Fifth. In the United Nations system, steps are given at a faster rate than in the United States Federal civil service: in the United Nations it takes 8 - 10 years to reach the tenth step compared to 18 years in the United States.

33. The Inspectors believe that all these benefits put United Nations employees in an even more advantageous position in comparison to their counterparts and contribute much to attracting and retaining people with "the highest standards of efficiency, competence and integrity". However, it should be noted that in the present report not all these benefits are included in the comparative elements of total remuneration between United Nations and United States civil servants.

Third element - the level of international civil servants' salaries and wages should not be the subject of public criticisms

34. The level of United Nations salaries for Professional and above categories is a time-worn issue and apparently the most controversial in the entire debate about Secretariat costs. By most analyses, it is considered to be extremely high and too often a United Nations employee is depicted by the mass media as the one who gets too much for his job. As for efficiency, the press argues that only a minority of United Nations officials are hard-working people whose services to peace, and to other good causes, are too valuable to be dispensed with.^{17/}

35. It should be recognized that although statements in the press are to a certain extent exaggerated, they cannot be altogether rejected. The delegates, especially in recent years, express more frequently their dissatisfaction with the quality of the documentation prepared by the Secretariat staff and its late distribution. They complain that the Secretariat produces purely descriptive documents without any critical analysis. For example, a large number of ECOSOC resolutions and decisions remind the Secretariat that deadlines for documents must be met, or that better drafted documents should be submitted. They even request the Secretary-General to submit new reports in order to offset the dissatisfaction caused by those already received. At

^{17/} "The Economist", December 1982

the last General Assembly session, the delegates were very upset by the fact that the Programme Budget for 1984-1985 had been distributed during the session. The United Nations Procurement Conference held in May 1983, which was attended by high-ranking diplomats of permanent missions to the United Nations and members of different United Nations Committees, including ACABQ, CPC, as well as by top officials of the United Nations Secretariat and scholars, came to the conclusion that the United Nations budget growth has not "resulted in greater efficiency or effectiveness".^{18/} Almost 70 percent of those who responded to the UNITAR questionnaire distributed among United Nations diplomats agreed that "overall performance of the international civil service has declined substantially in recent years".^{19/}

Comparison of total compensation for United Nations staff members and United States Federal civil servants

36. The essence of the Noblemaire principle is to ensure that remuneration of international civil servants be based on that in the highest paid national civil service and thus to secure a high level of efficiency and effectiveness. In this sense, all references to remuneration systems in the United States private sector or in other international organizations, such as the World Bank, the International Monetary Fund or OECD, are not relevant. It is worth noting that there are 54,000 United States Federal civil servants who work in the New York City metropolitan area and share the same living conditions with their United Nations counterparts without any cost-of-living compensation. The Noblemaire principle also implies that if salaries in the comparator service are not increasing due to national economic emergencies, including inflation, the international civil service should still be compared to it accordingly and this principle should be observed. In other words, as long as United Nations staff enjoy remuneration advantage vis-à-vis the officials of respective categories in the United States Federal civil service, there should be no case for a further salary increase. More often than not, the staff bodies base their argument for further increases in salary on the decline of purchasing power. However, this argument is not relevant since, at all times, the level of purchasing power remains practically the same for both United Nations staff and United States Federal civil servants, with a possible small difference which is corrected by post adjustment. Therefore, any changes in the United Nations salary level should not be geared to the concept of maintaining purchasing power but to the actual salary changes in the comparator service as the Noblemaire principle prescribes.

37. The last review of United Nations salaries was undertaken in 1972 by the Special Committee established by General Assembly resolution (A/RES/2743/XXV). The comparison included basic remuneration of United Nations staff in New York (salary, post adjustment and spouse allowance) and salaries of United States Federal civil servants also in New York (for a married official with no children). It resulted in an average ratio for comparable grades and steps for 1 January 1972 of 126.6 to 100 in favour of United Nations staff in New York and 113.85 to 100 in favour of United Nations staff in Geneva. The combined ratio was 120.22.

^{18/}Report of the Fourteenth United Nations Procedures Conference sponsored by the Stanley Foundation, 13 - 15 May 1983, page 31

^{19/}UNITAR "Diplomats' view on the United Nations system". An attitude survey. Policy and Efficacy Studies, No. 7, page 31

38. Commenting on these results, the Special Committee stated: "We recognize that the figures representing the relationship between the two salary systems are no more than a guide. The comparison is clearly not complete, first, because the United Nations staff consists overwhelmingly of persons working away from their home country, whereas United States employees work in their home country, and second, because the elements of pay compared differ in nature. Nevertheless, most of us think that, even allowing for these differences, the present total remuneration of United Nations staff, both at New York and elsewhere, is too high in relation to the salary of the highest paid national civil service".^{20/}

39. The General Assembly took note of the Committee's report, including the recommendation of a 15 percent increase in remuneration, which meant the expatriation benefits being considerably increased. However, there is no General Assembly decision to the effect that this margin should be maintained all the time and that salary or post adjustment should be corrected to keep the balance.

40. It should be emphasized that the 1972 Special Committee, while making the recommendation on the 115:100 ratio of United Nations remuneration to United States salary levels, stated: "This led us to consider a base salary of 85 percent of United States pay scales, with an expatriation allowance of 5 percent - the balance up to 115 being covered by the post adjustment."; and further: "In order to allow for greater flexibility in implementing this formula in practice, and in recognition of the fact that the present ratio of United Nations remuneration to United States salary levels differs at different grades, we have decided to recommend that the base salary should range from 75 to 85 percent of United States pay levels".^{21/}

41. At present, 12 years after this decision, the situation as shown in Table I has become quite anomalous: the net United Nations salary of step 1 makes 84.10 percent of comparable United States salary, which is slightly under the 85 percent level. However, post adjustment at class 9 stands at 39.16 percent making the United Nations take-home pay (without any expatriate benefit and difference in hours worked) 23.26 percent higher than that of the United States.

42. It should be pointed out that at its last session held in May 1984, ACPAQ recommended a further increase in post adjustment for New York by 9.6 percent that is up to class 11, due to the fact that in comparison with other duty stations the post adjustment in New York was lower. Therefore, the post adjustment at class 10 is equal to 44.57 percent of United States salaries and at class 11 would be 50.45 percent. Accordingly, the difference in the take-home pay between United Nations and United States employees is 28.67 percent in one case and would be 34.53 percent in another. It should be noted that these figures do not include any expatriation element.

43. By its resolution 31/141 of 17 December 1976, the General Assembly noted the ICSC's intention to pursue studies with a view to arriving at a methodology permitting comparison of total compensation between the comparator civil service and the United Nations salary system, and requested the Commission to carry out this comparison at all levels.

