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at 3 p.m.
New York

SUMMARY RECORD OF THE 64th MEETING

Chairman: Mr. PIRSON (Belgium)

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

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The meeting was called to order at 3.05 p.m.

AGENDA ITEM 104: PERSONNEL QUESTIONS (continued)

(a) COMPOSITION OF THE SECRETARIAT: REPORT OF THE SECRETARY-GENERAL (continued)
A/34/408; A/C.5/34/L.25)

1. Mr. KUYAMA (Japan) introduced a draft decision concerning the improvement of the computerized roster of candidates (A/C.5/34/L.25), and announced that Trinidad and Tobago had become a sponsor.

2. The CHAIRMAN said that if he heard no objection, he would take it that the Committee agreed to adopt the draft decision without a vote.

3. It was so decided.

AGENDA ITEM 98: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1980-1981 (continued)
(A/34/6, A/34/7; A/34/38 (Parts I to V); A/C.5/34/L.19 and L.26)

First reading (continued)

Section 29. Conference and library services

4. Mr. PAPENDORP (United States of America) said that the draft decision contained in document A/C.5/34/L.19, of which Canada had become a sponsor, had **resulted from discussions** earlier in the year in the Committee on Conferences. As was clear from paragraph 53 (e) of the report of that Committee (A/34/32), it had been suggested that the Secretary-General should explore the feasibility of integrating conference servicing costs into relevant sections of the programme budget. However, as some members had felt that a decision on the matter was outside the terms of reference of the Committee on Conferences, it had been agreed that no reference to the suggestion would be included in the summary of recommendations (A/34/32, chap. VI).

5. The intention of the draft decision now before the Committee was to encourage the Department of Conference Services better to manage the resources under its control; it was not to reduce the flexibility of DCS to respond in the optimum fashion to priority requirements, nor to allow programme managers to redirect nominal savings from conference servicing allotments to other purposes, to the detriment of DCS. His delegation had no preconception of how the integration of conference servicing costs might be achieved; for that reason the draft decision called only for a study by the Secretary-General of the feasibility of such integration, and provided for ACABQ to make its comments and recommendations before the matter was considered at the thirty-fifth session of the Assembly. He believed, nevertheless, that the potential existed for a better and more economical use of conference servicing resources.

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6. Mr. SCHMIDT (Federal Republic of Germany) said that he had no difficulties in accepting the draft decision, but was not certain that awareness of the limited nature of conference resources would be increased by splitting up conference servicing costs among different sections of the budget. Indeed, where information on a single activity was currently divided between several sections of the budget, it was the practice of both delegations and ACABQ to aggregate the sums involved in order to gain a clearer idea of the magnitude of expenditure involved.

7. Mr. AYADHI (Tunisia) said he agreed with the points made by the representative of the Federal Republic of Germany. In his view, the draft decision related to the presentation of the budget rather than to section 29, which the Committee had long since finished considering. The Committee could not reopen discussion of matters on which it had already taken a decision, particularly when delegations no longer had the relevant facts fresh in their minds. He therefore requested the United States representative to withdraw the proposed draft decision.

8. The CHAIRMAN pointed out that during the discussions on section 29 the United States delegation had indicated its intention to submit a draft decision on the matter, and that the Fifth Committee had not, in fact, concluded its consideration of the section.

9. Mr. GRODSKY (Union of Soviet Socialist Republics) expressed support for the concerns voiced by the representatives of the Federal Republic of Germany and Tunisia, which must be taken into account in any decision on the matter. Nevertheless, his delegation considered that more effective use could be made of the resources provided for conference and library services; it was the duty of Member States and the Secretariat to consider any new measures which would allow those resources to be used more effectively. He believed, however, that in view of the subject-matter, the Committee on Conferences, as well as ACABQ, should be given the opportunity to comment and make recommendations on the report which the draft decision proposed.

10. Mr. STUART (United Kingdom) said that his delegation was not opposed to the study called for in the draft decision, but shared the concerns expressed by other delegations. Furthermore, the work of apportioning indirect costs to budget sections was a difficult task and took up a lot of time. Under present arrangements, the relevant figures were not ready when the proposed budget was submitted, in separate sections, to the Advisory Committee for consideration. He wondered whether the integration of costs into the various sections could be performed any more quickly or whether the exercise would cause delays, so that the Advisory Committee was held up in its work.

