



SUMMARY RECORD OF THE 48th MEETING

Chairman: Mr. MARVILLE (Barbados)

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

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The meeting was called to order at 10.30 a.m.

AGENDA ITEM 101: MEDIUM-TERM PLAN FOR THE PERIOD 1980-1983 (continued) (A/33/6, parts 1-30, A/33/38, A/33/345; A/C.5/33/51, A/C.5/33/60; A/C.5/33/L.19)

1. Mr. RAKTONAIVO (Madagascar) said that his delegation endorsed all the provisions and recommendations contained in draft resolution A/C.5/33/L.19 submitted by the representative of Tunisia on behalf of the Group of 77.
2. His delegation welcomed the inclusion of disaster relief among the major programme activities of the United Nations. With reference to the report of the Secretary-General (A/C.5/33/60), he noted that it was the international community's constant concern that the Office of the United Nations Disaster Relief Co-ordinator should have assured resources for action. In order to guarantee him a sound financial basis, the General Assembly had decided in resolution 31/173 of 21 December 1976 that expenditure for the administrative activities of the Office of Co-ordinator (salaries and recurrent expenses), which had previously been financed from voluntary contributions, should be transferred over a period of time to the regular budget of the Organization. His delegation noted with satisfaction, on reading the report of the Secretary-General (A/C.5/33/60, para. 8), that the General Assembly, at its thirty-second session, had appropriated the necessary funds under the regular budget for the current biennium to finance the transfer from extrabudgetary funds of 10 posts (six Professional and above and four General Service) and of a proportion of recurrent expenditure. It fully supported the Secretary-General's proposal (para. 15), that for the biennium 1980-1981, 10 posts (seven Professional and above and three General Service) should be transferred to the regular budget, as well as an appropriate proportion of recurrent expenditure. That transfer would cost \$1,310,200.
3. His delegation hoped that no effort would be spared to complete the transfer of all the administrative expenses of the Office of the Co-ordinator to the regular budget of the Organization and that all the funds from voluntary contributions could be devoted to financing operational activities. It appealed to all delegations to provide increased aid to the Office of the Co-ordinator, so that he might discharge his mandate effectively, and in particular to allocate the necessary funds to finance the 14 posts and the relevant recurrent expenditures needed to strengthen the Office.
4. Mr. DEBATIN (Assistant Secretary-General for Financial Services, Controller) said that all the points made by representatives would be taken into account in drafting the paper designed to assist CPC in its in-depth consideration of the planning process at its nineteenth session in May 1979. He would, however, reply to some of the questions put during the discussion in the Fifth Committee on the medium-term plan and, in particular, on: (a) its content, concept and size; (b) the presentation of financial data; and (c) the identification of activities of

marginal usefulness. There was no doubt that the objectives and strategies of the current plan still lacked precision and that it was desirable, even if extremely difficult, to include time-limited objectives, achievement indicators and all the other improvements proposed by the Joint Inspection Unit. Criticisms of the plan on the grounds of verbosity and excessively abstract phraseology were absolutely correct and the Secretariat would endeavour to take them into account. It seemed, however, that there was consensus that the main analysis of the plan should continue to be at the subprogramme level. The elements of that analysis - objective, problem addressed, legislative authority, strategy, output and expected impact - should remain the same.

5. With regard to the problem of the length of the medium-term plan, he said that the plan covered 25 major programmes, 108 programmes and 367 subprogrammes. Each of the 108 programmes had a short narrative describing the organizational structure and co-ordination arrangements; no one seemed to have recommended that that narrative should be eliminated. It should be noted, however, that the Advisory Committee saw little utility in the tables giving the percentage breakdown by subprogramme (A/33/345, para. 10). If the narratives were reduced to two pages per programme, that would give 216 pages of narrative. If the subprogramme narratives were reduced to one page each, that would give an additional 367 pages, or a total of 475 pages of text. The subprogramme narratives were the core of the plan, on the basis of which the programme budget was drawn up and should contain time-limited objectives, precise strategies, legislative citations and achievement indicators. Consequently, two pages of narrative for each subprogramme did not seem excessive, and that would increase the number of pages of the medium-term plan to 850 or more. The Secretariat would try to think of ways of reducing the document's volume and hoped that the in-depth study of the planning process to be made in 1979 would help to solve the problem. One solution might be to prepare a short summary of the plan, but the main document, if it was to be precise and detailed enough to be the basis of a thorough review, would, like the budget, have to be hundreds of pages in length.

