

summary of the introductory statement by the Chairman of the Committee on Contributions was given in paragraph 2, the debate in the Fifth Committee was reflected in paragraphs 3 to 14, the decisions of the Committee were contained in paragraphs 15 to 17, and paragraph 18 contained the draft resolution recommended to the General Assembly for adoption.

39. Mr. CHERPOOT (India) suggested that the word "they" in the second sentence of paragraph 4 of the draft report should be replaced by the words "some delegations"; although a few delegations had expressed reservations concerning the scale recommended by the Committee on Contributions, not all of those delegations had referred to the reduction of the maximum contribution to 25 per cent.

40. Mr. GARRIDO (Philippines) (Rapporteur) accepted that amendment.

41. Mr. BELYAEV (Byelorussian Soviet Socialist Republic) drew attention to a discrepancy between the Russian and English versions of paragraph 2 of the draft report.

42. Mr. GARRIDO (Philippines) (Rapporteur) said that the Russian text should be amended to conform to the English version.

43. The CHAIRMAN said that, if he heard no objection, he would take it that the Committee adopted the draft report, as amended.

It was so decided.

The meeting rose at 12.50 p.m.

1596th meeting

Friday, 9 November 1973, at 11.05 a.m.

Chairman: Mr. C. S. M. MSELLE (United Republic of Tanzania).

A/C.5/SR.1596

AGENDA ITEM 79

Proposed programme budget for the biennium 1974-1975 and medium-term plan for the period 1974-1977 (continued)* (for the earlier documentation, see 1589th meeting; A/C.5/1544)

United Nations International School (A/C.5/1544)

1. The CHAIRMAN observed that the question of the United Nations International School was not on the agenda for the current session. Nevertheless, he felt that members might appreciate a statement by the Chairman of the Board of Trustees.

2. Mr. NARASIMHAN (Chairman, Board of Trustees, United Nations International School) said that the report of the Board of Trustees was not an official General Assembly document but was being made available as background information. He wished to draw the Committee's attention to paragraph 8 of the Secretary-General's note (A/C.5/1544) which pointed out that the Secretary-General would submit a full report to the twenty-ninth session of the General Assembly. The Board earnestly hoped that its recommendations to the Secretary-General and his recommendations to the General Assembly would receive serious consideration by the Fifth Committee. He himself had been preoccupied by the well-being and development of the United Nations International School since long before he had become chairman of its Board of Trustees. The School had been started by United Nations parents in 1947 to provide education with an international viewpoint and without bias of any kind. It had been recognized by successive Secretaries-General and past sessions of the

General Assembly as vital to the recruitment of high-quality staff and the School hoped to prove that international education was the method of the future. Its 26 years of existence had been years of struggle not only to keep alive but also to develop from the original nursery school into two complete schools, elementary and secondary. Much of that time there had been another heartbreaking struggle to find a permanent home for the school and to leave behind all the makeshift buildings it had occupied.

3. In January 1973 the International School had at last moved into its new building on the East River Drive at 25th Street. The facilities which existed there made possible the educational excellence to which he referred. A singular tribute should go to Mr. Ziehl, member of the Board of Trustees and Chairman of the Building Committee, without whose efforts it would not have been possible to complete the work in time.

4. Donations of modern learning equipment and tools, the combined efforts of a devoted Director and his staff, the enthusiastic help of parents who were members of the Board, its committees and others, had resulted in a curriculum which might well put the School on the way to becoming a model of international education for schools throughout the world.

5. The Governments of France and the Federal Republic of Germany had responded to the appeal for the funding of posts for faculty members, who would teach their own mother tongues as well as other subjects. Such help would be most welcome from other Governments as well.