^{20/}The Special Committee Report, Volume I, page 62, para. 167

^{21/}Ibid, page 64, paras. 172 and 173

TABLE I
COMPARISON OF NET UNITED NATIONS AND UNITED STATES SALARIES AND RATIO OF POST
ADJUSTMENT TO UNITED STATES NET SALARY

Grade Step 1	UN <u>a</u> / Net Salary	US <u>b</u> / Net Salary	UN/US in %	P.A. (Class 9)	% of US salary	P.A. (Class 10)	% of US salary	P.A. (Class 11)	% of US salary
P-1; GS-9	15,866	18,163	87.35	7,429	40.90	8,510	46.85	9,590	52.80
P-2; GS-11 GS-12	19,894	23,036	86.36	9,318	40.45	10,673	46.33	12,030	52.22
P-3; GS-12 GS-13	23,803	27,712	85.89	11,216	40.47	12,847	46.36	14,479	52.25
P-4; GS-13 GS-14	28,311	32,807	86.30	13,358	40.72	15,301	46.64	17,244	52.56
P-5; Summation	34,018	40,324	84.36	15,938	39.52	17,592	43.63	20,574	50.56
D-1; Summation	37,639	49,696	75.74	17,342	34.90	19,864	39.97	22,387	45.05
D-2; Summation	42,872	51,830	82.72	19,098	36.85	21,876	42.20	24,654	47.57
Average:			84.10		39.16		44.57		50.43
UN (net salary and P.A.)/US					123.26		128.67		134.53

NOTES: a/ Net salary includes dependency allowance for a wife and one child.

b/ Net salary includes benefits for wife and one child.

44. In response to this and other similar General Assembly resolutions, in June 1981 the ICSC Secretariat issued a study (ICSC/R.272) prepared with the assistance of an external consulting firm of Tower, Perrin, Forster and Crosby (CPF & C).

45. In general, the comparison was made on the basis of salaries, allowances and benefits applicable to the United Nations and the United States. In addition, there were compared hours worked per year, retirement factors, valuation of annuities and health insurance. All other factors were excluded as expatriation benefits.

46. The final conclusion of the study was that the margin in total remuneration between the United Nations and the United States civil services was 114.2 to 100 in the United Nations' favour.

47. The study was discussed at the thirty-sixth session of the General Assembly where its findings had been challenged by some delegates, who maintained that United Nations staff are overpaid. For example, the United States delegation distributed a document of 16 November 1982 whereby the margin was calculated as 134.6 to 100. However, in its other, more recent, document the margin was adjusted and set at a ratio of 132.2 to 100, due to an increase in United States salaries, effective January 1984. Both documents question the basic data which were provided by the ICSC Secretariat to the consulting firm. Nevertheless, the ICSC Secretariat did not agree with the position of the United States delegation and it still holds the view that the margin at present is lower than 115. One of the main arguments between the two sides is what should be understood by expatriation factors and whether or not to include them in comparisons of total compensation.

48. In view of the above, the Inspectors, while using the ICSC Secretariat's basic figures for their calculations, do not accept in general its methodology and would like to make comments of their own on three particular points which may be the subject of controversy with this body.

49. First, while comparing the amount of annual leave given both to the United Nations and United States civil servants, the Secretariat assumes that all of them are entitled to 20 working days per year. As for the United States side, this assumption does not raise any question. On average, United States employees enjoy 20 days' leave: 13 days during the first three years of service, 20 days during the period of 3 - 15 years and 26 days after 15 years' service. It may be added that staff serving in hardship areas abroad are entitled, in addition, to up to 15 extra days' home leave every 18 - 24 months. However, given the fact that only about one percent of the United States Federal civil service is engaged abroad, an adjustment - if spread over all the service - will not exceed one hour of additional leave and can, therefore, be ignored in comparison calculations.

50. On the other hand, United Nations staff members enjoy 30 working days' annual leave, but the ICSC Secretariat excludes 10 days from its calculations on the grounds that they are an expatriation benefit. In order to support this argument, it refers to the Fifth Committee's decision taken in 1949 to continue the established practice of granting 30 days' annual leave to all staff members, including General Service. But, in the Inspectors' view, this very fact proves otherwise - an expatriation benefit, like the education grant, is the privilege of only Professionals and above and some other internationally recruited personnel, and for this particular reason ten extra days' annual leave are not that kind of benefit and, therefore, they should be included in compensation comparisons. It also implies that United Nations staff do, in fact, work ten days less. Besides, one should not mix, as the ICSC Secretariat does, annual leave, which is not an expatriation benefit, with home leave, which falls within this category.

51. Second. According to United States Federal workforce statistics, it is not possible to obtain separate figures for sick leave incurred by United States professional employees only. Therefore, it is necessary to compare United Nations and United States workforces as a whole. Nevertheless, the ICSC Secretariat compares 9.25 days' sick leave incurred by all United States employees, including the General Service category, ^{22/} with 4.75 days for United Nations Professionals and above only. If compared accordingly, i.e., with General Service staff included, the figure for the United Nations would be 10.7 days instead of 4.75. The whole comparison of number of hours worked by United Nations and United States employees annually is given in Table II, which shows that United Nations staff work 10.3 percent hours, or 21.7 working days, less than United States employees ($1,893.20 - 1,716.80 = 176.4 : 8.125 = 21.7$). The format is the same as that used by the ICSC Secretariat in document ICSC/R.272.

TABLE II

(a) <u>Scheduled hours (including lunch period) in a year</u>	<u>ICSC Analysis</u>	<u>Revised Analysis</u>
United Nations	2,120.60	2,120.60
United States	2,218.50	2,218.50
(b) <u>Absences due to leave</u>		
<u>United Nations</u>		
Official holidays	9.00 days	9.00 days
Annual leave	20.00 days	30.00 days
Sick leave	4.75 days	10.70 days*
Sub-total:	33.75 days	49.70 days
Days x 8.125 hours per day	274.22 hours	403.80 hours
<u>United States</u>		
Official holidays	9.00 days	9.00 days
Annual leave	20.02 days	20.02 days
Sick leave	9.25 days	9.25 days
Sub-total:	38.27 days	38.27 days
Days x 8.5 hours per day	325.30 hours	325.30 hours
(c) <u>Hours after adjustment for official holidays and leave</u>		
United Nations	1,846.38	1,716.80
United States	1,893.20	1,893.20
United States/United Nations	102.5%	110.3%

*Information provided by the Office of Personnel Services, United Nations Secretariat: average for 1980-1983.

^{22/} According to the information supplied by the United States Office of Personnel Management, separate figures for sick leave absences of United States professional employees are non-existent.

52. Third. In its two notes, the ICSC Secretariat has introduced a new factor into calculations of the total compensation margin which it termed "length of service" (ICSC/18/R.5) or "career difference" (ICSC/20/R.2).

