



SUMMARY RECORD OF THE 48th MEETING

Chairman: Mr. ABRASZEWSKI (Poland)

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

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The meeting was called to order at 10.55 a.m.

AGENDA ITEM 113: UNITED NATIONS PENSION SYSTEM (continued) (A/37/9 and Corr.1, A/37/674; A/C.5/37/16)

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

(b) REPORTS OF THE SECRETARY-GENERAL

1. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee had reviewed the measures proposed by the Joint Staff Pension Board to improve the actuarial balance of the Fund. While the total existing imbalance was equivalent to 7.3 per cent of pensionable remuneration, the measures proposed by the Board would reduce the imbalance by approximately 3.8 per cent. The Advisory Committee had no objection to those measures, subject to the comments it had made concerning the proposal to raise the statutory age of separation from service to 62. Under the terms of reference given to it by the General Assembly, the Advisory Committee was required to consider only the budgetary aspect of personnel questions. It had therefore taken the view that it was no part of its duty to look at the personnel policy aspects of that proposal. It should be noted that raising the statutory age of separation from service to 62 would, in any event, reduce the actuarial deficit by only 0.35 per cent.

2. As for the other measures proposed by the Board, the Advisory Committee took the view that before the General Assembly decided on the proposed text of supplementary article B of the Fund's Regulations, on the extension of pension coverage to officials other than staff members, it should have before it an analysis of all the repercussions of the draft article, together with the related financial implications.

3. The Advisory Committee's comments on the investments of the Pension Fund were similar to those it had made in its previous reports. The Advisory Committee accepted the estimated net figure of \$5,955,300 for the 1983 administrative expenses chargeable directly to the Fund. Finally, the Advisory Committee had no objection to the Pension Board's proposal to admit the European and Mediterranean Plant Protection Organization to membership in the Fund and it endorsed the Board's recommendation on the contribution to the Emergency Fund.

4. Mr. FORAN (Controller), introducing the report of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund (A/C.5/37/16), said that the report contained considerably more data than previous reports, in response to requests made by the Fifth Committee. It described the conditions during the year ended 31 March 1982, which had been characterized by depressed financial markets. As a result of the poor conditions, the total return on the Fund's investments had been minus 7.85 per cent, compared to plus 26.60 per cent in the preceding year.

5. As previous reports had stressed, short-term results were extremely volatile. Thus, if the calculations had related to the 12 months ended 30 September, the return would have been about 10 per cent. In addition, short-term results were

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(Mr. Foran)

heavily influenced by currency fluctuations. Since the Fund's assets were expressed in United States dollars, the appreciation of the dollar had had the effect of decreasing the market value of investments denominated in other currencies. Thus, it had been estimated that almost 70 per cent of the negative return over the period under review was attributable to the appreciation of the dollar.

6. It was important, therefore, to consider long-term returns. The rate of return on the Fund's portfolio as a whole had remained relatively stable, averaging 5.78 per cent a year over the past 22 years, and 7.25 per cent a year over the past five years. There was every indication that the Fund had performed better than many other comparable funds.

7. As was known, the Fund followed a policy of diversification by type of investment, by geographical region and by currency. Tables 2 to 5 of the report of the Secretary-General contained details of the spread of the Fund's investments. In the short term, currency fluctuations sometimes meant that overall returns on a diversified portfolio were lower than those on investments in a single country. Over the long term, however, international diversification was an important means of reducing risk and obtaining higher returns. That was why the Secretary-General had striven to diversify the Fund's investments, with the full support of the Investment Committee.

8. In section D of the report, the Secretary-General reported on the implementation of General Assembly resolutions. Attention was drawn to the difficulties concerning the reinvestment of holdings in "transnational" corporations - difficulties which were largely due to the lack of an accepted definition of transnational corporations. Investments in developing countries had increased by 23 per cent compared to the preceding year, and development-related investments currently amounted to \$481 million.