6. That was the happy side of the report. Unfortunately, there was also an unhappy side—the financing of that great

* Resumed from the 1594th meeting.

educational effort. Modern buildings were costly; teaching and administrative staffs must be paid a good living wage. Parents had borne increasing tuition fees with fortitude, but there was a limit to what they could pay, particularly since the school was for children from families of all economic levels. However, no school today was maintained by tuition funds alone. Like other independent schools, the International School was constantly engaged in fund-raising. A Development Fund Committee of outstanding persons in the United States and abroad had made strenuous efforts to obtain large corporate and individual gifts, and a parents committee had organized special benefits. Despite those efforts, it had proved extremely difficult in the inflationary world economy of today to obtain large sums of money from foundations and individuals, even for so worthy a purpose as the School. Far less than the sums needed had, therefore, been obtained.

7. Two years earlier, the Board of Trustees, realizing that there was not enough money for the construction of the School despite the substantial contributions of the Ford Foundation and the Rockefeller Brothers Fund, had decided to proceed with construction in the hope that it would be able to raise the funds before all the bills fell due. Unfortunately, its optimism had proved unfounded and money had had to be borrowed from the Development Fund to complete construction of the new school.

8. The Operating Account of the School had also shown a deficit for several years and continuing deficits had made it necessary to borrow from the Development Fund.

9. The Development Fund, to which the General Assembly had contributed \$2 million at its twenty-fourth session, and which was intended to provide an income for the School, had therefore been reduced substantially. As a result, until the loans were repaid—and the prospect for repayment was dismal—very little income could be expected to cover the yearly operating deficits, curriculum development, teacher training programmes and bursaries for parents who could not afford the full tuition fees.

10. Enrolment as of 1 October 1973 had increased from the previous year's total of 1,150 to 1,316. Unfortunately, despite the increase in the education grant so generously allowed by the General Assembly the previous year, the enrolment of children of United Nations Secretariat parents who received the education grant had dropped from 368 the previous year to 351 during the current year.

11. Paradoxically, there had been some improvement in enrolments of children of Secretariat parents who did not receive the education grant—from 99 the previous year to 127 during the current year—and it was generally those children who most needed bursary assistance.

12. There had also been some increase in enrolment of delegation children—from 108 the previous year to 129 during the current year—possibly as a result of increases in the amount of bursary grants given to delegation staff.

13. The School was still very far from achieving the goal of a substantial increase in United Nations enrolments. The current ratio of enrolments in the category "Official Foreign Community" was 52 per cent as compared to 48

per cent for the category "No Official Relation", a figure well below the expressed policy of the Board of Trustees, which aimed at the ratio of 75 per cent for the "Official Foreign Community" to 25 per cent for the "No Official Relation" category. That goal must be achieved if the School was to remain the United Nations school.

14. The United Nations International School was a dream come true, and could not be allowed to die through lack of further substantial support by the Organization which brought the School into being and which had helped to keep it alive for many years.

15. The School was important to the United Nations, to parents belonging to the United Nations family of organizations, to other segments of the international community in New York City and also, as the expression of a concept of elementary and secondary education that had come of age, to the world at large.

16. It was to be hoped that the United Nations would heavily commit itself to the continued growth of the International School. Despite the best efforts of the Board of Trustees, parents, staff and friends of the School, it had been shown that a financial solution to its problems through those efforts alone were unrealistic. The Board of Trustees therefore had had no choice but to appeal to the General Assembly to find a long-term solution to the financial problems of the School and to make it a viable institution of learning.

17. Mr. TALIEH (Iran) said that his delegation was deeply grateful to the Chairman of the Board of Trustees of the United Nations International School for having come to report to the Committee on the situation at the School. After having described the qualities and value of the School, the Chairman of the Board of Trustees had said that unless the School could be made financially solvent its future was in jeopardy. As he had said, it seemed unrealistic to expect the School to rely on the goodwill of parents and teachers only and to depend solely on income from tuition fees. It was alarming to note that little progress had been made towards attaining the goal of a \$6.5 million Development Fund and that a construction and equipment deficit of \$1.7 million had been incurred. It was also disappointing to note that, because one of its co-chairmen had resigned and the other was prevented from rendering positive support, the Development Fund Committee was no longer active. It was to be hoped that the Board of Trustees would be able to revitalize the Committee soon and make a renewed effort to attain the goal of the Development Fund. It was quite clear, however, that the General Assembly should make an in-depth study of the financial situation of the School with a view to finding long-term solutions to the difficulties facing the institution. His delegation looked forward with interest to the reports to be submitted by the School's Board of Trustees and by the Secretary-General to the General Assembly at its twenty-ninth session. It would be prepared to examine the School's recommendations with an open mind and hoped to lend the necessary support to make it a strong, permanent institution for the benefit of children of members of the Secretariat and delegations.