53. The essence of this factor is that, due to their retirement age of 65 years, United States employees work on average 2.4 years more than their United Nations counterparts. In view of this fact, the calculations were made as follows. Pensions received annually by United Nations employees are deducted from annual salaries paid to United States civil servants. The balance is multiplied by 2.4 years of extra work on the United States side and divided by 20 years' average period of work in the United Nations system. The final result (from \$1,215 to \$3,249) is added to United Nations staff salaries. It is also included in the total remuneration comparison between United States and United Nations civil services and thus narrows the margin by 4.85 percent.

54. In the Inspectors' view, the introduction of this factor into the calculations is not justified for the following reasons:

(a) United Nations staff, including those on temporary and fixed-term contracts, will be paid for work they do not and will never do.

(b) A considerable number of retired United Nations employees continue to work both outside and inside the United Nations.

(c) If comparison were made on a long-term basis, at least for another 5 years, a retired United Nations official would be almost as well remunerated as his United States counterpart, who would retire at 65 and would live another 5 years on pension annuities. For example, a United Nations official at P-4 (top step) after 20 years' service would get \$24,962 pension annually (see A/38/746) or \$249,620 for ten years following retirement. A United States counterpart with an annual net salary of \$33,124 (see ICSC/20/R.2, Annex V) and pension benefit of \$18,465 per year (see A/38/746) would receive for the same period (5 years' work and 5 years' retirement) \$257,995.

(d) ICSC members have not yet reached a consensus on the question of whether retirement at age 60 is an advantage or disadvantage. It will be recalled that, indeed, several members of the Commission considered the fact that the majority of United Nations officials were forced to separate from service at the age of 60, while no such limitation existed on the side of the United States, represented a definite disadvantage to the international civil service. On the other hand, some members of the Commission considered that a mandatory age of separation did not in any way put an international civil servant in a disadvantageous position but represented a definite advantage to him, inasmuch as he could enjoy his retirement for a longer period of time without having to work. Those Commission members were, therefore, of the opinion that no adjustment should be made within the context of the total compensation comparison to account for the difference in length of service. Moreover, some members of the Commission considered that the difference in the average length of career being an advantage for the international civil service should be accounted for in comparisons of total compensation by an appropriate deduction.^{23/}

^{23/} A/37/30, paras. 78 and 79; A/38/30, para. 28

55. With the above mentioned in mind, the Inspectors consider it reasonable to include in compensation comparisons the two factors, namely ten extra days' annual leave for United Nations employees and sick leave adjustment, which together make 10.3 percent difference in hours worked and exclude from them the "career difference" factor.

56. With the inclusion of these two factors, the 116.1 percent margin calculated by the ICSC Secretariat on the basis of net United Nations/United States salaries (see Annex I) would actually stand at 128.1 percent ($116.1 \times 1.103 = 128.1$) and the 109.3 percent margin arrived at as a result of total compensation comparison (see Annex II) would be 120.6 percent ($109.3 \times 1.103 = 120.6$).

57. With further adjustment, i.e., exclusion of the "career difference" factor from the calculations of total remuneration, the margin would be 125.9 percent. The calculations of total remuneration are shown in Table III, which is actually Annex VI of document ICSC/20/R.2 with the abovementioned adjustments - 10.3 percent difference in hours worked included and the "career difference" factor excluded. All figures concerning the latter factor are in parenthesis.

58. It should be pointed out that the ICSC decision to increase post adjustment for New York as base city by 9.6 percent puts the margin at 127.6 percent with the "career difference" factor and at 133.0 without it. This is shown in Table IV. As in Table III, the figures in parenthesis exclude the "career difference" factor.

59. The conclusion drawn by the Inspectors from the calculations they have made coincides with the view of those delegates at the General Assembly who maintain that United Nations staff in the Professional and higher categories are largely overpaid compared to United States Federal civil service employees. Therefore, at present, there seems to be no case for increasing either salaries or post adjustment.

60. With regard to the question of pensions, it should be pointed out that United Nations staff also receive higher pensions than United States employees. The figures in Table V show the pensions due to retirees in both services after 20, 30 and 35 years' service. The calculations are made on the basis of statistical data contained in documents A/38/746 (the report of the Fifth Committee) and ICSC/R.272, Annex VIII, with ICSC methodology.

61. The table shows that, using P-1/D-2 levels, the aggregated figures will be 119.72 percent (20 years), 115.73 percent (30 years), and 106.45 percent (35 years) in 1981 and 132.42 percent, 128.00 percent and 117.74 percent in 1983. It also shows that the size of pensions for United Nations staff rose in two years by 12.70, 12.27 and 11.29 percent for 20, 30 and 35 years' service, respectively. The average percentage by year is 117.58 (ICSC estimate) for 1980, 114.10 for 1981, 125.96 for 1983 and 125.38 for 1984, all in the favour of United Nations staff.

62. It is worth pointing out that the higher pensions have resulted in the actuarial imbalance of the Pension Fund, which now presents a very serious problem.

TABLE III

Calculation of Total Compensation Margin between United States and United Nations Officials at Comparable Grades
(effective 1 July 1984)

UN grade	Total compensation amount		UN/US	Weights
	At UN grade	At equivalent US grade		
P-1	29 966	25 876 (24 661)	115.8 (121.5)	1.9
P-2	37 901	32 563 (31 087)	116.4 (121.9)	11.9
P-3	45 806	38 949 (37 295)	117.6 (122.8)	24.0
P-4	55 002	45 963 (44 072)	119.7 (124.6)	28.8
P-5	66 764	56 607 (54 277)	117.9 (123.0)	22.6
D-1	74 174	70 392 (67 143)	105.4 (110.5)	8.0
D-2	84 788	73 101 (70 064)	116.0 (121.0)	2.8

Weighted average ratio (New York/Washington, D.C. = 100): 117.1
(122.3)

Cost-of-living ratio New York/Washington, D.C.: 107.1

Weighted average ratio adjusted for cost-of-living difference: 109.3
(114.15)

Weighted average ratio adjusted for 10.3 percent difference in hours worked: 120.6
(125.9)

TABLE IV

Calculation of Total Compensation Margin between United States and United Nations Officials at Comparable Grades (at class 11)

UN grade	Total compensation amount		UN/US	Weights
	At UN grade	At equivalent UN grade		
P-1	31 767	25 876 (24 661)	122.8 (128.8)	1.9
P-2	40 160	32 563 (31 087)	123.3 (129.2)	11.9
P-3	48 526	38 949 (37 295)	124.6 (129.1)	24.0
P-4	58 240	45 963 (44 072)	126.7 (132.1)	28.8
P-5	70 627	56 607 (54 277)	124.8 (130.1)	22.6
D-1	78 378	70 392 (67 143)	111.3 (116.7)	8.0
D-2	89 419	73 101 (70 064)	122.3 (127.6)	2.8

Weighted average ratio (New York/Washington, D.C. = 100): 123.9
(129.2)

Cost-of-living ratio New York/Washington, D.C.: 107.1

Weighted average ratio adjusted for cost-of-living difference: 115.7
(120.6)

