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at 10.30 a.m.
New York

SUMMARY RECORD OF THE 38th MEETING

Chairman: Mr. TALIEH (Iran)

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

CONTENTS

AGENDA ITEM 110: UNITED NATIONS PENSION SYSTEM (continued)

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

(b) REPORT OF THE SECRETARY-GENERAL (continued)

AGENDA ITEM 100: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1978-1979 (continued)

First reading (continued)

Section 19 - International Court of Justice

Section 20 - Legal activities

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

AGENDA ITEM 110: UNITED NATIONS PENSION SYSTEM (continued)

- (a) REPORT OF THE UNITED NATIONS JOINT STAFF PENSION BOARD (continued) (A/32/9, A/32/319)
- (b) REPORT OF THE SECRETARY-GENERAL (continued) (A/C.5/32/25; A/C.5/32/L.14, L.16)

1. Mr. CROM (Netherlands) said that his delegation favoured the admission of the International Fund for Agricultural Development (IFAD) to membership in the United Nations Joint Staff Pension Fund and its full participation in the common system of salaries, allowances and other conditions of service of United Nations agencies. However, it would welcome further information concerning the present situation of IFAD and the prospects for its future participation. In particular, it wanted to know whether appropriate practical steps were being taken to ensure that IFAD co-operated with the International Civil Service Commission (ICSC).

2. Ms. MUCK (Austria) supported the unanimous recommendations of the Joint Staff Pension Board as reflected in the draft resolution which it was proposing for adoption by the General Assembly (A/32/9, annex V). Her delegation further supported the Advisory Committee's recommendations with regard to the continuance of the Emergency Fund and the investments of the Pension Fund (A/32/319, para. 10 and paras. 16-19) and was prepared to join in any consensus based on an ACABQ recommendation concerning the administrative expenses of the Fund. It favoured confirming the Board's assumption regarding the continuation in 1978 of the implementation of payments to existing pensioners as authorized in General Assembly resolution 31/196, section VII.

3. It would be highly desirable for IFAD, once it became a specialized agency, to participate fully in the common system. Such participation would strengthen the system and be of great benefit to IFAD. It would avoid the establishment of still another competing system of staff administration, offering terms of employment which differed from those prevailing in the established institutions. That was especially important since IFAD was to have its headquarters in Rome, where a large United Nations specialized agency and a number of smaller United Nations units were already participating in the common system. On the other hand, the prospect of admission to the United Nations Pension Fund should not be used to force agencies into the common system. As long as the scheme of emoluments of the new agency was reasonably consistent with that of the common system, participation by IFAD in the Pension Fund would not constitute a threat to its financial integrity. Consequently, her delegation shared the views expressed by those of the United Kingdom, Italy and the Philippines and favoured admission of IFAD to the Fund.

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(Ms. Muck, Austria)

4. In order to avoid the recurrence of a situation such as the non-coverage of former UNRWA personnel by the United Nations pension system and the hundreds of similar cases of non-coverage of staff of regional organizations like the Latin American Demographic Centre (CELADE), she urged the Joint Staff Pension Board to undertake a study of the problem.
5. The CHAIRMAN announced that the Cuban delegation had submitted a revised text of draft resolution A/C.5/32/L.14, which would be distributed later in the meeting.
6. Mr. KIVANC (Turkey), noting that the Pension Board had made no recommendations with regard to the Fund's benefit system (A/32/9, para. 13), said that in the light of General Assembly resolution 31/196, section VII, his delegation was awaiting the results of its study of a unified system of adjustment for pensions in payment. It hoped that the Board would work out a fair scheme by 1978, taking into account the financial burden on Member States and the need to protect pensions against cost-of-living rises and currency fluctuations. It was concerned that technical difficulties prevented the application of the temporary measures recommended in section VII of Assembly resolution 31/196 and hoped they could be overcome in 1978.
7. The Turkish delegation supported the ACABQ recommendation concerning the admission of IFAD to membership in the United Nations Pension Fund.
8. He expressed gratification that the estimate of the Fund's administrative expenses for 1978 (A/32/9, annex III) represented only a 7.8 per cent increase over the initial appropriation for 1977, reflecting a reasonable growth. However, the 10 per cent increase of investment costs over the 1977 appropriation was high, although he understood that it was partly due to increases in fees payable to two financial institutions. He supported the ACABQ recommendation regarding administrative expenses, as well as the Board's proposal regarding the Emergency Fund (A/32/9, para. 25). The recommendations of the Board of Auditors (A/32/9, annex IV) should be carefully implemented.
9. He reviewed the situation revealed by the actuarial valuation of the Pension Fund as at 31 December 1976 (A/32/9, para. 46) and expressed the hope that the Board would take the necessary steps to correct the actuarial imbalance. His delegation supported the Board's decision that the next actuarial valuation should be made as at 31 December 1978 as well as its suggestions concerning the assumptions for that valuation (A/32/9, para. 54).
10. The Turkish delegation supported the recommendation of the Advisory Committee that, in view of the present status of the Fund, no further liberalization of benefits should be made unless additional financing was provided (A/32/319, para. 23). However, it would welcome information from the Board concerning the impact on the Fund of an upward revision of the average retirement age of United Nations staff.
11. In the light of the inflationary trend and currency fluctuations, the ultimate objective of the Fund's investments should be to secure a higher return over the