18. Mr. TANABE (Japan) said that although more than a quarter of a century had passed since the establishment of

the United Nations, many of the lofty aims of the Charter had yet to be achieved. It seemed, therefore, that unless the spirit of international co-operation was cultivated in childhood it would be difficult to build a truly international community. Accordingly, the importance of the United Nations International School, which educated children in an international atmosphere, could not be over-emphasized. It was gratifying to note that enrolment in the School had increased and that its academic standard was high. His delegation hoped that the School would continue to develop. It also hoped that the Secretary-General would be able to submit to the General Assembly at its twenty-ninth session a concise and clear report setting forth the problems confronting the school and suggesting solutions. Such a report would enable the Committee to examine the matter thoroughly. In view of the important role the school played in staff recruitment, Japan, as one of the most co-operative Members of the United Nations, would give favourable consideration to the possibility of making a positive contribution to the School after it had studied the report to be submitted by the Secretary-General.

19. Mr. KEMAL (Pakistan) associated himself with the representative of Iran in thanking the Chairman of the Board of Trustees for his statement and in expressing concern at the financial problems facing the School. It was to be hoped that solutions to those problems would be found soon. It was to be hoped, too, that the school would maintain its high academic standards. The question of the School would be examined in depth at the twenty-ninth session of the General Assembly with a view to finding permanent solutions to the institution's difficulties.

20. Mr. BUCHANAN (United States of America) expressed his delegation's appreciation to the Chairman of the Board of Trustees of the International School and the Chairman of the Building Committee for the work they had done for the School. His delegation was very satisfied with the great success of the School in New York City. It was particularly pleased that the new building had been completed and that classes were in operation. In connexion with the construction of the School buildings, it was noteworthy that private United States sources had made major contributions. The Ford Foundation had contributed \$11.8 million towards the building and the Rockefeller Brothers Fund \$1.1 million towards the purchase of the land. It was important, too, that the School had been granted exemption by the State of New York from the payment of real property taxes, and that almost all the furnishings and up-to-date equipment, including a \$60,000 computer, had been donated by United States companies.

21. His delegation welcomed the fact that enrolment in the School had risen to 1,316 students. Part of the increase was attributable to the increase in the education grant and part to the desire of many non-Secretariat parents in the New York community to send their children to a School of such excellence. His delegation looked forward to the continued growth of the School and pledged its continuing interest in it.

22. Mr. NAUDY (France) thanked the Chairman of the School's Board of Trustees for his statement. The School was a striking example of a successful venture in international co-operation. However, its financial situation was

precarious. The Committee should work out ways and means of enabling the School to develop and continue its good work. His delegation was sure the Committee would study the matter with the sympathy it deserved.

23. Mr. ABDULLA (Sudan) said that, as a father and as a member of the Board of Trustees, he was very much interested in the School. He was impressed by the institution's high academic standard and wished to pay a tribute to all those working for the good of the School. The financial difficulties under which the School was working were a source of concern. He therefore joined the representative of France in appealing to the Committee to consider the matter generously and sympathetically. He also appealed to Member States to consider the possibility of making voluntary contributions to the School.

24. Mr. PALAMARCHUK (Union of Soviet Socialist Republics) said that it was a matter of regret to his delegation that it was unable, because it had not known that the question would be discussed, to take part in the debate on such an important subject. It was surprising that the Committee should depart from its rules of procedure and discuss a question that was not on the agenda. He appealed to the Chairman to see to it that in future the work was planned in such a way that all delegations could prepare themselves to participate in the debate on any question they wished.

