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Chairman: Mr. Vahap AŞIROĞLU (Turkey).

AGENDA ITEM 83

United Nations International School: report of the Secretary-General (concluded)*

DRAFT REPORT OF THE FIFTH COMMITTEE TO THE GENERAL ASSEMBLY (A/C.5/1099)

The draft report (A/C.5/1099) was adopted.

FINANCIAL IMPLICATIONS OF DRAFT RESOLUTION I SUBMITTED BY THE SIXTH COMMITTEE IN DOCUMENT A/6547 ON AGENDA ITEM 87** (A/6556, A/C.5/1095)

1. The CHAIRMAN said that, pursuant to the draft resolution that the Sixth Committee had submitted to the General Assembly (A/6547, para. 88, draft resolution I), the Assembly should ask the Special Committee on Principles of International Law con-

cerning Friendly Relations and Co-operation among States to continue its work, and to that end to meet in 1967. The Secretary-General, in his note on the financial implications of that proposal (A/C.5/1095), has estimated that the cost of holding a meeting of the Special Committee at Geneva in 1967 would require an additional appropriation of \$127,000 under a new chapter of Section 2 (Special meetings and conferences) of the budget estimates for 1967. In its related report (A/6556, para. 6), the Advisory Committee on Administrative and Budgetary Questions had recommended that that estimate should be reduced by \$17,000.

2. Mr. BANNIER (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that if the financial implications of draft resolutions recommended by the Main Committees and of Economic and Social Council decisions were calculated within the context of the over-all meetings and documentation programme, there might well be room for certain savings. Furthermore, if the cost of documentation in those statements were based on the cost of internal rather than contractual reproduction, the over-all financial implications might well be reduced. Of course, it was not always possible to provide for internal reproduction without affecting the total programme of the reproduction services.

3. In his note the Secretary-General had stated that the \$127,000 estimate was based on a programme of meetings of five weeks at Geneva, and that any extension would require an additional \$20,000 per week. In view of the heavy meetings programme at Geneva, and also to obviate additional costs, the Advisory Committee hoped that the Special Committee would be able to complete its work in five weeks. It also hoped that the permanent and temporary staff at Geneva would not be fully utilized during the time when the Special Committee was meeting, and that some savings would thus be possible.

4. In the light of those observations, the Advisory Committee felt that the \$127,000 estimate could be reduced by \$17,000, and therefore recommended that the estimates under section 2 for 1967 should be increased by \$110,000.

5. Mr. TURNER (Controller) remarked that the various meetings cost estimates were drawn up carefully, with solid justification, in the light of the over-all situation. The reduction proposed by the Advisory Committee was arbitrary and unrealistic: for example, there was no possibility that the permanent and temporary staff at Geneva would not be fully utilized during the time when the Special Committee was meeting. The proposed reduction meant either that the present levels of meeting services should be reduced (the implication being that it was now extrava-

*Resumed from the 1161st meeting.
 **Consideration of principles of international law concerning friendly relations and co-operation among States in accordance with the Charter of the United Nations;
 (a) Report of the 1966 Special Committee on Principles of International Law concerning Friendly Relations and Co-operation among States;
 (b) Report of the Secretary-General on methods of fact-finding.

gant), or that it must be maintained, in which case the Secretariat would probably have no alternative but to submit a supplementary estimate for 1967 to the Fifth Committee at the twenty-second session. On the Advisory Committee's recommendation, the Fifth Committee had already decided to reduce the estimates under section 2 by 13 to 14 per cent; since it had been agreed that the International Conference on Human Rights should be given priority, the reduction would have to be distributed among the other meetings.

6. Mr. TARDOS (Hungary) said that he did not recall the Committee's having agreed to grant priority to the International Conference on Human Rights.

7. Mr. RIHA (Czechoslovakia) observed that the Special Committee would be dealing with a matter to which his delegation attached the utmost importance. He therefore supported the Secretary-General's estimates, which were fully justified, and hoped that the reduction recommended by the Advisory Committee would not make it more difficult for the Special Committee to complete its work.

8. The CHAIRMAN suggested that the Rapporteur should be requested to report directly to the General Assembly to the effect that, if the draft resolution submitted by the Sixth Committee was accepted, an additional appropriation of \$110,000 under a new chapter of section 2 of the budget estimates for 1967 would be required.

It was so decided.