9. Particular efforts had been made to invest in Africa. Nevertheless, such investments had decreased slightly as a result of a redemption by the African Development Bank of a bond held by the Fund which had not immediately been replaced, and also because a Kenyan bond had been redeemed and not reissued owing to the high interest rates prevailing at the time. Between June and September 1982, however, investments in Africa had been increased by some \$4 million. A Secretariat official had, in July 1982, travelled to Africa and had obtained updated information on investment conditions. There were two major constraints. Firstly, because of high interest rates, few Governments wished to borrow in the international markets at the present time. Secondly, certain restrictions made it difficult for international investors, such as the Fund, to utilize the domestic capital markets in many African countries.

10. In conclusion, he stressed that every effort possible was made to apply sound judgement to each transaction and to ensure that the entire operation was conducted in accordance with sound standards of management and the criteria adopted. Every effort would continue to be made to make development-related investments which would preserve and increase the value of the Fund's assets.

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11. Mr. KABONGO TUNSALA (Zaire) drew attention to the mandate of the Joint Staff Pension Board and observed that the Board's report (A/37/9) contained a comprehensive analysis of measures to improve the actuarial balance of the Fund and dealt with such questions as the management of the investments and the basis for the next actuarial valuation as from 31 December 1982. In the comprehensive analysis, the Board proposed recommendations to the General Assembly in the areas of personnel policies, the Fund's benefit system and the adjustment system. It was regrettable, however, that the Board had not described the results of its study on the nature and extent of the actuarial imbalance.

12. As to raising the retirement age from 60 to 62, his delegation had reservations about that proposal because, in its opinion, it might prevent some staff members, who had spent their lives serving the Organization and who, at age 65, had even less time to live, from enjoying the advantages of retirement. The International Civil Service Commission had been unable to take any decision on that question, and the Advisory Committee believed that it came under personnel policy. As far as the Board was concerned, it supported its recommendation by pointing to the advances made in the fields of biology and medicine and to the economic and social progress achieved throughout the world. However, there were some developing countries where such progress was not so spectacular and where both the natural and the human environment reduced life expectancy.

13. To bolster its position further, in paragraph 21 of the report the Board cited the case of a member organization of the Fund - FAO - where the mandatory age of separation had been set at 62. That was a very poor argument, since the United Nations did not need to follow the decisions taken by its agencies. Otherwise it would hardly need the General Assembly's authorization.

14. With regard to the other recommendations of the Board, his delegation particularly supported those concerning the recruitment of staff members at a younger age, the elimination of the possibility of excluding staff members from participating in the Fund and the reduction in the period required to qualify for participation in the Fund. His delegation welcomed the fact that, in the current economic situation, the Board had avoided proposing any increase in contributions, and it supported the idea that the pensions paid by the United Nations should be compared with those paid by national civil service systems.

15. Referring to the question of the Fund's investments, in general he approved of the policy of diversification endorsed by the General Assembly, provided that that policy served the interests of participants and fulfilled the requirements of safety, profitability, liquidity and convertibility. The Secretary-General had been requested to continue his consultations with the States members of the Organization of African Unity and with the African Development Bank with a view to improving the level of investments in Africa. The Secretary-General had made the necessary efforts, recognizing that many companies domiciled in the developing countries could attract investments and were participating in international activities. In his opinion, those countries could offer the Fund an opportunity to earn a better return on its investments.

16. According to paragraph 5 of the report of the Secretary-General (A/C.5/37/16), the total return on the Fund's investments for the year ended 31 March 1982 had been minus 7.85 per cent, compared with a total return of plus 26.60 per cent in

(Mr. Kabongo Tunsala, Zaire)

the preceding year. Clearly, the fact that the Fund had invested all its assets in developed countries and in transnational corporations, which were still difficult to define, had not produced optimum results. The behaviour of the United States dollar was not the only reason for the decline in that return.