11. The Fifth Committee and its advisory bodies must get to grips with the growth in "non-recurrent" items in the conference servicing budget. Taken together, the special conferences held every year by the United Nations, albeit on different topics, constituted a recurrent item of expenditure. The Committee should know whether such expenditure was growing in real terms and, if so, how fast. Both the Secretariat and the Advisory Committee should bear that in mind, if the draft decision was approved.

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12. Mr. BUJ-FLORES (Mexico) commented that the working group which had prepared the draft decision on the pattern of conferences had been unable to accommodate the suggestion now presented as a draft decision by the United States representative because of the serious difficulties it would cause. Some conference services provided by the Secretariat were not directly attributable to any section of the budget: such was the case with meetings of the Group of 77 and other regional groups whose functioning was, nevertheless, vital to the work of the Organization. The draft decision thus had political implications which made it unacceptable to his delegation. If the United States delegation would not agree to withdraw it, he would be constrained to call for a vote, in which he would oppose its adoption.

13. Mr. PAPENDORP (United States of America) said that the draft decision he had proposed was not intended to restrict conference servicing in such cases as those which the representative of Mexico had mentioned. The draft decision did not speak of integrating all conference servicing costs into other sections of the programme budget, but rather of integrating appropriate portions of those costs into relevant sections of the programme budget. The wording was thus designed to leave the matter open.

14. Mr. KUYAMA (Japan) said that he had no objection to the draft decision as such, but believed that the problem should be pursued with due regard for the points raised by the representatives of the Federal Republic of Germany and of the United Kingdom.

15. Mr. GARRIDO (Philippines) asked how, if conference servicing costs were integrated into other sections of the programme budget, the information would be presented.

16. The CHAIRMAN commented that, in addition to the other points already raised by delegations, there was a danger that splitting up conference servicing costs among different sections of the programme budget might result in an increase in the budget of the Organization.

17. Mr. PAPENDORP (United States of America) said that his delegation was prepared not to pursue consideration of the matter until further consultations had been held.

Determination of activities that have been completed or are obsolete, of marginal usefulness or ineffective (continued) (A/C.5/34/4 and Corr.1; A/34/7/Add.1)

18. Mr. GRODSKY (Union of Soviet Socialist Republics), recalling that most delegates speaking in the general debate in the Fifth Committee had advocated the financing of new activities from resources released as a result of the elimination or termination of obsolete, ineffective or marginal activities, said that it was necessary to consider all activities which had been completed or terminated, calculate the maximum level of resources released as a result, and present that information to Member States for them to decide what new activities those resources should be reallocated to. Moreover, the work of identifying such activities should take place at the level of each division of the Secretariat.

19. The report of the Secretary-General (A/C.5/34/4) showed that some progress had been made, but the over-all results were disappointing. The report gave information

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(Mr. Grodsky, USSR)

only on economic, social and humanitarian activities, although programmes had undoubtedly been completed in other areas. Even that information was incomplete, since no information at all was provided on seven of the budget sections covering economic, social and humanitarian activities. The report dealt only with Professional staff members, although resources had clearly also been released in respect of General Service staff members and, as the Advisory Committee had pointed out, the Secretary-General's report covered only three quarters of the biennium. Such shortcomings could not be explained by circumstances alone: they had arisen chiefly as a result of the Administration's underrating of an important aspect of the Organization's work.

20. Before the end of the current session the Secretariat should inform the Committee of the level of resources released under sections on which no information had been provided in the Secretary-General's report; the General Service staff resources released in respect of all United Nations activities; and the approximate volume of resources which would be released during the final six months of the current biennium.

21. He wished to know why decisions concerning the redeployment of released resources were taken at the administrative level rather than by Member States. Member States were not even given full information on which specific programme elements the resources would be redirected to. That practice was fundamentally incorrect and even harmful. The deployment of resources within the Organization was the function of intergovernmental legislative bodies, not the Administration. The percentage figures provided in the proposed programme budget concerning redeployed resources were no substitute for the kind of information which Member States needed and expected. The necessary information could be found in document A/C.5/34/4, tables 3, 4 and 5, but it was provided only as an illustration and referred to only one budget section. Member States needed such information on all sections of the budget.