AGENDA ITEM 74

Budget estimates for the financial year 1967 (continued)** (A/6305, A/6307, A/6385, A/6457 and Add.1 and Add.1/Corr.1, A/6502, A/6524, A/6526, A/C.5/1054, A/C.5/1055 and Corr.1, A/C.5/1056 and Corr.1, A/C.5/1060, A/C.5/1062 and Add.1, A/C.5/1065, A/C.5/1066, A/C.5/1074-1076, A/C.5/1081, A/C.5/1092, A/C.5/1100, A/C.5/L.868, A/C.5/L.871, A/C.5/L.875-878, A/C.5/L.880)

Revised estimates resulting from decisions of the Economic and Social Council at its resumed forty-first session (A/C.5/1092)

9. Mr. BANNIER (Chairman of the Advisory Committee on Administrative and Budgetary Questions) recalled that in its report on the revised estimates resulting from decisions of the Economic and Social Council at its fortieth and forty-first sessions (A/6457, para. 15), the Advisory Committee had recommended that the Council should reconsider the decision that summary records should be provided for all meetings of the International Symposium on Industrial Development, since the technical value of the proceedings would not be diminished by elimination of the summary records. At its resumed forty-first session the Council had decided that summary records should be provided only for plenary meetings of the Symposium, at an estimated cost of \$57,500. The Council had also decided that the Symposium should be held at Athens in December 1967 and that Chinese should be added to the working languages. He would not

explain the budgetary consequences of Council resolution 1185 (XLI), which were set out clearly in the Secretary-General's report (A/C.5/1092). The aggregate effect of that resolution would be to increase the provisions for the Symposium made under section 21 (United Nations Industrial Development Organization), chapter III (Special meetings and conferences on industrial development), by \$26,500, to a total of \$586,500. Furthermore, \$77,400 would be included under income section 3 (General income), to cover additional expenditure by the Greek Government.

10. The Advisory Committee naturally wondered whether the extra \$26,500 could not be absorbed within the original provision of \$560,000. However, since the Council had to some extent responded to the Advisory Committee's suggestion regarding the summary records, and in view of the fact that the original estimates and the first revision thereof had been prepared with adequate precision, the Advisory Committee had decided not to ask for absorption of the additional amount proposed under section 21. It therefore recommended that the Fifth Committee should approve the revised estimate resulting from the Council's resolution, as set forth in paragraph 9 of the Secretary-General's report.

11. The CHAIRMAN suggested that the Committee should approve the Secretary-General's revised estimates and increase the appropriation for the International Symposium on Industrial Development under chapter III of the new section 21 of the budget by an amount of \$26,500, to a total of \$586,500. He also suggested that the amount approved under income section 3, for 1967 should be increased by \$77,400.

[Before continuing with its consideration of the budget estimates for the financial year 1967, the Committee examined the financial implications of a draft resolution submitted by the Fourth Committee (see paras. 39 to 41 below).]

First reading (continued)**
(A/C.5/L.868, A/C.5/L.871)

SECTION 7. BUILDINGS AND IMPROVEMENTS TO PREMISES (continued) (A/6305, A/6307, A/6385, A/6524, A/6526, A/C.5/1054, A/C.5/1062 AND ADD.1, A/C.5/1075, A/C.5/1076)

12. The CHAIRMAN said that the only question remaining under section 7 was that of the programme of improvements and maintenance relating to the Headquarters buildings in New York, as set forth in the budget estimates for the financial year 1967 (A/6305) and dealt with by the Advisory Committee in its main report (A/6307).

13. Mr. PALAMARCHUK (Union of Soviet Socialist Republics) thought that, if the Secretary-General accepted the proposal of the East River-Turtle Bay Fund, the United Nations would to some extent be committed to plans for further construction. Yet the question was not really where in New York a suitable plot of land could be found. Careful consideration should be given to the broader question of how the United Nations would expand in the future and where that expansion could best take place. There was a definite tendency to group the economic and social activities of the United Nations in Europe, nearer to the majority of

***Resumed from the 1160th meeting.

the developing countries. In addition, building costs, operating expenses and the cost of living were much lower in Europe, so that in conducting its activities the United Nations was able to make considerable savings in administrative expenses and to devote more practical assistance to the developing countries.

14. The Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies, whose report had been approved by the General Assembly in resolution 2150 (XXI), had discussed the location of services of the United Nations and recommended (A/6343, para. 107) that the Secretary-General should be invited to continue his review of the question, bearing in mind the need for the most effective and economical arrangements.

15. The Secretary-General should consult Member States on the question of the most suitable site for the expansion of United Nations premises, taking into account the prevailing conditions in New York and other cities, including Geneva. Until he had reported to the General Assembly on those consultations, the Secretary-General should refrain from making any statements concerning the intentions of the Organization.