17. However, his delegation was pleased to note that Gabon had joined the five African OAU member countries in which the Fund invested. As a result, total investments in Africa amounted to \$24,766,000, of which \$11,148,000 had been invested in the African Development Bank. It was curious that that institution had received only one tenth of the amount invested in development institutions, according to the information provided by the Secretary-General in paragraph 24 of his report. In that connection, he noted that there were unfortunate discrepancies between the data provided by the Secretary-General and those contained in paragraph 54 of the report of the Joint Staff Pension Board.

18. The interest rate the Fund applied to its investments constituted a major obstacle not only for the developing countries but also for the developed countries, which, like all the others, were suffering the effects of their own policies and were subject to the uncertainties of a world economic situation dominated by recession, inflation, the deterioration of the terms of trade, trade imbalances and budgetary deficits. Investing in transnational corporations and promoting their investments in the developing countries would not create any difficulties if the Fund offered more advantageous conditions than the transnational corporations.

19. His delegation invited the Secretary-General to continue to follow the policy of diversification adopted by the General Assembly and, if the developing countries did not have adequate financial markets, to encourage investments through regional institutions, in particular through the African Development Bank.

AGENDA ITEM 104: PROGRAMME PLANNING (continued) (A/37/3 (Part II), Chap. VI, Sect. C, A/37/6, A/37/7, A/37/38, A/37/154 and Corr.1 and 2., A/37/206 and Add.1 and Add.1/Corr.1, A/37/207, A/37/460, A/37/650; A/C.5/37/25, A/C.5/37/53; E/1982/INF/12, Decision 1982/173)

- (a) REPORT OF THE COMMITTEE FOR PROGRAMME AND CO-ORDINATION
- (b) MEDIUM-TERM PLAN FOR THE PERIOD 1984-1989
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20. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report on draft regulations and rules governing programme planning, said that the Advisory Committee had not commented on the report on the same subject (A/37/460) submitted by the Joint Inspection Unit early in the session. It had taken the view that it was not its business to engage in nitpicking about the recommendations of the Committee for Programme and Co-ordination. It accordingly confined itself in its report to discussing a few issues which, in its view had to be addressed. Its comments on those issues would probably help the Fifth Committee-co-operation to adopt the final text of the proposed regulations.

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21. Mr. BRODININGRAT (Indonesia) noted with satisfaction, that after years of painstaking efforts to devise a methodological framework, the Committee could at last consider the first fruits of those endeavours. The complexity of the documentation before the Committee would have prevented it from forming an opinion had it not been for the clarifications provided in their statements by the Chairman of the Committee for Programme and Co-ordination, the Assistant Secretary-General for Programme Planning and Co-ordination and the Chairman of the Joint Inspection Unit. His delegation would, therefore, limit its comments to a few issues which it considered important.

22. With regard to the medium-term plan for the period 1984-1989, it had to be stated frankly that it did not fully meet expectations. As noted by CPC, instead of being forward-looking, dynamic and analytical, the proposals of programme managers were based mainly on past or ongoing activities, and very little had been done to focus on the problems which would arise during the period covered by the plan.

23. Referring to the provisions of resolution 34/224, in which the General Assembly had indicated what the introduction to the medium-term plan should be, he shared the view expressed by the Chairman of the Joint Inspection Unit to the effect that the importance of the introduction as a planning instrument had not been fully grasped in the United Nations. He also supported the views expressed on that subject in paragraph 57 of the report of the CPC (A/37/38).

24. The format and presentation of the analyses provided in the draft plan varied not according to the type and nature of activities, as called for in paragraph 2 (h) of General Assembly resolution 34/224, but apparently according to the understanding of programme managers. Some programme managers seemed to have overlooked, or simply ignored, the provisions of paragraph 2 (q) which specified that objectives should be "time-limited as far as possible".

25. At the thirty-sixth session, his delegation had supported the recommendation of JIU that the medium-term plan should be submitted to all the Main Committees of the General Assembly so that they could review those parts which were of specific concern to them. That procedure had been followed at the current session but the results, which were described in the note by the Secretary-General in document A/C.5/37/53, showed that the main committees were still far from familiar with the medium-term plan. Nevertheless, the procedure constituted an encouraging beginning even if it was not yet entirely satisfactory.

