



FEDERATION OF ASSOCIATIONS OF FORMER INTERNATIONAL CIVIL SERVANTS
FÉDÉRATION DES ASSOCIATIONS DES ANCIENS FONCTIONNAIRES INTERNATIONAUX
FEDERACION DE ASOCIACIONES DE EX-FUNCIONARIOS INTERNACIONALES

**Forty-first session of the Council
Paris, 26-29 June 2012**

Report of the session

1. The forty-first session of the Council of the Federation of Associations of Former International Civil Servants was held from 26 to 29 July 2009 at UNESCO headquarters in Paris under the presidency of Andres Castellanos. The formal opening of the session on 26 June was preceded on 25 June by meetings of the Standing Committee on Pension Issues under the chairmanship of Gerhard Schramek and the Standing Committee on ASHIL Issues chaired by Roger Eggleston. The FAFICS Bureau also met on the eve of the Council session.
2. Council observed one minute's silence in honour of former colleagues who had passed away and those international civil servants who had lost their lives in the service of the United Nations over the past year.

Opening session

3. The FAFICS President declared the meeting open on 26 July at 10 a.m. Eric Falt, Assistant Director-General of UNESCO, bade the participants welcome on behalf of Irina Bokova, Director-General of UNESCO, and hoped that they would enjoy their stay in Paris.
4. The Assistant Director-General paid tribute to the Federation and assured Council of the solidarity of UNESCO with all the issues that FAFICS took up on behalf the retirees. Within his own organisation, close ties were maintained with AAFU/AFUS on a whole range of issues touching upon health insurance, pensions and taxes. The Federation and its member associations exercised a significant network function and the many issues facing them ranged from the dual-track system and voting rights to bank charges, as well as the protection of the rights of ageing people.
5. He encouraged the participants to take advantage of the current exhibitions currently on show in UNESCO, which boasted the largest collection of art of any United Nations organisation.
6. In thanking Eric Falt for his kind words, the President thanked UNESCO and the host association, AAFU/AFUS Paris, wholeheartedly for the facilities they had so generously provided.
7. Jayaraman Sundaresan, FAFICS Secretary, presented a list of the 31 member associations that were represented at the session, directly (24) or by proxy (7). The list of participants is contained in Appendix 1. At a later stage, the Secretary drew attention to the messages wishing Council every success transmitted by member associations in Brazil, Costa Rica, India-New Delhi, Japan, Lebanon, Malaysia-Singapore-Brunei, Mexico, Myanmar, Nicaragua and Thailand that had been unable

to attend the current session. Welcoming messages wishing Council every success in its deliberations had also been received from three Presidents emeriti: Aamir Ali, George Saddler ,Witold Zyss, as well as from the Honorary Secretary, Anders Tholle.

Agenda item 1: Adoption of the agenda

8. Council adopted the provisional agenda (document Council 41/2012/D.1) as submitted together with the provisional schedule of work. The agenda was adopted as contained in Appendix 2. The list of documents submitted to Council is reproduced as Appendix 3.

Agenda item 2: Election of a Presiding Officer and Rapporteur

9. Council elected Michael Atchia (AFICS-M-Mauritius) to preside over the session. Peter Lillie (ARICSA-Vienna) was elected rapporteur.

Agenda item 3: Report by the President

10. Prior to presenting his report contained in document Council 41/2012/D.3 (see Appendix 4), the President welcomed the participants to Paris. He also expressed fulsome thanks to AAFU/AFUS-Paris, the host association, as well to Georges Kutukdjian and Josiane Taillefer for their generosity and kind hospitality.
11. It saddened the President to report of the death of Angela Butler, former Executive Secretary of FAFICS, Eduardo Albertal, Vice-President Emeritus of FAFICS, founder and former President of AAFIB-Brazil, Mr. Carlos Goulart, President of AAFIB-Brazil, Mr. Fernando Pimenta Alves, Deputy Auditor and former Vice-President of AAFIB-Brazil and Mr. Tomas Lopez, founder and former President of AFICS-Colombia.
12. He welcomed the admission of AFUNIC-Nicaragua and AFICS-Japan to the ranks of the Federation. At present, FAFICS numbered more than 19,000 members and no less than 52 member associations, thus heightening its global presence. He and the FAFICS Secretary had also paid a courtesy visit to the Association of Retirees of the United Nations Postal Union in Bern to explore the possibilities of eventual membership. Similar endeavours were underway in Cyprus and Nepal. Adama Pierre Traoré had been actively involved in paving the way to establishing new associations in Benin, Chad, Guinea, Central African Republic, Niger and most recently Côte d'Ivoire. Recruitment had also been greatly facilitated by the Pension Fund Secretariat circulating letters on behalf of member associations in the Philippines and Mauritius, and similar results were expected in Nigeria and Cyprus. He further expressed his thanks to the spirit of solidarity displayed by Adama Pierre Traoré (AAFNU-Burkina Faso) and Oscar Larghi (AFICS-Argentina), who had responded to the President's plea for closer communication between member associations and undertaken the task of translating the report of the previous Council into French and Spanish, respectively.
13. Gender balance had been improved in the Federation and associations were encouraged to organise regional meetings in an attempt to strengthen ties within a region, as the President had repeatedly stressed over the past four years. The Federation had also been actively involved in the activities of the Search Committee set up to select a new CEO of the Pension Fund. FAFICS keenly followed

developments in the Pension Board. While recognising the need to be prudent under the current circumstances, it would none the less strive to achieve the priorities it had set itself.