Weighted average ratio adjusted for 10.3 percent difference in hours worked: 127.6
(133.0)

TABLE V

Pensions paid to United Nations staff members in comparison to those paid to United States Federal civil servants in 1981 and 1983 after 20, 30 and 35 years' service
(in percentages)*

Grade	20 Years			30 Years			35 Years			UN/US Ratio	
	1981	1983	Increase	1981	1983	Increase	1981	1983	Increase	1980	1984
P-1	112.36	126.75	14.39	108.61	122.52	13.91	99.91	112.70	12.79	111.35	119.02
P-2	112.77	127.40	14.63	109.00	123.17	14.17	100.27	113.28	13.01	113.96	121.78
P-3	120.04	135.81	15.77	116.03	131.29	15.26	106.73	120.76	14.03	116.55	124.66
P-4	119.34	135.19	15.85	115.36	130.68	15.32	106.11	120.20	14.09	120.68	129.04
P-5	113.86	127.40	13.54	110.07	123.15	13.08	101.24	113.27	12.03	117.41	126.97
D-1	124.08	131.12	7.04	119.94	126.75	6.81	110.33	116.59	6.26	112.57	118.27
D-2	135.62	143.25	7.63	131.10	138.47	7.37	120.58	127.37	6.79	130.53	137.62
Total:	119.72	132.42	12.70	115.73	128.00	12.27	106.45	117.74	11.29	117.58	125.38

*The calculations are made on the basis of a comparison between United Nations grades and the weighted grades of the United States, using the methodology applied by the ICSC Secretariat.

III. SOME ASPECTS OF UTILIZATION OF HUMAN AND FINANCIAL RESOURCES IN THE UNITED NATIONS SECRETARIAT

63. There is a general preoccupation among Member States that, at present, the United Nations Secretariat is lacking in efficiency more than ever before. Recent debates in the General Assembly have clearly shown that "the quest for efficiency, effectiveness and restraint is by no means the exclusive patrimony of any country or group of countries, that the payment of contributions to this Organization affects the budgets of developing countries as much as it affects those of developed countries".^{24/}

64. The Joint Inspection Unit has repeatedly addressed itself to the problem of efficiency of the United Nations Secretariat and formulated a number of recommendations for improvement. In the present report only some of the relevant issues are raised which, in the opinion of the Inspectors, deserve very careful consideration by both Member States and Administration.

Excessive Bureaucratization

65. One of these issues is excessive bureaucratization of the Secretariat which, more often than not, is referred to in the General Assembly as well as in outside publications on the functioning of the United Nations. It appears that a reliable indication in this respect may be the actual relationship between the resources used for substantive and non-substantive activities. Obviously, the higher the proportion of those allocated for non-substantive activities the more the substantive activities would suffer from lack of resources and so would the overall performance of the Secretariat. In the table which follows, the Inspectors intended to bring out the amount of resources allocated for non-substantive activities and their share in total appropriations. Although it cannot be claimed that an exact demarcation line can be drawn between the two types of activities and inclusion of some services such as interpretation and translation is open to reservations, the table is illustrative to the extent that it shows the resources used for purposes which cannot be strictly termed "substantive activities".

66. The data contained in the table confirm the argument that bureaucracy in the United Nations Secretariat is expanding. All the budget sections appearing in the table, including "Public Information", which until recently was considered a part of "Common Services" and which in a strict sense of the term is not a substantive activity, absorbed \$764,843,900 in the 1981-1983 biennium as against \$275,922,000 in 1974-1975. In absolute terms, over the decade, these costs grew faster than total appropriations (2.77 times against 2.43 times) and their share in total appropriations, as a result, increased from 45.5 to 51.9 percent. Thus, it may be said that at least 52 percent of the United Nations budget (since in a number of programmes "executive direction and management" and "programme support" components could not be evaluated) is used for non-substantive activities. The largest percentage share of these resources is allocated to Section 28 of the budget "Administration and Management". It totals 18.0 percent of the 1981-1983 budget and, although being already excessively high, it is supposed to grow to 19.45 percent (1.4 percent increase) of the budget in the 1984-1985 period. The conclusion may be drawn that more and more United Nations employees are becoming managerial and administrative staff.

^{24/} A/C.5/38/SR.22, page 10

TABLE VI
Appropriations allocated to Non-Substantive
Services : 1974-1975 and 1982-1983

	1974-1975		1982-1983	
	Appropriations (US\$ 000)	% of Total Appropriations	Appropriations (US\$ 000)	% of Total Appropriation
Public Information ^{a/}	25,831	4.3	64,635	4.4
Administration and Management ^{b/}	100,254	16.5	265,778.5	18.0
Executive Direction ^{c/} and Management.	15,951	2.6	63,527.2	4.3
Programme Support ^{c/}	52,581	8.7	125,679.7	8.6
Conference and Library Services ^{d/}	81,305	13.4	245,223.5	16.6
Total:	275,922	45.5	764,843.9	51.9
Total Appropriations:	606,303	100.0	1,472,961.7	100.0

*Factual appropriations as they appear in Proposed Programme Budgets for the biennia 1976-1977 and 1984-1985.

Notes:

^{a/} Section 27 of the Programme Budget.

^{b/} Section 28 of the Programme Budget.

^{c/} Calculated on the basis of relevant data wherever contained in budget sections apart from Sections 27, 28 and 29.

^{d/} Section 29 of the Programme Budget.

67. The analysis of the appropriations allocated for non-substantive activities in the United Nations system (shown in the above table) as they appear in the budgets of the organizations concerned, suggests that in the United Nations their share in the budget (51.9) is higher than in FAO (16.1), UNESCO (35.3), ILO (36.3), WHO (39.2) and WMO (40.3). Although the high percentage of these appropriations in the United Nations may be explained partly by responsibilities which are proper to this Organization, the difference compared to other organizations is significant.

In this connection, it is also worth mentioning that as far as the United Nations is concerned these appropriations do not include those related to policy-making organs (General Assembly, ACABQ, Committee on Contributions, United Nations Board of Auditors, United Nations Joint Staff Pension Board, World Food Council, etc.), whereas with respect to some of the agencies appearing in the table they have been incorporated.

68. The Inspectors consider that if the concept of "maximum restraint" is to be really workable, a number of measures should be implemented. First of all, the role of the Department of Administration and Management should be strengthened and it should be more actively involved in the entire process of determining staff requirements as well as in the areas of priority setting and abolishing obsolete, marginal or ineffective activities throughout the Secretariat. Special attention should be paid to the services mentioned in Table VI. As a result, there should be a noticeable redistribution of resources in favour of "operational activities" and any attempt to expand United Nations bureaucracy should be discouraged. The redistribution of resources would allow coverage of a substantial part of resource requirements for new activities, i.e., activities which are added annually during the course of the current budget's implementation or proposed for a new budget period.