26. In the final analysis, the medium-term plan, as amended by CPC, could be adopted by the General Assembly at the current session, in the light of the views of the Economic and Social Council and the Main Committees and on the understanding that improvements would be introduced, especially with respect to the methodology, when the review scheduled for the second year was carried out so that the plan could truly become the "principle policy directive" of the Organization.

27. That having been said, his delegation strongly objected to the inclusion of a reference to East Timor in paragraph 4.27 of chapter 4 (programme 2, subprogramme 2). The activities of the United Nations in that area entailed the unnecessary waste of resources and were at variance with the principle of non-interference laid down in the Charter.

(Mr. Brotodiningrat, Indonesia)

28. Turning to the regulations relating to the planning cycle, his delegation hoped that the draft rules and regulations governing programme planning, the programme aspects of the budget, the monitoring of implementation and methods of evaluation would meet the expectations expressed by the General Assembly in resolution 36/228. It supported the recommendation contained in paragraph 289 of the CPC report concerning the central monitoring unit which the Assembly had asked to be established.

29. His delegation's position was still open with regard to the procedure to be followed for the adoption of the regulations. In any event, it would be better to hear the views of not only CPC and JIU but also the Advisory Committee concerning the proposed texts. It was essential to harmonize both the programme and financial aspects of the planning, programming and budgeting exercise.

30. Efficiency and effectiveness were two key management objectives. The existing financial mechanisms were sufficient to improve efficiency and the preparation of regulations should make it possible to enhance effectiveness.

31. Mrs. LOPEZ ORTEGA (Mexico) expressed the hope that, in future, adequate time and attention would be given to the introduction to the medium-term plan, the analytical contents of which should be progressively improved.

32. The plan itself was merely a collection of legislative measures and not the thought-provoking document it might have been if the Secretariat had initiated a dialogue with Member States, as UNESCO had done. It would be interesting to know what specific obstacles had prevented the United Nations Secretariat from following UNESCO's example.

33. While welcoming the establishment of the Programme Planning and Budgeting Board by the Secretary-General, under his own Chairmanship, her delegation supported the comments of the Committee of 17 on that question in paragraph 31 of its report (A/37/44), in which it stressed the need to use existing machinery in the new co-ordination exercise.

34. In connection with paragraph 55 of the report of the Committee for Programme and Co-ordination, concerning the two assumptions on which the proposed plan was based, she shared the concern expressed by the representative of India and asked how the Secretary-General understood the words "the real resources available to the Organization would increase moderately during the period". The effect of zero or negative growth would be to maintain the existing situation by preventing the implementation of important programmes for achieving the targets of the International Development Strategy.

35. It was also disturbing to note that activities which were to have been financed by extrabudgetary resources were charged to the regular budget. In accordance with resolutions 31/93 and 34/224, the plan should contain financial data, including data on budgetary and extrabudgetary resources. They were not in the plan, with the result that the Fifth Committee was not in a position to assess the soundness of any of the Secretary-General's proposals or of the financial advice given by the Advisory Committee.

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(Mrs. Lopez Ortega, Mexico)

36. Staffing tables should also be given in the plan, so that it could be determined whether or not the proposed activities could be carried out with existing personnel.

37. Her delegation called for the strengthening of inter-agency co-ordination provided for in resolution 34/224. She agreed with the Joint Inspection Unit (A/37/460, para. 20) that the evaluation exercises were still rather poor, and would like to know what had prevented the Secretariat from complying with the provisions of paragraph 2 (1) of resolution 34/224.

38. Consultations between representatives of Member States, the Secretariat of the Organization and its legal advisers should be continued and broadened with a view to defining, supplementing and explaining the draft regulations on programme planning properly, so that the General Assembly could consider them at its thirty-eighth session.