14. The President regretted the absence of guidelines for interpreting and applying corrective measures by the CEO to overcome aberrant situations as described in Paragraph 26 of the pension adjustment system. He was equally dismayed by the lack of progress on alleviating the plight of former UNJSPF participants from the former Soviet Union, Ukrainian SSR and Byelorussian SSR.
15. He reaffirmed the Federation's commitment to defend the double-track system and stressed the need to solve the issue of crippling bank charges that had a disturbingly negative impact on pensions, particularly small pensions. He welcomed the positive developments in the application of the UNJSPF Emergency Fund, which included collaboration with FAFICS member associations in the provision of assistance to retirees in need, as had been amply demonstrated in Thailand. He looked forward to greater flexibility and swifter procedures in the future.
16. The Federation would remain vigilant in matters pertaining to after-service health insurance (ASHIL) and foster its advocacy role and participation in system-wide meetings of relevance to the activities of FAFICS. It would also focus on securing greater support by and improved cooperation with UNDP offices in the field.
17. In closing he paid tribute to the Secretary, Assistant Secretary and Treasurer of the Federation for the support they had lent throughout his term of office. He was also deeply indebted to the members of the Bureau, the Chairs and Vice-Chairs of the Standing Committees, as well as to AAFI-AFICS Geneva and AFICS-New York for the sustained presence they had provided to both the FAFICS Secretariat and the President. He also thanked the CEO of the Pension Fund, the Secretary-General's Representative for Investments, the Chairman of the International Civil Service Commission (ICSC) and their staff for the cooperation they had extended to the Federation. He expressed his gratitude to the United Nations Federal Credit Union for the financial support it had lent to the current session of the Council; it had sponsored the cocktail reception co-hosted by FAFICS and AAFU/AFUS. Above all else, he was profoundly grateful to Council for having extended to him what he would always regard as a lifetime honour and privilege.
18. In the ensuing discussion, the President was commended on the comprehensive nature of his report. Numerous delegations paid tribute to the President for the energy he had invested in fulfilling his role and the importance he attached to visiting the various regions. His wife was also praised for the understanding she had shown for her husband's commitment to duty throughout his terms of office.
19. In concluding the agenda item, Council took note of the President's report with appreciation.

Agenda item 4: Admission of new members

20. Applications had been received from AFICS-Japan and AFUNIC-Nicaragua, both of which had been found to meet the conditions for membership of FAFICS as a full member and associate member, respectively.

21. Council welcomed the new associations with a round of applause.

Agenda item 5: Pension issues

(a) *Report of the Standing Committee on Pension Issues*

22. Gerhard Schramek introduced the Standing Committee's report (see Appendix 5). He explained that the lengthy agenda had been driven by the equally lengthy agenda of the upcoming session of the Pension Board. Given that papers had been prepared in respect of each agenda item, the report itself was intentionally brief.
23. The Committee's deliberations had been overshadowed by the news of the increased actuarial deficit. The Committee was of the opinion that the sole measure that would help to reduce the actuarial imbalance was to increase the normal age of retirement to 65. However, given that the deficit of 1.87 per cent was still below the buffer of 2 per cent, there appeared to be no need for immediate action.
24. The Committee had discussed the study that the Pension Fund Secretariat had conducted on small pensions, which had contained no recommendations. In a new study to be undertaken on the same subject, the Pension Fund Secretariat planned to include certain extraneous elements, such as the COLD factor or the double track, which had no bearing on small pension matters, further to which the grades to be applied in the new study as well as the periods of service in the GS category were inappropriate in the context of the provision of minimum benefits.
25. Gerhard Schramek pointed out that in addition to the Committee of Actuaries having said that increasing the normal retirement age should be a top priority for consideration by the Board, the ICSC in a more recent statement had spoken of the analysis and findings in ICSC/DOC.R.4 providing 'evidence that there is a case for considering the matter of the mandatory age of separation in the United Nations common system organisations'. FAFICS should support such views.
26. In its consideration of the plan design measures, the Committee supported the implementation of certain measures that would yield financial benefits to the Fund as well as some that would incur minimal costs for the Fund. The Committee had also welcomed the proposed changes in the relevant administrative rule B.3 of the Fund pertaining primarily to the definition of the term 'spouse'.
27. A lengthy discussion had ensued on the subject of paragraph 26 of the pension adjustment system. The paragraph had been applied in Venezuela and Kenya, but not in Argentina: a situation that had led some members of AFICS-Argentina to lodge an appeal before the Standing Committee of the Pension Board. In his report to the Pension Board, the CEO of the Fund had reported on both instances and announced that he had established 'an internal working group to study the complexity of the two-track system ... and the limitations of paragraph 26'. The Committee concurred with the CEO on the shortcomings of paragraph 26 and recalled the proposals that FAFICS had made in that regard in 2006, which were still valid. Despite having lent extensive support to AFICS-Argentina over the years, the Standing Committee as a technical committee could not intervene in a matter that

was *sub judice*. The Committee also recognised that a number of factors such as the lack of information and the precipitate nature of the action had aggravated the situation in Kenya. The Committee felt that it would be beneficial if the Pension Fund booklet on the two-track system could be amended so as to be more informative and explicit on the consequences of opting for the two-track system.

28. Regrettably the paper on the composition of the Board of the Pension Fund had had to be considered in the absence of the author. The Committee was of the opinion that improving the retirees' representation on the Board at the expense of the participants' representatives would bear adverse consequences for the Federation.
29. In closing, Gerhard Schramek thanked the delegations for their active and gratifying participation in the deliberations of the Committee that had got off to a splendid start.
30. In the ensuing discussion, a number of associations commended the Committee on the quality of the report. Others spoke of the Standing Committee's report as being an accurate and even-handed description of the debate.
31. An AAFU/AFUS delegate reminded the meeting that the intention of the Committee of Actuaries' original proposal pertaining to the contribution rate had been to draw the attention of the Pension Board to the possibility of raising the contribution to 24 per cent; it currently stood at 23.7 per cent. However, at a later stage in the debate, he assured Council that he was not suggesting that Member States be asked to increase the contribution rate to 24 per cent. Among other issues that he raised, he recalled that the cost-of-living adjustment was not merely a reasonable expectation, but an entitlement as part of the pension adjustment system: a position that had been borne out by Administrative Tribunal judgements. Furthermore, the increase in the age of retirement, a prevalent trend in numerous countries, mirrored the increase in longevity. He also reminded Council of the need to continue placing emphasis on the three priorities listed in paragraph 10 of the Standing Committee's report.
32. While endorsing the Standing Committee's findings, AAFI-AFICS-Geneva questioned the advisability of mentioning the possible rise in the contribution rate at the present juncture. Recommending measures that increased the actuarial deficit would raise questions about the Federation's credibility. With respect to the normal age of retirement, AAFI-AFICS-Geneva recalled that it had last been raised from 60 to 62 in 1990. If an increase in longevity of 3 months per year were to be assumed for the intervening period, the resultant increase at the present juncture would be closer to 67. That fully warranted raising the normal age of retirement from 62 to 65 without any further delay. As for the elimination of the 0.5 per cent reduction in the first cost-of-living adjustment after retirement, AAFI-AFICS-Geneva suggested that the Federation merely recall the decision of the Pension Board and not press for its implementation in the interest of not harming the credibility of FAFICS.
33. The same delegate endorsed the Standing Committee's position on the status of participants under the relevant rules of the Pension Fund. He was, however, very concerned about the complexities of the two-track feature that the CEO had referred to in paragraph 14 of Board document R.37. He did not think it appropriate that an internal working group, the findings of which would be transmitted direct to the Pension Board, should address such important matters. At a later stage in the

discussion the President of FAFICS suggested that the Federation might seek a formalisation of the working group and so secure FAFICS membership in the same.