25. The CHAIRMAN said that the blame was entirely his. He had a soft spot for the School to which he had sent two of his five children. He hoped that the representative of the Soviet Union would overlook the slight departure from normal procedure.

26. He thanked the Chairman of the School's Board of Trustees for addressing the Committee and hoped that he had been encouraged by the interest in the School expressed by delegations. At the twenty-ninth session of the General Assembly there would be a full discussion on the School, which had played, and would continue to play, a crucial role in international academic and cultural co-operation.

AGENDA ITEM 88

Report of the United Nations Joint Staff Pension Board (continued) (A/9009 and Corr.1 and 2, A/9274, A/C.5/1524, A/C.5/1535, A/C.5/L.1126)

27. Mr. FARRELL (New Zealand) said that, in view of the intricate and highly technical subject matter of the report of the United Nations Joint Staff Pension Board (A/9009 and Corr.1 and 2), his delegation was happy to be guided by the recommendations of the Board, modified in accordance with the suggestions of the Advisory Committee on Administrative and Budgetary Questions in its report (A/9274) and possibly by those members of the Fifth Committee with expert knowledge in the field.

28. New Zealand shared the concern expressed by the Secretary-General in his statement to the Committee at the 1564th meeting (A/C.5/1526) when he had stated that the question of United Nations pension adjustments was of high priority and that the United Nations should not only

be a good employer but also recognize its continuing responsibility towards those who had served it well in the past. The Secretary-General's statement, the UNESCO and ITU resolutions (see A/C.5/1535) and the letter dated 19 October 1973 to the heads of delegations participating in the twenty-eighth session of the General Assembly from the President of the Association of Former International Civil Servants in Switzerland, all portrayed a decline in pension purchasing power which should not be tolerated.

29. While his delegation was confident that the proposals before the Committee, based on an averaging approach to pension adjustments, offered the best practical solution in the present circumstances, it endorsed the view of the Advisory Committee that the effort to come up with a more selective approach to the problem should not be abandoned.

30. His delegation would welcome any comments on the suggestion made by the Association of Former International Civil Servants that pensioners should be represented on United Nations pension bodies. In any case, pensioners should be offered every opportunity to make their views known to the Joint Staff Pension Board and the Pension Committee.

31. Mr. SCHMIDT (Federal Republic of Germany) said that the question of greatest concern to his delegation was that relating to the adjustment of benefits in respect of cost-of-living changes. The reasons which had led his delegation to support the Secretary-General's suggestion concerning the consolidation of five classes of post adjustment in the base salary prompted it to support strongly the principle underlying the suggestions put forward by the Joint Staff Pension Board and the Advisory Committee on the adjustment of benefits. Both the Board and the Advisory Committee had advanced carefully weighed, but inconclusive, arguments on the question of selectivity, or averaging. His delegation could accept the results of the reasoning of both bodies, but agreed with the Advisory Committee that the matter should be kept under review. In so far as the system of adjustments to benefits in payment was concerned, his delegation agreed with the Chairman of the Board who had indicated at the previous meeting that the differences between the Board and the Advisory Committee related only to the method of implementation of the system, not to the substance of the question. The main thing was to ensure that the adjustments were effected speedily. The suggestions both of the Board and of the Advisory Committee on transitional adjustment were acceptable to his delegation. On the whole, it preferred the Board's suggestion because it would give a more continuous view of the matter but it would go along with the decision of the majority on the question. In so far as other matters concerning the Board's report were concerned, his delegation subscribed to the Advisory Committee's recommendations. It could support the Danish amendment (A/C.5/L.1126) to the draft resolution contained in annex VI of the Board's report.