22. The Secretariat had been requested to identify obsolete, ineffective and marginal activities and report to the competent intergovernmental bodies so that the necessary steps could be taken. Member States had, naturally, expected the Secretariat to take a purposeful approach to that task. The report of the Secretary-General, however, showed that the Secretariat had been unacceptably dilatory. On its own initiative it had begun an unnecessary correspondence with Member States, although its task had been clearly set forth in several General Assembly resolutions. Time had thus been wasted. The report contained no information concerning the activities which the Secretariat considered obsolete, ineffective or marginal. The announced release of 32 work-months resulting from the termination of 18 programme elements should not be taken seriously, since it could not and did not reflect the real state of affairs. In his delegation's view the task should have been tackled more responsibly. It hoped that all Secretariat units would pay more heed to the General Assembly's instructions in that respect and would seek more actively to identify obsolete, marginal and ineffective activities.

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(Mr. Grodsky, USSR)

23. In his delegation's view the many difficulties which had arisen in connexion with the development within the Secretariat of a system to monitor programme implementation could be overcome: it was only a matter of paying more attention to uniformity of activities, evaluation and terminology in preparing the medium-term plan and the programme budget, and taking greater care in the preparation of documents on financial implications. His delegation hoped that the next report of the Secretary-General on the matter would be fully in keeping with present requirements and the instructions of Member States.

24. Mr. BRODODININGRAT (Indonesia) said it was clear to him that completed activities were those in which the objects had been achieved, and obsolete activities were those for which the original mandate had been superseded by fresh legislation. He asked what were the parameters applied in identifying marginal or ineffective activities.

25. Mr. DEBATIN (Under-Secretary-General for Administration, Finance and Management) said that with the growing diversification of United Nations activities, monetary control and programme screening were essential if high productivity and economy in the management of resources were to be achieved. General Assembly resolution 3534 (XXX) gave a clear mandate regarding the direction which the Secretariat had to take in that respect. The most immediate task in hand was the preparation of a performance report on the biennium about to be concluded, and the identification of obsolete or marginal activities was important for that report, just as it was essential in the preparation of medium-term plans.

26. The Secretary-General had put before the Committee for the first time a report (A/C.5/34/4) on resources which had been redeployed as a result of the identification of completed activities and the weeding out of obsolete and ineffective programmes. A number of encouraging statements made during the Committee's discussion of that report showed a positive assessment of the Secretary-General's efforts and gave a fair evaluation of the complex and difficult road on which the Secretariat had embarked to secure a better redeployment of resources and to establish the machinery and substantive tools to achieve that objective. The measures taken so far, though limited, represented an energetic start on action which would surely follow.

27. The system described in the Secretary-General's report was conceived as developing in three stages, of which the first was the quantification of resources on a programme-element basis and the second was the exercise by programme managers of value judgements during the process of programme monitoring. Progress had been made in those two stages by developing criteria to help programme managers in exercising their judgement, not so much in regard to what activities were completed or obsolete, but rather in the practical assessment of effectiveness or marginal usefulness. The third stage was the establishment of a system of programme performance monitoring and the reporting of the results, and some progress had been made in that direction since the Secretary-General's report had been written. Instructions had been issued to programme managers to submit data for the preparation of a report on programme performance for the 1978-1979 biennium about to be completed, which would be submitted to the Committee for Programme and Co-ordination at its twentieth session. In that connexion he was speaking not only for the administrative branch of the Secretariat but also for the Office of

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Programme Planning and Co-ordination, upon which a major part of the developmental and reporting exercise would fall. He hoped that a start had thus been made towards developing a system of programme performance monitoring and reporting; the Secretariat would devote a great deal of attention to that system in the forthcoming biennium in an endeavour to improve it and make it successfully operational.

28. The Committee for Programme and Co-ordination would also have before it at its twentieth session a methodology report on the identification of programme outputs in the United Nations programme budget.

29. The representative of Poland had asked about the high-level Steering Committee established for the evaluation of the programme on transnational corporations, and the relationship of that Committee to other Secretariat units engaged in evaluation. The Steering Committee had been established in order to devise new internal machinery and processes for evaluation, in an attempt to move away from evaluation by the programme manager alone towards a broader review designed to encompass judgements at the policy-making level from outside the particular field which was the subject of evaluation. Experience showed the role of the Steering Committee as being constructive and as contributing to more tangible results by providing focal points for evaluation and revealing the issues to be dealt with by each of the subprogrammes.

30. The representatives of Morocco and Italy had asked how it was possible to perfect a uniform set of yardsticks which would ensure objective and unified judgement. He agreed with those representatives, and with the representative of Indonesia, that much remained to be done in so complex a task as determining precisely what yardsticks would give reliable results. Indeed, success in that direction could not be expected from the Secretariat alone; it would flow from a dialogue and pooling of experience between the Secretariat and intergovernmental organizations.

