

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## AFFILIATION OF THE STAFF TO THE UNITED NATIONS JOINT STAFF PENSION FUND

### Note by the Executive Secretary

1. At the Tenth Session the Budget Working Party considered the question of the affiliation of the members of the secretariat to the United Nations Joint Staff Pension Fund.<sup>1</sup> The CONTRACTING PARTIES on 30 November 1955 "adopted the Working Party Report and agreed to the recommendations contained therein that the Executive Secretary resume discussions with the United Nations Pension Board with a view to an early admission of the staff to the Pension Fund, and that the governments of contracting parties should take whatever action they considered desirable in the United Nations in order to secure any amendments that might be necessary to the regulations of the United Nations Joint Staff Pension Fund." (SR.10/18).
2. In accordance with this decision, the Executive Secretary resumed his discussions with the United Nations Pension Board on the basis of a draft agreement which had been prepared in consultation with the secretariat of the Board.
3. It was not possible to reach agreement on the basis of that draft and the Mixed Committee of the Pension Board indicated to the Secretary-General of the United Nations that "any agreement negotiated with ICITO should contain provision for the payment of interest on the 21 per cent contribution as from the date of the payment of the entry contribution of WMO, the most recently admitted organization".
4. It will be remembered that the recommendations of the Working Party were based on the assumption that, as in the case of all the agencies which have joined the United Nations Pension Fund, no payment of interest would be required on the 21 per cent contribution relating to past services and that the interests earned by the ISEF would be retained and earmarked against the contingent liabilities which might arise for the CONTRACTING PARTIES if the members of the ICITO staff were transferred to the OTC before the OTC were in a position to join the United Nations Pension Fund as a specialized agency of the United Nations.

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<sup>1</sup> See report by the Budget Working Party, document L/452/Add.1.

5. The Executive Secretary explained to the Secretary-General of the United Nations the difficulties arising out of this unexpected request for payment of interest; in his reply, the Secretary-General indicated that this question was not a matter of specific regulation but of Board policy and confirmed that that policy was essentially the same as that proposed to the Board on his behalf by his representative on the Board. In the course of the discussion with the Pension Fund authorities, it was not possible to obtain any clear indication of the motives which prompted them to adopt a policy different from that constantly applied in the case of other agencies and which has been contemplated only after the ICITO made its application. That policy does not seem to be based on any financial or actuarial considerations since it appears that "in the past, the contribution of 21 per cent without interest had exceeded the figure resulting from an actuarial valuation;" and the latest actuarial valuation of the Fund seems to show that the position has not changed lately. The Executive Secretary indicated that he would be prepared to pay 21 per cent without interest or the figure resulting from an actuarial valuation, whichever was the higher. This offer did not prove acceptable to the Secretary-General or the Pension Fund authorities. In those circumstances, the Executive Secretary felt that he was not authorized to pursue the negotiations with the Secretary-General and that the matter should be referred to the CONTRACTING PARTIES.

6. The Executive Secretary would appreciate it if the Intersessional Committee could consider this problem in advance of the session end, if possible, suggest to the CONTRACTING PARTIES a specific line of action.

7. In this connexion, it might be useful to point out that the decision of the CONTRACTING PARTIES at their last session included a recommendation to the governments of contracting parties to take "whatever action they considered desirable in the United Nations in order to secure any amendments that might be necessary to the regulations of the United Nations Joint Staff Pension Fund". It is clear that if the General Assembly of the United Nations, by way of amendment or agreed interpretation of the present regulations, were to guarantee that the ICITO staff members would continue in the United Nations Pension Fund until such time as the successor organization would become member of that Fund, the difficulties which were outlined by the Budget Working Party in paragraph 3 of its report would be eliminated and that the need for the earmarking of the balances left in the ISEF after payment of the 21 per cent contribution would be less. If, however, the governments were to decide that action is required at the General Assembly of the United Nations, it might be necessary for them to concert their action without waiting for the result of the discussions at the Eleventh Session.

8. It may be also useful to point out that when the CONTRACTING PARTIES considered the question of pensions at their Eighth Session, they agreed that "if it appeared that undue delay might occur before the affiliation with the United Nations Joint Staff Pension Fund could be effected, the Executive Secretary would be justified in exploring ways and means for providing adequate benefits to the staff within the limits of the budget appropriation for that item". The secretariat has made a preliminary study of the regulations of pension funds of other international organizations. If the Intersessional Committee agrees, the secretariat could explore the relative advantages of joining such funds or to make arrangements with commercial insurance companies and submit a report on those alternative solutions to the CONTRACTING PARTIES at their Eleventh Session.