

SUMMARY RECORD OF THE 77th MEETING

Chairman: Mr. PIRSON (Belgium)

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

CONTENTS

AGENDA ITEM 98: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1980-1981 (continued)

Administrative and financial implications of the draft resolutions in documents A/34/L.51 and L.52 concerning agenda item 18

Administrative and financial implications of the draft resolution submitted by the Special Political Committee in document A/SPC/34/L.19 concerning agenda item 51

United Nations Industrial Development Organization: draft resolution referred by the Second Committee to the Fifth Committee for further consideration (continued)

AGENDA ITEM 106: UNITED NATIONS PENSION SYSTEM (continued)

(a) REPORT OF THE UNITED NATIONS JOINT STAFF PENSION BOARD (continued)

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The meeting was called to order at 8.05 p.m.

AGENDA ITEM 98: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1980-1981 (continued)

Administrative and financial implications of the draft resolutions in documents A/34/L.51 and L.52 concerning agenda item 18 (A/C.5/34/83 and Corr.1)

1. The CHAIRMAN drew attention to document A/C.5/34/83, in particular paragraph 16, and to document A/C.5/34/83/Corr.1, which contained the corrected figures for paragraphs 12 and 16 of document A/C.5/34/83. He invited the Chairman of the Advisory Committee to present that Committee's comments on the documents under consideration.
2. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) pointed out that, in paragraph 12 of document A/C.5/34/83, as corrected, the Secretary-General had estimated that the financial implications arising from draft resolution A/34/L.51 amounted to \$452,600. In response to inquiries, the representatives of the Secretary-General had informed the Advisory Committee that that figure included \$84,700 for the travel of conference servicing staff, which was chargeable under section 29 of the proposed programme budget for the biennium 1980-1981. Therefore, a balance of \$367,900 remained under subsection 3.A. As the Secretary-General had indicated in paragraph 16, \$451,000 had already been requested under that subsection to meet the requirements of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples and had been approved by the Fifth Committee in first reading. Since that amount exceeded the **expenditures** estimated for the Special Committee for 1980 and since the Special Committee's programme of work was subject to change, the Advisory Committee had concluded that the Secretary-General should be authorized to meet those requirements in 1980 from the amount already approved in first reading under subsection 3.A. The Secretary-General should submit the thirty-fifth session of the General Assembly the estimated additional appropriations arising from the programme of work of the Special Committee in 1981.
3. Accordingly, the Advisory Committee recommended that the Fifth Committee should inform the General Assembly that, should it adopt the draft resolutions in documents A/34/L.51 and L.52, no additional appropriation would be required under the proposed programme budget for the biennium 1980-1981.
4. The recommendation of the Advisory Committee (para. 3 above) was adopted.
5. Mr. SADDLER (United States of America), Mr. STUART (United Kingdom) and Mr. BROCHARD (France) said that, had the financial implications contained in document A/C.5/34/83 been put to a vote, their delegations would have abstained.
6. Mr. SCHMIDT (Federal Republic of Germany) said that his delegation also would have abstained, if there had been a vote, because, in particular, the periodical

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(Mr. Schmidt, Federal Republic of Germany)

Objective: Justice was not objective at all; in a number of instances, it had set forth one-sided opinions and had presented situations in a less than factual manner. It was therefore difficult for his delegation to agree to the financing of that periodical. He would revert to that point during the discussion of section 27.

7. Mr. AYADHI (Tunisia) asked why explanations were being given on draft resolutions that had no financial implications. He pointed out that the Fifth Committee was a budgetary committee, not a political committee, and thus it should not make any value judgements.

8. The CHAIRMAN explained that the Fifth Committee had just endorsed the recommendation of the Advisory Committee without a vote and, accordingly, delegations were entitled to explain their positions.

Administrative and financial implications of the draft resolution submitted by the Special Political Committee in document A/SPC/34/L.19 concerning agenda item 51 (A/C.5/34/85)

9. The CHAIRMAN drew attention to the statement submitted by the Secretary-General in document A/C.5/34/85, in particular paragraphs 10 and 11. He invited the Chairman of the Advisory Committee to comment on that document.

10. Mr. HSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee had discussed the Secretary-General's statement of financial implications (A/C.5/34/85) and had noted that, in drawing up the estimates therein, the Secretary-General had assumed that the programme of work to be implemented in 1980 by the Special Committee to Investigate Israeli Practices Affecting the Human Rights of the Population of the Occupied Territories would be similar to that carried out in 1979.

11. The Advisory Committee therefore recommended that the Fifth Committee should inform the General Assembly that, should it adopt the draft resolution in document A/SPC/34/L.19, an additional appropriation of \$253,700 would be required under section 23 of the proposed programme budget for the biennium 1980-1981, together with an appropriation of \$31,700 under section 31 (Staff assessment), to be offset by the same amount under income section 1. Conference servicing requirements not exceeding \$395,300 would be considered in the context of the consolidated statement to be submitted to the General Assembly shortly.

12. Mr. HILLEL (Israel) said that his delegation had explained at length in the Special Political Committee why it opposed the continuance of the activities of the Special Committee to Investigate Israeli Practices Affecting the Human Rights of the Population of the Occupied Territories. The Special Committee's activities were prejudiced, and its reports systematically ignored every positive aspect of life in those territories. Accordingly, he wished to register his delegation's opposition to endorsement of the administrative and financial implications of draft resolution A/SPC/34/L.19.