39. Mr. KRISTIANSEN (Denmark), speaking on behalf of the 10 member States of the European Economic Community, said that their views was that the plan, while allowing for periodic reflection on the results achieved, should serve as a framework and a priority-setting tool for detailed work programmes and the biennial programme budgets.

40. The Ten regretted that the guidelines given by the General Assembly in resolution 36/228 for setting priorities in programmes had not been implemented and shared the concern expressed by the Chairman of the Committee for Programme and Co-ordination about that situation at the Fifth Committee's 38th meeting.

41. In that connection, the Secretary-General's report, entitled "Special review of the ongoing work programme of the United Nations" (A/36/658) offered useful guidance on determining priorities among the different fields of activity. It was disappointing, therefore, that the updated version of the review, requested by the Advisory Committee in its report (A/37/7/Add.1), had not been distributed until 30 November.

42. Reaffirming the position they had taken in the Second Committee, the Ten could not accept paragraphs 16.69, 16.70 and 16.74 of the proposed medium-term plan, since the question of trade between the socialist countries and the developed market economy countries was a matter for the Economic Commission for Europe, not for UNCTAD.

43. The Ten trusted that the draft regulations governing programme planning, the programme aspects of the budget, the monitoring of implementation and methods of evaluation would be adopted, with appropriate amendments, and applied with the least possible delay.

44. Mr. MURRAY (United Kingdom) said that his delegation endorsed all the comments made by the Chairman of the Committee for Programme and Co-ordination at the Committee's 38th meeting.

(Mr. Murray, United Kingdom)

45. It was regrettable that, for whatever reasons, the Secretariat had failed to follow the procedures embodied in resolution 36/228 in setting priorities in the medium-term plan. That meant that succeeding budgets would again be based on financial considerations rather than on programme orientations and needs and that it would be impossible to transfer resources from low- to high-priority areas.

46. His delegation could accept the draft regulations governing programme planning, as amended by CPC, with a few minor amendments to bring them into line with the resolutions from which their provisions had originated. There was no need to reopen the basic question, and the draft regulations should be adopted by the General Assembly at the current session. The proposals of the Joint Inspection Unit could be incorporated in rules to be promulgated later by the Secretary-General.

47. The programme budget for the biennium 1984-1985 should be a proper programme budget and not a purely financial document. The Secretary-General would be expected to produce programme justification in support of his proposals. Moreover, priorities among programmes should be set in full compliance with the procedure spelled out by CPC in paragraph 459 of its report on the work of its twenty-first session (A/36/38).

48. It was also disappointing to note that the Secretary-General had not implemented the decision of the General Assembly, deriving from paragraph 459 of the CPC report in question, requiring him to present at the time of the adoption of resolutions or decisions a statement of their programme and financial implications, in order to enable the Assembly to finance new activities approved after the adoption of the programme budget from resources released by the elimination of low priority programme elements. The implications analysed should not be confined to those of the activities required by the resolution but should also include its impact on, and, where appropriate, consequent modifications of, continuing programme activities. On inquiring why such statements were not yet being made available to delegations, his delegation had been told by the Assistant Secretary-General for Programme Planning and Co-ordination that the Secretariat had not yet worked out a system for presenting all the implications in a single statement.

49. The creation of a central independent unit within the Secretariat, approved by the Assembly on CPC's recommendation, would make it possible to remedy that situation. The steps taken by the Secretary-General in his circular ST/SGB/196 were, however, inadequate. A full-time and effective unit must be established at the earliest opportunity. In the meantime, his delegation requested the Secretary-General to submit for the remainder of the current session, statements of programme as well as financial implications, if necessary prepared on an ad hoc basis, in respect of all resolutions having financial implications.

50. Since CPC had taken a number of years to arrive at its conclusions on the setting of priorities, it was no wonder that failure to implement them gave rise to some frustration and a desire to attack the perceived monster of the United Nations budget. Only through a rational process of programme planning and programme budgeting, assisted systematically by a full-time monitoring unit, could the difficulties be overcome.

