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JOINT INSPECTION UNIT

Report of the Joint Inspection Unit on the question of the
continuation of the Unit

Note by the Secretary-General

The Secretary-General transmits herewith to Member States an addendum to the report submitted by the Joint Inspection Unit on the question of the continuation of the Unit, dealing with the specific question of pension coverage for Inspectors.

ANNEX

Observations of the Joint Inspection Unit on the
question of pensions for Inspectors

1. The General Assembly considered the question of pensions for members of the Joint Inspection Unit at its twenty-ninth session and adopted resolution 3354 (XXIX) on 18 December 1974 in which it requested the United Nations Joint Staff Pension Board to consider the possibility of including the members of the Unit among those eligible to participate in the United Nations Joint Staff Pension Fund and, if necessary, of proposing amendments to the Regulations of the Fund accordingly. The Assembly also authorized the Secretary-General to explore alternative methods of providing pension coverage for Inspectors and to report thereon to the Assembly at its thirtieth session.

2. At its thirtieth session, the General Assembly considered two reports on this question:

(a) The report of the Secretary-General on the question of pension coverage for members of the Joint Inspection Unit (A/C.5/1697);

(b) The report of the Advisory Committee on Administrative and Budgetary Questions on the same subject (A/10374).

The Assembly, after providing coverage for death and disability for Inspectors during service, decided to defer consideration of pension coverage until its thirty-first session.

3. In the report of the Joint Inspection Unit on the continuation of the Unit (A/31/89, para. 137), its position on pensions for Inspectors was briefly stated. The present addendum provides further information on the subject.

4. In order to safeguard the independence of the Unit, Inspectors are not staff members of the United Nations or any of the other participating organizations. Their conditions of service, however, are equated with those of a staff member of the United Nations at the D-2 level in the matter of salary, allowances, medical insurance, leave entitlements and death and disability benefits, though Inspectors are, at present, not eligible for pensions under the Joint Staff Pension Fund or under any other United Nations pension scheme. In view of such an equation, there would be no valid reason for excluding Inspectors from one particular feature of the conditions of service applicable to United Nations staff members, namely, pensionary benefits, which are now recognized as an important aspect of social security in relation to employment. Furthermore the introduction of pension coverage for Inspectors would not in any way change the character of the Unit as regards its independence.

5. The fact that the Joint Inspection Unit was created initially in 1968 for an experimental period of four years only was perhaps the reason why the question of pension coverage for members of the Unit did not come up for formal consideration

until 1974. By the time the current tenure of the Unit ends, it will have been in existence for 10 years and most of its members will have served for long periods.

6. In considering the question of pensions for Inspectors it may be recalled that they are full-time officials who cannot, according to their contracts, accept any other employment during their terms of office and who are not eligible for appointment to any posts in the secretariats of participating organizations until three years after the termination of their functions. Thus, Inspectors cannot continue professional activities in their home country during their service and are, in practice, after completing their service with the Joint Inspection Unit, barred from a career in the United Nations system. Since experience has shown that Inspectors may be called upon to serve in the Unit for extended periods of time, though not indefinitely, the imposition of such restrictions on professional activities should go hand-in-hand with providing some security in the form of pension coverage.

7. Finally, appointments to the post of Inspector would be less attractive and might not draw the best qualified persons if acceptance of the appointment meant disruption of career prospects and also the blanking out for pension entitlements of full-time service over many years.

A. Suggested criteria for determining a pension system

8. Below is a list of criteria which the General Assembly may wish to consider in deciding on a pension scheme for Inspectors:

(a) The cost of any scheme should not exceed that of membership in the United Nations Joint Staff Pension Fund;

(b) Preference should be given to a scheme which avoids large initial payments by the United Nations organizations and by Inspectors, while providing pension coverage for the years of past service in the Unit;

(c) Any scheme adopted should either be non-contributory on the part of Inspectors, as in the case of the International Court of Justice pension scheme, or, if contributory, it should provide for the possibility of commutation of a part of the pension, as is done for the United Nations Staff Pension Fund;

(d) Any scheme should take account of the past service of Inspectors now on duty.

B. Features of a pension scheme for Inspectors

9. The comments and suggestions below take account of the above criteria and the proposals made by the Secretary-General in November 1975 (A/C.5/1697) and the comments thereon of the Advisory Committee on Administrative and Budgetary Questions (A/10374).

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1. Inclusion of Inspectors as participants in the
United Nations Joint Staff Pension Fund

10. The Joint Inspection Unit would welcome this possibility. However, the Unit feels obliged to point out one disadvantage for the United Nations system. It would require the immediate payment into the Fund of a large sum. ^{a/} Also it would be necessary to amend the regulations of the Fund regarding the definition of "staff members" and the existing age limit of 60 for entry into the Fund. For these reasons the Unit feels that the General Assembly might wish to consider other schemes before reaching a decision.

2. A separate scheme to cover the Inspectors

11. Several possible features of a separate scheme are outlined below:

(a) In section B of his report (A/C.5/1697), the Secretary-General suggested a possible separate scheme "patterned on the existing scheme for the Judges of the International Court of Justice". But the features described by the Secretary-General for this separate scheme differed in some essential ways from the scheme for the International Court of Justice, notably in that the Secretary-General's proposal called for contributions by Inspectors, whereas Judges make no contribution to their pension scheme.

(b) The Joint Inspection Unit feels that it would be appropriate to apply to the Unit the same kind of scheme applied to the members of the International Court of Justice, but that the scheme of the Court should be applied in its entirety with one important exception described below:

The scheme for the International Court of Justice provides benefits which are more costly than those of the United Nations Joint Staff Pension Fund. To meet the criterion that whatever scheme is adopted should not cost more than membership in the United Nations Joint Staff Pension Fund, it would be necessary to reduce the benefits. This could be done easily by deciding that the pension payable to Inspectors would be at a lower percentage of salary than for Judges. The calculation of the pension benefits (which the Unit believes may not exceed half of that provided for Judges) should be made by actuaries who would ensure that the cost to the organizations was not greater than the cost of membership in the United Nations Joint Staff Pension Fund. Such a calculation could be made in a few days by qualified actuaries and should not prevent a decision being taken by the General Assembly at its thirty-first session.

(c) An important advantage of this possibility is that, in the same way as for the Court, the costs of the scheme, including those of administering it, would be met under the regular budget - in this case that of the Joint Inspection Unit - and no initial payment would be required by the organizations or the Inspectors. In addition, by applying the same rules as are applied to the Court, no new administrative procedures would be needed.

^{a/} Estimated in 1975 at \$743,816 (of which \$118,789 would be the Inspectors' contribution to validate their prior years' service) and now a larger amount might be required.

(d) In the view of the Unit, this scheme would be preferable and would be simple and economical to operate.

3. Provident fund

12. If, for any reason, it is not possible to decide upon a pension scheme for Inspectors now, a provident fund, as suggested by the Secretary-General, b/ could be introduced as an interim measure. Contributions of the organizations to the Provident Fund would take account of the decision of the General Assembly at its thirtieth session to extend death and disability coverage to Inspectors while in service.

b/ See A/C.5/1697, para. 7:

"E. Provident fund. The Inspectors would be required to pay 7 per cent and the organizations concerned 14 per cent of gross salaries, into a provident fund. Each Inspector, upon leaving the service of the United Nations system, would receive the accrued amount to his credit in the fund ... This scheme might also be considered as an interim plan, pending any final determination of this question. The amount and extent of retroactivity would be at the option of individual Inspectors ..."