

Item 134: Programme budget for the biennium 2012-2013

Opening remarks to be made by Martha Helena Lopez, OiC, OHRM to the Fifth Committee on Thursday, 6 March 2012, to introduce the Secretary-Generals' report, A/66/617 on the comprehensive review on the pension schemes for the members of the International Court of Justice and judges of the International Tribunal for the former Yugoslavia and the International Criminal Tribunal for Rwanda

Mister Chairman,

I have the pleasure to introduce the Secretary-General's report, document A/66/617, on the comprehensive review of the pension schemes for the members of the International Court of Justice and judges of the International Tribunal for the former Yugoslavia and the International Criminal Tribunal for Rwanda.

It will be recalled that the General Assembly, in paragraph 5 of its resolution 65/258 decided that the pension schemes for the members of the Court and for the judges of the two Tribunals be reviewed at its sixty-sixth session.

This report is presented in 7 parts. Section I is the introduction, Section II lays out the historical background on pension benefits of the members of the court and the judges of the Tribunals, Section III indicates the setting of the comprehensive review, Section IV reports on the current retirement benefits scheme, Section V presents the various pension benefits design options, Section VI contains the recommendations and refers to the financial implications and finally Section VII informs on the next comprehensive review.

Mister Chairman,

As the report is long, allow me to present the paper by placing emphasis on the more substantive sections, that is to say, Sections II, III, IV, V and VI.

Section II: Background on the pension benefits of the members of the Court and the judges of the Tribunals.

The section provides a historical recollection of events related to the pension benefits of the members of the International Court of Justice, and subsequently, of the judges of the International Tribunal for the former Yugoslavia and the International Criminal Tribunal for Rwanda. This background information provides understanding of the evolution of these benefits in the context of the Court and the two Tribunals.

Section III: Settings of the comprehensive review.

In compliance with GA resolution 63/259, the Secretary-General engaged the expertise of the UN Pension Fund in undertaking a comprehensive review of the retirement pensions. The Fund, noting the importance, extent and scope of the review, considered that this review required actuarial expertise which is lacking in the Fund and suggested the engagement of an actuary and the establishment of a Working Group including representatives of the OHRM, the Court and the Tribunals. The Fund additionally acted as the coordinator of this Working Group.

Section IV: Analysis of the current pension benefits scheme.

There are currently a total of 35 serving judges at the Court and the two Tribunals, and 61 retired judges who are pension beneficiaries. The comprehensive review does not consider ad litem judges as they are not entitled to periodic retirement benefits. The current retirement benefit for the members of the Court and the judges of the two

Tribunals offers a retiring judge, who had completed a nine-year term of office, the replacement ratio of approximately 50 per cent of his/her final salary at age 60. The pension benefits for the Court and the two tribunals are not prefunded.

Section V: Pension benefits: design options.

The comprehensive review proposes the following 4 design options: first, the defined-benefit scheme which provides a periodic benefit, guaranteed for the life of the participants; second, the define-contribution scheme which provides an account balance based on the actual earnings of underlying investments; third, the cash lump-sum through hybrid defined-benefit and defined-contribution schemes which will be in lieu of any pension benefits; and finally, fourth, the status quo in maintaining the current pension benefit scheme. The first three options are used in the public and private sectors. They are described here and assessed in the administrative context of the Court and the two Tribunals.

Mister Chairman,

The Secretary-General's recommendation and the financial implications of the recommended option, the defined-benefit scheme option, are set out in Section VI. This option is identified as an appropriate retirement benefit schemes for the new members of the court and for the new judges of the two Tribunals. The most favoured application of this option would be to change the current two-tiered system of accumulation to a linear system of accumulation of 3.7 per cent per year for 18 years and nothing thereafter. This would significantly reduce the estimated liability for new judges projected to assume office over the next 30 years from \$29,835,105 to \$19,870,180 bringing a reduction of \$9,964,925 in total. It is suggested that any new scheme should only be applicable to newly elected members of the Court in order to be aligned to Article 32, paragraph 5, of the Court's Statute which provides that the salaries, allowances and compensation of the members of the Court may not be decreased during a member's term of office. The same

applies in respect of the judges of the two Tribunals, whose statutes reference the same provision.

Mister Chairman,

Finally, I would like to convey to the members of the Fifth Committee some of the concerns of the International Court of Justice as regards any changes from the status quo in the redesign of the pension benefits entitlement. For the Court, the linear system of accumulation as proposed as one of the options in the report would encourage members of the Court to be prompted to stand for re-election. This situation could have adverse consequences for the rotation of the bench. Other concerns of the Court are noted in paragraph 54 of the report

Thank you.