34. In his final round of remarks, the AAFI-AFICS-Geneva delegate shared the concerns of his colleagues over the manner in which Paragraph 26 had been applied; his association's position on the matter would be addressed in the discussion under agenda item 5(d): Other pension issues. His not submitting the document on the composition of the Pension Board to the Standing Committee was due to the fact that the paper described long-term strategy for securing voting rights in the Board; hence, it did not qualify as a technical paper.
35. The FFOA representative expressed strong reservations regarding possible unintended negative consequences over the proposed new definition of the term 'spouse'. He requested the Federation's representatives to stress their expectation that the procedure outlined in paragraph 10 of the document JSPB/59/R.33 would continue to cover the largest number of cases.
36. In the final analysis, Council took note of the Standing Committee's report and the issues raised in the subsequent discussion.

(b) *Situation of the former UNJSPF participants from the former USSR, Ukrainian SSR and Byelorussian SSR*

37. Mikhail Gunar (AFICS-Moscow) introduced the paper on the situation of the former UNJSPF participants from the former USSR, Ukrainian SSR and Byelorussian SSR (document Council 41/2012/D.5b) that his association had prepared. In the absence of the Chair of AFICS-Kiev, he described in detail the plight of the former participants from the Ukraine. Despite the transfer agreements between the UNJSPF and the Government of Ukraine that went into effect in 1981, none of the participants had ever received the supplements/entitlements to their state pensions. Similar agreements had also been concluded with the USSR and the Byelorussian SSR, under which the UNJSPF had remitted US\$ 38 million to the USSR Social Security Fund.
38. Since 2002, the Fifth Committee and the General Assembly had dropped discussion of the issue from its agenda. Subsequent letters from both the retiree association and the CEO of the Pension Fund to the Ukrainian Government had been to no avail. More recently, the Ukrainian Government had passed the matter on to the Ministry of Social Security, whose reply assured the retirees that it would meet their request under a new pension law. That proved not to be the case. Having heeded a request to wait for two years since all available funds were needed to restore the country's economy, AFICS-Kiev would be re-submitting its request in the near future.
39. As for the situation in Russia, Mikhail Gunar reported that matters remained unsolved despite persistent efforts to obtain a legal decision from the Russian authorities. The association felt that their cause would be well served by a letter to either the Secretary-General of the United Nations or the President of the Russian Federation. A demonstration of political will invariably made for feasible solutions in Russia. Wording was suggested for such a letter.

40. Four approaches had also been suggested by AFICS-Moscow: (i) entrusting the CEO/Secretary of the Pension Fund with a new mandate; (ii) lodging an appeal before the United Nations Administrative Tribunal; (iii) having the Investigation Division of the United Nations Office of Internal Oversight Services or an independent lawyer assess the legality of the transfer agreements; and (iv) taking the case to the European Court of Human Rights.

41. In the ensuing discussion, it was pointed out that the services of a lawyer entailed considerable costs and was a long-term undertaking (possibly three years). That notwithstanding, information and legal advice was clearly needed.

42. Council took note of the report on the situation. It agreed that FAFICS should transmit a copy of document Council 41/2012/D.5b to the CEO of the Pension Fund and secure consideration of the issue under the item entitled Other business on the provisional agenda of the upcoming session of the Pension Board. The Federation would also endeavour to bring the problem to the notice of the Secretary-General of the United Nations so that he might raise the issue at an appropriate juncture with the President of the Russian Federation.

(c) *Information on the benevolent funds of FAFICS member associations and Emergency Fund of the UNJSPF*

43. Mary Johnson (AAFICS-Australia) introduced the report on the use of the Emergency Fund of the UNJSPF (document Council 41/2012/D.5c). No real discernible improvement in the Fund's operations was apparent. The increase in the number of requests continued to outstrip the increase in the number of disbursements. Moreover, the high proportion of disbursements to retirees in Europe and North America remained and probably showed that skills in writing up cases and securing relevant documents assured a better outcome. The insistence on compliance and probity in the use of funds invariably meant that the overformal language and processing delays were to the disadvantage of those most in need. Similarly people from countries with poor Internet access were also at a disadvantage. A welcome change in practice had been the deployment of Emergency Fund resources in the wake of major catastrophes in Haiti and Thailand. It was hoped that the speedier and more flexible procedures applied in both those instances would help improve the more rigid regular application procedures.

44. In the ensuing discussion, it was recognised that the Pension Fund had continued its endeavours to publicise the Fund. It had been mentioned several times in the annual letter of the CEO and a special booklet had been issued. It was further recognised that if an association were involved in the application process, the chances of success were heightened. In that connection, the FAFICS secretariat would wish to be informed of all success stories.

45. The new trend related to natural disasters was welcomed. It was suggested that residual funds at the end of each year could be transferred to a separate calamity fund. The suggestion was deemed inadvisable, as it would offer an opportunity to cut resources in general. It was recognised that the complex and cumbersome procedures did little to help beneficiaries and alleviate their urgent needs. That applied particularly to widows in developing countries who were often overwhelmed by the demands for supporting documentation. An earlier offer by FAFICS to help re-

vamp the procedures had been declined. It was hoped that such an attitude might change with the arrival of the new CEO.

46. Staff dealing with Emergency Fund procedures should get out and meet their clients. The rule-bound mentality should yield to a more sensitive mentality. It was essential to keep up the pressure as the new two-year reporting cycle could mean that the issue would slip below the horizon.
47. In conclusion, Council thanked Mary Johnson for keeping a watchful eye on developments related to the Emergency Fund. It also expressed appreciation for the introduction of specific campaigns to address the aftermath of major natural disasters and their impact on beneficiaries. Member associations should continue to be involved in the process, as had been demonstrated by the effectiveness of AFICS-Thailand as an intermediary. Moreover, procedures should be simplified and made more responsive to requests from beneficiaries in developing countries.