31. So far, only 18 programme elements had been recommended for termination as obsolete, ineffective or marginal; in making those recommendations the Secretariat had applied on an experimental basis the criteria to which he had referred, but a much more comprehensive set of criteria would have to be developed and submitted to the intergovernmental bodies, so that it would become possible to identify obsolete, marginal and ineffective activities much more reliably.

32. It would be seen that paragraph 20 (b) of the Secretary-General's report used as an indicative criterion whether implementation of a programme element which had been programmed as a new element in the budget for the previous biennium had not commenced in that biennium without valid justification; the rationale was that the initial inclusion must have been based on an assumption of the importance of the programme element so that if it had not actually been commenced, it must automatically move down in the scale of significance to the marginal level.

33. As to the question raised by the representative of the Philippines concerning the identification of low-priority and high-priority activities, he said that such classification had been undertaken in compliance with the recommendations of the Committee for Programme and Co-ordination at its seventeenth session, endorsed by General Assembly resolution 32/206. In accordance with those recommendations the Secretariat was required to show in the proposed budget, in respect of programmes

(Mr. Debatin)

in the economic, social and humanitarian sectors, existing or proposed subprogrammes or programme elements which represented approximately 10 per cent of the resources requested for the proposed programme and to which the highest priority was to be assigned; and similarly to show those of lowest priority. Programme managers had done that as part of the process of translating subprogramme objectives into specific programme elements during the preparation of the proposed programme budget for 1980-1981, but only in relation to the programmes of the Department of International Economic and Social Affairs and the Centre on Transnational Corporations.

34. The scope of the system would be broadened, in the programme performance report on the biennium about to be concluded, to include some coverage of programme elements other than those in the economic, social and humanitarian fields. However, progress could only be gradual with regard to the coverage of information on resources released by completed or terminated activities. It would be seen from table 2 in the Secretary-General's report that some information had been provided on the resources released by activities which were completed, obsolete, marginal or ineffective, together with an analysis of redeployment resulting therefrom with regard to programme staff in terms of work-months. That analysis was far from complete; he hoped that with the system of monitoring introduced from the 1980-1981 biennium onwards, it would in future be possible to provide more comprehensive information on costs, including data on both Professional and General Service posts, for each programme and subprogramme; he did not think that it would be wise to go down to the level of the programme element, as such information would be very costly to provide, and unnecessarily detailed.

35. The representatives of Poland and Australia had proposed the use of incentives and penalties for programme managers on the basis of their performance with regard to identifying completed, obsolete, ineffective or marginal programmes. The proposal was an interesting one but, as would be seen from paragraph 29 of the Secretary-General's report, the programme element and its relationship to the expected output must be analysed further before such an exercise became feasible.

36. The Advisory Committee had stated in its report (A/34/7/Add.1, para. 7) that the United Nations was capable of undertaking a substantial volume of new programme elements within the level of already approved resources. He could only say that all redeployment was a question of proportion; the totality of United Nations activities comprised thousands of programme elements, so that there should at least in theory be room for redeployment, but to go beyond that and indicate the magnitude of the resources which could be shifted from one programme to another would be premature. The submission of the proposed programme budget for the forthcoming biennium constituted proof of a determined effort to use redeployment wherever there seemed to be a need to do so, but the Secretariat still had the difficult task of identifying exactly where such need existed. Indeed, it could not be the responsibility of the Secretariat to judge which activities were to be terminated. Specific tools were needed to pin-point, among the programmes which the Secretariat was instructed to carry out, those which were

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ineffective or obsolete, and such tools should be provided also to the intergovernmental bodies to assist them in their decision-making processes.

37. Mr. ABRASZEWSKI (Poland) introduced draft resolution A/C.5/34/L.26 on behalf of the sponsors, which now included Barbados, Cape Verde and France. The draft resolution was the product of exhaustive consultations with many Member States and all regional groups since the sponsors were concerned that it should respond to the interests of all Member States. Its aim, like that of General Assembly resolution 3534 (XXX), was to increase the efficiency of the United Nations, make the Organization better able to adapt to changing needs, and ensure the optimum use of resources for social and economic development.

38. The preambular paragraphs of the draft resolution recapitulated the provisions of General Assembly resolutions 3534 (XXX), 31/93, 32/201 and 33/204, and reaffirmed the importance of identifying completed, obsolete, marginal or ineffective activities so that resources could be redeployed to finance new activities.