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(Mr. Kivanc, Turkey)

long term, while continuing to adhere to the principal investment objectives of safety, profitability, liquidity and convertibility. His delegation supported the Board's request for information on the rate of return over longer time periods, as well as with respect to the cash return on the assets of the Fund on a cost basis (A/32/9, para. 37) and for a study by the Secretary-General of the existing advisory arrangements for investment in both developed and developing countries. It was pleased to note the increase in investments in the developing countries and agreed with the Board (A/32/9, para. 41) that, where the four principal investment criteria were equally satisfied, priority should be given to the investment in those countries, not merely in one continent, but all over the world.

12. Mr. IYER (India), observing that the provisions of General Assembly resolution 31/197, paragraph 1, in no way militated against sound management of the Fund, said that the overriding consideration in investing the Fund's assets should be to increase the long-term benefits to the participants and beneficiaries without unduly increasing the burden of contributions by the organizations in the common system. His delegation welcomed the Controller's assurances that Fund assets were not invested in South Africa or in companies engaged in the production of weapons of destruction. It was gratified by the increased investment in developing countries and did not view it merely as another form of development assistance; indeed, the investment of the Fund's entire portfolio would still be marginal to the massive needs of those countries. In the interest of diversifying its holdings without compromising the four investment criteria endorsed by the Board and ACABQ, the Fund should continue to regard the developing countries as good risks.

13. Commenting on the finding of the Board and ACABQ that further liberalization of pension benefits would not be advisable in the light of the actuarial valuation of the Fund, he endorsed the view that the viability of the Fund should not be the principal criterion for the formulation of personnel policies, especially on retirement and extension of service beyond the mandatory retirement age. He recognized, however, that changes in recruitment and separation policies inevitably had an impact on the actuarial situation of the Fund. Consequently, the Committee should weigh any changes carefully to ensure that personnel policy decisions did not jeopardize the financial integrity of the Fund or compel Member States to contribute more to maintain its viability. He hoped that the Board's recommendations to the Assembly at the thirty-third session on adjustment of pensions would not generate the hot debate which had thus far postponed a decision on the matter.

14. Mrs. DERRE (France) said that her delegation concurred in the Advisory Committee's recommendations concerning the administrative expenses of the Fund (A/32/319, para. 9), extension of the Board's authority to supplement voluntary contributions to the Emergency Fund up to an annual amount of \$100,000 (A/32/319, para. 10), the level of benefits, particularly in view of the actuarial imbalance, (A/32/319, para. 23) and adjustment of pensions in payment (A/32/319, para. 24).

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(Mrs. Derré, France)

15. While her delegation had no objection in principle to the admission of IFAD to the United Nations Pension Fund, a precedent would be created by admitting an agency which did not provide the same scale of salaries and emoluments for its staff as the other organizations participating in the common system. Consequently, her delegation proposed that section III of the draft resolution proposed by the Board for adoption by the General Assembly (A/32/9, annex V) should be amended by adding the clause "and decides to participate in the common system of the international civil service".

16. Mr. WOLFF (United States of America), after briefly reviewing the structure of the Pension Fund, observed that, in view of the Board's continuing efforts to arrive at a new pension adjustment system and its concern over the actuarial imbalance in the Fund, it was understandable that it had made no recommendations with regard to benefits. The United States delegation fully supported the draft resolution approving the administrative expenses chargeable to the Fund (A/32/9, annex V, section I) subject to the changes recommended by the Advisory Committee. It was concerned about the substantial increase in the actuarial imbalance over the 1974 figure and agreed with ACABQ that no further liberalization of benefits should be made unless additional financing was available. It supported the Board's recommendation that its authority to supplement voluntary contributions to the Emergency Fund should be continued.

