

ORIGINAL

RECORD OF DECISIONS OF THE SIXTEENTH SESSION OF
THE COUNCIL OF THE FEDERATION OF ASSOCIATIONS OF
FORMER INTERNATIONAL CIVIL SERVANTS (FAFICS)

(Geneva, Switzerland, 17/18 and 20 June 1988)

1. The Sixteenth Session of the Council of FAFICS was held on Friday, Saturday and Monday, 17/18 and 20 June 1988, in the United Nations building, Geneva, Switzerland.

PARTICIPATION

2. The following Member Associations of FAFICS were represented:

- | | |
|--------------------------|--------------------|
| AAFI/AFICS, Geneva | Mr. A. Ali |
| AFICS, New York | Mr. S. Grabe |
| AFICS, Santiago de Chile | Mrs. P. Tsien |
| BAFUNCS, London | Mrs. R. Nielsen |
| CAF/UNESCO, Paris | Mr. D. Miller |
| FFOA, Rome | Mr. A. Chakour |
| NAFICS, Copenhagen | Mr. C. Buonaccorsi |
| | Miss I. Poulsen |

3. Mrs. M. Bruce (Chairman of the Council of FAFICS), Miss A. Butler (Secretary of FAFICS) and Miss E. Vanbraecken (Treasurer of FAFICS) were present in their official capacity.

4. Mr. Wytold Zyss, a member of CAF/UNESCO, was invited to the Council to inform participants of the discussions that had taken place on Friday, 17 June, during the FICSA meeting on social security.

ELECTION OF THE CHAIRMAN OF THE SESSION
(Agenda item 1)

5. Mrs. M. Bruce (Chairman of the Council) took the chair.

ADOPTION OF THE AGENDA
(Agenda item 2)

6. The agenda was adopted subject to the addition of the words "and at the July 1988 Session of the ICSC" at the end of Item 10 (cf. Appendix I).

REPORT OF THE CHAIRMAN
(Agenda item 3)

7. The Chairman welcomed the participants in this session of the Council. She was particularly pleased to see that AFICS/Santiago had been able to arrange for the Association to be represented again this year.

8. In a brief summary of developments that had occurred since the 15th Session of the Council, she pointed out that for the UN generally it had not been an easy year. There were the continuing economic difficulties on the world economic market and the financial crash that had hit everyone in October 1987.

9. She had attended the General Assembly during its 1987 Session, and on the whole had found the atmosphere, in so far as pensions were concerned, somewhat less negative than in previous years.

10. She did not wish her remarks to impinge on subjects that would be discussed later under other items on the agenda but did wish to draw attention to a few important points, some of which were positive, others less so.

11. There was, for instance, the decision to give FAFICS representative status on the Pension Board, which would be formalised in the Rules of Procedure to be adopted at the forthcoming meeting of the Standing Committee. She had raised informally with the Secretary of the Fund the idea that the two representatives and two alternates on the Board should not automatically preclude the possibility of other FAFICS members being "present" in the room, but it seemed that this might give rise to problems.

12. As regards representation in the Standing Committee, she had been assured that there would no limitation problem this year. She drew attention to the Secretary's proposals regarding FAFICS' representation in the Committee. These would not come into effect till 1989 but would have to be carefully examined by the Council.

13. Another problem was the rising cost of medical care and its impact on after-service health insurance; but this would be discussed under item 6. Another question requiring the guidance of the Council was FAFICS' role as an NGO, but again this would be discussed under the appropriate item on the agenda.

REPORTS OF THE APPOINTED REPRESENTATIVES

MEETINGS OF THE UNJSPB

(Agenda item 4(1))

14. The Council took note of the report on the 37th Session of the UNJSPB that had been distributed to all Member Associations on 10 December 1987.

15. The representative of AFICS/New York informed the meeting about the last session of the International Civil Service Commission which had met in New York in February 1988. The Commission's report on its work was not yet available. It was agreed that an attempt should be made to get FAFICS' participation on a more systematic basis: the ICSC should be asked to send the agenda to FAFICS with an invitation to participate; the Secretary of the Federation should then circulate the agenda to all Members, but only when the agenda contained an item that affected pensioners should the Federation attend and, as appropriate, submit a statement.

