ADMINISTRATIVE AND FINANCIAL QUESTIONS

GATT and the Common System

Introduction

1. At its meeting in October 1985, the Committee on Budget, Finance and Administration expressed the wish to examine at a future meeting the whole question of the implications of GATT's application of the United Nations common system (document L/5881, paragraphs 24 and 89). This note, setting out factual information concerning the common system, has been prepared in order to facilitate the Committee's task in examining this question.

The United Nations "family" of organizations

2. What is known as the United Nations "family" of organizations is composed of nineteen bodies as follows:

- United Nations Organization (UN)
- Food and Agriculture Organization of the UN (FAO)
- General Agreement on Tariffs and Trade (GATT)
- International Atomic Energy Agency (IAEA)
- International Bank for Reconstruction and Development (IBRD)
- International Civil Aviation Organization (ICAO)
- International Development Association (IDA)
- International Finance Corporation (IFC)
- International Fund for Agricultural Development (IFAD)
- International Labour Organization (ILO)
- International Maritime Organization (IMO)
- International Monetary Fund (IMF)
- International Telecommunications Union (ITU)
- UN Educational, Scientific and Cultural Organization (UNESCO)
- UN Industrial Development Organization (UNIDO)
- Universal Postal Union (UPU)
- World Health Organization (WHO)
- World Intellectual Property Organization (WIPO)
- World Meteorological Organization (WMO)

3. Each of these organizations has its separate legal identity with its own governing body and executive head. All, except GATT, have Staff Regulations and Rules as well as Financial Regulations and Rules of their own.

Specialized Agencies of the United Nations

4. Of the eighteen organizations named above, other than the United Nations itself, seventeen have entered into formal agreements with the United Nations under the terms of Articles 57 and 63 of the United Nations
Charter and are regarded as Specialized Agencies of the United Nations reporting to the Economic and Social Council (ECOSOC). Although IAEA has concluded an agreement with the United Nations it is not considered to be a specialized agency. GATT has not entered into any formal agreement of this kind with the United Nations but, by a longstanding convention initially based on ICITO but subsequently explicitly recognized on several occasions by ECOSOC, is treated by the United Nations on a de facto basis as if it were a specialized agency.

Bases for "Common System" co-operation and co-ordination

5. The terms of most of the agreements referred to above are broadly speaking similar and recognize the desirability of the eventual development of a single unified international civil service. They call for common personnel standards, methods, arrangements, the avoidance of competition or overlapping of administrative and technical services and the establishment of close budgetary and financial relationships. To this end, the fullest co-operation, co-ordination and consultation is agreed to in each of these areas.

6. The agreements with IBRD and IMF are much less detailed and call for consultation "from time to time concerning personnel and other administrative matters of mutual interest, with a view to securing as much uniformity in these matters as they shall find practicable and to assuring the most efficient use of the services and facilities of the two organizations..."

7. The body in which the inter-organizational consultations that are called for by these agreements are held is the Administrative Committee on Co-ordination (ACC) composed of the executive heads of the organizations. One of the most important of ACC's subsidiary bodies is the Consultative Committee on Administrative Questions (CCAQ) which meets regularly at the level of chiefs of the administrative departments of the organizations, or their representatives. This Committee discusses, and reports to ACC, on the broad range of personnel and related administrative matters and on budgetary and financial questions.

8. In 1975, the International Civil Service Commission (ICSC) was set up on the recommendation of the Special Committee for Review of the United Nations Salary System to replace the International Civil Service Advisory Board (ICSAB). The aim of the Commission, is to develop a unified international civil service through the application of common personnel standards, methods and arrangements, as set out in the ICSC Statute.

The Common System in Practice

9. Taking into account the fact that each organization, other than GATT, has its own staff and financial regulations and rules, adapted to its own particular circumstances, the common system may be considered in practice as comprising only two main elements:

- a common salary system; and
- a common pension fund.
10. With regard to the salary system applied by fifteen organizations (see Annex), even here important deviations from normal standards exist. In one organization (WHO) there is a P.6 grade that does not exist in other organizations. Further, some organizations such as ILO award additional steps, e.g. for long service, in some grades. In one agency (WIPO) in the past special measures were introduced in order to protect take-home pay (and pensionable remuneration) from decreases occasioned by changes in the US dollar/Swiss franc exchange rate applicable for salary purposes.

11. As far as the common pension fund system is concerned, only fourteen of the nineteen members of the United Nations "family" of organizations are participating in the United Nations Joint Staff Pension Fund (see Annex). The remaining five agencies have pension fund schemes of their own.

GATT and the Common System

12. Even though GATT has not entered into any form of special agreement with the United Nations and is not a specialized agency, the major elements of the common system are applied without important deviation. The United Nations salary scales are applied to all GATT staff and no additional grades, or additional steps in grades, have been brought into being. Eligible GATT staff members are participants in the United Nations Joint Staff Pension Fund. Although GATT has no staff or financial regulations and rules of its own, by decision of the CONTRACTING PARTIES the relevant United Nations regulations and rules are applied "as far as appropriate and for the time being". Draft regulations and rules for consideration by the GATT Committee on Budget, Finance and Administration are at present in preparation.

13. The GATT secretariat's close adherence to the practical aspects of the common system, as set out above, and the consequent automatic acceptance of decisions taken by the United Nations General Assembly or by common system bodies such as the International Civil Service Commission with regard to salaries and allowances and pensions sometimes have significant effects on approved GATT budgets and over which the secretariat has no control. Examples of this are as follows:

- As a result of an International Civil Service Commission survey, the United Nations salary scales for staff in the General Service category were adjusted effective 1 April 1985, in addition to an automatic adjustment that had been applied with effect from 1 February 1985. This second increase, which it had not been possible to foresee at the time that the 1985 GATT budget was approved, has led to additional expenditure of approximately Sw F 290,000 in 1985.