17. The significant increase in investments of the Fund in developing countries reflected the Secretary-General's desire to place much more of the Fund's investment portfolio in equities in the developing world. The four principal investment criteria must apply equally to investments in the developed as well as the developing countries in the interest of preserving the financial integrity of the Fund. The United States delegation had full confidence in the Secretary-General's judgement on investment questions. Under the Fund's Regulations, his decisions had to be made after consultation with the Investments Committee and in the light of the observations and suggestions made by the Board on investments policy. The Cuban draft resolution (A/C.5/32/L.14), particularly paragraph 1, would deprive the Secretary-General of his authority to invest the Fund's assets in ways he regarded as most advantageous to the Fund and tie the hands of his advisers. Furthermore, it was not within the competence of the Fifth Committee to decide whether or not investments in transnational corporations contradicted the objectives and purposes of the organizations of the United Nations system. For its part, the United States considered that such investments were advantageous to both developed and developing countries in that they brought in capital, new jobs, higher salaries for workers and increased management skills and expertise. Consequently, his delegation would urge the Cuban delegation to withdraw its draft resolution (A/C.5/32/L.14). If that was not possible, it would request that, before a vote was taken on it, the Secretary-General and the Chairman of the Investments Committee should be invited to explain to the Fifth Committee how they envisaged investing pension funds if the Cuban draft resolution was adopted. ACABQ should also undertake a study of the implications of that text in its capacity as an advisory body of the Fifth Committee on administrative and budgetary questions.

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(Mr. Wolff, United States)

18. Commenting on draft resolution A/C.5/32/L.16, which requested the Secretary-General to initiate negotiations with the financial institutions in Africa with a view to investing more of the Fund's portfolio directly in that continent, he expressed concern about what appeared to be increasing efforts by delegations to try to guide the Secretary-General towards investments in specific areas which could jeopardize the viability of the Fund. Aid for international development should not be confused with the mandate entrusted to the Secretary-General to safeguard the assets of the Fund. Those assets belonged exclusively to the participants and their survivors.

19. His delegation was in favour of authorizing the Board to continue to implement in 1978 the payments to existing pensioners under section VII of General Assembly resolution 31/196 (A/32/9, annex V, section V) in view of the technical complexities involved. It further supported the Board's proposal to return voluntary deposits prior to separation (A/32/9, para. 71); a similar practice existed in the United States civil service retirement system, so that the proposal was compatible with the Noblemaire principle. Finally, it had no objection to the admission of IFAD to membership in the Pension Fund when it became a specialized agency and decided to participate in the common system.

20. The United States delegation was extremely interested in the study which ICSC planned to make, comparing the value of United Nations pension benefits with those of the United States civil service (A/32/30, paras. 24-26 and para. 58). Pension benefits were an element of the total compensation package in terms of the Noblemaire principle of comparability between the United Nations pension system and that of the United States civil service. Since the latter did not provide for the payment of one-third lump sum benefits or the payment of pensions to survivors without reducing the annuitant's pension, his delegation proposed that the Fifth Committee request the Pension Board, at its next session, to consider deletion of those provisions from the Fund's Regulations and to recommend the consequential amendments to the Regulations for consideration by the General Assembly at its thirty-third session.

21. Mr. KEMAL (Pakistan), referring to the problem of adjustment of pensions, endorsed the Board's interpretation (A/32/9, para. 58) of how the guidelines established by the Assembly (resolution 31/196) should be applied, and cautioned the Committee against the dangers, in considering the question at the thirty-third session, of debating the application of constraints rather than the merits of the scheme to be proposed.

22. His delegation did not regard the ACABQ recommendation against liberalization of benefits without additional financing (A/32/319, para. 23) as a new constraint to be applied in that new adjustment scheme, but as a reiteration of the existing Assembly guidelines. On that understanding, it concurred with the Advisory Committee regarding the actuarial valuation of the Fund as reported by the Board (A/32/9, para. 46). On the other hand, since that adverse actuarial situation precluded any improvement in benefits for the immediate future, the Advisory Committee should have been able to recommend approval of the administrative expenses as submitted by the Board instead of reducing them by rejecting one of

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(Mr. Kemal, Pakistan)

three new G-4 posts (A/32/319, para. 6). The ACABQ argument that introduction of the mechanized process should result in staff economies overlooked the fact that increased productivity and efficiency was another form of economy which justified the modest expenditure of \$9,800. He hoped that the Advisory Committee would give sympathetic consideration to the request for that General Service post if it was renewed.