OTHER MEETINGS

(Agenda item 4(2))

16. It was agreed that these meetings would be dealt with under item 10.

AFTER-SERVICE HEALTH INSURANCE (ASHI)
(Agenda item 6, documents D.7, D.9)

17. After a general discussion based on the papers submitted by AAFI/AFICS, Geneva (in particular on the essential differences between the various insurance schemes, and on the validity of the statistics put forward), it was agreed that the question should be considered under three headings: premiums; benefits payable; representation of pensioners in decision-taking health insurance bodies. These were matters of urgency for several Associations as the management committees of many respective health insurance schemes were undertaking substantial amendments to the schemes, most of them for implementation before the end of 1988.

18. The Council agreed to set up, as suggested in para. 8 of document D.7, a Working Group to examine these questions in depth, with particular reference to the following issues: premiums (calculation basis, e.g. on gross or net pension); benefits payable; participation of pensioners' representatives in health insurance committees; effective operation of the schemes; major problems common to large numbers of pensioners.

19. It was further agreed that the Working Group should be composed of the following members: Mr. C. Buonaccorsi (FFOA, Rome), Mr. S. Grabe (AAFI/AFICS, Geneva), Miss I. Poulsen (NAFICS, Copenhagen) and Mrs. P. Tsien (AFICS/New York), with Mr. A. Chakour (CAF/UNESCO, Paris) as Co-ordinator.

20. As a first stage, the Working Group would assemble and communicate to the Co-ordinator data that would update the tables prepared and distributed by CAF/UNESCO at the Council Session. The data should bring the tables up to 30 June 1988 and should be communicated to the Co-ordinator not later than 15 August 1988. A decision would then be taken on whether, when and where the Working Group should meet to analyse the material and draw up suggestions for improving the working of the various schemes.

21. Several Member Associations expressed concern at the way in which the UN Insurance Unit had been managing the relevant schemes. They noted especially the lack of response to enquiries, and the lateness of billing for premiums which caused uncertainty and anxiety among retirees concerning their coverage. It was agreed that the Chairman would write to the appropriate authority drawing attention to the situation and suggesting that they issue a circular in English, French and Spanish explaining that persons were covered even if the premium payments were overdue because no bill had been sent out.

PENSION QUESTIONS

ITEMS ON THE AGENDA OF THE 168TH MEETING OF THE UNJSPB STANDING COMMITTEE

(Agenda item 5(1), document D.11)

Measures to improve the actuarial balance of the Fund.

22. All participants agreed that the Secretary of the UNJSPB should be congratulated on the contents of the working paper prepared for the Standing Committee. Opinions were divided on the approach to be adopted by FAFICS. Some thought that pensioners had already made substantial contributions to the economy measures already taken (e.g. the 1.5 percentage points reduction in the cost-of-living payment, the 20% cap, etc.), others felt that now, just after FAFICS had been granted the status of "representative" on the Board, was not the time to adopt a hard line; it was important to view problems in a long-term perspective, bearing in mind the future of the Fund and the effectiveness of FAFICS' participation in the Board. It was agreed that if it was decided to make a statement in the Standing Committee, it should be constructive and place emphasis on the need for stability in the pension system.

Rules of procedure.

23. It was agreed that, while one could express general satisfaction with the status given FAFICS in the Board itself (two representatives plus two alternates), there was a problem as regards the proposals made concerning FAFICS' representation in the Standing Committee. The proposals of the Pension Fund Secretary would result in FAFICS having either just one representative or none at all. Every effort must be made to prevent the latter alternative being adopted, while at the same time trying to ensure that the Federation should be entitled to have at least one representative and one alternate.

Individual cases before the Standing Committee.

24. It was agreed that these would require no comment from FAFICS.

General Service pensionable remuneration.

25. It was noted that this was a subject that had been somewhat neglected by FAFICS in the past. The representative from AFICS/Santiago explained some of the problems in Chile and other Latin American countries (wildly fluctuating currencies, payment in kind or in services, etc., which was not included in the pensionable remuneration calculations), problems which had their counterparts in Africa and Asia. It was pointed out that these problems were being considered in the ICSC and should be followed closely by FAFICS.