- The United Nations General Assembly decision in December 1984, to freeze the post adjustment mechanism for taking account of the effects of inflation on the salaries of staff in the Professional and
higher categories, will lead to savings of some Sw F 690,000 on the 1985 GATT budget. This is because the budget, which was approved by the CONTRACTING PARTIES before the United Nations decision was taken, contained provision for normal anticipated movement of the post adjustment index in 1985.

Similarly, the United Nations General Assembly decided in December 1984 to temporarily suspend the adjustment of pensionable remuneration for staff in the Professional and higher categories. This pensionable remuneration is normally adjusted for Pension Fund contribution purposes according to movements of the Weighted Average of Post Adjustment (WAPA) at Headquarters and main Regional Offices of organizations participating in the United Nations Joint Staff Pension Fund. A provision of Sw F 150,000 was made in the 1985 budget to cover anticipated movements of the WAPA index in 1985 and this amount will accrue as savings.
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United Nations General Assembly Decisions Affecting GATT

Decisions taken by the United Nations General Assembly affect GATT and GATT staff members particularly with regard to salaries, post adjustment, allowances (family allowances, education grant, etc.) and Pension Fund contributions and benefits.

For example the General Assembly, in December 1985 at its 40th Session, approved the following measures:

- to maintain the margin between net remuneration of officials in the Professional and higher categories of the United Nations in New York and officials in comparable positions in the United States federal civil service at the level around 115. This means in practice that no post adjustment classes for inflation will be granted in 1986. At its meeting in October 1985 the GATT Budget Committee, anticipating this decision, deleted the provision that had been included in the 1986 GATT budget for movements in the post adjustment index.

- to increase substantially the support for staff with disabled children, as proposed by FICSA and the ICSC. No provision is made in the 1986 GATT budget for this purpose. The actual amount involved is not yet known but the budgetary impact will not be significant as two staff members only are concerned.

- to reject the "freeze" of the level of pensionable remuneration for staff in the Professional and higher categories as at 31 December 1984 recommended by the ICSC and the UN Joint Staff Pension Board. Amounts deducted from participants' pay in this respect, currently held in a suspense account, are being refunded to staff members.

- to amend the Pension Fund regulations in order to set a limit to the maximum retirement benefits payable to participants above D.2 level and to define limited interim measures for participants whose pensionable remuneration was lowered at 1 January 1985.

- to extend until the Forty First Session of the General Assembly the suspension of the operation of the pensionable remuneration adjustment procedure provided for in Article 54 (b) of the Regulations of the UN Joint Staff Pension Fund. The provision included in the approved GATT budget for 1986 for this purpose will thus remain unused unless a retroactive decision should be taken.
PART VIII. TRANSITIONAL PROVISIONS

Article 51

Limitation on participation

An associate participant in the Fund on 31 December 1966 shall, if he remains in continuous service, continue to be an associate participant in accordance with article II bis of the Regulations in force on that date and shall only become a participant if during such associate participation he receives:

(a) A permanent appointment or an appointment certified by a member organization to lead normally to a permanent appointment; or
(b) An appointment which will extend the total continuous period of his service to or beyond five years.

For the purpose of (b) above, service before 1 January 1967 shall be deemed to have been continuous if a break or breaks therein do not total more than one year.

Article 52

Preservation of entitlement to retirement benefits

A participant in the Fund on 31 December 1966 whose service has been continuous since that date shall be entitled to a retirement benefit under article 28 of these Regulations notwithstanding that his contributory service was less than five years.

Article 53

Preservation of rights to voluntary deposits

A participant who, prior to the entry into force of these Regulations, had been authorized by the Board to deposit an amount in the Fund in accordance with article XVIII of the Regulations then in force shall be entitled, in respect of such authorization, to the benefit of that article as though it were still in force.

Article 54

Pensionable remuneration

(a) Pensionable remuneration shall, subject to (b) below, be the equivalent in dollars of the sum of:

(i) The participant's gross salary, and
(ii) Any non-resident's allowance and/or language allowance payable to him.

(b) In the case of participants in the Professional and higher categories, the pensionable remuneration effective 1 January 1981 shall be established at the level which will be reached by the application of the present Weighted Average of Post Adjustments (WAPA) system through September 1980. Thereafter, the pensionable remuneration for such participants shall be as follows:

(i) When, on a subsequent 1 April or 1 October, the weighted average of the post adjustment classifications of the headquarters and regional offices of the member organizations, as determined by the International Civil Service Commission on the preceding 1 January and 1 July respectively, shows a variation of 5 per cent or more, the pensionable remuneration for establishing contributions to the Fund in accordance with article 25 shall be increased or decreased, as the case may be, by the full extent of the variation in the weighted average of the post adjustment classifications, provided however that it shall not be less than the pensionable remuneration under (ii) below.

(ii) When, on a subsequent 1 April or 1 October, the Consumer Price Index for the United States of America, as measured on the preceding 1 January and 1 July respectively, shows a variation of 5 per cent or more, the pensionable remuneration for computing the final average remuneration under article 1 (h) shall be increased or decreased, as the case may be, by the full extent of the variation in that Consumer Price Index.

Supplementary Article A

Part-time employment

The provisions of these Regulations and of the Administrative Rules shall apply equally to members of the staff of each member organization whose employment is for at least half the time of full-time members of the staff, except that:

(a) The entitlement to and the amount of benefits resulting from such employment shall be reduced in the ratio which it bears to full employment; and

(b) Such employment prior to 1 January 1975 shall not be open to validation or be taken into account for any other purpose.