23. The Board's comments on investments of Fund assets in the developing countries (A/32/9, paras. 40 and 41) represented a positive note in its report. The growth of investment in those countries should continue unimpeded in accordance with the terms of General Assembly resolution 31/197. The Cuban draft resolution which had formed the basis for that resolution at the thirty-first session had been positive and constructive and his delegation was therefore disappointed to find that the Cuban text currently before the Committee (A/C.5/32/L.14) was negative and unduly severe. He urged the Cuban delegation to revise its draft by encouraging the Secretary-General to continue to take positive action with regard to Fund investments in developing countries. Redrafted along those lines, the Cuban proposal was likely to obtain more support in the Fifth Committee.

24. Mr. APALOO (Togo) fully endorsed the recommendations of the Pension Board regarding the administrative expenses of the Fund for 1978 and supplementary estimates for 1977, the authorization of a supplement of up to \$100,000 to the Emergency Fund, the admission of IFAD to membership in the Fund and the ratification of the agreement between the Fund and the Commission of the European Communities relating to the transfer of pension rights. His delegation hoped that the Board would soon complete its work on the question of pension adjustment so that pension benefits could be brought up to date.

25. While his delegation was in full agreement with the Secretary-General's technical criteria for evaluating investments enumerated in paragraph 4 of his report (A/C.5/32/25), it was not entirely satisfied with efforts made so far to diversify the Fund's portfolio in accordance with General Assembly resolution 31/197. There was a political side to investment decisions which the Secretary-General should bear particularly in mind. As indicated in the Secretary-General's report, 61 per cent of the Fund's assets was currently invested in the securities of transnational corporations. His delegation did not dispute the fact that such corporations offered yields on investments that guaranteed the resources needed by the Fund to meet its long-term obligations. He regretted, however, the omission from the Secretary-General's report of any information on the identity of the transnational corporations in which the Fund had invested. Moreover, Africa was conspicuous by its absence from the list of investments in development securities that was annexed to the Secretary-General's report. His delegation wondered, therefore, whether the Fund had concluded, on investigation, that African development institutions could not adequately meet the requirements of safety, profitability,

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(Mr. Apaloo, Togo)

liquidity and convertibility or whether the Pension Board and the Investments Committee were simply unaware of the existence of such institutions in Africa. Such institutions - both regional and subregional - did exist in Africa, such as the African Development Bank, the East African Development Bank, the West African Development Bank and the Development Fund of the Economic Community of West African States. Many of the financial institutions in Africa had been in operation for a number of years and could easily satisfy the investment criteria of the Fund. His delegation was pleased that the Pension Board and the Advisory Committee had endorsed the principle that, when the criteria of safety, profitability, liquidity and convertibility had been equally satisfied by institutions in developed and developing countries, priority should be given to the investment in developing countries. His delegation therefore hoped that the Fund would make an effort to invest its assets in African securities in future years and, to that end, wished to become a co-sponsor of draft resolution A/C.5/32/L.16.

26. Mr. LEDJEBGUE (Chad) said that the economies of most developing countries were dependent on agriculture which, in turn, was dependent on external financing for its development. The Joint Staff Pension Fund could help considerably to make such financing available by investing in developing countries. While efforts had been made since 1974 to increase the proportion of the Fund's assets invested in developing countries, much remained to be done in implementing General Assembly resolution 31/197. His delegation was pleased that the Pension Board and the Advisory Committee had both recognized that the investment objectives of the Fund were not incompatible with increasing investments in developing countries. With regard to the views expressed by the Secretary-General in paragraph 7 of his report (A/C.5/32/25), however, while his delegation agreed that any investment should be of sufficient size to offer prospects of a satisfactory profit, it was concerned that over-emphasis on the yield of investments would lead to concentration of the Fund's assets in a limited number of countries. In assessing potential investments, it was necessary to take a broader view in order to conform to the spirit of Assembly resolution 31/197.

27. It was not easy to determine from the Secretary-General's report which transnational corporations and developing countries the Fund had invested in.