32. Mr. CLELAND (Ghana) recalled that the General Assembly had, at its twenty-seventh session, approved transitional increases of 9, 6 and 3 per cent on the first \$3,000 of benefits for 1973, 1974 and 1975 respectively. As a result of further currency realignments in early 1973,

that arrangement was now grossly inadequate. The Pension Board had therefore proposed that increases of 15 per cent in 1973, 10 per cent in 1974 and 5 per cent in 1975, should be payable on the first \$4,000 of benefits. The Advisory Committee, while agreeing in principle with the need for compensation for the adverse effects of currency realignments, considered that a lump-sum payment would be more appropriate. For the reasons he had stated in the general discussion in the Committee (1569th meeting), he had supported the recommendations of the Pension Board, with the modifications introduced by the Advisory Committee in the amendment contained in the annex to its report.

33. Turning to the report of the Board of Auditors (A/9009 and Corr.1 and 2, vol. I, annex IV), he agreed that the net loss on sales of investments, which had risen to almost \$7 million, pointed to the need for a reappraisal of investment policies and procedures.

34. He agreed with the Advisory Committee that the basis of the pension system should be broadened, that the Committee of Actuaries should be expanded, and that the arrangements for auditing the Fund should be modified. Expanding the membership of the statutory bodies involved would mean that the costs of auditing the transactions of the Fund could be shared among all the agencies in the United Nations system, thus reducing the cost to the United Nations. In that connexion, he inquired what was the exact composition of the Committee of Actuaries, and what could be regarded as the advantages and disadvantages of expanding its membership.

35. Mrs. DERRE (France) expressed concern over the position of retired staff members of the United Nations. She had been surprised that the Joint Staff Pension Board, in paragraphs 18 to 20 of its report, had recommended only a few temporary measures which would over-compensate some pensioners, while not noticeably affecting those most adversely affected by currency changes. In that connexion she referred to the second sentence of paragraph 19 of the report, which referred to certain "imponderable" features which the Board had considered would outweigh the advantages of introducing a more selective pension scheme; a confusing description of those features was given in the following sentences. Every year proposals were made for more complex adjustments of pensions; now the RPAI was to replace the PAI for the purposes of calculating adjustments but was to be modified by the WAPA index, which, she had discovered, was a simple arithmetical average and not a weighted average. It all gave the impression of unnecessarily tinkering with pension benefits which should be stopped immediately.

36. It was not right that international civil servants, many of whom had spent most of their life serving the United Nations, should be apprehensive about their retirement. If Member States really wanted highly qualified staff in the United Nations Secretariat, they should ensure a decent standard of living for the staff during the period of their employment and in their retirement. Because of the international monetary situation and rapid inflation, the pension system, which had been introduced during a period of economic and financial stability, was no longer applicable to the present situation.

37. Various measures should be taken to rectify the situation. At the twenty-seventh session her delegation had agreed with the Pension Board that it would not be possible to introduce a selective scheme. Now, however, because of further currency realignments and because inflation was more rapid in some countries than others, she felt that action should be taken. She proposed that an in-depth study should be made of the administrative and financial consequences of adopting a selective scheme which would correspond more closely to the cost of living in the various countries in which retired United Nations staff members were resident. Arrangements other than those adopted by IBRD or IMF could also be considered. She hoped that her proposal would be reflected in the draft resolution the Committee would adopt on the item and that it would receive wide support. Once the study had been completed, the Committee would be in a position to decide if the advantages of a selective scheme outweighed the disadvantages.

38. Turning to the specific proposals made by the Board and the Advisory Committee, she said that none of the recommendations was entirely satisfactory. Figure 1 in the Advisory Committee's report showed clearly that the proposed adjustments would favour residents of New York, who were already in a privileged position, rather than residents of Geneva. The proposed measures would thus widen the existing gap between New York and Geneva. That was unjust, even though retired staff members living in Geneva had in the past been in a better situation, economically speaking, than those in New York. She supported the recommendation of the Advisory Committee, simply because it would mean higher pensions sooner; the Pension Board's recommendation would mean, for a basic pension of \$3,000, a pension of \$4,070 for 1973 and \$4,360 for 1974, or \$8,430 for the two years together, while the Advisory Committee's recommendation would mean a pension of \$4,410 for 1973 and \$4,070 for 1974, or \$8,480 for the two years together. One disadvantage of the Advisory Committee's recommendation was that it violated the principle whereby the total pension for any one year should not be less than for the previous year. She hoped, however, that that would happen only once and that in 1974 the Committee would be examining proposals for a more equitable pension scheme, and not one based on the RPAI, as modified by the WAPA index.