(d) *Other issues*

48. Under the agenda item, Council considered a paper addressing a series of crucially important issues, such as paragraph 26, the impact of currency fluctuations, pension benefits and the actuarial costs of the two-track feature (document Council/41/2012/D.5d). Gilbert Ferrari (AAFI-AFICS-Geneva) introduced the document; he stressed that the two-track system was no more complex than many other features of the pension adjustment system. However, it had to be realised that many of the processes related to the pension system would have to be fully documented so as to guard against the loss of institutional memory as people went into retirement. The most recent actuarial findings on the cost of the two-track feature were basically the same as before; hence, no changes were called for. The cost of the system decreased when the US dollar value increased against other currencies and vice versa. While the two-track system had entailed costs of \$137 million primarily as a result of the US dollar depreciating, the same depreciation had generated a significantly higher return on investment. The Fund should not single out the two-track system and the paper put forward a series of suggestions for protecting the Fund against exchange rate fluctuations, including a proposal to collect the contributions of General Service participants in local currencies to cover monthly benefit payments in those countries. It also included a recommendation pertaining to the definition of aberrations and determination of corrective measures related to paragraph 26 of the pension adjustment system.
49. The paper was seen to be a thought-provoking and 'meaty' document that provided a host of additional arguments. At the same time, it was a complex document that required more time to consider. In the course of the discussion, Council reaffirmed its determination to defend the two-track system to the hilt. The paper provided further arguments that bolstered that aim.
50. Prior to Council taking note of the document, the Chair of the Standing Committee on Pension Issues stated that he looked forward to the full participation of AAFI-AFICS-Geneva in the next session. The ideas that the association had brought forward would provide much needed ammunition in the defence of the Federation's priorities. None the less, it would be prudent to hold one's fire until other parties in the debate declared themselves.

51. In the course of the debate surrounding the report of the Standing Committee on Pension Issues and the document described above, a major discussion developed on the plight of recently bereaved widows. Most particularly in the developing countries, they often found themselves confronted with demands for documentation that they could not meet. In the absence of those documents, they were left destitute. In the opinion of many delegations, the Pension Fund should honour its commitment in the same manner as an employer. Just as organisations paid staff members and experts their salaries upon recruitment and the Pension Fund paid beneficiaries more or less immediately upon retirement, they should do the same for the surviving spouses.
52. One delegation listed the number of occasions that staff members had to provide documents such as the birth-certificates of the members of the immediate family, marriage certificates and the like. It seemed illogical to demand the same documents all over again at the time of the beneficiary's death. In brief, all the documents required on both retirement and death had been submitted at the time the staff member took up employment. A further complicating factor was the fact that in many instances, the bereft and highly vulnerable surviving spouses did not know where the requisite documents were or how to obtain validated copies thereof. One possible solution might be to have the spouse sign the certificate of entitlement together with the beneficiary.
53. The problem was not unique to any one region; it was a global phenomenon. Several quick-fix solutions had been mentioned, but all had failed. The situation called for a genuine in-depth assessment of the problem and greater awareness of other cultural environments. It might well prove necessary to involve Staff Pension Committees to a greater degree and to develop a system for checking the completeness of files held by the Pension Office.

Agenda item 6: Meeting with the CEO/Secretary of the Fund and the Representative of the United Nations Secretary-General on Investments

54. Council met on 28 July 2012 with Bernard Cochemé, the CEO/Secretary of the Fund, Sergio Arvizu, Deputy CEO/Secretary, Alan Blythe, Chief, Geneva Office, Karl Ludwig Soll, Chief Financial Officer, Frank De Turrís, Chief Operations, Jaana Sareva, Chief Legal Office, Caroline Kaiser, Special Assistant to the CEO, Pat Ryder, CEO Assistant, Gedma Arndt, Administrative Assistant, and Eddie Stanczak, IT specialist, as well as Mr. Warren Sach, the Representative of the UN Secretary-General on Investments, and Suzanne Bishopric, Director, Investment Management Division.
55. Bernard Cochemé provided a comprehensive update on the status of the Fund. Following the presentation, the speakers and other members of the Pension Fund Secretariat fielded a broad range of questions on pension-related matters. In addition to the in-session questions, a list of questions had been submitted in writing to the CEO/Secretary of the Fund, the responses to which had been received in a memorandum to the FAFICS President dated 19 June 2012 (document Council/41/2012/D.6).
56. Warren Sach gave a presentation on the performance of the Fund's assets. Together with Suzanne Bishopric, he answered a series of questions on investment issues.

57. At the end of the meeting, the President on behalf of the Federation thanked Mr. Cochemé and Mr. Sach, together with their colleagues, for the information and replies they had given. FAFICS looked forward to continued close cooperation in the year ahead.
58. The PowerPoint presentations delivered during the meeting would be duly posted on the FAFICS website: www.fafics.org

Agenda item 7: After-Service Health Insurance and Long-Term Care (ASHIL)

(a) Report of the Standing Committee

59. Roger Eggleston introduced the Standing Committee's report (document SC/ASHIL/2012/Report) and draft resolution SC/ASHIL/2012/Res.1 (see Appendices 6 and 7). He remarked at the very outset that the Standing Committee process had got off to a good start.
60. The Standing Committee had noted that the Secretary-General's response to the request in General Assembly resolution 64/241 was in the course of preparation. It had of necessity been targeted towards New York, yet the approach being taken was reassuring as was the willingness of those involved to discuss matters with FAFICS representatives. Equally reassuring was the fact that the issue had been postponed to the resumed session of the General Assembly in 2013, thus hinting at lesser urgency or lower priority being accorded to the issue. It had also been noted that the pay-as-you-go principle, the most current approach for most organisations, was still one of the viable options to be included in the report to the General Assembly.
61. Four major concerns had been identified and the Standing Committee had decided to maintain the overall issue of the costs of health-care insurance as an ongoing permanent issue on its agenda. Updating the comprehensive data-base on changes in the organisations' health insurance schemes was a major undertaking that hinged on the active involvement of all ASHIL focal points in all associations. The number of retirees contributing to the various health insurances was not inconsiderable [close to a third of all contributors]. It was thus politically appropriate to include retirees as active contributing participants in the management of health insurance schemes in all organisations. A resolution had been drafted on the issue.
62. The Standing Committee had received updated information on US Medicare Part B, details of which were included in the report. It had also recognised the importance of extending ASHI benefits to divorced spouses. It had to be realised that certain assumptions based on social interactions were no longer valid and organisations' rules and regulations did not reflect changed realities. ASHIL focal points and others involved in health insurance arrangements should take the matter up with health insurance committees and staff unions – or directly with administrations.
63. In the ensuing discussion, a tally was taken of the number of organisations where retirees served on health insurance committees. Participants in the Council knew of at least six such instances, not including the regional economic commissions. In UNESCO, for example, one third of the elected representatives on the Board of the

UNESCO Medical Benefit Fund were retirees with the same voting rights as staff representatives.