INEQUALITIES IN LOCAL CURRENCY BASE PENSIONS, DEPENDING ON THE DATE OF RETIREMENT

(Agenda item 5(2), document D.6)

26. With a view to preparing a paper on this subject for submission to the Standing Committee, the Council set up a small working group which met informally on 18 and 19 June 1988. The draft paper was discussed in Council on Monday, 20 June. The text of the paper is appended (cf. Appendix II).

OTHER SOCIAL QUESTIONS
(Agenda item 7)

27. A lively discussion on this item revealed that all the Member Associations carried on many activities designed to assist their members to cope with a number of social problems as well as generally to improve the quality of life of UN pensioners. These activities ranged from organising individual assistance to pensioners, giving direct advice on locally available senior citizen services, organising regular social gatherings/luncheons, ^{and} setting up a welfare or solidarity fund. The bulletins issued by most of them also provided a service to members, maintaining the links among pensioners, providing practical information, supplying information about the activities and programmes of the Organisations, etc.

28. It was agreed that it served a useful purpose to maintain this item on the agenda of future sessions of the Council, to stimulate an exchange of information and to encourage Member Associations to publicize, and perhaps to gain inspiration from, what was being done in other associations. The agenda item should be annotated, however, so that Members would know what was intended. It was agreed that, between Council sessions, the FAFICS Secretariat might be informed directly about such activities, without waiting for them to be published in a bulletin, so that they could be passed on to other associations while still "news".

MEMBERSHIP OF THE FEDERATION
(Agenda item 8, documents D.5 and D.8)

AFICS/Buenos Aires.

29. The Council took note of the application submitted by the Asociación de Ex-Funcionarios de las Naciones Unidas de Argentina (AFICS/Buenos Aires) and the supporting documents, as well as information about the earlier correspondence between that Association and the FAFICS Member Associations in Chile, Mexico, New York and Geneva. It was agreed to accept AFICS/Buenos Aires as a Member Association.

Former Officials Section of the Staff Union of the International Labour Office.

30. The Council took note of the application submitted in May 1988 by the Former Officials Section of the Staff Union of the International Labour Office (cf. document D.8), and of the supporting documents that had been sent directly to the Chairman of the Council at her home in New York without information copies to the Secretariat of FAFICS in Geneva. Copies of the latter documents (Rules of the Staff Union of the International Labour Office; the "Programme of Action" of the Section) which had been available for consultation in the Session, were later distributed to the members of the Council present. The Secretary of the Federation informed the Council that, from a list of members just communicated to FAFICS, the Section currently had 410 members.

31. After a lengthy discussion, in which many arguments were raised both for and against the immediate admission of the Section, it was decided to postpone decision until the end of the year in order to give

the members time to consult their respective executive bodies and enable the executive committees of AAFI/AFICS and the Section to have further consultations.

32. Mr. A. Chakour (CAF/UNESCO, Paris) formally protested against the postponement decision and requested that his reservations be included in the Record of Decisions (cf. Appendix III).

FAFICS ACTIVITIES AS AN NGO
(Agenda item 9, document D.10)

33. In introducing the paper, the Secretary pointed out that, in so far as its NGO activities were concerned, FAFICS had essentially a co-ordinating function. If FAFICS was to maintain its NGO status with ECOSOC it was therefore essential that the Secretary be kept informed on activities and programmes being carried on by Member Associations. A case in point was the Quadrennial Report required by ECOSOC on the activities of its NGOs, which would necessarily, in so far as FAFICS was concerned, consist primarily of information on what was being done by those Associations.

34. The Chairman reported on her participation in the Board meeting of the Conference of Non-Governmental Organisations (CONGO) that had been held in New York early in June 1988. It had been useful to attend and to learn what the topics on the general theme of the next General Assembly of CONGO (NGOs in the UN system - New realities in an interdependent world) were to be: namely, women; racial discrimination and apartheid; disarmament; the 40th anniversary of the Universal Declaration of Human Rights; economic and social development. She informed the Council that the NGOs were planning a seminar in Paris on "human rights and the disadvantaged" (which would include the elderly, one of the areas of interest adopted by FAFICS). This was part of the CONGO plans for celebrating the Human Rights anniversary.

35. It was agreed that (1) FAFICS should maintain its membership in CONGO, and (2) should participate in the forthcoming General Assembly of CONGO (New York, September 1988). The Treasurer was authorised to pay the registration fee for the CONGO General Assembly.