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13. Mr. HALEZH (Syrian Arab Republic) said that, since the representative of the Zionist entity had criticized the integrity of the Special Committee, he felt bound to point out that all countries considered the Special Committee to be impartial. The report submitted by the Special Committee had revealed to the entire world Israel's dangerous and illegitimate practices in the occupied Arab territories. Clearly, the representative of the Zionist entity did not want those practices revealed. In view of those considerations, his delegation was fully in favour of approving the administrative and financial implications of draft resolution A/SPC/34/L.19.

14. Mr. LAHLOU (Morocco) said that his delegation rejected the idea put forward by the representative of Israel that the Special Committee was engaging in anti-Israeli propaganda. On the contrary, the Special Committee had the very important responsibility of informing the United Nations and the international community of development in the occupied territories.

15. He pointed out that in the past, for example in 1967, the Israelis had not hesitated to attack Moslem holy places, while the international community had remained passive. The international community currently realized how serious that situation had been and how it had deteriorated, particularly because the world had not been kept abreast of such developments. The Special Committee was concerned with the human rights of Moslems; its terms of reference would continue to expand until they covered all Israeli activities that were detrimental to the Moslem population, particularly with regard to the holy places.

16. The recommendation of the Advisory Committee (para. 11 above) was adopted.

17. Mr. SADDLER (United States of America) pointed out that, when draft resolution A/SPC/34/L.19 had been considered in the Special Political Committee, his delegation had voted against it. Moreover, had the financial implications contained in document A/C.5/34/85 been put to a vote, his delegation would have voted against them, as well.

18. Mr. STUART (United Kingdom) and Mr. SCHMIDT (Federal Republic of Germany) said that, had the financial implications of draft resolution A/SPC/34/L.19 been put to a vote, their delegations would have abstained.

United Nations Industrial Development Organization: draft resolution referred by the Second Committee to the Fifth Committee for further consideration (continued)
(A/C.5/34/76 and 88; A/C.5/34/L.42)

19. Mr. PAL (India), speaking on behalf of the Group of 77, recalled that when he had introduced, at the 73rd meeting of the Fifth Committee, the draft resolution referred by the Second Committee, he had explained that the amount of more than \$3 million mentioned in paragraph 3 had referred specifically to programmes which had already been approved and which were intended to be speedily executed. The original draft had been revised, with the approval of the Fifth Committee, merely to avoid the technical impropriety of submitting a draft resolution referring to specific amounts of money. The revised version appeared in document A/C.5/34/L.42.

20. The related budget proposals of the Secretary-General had been issued as document A/C.5/34/88. Unfortunately, less than half the sum originally proposed by UNIDO for the system of consultations and for the Industrial and Technological Information Bank was currently being requested, while no appropriation at all was being requested for the programme of technical assistance. The reasons given for such stringency needed to be examined by the Fifth Committee in detail.

21. He asked whether it was normal practice for the Budget Division to cut to one third the budget submissions it received from such bodies as UNIDO. Surely one could not assume that the budget proposals of such bodies were usually inflated threefold.

22. If, on the contrary, it was customary for the Budget Division to reduce such proposals to one third, it was easy to understand why programmes were frequently executed in an unsatisfactory manner. If, however, reductions of that size were not the normal practice, he would like to know why an exception had been made in the case of UNIDO. Perhaps the Budget Division considered that the priority placed on UNIDO's activities by all Member States was misguided and thus should be disregarded, or whether the Secretariat thought that UNIDO's programmes of work were of so little importance and so easily executed that any funding it received would be more than adequate for its needs. In that case, the Group of 77 was obliged firmly to reiterate its position that the activities and programme of work of UNIDO were of the highest priority and should therefore continue to receive the resources necessary to ensure the satisfactory execution of UNIDO's mandate.

23. Although it was indicated in paragraph 22 of document A/C.5/34/88 that an increase in resources financed from the regular budget might be in order with a view to improving the prospects of meeting the programme delivery targets, throughout that same document the Secretariat seemed to be paralysed by the fear of being criticized, should it overstep the bounds it had imposed upon itself, without any mandate from the General Assembly. In that connexion, he drew attention to the "Freudian slip" contained in paragraph 9, where reference was made to the "policy of over-all budgetary constraint", rather than "restraint". It was precisely such unacceptable mandatory constraints from the outside, rather than a healthy exercise of self-restraint, that delegations from the developing countries had been deploring throughout the current session. In the opinion of the Group of 77, at least such constraints should not be forced on the Secretariat in connexion with the programmes of an important body like UNIDO. UNIDO could not be expected to execute programmes with so little funding.

24. In order to facilitate the work of the Committee, the Group of 77 would not propose any changes, but would merely emphasize that, when the revised estimates for UNIDO were submitted after the Third General Conference, it would expect them to reflect UNIDO's needs realistically.

25. Mr. RULDAS (Assistant Secretary-General for Financial Services) pointed out that the financial implications initially foreseen for a given programme were not necessarily the same as the budget proposals subsequently submitted to the Fifth Committee. That was because, after full consideration of those implications by the programme review bodies and the Office of Financial Services, it was sometimes possible to arrive at lower figures. Inevitably, however, an element of judgement was involved.