6. With regard to the financial data, the two main issues concerned the base for projections and the method of establishing the projections. In the medium-term plan, three alternative bases were proposed: (a) the appropriations for the 1978-1979 biennium at 1977 prices excluding non-recurrent items; (b) the appropriations for the 1978-1979 biennium at 1977 prices including non-recurrent items; and (c) the actual appropriations for the 1978-1979 biennium, i.e. at 1978 and 1979 prices, including non-recurrent expenditure. The Advisory Committee had stated in paragraph 8 of its report (A/33/345) that, while it recognized the validity of the methodological points discussed by the Secretary-General, it felt that the starting point for projections should be the current budget as approved by the General Assembly. Since that had been the third of the alternatives he had mentioned, the Secretariat had no difficulty in agreeing with the Advisory Committee on that point.

(Mr. Debatin)

7. The Advisory Committee had proposed what it called an "illustrative matrix" method of projection showing the results of applying uniformly to all the major programmes three rates of real growth (0 per cent, 2 per cent and 4 per cent). That method was not very different from the one followed by the Secretary-General. However, General Assembly resolution 31/93 seemed to require somewhat bolder assumptions. In that resolution, the Secretary-General had been asked to provide preliminary and approximate indications of future costs by major programmes. To do that, the Secretariat had assumed that the table of relative growth rates approved by the General Assembly at its thirty-first session and the 2 per cent real growth rate approved in the budget the preceding year would continue, which meant that differential rates of growth could be specified for each major programme. Despite its shortcomings, that method satisfied the requirements of General Assembly resolution 31/93. However, if the Fifth Committee preferred the Advisory Committee's method, he would have no objection.

8. Activities of marginal usefulness had been the subject of a separate report, which would be discussed shortly. The plan in fact described a number of activities as being of marginal usefulness but was not the proper document for identifying such activities. Programme managers naturally maintained that they did not put forward proposals that they considered to be of marginal usefulness. Some had suggested that they should list the numerous activities which they had refrained from including. The identification of activities of marginal usefulness was not a problem of forward planning but of retrospective evaluation, which needed a reliable performance reporting system. The Secretariat had accepted and begun to implement the recommendations of the Joint Inspection Unit in that area. However, the results would not be immediate, and in the meantime the evaluation reports would continue to be used for that purpose.

9. All those issues would be taken up by CPC when it undertook its in-depth study of the planning process. There were, however, a number of decisions that could not wait for that review, in particular, the problem of reconciling the relative growth rates to be decided upon for the next budget with prior commitments for transfers of posts from trust funds to the regular budget. As the Advisory Committee had recommended in its report (A/33/345, para. 18), the General Assembly should give the Secretariat explicit guidance on that matter. The CPC had left the relative growth rate for the social development programme undetermined and the Committee must assign the programme a rating.

10. In conclusion, he said that the Secretariat would endeavour to take into account all the comments and criticisms it had received, so that the medium-term plan could be properly described as the principal policy directive of the United Nations.

11. Mr. AKSOY (Turkey) said that his delegation would have preferred to have had the Economic and Social Council's views on the medium-term plan before examining that question in depth and adopting the recommendations of the Committee for Programme and Co-ordination (CPC). The medium-term plan was meant to reflect the guidance given by the General Assembly regarding the future work programme of the United Nations and the will of Member States, as expressed in the many resolutions

(Mr. Aksoy, Turkey)

adopted each year. Therefore, the opinion of the Economic and Social Council, one of the main organs of the United Nations, on the programme of work described in the medium-term plan would have been valuable. Member States should have the final say regarding what would be the most effective allocation and utilization of available resources. In view of the importance of development issues, as was evident from the documents submitted to the Fifth Committee, it would have been extremely useful if they had been able to have their say in the Economic and Social Council.

12. A post of Director-General for Development and International Economic Co-operation had been established; negotiations on an integrated programme for commodities were continuing; preparations were being made for the fifth session of UNCTAD; a major conference on science and technology for development was scheduled; the future expansion of UNIDO would be decided at a crucial conference to be held early in 1980 - and all those activities would culminate in a special session of the General Assembly. Therefore it was only natural that development issues should be given priority and that related programmes should have above-average growth rates. His delegation wondered, however, whether such rates were adequate and regretted that the Economic and Social Council had not been able to give guidance on that subject, simply because the documents had not been issued in time for its consideration. The Committee should therefore adopt the recommendations of CPC but should make it clear that they would serve only as a basis for preparing the next budget, while the Council's review would help finalize the programme of work and the biennial budget for 1980-1981. Accordingly his delegation supported draft resolution A/C.5/33/L.19, which had been submitted by Tunisia on behalf of the Group of 77.