39. In the operative part, the Secretary-General was asked to report to the 1980 session of the Committee for Programme and Co-ordination. The purpose of those provisions was to enable CPC to recommend specific action and to assess the progress made by the Secretariat. It was the sponsors' understanding that, at the thirty-fifth session, the Fifth Committee would have before it reports from CPC on the basis of which it would be able to review the progress made in implementing the resolutions referred to in the preamble. The Secretary-General was further asked to present at the thirty-sixth session of the General Assembly a full and comprehensive report on the implementation of those resolutions. What the sponsors of the resolution envisaged was that such a report would give a specific account of the results achieved and the problems encountered, and would outline any further measures planned.

40. In view of the time which had elapsed since the approval of General Assembly resolution 3534 (XXX), the Fifth Committee had a right to expect a systematic report on specific results, rather than a general and largely theoretical outline of criteria. The Secretary-General, through the Under-Secretary-General for Administration, Finance and Management, had demonstrated his awareness of the problem and his determination to intensify his efforts; his request for more time and the co-operation of Member States had been taken into account by the sponsors of the draft resolution.

41. Mr. STUART (United Kingdom) observed that the achievements of the new system established by the Secretary-General for the identification of completed, marginal or obsolete activities had so far been minimal. As his delegation had stressed in its statement in the general debate on the proposed programme budget, it expected further proposals from the Secretary-General at the current session for the

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(Mr. Stuart, United Kingdom)

redeployment of resources and its attitude towards the budget as a whole would be determined by whether or not the Secretary-General submitted such proposals.

42. All too frequently at the current session the recommendations of the Advisory Committee had been set aside, and for certain sections of the budget large new requests for resources would soon be submitted which, if approved in the absence of substantial redeployment of resources, would make it impossible to achieve the austerity budget for which the Secretary-General had striven. The key factor which had been missing so far was the exercise of judgement by individual programme managers on the relative value of the component elements of their programmes, and by the Secretary-General on the relative priority to be accorded to major programmes.

43. His delegation viewed the redeployment of 30 work-months in the budget for the biennium 1980-1981 as better than nothing, but not much better. The Committee for Programme and Co-ordination, for its part, had described those results as clearly inadequate. That was especially true in view of the fact that the question of the identification of activities that were completed, obsolete, marginal or ineffective had been under consideration since the first biennial budget.

44. Because his delegation wanted more substantial and speedy results, it was a sponsor of draft resolution A/C.5/34/L.26. While operative paragraph 3 called upon the Secretary-General to exercise his judgement so as to identify without delay marginally useful and ineffective activities and to report thereon to the 1980 session of CPC, his delegation hoped that the Secretary-General would, as an earnest of his good intentions and resolve, respond even sooner by making an interim report before the end of the current session to enable the General Assembly to avoid at least part of the additional appropriations likely to be requested.

45. Mr. CABAL (Brazil) said that his delegation would vote in favour of draft resolution A/C.5/34/L.26.

46. In an international organization the size of the United Nations growth was a natural phenomenon, but, as with any other living organism, it was sometimes necessary to trim away fat in order to stay in good shape. After a period of rapid growth, which had been facilitated by a certain largesse on the part of Member States, the United Nations had to learn how to cope with the problem of financing new programmes with dwindling resources. One of the many possible solutions was to eliminate activities which were completed, obsolete, of marginal usefulness or ineffective. But that first required identifying such activities, and the purpose of the draft resolution was to request the Secretary-General to take action without delay towards that end. Any fears that the Secretary-General might mistakenly cancel activities that were essential, effective and useful, particularly those serving the needs of the developing countries, should be allayed by the provisions of paragraphs 3 and 4, which would require the Secretary-General to report to CPC; CPC would, in turn, report to the General Assembly.

47. Mr. LASARTE (Uruguay) said that his delegation wished to join as a sponsor of the draft resolution. There was a consensus among members concerning the urgent need to deal with the Organization's precarious financial situation by adopting a

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(Mr. Lasarte, Uruguay)

policy of stringent budgetary restraint. In order to freeze real growth in the budget, it was necessary to finance all new activities through the redeployment of resources. It would be impossible to achieve that aim unless the Secretariat had systematic criteria for the identification of activities that were completed, obsolete, of marginal usefulness or ineffective. The Secretariat must act promptly to implement the provisions of General Assembly resolutions on that subject; piecemeal or sporadic efforts were not enough.