Staff Requirements

69. It is not for the first time that the tendency to rapid increase in the number of staff entailing absolute and proportionate growth of staff costs in the United Nations budget has been referred to by the Joint Inspection Unit. In its report on "Methods of Determining Staff Requirements" (JIU/REP/81/1), JIU stressed, in particular, that despite this growth, the methods by which United Nations organizations determine the number of staff they require and their distribution among many various units of secretariats are not always sufficiently precise. As far as the United Nations itself is concerned, the report noted a lack of accepted norms relating workload to staff requirements which entailed a marked tendency to continue posts from one budget to the next with little critical examination.

70. The above mentioned report having noted major deficiencies in such processes as: (i) preparation of proposals on staffing by individual units of secretariats; (ii) the review of these proposals by executive heads; and (iii) the approval of proposals by legislative bodies, in order to overcome these, recommended:

(a) Strengthening techniques for determining staff requirements within secretariats by devising work measurement or similar systems for repetitive work and by applying "analytical estimating" or similar techniques for non-repetitive work. The systems should apply not only to new posts but also to existing ones. The result of the systems should be adoption of productivity norms which would guide the preparation of staffing proposals.

(b) Ensuring participation of central management services, wherever they exist in organizations, in the process of determining staff requirements by helping to introduce the systems proposed in (a) and assisting in their implementation. (See also "Management Services in the United Nations System" (JIU/REP/81/3).)

(c) Providing committees of legislative bodies with information in their draft budgets which would permit them to better assess staffing proposals. This should include, for organizations with programme budgets, an indication of the estimated cost of each programme element and/or the estimated work months that will be required to carry it out and, for all organizations, workload estimates and norms for administrative and service activities.

(d) Legislative bodies should also use the additional information provided for determining whether the cost of programme elements is commensurate with their value, especially in competition, and whether there are less costly methods to achieve objectives.

71. The Inspectors regret to note that since these reports were issued there has been almost no progress registered in the United Nations Secretariat to comply with the above recommendations of JIU.

Priority Setting

72. Priority setting has always been viewed by Member States as an element which should constitute an integral part of the entire United Nations programme budgeting exercise. Concurrently with the elimination of programmes that are obsolete, ineffective or of marginal usefulness, priority setting is an indispensable instrument in making the activities of the United Nations more effective. In present circumstances, the importance of these two elements cannot be overestimated.

73. The rationale of priority setting is to enable Member States, as and when required, to give greater attention to high-priority activities. In an earlier report, 25/ JIU noted that the establishment of priorities does not mean that in case of reduction of the existing resources, one would be prepared to eliminate entirely the programme in the lowest category. However, it would mean that in such a situation the reduction in resources for the lowest-priority programmes would be larger than that for the highest-priority ones. Since, in practice, a major programme or a programme is never eliminated, except in absolutely exceptional cases, JIU suggested that the sub-programme level was therefore the essential one. "It is at that level that meaningful decisions can be taken to eliminate programmes which are unnecessary, of little use, obsolete, or to initiate new activities in pursuit of new objectives, whether the transfers are made within a major programme or from one major programme to another".26/

74. However, despite some progress which has been achieved in setting of priorities, it has to be acknowledged that sub-programmes in general have remained beyond this exercise. In fact, it is mostly programme elements, which are neither defined in absolute terms of resources requirements nor as a proportion of the programme total, that have mostly been accorded priorities. A few examples, when priority setting was made at the level of sub-programmes may nevertheless be cited. In section 5B (CSTD) sub-programme "Financing for science and technology for development" (4 percent of the programme total) has been given highest priority. Another example is designation of lowest priority to sub-programme "Policies for broad-based development" (5 percent of the programme total) in budget section 6. The only large-scale sub-programme which has been accorded a priority is "Food Planning Policy" (33.3 percent of the programme total) in budget section 14. From the overall analysis of priority designations, it may be concluded that although priority setting in the current programme budget affected 18 out of 33 budget sections, compliance with the General Assembly resolution requiring that priority designations should total 10 percent of programme resources in each category still remains to be achieved.

25/ JIU/REP/81/7

26/ Ibid, para. 13

75. Evidently, the setting of priorities should be extended to sectors not yet covered. It should also be coupled more effectively with the release or redeployment of personnel. Since it is the highest priority programme elements that must have first claim to resources, while the lowest may be curtailed or terminated, it appears appropriate that resources requirements for each programme element either in absolute terms or as a percentage of the programme total should be established, thus enabling Member States to be fully aware of the amount of resources to be transferred in case of a possible elimination of the programme element.

Obsolete, Marginal or Ineffective Activities

76. The issue of the identification of activities that are obsolete, of marginal usefulness or ineffective has been before the General Assembly since its thirtieth session, when it adopted resolution 3534(XXX), which requested the Secretary-General, inter alia, "to include in the performance reports on the United Nations programme budgets relevant information on the staff and resources released as a result of the completion, reduction, reorganization, merging, elimination or otherwise of United Nations programmes, projects or activities". Subsequently, this issue has been addressed in resolutions 31/39 of December 1976, 32/201 of 21 December 1977, 33/204 of 29 January 1979, 34/225 of 20 December 1979 and 35/209 of 17 December 1980. In the latter resolution, the General Assembly requested the Secretary-General to identify obsolete, marginally useful or ineffective activities, in the preparation of the programme budget for the biennium 1982-1983.

77. Pursuant to this request, the Secretary-General presented to the General Assembly at its thirty-sixth session the report entitled "Special review of the ongoing work programme of the United Nations" (A/36/658) which brought together in three annexes the activities of the United Nations. Annex I listed the activities included in the 1980-1981 programme budget but which, as a result of the analysis of programmes in preparation of the 1982-1983 programme budget, were subsequently defined as obsolete, marginal or ineffective. Annexes II and III enumerated low and high priority programmes, respectively. Due to the late submission of this report to the General Assembly, Member States were unable to use it when deciding on the programme budget for the biennium 1982-1983. In resolution 36/239 of 18 December 1981, the General Assembly requested CPC and ACABQ to address themselves to this report within their respective spheres of competence and to report to the General Assembly at its thirty-seventh session. Following the mandate accorded to it by resolution 36/239, CPC considered the relevant portions of the report and the Note by the Secretariat (E/AC.51/1982/L.5) and recommended that "the General Assembly should request the Secretary-General to issue an updated version of his report entitled 'Special review of the ongoing work programme of the United Nations' (A/36/658), which should be prepared and submitted together with the prepared programme budget for 1984-1985, to the Committee at its twenty-third session."^{27/} Furthermore, the Committee urged the Secretary-General when presenting any revised estimates to the General Assembly at its thirty-seventh session, to draw the attention of the Assembly to any activities contained therein which had been listed in Annexes II and III to his report (A/36/658). The Committee also recommended that similar reviews should become part of the regular process of preparing programme budgets.