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51. Mr. HOLBORN (Federal Republic of Germany) welcomed the draft regulations on programme planning and wished to make the following comments. First, the planning, co-ordinating and priority-setting competence of the General Assembly should pertain only to programmes financed out of the United Nations regular budget, in order both to show respect for the decisions of other governing bodies and to make the programme planning and budgeting system more efficient by strengthening the programming role of CPC and the budgetary role of ACABQ.

52. Second, since the medium-term plan was the framework for the programme budget, it should provide a general idea of the budget proposals under programme aspects but should refrain from giving indicative estimates of the necessary resources.

53. Third, when considering the medium-term plan, the General Assembly should take into account not only the comments of CPC, the Economic and Social Council and the Advisory Committee, but also the views of the relevant intergovernmental bodies.

54. Fourth, participation by member States in the review and evaluation processes should be encouraged, particularly at the field level, in order to allow Governments to co-operate in the evaluation of development efforts and to strengthen self-reliant development.

55. Mr. MERIEUX (France) said that the balance-sheet of planning in the United Nations was uneven: while the methodology adopted seemed relatively satisfactory, the draft plan, on the other hand, was flawed by many shortcomings which limited its usefulness considerably.

56. The medium-term plan, together with the programme budgets, the reports on programme performance and the evaluation reports, constituted one of the four planning instruments of the United Nations administration, but it also had political implications. Its adoption by the General Assembly established it, according to resolution 34/224, as the principal policy directive of the United Nations administration, but it also had political implications. According to regulation 3.5 of the draft regulations submitted by the Secretary-General, the plan covered all United Nations activities charged to the regular budget and funded from extrabudgetary resources but not those of the specialized agencies or subsidiary organs of the United Nations which had their own budgets. That narrow approach could be criticized, but the purpose of the plan was not to call into question the juridical and financial structures of the United Nations system. The plan should play an important role in budget preparation. Its drafting should therefore be carefully scrutinized by Member States.

57. His delegation had noted three types of shortcomings. Firstly, the main lines of the plan were not clearly identified. Secondly, the content of the various major programmes was imprecise. The almost total absence of figures in particular, should be noted and constituted a fundamental defect. Thirdly, some important programmes had not been adopted by the competent intergovernmental bodies.

58. In spite of the progress achieved in methodology, the manifest discrepancy between intentions and implementation raised doubts as to the limits inherent in the planning of United Nations activities. In that context it should be noted that some activities as important as peace-keeping operations did not, by their nature,

(Mr. Merieux, France)

lend themselves easily to medium-term forecasting. Moreover, the absence of a real dialogue between the Secretariat and Member States, which would enable priority sectors to be identified, was regrettable.

59. With regard to the draft regulations amended by CPC and accompanied by the JIU report, his delegation supported the rigorous balance-sheet submitted by JIU but saw no urgent need for an extensive revision of the draft, especially as the preparation of the next plan, which it would govern, would not be started for several years. It would prefer a slight improvement of the present wording and emphasized the importance of ensuring that the Secretariat was fully aware of the significance of what was at stake and of the need to improve the Organization's efficiency.

60. Mr. WILLIAMS (Panama) referring to rule 113 of the rules of procedure of the General Assembly, raised a point of order in order to draw the Committee's attention to the behaviour of certain staff members. The strike which had taken place that day had seriously impeded the Organization's work to the point where, for lack of services, it has not been possible for the meeting of the General Assembly, at which the President of a Latin American country had been scheduled to speak, to be held in the normal way.

61. He was gratified that some staff members had been sufficiently aware of their responsibilities to enable the General Assembly to continue its work. On the other hand, those who had initiated an illegal strike without notice had failed in their duty; the provisions of staff regulation 10.2 should be applied to them with the utmost rigour. Disciplinary measures were necessary to prevent the repetition of such an incident.

The meeting rose at 1 p.m.