26. The reference to a policy of over-all budgetary constraint was no Freudian slip. The Secretary-General had announced his intention to pursue such a policy, and there had been a debate on the matter. But he trusted that the content of document A/C.5/34/88 would give an indication of the difficulties with which the Secretariat was faced in its efforts to establish a policy that took account of the need for such constraint and at the same time of the legitimate requirements of programmes of interest to developing countries.

27. Mr. STUART (United Kingdom) said he was gratified to note that the Indian representative did not intend to propose that the budget estimates for UNIDO be increased. It should not be assumed that the programme manager's initial request was entirely reasonable. Were that so, the Fifth Committee, ACABQ and indeed the Budget Division itself would be out of business. Moreover, the Committee's task was to consider the Secretary-General's budget proposals and not to examine the internal arguments of the Secretariat.

28. He noted, from document A/C.5/34/88, that the total additional appropriations requested in respect of the system of consultations (para. 14) and of the Industrial and Technological Information Bank (para. 20) were, respectively, \$476,800 and \$326,700, whereas the corresponding estimates submitted to the Economic and Social Council had been \$541,600 and \$211,900. He would like to know the reason for those increases.

29. Mr. SCHMIDT (Federal Republic of Germany) asked what procedure the Chairman intended to follow, and whether points of substance should be raised before or after a decision had been taken on draft resolution A/C.5/34/L.42.

30. His delegation was pleased to note that the draft resolution made no specific request for budgetary appropriations and for that reason would not oppose it. It considered, however, that at the present stage no decision should be taken on the future of the system of consultations and on the Industrial and Technological Information Bank, which matters more properly fell within the competence of the Third General Conference of UNIDO, to be held in 1980. Also, it could not agree to the financing of technical assistance under the budget section for UNIDO. For those reasons, it would be unable to support the draft resolution.

31. The CHAIRMAN said that, with regard to procedure, he would suggest that the Committee first take a decision on draft resolution A/C.5/34/L.42, noting the administrative and financial implications, and that it should then refer the matter to the Advisory Committee, which would report back to the Fifth Committee as soon as possible.

32. Mr. SADDLER (United States of America) said his delegation would not like it to be thought that all Member States failed to appreciate a display of budgetary restraint on the Secretary-General's part. In most budget exercises, it was quite usual for programme managers to make generous requests which proved, in the final analysis, to be either unfounded or excessive. His impression was that in the United Nations programme managers often submitted estimates for a variety of items under the guise of resolutions put forward by Member States. Little was to be gained by intimidation, and his delegation was not lacking in the capacity to resist such action or to speak out for what it believed was right, fair and in that spirit of harmony which should prevail within the United Nations.

33. Referring to operative paragraph 2 of draft resolution A/C.5/34/L.42, he expressed his delegation's strong opposition to the provision of funds for technical assistance under the United Nations regular budget. It was also strongly opposed to the financing of travel, for the purpose of attending meetings or consultations, from the same source. Continued recourse to such a procedure would have long-range negative implications for the Organization.

34. Mr. AYADHI (Tunisia) said that, with the ever-increasing interdependence of States, it had become clear that economic prosperity was indivisible. Draft resolution A/C.5/34/L.42 therefore went to the heart of the matter, for the international community could only benefit from efforts to promote the industrialization of the developing countries. Everybody was impatient to see the Lima Declaration and Plan of Action implemented. That Plan, which was the result of a joint effort, was well-thought-out and carefully conceived, and to withhold the means for putting it into effect would be to cast doubt on the willingness of the international community to implement its own decisions. Subjecting the Secretariat to financial pressure was not the best way of ensuring the harmony of the debate, still less of enabling the Organization to fulfil its tasks with enthusiasm.

35. Moreover, the Fifth Committee was a technical committee, not a committee of negotiation as was the Second Committee, and should therefore not enter into matters of substance; the fact that some members had seen fit to do so posed serious questions as to the international community's will to abide by its own decisions. The Fifth Committee should concentrate instead on such points as whether the funds proposed by the Secretary-General sufficed to enable UNIDO to carry out its programme of work, whether the developing countries should be provided with direct and speedy assistance in the matter of industrialization and whether it would be better to provide technical assistance from extrabudgetary funds. So far as the last point was concerned, he failed to see any difference. All Member States contributed both to the United Nations regular budget and to its extrabudgetary resources, according to their individual capacities. As had rightly been pointed out, it was not always the largest contributors which made the greatest effort in per capita terms.

36. Bearing those points in mind, the Committee should endeavour to ensure that UNIDO's programme of work, which was a matter of priority, was implemented in the best conditions possible, by which he meant not only material but also psychological conditions.

37. Mr. PALAIARCHUK (Union of Soviet Socialist Republics) said his delegation had noted with concern UNIDO'S increasing tendency to provide for any expansion of its activities by seeking additional funds under the United Nations regular budget and, in that connexion, would reaffirm the statement made by the Soviet delegation in connexion with resolution 1979/54, which had been adopted by the Economic and Social Council at its second regular session in 1979. The UNIDO secretariat should plan its activities solely on the basis of the funds already available to it and should seek to increase effectiveness by eliminating duplication, dispensing with obsolete or ineffective programmes and reordering priorities in accordance with the recommendations of intergovernmental bodies. Requests for additional funds under the United Nations regular budget were unjustified, particularly since increases in the budget did not result in any real expansion of the assistance rendered to developing countries and were expended mainly on maintaining an excessively inflated United Nations Secretariat. Moreover, it was for the Third General Conference to identify the priorities for further UNIDO activities. In the circumstances, his delegation considered that draft resolution A/C.5/34/L.42 was premature and out of place.