13. In his delegation's view, the medium-term plan was a very appropriate means of giving guidance to the Secretariat, of setting policy directions and priorities, and of indicating the resources needed, so that long-term projections could be made.

14. He drew the attention of members of the Committee to the discrepancies between the priorities given to some subjects in resolutions of the General Assembly and the growth rates proposed in the medium-term plan; those discrepancies could have been avoided if the Economic and Social Council had had time to consider the plan. Therefore, taking into account resolutions 3445 (XXX) of the General Assembly and 2081 (LXII) of the Economic and Social Council, his delegation thought that the international drug control programme should have an above-average growth rate and not an average growth rate, as recommended by CPC. It also wondered whether a below-average growth rate would enable the Office of the United Nations Disaster Relief Co-ordinator to carry out future activities. In that respect, his delegation supported the proposals of the Secretary-General (A/C.5/33/60), which would enable the Co-ordinator's Office to function on a permanent basis, as had been envisaged from the outset.

15. Mr. HANSEN (Assistant Secretary-General for Programme Planning and Co-ordination) said that the consideration being given the medium-term plan was the most thorough to date. It was apparent that the plan had aroused widespread discontent and, at the suggestion of the Secretariat, CPC had decided to conduct

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(Mr. Hansen)

an in-depth review of the planning process the following year. The discussion had revealed that the medium-term plan should fulfil four functions: first, it should provide guidelines for the Secretariat; second, it should be a management tool for drawing up programmes; third, it should be a tool for interagency co-operation; and fourth, it should serve as a framework for decisions taken by intergovernmental and legislative bodies with regard to programmes. The next review of the programme planning process should result in the elaboration of an instrument that would meet the needs of various bodies. There also seemed to be some uncertainty about the distribution of the tasks and duties between CPC, the Economic and Social Council and the General Assembly, and such uncertainty should be dispelled.

16. The Secretariat intended to implement the recommendations of the Joint Inspection Unit in order to sharpen its planning instruments. The work on another review of the planning of United Nations activities was well under way and, with the assistance of the General Assembly, CPC and the Economic and Social Council, it should be possible to develop a satisfactory planning system.

17. Mr. PIRSON (Chairman of the Committee for Programme and Co-ordination) said he was pleased at the lively and imaginative debate the Committee had held on the medium-term plan and on the CPC report. The relations of subsidiary bodies should be examined with a critical eye. However, while the work of those bodies was aimed in the right direction, Member States should step up their efforts, in the interests of the international community. He expressed the hope that the Committee's conclusions and recommendations would tend in that direction.

AGENDA ITEM 113: FINANCING OF THE UNITED NATIONS PEACE-KEEPING FORCES IN THE MIDDLE EAST (continued)

(a) UNITED NATIONS EMERGENCY FORCE AND UNITED NATIONS DISENGAGEMENT OBSERVER FORCE: REPORT OF THE SECRETARY-GENERAL (continued) (A/33/373, A/33/391; A/C.5/33/45; A/C.5/33/L.20 and L.21)

18. Mr. HAMZAH (Syrian Arab Republic) said his delegation had noted that the vast sums devoted to United Nations peace-keeping forces constituted a very heavy burden for Member States, and it feared that that situation could not continue for many more years. If the United Nations maintained forces in those regions, it was because of Israel's arrogance in refusing to evacuate the occupied territories or to recognize the inalienable rights of the Palestinian people, in violation of United Nations resolutions. The Syrian Arab Republic could not support draft resolution A/C.5/33/L.21 because it made no distinction between the aggressor and the victim, both of which had to contribute to financing the Forces. However, custom and international law required that such a distinction should be made and that only the aggressor should have to bear the consequences of his acts, the purpose being to deter the latter from such acts. An attempt to oblige both parties to assume responsibility for financing only encouraged and reinforced aggression.