48. Mr. AYADHI (Tunisia) said that the General Assembly had in recent years adopted a series of resolutions calling on the Secretary-General to identify programmes that were completed, obsolete, of marginal usefulness or ineffective, without taking into account the practical difficulties of the exercise. His delegation welcomed the Secretary-General's efforts to ensure that tangible results would be reflected in the budget for the forthcoming biennium, but understood the problems encountered by programme managers in making value judgements concerning their own programmes in the absence of specific and objective criteria. Accordingly, his delegation had submitted an amendment (A/C.5/34/L.29) to draft resolution A/C.5/34/L.26 which was designed to enable the Assembly to take a decision on criteria at the next session.

49. Mr. ABRASZEWSKI (Poland), referring to document A/C.5/34/L.29, said that he had doubts concerning the need to single out paragraph 20 of the Secretary-General's report (A/C.5/34/4) in paragraph 1 of the draft resolution. The aim of the new paragraph 3 suggested by the Tunisian delegation was to have the Secretary-General propose criteria at the next session. However, four years had already elapsed since the adoption of the original resolution on the identification of activities that were completed, obsolete, of marginal usefulness or ineffective, and each year the Secretary-General submitted a report to the Assembly outlining theoretical and methodological considerations. The general debate in the Committee had shown that delegations were tired of hearing about criteria; what they wanted was results. He therefore had doubts regarding the usefulness of requesting a further report on criteria. He was prepared, however, to accept the inclusion of the text proposed by Tunisia as a new operative paragraph between paragraphs 4 and 5 of the draft resolution.

50. He welcomed the statement made earlier by the Under-Secretary-General for Administration, Finance and Management, but noted that some questions had not yet been answered.

51. Mr. DEBATIN (Under-Secretary-General for Administration, Finance and Management) assured the representative of Poland that all questions and comments had been noted, and would be taken into account by the Secretariat.

52. Mr. AYADHI (Tunisia) said that it would be more logical to insert the paragraph proposed by his delegation between paragraphs 2 and 3 of the draft resolution rather than between paragraphs 4 and 5.

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53. Mr. ABRASZEWSKI (Poland) said that, in order to accommodate the concerns of the Tunisian delegation the sponsors had agreed to revise the draft resolution by adding at the end of paragraph 3 the words "including the criteria which have been used in this identification;", and by including the operative paragraph proposed by Tunisia between paragraphs 4 and 5.

54. Mr. P. FALL (Senegal) pointed out that in the new text proposed by Tunisia the word "and" after the word "ineffective" should be replaced by the word "or".

55. Mr. DE FACQ (Belgium) drew attention to a number of changes required in the French text of draft resolution A/C.5/34/L.26 in order to bring it into line with the English original.

56. Draft resolution A/C.5/34/L.26, as revised, was adopted.

AGENDA ITEM 107: FINANCING OF THE UNITED NATIONS PEACE-KEEPING FORCES IN THE MIDDLE EAST

- (a) UNITED NATIONS EMERGENCY FORCE AND UNITED NATIONS DISENGAGEMENT OBSERVER FORCE: REPORT OF THE SECRETARY-GENERAL (continued) (A/34/582 and Corr.1, A/34/688; A/C.5/34/L.27)

57. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) drew attention to the report of the Secretary-General on the financing of the United Nations Emergency Force (UNEF) and the United Nations Disengagement Observer Force (UNDOF) contained in document A/34/582 and Corr.1. He said that members would recall that the Security Council had not renewed the mandate of UNEF and that the estimates contained in the Secretary-General's report were therefore solely for the purpose of repatriating UNEF troops and liquidating the Force. The Advisory Committee had discussed the estimates with the representatives of the Secretary-General and decided to recommend approval of the estimates of \$18,202,000 gross and \$13,668,000 net proposed by the Secretary-General.

58. With regard to the cost estimates for UNDOF beyond 24 October 1979, the Advisory Committee had noted that they had been influenced to some extent by the fact that UNEF was being liquidated. No reduction was being recommended by ACABQ in the estimates proposed by the Secretary-General. The Advisory Committee was recommending acceptance of the Secretary-General's estimates of \$25,156,000 gross (\$24,924,000 net) (A/34/688, para. 17) and his proposal with regard to the financial administration of UNDOF (para. 18).