28. With regard to the other aspects of the question, his delegation endorsed the recommendations of the Advisory Committee and deplored the disturbing tendency of United Nations bodies to disregard the decisions of the General Assembly, as indicated by the Advisory Committee in paragraph 2 of its report.

29. Advice from the Office of Legal Affairs would be helpful in assisting the Committee to determine whether IFAD was eligible for admission to the Fund. His delegation did not wish, however, to delay the work of the Committee and was willing to approve the admission of IFAD to the Fund.

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(Mr. Ledjebgue, Chad)

30. With regard to draft resolution A/C.5/32/L.16, his delegation was in favour of diversifying the investments of the Fund but noted that the single operative paragraph of that draft resolution mentioned only the African Development Bank. The African Development Bank was not, however, the only financial institution in Africa. Moreover, General Assembly resolution 31/197 had also envisaged direct investments in securities issued by the Governments of developing countries or national financial institutions. His delegation therefore feared that, because draft resolution A/C.5/32/L.16 singled out the African Development Bank, it would be construed as encouraging investment in that institution alone to the exclusion of other equally worthy institutions in Africa.

31. Mr. MOLTENI (Argentina) observed that, while a start had been made in the implementation of General Assembly resolution 31/197, much remained to be done to achieve the objective of ensuring that the resources which the Pension Fund held invested in shares of transnational corporations were invested on safe and profitable terms and, to the greatest extent practicable, in sound investments in developing countries. The objectives of that resolution were closely linked to the purposes of the United Nations system and especially its activities aimed at bringing about a new international economic order. While the assets of the Pension Fund were clearly not to be regarded as resources to be used as aid, there was no reason why they could not be used through the adoption of a specific investment policy, as a means of pursuing the Organization's goal of fostering economic development. The Fund had greater assets than a number of international agencies providing development assistance such as IFAD. His delegation agreed with the Secretary-General with regard to the need to ensure the safety, profitability, liquidity and convertibility of investments and considered the investment philosophy outlined in paragraphs 5 to 11 of the Secretary-General's report to be reasonable. That philosophy would not rule out or hinder the making of investments in developing countries. Proof that the developing countries offered attractive investment opportunities was the fact that at the end of 1976, out of a total of \$130.7 billion in foreign investments made by major world banks, \$101.5 billion had been channelled to developing countries.

32. In view of the fact that 10 months after the adoption of resolution 31/197 the percentage of the Fund's assets invested in developing countries was only 10.4 per cent, the least the General Assembly could do was to call upon the Secretary-General to redouble his efforts to implement the provision of that resolution. The Fund's investment policy should be based on the realistic and balanced view put forth by the Chairman of the Pension Board to the effect that, when two investment opportunities equally met the investment objectives of the Fund and one was in a developing country, priority should be given to the investment in the developing country.

33. The Cuban delegation had made a serious effort to accommodate the concerns of other developing countries regarding the original thrust of draft resolution A/C.5/32/L.14, which in its revised form should meet with the approval of the majority of members and constituted a useful measure for increasing investments in developing countries without jeopardizing the stated investment objectives of the Fund.

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34. Mr. LACHANCE (Canada), referring to the question of the admission of IFAD to membership in the Pension Fund, observed that, as pointed out by the Advisory Committee, the Fifth Committee had to determine whether participation of a specialized agency in the common system of salaries, allowances and other conditions of service had been or should be a prerequisite for eligibility. The answer to that question depended very much on how the aims of the common system should be interpreted. Those aims were perhaps best defined in article 9 of the statute of the International Civil Service Commission, stipulating that the Commission should be guided by the principle set out in the agreements between the United Nations and the other organizations, which aimed at the development of a single unified international civil service through the application of common personnel standards, methods and arrangements. While the Commission was not responsible for determining pension benefits, its terms of reference included the definition of guidelines for the conditions of service of staff, including pension matters. As it would appear from the relationship agreements between the United Nations and the existing specialized agencies, the common system did, in fact, cover the question of pensions. Thus, for example, article 15 of their 1974 relationship agreement stipulated that the United Nations and WIPO agreed to develop, in the interests of uniform standards of international employment and to the extent feasible, common personnel standards, methods and arrangements. The relationship agreement concluded between the United Nations and WHO in 1946 provided for consultations between the two organizations concerning other matters relating to the employment of their officers and staff, including conditions of service, salary scales and allowances, retirement and pension rights. The draft relationship agreement with IFAD was, however, less clear on those matters, and the extent to which IFAD would participate in the common system would depend on the way in which its Governing Council interpreted the relationship agreement at its first session scheduled for December.