36. The Chairman gave some additional information on the Quadrennial Report to ECOSOC. The Council agreed that the Chairman and the Secretary should complete the report without further reference to Council.

REPRESENTATION OF FAFICS AT THE 168TH MEETING OF THE STANDING COMMITTEE OF THE UNJSPB AND THE JULY 1988 SESSION OF THE ICSC
(Agenda item 10)

Standing Committee

37. The Chairman noted that at this meeting of the Standing Committee there was no limitation on the number of FAFICS participants but the Council might find it politic to exercise some restraint, bearing in mind the Assembly's concern to limit the number of persons attending the UNJSPB. It was agreed that the following persons would represent FAFICS at the Standing Committee but that the published list should not exceed

two representatives and two alternates: Mrs. P. Tsien (AFICS/New York), Mr. S. Grabe (AAFI/AFICS, Geneva), Mr. A. Chakour (CAF/UNESCO, Paris), Miss I. Poulsen (NAFICS, Copenhagen) and Mr. C. Buonaccorsi (FFOA, Rome). The Secretary of the Fund should be informed that the Chairman of the Council, Mrs. M. Bruce (AFICS, New York) would be present at some of the meetings.

July 1988 Session of the ICSC

38. It was agreed that, if the agenda had any item(s) of interest to FAFICS, the meeting should be attended by Mrs. P. Tsien and Mr. R. Smith, both of AFICS/New York. It was noted that if the agenda had items on pension questions, other Member Associations might also wish to be present.

INFORMATION ACTIVITIES

(Agenda item 11)

FAFICS information pamphlet

39. The Secretary reminded participants about the circular letter requesting information for inclusion in the proposed pamphlet and asked members present to provide the required texts during the Council Session. This was agreed and done.

Information to retiring officials

40. The Council noted that it was becoming common practice for members of the various Member Associations to be involved in pre-retirement sessions organised by the different UN and other organisations. This was the case in Copenhagen, Geneva, London, New York and Rome. In Chile, ECLAC was now organising such courses and AFICS/Santiago members had been asked to participate, in particular to tell future retirees about their own experience on leaving international service. It was learned that the pre-retirement courses in Paris had been discontinued.

Information to pensioners

41. The Council once again stressed the importance of issuing and widely distributing regular information bulletins. It was noted that the Pension Fund Secretariat had prepared a circular on the adjustment system. The Secretary should be requested to distribute it to all members.

ACTIVITIES OF THE FEDERATION: PROGRAMME 1988/89

(Agenda item 12)

42. The Council took note of those decisions taken during the present session which required follow-up action by the Chairman, Member Associations and/or the Secretariat of the Federation.

FINANCIAL QUESTIONS

(Agenda item 13, documents D.2, D.3 and D.4)

43. The Council approved the accounts for 1987, took note of the Auditors' Report, and approved the budget for 1989, subject to some minor amendments (cf. Appendix IV). It was understood that any expenditure for travel in connection with the Working Group on health insurance would be borne by the Member Associations concerned.

44. The Council decided to maintain the present scale of contributions for 1989: US\$ 0.50 per member per annum.

ELECTION OF OFFICERS

(Agenda item 14)

45. On the proposal of AAFI/AFICS, Geneva, it was agreed that the Council should appoint four vice-chairmen.

46. The Council unanimously elected the following Officers:

Chairman: Mrs. M. Bruce (AFICS, New York)

Vice-Chairmen: Mr. C. Buonaccorsi (FFOA, Rome)
Mr. A. Chakour (CAF/UNESCO, Paris)
Mr. S. Grabe (AAFI/AFICS, Geneva)
Mrs. P. Tsien (AFICS, New York)

Secretary: Miss A. Butler (AAFI/AFICS, Geneva)

Treasurer: Miss E. Vanbraecken (AAFI/AFICS, Geneva)

DATE AND PLACE OF THE SEVENTEENTH SESSION OF THE COUNCIL OF FAFICS

(Agenda item 15)

47. The Council noted that the next session of the UN Joint Staff Pension Board would in all likelihood be held in New York in August 1989. It was agreed that, in principle, the Council should meet a few days before the session of the Board.