39. With regard to the financial situation of the Pension Fund and its administrative expenses, she noted that an actuarial deficit was expected. In that connexion, she recalled that at the twenty-seventh session her delegation had, without making an expensive study such as that contained in volume II of the report of the Pension Board, advocated an increase in benefits, rather than a reduction in contributions; recent developments had confirmed the wisdom of that recommendation.

40. In 1972 her delegation had also expressed concern over the lack of diversification in investments and the large proportion of the Fund's portfolio invested in dollars. Her delegation had pointed out that investments in currencies other than the United States dollar would help to balance the risks. The investments situation had changed little over the past year partly because of the state of the market.

However, given the state of the market, she wondered why investments had been sold at all that year, since sales had led to a loss of almost \$16 million, according to schedule 2 in annex I of the report of the Pension Board. The increase in investment costs had, over the same period, risen rapidly, by approximately 56 per cent; that should have provided adequate resources for investment consultants. In that connexion, she shared the views of the Advisory Committee contained in paragraph 40 of its report. She requested information on how new resources had been invested.

41. There seemed to be a difference of opinion between the Pension Board and the Board of Auditors, reflected in paragraph 41 of the report of the Advisory Committee. She suggested that since the Pension Board had given its views on the matter, the Board of Auditors should also present its views to the Committee. One of the auditors could be invited to present the case.

42. She supported the recommendations of the Advisory Committee, and also the amendment of the representative of Denmark. She trusted that members of the Committee would approach the question of pensions with understanding.

43. Miss EMICH (Austria) said that the work of the United Nations Joint Staff Pension Board was an excellent example of the positive results that could be achieved by efficient intergovernmental co-operation. She supported the Board's recommendation that pensions, including all periodic benefits, should be reviewed on a quarterly basis. The Advisory Committee had, however, proposed that the new system should be introduced on 1 January 1974, and not on 1 October 1973 as recommended by the Board, and had also recommended that the transitional adjustment proposed by the Board should be paid in a lump sum in 1973. As the representative of France had pointed out, the Advisory Committee's proposal would mean that pensions for 1973 and 1974 combined would be \$50 higher than under the Board's recommendation, although the Board had also recommended a 5 per cent transitional adjustment for 1975, which had not been recommended by the Advisory Committee. In the past her delegation had stressed that the United Nations had a special responsibility for its present and past staff members, particularly in cases where the purchasing power of pensions of former staff members was reduced because of instability in the international monetary system and a high rate of inflation. Accordingly, she supported the proposals of the Board, as contained in annex V of its report. If the majority of the Committee favoured the recommendations of the Advisory Committee, however, she would be prepared to accept them. In view of the urgency of the situation and the need to help retired staff members and their dependants as quickly and as efficiently as possible, she agreed with the Chairman of the Joint Staff Pension Board that remedial action should be taken immediately and should not be delayed because of differences of opinion regarding the implementation, but not the substance, of the proposals.

44. Mr. BAROODY (Saudi Arabia) said he understood from the Acting Head of the Office of Financial Services that the Pension Fund reserve had now declined from +0.39 per cent in respect of payroll to -0.25. In view of continued inflation and currency instability, that was very dis-

couraging. In earlier times of inflation people had found their savings dwindling to nothing, and had been obliged to go on working after the normal retirement age at whatever jobs they could find. In the modern world it was hard for people to find new work after the age of 50, so obviously it would be much harder for retired people to eke out an existence on the basis of their pensions and an extra job than it had been at an earlier period. Hence the Organization must do something to ensure that pensioners were not left in a state of penury.