16. The USSR delegation was most appreciative of the generosity of the East River-Turtle Bay Fund and its members. It should, however, be remembered that there was no land problem at Geneva, where the United Nations had sufficient space. The solution to the problem of the rental of premises in New York by certain United Nations services should be sought in the recent decision to undertake construction work at Geneva. It should be possible to construct additional office space to accommodate those services.

17. The United Nations should not at the present stage make any commitment for the future and the Fifth Committee should obtain assurances on that subject from the Secretary-General.

18. Mr. BAROODY (Saudi Arabia) said it was unfortunate that his statement at the 1127th meeting (A/C.5/L.878) concerning section 7 had been quoted out of context and distorted in the United States Press, for in addition to pointing out some of New York's defects he had lauded its many good qualities and the American people's hospitality.

19. He thanked the Secretary-General for not pressing the estimate for studies relating to the expansion of Headquarters (see A/C.5/1062/Add.1). Certain civic leaders, grouped in the East River-Turtle Bay Fund, had made an offer regarding a plot of land adjoining Headquarters; but, while recognizing the generosity of the offer, the United Nations must not allow itself to be stampeded into an over-hasty decision to expand the Headquarters premises. Land values in New York were indeed astronomical, but what use was that to the United Nations? The value of the Headquarters site had originally been reckoned at \$8 million; but the United Nations could have found an incomparably cheaper site in the suburbs of a number of cities, to its own inestimable advantage. The United Nations was not a business corporation, and did not need the prestige of having offices in New York.

20. His delegation therefore urged the desirability of an objective study on the situation to see whether there was in fact any justification for expanding Headquarters. It might be noted that in the event of war big cities like New York would be the first to suffer. The advantages of decentralization were self-evident. And even if some United Nations services were to remain in New York, the Organization would be wise to avoid putting all its eggs in one basket.

21. Mr. AMERASINGHE (Ceylon) endorsed the USSR representative's suggestion that, while welcoming the generous proposal of the East River-Turtle Bay Fund, the Secretary-General should not commit himself to accepting the offer. The time had come to undertake a serious study of the future development of the United Nations in terms of physical accommodation. The City of New York was very congested, and the United Nations should be very wary of adding to the congestion. Quite apart from the difficulties encountered by a number of delegations in New York, it was not desirable to concentrate too high a proportion of the Organization's activities in any one place. His delegation felt that certain specialized activities might with advantage be located closer to the areas they were intended to serve. For example, the heavy expenditure on rented accommodation for UNDP and UNICEF might be avoided by seeking premises for them elsewhere than in New York. There was already a nucleus of specialized United Nations bodies in Geneva, to which UNDP and UNICEF might appropriately be added. He was sure the Swiss Government would show its usual spirit of accommodation.

22. Mr. Mohamed RIAD (United Arab Republic) expressed appreciation to the East River-Turtle Bay Fund for its thoughtful offer, but agreed with previous speakers that the United Nations should not commit itself in any way.

23. Mr. MTINGWA (United Republic of Tanzania) associated himself with those who had expressed appreciation for the generous offer of the East River-Turtle Bay Fund. At the same time, the United Nations should not feel committed by the proposed study. The Secretary-General was understandably concerned at having to move UNDP and UNICEF out of the Headquarters building into expensive rented offices. In his delegation's view, however, the membership should not wait for the results of the study proposed by the Fund, but should undertake long-term planning for major construction at all United Nations duty stations, not New York alone.

24. Mr. KULEBIKIN (Union of Soviet Socialist Republics) remarked that the Organization was already committed to major construction at Geneva, and it would be a mistake to undertake any further such commitment in New York.

25. Mr. EL-ATTRASH (Syria) also felt that the United Nations should give the matter very careful consideration before taking any action.

26. Mr. VAUGHAN (Director of General Services) said that there appeared to be a misunderstanding. There was as yet no gift, no offer of land, from the East River-Turtle Bay Fund. The Fund had simply indicated the possibility of acquiring a site to the south of the United Nations building, and proposed a

study to ascertain what could be done with the property if the United Nations was interested. Since such a study might cost as much as \$500,000, the Fund had sought an assurance from the Secretary-General that the United Nations was in fact interested before making the study. The cost of the proposed site was of no concern to the United Nations since the land would be donated to it if it should decide to build there.