38. Mr. KHA IIS (Algeria) noted that, under operative paragraph 3 of draft resolution A/C.5/34/L.42, the Secretary-General was requested to submit proposals for the proposed programme budget for 1980-1981 that would enable UNIDO to execute the programmes on the consultation system, the Industrial and Technological Information Bank and technical assistance approved by the Industrial Development Board and endorsed by the Economic and Social Council. The Secretary-General had, however, made no proposal at all regarding technical assistance. He asked why it had been decided not to follow the recommendations made by two intergovernmental bodies.

39. Mr. RAMZY (Egypt) said that his delegation attached great importance to UNIDO'S work, and particularly to its efforts to enhance the industrial capacity of developing countries, and considered that it should be provided with adequate funds to discharge its functions. Like the Algerian representative, therefore, it was very concerned to note that the Secretary-General had submitted no proposals for the implementation of the technical assistance programme, even though that programme had been approved by the Industrial Development Board and endorsed by the Economic and Social Council. He would point out that the importance of technical assistance rendered through the United Nations regular budget had been recognized at the time of the establishment of UNDP, and that the developing countries and the Group of 77 had always stressed the need to maintain that assistance.

40. Mr. BROTODININGRAT (Indonesia) said that, while he fully supported draft resolution A/C.5/34/L.42, and would commend the efforts to achieve economies in the United Nations budget, he was a little concerned to note that budgetary restraint was being exercised to the detriment of programme delivery. In that connexion, he also noted, from the penultimate sentence of paragraph 22 of document A/C.5/34/88, that the Secretary-General had decided not to seek additional resources "in response to the calls for budgetary restraint reflected in recent

(Mr. Brotodiningrat, Indonesia)

General Assembly resolutions". He would like to know which those resolutions were. Also, he wondered whether the statement in the last sentence of the same paragraph did not prejudge the outcome of the discussion which he understood was to be held by the UNDP Intergovernmental Working Group on the question of reimbursement of support costs.

41. Mr. RUEDAS (Assistant Secretary-General for Financial Services), replying to the question raised by the United Kingdom representative concerning the difference between the statement of financial implications submitted to the Economic and Social Council on 27 July 1979 and the figures before the Fifth Committee in document A/C.5/34/88, referred to paragraph 20 of document E/1979/C.1/L.5/Rev.1/Add.1, in which it was stated that, following consultations with the Executive Director of UNIDO, the Secretary-General would submit revised proposals to the General Assembly at its thirty-fourth session. The proposals before the Committee reflected the result of those consultations; the additional cost estimates derived largely from the addition of one P-4 post in connexion with the system of consultations and one General Service post in connexion with the Industrial and Technological Information Bank.

42. Replying to points raised by the representatives of Algeria, Egypt and Indonesia on technical assistance delivery, he explained that the funds under discussion were not those for the provision of technical co-operation under section 24 of the programme budget, but funds for various purposes in connexion with the preparation, management and follow-up of operational activities. Paragraph 24 of document A/C.5/34/88 explained why the Secretary-General felt that the momentum of delivery of technical assistance could be increased without any additional provision under the regular budget. It would be seen by reference to the original budget proposals for UNIDO that a number of extrabudgetary posts were available; the exact number depended on the exact amount of operational funds made available. Therefore, apart from the fact that he found it difficult to provide a system-wide rationale for increasing regular budget posts when operational funds increased, the Secretary-General felt that in the present case the momentum of the delivery of the UNIDO programme would not be affected if there was no immediate increase in the number of regular budget posts. In any event, the Industrial Operations Division, which was the core division of UNIDO, would receive \$15 million from the regular budget for 1980-1981.

43. Mr. STUART (United Kingdom) observed that the Assistant Secretary-General had previously referred to the process of "budgetary refinement" which occurred when the programme manager met the budgetary controller; he took it that the process which the Assistant Secretary-General had just described was an example of "budgetary coarsening".

44. Mr. KHAMIS (Algeria) said that he still did not understand why the Fifth Committee had had to wait for a draft resolution to be adopted by the Second Committee and forwarded to the Fifth Committee before the Secretary-General submitted revised estimates to the latter body.

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(Mr. Khamis, Algeria)

45. He noted from paragraph 17.4 of the proposed programme budget for the biennium 1980-1981 (A/34/6, vol. II) that the Secretary-General regarded the network of senior industrial development field advisers as an essential element in the effective delivery of the field activities of UNIDO. He therefore asked why the proposed programme budget contained no provision for strengthening that network.

46. Mr. RUEDAS (Assistant Secretary-General for Financial Services) said that the answer to that question was contained in paragraph 17.6 of the proposed programme budget. The "Report of the Industrial Development Board" was a subitem of agenda item 57 and its consideration could give rise to financial implications, something which the Secretary-General had borne in mind before submitting the estimates for UNIDO.