(Mr. Hamzah, Syrian Arab Republic)

19. The Syrian Arab Republic refused to contribute to those costs, not because of the amount of funds involved, which might be considered small, but for reasons of principle. The aggressor must assume all costs and repair all the material and moral damage caused to the victim. The Syrian Arab Republic wished to remind the Committee that it was still the victim of Israeli occupation and was obliged to provide shelter for the Arab refugees who had been driven out by Israeli armed forces. It was also being deprived of the agricultural and industrial resources of the territories occupied by Israel.

20. The international community could not be abused indefinitely. The United Nations, which had been abused by Israel before, was currently seeking to correct the injustices perpetrated against the Arab population of Palestine and of the occupied territories by changing its original position vis-à-vis the Palestinians. It had condemned the Zionist entity, had accused it of racism and had called upon it to evacuate the occupied territories. His delegation could not therefore vote in favour of draft resolution A/C.5/33/L.21.

21. Mr. HASSON (Democratic Yemen) reaffirmed his country's position that it would not contribute to the financing of United Nations forces in the Middle East because they had been sent there as a result of Israel's aggression against the Arab people and Israel's refusal to recognize the legitimate and inalienable rights of the Palestinian people, particularly its right to establish an independent State. The United Nations should take the measures necessary to deter the Israeli aggressor and to oblige it to respect the relevant resolutions of the United Nations. His delegation would therefore not take part in the vote on the draft resolutions pertaining to that question.

22. Mr. AKASHI (Japan) said that his country supported the operations of UNEF and UNDOF to maintain peace and security in the Middle East, within the context of a comprehensive and just settlement of the conflict in the area. He thanked those States that had provided troops but noted that peace-keeping operations should be conducted with a maximum of efficiency and economy, as stated repeatedly in resolutions of the Security Council and General Assembly.

23. His delegation was concerned over the financial situation of the Forces, which resulted primarily from the amount of contributions due. A total of \$65 million was outstanding, \$43 million of which were considered uncollectable. That situation presented a serious problem for the proper financial management of the Forces and might even reach the critical stage soon. He reaffirmed the collective financial responsibility of all States Members of the Organization in that respect.

24. With regard to the cost estimates for UNEF and UNDOF beyond 24 October 1978, his country supported the recommendation of the Advisory Committee on Administrative and Budgetary Questions that the amounts requested by the Secretary-General should be reduced by \$2.3 million, but that that should be done with the necessary flexibility. The revised total would then be \$77,308,000. His delegation also supported the Secretary-General's proposal (A/C.5/33/45, para. 7 (b)) that the unliquidated obligations of UNEF and UNDOF should remain valid for an additional period of four years. He noted that the shortage of available funds in the UNEF/UNDOF Special Account had been a major cause for the delay in reimbursements to Governments, another being the fact that Governments wanting to be reimbursed

(Mr. Akashi, Japan)

for the costs they had incurred in providing troops and equipment had delayed in submitting their claims (A/C.5/33/45, paras. 3 and 5).

25. His delegation was also concerned about what might be called the "peace-keeping bureaucracy", which comprised both military and civilian elements, and it shared the Advisory Committee's view on the need for a thorough review of the staffing situation (A/33/391, para. 13). It requested that the study recommended by the Advisory Committee should contain full supporting justification not only for all proposed posts but also for existing posts, and reiterated that peace-keeping forces should make maximum use of existing troops' skills, as had already been done, for example, in repairing and adapting premises. His delegation also believed that better administrative control should be exercised over the purchase and maintenance of vehicles and other equipment, as the Advisory Committee had observed in paragraph 21 of its report.

26. His delegation would support draft resolution A/C.5/33/L.21.

27. Mr. SAFRONCHUK (Union of Soviet Socialist Republics) recalled that at the preceding meeting he had asked the Controller a number of questions, and his delegation would not be able to vote until it had received detailed answers to those questions. His country wished to emphasize that it strongly deplored the fact that, despite repeated protests by Member States, documents pertaining to such important questions as the financing of UNEF and UNDOF were still published at the last minute. That situation hindered the Committee's work and gave the impression that an attempt was being made to prevent a critical examination of the financing of those Forces.

28. In any case, even a superficial look at the relevant documents raised several questions. The way in which cost estimates had been established left a great deal to be desired, and his country was not convinced that the funds requested by the Secretary-General were justified, even after the reductions proposed by the Advisory Committee. For example, an increase in staffing costs of \$1 million and the creation of five new posts, were proposed, yet no justification was provided.