OTHER BUSINESS

(Agenda item 16)

48. FFOA/Rome gave preliminary information on a gathering for retirees it proposed to organise in Paris in the spring of 1989 in conjunction with CAF/UNESCO. After some discussion on the purpose, organisation, place and timing of the gathering, it was agreed that FFOA would prepare an outline of the scheme and send it to all Member Associations which would sound out their members' response to the proposal.

49. On a question already raised at the Fifteenth Session of the Council, it was agreed that CAF/UNESCO would prepare a background paper for taking up within the Pension Board the matter of the impact on pension rights of marriage after separation from service. The paper would be circulated to Member Associations for comments before the end of February 1989.

FEDERATION OF ASSOCIATIONS OF FORMER INTERNATIONAL CIVIL SERVANTS

Sixteenth Session of the Council, Geneva, 17/18 and 20 June 1988Agenda (revised)

<u>Item No.</u>	<u>Relevant paper or comment</u>
1. Election of the Chairman of the Session	
2. Adoption of the agenda	D.1/Rev.2
3. Report of the Chairman of the Council	
4. Reports of the appointed representatives of FAFICS to various bodies and meetings:	
(1) Meetings of the UNJSPB and associated bodies -- 27th Session of the UNJSPB (Geneva, 3-7 Aug. 1987)	Distributed 10.12.87
(2) Other meetings -- Board of the Conference of Non-Governmental Organisations (CONGO) - (a) Geneva, October 1987 - (b) New York, June 1988	Reported under item 9
5. Pension questions	
(1) Items on the agenda of the 168th Meeting of the UNJSPB Standing Committee	D.11; cf. also memo. of 20.4.88
(2) Inequalities among pensioners in local currency amounts, depending on the date of retirement	D.6
6. After-Service Health Insurance	D.7;D.9
7. Other social questions	
8. Membership of the Federation: applications from	
(1) AFICS/Buenos Aires (Asociación de Ex-Funcionarios de las Naciones Unidas en Argentina)	D.5
(2) Former Officials Section of the Staff Union of the International Labour Office	D.8
9. FAFICS activities as an NGO	D.10
10. Representation of FAFICS at the 168th Meeting of the Standing Committee of the UNJSPB and the July 1988 Session of the ICSC	
11. Information activities within the Federation	
-- FAFICS Information pamphlet	
-- Information to retiring officials	
-- Information to pensioners	

12. Activities of the Federation: programme 1988/89
 13. Financial questions
 - (1) Approval of the accounts for 1987 D. 2
 - (2) Auditors' report D. 3
 - (3) Approval of the budget for 1988 D. 4
 - (4) Scale of contributions for Member Associations for 1988/89
 14. Election of Officers
 15. Date and place of the Seventeenth Session of the Council of FAFICS
 16. Any other business
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INEQUALITIES IN BENEFITS BASED ON DIFFERENT DATES OF SEPARATION

Note submitted by the Federation of Associations
of Former International Civil Servants
(FAFICS)

1. It will be recalled that, at its 36th and 37th Sessions, the Board had before it papers dealing with inequalities in benefits based on different dates of separation. In summary, the findings in these papers were that this problem concerned, in the first instance, retirees from the Professional and higher categories and that the problem was particularly acute as regards local currency base pensions, which tended to vary greatly over time as a result of movements in the currency exchange markets which, since the early 1970s, have been particularly erratic. In countries with relatively stable currencies, the variations over time in local currency base pensions were less pronounced for General Service and other locally recruited categories.
2. The major problems in these areas will, it is hoped, be extensively dealt with by the Board, in co-operation with the CCAQ and the ICSC, as part of the general review of pensionable remuneration for all categories of staff, which has been requested by the United Nations General Assembly for its 45th Session (1990). The purpose of this paper is to direct attention to three problems in the operation of the present system which are considered particularly urgent and which, it is felt, cannot wait until 1990 for a solution to be found to them. These are:
 - (a) the wide gaps in some countries between the highest and the lowest pensions paid to retired staff with equal qualifications;
 - (b) the special problems encountered by pensioners who move from one country to another, in which the base pension amounts have been particularly low over a long period of time;
 - (c) the use of different time periods for the determination of base pensions.
3. These three problem areas will be dealt with in the subsequent parts of this paper.
4. All the figures presented in this paper have been derived from the "Note by the Secretary" which the Board had had before it at its 37th Session (1987), with the same title as the present paper and bearing the code JSPB/37/R.19. It is recognised that in some cases these figures are outdated because of the movements of various currencies -- in particular the continuing depreciation against many currencies of the United States dollar -- and the application of adjustments to pensions in 1987; It is felt, however, that it is better to use the same figures this year as the trends which are to be discussed here were also present a year ago and are amply illustrated in the paper, particularly in its annexes, with updated pension amounts for both Professional and General Service categories paid at the end of 1986.