35. In the circumstances, therefore, it was difficult to reach a conclusion with regard to the eligibility of IFAD. His delegation would suggest, therefore, that IFAD and ICSC should hold consultations with a view to securing the full participation of IFAD in the common system so as to avoid the eligibility problem, if at all possible. Failing that, the General Assembly should establish a policy governing admission to the Pension Fund. In any event, it was premature to take a decision on the matter until the draft relationship agreement had been studied. The Pension Board had stressed the practical disadvantages which would result from delay in deciding on the admission of IFAD and the Canadian delegation hoped that the newest specialized agency would become a full-fledged member of the common system and be admitted to the Pension Fund.

36. His delegation had difficulties with draft resolution A/C.5/32/L.14 but would await the circulation of the revised version before stating its position.

37. Mr. OLAITAN (Nigeria), introducing draft resolution A/C.5/32/L.16, indicated that the delegations of Malawi, Togo and the United Republic of Cameroon should be added to the list of sponsors.

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(Mr. Olaitan, Nigeria)

38. His delegation had already expressed dissatisfaction with the current level of Pension Fund investments in developing countries. The four investments criteria identified by the Secretary-General could be met by various financial institutions in developing countries and sound investment opportunities could be found there if only an effort was made to do so. The African Development Bank and the African Development Fund, to cite only two examples, were quite capable of providing profitable returns on investments. It was regrettable, therefore, that so little progress had been made so far in implementing General Assembly resolutions 3527 (XXX) and 31/197 and that only approximately 10 per cent of the Pension Fund's assets were currently invested in developing countries or development securities. Accordingly, the sponsors of draft resolution A/C.5/32/L.16 felt that the Secretary-General should be requested to intensify his efforts to increase investments in Africa. Specific mention had been made of the African Development Bank in paragraph 1 of the draft resolution because that institution, with its vast operational experience in Africa, could advise the Secretary-General on investment opportunities throughout the continent. The intent of the draft resolution was not to force the Secretary-General to suspend the rules of sound investment but to ensure a proper diversification of the Fund's investments. Nor was it the intent of the sponsors to inject political considerations into the assessment of investment opportunities. Their chief aim was rather to ensure fair treatment for an area of the world that had so far been neglected. Finally, there was no intention of converting the Pension Fund into a development agency or meddling in its affairs. The draft resolution simply provided guidelines for the use of the Secretary-General in assessing investment opportunities with a view to correcting an anomaly that existed.

39. Mr. PIRSON (Belgium), referring to the admission of IFAD to the Pension Fund, said that, if IFAD wanted to share the benefits of the common system, it should also accept the responsibilities involved with respect to remuneration. IFAD should therefore take the necessary steps to apply the common system from the outset and, in that connexion, the suggestions made by the representative of Canada and the French amendment to the draft resolution in the Pension Board's report (A/32/9, annex V) should be taken into account.

40. As far as the Fund's investments were concerned, paragraph 1 of draft resolution A/C.5/32/L.14 was totally unacceptable in its existing form. It was essential that the Fund should obtain the best possible return on its investments. However, when the criteria of safety, profitability, liquidity and convertibility could be satisfied in both developed and developing countries, priority must be given to investment in developing countries.

41. The actuarial imbalance of the Fund revealed by the Board's report gave cause for concern, particularly since the situation might get worse. His delegation therefore agreed with ACABQ that there should be no further liberalization of benefits unless additional financing was provided (A/32/319, para. 23). The Pension Board should adjust benefits to the return on investment expected in the course of the next 20 years. It was difficult to accept that the Pension Fund should steadily increase benefits only to turn to Member States for help when deficits developed. The idea that Member States should ask taxpayers to pay higher taxes in order to maintain the pensions of international civil servants at a

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(Mr. Pirson, Belgium)

level well above the salaries of many of those taxpayers was unacceptable. In that connexion, he drew attention to the Board's own contention that the new pension adjustment scheme should not require an increase in the present or future liabilities of Member States (A/32/9, para. 58). With respect to pensioners whose pensions in the country of their residence had decreased in purchasing power to a significant extent, his delegation agreed with the Pension Board that payments which had been authorized by the General Assembly but which had not been completed in 1977 for technical reasons should be completed in 1978 (A/32/9, para. 68).