29. The financing of the United Nations forces in the Middle East gave rise to an absurd situation in which the aggressor, instead of assuming the costs, drew enormous benefits from them. The funds requested for travel and staffing seemed unreasonable, as did those for the rental of aircraft, the purchase of vehicles, and so forth, for as everyone knew, unless the Secretariat exercised firm administrative control over the operations of United Nations peace-keeping forces, the funds allocated were spent quite ineffectively.

30. There also appeared to be discrepancies in several other areas of expenditure, for example rations. The report of the Secretary-General (A/33/373) stated that some contingents appeared not to use all the rations supplied by the United Nations because they received subsidies from their respective Governments for that purpose. His delegation wanted to know which contingents received such subsidies and how much money was involved. The budget should give more precise information, especially since expenses for that item were considerable (over \$4 million). By the same token, no justification had been provided for the amounts requested for the rental of premises, and the figures for the maintenance and construction of



(Mr. Safronchuk, USSR)

premises did not correspond to the funds requested. Those were a few examples of the discrepancies that existed in several places, and he asked the Controller to explain them.

31. His delegation found it unacceptable that the Advisory Committee had reduced by only \$2 million the appropriations requested by the Secretary-General. The Committee had not taken sufficient care in considering the UNEF/UNDOF cost estimates and had preferred to support the Secretariat instead of giving primary consideration to the interests of Member States.

32. His delegation could not endorse the interpretation given by the Secretary-General in document A/C.5/33/45 with regard to the application of article IV of the Financial Regulations. The financial accounts of the forces for the period 1973-1978 showed an unused balance of more than \$20 million, since the countries providing contingents were not claiming reimbursement of their costs on time. He felt that, pursuant to the Financial Regulations, the obligations assumed in respect of those costs should be cancelled at the end of the twelve-month period following the end of the financial year for which they had been contracted. However, the Secretary-General intended to use those sums for illegal activities, proposing that the Fifth Committee should approve a new arrangement under which unliquidated obligations in respect of costs would remain valid for an additional period of four years. That request was completely illegal and unjustified. His delegation believed that such a breach of the Financial Regulations could only harm the Organization, and it would vote against any proposal along those lines.

33. He was very surprised to note that the Advisory Committee had approved the Secretary-General's proposal and had made a questionable recommendation which appeared to be contrary to its mandate and would merely serve to aggravate the crisis through which the Organization was passing. In any event, if the illegal new rules were adopted, they could not be retroactive and could only apply to obligations contracted after their adoption. He urged the Secretary-General to apply the existing rules and to return to Member States the amount of the unliquidated obligations.

34. It was also surprising that appropriations should be requested in respect of the agreements concluded between Egypt and Israel. The Soviet Union had not taken part in the conclusion of those agreements, which had not been negotiated within the framework of the Geneva Conference. It therefore could not assume the least responsibility in that connexion and would not take part in paying the resulting costs. The signing of bilateral agreements of that nature, which had not been approved by the Security Council, only served to prevent the establishment of a just and lasting peace in the Middle East. For all those reasons, his delegation felt that the Secretary-General had not discharged his obligation to effect the greatest possible savings without impairing the effectiveness of the Organization. It therefore could not endorse the appropriations requested in respect of UNEF/UNDOF and asked for a separate vote on section I, paragraph 1, and section II of draft resolution A contained in document A/C.5/33/L.21; it would vote against those provisions. It also requested a recorded vote.

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35. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that he wished to reply to the representative of the Soviet Union, who, according to the English interpretation, had stated that the Advisory Committee had acted contrary to its mandate in recommending acceptance of the Secretary-General's proposals in document A/C.5/33/45. He assured the Soviet delegation that the Advisory Committee was entitled to submit any recommendation that it considered appropriate. When, a few days earlier, the Fifth Committee had adopted the new financial regulation 3.10 in the light of a recommendation by the Advisory Committee, it had not been stated that the Advisory Committee had gone beyond its mandate. Moreover, under rule 157 of the rules of procedure of the General Assembly, the Advisory Committee performed such duties as might be assigned to it under the Financial Regulations of the United Nations. It was the duty of the Fifth Committee to decide whether or not the recommendation of the Advisory Committee was acceptable.