Gaps between highest and lowest pensions -- Professional category

5. In January 1987 a former international official, who had been with his organisation for twenty years and retired in France at top step P4 level, received a "local track" pension of FF. 12,722 per month if he left the service

at the end of 1978. His colleague, who retired seven years later, received a monthly pension of FF 20, 268. The gap between the two amounts -- both including all adjustments granted after the date of retirement -- is 59.3%. Even worse off was a pensioner who left service in 1980: his monthly pension was FF 11,668 -- a gap of 73.7% in comparison with the pension of the more recently retired person.

6. The principal reason for these differences in pensions of persons retiring at different dates, is that currency values have changed in the 1970s and 1980s in ways which differ from the evolution of consumer prices. Significant gaps between highest and lowest local currency pensions are found in all the countries covered by the report: they amounted to 63% in Austria, 73% in France, 43% in Italy, 17% in Switzerland, 55% in the United Kingdom, 20% in Japan, 33% in India, 43% in Thailand, 27% in Ethiopia, 49% in Kenya and 36% in Mexico. Dollar pensions remained relatively stable throughout the period. At the level of retirement used as the example (top step, P4. 20 years of service, age 60, full pension amount) the gap between the highest and the lowest amounted to only 9.6%.
 7. The existence of such gaps between highest and lowest pensions paid to officials with the same service record but who have retired at different points in time has unfortunate effects on both pensioners and the Organisations. Pensioners with relatively low pensions are also at an often very low income replacement level; their standard of living after retirement is often far below what they had the right to expect while in service. It is particularly true now that the external value of the United States dollar has been at all-time lows against many of the major currencies, and more and more pensioners are forced to choose the double track in order to get at least a minimum pension in local currency. They are also looking with fear towards the future. Many economists forecast a further depreciation of the US dollar in the next few years.
 8. To the Organisations the gaps -- as was recognised by the General Assembly when it adopted the floor-rate system -- lead to worries among staff members and increased rates of early retirement. This latter phenomenon, clearly demonstrated by experience in recent years, also has negative effects on the actuarial balance of the Pension Fund.
 9. The "gap problem" therefore needs urgent attention. It is proposed that the Standing Committee ask the Secretary to submit a paper to the 38th Session of the Board, with suggestions as to how the problem might be tackled in at least a short-term perspective. Among ideas that could be explored, mention might be made of widening the scope of paragraphs 25-26 in the "Pension Adjustment System" (which at present relate only to currency movements within a particular quarter) to permit emergency action when gaps tend to widen beyond tolerable limits.
- Move to another country of residence
10. One of the basic elements in the double track adjustment system is that once a pensioner has submitted proof of residence to obtain local currency base pension guarantee, he cannot go back and claim an adjusted dollar pension. This feature in the system has been accepted by both the Board and the General Assembly and is not, in principle, contested.
 11. Experience has shown, however, that in several cases moving from one country to another may sometimes result in drastic reductions in the standard of living of the individual. This is particularly the case when there is a wide gap between the spot rate and the basic local currency guaranteed pension. This is often the case in countries with unstable currency conditions -- in Mexico, for instance, the spot rate was 3 1/2 times above the level of the three-year average

that was applied to new pensioners in 1982. A pensioner moving from, say, Paris to Mexico, having received his first pension in 1982 would hardly be able to pay his way in the new country, even after many years of service and a high level of service at the time of termination.

12. The restriction relating to moving from one country to another was introduced on the principle that participants should not be permitted to speculate against the Fund. However, it should be recognised that pensioners move from one country to another for perfectly legitimate reasons and without any financial speculation influencing their decision. Among such reasons are old age, illness, loss of a spouse, and many other non-financial motives. It is recalled that the decision to settle in one country at age 60 -- for instance in the country of residence -- may have motives which are no longer valid ten or twenty years later.