47. The CHAIRMAN read out to the Committee the content of document A/C.5/34/76. He invited the Committee to vote on draft resolution A/C.5/34/L.42.

48. At the request of the representative of the United States of America, a recorded vote was taken.

In favour: Afghanistan, Algeria, Argentina, Austria, Bahamas, Bahrain, Barbados, Bhutan, Brazil, Burundi, Cape Verde, Chad, Chile, Colombia, Congo, Costa Rica, Cuba, Cyprus, Ecuador, Egypt, Ethiopia, Gabon, Ghana, Guyana, India, Indonesia, Iran, Iraq, Ivory Coast, Jordan, Kenya, Kuwait, Lesotho, Libyan Arab Jamahiriya, Madagascar, Malawi, Malaysia, Mauritania, Mexico, Morocco, Mozambique, Nigeria, Oman, Pakistan, Panama, Papua New Guinea, Peru, Philippines, Qatar, Romania, Rwanda, Senegal, Sierre Leone, Sudan, Syrian Arab Republic, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, United Republic of Cameroon, United Republic of Tanzania, Uruguay, Venezuela, Yugoslavia, Zaire, Zambia.

Against: Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, France, German Democratic Republic, Hungary, Mongolia, Poland, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Australia, Belgium, Canada, Denmark, Finland, Germany, Federal Republic of, Greece, Ireland, Israel, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden.

49. Draft resolution A/C.5/34/L.42 was adopted by 67 votes to 12, with 16 abstentions.

50. Mr. SVEGER (Sweden) said that his abstention did not indicate any lack of support for the general objectives of UNIDO, but he thought that the extra funds requested could have been found by redeployment within the original programme budget proposals for UNIDO.

AGENDA ITEM 106: UNITED NATIONS PENSION SYSTEM (continued) (A/34/9 and Add.1, A/34/30, chap. III, A/34/721, A/C.5/34/56, A/C.5/34/L.31, L.40, L.41 and L.43)

(a) REPORT OF THE UNITED NATIONS JOINT STAFF PENSION BOARD (continued)

51. Mr. GOSS (Australia) introduced an amendment (A/C.5/34/L.31) to the draft resolution contained in annex II of document A/34/721. The purpose of the amendment was simply to ensure that no acquired rights or expectations would derive from the interim measures proposed in the Advisory Committee's draft resolution.

52. Mr. MAJOLI (Italy), speaking on behalf of the delegations of Colombia, Cyprus, Ethiopia, Philippines, Trinidad and Tobago, Yugoslavia and Italy, introduced amendments (A/C.5/34/L.40) to the draft resolution contained in annex II of document A/34/721.

53. The deletion of the words "articles 21 and 29 of" in part I of the Advisory's Committee's draft resolution would have the effect of approving the changes proposed by the United Nations Joint Staff Pension Board in paragraphs 38 and 39 of its report (A/34/9) concerning early retirement and deferred retirement.

54. Early retirement should be encouraged rather than penalized, in order to provide employment opportunities for the young. At the 65th meeting he had spoken in favour of a liberalized early retirement provision which would change the reduction factor from 2 per cent to 1 per cent per annum in respect of those with 30 years' service retiring between the ages of 55 and 60. He had also supported the Board's proposal that those with 25 years' service retiring before the age of 55 should have their benefits reduced by 2 per cent per annum, instead of 6 per cent. He had said on that occasion that he could support the draft resolution proposed by the Advisory Committee if proposals to that effect were incorporated in part I thereof.

55. Several States had pension regulations favouring the early retirement of their civil servants, whereas the United Nations regulations on early retirement imposed an unduly high penalty on those with 25 or more years' service seeking early retirement. The Pension Board's proposals in the matter were set forth in paragraphs 38 and 39 of its report (A/34/9). The Advisory Committee, in paragraph 40 of its report (A/34/721), quoted the actuarial cost to the Pension Fund of those proposals as \$17.5 million plus \$6.1 million, which was minimal in relation to the Fund's total assets and liabilities; the Advisory Committee had nevertheless not found it possible to endorse the proposals. The amendment submitted in document A/C.5/34/L.40 was put forward in the belief that reducing the penalty for early retirement would be to the advantage of all participating organizations.

56. The amendment also proposed the addition to the draft resolution of a new part, part VI, which was necessary in order to ensure that the two organs entrusted by the General Assembly at the previous session with the task of examining together the question of pensionable remuneration could continue their work on the matter in close co-operation in the coming year, benefiting from the views of Fifth Committee members in the present debate. Such a course was

essential if the Committee was not to be confronted again with a multiplicity of different views, theories and schemes, and as a means of ensuring that the documentation submitted for the Committee's consideration would reflect an understanding of the audience to which it was primarily addressed, which included all Governments, participants and pensioners in the growing family of United Nations organizations.

57. Mr. DE FACQ (Belgium), introducing the amendment (A/C.5/34/L.41) proposed by Belgium and Tunisia to the draft resolution in annex II to document A/34/721, recalled that his delegation had originally proposed to the General Assembly a number of measures for pension improvements which had eventually been adopted by the General Assembly in resolution 31/196. That demonstrated his delegation's attachment to the principle that international civil servants should have a pension system, based on the Noblemaire principle, which would give them a higher pension than that received by staff members of the comparator national civil service, though the pensions thus provided should not exceed those national pensions by too much.