64. AAFI-AFICS-Geneva welcomed the updating of the data-base, the formalisation of retiree representation on health insurance committees and the extension of ASHI benefits to divorced spouses. AAFI-AFICS-Geneva, however, was not in favour of free coverage for retirees who had entered no claims over a number of years. That ran counter to the principle of solidarity. Furthermore, it opined that although the pressure on ASHI might have let up somewhat, it might well bear implications for organisations and agencies elsewhere, despite the focus on New York. It was thus important to determine the manner in which FAFICS would respond in the course of discussions in the resumed session of the General Assembly and undertake the appropriate preparations.
65. AAFICS-Australia requested that details on the representation of retirees in the various health insurance schemes be included in the data-base. Reference was made to the fact that in certain countries national health-care schemes did not exist.
66. The Standing Committee was still very much in its first year of operation. The importance of securing the greater involvement of focal points in its work between sessions of the Council was emphasised.
67. At the close of the debate, Council adopted the resolution on the participation of retirees in the management of the organisations' health insurance schemes with one minor amendment. Council further took note of the Standing Committee's report and the issues raised in the subsequent discussion.

Agenda item 8: The functioning of the FAFICS Council

(a) Implementation of the recommendations

68. Under the agenda item Council reviewed the draft guidelines for the preparation and submission of documents (document Council 41/2012/D.8(a)). The document was a carry-over from the previous session of the Council that had been promised by Enid Steward-Goffman, the Convenor of the FAFICS Working Group on Improving the Functioning of the FAFICS Council.
69. The guidelines were seen to be clear and represented a move in the right direction. In the ensuing discussion, it was noted that the second subparagraph under paragraph 2 contained the suggestion that requests for inclusion of an additional item on the agenda should include a commitment not only to prepare a document, but also to present it.
70. Council reaffirmed the importance of meeting deadlines for the submission of documents. It recognised the emphasis on structural clarity and proper organisation of documents with proper numbering and adequate cross-references. The guidelines on length and the inclusion of a summary or abstract in documents of more than 4 pages were welcomed. Council endorsed the rationale behind the guidelines as a tool for enhancing the quality of discussion at Council sessions and thus contributing to productive outcomes.

71. Council thanked Enid Steward-Goffman for her efforts and adopted the guidelines for the preparation and submission of documents.

(b) *Improving the functioning of the FAFICS Council*

(i) *Working groups and Standing Committees (rules of procedure)*

72. In the absence of a representative of AFICS-Uruguay, Helene Hasselbalch (ASOPENUC-Colombia) introduced the document (document Council 41/2012/D.8(bi)). To her mind, the proposals relating to the nomination of a moderator, reduced membership and a maximum of two two-year terms were much in keeping with the endeavours to simplify and streamline the functional operations.

73. While the effort that had gone into preparing the proposals was appreciated, numerous delegations could not accept the artificial restrictions that had been suggested in relation to terms of office and numbers of members. The newly established Standing Committees had withstood their baptism of fire and proven an effective means of avoiding protracted discussions in plenary. Whereas comments had been made about the lack of interaction between the focal points and the Standing Committees, it was pointed out that despite requests for nominations of focal points, only a meagre number of associations had in fact put forward names. It was felt that the focal points should be involved more throughout the year. It was pointed out, however, that in the case of the Standing Committee on Pension Issues, work could not be spread over the whole year as the bunching of papers by the Pension Fund Secretariat immediately prior to the Pension Board session meant that most of the workload was concentrated on a short intense period in the lead-up to the FAFICS Council.

74. It was felt that the procedures being proposed were more akin to those of a major political entity rather than a small working committee. Moreover, the Standing Committees had not had time to mature; they should be given adequate time in which to adapt to the new mode of working. It was felt to be far too early to start chopping and changing things.

75. In conclusion, Council agreed to put the proposals to one side and took note of the suggestions relating to the focal points that had been made in the course of the debate.

(ii) *The regional meetings and the FAFICS Council*

76. Helene Hasselbalch (ASOPENUC-Colombia) also introduced the proposals put forward by AFICS-Uruguay on the issue of regional meetings (document Council 41/2012/D.8(bii)). She pointed out that the overriding intent was to encourage associations in the regions to work together more closely. It was not a device for regionalising the Federation.

77. The issue was discussed at some length. The spirit of the paper was welcomed. Council recognised the merits of holding regional meetings along the lines of the meetings held in Latin America. Avenues had been, and were being, explored in other regions, in particular in Africa, with some prospects of success.

78. Council took note of the proposals and recognised the benefits to be gained from discussion of common issues at the regional level prior to meetings of the Council proper.

(iii) Subsidies for participation in FAFICS Council sessions

79. After a brief summary of the document (document Council 41/2012/D.8(biii)) by Mario La Fuente (AFICS-Chile), Council took up the issue of subsidising the travel of representatives from smaller associations of limited financial means. BAFUNCS was categorically opposed to the idea and the Treasurer pointed out that the assets of the Federation were limited. Currently, FAFICS spent half of its budget on travel to meetings and it lacked the financial resources and human capacity to raise funds and set up a revolving fund as suggested in the document. The President suggested that member associations in any one region might consider sharing budgetary resources with those of the Federation so as to defray the costs of travel by the Vice-President from that region to Bureau and Council meetings and/or sessions of the Pension Board.

80. At present, the Federation subsidised the participation in the Council of one representative from a small association. Questions were raised about the criteria for the selection of that one association in addition to the criteria for funding a portion of the travel costs of one or more Vice-Presidents or FAFICS representatives at the Pension Board. In the case of the former, the governing factors were the size of the association and its lack of finances; in the case of the latter, it was a question of distance to be covered. Council recognised the need to increase participation in Council sessions and ultimately increase the number of individual associations of all sizes. Under the circumstances, it was felt that a more precise formula was needed.

81. Council recognised the importance of ensuring access for all and took note of the proposals.

Agenda item 9: Efforts to increase FAFICS membership

82. In taking up the item for which there was no background document, several delegations pointed to the benefits to be gained from organising specific membership drives through the establishment of focal points in neighbouring countries. That approach had proven successful, for example, in a number of African countries, Cyprus, Japan, Nepal and Nicaragua. Regional meetings such as those held in Latin American could also prove a useful means of attracting new members. In all endeavours, personal contacts played an important role; it had to be accepted that it was a gradual process.

83. At the same time, it was noted that among certain larger associations, membership was in decline and not keeping pace with the number of people retiring from service. A number of reasons for that phenomenon were given, such as the abandonment of pre-retirement seminars at certain headquarters duty stations or the introduction of more efficient filing systems that had led to a culling of members in arrears.