^{27/} Report of the Committee for Programme and Co-ordination on the work of its twenty-second session (A/37/38), page 55, para. 286.

78. ECOSOC, at its second regular session of 1982, endorsed the conclusions and recommendations of CPC, and ACABQ agreed with CPC that "the report of the Secretary-General needs updating" 28/ and, in connection with this exercise, the Committee mentioned specifically Annex III as well as Annex II.

79. In accordance with the above-mentioned recommendations of CPC and ACABQ, as well as the decision of the General Assembly, the Secretary-General has prepared "Updating of the special review of the ongoing work programme of the United Nations" (A/C.5/37/51) and, in consultation with the programme managers concerned, updated Annex II (low priorities) and Annex III (high priorities) of the report on the special review (A/36/658). The result of this undertaking is contained in the annex to the report (A/C.5/37/51) in the form of an updated list of: (a) activities required by legislative mandates and therefore included in the programme budget for the biennium 1982-1983, but which might be considered of low priority; and (b) high-priority activities that could contribute to the strengthening of the ongoing programmes.

80. The report contained estimates of resources which were expected to be released as a result of termination of low-priority activities falling under categories A to C, 29/ as well as the proposed redeployment of resources and staff to activities deemed of high priority and which need strengthening. However, the volume of resources which should have been released referred in the report to the year 1983 only and amounted to approximately \$3.6 million, whereas the estimates of the resources associated with the proposals made in Annex II of document A/36/658 totalled \$20-25 million for the entire biennium 1982-1983. The General Assembly, having considered the reports of the Secretary-General, endorsed (resolution 37/242 of 21 December 1982) his decision to terminate or curtail the activities listed in categories A and B as contained in the report "Updating of the special review of the ongoing work programme of the United Nations" and requested the Secretary-General to refer category D 30/ to the competent inter-governmental bodies for their views thereon. Moreover, the General Assembly in its resolution 37/242 requested the Secretary-General "to report, in the introduction to the proposed programme budget for the biennium 1984-1985 and those of subsequent bienniums, on the specific steps he has taken and decisions he intends to propose to the General Assembly to terminate or curtail activities of low priority".

28/ A/37/7/Add.1, paras. 10 and 11

29/ In the "Special review of the ongoing work programme of the United Nations" (A/36/658), all low-priority activities are classified into eight categories from A to H. The first three categories comprise: activities which the Secretary-General proposes to terminate in the current biennium on his own authority or to curtail on his own authority, as well as activities which, although required by legislative mandates, the Secretary-General proposes for termination or curtailment.

30/ Activities required by legislative mandates but which the Secretary-General regards as being of low priority and leaves to the initiative of Member States to make proposals for their termination or curtailment (as defined in A/36/658).

81. As a result of what has been described above, there have been three comprehensive reviews of obsolete, ineffective or marginally useful activities over the past three years. One may also note several actions taken by the Secretary-General during this period, namely: (a) the establishment of a Programme Planning and Budgetary Board 31/ and of a Central Monitoring Unit 32/; (b) the incorporation into the instructions to departments/offices for submission of proposals for the 1984-1985 programme budget of identification of activities considered obsolete, of marginal usefulness or ineffective. Finally, pursuant to paragraph 3 of resolution 37/242 of the General Assembly, a list has been drawn up in the form of an annex (Annex II) to the proposed 1984-1985 programme budget enumerating terminations of programme elements included in the programme budget for the biennium 1982-1983 but considered obsolete, ineffective or of marginal usefulness. Given the systematic framework now in place for the identification of such activities, the Secretary-General, in the preamble to Annex XI to the 1984-1985 programme budget, expressed his belief that "the question of identifying activities which are considered obsolete, of marginal usefulness or ineffective has become an integral part of the programming planning cycle". In the present circumstances, it is no less important to ensure that the scale of practical steps should be commensurate with organizational actions undertaken.

82. However, an analysis of Annex XI leads to the following considerations.

First. The number of terminations is insignificant compared to the overall activities of the United Nations. Eighty-eight terminations occurred and represent about 5 percent, instead of the 10 percent requested by the General Assembly, of the total number of programme elements appearing in the programme budget.

Second. The terminations have taken place at the programme element level only. In this context, it is imperative to reaffirm JIU's conclusions drawn in 1981 that no serious thought has been given as yet to classifying, for example, sub-programmes (not to mention programmes or major programmes) as obsolete (A/36/171, para. 40).

Third. The terminations affected only 9 or less than one third of budget sections and only at programme element level. All the affected sections belong to part IV "Economic and social activities".33/

31/ ST/SGB/190 of 7 April 1982.

32/ ST/SGB/196 of 14 October 1982. In accordance with this bulletin, the Central Monitoring Unit consists of three staff members, with supporting General Service staff, assigned, initially on a part-time basis, from the Office of the Director-General for Development and International Economic Co-operation, the Department of Administration and Management, and the Department of International Economic and Social Affairs (para.5).

33/ Namely: section 5B "Centre for Science and Technology for Development (3 programme elements); section 6 "Department of International Economic and Social Affairs" (15); section 9 "Centre on Transnational Corporations" (2); section 11 "Economic and Social Commission for Asia and the Pacific" (2); section 12 "Economic Commission for Latin America" (5); section 13 "Economic Commission for Africa" (33); section 14 "Economic Commission for Western Asia" (12); section 17 "United Nations Industrial Development Organization" (5); section 19 "United Nations Centre for Human Settlements (Habitat)" (1).

Fourth. In all budget sections, the terminations affected only sub-section C ("Programme of activities"), while sub-sections A ("Policy-making organs") and B ("Executive direction and management") remained untouched, except in the case of section 13.

Fifth. The vast majority (55 - or 62.5 percent) of all terminations have occurred in the regional economic commissions, which might indicate some resistance or reluctance on the part of the programme managers to examine more closely the possibilities of curtailing Headquarters' activities.

Sixth. In 36 cases set forth in Annex XI to the 1984-1985 programme budget, the terminations represented no more than partial reduction of programme elements.

83. As far as Annex XI itself is concerned, its main deficiency is that the information contained therein, being only descriptive, does not make any reference to the number of posts to be abolished or the volume of financial resources to be released. Neither is there any indication as to how these resources were or are going to be redeployed. The Under-Secretary-General for Administration and Management in his statement before the Fifth Committee on 31 October 1983 recognized that often this redeployment was in terms of work-months and was therefore below the level of detail reported to the intergovernmental bodies. It is difficult to indicate the exact relationship between these terminations and the resources released, although this link existed in practice.^{34/}

84. In the Inspectors' opinion, the effect of termination should be obvious (if not transparent). But, often it does not seem to be the case. The prime example to illustrate this point is the Economic Commission for Africa with the largest number of terminations (33) in the United Nations, which should have inevitably entailed significant savings and partial accommodation of the requests for additional resources. However, on the basis of available documentation, it appears impossible to define both the volume of resources or number of staff released and their redeployment. Therefore, the General Assembly remains unaware whether or not any redeployment has really taken place.