58. As he had pointed out at the 68th meeting, the present system of adjusting pensionable remuneration, based on the weighted average of post adjustments (WAPA), was no longer acceptable and had led to a number of anomalies, which had been noted by the International Civil Service Commission. In some countries, a pension could exceed the salary of a serving staff member; such a system represented an unjustifiable burden on the resources of Member States. As he had stated at the 68th meeting, pensionable remuneration had increased by 50 per cent in the four years ending 1 January 1979, half of that increase accruing during the half-year 1 July 1978-1 January 1979; and the WAPA system would ensure that at 1 January 1980 pensionable remuneration would have risen further; and six months later still further. Participating States would have to pay a minimum of \$10 million more to provide pensions during the coming year if the level of adjustment increased from 125 per cent to 135 per cent of gross salary on 1 January 1980, and several millions of dollars more would be required if the level rose to 140 per cent on 1 July 1980.

59. Pension contributions had originally been calculated on net salaries, but following submission by organizations representing staff members, the United Nations system had agreed to calculate pensions on the mean of gross and net salaries; a few years later they had agreed to calculate them on gross salary, and at present pensions were calculated, in accordance with the WAPA system, on gross salary plus 25 per cent. That resulted in pensions based on remuneration ranging from \$95,000 a year for an Assistant Secretary-General to \$25,000 a year for a P-1. The resulting pensions would be much higher than those of the comparator national civil service. Indeed, they were not only greater than the average net salary of the corresponding grades of that service, but they were often far higher than the net salaries of comparable staff members in the richer national civil services. It was not possible to ask the taxpayers in Member States, most of whom were of modest means, to make constant increases in their share of the expenses of international organizations, not in order to ensure greater efficiency in the development of the third world, but in order to improve already generous pension systems. There was a risk that in a few years the community of nations, dismayed by the abuses to

(Mr. de Faco, Belgium)

which the present pension system gave rise, would impose a vastly different system, which might mean that Member States would merely include in the annual budget the amounts which they themselves considered reasonable for staff members' pensions. Every effort must therefore be made to arrive at a reasonable pension system which would not call forth fundamental changes in the present formula to the detriment of staff members.

60. United Nations pensions were linked to cost-of-living changes in the country of residence; that was virtually never the case for the pensioners of national civil services, who were only partly compensated for increases in the cost of living. Furthermore, in the case of national civil services, it was becoming normal practice to put a ceiling on the higher levels of pensions. The Organization therefore had a duty to Member States to maintain pensionable remuneration, which was already very high, at its present level. Indeed, the International Civil Service Commission not only shared that view but, as would be seen from paragraph 86 of its report (A/34/30), it went even further.

61. An anonymous document distributed the previous day gave a number of reasons why the amendment in document A/C.5/34/L.41 should be rejected. The document stated that a resolution maintaining pensionable remuneration at its present level of gross salary plus 25 per cent could apply to the United Nations alone. That was quite incorrect; it was neither serious nor reasonable to suggest that although the General Assembly might make fundamental changes in the present pension system - as indeed it could have done if the International Civil Service Commission and the Joint Staff Pension Board had reached agreement - the Assembly did not have the right to freeze pensionable remuneration at its present level.

62. The document went on to state that freezing pensionable remuneration at its present level could be considered only if the interim measures proposed by the Joint Staff Pension Board were accepted; and the document further stated that those interim measures had been rejected by the Advisory Committee and by the majority of those who had spoken in the Fifth Committee.

63. The author of that commentary seemed to forget the fact that it was exactly because pension was a part of the total staff emoluments to which the Noblemaire principle applied that the International Civil Service Commission had expressed the view contained in paragraph 86 of its report (A/34/30). The members of the Commission had realized that the uncontrolled development of the WAPA system tended to increase staff pensions unduly and that, if that tendency continued, the Commission might have to consider present levels of remuneration more closely.

64. The anonymous document also stated that maintaining pensionable remuneration at its 1979 level would increase the actuarial deficit of the Pension Fund. However, it was not clear whether the author felt that United Nations pensions should eventually be established at the level which the WAPA system would reach on 1 January 1980 and 1 January 1981. That was a matter which the International Civil Service Commission should study, and he could well imagine that the Commission, having considered the facts, would conclude that it was reasonable to maintain pensionable remuneration at its present level for some time. Over the years it had been the Joint Staff Pension Board which had constantly proposed improvements in the pension system, while noting at the same time that those

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improvements increased the actuarial Fund. In that connexion his delegation could not agree that the cost of the measures proposed in amendment A/C.5/34/L.40 was minimal by any standard.

65. The Assembly should not accept the argument that, because maintaining pensionable remuneration at its present level might affect the actuarial deficit of the Fund, the amendment submitted by Belgium and Tunisia must be rejected. In actual fact, that amendment would ensure that in the coming months, Member States would not have to contribute a large sum of the order of \$13 million or even much more.

66. The anonymous document further stated that the effect of the amendment proposed by Belgium and Tunisia would be to increase pensions in rich countries and to reduce pensions in developing countries. That point had been specifically dealt with by the International Civil Service Commission in the last sentence of paragraph 67 of its report (A/34/30).