59. Mr. PEDERSEN (Canada) introduced on behalf of the sponsors the draft resolution contained in document A/C.5/34/L.27 providing for the liquidation of UNEF and the financing of UNDOF. He said that the formula proposed for UNDOF paralleled that approved the previous year by the General Assembly in resolution 33/13, which provided for the creation of a special category of contributors to the Forces, bearing in mind the special responsibilities of States which were permanent members of the Security Council and the need for the more developed countries to make relatively larger contributions. He stressed the urgency of the passage of the draft resolution, given that the Secretary-General's authority to enter into commitments would expire on 30 November 1979.

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(Mr. Pedersen, Canada)

60. Peace-keeping operations could be counted among the most successful activities of the Organization. The stationing of United Nations troops in sensitive areas had proved to be a major stabilizing factor, preventing renewal of hostilities and enhancing prospects for peaceful settlement. His delegation believed that the peace-keeping operations of UNDOF were the collective responsibility of all Member States and therefore viewed with great concern the continued withholding of all or part of their assessed contributions by a number of them. Not only did that place a heavy financial burden on troop contributors and jeopardize the participation of smaller developing countries in such operations, but it threatened the continued existence of the Forces. The contributions required for their maintenance were insignificant when compared with the incalculable cost of a new war in the Middle East. If a solution could not be found, as a matter of urgency, the day might well come when the Organization was no longer able to interpose a peace-keeping force, even if its Members wished it to do so. He therefore urged all Member States to support the draft resolution contained in document A/C.5/34/L.27. He drew attention to a number of drafting changes which would be circulated in a corrigendum.

61. Mr. WILSKI (Poland) said that, in accordance with its traditional and consistent involvement in international efforts to strengthen peace, his Government had made a direct and practical contribution by dispatching a unit of the Polish Army to serve in the United Nations Emergency Force (UNEF) and subsequently also in the United Nations Disengagement Observer Force (UNDOF).

62. Aware of the fact that the financial and material burdens were borne not only by the troop-contributing countries but by other Member States, his Government had always approached the financing of those operations with the utmost seriousness and economy, and had consistently favoured measures aimed at savings, better utilization of available resources, restriction of personnel growth to the absolute minimum, and improvement of co-ordination.

63. In studying the reports of the Secretary-General (A/34/582 and Corr.1) and of the Advisory Committee (A/34/688) on the financing of UNEF and UNDOF, his delegation had noted the Advisory Committee's recommendation that the Secretary-General's estimates should be accepted and shared its trust that the repatriation of contingents and liquidation of UNEF would be carried out with strict attention to efficiency and economy. The table contained in paragraph 6 of the Secretary-General's report (A/34/582) showing the serious deficit of both Forces was a matter of utmost concern to his delegation. Indeed, as a troop-contributing country, Poland had experience of the practical implications of that deficit in that the last monthly reimbursements in connexion with the participation of the Polish contingents in UNEF and UNDOF had been delayed and had covered only the months ending 24 March 1979 and 24 April 1979 respectively. His delegation believed that the full and effective implementation of the provisions of General Assembly resolution 32/416, in good faith, on a regular, uninterrupted basis, was an absolute necessity. The existing situation was causing understandable difficulties and, if decisive steps were not taken urgently, it could not but influence his Government's over-all attitude. Moreover, it was bound to have an adverse effect on the decisions of Member States concerning future participation in peace-keeping operations and generally to diminish the peace-keeping capacity of the United Nations.

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(Mr. Wilski, Poland)

64. In view of the distressing financial state of the peace-keeping operations in question, there was little need to stress the importance of the efficient and economical functioning of UNDOF. His country would spare no efforts in that regard. He could not fail to mention, however, that despite the efforts referred to in paragraph 15 of the Secretary-General's report to the Security Council (S/13637), restrictions were still being placed by the Government of Israel on the freedom of movement of certain UNDOF contingents. Such intolerable practices had both political and financial significance; they were equally harmful to the United Nations and to the party perpetrating them, and should be promptly eliminated, once and for all.