85. On the contrary, as can be seen from section 13 of the programme budget, additional resource requirements in ECA for the 1984-1985 period amounted to \$8,427,300, which represented a 22.5 percent increase (2.6 percent in "real growth" terms) against the 1982-1983 actual appropriations. By way of comparison, the corresponding increase for ECLA (with 5 terminations) constituted 20.5 percent and ECE (with no terminations at all) 5.6 percent (1.6 and -0.2 percent in "real growth", respectively).

86. In quite a number of cases, the Inspectors were unable to see any results of termination efforts. This, in particular, relates to the programme "Human settlements in Africa". Given the fact that this programme consists of the same number of programme elements (6), of which 5 have been partially eliminated, there should have been a resulting release of substantial resources. In practice, the resource requirement for this programme in the 1984-1985 programme budget exceeded by 25 percent actual appropriations for this programme in 1982-1983. Another example is the programme "Industrial development", where 4 out of the total 10 programme elements have been partially terminated, and the resource requirements, on the other hand, have increased by more than 25 percent. Sometimes, the

^{34/} A/C.5/38/SR.22

answer seems even more difficult to find at the level of sub-programmes. Thus, sub-programme 4 "Development of small scale industries" consisting of two programme elements has been significantly curtailed. In fact, out of 4 outputs which should have been produced under programme element 4.1 "Policies and institutions for small scale industries", only one has been retained for 1984-1985. Also, one output (out of 2) has been retained in programme element 4.2. However, the resource requirements for this sub-programme, totally financed from the regular budget, have exceeded by 27.2 percent the appropriation in the previous biennium. Thus, it may be concluded that a significant reduction of work related to the cited activities entailed neither reduction of resources nor their redeployment.

87. In recent years, a number of institutional steps have been taken aimed at improving planning and monitoring. In addition to the actions described above, one may cite new functions assigned to the Secretariat under "Rules governing programme planning, the programme aspects of the budget, the monitoring of implementation and methods of evaluation", prepared by the Secretary-General and endorsed by the thirty-eighth General Assembly. These rules as amended by CPC provide, inter alia, that: "In the context of the preparation of the proposed programme budget, the Secretary-General shall submit to the General Assembly, through CPC, information on activities considered by him to be obsolete, of marginal usefulness or ineffective and on the resources which might be released as a result of termination or curtailment of these activities". The "Rules" also set forth 5 major criteria to be applied for the determination of obsolete, marginal or ineffective activities, as well as containing the provision which would ensure a more precise presentation of final outputs. In accordance with Rule 105.1, the outputs actually delivered during the biennium shall be listed by the following categories:

- (i) completed as programmed;
- (ii) postponed to the following biennium, whether commenced or not;
- (iii) completed while significantly reformulated;
- (iv) terminated as obsolete, of marginal usefulness or ineffective;
- (v) additional outputs required by legislative decision subsequent to the programme budget;
- (vi) additional output initiated by the programme manager.^{35/}

88. The Inspectors believe that, given the role which "Rules governing programme planning, the programme aspects of the budget, the monitoring of implementation and methods of evaluation" may play in ensuring more positive results with regard to examination of United Nations programmes in terms of their relevance and effectiveness, it would be useful to publish them as a separate document to be circulated among Member States and United Nations officers responsible for planning, execution, monitoring and evaluation of programmes.

^{35/} A/38/126, page 23

IV. CONCLUSIONS AND RECOMMENDATIONS

Staff Costs - Remuneration of Professional and Higher Categories

89. In November 1982, ACC recommended to ICSC a 5 percent increase in salaries for United Nations staff in the Professional and higher categories with effect from January 1983, on the assumption of loss of purchasing power. The financial implications of the recommendation at that time were put at \$45.5 million annually system-wide. This recommendation reflected, in part, the staff bodies' proposal of increasing salaries by 10 percent effective January 1982. The ICSC did not reach an agreement on the issue and transmitted its members' views for consideration and decision by the United Nations General Assembly.

90. At its thirty-seventh session, the General Assembly found itself unable to adopt the recommendation since some delegates stated that United Nations Professionals and above were overpaid by at least 20 percent.

91. In July, 1984, ACC considered anew the question of salaries for the Professional and higher categories and concluded that its 1982 recommendation "was and continues to be justified". However, ICSC has not taken any decision on this matter, but adopted the ACPAQ recommendation of an increase in post adjustment for New York, as base city, of 9.6 percent, i.e., from class 9 to class 11, to be effective from 1 August 1984.

92. From the analysis in this chapter, the following conclusions can be drawn:

(a) In the process of determining salaries, post adjustment and other benefits, the Noblemaire principle is not strictly applied. Notwithstanding the fact that the General Assembly has not adopted any decision establishing the margin in total remuneration between United Nations staff in the Professional and higher categories and their United States counterparts, the competent organs use as a base for compensation comparisons the margin of 115 to 100 in the United Nations' favour. In practice, however, the margin, according to the analysis, is much higher - 120.6:100 in net base remuneration and 125.9:100 for total remuneration. These figures are now 127.6:100 in the first case and 133:100 in the second as the 9.6 percent increase in post adjustment for New York has been implemented.

(b) According to the statistics supplied by the Pension Fund Board, pensions in the United Nations system are higher by up to 43 percent compared to those in the United States Federal civil service.

(c) The methodology used by the ICSC Secretariat is not complete and needs further development.

93. In view of the above, the Inspectors believe that the following may be taken into account by delegates at the General Assembly when considering recommendations regarding an increase in salaries and post adjustment for staff in the Professional and higher categories.

Recommendation 1:

The General Assembly should not increase either salaries or post adjustment for Professional and higher categories at its thirty-ninth session, but request the ICSC to reconsider the whole question of remuneration of these categories of staff and report on the results to the forty-first session of the General Assembly.

Recommendation 2:

The General Assembly should request all organs which deal with the determination of salaries, post adjustment and other benefits to observe strictly the Noblemaire principle and the relevant General Assembly decisions.

Recommendation 3:

The General Assembly should request ICSC to develop further methodology for the compensation comparison between the United Nations and United States civil services with due regard to the considerations put forward in the present report.

Some Aspects of Utilization of Human and Financial Resources
in the United Nations Secretariat

94. On the basis of the analysis contained in Chapter III, it may be concluded that:

(a) The Secretariat has sufficient reserves in terms of human and financial resources to carry out new tasks assigned to it by the legislative bodies of the Organization without recruitment of additional staff. If appropriate measures are taken for redeployment of staff, both as a result of elimination of obsolete, marginal or ineffective activities and a more precise determination of staff requirements, the new programmes may be implemented by existing staff.