67. Finally, the anonymous confidential note stated that a freezing of pensionable remuneration be incompatible with the interim measures suggested by the Advisory Committee for 1980. However, it seemed self-evident that, with goodwill, those measures could be adapted if pensionable remuneration was maintained at its existing level. In any case, he had already stated that his delegation would accept either the interim measures suggested by the Joint Staff Pension Board, or any other interim measures which the majority of members of the Fifth Committee found acceptable. In that connexion, he would remind the author of the anonymous note that the interim measures proposed by the Joint Staff Pension Board would apply to pensioners retiring in 35 developing countries and nine developed countries, whereas the interim measures proposed by the Advisory Committee would apply only to pensioners in eight developed countries.

68. The interim measures proposed by the Advisory Committee would have the effect of applying a uniform increase of 5.4 per cent to the pensions of staff members at grades P-1 to D-1 in the eight countries in question. The measures proposed by the Pension Board would provide an increase of up to 22.9 per cent in the pensions of staff members at the lower grades, whilst pensions at the D-1 level would be increased by only one tenth of 1 per cent; they would, moreover, apply to pensions in 43 Member States. Although his delegation tended to favour such a formula, it was prepared to accept the Advisory Committee's proposal.

69. He urged the Committee to consider the problem of pensionable remuneration carefully. There had been much discussion of what, after all, were minor points, such as whether \$300,000 or \$600,000 should be spent on interim measures during the coming year. There had been little discussion of the major issue, namely, whether the Committee would any longer bear with a system which was out of control, as the International Civil Service Commission had agreed. The drain on Member States' resources (which was exacerbated by a number of large allowances based on pensionable remuneration) must be stopped.

70. Therefore, the Tunisian and Belgian delegations in document A/C.5/34/L.41 were calling for immediate measures to find a long-term solution. The members of the International Civil Service Commission and the Joint Staff Pension Board should meet together and submit a long-term solution before 1 September 1980.

(Mr. de Facq, Belgium)

71. However, pending a long-term solution, pensionable remuneration should be held at its present level of 125 per cent of gross salary; if that were not done, a long-term solution would be long delayed, since so many special interests were against it. He was sure that those proposals were in the true interests of international civil servants in the long run; indeed, they protected those interests by not requiring Member States to find some \$15 million next year to fund an immediate increase in pensions which, judged by world standards, were already more than fair.

72. Mr. KEMAL (Pakistan), introducing his delegation's subamendment to amendment A/C.5/34/L.40 (A/C.5/34/L.43), recalled that at an earlier meeting his delegation had expressed its support for the interim measures proposed by the Advisory Committee on the grounds that they were based on the existing system of pensionable remuneration and did not entail any changes which might prejudice a long-term solution. Those interim measures were not perfect, however, since they provided for the same percentage increase in the pensions of senior officials as in those of staff at junior levels. It was of the utmost importance that any measure to offset currency fluctuations and inflation should reflect the fact that the adverse effects of those phenomena could be less readily absorbed by those with smaller pensions. Accordingly, the aim of his delegation's subamendment was to have the Pension Board and ICSC take that point into account when carrying out the comprehensive examination of the system called for by the sponsors of draft amendment A/C.5/34/L.40.

73. Mr. MAJOLI (Italy) said that the subamendment proposed by Pakistan was acceptable to the sponsors of amendment A/C.5/34/L.40.

74. Mr. STUART (United Kingdom) said that the Australian amendment (A/C.5/34/L.31), which merely made more explicit what was already generally understood in the draft resolution recommended by the Advisory Committee, was acceptable to his delegation. The amendment proposed in document A/C.5/34/L.40 to part I of the Advisory Committee's draft resolution was not acceptable, however, since it would reinstate the Board's proposals with regard to deferred and early retirement benefits, which the Advisory Committee had rejected on the grounds that they would worsen the actuarial difficulties of the Fund. He could agree to the proposed amendments to part VI and the subamendment proposed by Pakistan but would point out in connexion with the latter proposal that United Nations pensions were subject to income tax in most countries, and it was best to leave it to national taxation systems to ensure that pension benefits were "progressive" in the fiscal sense. The matter should perhaps be left alone until such time as United Nations pensions were tax-free everywhere. He hoped that the Pension Board and ICSC would take his delegation's views on the matter into account.

75. Mr. ARGUELLES (Philippines) said that the anonymous paper to which the representative of Belgium had referred had been distributed by the delegation of the Philippines. He regretted it if some delegations were under a misapprehension as to its origin.

76. Mr. SADDLER (United States of America) proposed that the Fifth Committee should adopt neither the interim measures proposed by the Pension Board nor the alternative measures suggested by the Advisory Committee. The proposals of the Pension Board and

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(Mr. Saddler, United States)

ICSC had been put forward because none of the alternatives for a long-term solution had been able to command general support. His delegation firmly believed that any system of pensionable remuneration to be adopted must correct for all current and future retirees in both the Professional and the General Service category all anomalies in the pension system brought about by economic and monetary problems in the world. The measures proposed, however, covered relatively few individuals, would be very expensive and, if continued beyond 1980, would entail a substantial increase in the over-all liabilities of the Fund. The alternative arrangement proposed by the Advisory Committee would, moreover, result in higher pensions for retirees who had reached the higher grades than they would receive under the Pension Board's proposals, and that was unjust and unfair. The proposed interim measures represented arbitrary and piecemeal tinkering with an extremely important problem. Since a sound long-term solution had not yet been devised, the best course was for ICSC and the Pension Board to continue their efforts in 1980 to devise a universal scheme covering all current and future pensioners.