84. Statistics prepared by the Treasurer showed that in many instances the ratio of actual membership to the total UN retiree population in a country was about 1:3. The reason for the apparent lack of interest could well lie in the fact that many potential members saw little advantage in joining a local association. In the case of AAFI/AFUS, the figures provided were misleading. The figures showed that out of a total of some 7,000 beneficiaries resident in France, AAFU/AFUS had only 1,584 members. It was pointed out that at least half of the beneficiaries resident in France were retirees who had previously worked for the United Nations and other Geneva-based specialised agencies. Although those retirees had returned to France with their families, they preferred to maintain links with their former organisations. The same situation also applied to the figures relating to membership in other major duty stations. It was thus essential to provide a membership bonus of some kind. Some associations offered free membership after payment of an enrolment fee; others offered special passes and commercial discounts for their members; and still others organised outings and social events.
85. It was recognised that associations needed to re-invent themselves in some form or other. One suggestion was that associations become something more in the nature of an alumni association, as that would allow for the inclusion of people who had only had a brief association with the United Nations. In any event, a strategy suited to the aims and objectives of the association was needed. In one association a short strategy paper had been prepared focusing on the services that the association could provide in the areas of health-care, UN pensions and taxation. In brief, the message was that associations had to offer something that was distinctly visible as being advantageous.

Agenda item 10: Advocacy efforts by FAFICS in support of the ideals and work of the UN system organisations

86. Council took note of the advocacy activities described in the report prepared by AAFI/AFICS-Geneva and the quadrennial report to ECOSOC for the period 2007-2010 prepared by AFICS-New York (documents Council 41/2012/D.10 and Add.1).

Agenda item 11: What can the UN system of organisations do for retirees

87. No document was presented at the outset of the debate that was initially focused on complaints about certain United Nations entities' lack of cooperation with and understanding for retiree associations. Repeated reference was made to the UNDP Administrator's directive, the issuance of which in 2001 had been instigated by George Saddler during his term as FAFICS President.
88. One delegation was adamantly opposed as a matter of principle to discussing issues that were not based on a document that had been presented in advance of the meeting.
89. The enhancement of cooperation with UN bodies in the field was a matter of concern to smaller associations that, unlike the larger association at major HQ duty stations, did not enjoy the benefit of interaction with all levels of management and the provision of basic essential services. At the same time, while a number of associations had been assisted by the Pension Fund Secretariat in their membership drives, it had to be recognised that the retiree associations also helped the Pension Fund secretariat in its search for beneficiaries who had failed to submit

their certificates of entitlement: a process that could be greatly facilitated, if means of legally circumventing the UNJSPF privacy policy could be found. In return, the Pension Fund secretariat could accord FAFICS greater and graphically more attractive visibility on its website with links to the various newsletters. In its outreach activities, including pre-retirement seminars, the Pension Fund secretariat could refer more frequently to the Federation.

90. The question of cooperation and support was closely linked to the degree of rapport established with the UN Coordinators and Resident Representatives in the field, some of whom were particularly helpful. The associations from Bangladesh and Burkina Faso reported on the positive forms of assistance and cooperation they had enjoyed.
91. Council recognised that the re-issuance of a directive was insufficient in itself. Matters were also complicated by the lack of institutional memory within the UN bodies themselves. It was essential that new incumbents be briefed on the type of services they could and should provide to retirees. Whereas in some instances assistance was at best sporadic, in others it was extensive; the whole issue hinged on the personalities at play. The benefits of working under a larger umbrella organisation were self-evident. Every attempt should be undertaken to secure that coverage and support.

Agenda item 12: Reports on FAFICS representation at meetings

92. Council took note of the report on meetings that FAFICS had attended, particularly in its capacity as an NGO enjoying consultative status with ECOSOC (document Council 41/2012/D.12).

Agenda item 13: Administrative and financial questions

(a) Report by the Auditors

93. In his introduction of the auditors' report (document Council 41/2012/D.13a), the Secretary pointed out that the auditors had approved the balance sheet and the income and expenditure accounts for 2011. Council took note of the report for the year ended 31 December 2011 and thanked the auditors for the conscientious manner in which they had gone about their work. Council also took note with interest of the Treasurer's summary of membership status incorporated in the document. AAFICS-Australia offered to reimburse the Federation for the excessive bank charges it had had to pay in connection with transfer of that association's membership fees.
94. In keeping with the auditors' recommendation, Council approved the balance sheet and the income and expenditure account.

(b) Proposed budget for the year 2013

95. In introducing the draft budget, the Treasurer pointed out that in terms of total estimated expenditures it was 'exactly the same budget as in 2012', although steps might have to be taken to cover anticipated shortfalls in funds related to travel and possibly equipment and supplies as well.

96. The ARICSA delegation pointed out that his association had instructed him to adopt the budget at the level indicated in draft proposal. He could not fail to notice, however, that by far the largest item in the budget was travel costs, 40 per cent of which related to subsidised travel. That did not gel with the statement in the interim report on the management of the budget for 2012 that 'no subsidies are foreseen for the coming financial year'. In his association, most of the expenses were also related to travel; however, the travel costs of two of the representatives were funded under sources other than those of the association.
97. The BAFUNCS representative pointed out that in the interim report on the management of the budget for 2012 it was proposed to cover the deficit of some \$8,250 from savings that had accrued in the previous year. She thought it might be useful for Council to present some illustrative figures of the effect on the contribution rate, if a similar deficit were to appear in the subsequent years. If reserves were not to be drawn upon, the contribution rate might have to be increased in a range from \$1.88 to \$ 2.32. The AFICS-Addis Ababa representative pointed out that since the budget for 2012 had an estimated over-expenditure, the budget for 2013 could not possibly be the same as that in 2012. Furthermore, an amount would be needed to cover both years – possibly in the form of a supplementary budget for the current year and a revised draft for the coming year.
98. The AAFI-AFICS-Geneva representative spoke in favour of adopting the draft budget with the total estimated expenditures of \$24,800. He also drew attention to the fact that in the draft budget for 2013 the annotations under travel costs spoke of 'funds permitting, subsidies would also be made available'.
99. The FFOA-Rome representative pointed out that if the Bureau had wanted a budget increase in 2013, the associations should have received a request to consider an increase in their contributions and come to Council so prepared. Furthermore, the associations also needed to know how the shortfall in 2012 was to be funded. In principle, if member associations wanted a larger budget, they would have to find funds (by increasing contribution rates) or make cuts.
100. Delegations embarked on a discussion of the history of subsidies. Initially everybody paid their own way. At the initiative of both the previous and outgoing Presidents, subsidies had been introduced to cover travel to Bureau and Council meetings and sessions of the Pension Board on the part of member associations located in Africa, Asia and Latin America. A major contributory factor had been the outgoing President's access to reductions in respect of his own travel costs. Other delegations asked for stricter criteria for determining who received what and why.
101. The President designate pointed out that in the budget for 2012 subsidies had been originally costed at \$2,000 as against a final estimated expenditure of \$10,500 under the same heading, which accounted for the deficit. Moreover, if the associations wished to continue the practice of providing subsidies, the draft budget would need to be revised upwards to \$32,000. However, if the associations opted for no subsidies or only very few, the budget allocation of \$24,000 might well suffice. The one-off flat-rate contribution proposed at an earlier juncture would not generate an appreciable amount of additional funds and was thus withdrawn (see paragraph 111 below).