(b) In the past decade, there has been a marked tendency towards further bureaucratization of the United Nations Secretariat. The part of the budget devoted to non-substantive activities is excessive.

(c) The progress achieved in priority setting and terminating activities which are obsolete, of marginal usefulness or ineffective is still very limited, and has entailed practically no reduction of financial and human resources or their redeployment. Both priority setting and termination occur mostly at the level of programme elements; in many cases, termination represented partial elimination of outputs. Termination affected only 9 out of the 30 budget sections where these could have been accomplished.

Recommendation 4:

Within the next two budget periods, there should, in principle, be neither establishment of new posts nor transfer of staff from extrabudgetary to budgetary financing.

Recommendation 5:

The General Assembly should give careful consideration to possibilities for redeployment of existing staff to the benefit of "operational activities".

Recommendation 6:

More vigorous action should be taken with regard to priority setting and identifying activities which are obsolete, of marginal usefulness or ineffective. This exercise should be extended to all major programmes and programmes. The Inspectors believe that the level at which priority setting and elimination efforts are made could be raised to sub-programme level.

Recommendation 7:

In future, it would be useful if information presented to governing bodies on anticipated termination of activities were supplemented by data indicating the amount of human and financial resources to be released as a result of this exercise and their possible redeployment. It would also be desirable if all programme elements were estimated in terms of resources required.

Grade and weight	Net* salary	Pension- able remu- neration	Pension benefit % of C	Pension benefit amount	Health- care benefit	Life insurance benefit	Carreer diff.	Total
A	B	C	D	E	F	G	H	I
UN grade P-5/1	50 730	66 811	23.25	15 534	479	21		66 764
<u>U.S. grade Weights</u>								
GS 15/1 92	39 901	50 495		11 826				
SES 2	47 970	62 702	65 992	14 685	15 656			
SES 4 8	51 012	67 487		15 805				
Weighted averages	40 714			12 132	1 260	171		
Summation	40 714	51 735	23.42	12 132	1 260	171	2 330	56 607
UN grade D-1/1	55 823	76 777	23.25	17 851	479	21		74 174
<u>U.S. grade Weights</u>								
GS 16/1 6	45 758	59 223		13 870				
SES 1 13	46 449	60 310		14 125				
SES 4 75	51 012	67 487		15 805				
SES 5 6	52 113	69 237		16 215				
Weighted averages	50 170	66 163		15 495	1 260	218		
Summation	50 170	66 163	23.42	15 495	1 260	218	3 249	70 392
UN grade D-2/1	62 897	92 003	23.25	21 391	479	21		84 788
<u>U.S. grade Weights</u>								
GS 17/1 7	52 011	69 376		16 248				
GS 18/1 9	59 616	81 311		19 043				
SES 4 50	51 012	67 487		15 805				
SES 5 29	52 113	69 237		16 215				
SES 6 5	53 233	70 987		16 625				
Weighted averages	52 287	69 546		16 287	1 260	230		
Summation	52 287	69 546	23.42	16 287	1 260	230	3 037	73 101

CALCULATIONS OF UNITED STATES AND UNITED NATIONS
TOTAL COMPENSATION VALUES AT EQUIVALENT GRADES

Grade and weight	Net* salary	Pension- able remun- eration	Pension benefit % of C	Pension benefit amount	Health- care benefit	Life insurance benefit	Carreer diff.	Total
A	B	C	D	E	F	G	H	I
UN grade P-1/1	23 656	24 989	23.25	5 810	479	21		29 966
<u>U.S. grade Weights</u>								
GS 9/1 100	18 397	21 066		4 934	1 260	70		
Summation	18 397	21 066	23.42	4 934	1 260	90	1 215	25 876
UN grade P-2/1	29 665	33 272	23.25	7 736	479	21		37 901
<u>U.S. grade Weights</u>								
GS 11/1 62	21 867	25 489		5 970				
GS 12/1 38		30 549		7 155				
Weighted averages	25 684	27 412		6 420	1 260	90		
Summation	23 317	27 412	23.42	6 420	1 260	90	1 476	32 563
UN grade P-3/1	35 564	41 901	23.25	9 742	479	21		45 806
<u>U.S. grade Weights</u>								
GS 12/1 45	25 684	30 549		7 155				
GS 13/1 55	29 940	36 327		8 508				
Weighted averages	28 025	33 727		7 899	1 260	111		
Summation	28 025	33 727	23.42	7 899	1 260	111	1 654	38 949
UN grade P-4/1	42 318	52 403	23.25	12 184	479	21		55 002
<u>U.S. grade Weights</u>								
GS 13/1 33	29 940	36 327		8 508				
GS 14/1 67	34 707	42 928		10 054				
Weighted averages	33 134	40 750		9 544	1 260	134		
Summation	33 134	40 750	23.42	9 544	1 260	134	1 891	45 963

* Includes \$700 for one dependent child.

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COMPARISON OF AVERAGE NET REMUNERATION OF UNITED NATIONS OFFICIALS IN NEW YORK AND
UNITED STATES OFFICIALS IN WASHINGTON, D.C.
(October 1983-September 1984)
(May 1984)

United Nations, New York		United States, Washington, D.C.			UN/US ratio adjusted for cost of living (US, Washington = 100)	Weights for calculation of overall ratio <u>c/</u>
Grades	Net remuneration <u>a/</u>	Grade	Net remuneration per grade <u>b/</u>	Weights		
P1/1	22 956	GS 9/1	18 163	100	118.0	1.9
P2/1	28 965	GS 11/1	21 598	62	117.4	11.9
		GS 12/1	25 382	38		
P3/1	34 864	GS 12/1	25 382	45	117.5	24.0
		GS 13/1	29 618	55		
P4/1	41 618	GS 13/1	29 618	33	118.4	28.8
		GS 14/1	34 377	67		
P5/1	50 030	GS 15/1	39 579	92	115.8	22.6
		SES 2	47 493			
		SES 4	50 535	8		
D1/1	55 123	GS 16/1	45 319	6	103.6	8.0
		SES 1	45 972	13		
		SES 4	50 535	75		
		SES 5	51 646	6		
D2/1	62 197	GS 17/1	51 770	7	112.0	2.8
		GS 18/1	59 144	9		
		SES 4	50 535	50		
		SES 5	51 646	29		
		SES 6	52 756	5		
Cost-of-living ratio New York/Washington, D.C.:					107.1	
Weighted average ratio, adjusted for cost of living:					116.1 (margin)	

a/ Includes post adjustment of 8 months at class 9 (multiplier 55); 4 months at class 10 (multiplier 63).

b/ Based on published salary rates effective 1 January 1984 (including bonuses and special award where applicable).

c/ These weights correspond to the United Nations common system staff in grades P-1 to D-2, inclusive, serving at Headquarters and established offices as at 31 December 1982.

(ICSC/20/R.2
Annex I)

ANNEX I