77. Accordingly, he proposed that part V of the draft resolution recommended by the Advisory Committee should be amended to read: "Decides that interim measures shall not be implemented in 1980." He requested that separate votes be taken on the five parts of the draft resolution recommended by the Advisory Committee, and that his delegation's amendment to part V should be put to the vote first, since, if it was adopted, it would then be unnecessary to put the Australian amendment to the vote.

78. The CHAIRMAN said that he was not certain that the United States proposal was an amendment, properly speaking. Obviously, the aim was to negate the measure proposed by the Advisory Committee in part V of its draft resolution. That could be accomplished more simply by a negative vote on part V as it stood.

79. Mr. STUART (United Kingdom) said that the United States proposal was not an amendment at all, and urged the Chairman to make a ruling to that effect.

80. Mr. DEBATIN (Under-Secretary-General for Administration, Finance and Management), speaking on behalf of the Administrative Committee on Co-ordination (ACC), said that the interim measures proposed by the Pension Board must be seen in the context of the problem it was seeking to redress, namely that, in locations where there had been a steep decline in the value of the dollar, pensions represented too drastic a drop from the level of earnings during service. In the view of the executive heads, the most desirable interim arrangement, pending a long-term solution, would be one that limited the extent of the difference between income on retirement and pension at any given location.

81. In proposing interim measures which would define a "floor" pension that represented a minimum proportion of net income, the Pension Board had made it clear that it did not intend to prejudge the issue of whether pensions should bear some fixed relationship to net income, which included post adjustment. The income replacement concept underlying two of the alternative approaches considered by both ICSC and the Pension Board was therefore not embodied in the Board's proposals. In determining what would be an appropriate minimum proportion of net income, account had been taken of the situation existing prior to the depreciation of the dollar when disproportionate relationships between pension and income had not occurred.

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82. By limiting the application of the interim measures to those retiring in 1980, the Assembly would not prejudge the long-term pension arrangements which would have to be studied by both ICSC and the Pension Board in the year ahead, or the issue whether a selective or a universal approach should be taken in the calculation of pensions. Moreover, the Board's proposed interim measures would be in harmony with the current arrangements, whereby, in order to remedy problems arising in areas where the dollar had depreciated in value, both a basic universal dollar amount and a selective local currency amount were established for each pension.

83. Although the Advisory Committee's proposal would provide somewhat less relief to those receiving smaller pensions and might cover fewer locations, the Advisory Committee did recognize the need for some action to be taken. It was, therefore, the view of ACC that, should there not be a majority in favour of the Board's proposal, the measures proposed by the Advisory Committee should be adopted.

84. ACC did not believe that pensionable remuneration should be frozen at its current level, as proposed in document A/C.5/34/L.41. In its view, that issue should be dealt with by the Pension Board itself for a number of reasons. First, the introduction of interim measures applicable to relatively few countries did not in any way justify suspending use of the WAPA system, which would affect the entitlements of staff in the Professional and higher categories everywhere. Second, it was imperative that the Fifth Committee not overlook the adverse effects which freezing pensionable remuneration would have on the actuarial position of the Fund. Third, should the Advisory Committee's alternative interim measures be adopted, the freezing of pensionable remuneration would undermine their effect since those measures involved the application of the WAPA system in 1980. Fourth, as the WAPA index governed pensionable remuneration adjustments everywhere, to abandon the WAPA system might be construed as an endorsement by the Fifth Committee of the view that the universal framework of the existing system should be replaced by a selective one.

85. The use of the WAPA system to adjust pensionable remuneration should not be discontinued until a suitable alternative was found. Freezing pensionable remuneration was a solution which left unanswered the question of what action would eventually be taken in respect of 1980. It was the long-standing practice of the Fifth Committee to avoid retroactive changes in salary scales or pensionable remuneration levels, and even if the Committee did undertake to apply any new measures retroactively to compensate, where needed, for freezing the level of pensionable remuneration during 1980, the Fund would have been denied an earlier infusion of increased contributions and its actuarial position would have been adversely affected.

86. The representative of Belgium had suggested that the freezing of pensionable remuneration was necessary in order to make the many special interest groups realize that a long-term solution must be devised rapidly. Punitive measures were not necessary, however, to convince the Secretary-General, the executive heads of the other organizations or the representatives of Member States serving on the Pension Board to continue their urgent efforts to achieve a long-term solution; nor were they necessary to prompt the elected representatives of the participants to work in

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(Mr. Debatin)

the interests of the staff as a whole, rather than of special interest groups. The failure to agree on a long-term solution in either ICSC or the Pension Board had had nothing to do with a lack of interest or effort, but rather stemmed from the serious difference of opinions on extremely complex issues.

87. ACC reaffirmed its support for the Board's proposals regarding the extension of reckonable contributory service, the removal of age 60 as a bar to entry into the Fund, and the reduction factors applicable to early retirement and deferred retirement benefits.

The meeting rose at 11.40 a.m.