36. Mr. SAFRONCHUK (Union of Soviet Socialist Republics) said that he had not questioned the mandate of the Advisory Committee, whose basic task was to ensure that the Organization's funds were spent in the most economical possible manner and in strict compliance with the Financial Regulations. His delegation had not opposed the adoption of the new regulation 3.10, since the latter was designed to strengthen budgetary discipline. In the case of article IV, however, the proposed changes would only serve to weaken that discipline. In its recommendation on that point, the Advisory Committee was therefore acting in a manner that was at variance with its proper role. However, his delegation still unreservedly supported any recommendations aimed at rationalizing the Organization's expenditures and promoting compliance with the established rules.

37. Mr. WEIN (Israel) said that, although he appreciated the role played by UNEF/UNDOF in the Middle East, he would not have spoken on the item if he had not had to listen once again to the usual accusations against his country. He was greatly distressed at the manner in which some delegations were continuing to use the Fifth Committee, the function of which was to deal with administrative and budgetary matters, as a forum for political attacks against Israel. He recalled that it was not Israel that had brought the Middle East conflict before the United Nations. On the contrary, it had always been his country's belief that the issue could best be resolved by means of direct bilateral contacts between the parties concerned. It was therefore utterly illogical to have the United Nations deal with the conflict and then to demand that Israel alone should be responsible for paying the costs of the forces in question, which had been set up under agreements between the parties to the conflict and under decisions of the Security Council. As long as the United Nations was called upon to engage in peace-keeping operations in the Middle East, every Member State was duty-bound to pay its share of the costs, just as Israel had paid for all such activities whether it agreed with them or not. Those who rejected that responsibility were violating the Charter of the United Nations and impeding one of the most positive tasks undertaken by the Organization. His delegation therefore opposed any change in the commitments assumed by Member States.

38. Mr. HAMZAH (Syrian Arab Republic), speaking in exercise of the right of reply, noted the Israeli representative's statement that his country had helped to finance the United Nations peace-keeping forces because of a desire to comply with the Charter. He wondered, however, why Israel did not take the same attitude towards the innumerable resolutions calling upon it to withdraw from the occupied Arab territories and to recognize the inalienable rights of the Palestinian people. If the Israeli representative wished it to be thought that his country was strictly complying with the relevant instruments, how could he justify the occupation of territories by force and the massacre of military and civilian personnel? That was certainly not being done out of adherence to the loftiest humanitarian principles. One had only to refer to the relevant resolutions in order to grasp the meaning of the actions of the racist Zionist State of Israel, which sooner or later would have to comply with the resolutions of the General Assembly.

39. Mr. WEIN (Israel), speaking in exercise of the right of reply, said that the peace-keeping operations and the procedures for financing them seemed to have a meaning for the Syrian delegation that was altogether different from the interpretation given them by other members of the Committee.

AGENDA ITEM 112: UNITED NATIONS PENSION SYSTEM (continued)

- (a) REPORT OF THE UNITED NATIONS JOINT STAFF PENSION BOARD (continued)  
(A/33/9 and Add.1 and Corr.1, A/33/375; A/C.5/33/48; A/C.5/33/L.16, L.22)
- (b) REPORT OF THE SECRETARY-GENERAL (continued) (A/33/375; A/C.5/33/7, 9)

40. Mr. HATCHETT (Mexico) recalled that his delegation had been one of the sponsors of General Assembly resolution 32/73, which requested the Secretary-General to redouble his efforts in consultation with the Investments Committee to ensure that, subject to careful observance of the requirements of safety, profitability, liquidity and convertibility, a larger proportion of the investment of the resources of the Fund was made in developing countries. He was pleased at the progress already made in that regard but felt that there was a need for a bolder policy in the matter, with due regard for considerations of profitability. He did not understand why paragraph 83 of the report of the Board (A/33/9) did not mention the investments made in 1978 in Algeria and with the African Development Bank, as already pointed out by the United States representative. It was, however, encouraging to note that resolution 32/73 would not remain a dead letter as had so many others.

41. The unified pension adjustment system proposed by the Board would unquestionably make it possible to deal effectively with the anomalies in the twofold system approved in 1975 and with the loss of purchasing power suffered by pensioners as a result of inflation and monetary fluctuations. His delegation therefore fully endorsed the detailed account given in annex V of the report. On the other hand, it was very concerned at the Fund's actuarial deficit and felt that the matter should be given priority attention. At the same time, it appreciated the reasons cited by the Advisory Committee in paragraph 31 of its report (A/33/375) and felt that it would be best to await the actuarial assessment scheduled for 1979 before taking a decision on the matter.