13. It is felt that some flexibility is needed to cope with cases in which a considerable loss in purchasing power in the case of a move is demonstrable. It is proposed that the Secretary prepare a note on the subject and submit it to the 38th Session of the Board.

Exchange rate averaging

14. The local currency base pension is determined in application of a number of factors. The base is the Final Average Remuneration which is determined by the earnings (in US dollar terms) in the 36 best months over the last 60 months prior to retirement. Earnings in this case refers to gross income in the scales of pensionable remuneration. In some cases -- rare for General Service and other locally-recruited categories but increasingly applicable for Professionals -- a "Washington formula" factor is applied. The amounts in US dollars are then translated into a local currency base pension using the average exchange rates over the last 36 months.

15. This difference introduced an erratic element in the base pension calculation -- in one case, the average over the 36 best months during the last five years of service, in the other case an average over the last 36 months of service -- is particularly evident in the case of General Service and other locally-recruited staff, whose pensionable remuneration is determined in local currency, then (mainly for accounting reasons) translated into US dollars and then re-translated back into local currency. It can work both ways, depending on how exchange rates have moved over the five-year period, sometimes resulting in a higher than intended income replacement rate, in other cases in a lower income replacement rate than the Regulations provide for.

16. It is proposed that the Secretary prepare a note on the subject for the 38th Session of the Board, with a view to possible changes in the practices in this respect. It is recognised that any such change, considered particularly relevant for General Service and other locally-recruited categories, would imply administrative complications. However, it is hoped that these can be overcome.

Reservation on the part of the representative of CAF/UNESCO, with respect to the postponement decision concerning the application for membership received from the Former Officials' Section of the Staff Union of the International Labour Office.

The representative of CAF/UNESCO dissented from this decision. He thought that the application of the Former Officials' Section, dated 2 May 1988, had been submitted sufficiently in advance to permit the Council to admit this new group as a Member Association of FAFICS at the present session, as had been the case with the application of AFICS/Buenos Aires (letter dated 20 April 1988).

He expressed the hope that this application would be considered with utmost despatch so that this important group of international retired staff, numbering already 410 members, would be admitted to FAFICS in the near future in order that it could participate fully in the next Council session in 1989.

He took note with satisfaction of the Chairman's suggestion that the decision could be taken by correspondence in advance of the next Council session.

Addition to para. 40, after the words "following amendments":

- ~~#~~ — an increase from \$3,000 to \$4,000 in the provision for travel, to take account of the fact that the next session of the Council was likely to ~~take~~ be held in July/August 1989, in New York;
- an increase from ~~\$150 to \$225~~ \$149.50 to \$225, in the item "contribution to CONGO, to take account of the Federation's participation in the 1988 General Assembly of CONGO (New Yor, September 1988).

40 bis. ~~sec~~ It was pointed out that the document D.4 "Proposed budget for 1988" should really be entitled "Proposed budget for 1988-89" since, in effect, the figures really related to expenditure between ~~ex~~ the present session of the Council until the next. This was probably merely a matter of changing the heading; the figure ~~for~~ relating to the Federation's income from membership dues, was also purely indicative.

F E D E R A T I O N O F A S S O C I A T I O N S O F
F O R M E R I N T E R N A T I O N A L C I V I L S E R V A N T S (D R A F T B U D G E T F O R 1 9 8 8)

Contractual contribution for secretarial services rendered by AAFI/AFICS.....	800.--	<u>CONTRIBUTIONS</u>	
Travel Expenditure	4.000.--	AAFI/AFICS Geneva	1.230.--
Postage.....	300.--	AFICS New York.....	1.400.--
Bank charges.....	50.--	AFICS Santiago.....	60.--
Contribution to CONGO.....	225.--	AFUNPI Bangalore.....	90.--
		APFNU Mexico.....	40.--
		BAFUNCS London.....	300.--
		CAFICS Montreal.....	130.--
		FFOA Rome.....	650.--
		NAFICS Copenhagen.....	80.--
		UNESCO Paris.....	460.--
		Excess of expenditure over income	935.--
	<hr/> 5.375 <hr/> <hr/>		<hr/> 5.375 <hr/> <hr/>

* 1988 and part 1989.