42. Mr. KHAMIS (Algeria) said that, although the Fund's investments in developing countries had increased, the expectations of developing countries had not been met. The criteria of safety, profitability, liquidity and convertibility were quite valid, but those responsible for the Fund's investment policies continued to devote most of their attention to traditional investment outlets. There was ample opportunity for investment in developing countries, and in some cases such investment was more profitable than investment in developed countries. The Secretariat must therefore undertake a very detailed study of investment opportunities in developing countries, particularly those involving governmental and intergovernmental financial institutions. In that connexion, he announced that his delegation had become a sponsor of draft resolution A/C.5/32/L.16. Investment opportunities in Africa were just as attractive as elsewhere, and the fact that the Fund had made no investments in Africa must be attributed to negligence. His delegation opposed investment in transnational corporations with economic interests in Rhodesia, Namibia or South Africa. The Commission on Transnational Corporations had adopted a resolution condemning such corporations. The Secretariat should provide a list of the transnational corporations in which funds had been invested and an indication of the profits and losses made in connexion with investments in transnational corporations over the past five years. Finally, in accordance with the general policies of the United Nations, the Pension Fund should invest in developing countries whenever possible, while observing the criteria of safety, profitability, liquidity and convertibility.

AGENDA ITEM 100: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1978-1979 (continued)
(A/32/6, A/32/8, A/32/38; A/C.5/32/12 and 13)

First reading (continued)

Section 19 - International Court of Justice

43. The CHAIRMAN said that, in his initial estimates, the Secretary-General had requested an appropriation of \$6,225,700, and the Advisory Committee had recommended a reduction of \$170,200.

44. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that, in accordance with General Assembly resolution 31/204, the salaries of members of the Court were now subject to interim cost-of-living supplements, and an estimate of \$212,200 had been included under section 19 for that purpose. The Advisory Committee had not objected to the requests for a G-4 post for a telephone operator/receptionist and a G-5 post to improve

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(Mr. Mselle)

secretarial assistance to the members of the Court. However, it did not concur with the request for a G-5 post for a deputy to the head of the typing pool; even if temporary posts were taken into account, the pool was too small to warrant a deputy head. Requirements in respect of general temporary assistance and travel depended on the number of cases before the Court and, since there was no evidence to suggest that the Court's caseload would increase significantly in the coming biennium, the Advisory Committee had recommended some reductions in the estimates for those purposes.

45. Mr. ZVONKO (Byelorussian Soviet Socialist Republic) said that the estimates submitted by the Secretary-General under section 19 represented an increase of 20.2 per cent over the revised estimates for the current biennium. The proposed increase was the result of the inclusion under section 19 of estimates to offset the effects of inflation and requests for new posts. However, the General Assembly had instructed that increases in expenditure due to inflation should be financed by savings, redeployment of resources and other measures, and that programmes should be expanded only when legislative bodies had so decided. Accordingly, his delegation opposed estimates related to inflation and the requests for new posts.

46. His delegation objected to the practice whereby levels of expenditure approved for one biennium were automatically carried forward to the next, without any reasons being given. Those levels of expenditure were then increased, and ways of reducing costs were not sought. In table 19.6 (A/32/6, vol. II), the 1978-1979 estimates for general temporary assistance had been arrived at simply by taking the 1976-1977 appropriations and adding amounts to cover inflation. The Secretary-General had stated that the requirements for temporary assistance were based on the assumption that it would be necessary to service three months' public hearings and three months' private meetings each year. However, the Advisory Committee had been informed that in 1977 the Court's workload had been lower than normal, and there had been a reduction in appropriations for temporary assistance funds in the revised appropriations for 1976-1977 (A/32/8, para. 19.9). The same points could be made with respect to expenditure on travel, particularly since two thirds of that expenditure concerned temporary personnel. It must be asked why the Secretariat had resubmitted estimates that had already been rejected and why the proposed programme budget made no reference to the reduced workload of the Court in 1976-1977. The Secretariat should also explain why overtime was necessary when the Court's workload was lower than normal. If the Secretariat possessed information suggesting that the Court's workload would increase in 1978-1979, it should make that information available.