45. The Joint Staff Pension Fund had a capital of some \$950 million, roughly half invested in equities and half in bonds and other forms of investment. Of the total, some 40 per cent was for the pensions of United Nations staff members and the remainder for the staff of the specialized agencies. About 25 per cent of the total was invested in equities of countries other than the United States—or perhaps 35 per cent—allowing for the international character of some multinational corporations.

46. It would be unwise to count on increasing the reserve through investment gains. Investment policies might perhaps be improved by broadening the base of the advisory services available to the Pension Board; the group of advisers might be increased by including experts from such prosperous countries as the Federal Republic of Germany and Japan, or including some communist countries. But on the whole the investment market was too volatile to offer much hope. European bonds might stabilize at a level of 8 to 10 per cent, but that would not

result in any growth, since that percentage was no higher than the current rate of inflation in Europe. Nor would it be prudent to expect to achieve growth through investment in equities, in either Europe or the United States; the movement away from mutual funds showed clearly what the recent experience of investors had been in the equity field.

47. The only solution was to establish a reserve for pensioners that could be drawn on when inflation made the pensions inadequate to meet living costs. It could be done by a small sacrifice from three different quarters. First, Member States could increase their contributions by a small percentage, and the extra amount could be earmarked for the reserve in question. Secondly, the staff members themselves could make a small extra contribution for that purpose. And lastly, a contribution to the Pension Fund's reserve against inflation could be paid by the host country, through a refund of assessed real estate and sales taxes paid directly or indirectly by United Nations diplomats and staff members in New York City and neighbouring districts. He believed that some 30 or 40 per cent of the staff were not United States citizens; it would be interesting to obtain the exact percentage from the Secretariat. There should be compensation for all payments made that were not really due to the local authorities. He appealed to the representative of the United States to take the matter up with the authorities concerned. Possibly some of the reimbursed funds could go to the United Nations International School.

The meeting rose at 1 p.m.

1597th meeting

Monday, 12 November 1973, at 10.45 a.m.

Chairman: Mr. C. S. M. MSELLE (United Republic of Tanzania).

A/C.5/SR.1597

AGENDA ITEM 88

Report of the United Nations Joint Staff Pension Board
(*continued*) (A/9009 and Corr.1 and 2, A/9274, A/C.5/1524, A/C.5/1535, A/C.5/L.1126, A/C.5/L.1127)

1. The CHAIRMAN drew the attention of the Committee to the amendment submitted by Belgium, France and the Federal Republic of Germany (A/C.5/L.1127) to the draft resolution submitted by the United Nations Joint Staff Pension Board in annex VI to its report (A/9009 and Corr.1 and 2).

2. Mr. SERRANO (Cuba) said the investment policy of the United Nations Joint Staff Pension Board should be revised so that those investments should not be in currencies vulnerable to fluctuations, because their devaluation or depreciation could lead to serious losses for the Fund.

3. Paragraph 20 of the report of the Board of Auditors (*ibid.*, vol. I, annex IV) stated that net loss on sales of

investments during the year amounted to nearly \$7 million. For 1970 and 1971 such losses amounted to over \$1 million and \$2 million, respectively. Schedule 2 of annex I to the report of the Pension Board showed that the gross loss for the past financial year amounted to some \$16 million, less \$9 million profit on sales of investments. He asked what loss would have resulted for the year ended September 1973 from the second devaluation of the dollar. The Board of Auditors had rightly stated that the gradual increase in net loss pointed to the need for a reappraisal of investment policies and procedures.

4. In paragraph 33 of its report, the Pension Board had expressed satisfaction that some 22 per cent of the Fund's total assets were invested in non-United States securities. But that meant that 78 per cent of the assets were invested in United States securities, amounting to over \$700 million, which was by no means a matter for satisfaction.

5. As stated in paragraph 52 of the report of the Pension Board, some members of the Board had been critical of the