102. Council felt that it could not recommend an increase in the contribution rate at the present juncture, but associations should be alerted to the fact that the issue would be discussed at the next Council session. Council agreed to adopt a modification of the approach initially outlined by the AAFI-AFICS-Geneva and took the following three decisions:

- (a) Council would agree to the over-expenditure of \$8,248.39 incurred in 2012 being covered by savings from the previous year;
- (b) Council would agree to the approval of the draft budget for 2013 with a total estimated expenditure of \$ 24,800, acknowledging the fact that it might entail economies being made; and
- (c) Noting the discrepancy between income generated from membership and the Federation's liabilities, Council would take up the issue of increasing the contribution rate at its session in 2013.

103. As a supplement to the above, the Bureau was urged to develop a range of proposals for various scenarios showing the impact on programme activities as well as specific criteria for subsidies, with consequential contribution rate sensitivity analysis.

104. In the light of the agreement that had been reached on the manner in which the shortfalls were to be addressed, Council took note of the proposed disbursements and approved the budget for 2013. The approved budget is contained in Appendix 8.

(c) *Membership contribution rate*

105. Given the extensive debate on the issue of securing adequate revenue via membership contributions that had taken place in the discussion of the budget (agenda item 13b) as well as the decision to take up the issue of membership contribution rates at the session of the Council in 2013, no further discussion took place under agenda item 13c.

(d) *Interim report on the management of the budget for 2011*

106. In his introduction of the report (document Council 41/2012/D.13 (d)), the Secretary and the Treasurer pointed out that the excess of expenditure over income in the first half of the current year (some \$8,200) had been offset by the excess of income over expenditure in the previous year (some \$7,700). No outlays were foreseen in respect of equipment and office space, and the Federation would remain within the limits of the budget for office supplies, bank charges and communications.

107. The BAFUNCS representative regretted the late issuance of the document and the fact that whereas a dollar rate was shown, a corresponding rate for euros was missing. The association suggested that a figure for equipment be included in future budgets and an indication be given of subsidies as a proportion of total costs. It was also quite apparent that the previous year's savings had been absorbed in the current year's assets. In the interests of transparency, the introductory chapter should be more explicit and more appropriately footnoted.

108. Other comments focused on the lack of clarity in respect of actual and projected costs. It was essential that in future headings be clearer. Confusion also reigned where travel costs and per diem payments were concerned. It was explained that

subsistence allowance estimates were based on 80% of current per diems, but reimbursements were based on actual outlays. In other words, people on mission for the Federation were being asked to be as economical as possible.

109. It was also suggested that building equipment into budgets was unnecessary as FAFICS did not purchase equipment, but secured equipment cost-free from the organisations. That also meant that the Federation could draw on the organisations' help-desk facilities that were only available for equipment that complied with the latter's specifications. On the other hand, the BAFUNCS representative noted that receipt of equipment cost-free was actually a substantial hidden subsidy. In the future it might be useful to explain and attempt to cost the value of the subsidy in the preamble to the accounts.
110. Discussion also focused on increasing the membership contribution rate as a means of offsetting the inevitable surplus: a figure of \$1.55 was suggested. An alternative suggestion was that associations might pay a flat-rate one-off contribution that stood in no relation to the size of the association: a figure of \$50 was suggested.
111. It was recognised that a discussion of contribution rates was more appropriate to agenda item 15(c) (see above).
112. Council took note of the interim report on management of the budget and the comments made in the course of the discussion.

(f) *Appointment of the Auditors*

113. Council was informed that the auditors, Mr. Ventura Garcia Garnateo and Mohammed Rharha, had agreed to accept re-appointment. Council confirmed both re-appointments and thanked the auditors for their stalwart services.

Agenda item 14: Election of FAFICS Officers

114. The Secretary had circulated the names of all candidates standing for office in FAFICS in accordance with article 6.7 of the Federation's Rules of Procedure (Council 41,2012/D.14.add.1). He announced that Mr. Abu Jawdeh had informed the FAFICS secretariat in advance that owing to pressing business matters that called for his presence in Beirut, he would be unable to attend the current Council session.
115. Roger Eggleston was elected President by acclamation – with effect from 1 October 2012.
116. Jayaraman Sundaresan and Lydia Ontal were elected by acclamation to the post of Secretary and Assistant Secretary, respectively.
117. Wolfgang Mizlow was elected by acclamation to the post of Treasurer with effect from 1 January 2013. In the interim he would work closely in co-operation with Juan Mateu, the incumbent Treasurer, who would guide him through the succession process.

118. In the case of the seven Vice-Presidents, the Secretary introduced the slate of eight candidates. Polling officers from the host delegation, AAFU/AFUS, were appointed and one member per delegation was provided with a ballot paper, and where applicable a proxy ballot, to be placed in the ballot box.

119. The result of the Council's voting for the seven Vice-Presidents was as follows:

| | |
|---------------------|----------|
| Pierre Adama Traorè | 26 votes |
| Katia Chestopalov | 25 votes |
| Michael Atchia | 25 votes |
| Ahmed Hussain | 25 votes |
| Linda Saputelli | 23 votes |
| Josiane Taillefer | 23 votes |
| Helene Hasselbalch | 21votes |

120. George Abu Jawdeh, who received 02 votes, was not elected.

121. In closing the elections, the Presiding officer wished those elected every success in their endeavours on behalf of FAFICS.

122. Speaking on behalf of the host association and the Presidents emeriti, as well as in his own personal capacity, Witold Zyss paid tribute to the outgoing President. He did not know whether Andres Castellanos had feelings of relief or regret: a mix of sentiments that he had experienced when stepping down from office four years earlier. Having worked with the outgoing President over so many years, he held Andres Castellanos in the highest esteem for his commitment to the cause and unflagging energy. He also paid tribute to the support he had enjoyed in working with Anders Tholle and commended Juan Mateu for having carried out a very difficult and demanding tasking with true perseverance. In the light of the outgoing President's inestimable contribution to the work of the Federation, Witold Zyss formally proposed that Andres Castellanos be elected President emeritus of FAFICS.