(Mr. Hatchett, Mexico)

42. His delegation also welcomed the agreement concluded with Canada on the transfer of pension rights, which would benefit both the Fund and participants. Finally, it endorsed the Advisory Committee's recommendation concerning administrative expenses, which should enable the Fund to continue to serve the interests of all United Nations staff members in an effective manner.

43. Mr. PIRSON (Belgium) said that he endorsed the recommendations of the Joint Staff Pension Board and the Advisory Committee concerning the revised adjustment system, changes in the benefit system, the interest rate on lump-sum commutations - which should, he believed, exceed 4 per cent - the transfer of pension rights, the Emergency Fund and the administrative expenses of the Fund in 1978 and 1979.

44. His delegation had already drawn attention to the cost of managing the Fund's investments - about \$2 million for 1979 - and it wished to know whether the brokers responsible for the buying and selling operations were chosen directly by the two financial institutions that were to receive fees of \$1,825,000 in 1979, and what the approximate cost of brokerage fees had been during the past year.

45. In his delegation's view, it was the absolute value of staff members' retirement pensions that should be compared with those paid by the comparator national administrations, because a percentage comparison would be meaningless. In four years there had been an unjustified increase of 50 per cent in pensionable remuneration, and one half of that increase had occurred during the second half of 1978. For that reason Member States would have to face additional costs of \$22 million. The system of automatically adjusting pensionable remuneration was obviously not working well, and needed to be revised as a matter of urgency. As his delegation had said earlier, it believed that currency instability had upset the post adjustment system by exacerbating disparities in the purchasing power of staff members at duty stations in different continents. It had urged the ICSC to review the salary and post adjustments systems and to remedy, as a matter of urgency, defects in the automatic adjustment of pensionable remuneration in co-operation with the Pension Board. An impartial approach to that subject was essential, but the composition of the Pension Board gave no assurance of such impartiality. One third of its membership represented the governing bodies and two thirds represented secretariats and participants, which did not seem to represent the balance required by the Regulations of the Fund, which made provision for intervention by States in the event of difficulties.

46. It was interesting to imagine what might happen if at some date in the future the comparator civil service was that of a European country having a cost of living comparable to that prevailing in Geneva. If remuneration in the United States Civil Service was taken as base 90 and that in the United Nations in New York as 100, the new European administration might be rated, for example, at 110. In pursuance of the Noblemaire principle, United Nations salaries would have to be raised to 120 or 125. In European head offices salaries would therefore have to be reduced by 20 to 40 per cent. If New York salaries were reduced by 30 per cent as compared with Geneva, they would then be lower than those of the former comparator administration. That example provided a good illustration of how

(Mr. Pirson, Belgium)

unbalanced the existing system of post adjustments was. Staff at duty stations with the highest class of post adjustment were demanding that the disparity between their net remuneration, which was itself exaggerated, and their pension should be reduced. That was a completely frivolous claim. At the same time the system governed pensionable remuneration and operated to the advantage of staff at duty stations with a low post adjustment class.

47. From 1 January 1978 to 1 January 1979 pensionable remuneration at New York had risen by 25 per cent because it followed the movement of the WAPA, which was itself unduly influenced by the movement of post adjustments in Europe. But there was one more serious feature. By virtue of the new system recommended by the Pension Board, pension benefits would be adjusted by reference to variations in the United States cost of living, even if the CPI in the country of residence of the person concerned had not changed: in effect, the most favourable index prevailed. There was, therefore, double indexation, which would mean a considerable rise in the burden on Member States (\$22 million for the first year alone) and an acceleration in the increase in pensions, even in cases where there was no justification for it. Thus, the whole system was running wild.

48. During the forthcoming consultations between the Pension Board and ICSC on the question of pensionable remuneration, the representatives of the General Assembly should be informed of the financial implications of that situation. Steps should be taken to ensure that retirement pensions were established at levels approaching in absolute value the pension benefits of the reference civil service, with the Noblemaire principle being applied to all emoluments, salaries and pensions.

49. His delegation had repeatedly urged that a ceiling should be established for the relatively higher benefits received by senior staff members. In 1976, it had been proposed that such a ceiling should be set at the level of a D-2 staff member with 30 years of service, which, as of 1 January 1979, would give a comfortable retirement pension of \$40,000 a year, the purchasing power of which would be protected by the new arrangements proposed by the Pension Board. The idea was not a new one, and it would enable the benefits paid by the Fund to be better adapted to the needs of the participants. The Pension Board should therefore consider it immediately and take urgent measures on the question of pensionable remuneration.