27. Thus, the only commitment required of the United Nations was a simple indication of interest. Of course, if the General Assembly decided that the present Headquarters site was sufficient, there was nothing more to be said and the Secretary-General would have to decline the Fund's offer. He pointed out that the construction programme at Geneva concerned conference facilities, not office space for additional staff. Even if some United Nations activities were moved to Geneva, as had been suggested, provision would still have to be made for new offices at Headquarters, where the shortage of space was growing steadily more acute. Moreover, there was a time-lag of up to five years on major construction projects.

28. Mr. KULEBIKIN (Union of Soviet Socialist Republics) asked whether the Secretary-General could express interest in the offer of the East River-Turtle Bay Fund without committing the United Nations to build on the new site once the study was completed.

29. Mr. TURNER (Controller) replied that such an expression of interest by the Secretary-General would involve no financial commitment of any kind, either now or at any time before the whole matter had been thoroughly explored.

30. Mr. McMILLAN (Australia) thanked the representatives of the Secretary-General for their explanations, and said that his delegation was satisfied that the Committee would have an opportunity to examine the situation fully before undertaking any financial commitment. He therefore appealed to the membership, which had so recently prevailed upon the Secretary-General to accept a further term of office, to make good their promises of support and allow him to accept the generous offer of the East River-Turtle Bay Fund.

31. Mr. TARDOS (Hungary) said that the misunderstanding had probably arisen from differences between reports in The New York Times and the information given by the Secretary-General in regard to the intentions of the East River-Turtle Bay Fund. In the light of the Controller's assurance that an expression of interest by the Secretary-General would involve no financial commitment, however, he could not see why the matter had been brought before the Fifth Committee.

32. His delegation doubted the wisdom of embarking on any new construction at Headquarters before undertaking a thorough survey of the general situation in New York, Geneva and elsewhere. Precipitate expansion of the New York premises might result in a concentration of office space in New York and conference facilities at Geneva, which would mean incessant staff travel between the two offices. He therefore agreed with the Tanzanian representative that there was need for long-term planning of future requirements before any action was taken. For

instance, an attempt should be made to find accommodation outside New York, particularly for UNIDO, before proceeding with the architectural and engineering survey originally proposed by the Secretary-General (see A/C.5/1062). An expression of interest on his part in the proposal of the East River-Turtle Bay Fund must not, therefore, imply any commitment by the General Assembly.

33. Mr. MAJOLI (Italy) pointed out that the report of the Ad Hoc Committee of Experts, to which the USSR representative had referred had not dealt with the location of Headquarters as such, but only of certain services (see A/6343, paras. 105-107).

34. Mr. TODOROV (Bulgaria) noted that the Controller had given an assurance that the Committee was not being asked to make any financial commitment. But would not some other, indirect kind of commitment be involved? His delegation wondered whether it might not be better to await a report on the possibility of expanding United Nations facilities elsewhere than in New York before taking any action.

35. Mr. LUTCHMAN (Trinidad and Tobago) felt that in its eagerness to avoid committing itself the Committee was in danger of appearing ungracious. It ought to be made clear that the United Nations welcomed the offer extended by the East River-Turtle Bay Fund, and that in expressing interest the Secretary-General was acting on behalf of all Member States. He agreed that a financial commitment should be avoided until all the evidence was available, but the Committee could not simply do nothing about expanding facilities in New York. All were agreed on the usefulness of decentralization, and it was true that offers of facilities might well be forthcoming from other cities; studies of all such matters should of course be placed before the Committee. But the Committee had too long ignored the Secretary-General's pleas for additional space at Headquarters, and must take some action.

36. Mr. KULEBIKIN (Union of Soviet Socialist Republics) pointed out that the Ad Hoc Committee of Experts had stressed the need, in its report (para. 107), for "the most effective and economical arrangements" (*ibid.*, para. 107) in regard to the location of the various services of the United Nations Secretariat. The possibility of transferring some of those services to Geneva, where costs were lower than in New York, could not therefore be ruled out.

37. Mr. TURNER (Controller), replying to the Bulgarian representative, conceded that there was a commitment on the part of the Secretary-General to study the whole situation in 1967 and report to the Assembly at its twenty-second session. For the purposes of such study he needed to express appreciation of and to welcome the offer of assistance from the East River-Turtle Bay Fund. Indeed, the Secretary-General had himself invited offers of assistance from United States civic organizations two years previously, when there had been an acute shortage of office space. In expressing interest, however, he would make it amply clear that he was in no position to prejudge any decision by the General Assembly. Part of his over-all study of the situation would cover alternative ways of relieving the pressure, such as

transfers to Geneva. But the Secretary-General must be free to plan ahead, for the problems of accommodation had too long been dealt with on an ad hoc basis.