AGENDA ITEM 106: UNITED NATIONS PENSION SYSTEM (continued)

(b) REPORT OF THE SECRETARY-GENERAL (A/C.5/34/30; A/C.5/34/L.28)

65. Mr. DEBATIN (Under-Secretary-General for Administration, Finance and Management), introducing the report of the Secretary-General on investments of the United Nations Joint Staff Pension Fund (A/C.5/34/30), said that the Fund, which was growing at a rate of over \$200 million a year, had total assets of almost \$2 billion. Investment decisions were taken by the Secretary-General, assisted by other senior officials, the Investments Section of the Office of Financial Services, the Investments Committee and investment advisers. The membership of the Investments Committee reflected a broad geographical distribution, and it acted in conformity with the Regulations of the United Nations Joint Staff Pension Fund. The investment advisers took the form of the two New York-based banks which, in addition to their custodial function, analysed the international investment market and made recommendations with regard to the investments of the Fund. Questions had been raised in the past about the scale of the fees paid to those advisers, and he was pleased to inform the Committee that he had been successful in achieving a review of the fee contract, resulting in a reduction which brought the scale well below the current market rate.

66. As members were aware, the investment policy of the Fund was governed by the guidelines laid down by the General Assembly with respect to the requirements of safety, profitability, liquidity and convertibility. The Fund, of course, belonged to its participants and was not part of the Organization. It was mandated by its Regulations to pursue an investment policy which would increase its assets. A Fund of such a size and nature could not indulge in adventurism in its investments; prudence and a good dose of conservatism were necessary. Yardsticks to measure the performance of the Fund could be misleading, since it was difficult to compare it with other pension funds. However, he was pleased to report that the Fund had shown a 15 per cent return on its investments for the past year, the second highest figure in its history. As pointed out in the report of the Secretary-General, the computation of investment returns took into account not only income from dividends and interest, but also realized capital gains and losses and unrealized capital appreciation or depreciation.

67. By its very nature, the Fund had contributors and pensioners world-wide. Diversification was therefore important in terms of both investments and currencies.

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(Mr. Debatin)

Over the years, it had moved away from the dominance of fixed-income investments towards a more balanced policy. Currently almost 40 per cent of investments consisted of bonds and more than 50 per cent of equities; the balance was in real estate and short-term investments. The Fund had also sought to diversify its portfolio in terms of currencies; it would be noted that, whereas at one time practically all investments had been held in dollars, today dollar investments had been reduced to 61 per cent of long-term investments, compared with 39 per cent in other currencies. That policy had provided a considerable hedge against the devaluation of the dollar, bringing substantial gains to the Fund. The list of States in which the Fund was being invested was steadily growing. It currently held investments in the United States and 34 other countries, including a dozen developing countries. That policy of geographical diversification would be pursued and the investments in developing countries would continue to become an increasingly important element. They took the form of direct investments in bond issues of individual developing countries and holdings in the regional development banks, such as the African Development Bank, the Asian Development Bank and the Inter-American Development Bank. Investments in developing countries had shown an increase of 25 per cent over the last year and it was hoped that that trend would continue. Particular emphasis would be placed on investment opportunities in Africa. He stressed, however, that it was important that investment in such areas should yield a satisfactory rate of interest. Opportunities were still limited because many Governments still did not seek funds in the public international capital market.

68. With regard to investments in transnational corporations, the Fund had been extremely cautious and the proportion of investments in such corporations had steadily declined. However, it was important to remember that, in the current international economic situation, it was increasingly difficult to find promising investment opportunities in companies not engaged in international business. In reviewing the Fund's investment policies, he hoped that the Committee would bear in mind that it was difficult for the investment policy of such a large Fund to change course easily.

69. Mr. MAJOLI (Italy) asked whether the figures shown in paragraph 5 of the Secretary-General's report (A/C.5/34/30) were the same as those shown in the appropriate part of the report of the United Nations Joint Staff Pension Fund (A/34/9). The third sentence of that paragraph drew a comparison with other pension funds. He assumed that the funds referred to belonged to other international organizations, as it would be difficult to compare the United Nations Joint Staff Pension Fund with national or private funds.

70. Mr. KUYAMA (Japan) said that at the thirty-third session the Under-Secretary-General for Administration, Finance and Management had given a warning that the Fund would suffer a serious loss if shares invested in transnational corporations were reinvested in developing countries. He wondered whether those remarks remained valid or whether, through improved investment policy, it had been possible to avert any losses.

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71. Mr. BUJ-FLORES (Mexico) inquired as to the nationality of the three additional members of the Investments Committee mentioned in paragraph 11 of the report of the Secretary-General.

72. The CHAIRMAN asked about the turnover rate of the securities portfolio and what legal or other relationship there was, if any, between the investment advisers and the intermediaries.

The meeting rose at 6.25 p.m.