47. His delegation could not support the request for a G-5 post for a deputy to the head of the typing pool. It was understandable that the head of the Typing Department was not equally proficient in the Court's two official languages, but he should be proficient enough in both languages to fulfil his responsibilities, since a knowledge of the two languages was one of the criteria used in selecting candidates for the post. His delegation also opposed the request for a G-5 post to improve secretarial assistance to the members of the Court, since there was no indication that the Court's workload would increase. There seemed to be some justification for the request for a G-4 post for a telephone operator and for requests related to library services, but his delegation would vote against the estimates submitted under section 19.

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48. Mr. DEBATIN (Assistant Secretary-General, Controller) said the estimates submitted under section 19 must be considered in the light of the importance of the International Court of Justice as an institution, and not just the number of cases before the Court. The Court must have the resources necessary to meet all the demands that might be made of it. Requirements for temporary assistance were based on the assumption that it would be necessary to service three months' public hearings and three months' private meetings each year, and it had seemed appropriate to include estimates for those requirements in the maintenance base. The Secretary-General had recommended a rate of real growth of 2.3 per cent, but ACABQ had recommended a reduction of 2.7 per cent in the Secretary-General's estimates. The Advisory Committee's recommendation, if adopted, would therefore give a negative growth rate of 0.3 per cent. The Advisory Committee had recommended that the request for a G-5 post for a deputy to the head of the typing pool should not be granted. While the Secretary-General did not intend to contest that recommendation, it should be pointed out that the main reason for the request had been to ensure equally adequate quality control of the work of the unit in both official languages of the Court (A/32/6, vol. II, para. 19.7). It was true that in future more emphasis could be put on language skills when staff members were being recruited, but the immediate problem must still be solved. The Advisory Committee had also recommended reductions in estimates for the salaries and travel of general temporary assistance staff on the understanding that revised estimates would be submitted to the General Assembly if there was an increase in the caseload of the Court (A/32/8, para. 19.9). The Secretary-General could accept that recommendation.

49. The recommendation of the Advisory Committee for an appropriation in the amount of \$6,055,500 under section 19 for the biennium 1978-1979 was approved in first reading by 79 votes to 9.

Section 20 - Legal activities

50. The CHAIRMAN said that, in his initial estimates, the Secretary-General had requested an appropriation of \$8,704,600 and the Advisory Committee had recommended a reduction of \$18,200.

51. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that printing costs accounted for more than 21 per cent of the total estimate submitted under section 20. The Advisory Committee had already asked that data on the external printing programme should be supplied so that it could conduct a proper analysis of that programme, but no such data had been provided. In that connexion, ACABQ had recommended that a United Nations publications programme modelled on that of UNESCO be formulated on an experimental basis and submitted to the General Assembly in the context of the proposed programme budget for 1980-1981 (A/32/8, para. IS3.18). It was hoped that the implementation of such a programme would facilitate the task of ACABQ in considering printing requirements under section 20. With respect to the additional amount requested for the printing of the United Nations Treaty Series (A/32/8, para. 20.5), the question of the long-standing backlog must be fully examined by the Secretary-General with a view to finding a solution for its eventual

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elimination. The Advisory Committee had not approved the request to convert two G-3 posts in the Treaty Section from temporary assistance to an established basis, since the completion of the computerization programme would result in staff savings (A/32/8, para. 20.7). ACABQ had also recommended minor reductions in the travel estimates submitted by the Secretary-General (A/32/8, para. 20.9).

52. Miss FORCIGNANO (Italy), referring to estimates for external printing costs, said that the data referred to in paragraph 20.4 of the Advisory Committee's report should be provided at the thirty-third session. Her delegation also supported the Advisory Committee's recommendations concerning firstly, the conversion of two posts in the Treaty Section from temporary assistance to an established basis (A/32/8, para. 20.7) and secondly, estimates for the travel of staff (A/32/8, para. 20.9).

53. Mr. GOLOVKO (Ukrainian Soviet Socialist Republic) said that the estimates submitted by the Secretary-General under section 20 represented an increase of more than \$500,000, and most of that increase was intended to offset the effects of inflation. However, the General Assembly had recommended that increases in expenditure due to inflation should be financed by savings, redeployment of resources and other means. His delegation supported the recommendations of ACABQ concerning the conversion of two G-3 posts in the Treaty Section from temporary assistance to an established basis (A/32/8, para. 20.7). His delegation would abstain in the vote on the estimates submitted under section 20.

54. The recommendation of the Advisory Committee for an appropriation in the amount of \$8,686,400 under section 20 for the biennium 1978-1979 was approved in first reading by 82 votes to none, with 8 abstentions.

The meeting rose at 1.05 p.m.