38. The CHAIRMAN invited the Committee to vote on the amount to be appropriated under section 7.

The recommendation of the Advisory Committee (A/6307, para. 206; A/6524, para. 24) for an appropriation of \$4,930,700 under section 7 was approved on first reading by 66 votes to none, with 1 abstention.

FINANCIAL IMPLICATIONS OF THE DRAFT RESOLUTION SUBMITTED BY THE FOURTH COMMITTEE IN DOCUMENT A/6557 ON AGENDA ITEM 23* (A/6561, A/C.5/1093)

39. The CHAIRMAN said that the Secretary-General, in his note (A/C.5/1093), estimated that the cost of the visiting mission to Aden proposed in paragraph 5 of the draft resolution submitted by the Fourth Committee (A/6557, para. 19) could be estimated at \$19,000, which would involve an appropriation for that amount under section 16 (Special missions) of the 1967 budget estimates. In its related report (A/6561), the Advisory Committee for Administrative and Budgetary Questions recommended that that estimate should be reduced by \$4,000.

40. Mr. BANNIER (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the major part of the \$19,000 estimate covered travel and subsistence for the three members of the mission and five supporting staff. The Advisory Committee ventured to believe that notwithstanding past practice, the number of staff members could be reduced. Savings might also be effected under such headings as local transport and communications. The Advisory Committee therefore recommended that the Secretary-General's estimate should be reduced to \$15,000.

41. The CHAIRMAN suggested that the Rapporteur should be asked to report directly to the General Assembly to the effect that adoption of the draft resolution submitted by the Fourth Committee would involve an additional appropriation in the amount of \$15,000 under section 16.

It was so decided.

AGENDA ITEM 82

Report of the United Nations Joint Staff Pension Board (A/6308, A/6380, A/6537, A/C.5/1078)

42. The CHAIRMAN drew the Committee's attention to the annual report of the United Nations Joint Staff Pension Board (A/6308) and a note (A/C.5/1078) by the Secretary-General submitting a statement of financial implications of the draft resolution contained in annex IV of the Board's report, in which he estimated that an additional appropriation of \$200,000, distributed among various sections of the budget estimates for 1967, would be required to implement the draft resolution.

*Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples; report of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples.

43. Mr. BANNIER (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the major proposals made by the Joint Staff Pension Board were that associate participation should be abolished for staff entering employment on or after 1 January 1967, with certain transitional arrangements, and that entrance requirements for participation in the Fund as from 1 January 1967 should be based on appointments for one year or longer, or on completion of one year of service. The Board had also proposed that member organizations should be refunded half of their contributions where a participant entered the Fund on or after 1 January 1967 but withdrew within five years without qualifying for a benefit.

44. The reasons for the introduction in 1958 of the scheme of associate participation were described in paragraph 20 of the Board's report. At the time, the Board had had some reservations as to the effect of the scheme on the financial soundness of the Fund. Those reservations had proved justified, mainly because the Organizations had not applied the scheme solely to short-term staff but had also used it during the qualifying period of potential permanent staff. The validation provisions of the scheme had threatened to become a serious drain on the financial resources of the Fund. The liabilities assumed by the Fund in regard to associate participants appeared to be substantially in excess of the contributions received.

45. The Board, after studying various alternatives suggested by the Consulting Actuary, the Committee of Actuaries, the Board's Standing Committee and the Board itself, had decided to recommend the proposal whereby an associate participant becoming a full participant would validate his prior associate service by paying to the Fund the amount he would have contributed—7 per cent—had he been a full participant from the beginning. The organizations would be required to pay into the Fund the difference between the 4.5 per cent they had paid under the associate participation scheme and the 14 per cent of pensionable remuneration which was the normal contribution for full participants.

46. The Advisory Committee endorsed the Board's proposal. It felt, however, that some of the other alternatives considered by the Board, which had provided for a somewhat different division of charges between the individual participants and the organizations, might also have lessened the financial strain on the Fund. Although the estimate of \$200,000 for the additional credits required by the proposal was inevitably based on a number of assumptions, the Advisory Committee agreed to the inclusion in the budget of additional credits in that amount.

47. The Advisory Committee hoped that a satisfactory solution would soon be found with regard to the staff of the United Nations Relief and Works Agency for Palestine Refugees in the Near East, whose inclusion in the pension scheme threatened to place a heavy burden on the resources of the Agency.