50. Mr. KEMAL (Pakistan) said that he welcomed the new pension adjustment system proposed by the Pension Board and approved by the Advisory Committee; that system, in his view, went a long way towards meeting the problems pensioners were experiencing as a result of the universal inflation of recent years. In a few countries inflation had been aggravated by the drop in the value of the United States dollar.

51. The WAPA-based adjustment system was to be replaced by the United States CPI and would result in an actuarial saving of \$213 million, as pointed out in

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paragraphs 44 and 46 of the Board's report (A/33/9) and paragraphs 14 and 23 of the Advisory Committee's report (A/33/375). Practically all those savings would go towards meeting the costs of the new system. The major beneficiaries would be pensioners living in countries having a high cost of living in which inflation might be combined with a depreciation of the local currency against the dollar, but pensioners who lived in countries in which the currency had risen against the dollar, such as Switzerland, also stood to gain.

52. The proposed new system had considerable merit, and the overwhelming majority of pensioners whose pension had been calculated under the WAPA system were to be commended for accepting the proposed change and, indeed, for having initiated it with a view to aiding those of their former colleagues who had been most severely affected by fluctuating exchange rates.

53. The proposed system was not perfect, however. For example, a G-6 General Services staff member retiring on 1 January 1979 in Geneva would receive a pension of some \$US 23,000. A G-4 staff member retiring in New York would receive only \$6,678, and a P-4 staff member retiring in New York would have a pension of \$16,500. Those enormous disparities were not the fault of the pension system but of defects in the salary system itself, particularly as applied to General Service staff.

54. His delegation was therefore pleased that the Pension Board and ICSC were to make a combined study of the question of pensionable remuneration. That study might have a bearing on the pension adjustment system if proposals earlier rejected by the Fifth Committee were to be revived, in particular those to the effect that pensionable remuneration should be determined by reference not only to base salary but also to the post adjustment classes in effect at the last duty station. Such an approach would add considerably to the financial burden of Member States and unnecessarily favour those staff, especially in the Professional category, posted to duty stations having a higher post adjustment. The probable result would be that their colleagues would seek transfers to high-cost duty stations just before retirement. His delegation therefore agreed with the warning on that subject given by the representatives of the Federal Republic of Germany and Austria. The inclusion of post adjustments in pensionable remuneration might lead to excessive over-compensation in the pension system.

55. He hoped that the Chairman of the Pension Board would inform the Committee of the possible financial implications of the amendment (A/C.5/11/L.23) to the draft resolution in the report of the Advisory Committee (A/33/375).

56. The report of the Secretary-General on the investments of the Pension Fund showed that direct investment in bond issues in developing countries had increased from \$18 million to \$43 million (A/C.5/33/7, para. 5). That was an encouraging trend, and it was to be hoped that the Secretary-General would pursue his efforts in that direction. In paragraph 6 of the report it was stated that the proportion of the Fund's total portfolio invested in securities of transnational corporations had fallen from 61 to 52 per cent. While the function of the Fund was certainly not that of a development agency, the Secretary-General had been commendably

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prompt in responding to the provisions of General Assembly resolution 32/73 B, since he had invested \$2.7 million in the notes issued by two banks in one African State and \$4 million in a substantial Eurodollar public offering of the African Development Bank. The Secretary-General should strive to strengthen that encouraging trend, as he had stated he intended to do in paragraph 7 of his report.

57. Mr. CUNNINGHAM (United States of America) said that the amendment put forward by the Federal Republic of Germany (A/C.5/33/L.16) seemed to have financial implications, and that he wanted to know what they were. He asked, in particular, whether the Advisory Committee believed that the Pension Fund should be committed to an expenditure of \$1-2 million to cover the costs for several hundred pensioners. Other questions he had were whether, if the amendment was adopted, staff members who had retired prior to 1978 could also claim retroactive benefits and, if so, what the cost of such a development would be, what principle was applied to retroactivity in the matter of retirement benefits, and what the implications would be of giving one group of staff members the benefit of both transitional measures for existing pensioners and supplementary measures intended for future pensioners.

58. He also asked whether the Pension Fund secretariat would need to recruit additional personnel or incur additional overtime expenses if the amendment was approved. His delegation would welcome the comments of the Chairman of the Pension Board on those points.

The meeting rose at 1.10 p.m.