48. Lastly, the Advisory Committee concurred in the proposal that the system of adjustment of pensions and annuities in payment approved by the General Assembly in its resolution 2122 (XX) should continue

until 31 December 1969, subject to further review of its financial implications in 1968.

49. Mr. GAVIRIA (Directing External Auditor, Board of Auditors) said that the Board of Auditors felt that there was a need for a permanent reconciliation between the investment account of the Fund and the statements prepared by the Secretary-General and by the Fiduciary Trust Company of New York. As proof that there had been such a reconciliation, the Auditors would require a statement of items pending between the different balances at the end of each financial year. In accordance with the Financial Regulations and Rules of the United Nations and with generally accepted principles of accounting, debits and credits had to be reconciled and so, in the present instance, did the statements prepared by an outside body—the Fiduciary Trust Company—and those prepared by the United Nations Joint Staff Pension Fund. The Board of Auditors realized that the preparation of a reconciliation statement covering all transactions effected since the beginning of the operations of the Fund might be too costly. It therefore suggested that work could start on the basis of a discrepancy of approximately \$1 million as at 30 September 1965. The Administration had suggested a procedure which would make it possible to correct that situation, and the Auditors would duly report to the Fifth Committee on the results achieved.

50. Mr. ULANCHEV (Union of Soviet Socialist Republics) said that the recommendation made by the Joint Staff Pension Board had serious financial implications. The proposal to abolish the associate participation scheme would cost affiliated organizations a total of some \$1.2 million—of which \$400,000 would be paid by the United Nations—and the ultimate cost would be twice that figure. The proposal was apparently designed to avoid a so-called "actuarial deficit" in the Fund. The Board concluded that associate participants were a liability to the Fund, because the organizations concerned contributed only 4.5 per cent of those participants' pensionable salaries. It admitted, however, that no detailed research had been undertaken on the subject and that the estimate of the liabilities assumed in respect of associate participants had been based on the calculations of one consulting actuary.

51. The solution proposed by the Board deliberately placed member organizations, including the United Nations, at a disadvantage. If, for example, a staff member with a fixed-term contract left his organization after less than five years of service, he would be refunded the amount he had contributed to the Fund. Yet the member organization concerned, which had paid into the Fund monthly contributions equal to 14 per cent of the participant's pensionable remuneration, would be refunded only half the amount it had

paid. A more logical solution to the problem would be to increase slightly the contribution paid by member organizations for associate participants—from 4.5 to 6 or 7 per cent—or to increase the proportion of the contribution which was returned to the organizations if a participant did not complete five years of service.

52. It was said that the proposals of the Fund had to be adopted because of the risk of depletion of its resources. Yet the situation was quite the reverse. As a result of the decision taken by the General Assembly at its nineteenth session, by resolution 2007 (XIX), to increase the pensionable remuneration of staff, contributions to the Fund had doubled between 1964 and 1965. The Fund had invested \$30 million more in 1965 than in 1964; its annual income from investments amounted to almost \$7 million. In the past year, only a little over \$120,000 had been paid to associate participants. The Board itself recognized that the Fund was in a sound financial position (A/6308, para. 14, sub-paragraph (j), ii).

53. There was therefore no reason to take a hasty decision; a solution should be sought which would be fair both to the Pension Fund and to the United Nations. Further consideration of the question should therefore be deferred until the twenty-second session of the General Assembly. The Soviet Union could not support the proposal to abolish the associate participation scheme and thought that section II should be deleted from the draft resolution proposed by the Pension Board in annex IV of its report.

54. Mr. CESKA (Austria) remarked that the Pension Board's proposal on the abolition of the associate participation scheme would have financial implications for the affiliated organizations, which would be required to contribute 14 instead of 4.5 per cent of participants' pensionable remuneration, starting in 1967. Since most of the specialized agencies had already approved their budgets for 1967, they would be obliged either to submit supplementary estimates or to transfer funds between different budget sections. It was generally agreed that supplementary estimates were not consistent with clear budgeting and simple administration. They should therefore be used only if the supplementary amount could not have been foreseen and if it was essential to the functioning of the organization. He wondered whether the case under consideration met those two criteria. In the case of IAEA, transfers between budget sections were authorized only in certain well-defined circumstances and would not be allowed in the case under consideration. He would like to hear from the Secretariat or the representatives of the Joint Staff Pension Board how those problems could be avoided.

The meeting rose at 6.5 p.m.