123. The proposal was immediately seconded by AAFI-AFICS and several other delegations. Speaking on behalf of the Council, Tedla Teshome, AFICS-Addis Ababa, fully endorsed the raising of Andres Castellanos to the ranks of the Presidents emeriti. He paid tribute to the outgoing President for his unswerving commitment to the cause of Federation and wished the President designate every success in taking up the challenging tasks that lay ahead.

124. Council adopted unanimously the proposal that the title of President emeritus be conferred on Andres Castellanos. Council also adopted unanimously the proposal that the title of Honorary Treasurer be bestowed on Juan Mateu.

125. The newly elected President, Roger Eggleston, spoke of being humbled by the trust placed in him. Three thoughts had come to mind that he hoped to put into effect over the coming years. The first thought was to continue the endeavours to secure new member associations: a process that had been set in train by his predecessor. His second thought was to enhance communications and, in particular, strengthen links with the membership. To that end, he hoped to launch a newsletter under the

banner of *FAFICS matters*. His third thought was the obverse of what the United Nations could do for FAFICS; he sought to establish what the Federation could do for the United Nations. To that end, he would invest time and energy in contributing to the elaboration of a UN convention on the rights of ageing people. In that endeavour he would build on the global nature of the Federation and draw upon the pool of talent in its ranks. In closing, he thanked Council for the great honour that had been bestowed upon him; he was deeply conscious of the standards set by all his predecessors.

126. In replying to the paeans of praise, Andres Castellanos spoke of having learnt so much from his immediate predecessors. George Saddler had consolidated the very basis of the Federation and Wittold Zyss had widened the scope of the Bureau and raised the profile of FAFICS. In that spirit, the outgoing President had striven over the past four years to strike an equitable gender balance and enhance the status of the Federation an increasingly global representative body. He too subscribed to the three points that Roger Eggleston had raised. Communication was of paramount importance. The fact that basic FAFICS documents and reports were available in three languages bore testimony to a shared perception of the need to reach out to the Federation's constituents. The importance of all endeavours related to protecting the rights of older people was reflected in the fact that FAFICS had attended and would be attending major UN conferences on ageing in New York and Vienna on that very subject. In closing, he thanked everybody for the support they had lent him throughout his term of office and wished his successor and the Federation continued success in the years to come.

Agenda item 15: Appointment of FAFICS representatives to the Pension Board and its Audit Committee in 2013

127. Council appointed the following persons to represent the Federation at the Pension Board in 2013:

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| Representatives | Roger Eggleston Mary Johnson Gerhard Schramek Tedla Teshome |
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| Alternates | Katia Chestopalov M. Seenappa |
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128. Council appointed Ms Paula F. Saddler to replace Mr Ventura Garcia Garnateo on the Audit Committee in the same year

Agenda item 16: Date and place of the 42nd session of the FAFICS Council

129. The date and place of Council sessions hinged on the venue and date selected for the session of the Pension Board. In all likelihood, the Pension Board would be meeting in New York, but that would only be known for certain once the upcoming session of the Pension Board in Paris had finished its deliberations. It was

customary for the Federation to meet early in July back-to-back with the Pension Board.

Agenda item 17: Other business

130. Council took up the following issues under other business:

(a) Preparations for the Council sessions

131. Given the difficulties and delays that delegates from developing countries faced when applying for visas to the United States and European countries, a strong plea was entered for ensuring adequate lead-time up to the Council sessions. Furthermore, consideration might be given to having the invitations extended through the channels of the United Nations headquarters as that made an impression upon consular officers.

132. A request was made that Council papers bear the date of issuance. Furthermore, ways and means might be found to simplify the transmission of special documents (questionnaires and the like) that were invariably sent as blind copies, the recipients of which thus did not know to whom other copies had been sent. It would facilitate matters, if the recipients of the documents could be identified. Furthermore, it was suggested that something be done to reduce the standard lengthy adjuncts to each e-mail sent out by the FAFICS secretariat that not only listed the Federation's postal address, its telephone number and e-mail address, but also showed those of the both the Secretary and the Treasurer

(b) Communications expert

133. The AFICS-Argentina representative urged the Federation to draw on the services of a communications expert. It was more constructive to identify ways and means of increasing membership than having to reduce budgets.

(c) Translation

134. The outgoing President and the AAFNU-Burkina Faso representative sought volunteers for the task of translating the report of the current Council session into French and Spanish. AAFU/AFUS stepped forward and offered to translate the report into French; both AEFNUC-Cuba and AEFNUP-Peru stepped forward to assume the same task in Spanish. AEFNUC-Cuba volunteered to translate the report *in extenso*, it was suggested that the task might be split or AEFNUP-Peru could translate another FAFICS document.

135. The AAFNU-Burkina Faso representative also seized the opportunity to announce that progress towards securing new member associations was moving apace. Three putative associations were in the offing and the association in Niger would be holding its inaugural meeting on 7 July 2012.

(d) Valedictory statements

136. A number of delegations paid profuse thanks to the host association for their kindness and generosity. The concert had been an unforgettable experience.

Thanks were also expressed to the participants for having been so patient with one another. Other delegations thanked the Presiding Officer for having guided the debate in such an admirable manner.

137. In his final statement, the outgoing President paid particular thanks to Georges Kutukdjian and Josiane Taillefer for their untiring efforts in their role as perfect hosts, complemented by the presence of the President emeritus, Witold Zyss. He also thanked the Presiding Officer for his masterful guidance of the discussions and paid tribute to all associations for having participated in such an active manner. He paid especial tribute to the Honorary Secretary, Secretary, Assistant Secretary and the Treasurer for all the support and services they had provided over the years. He expressed his gratitude to Douglas Helland for his contribution to the maintenance of the FAFICS website. He also thanked the host association for having helped in setting up the meeting and providing sterling services throughout the week, in particular Margo Triouleyre. He concluded by thanking the rapporteur for his commitment and the excellence of his contributions to the Council sessions over so many years.

Closure of the session

138. The Presiding Officer declared the session closed at 12.20 p.m. on 29 June 2012

Appendices

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| Appendix 1 | List of participants |
| Appendix 2 | Agenda |
| Appendix 3 | List of documents |
| Appendix 4 | Report of the President |
| Appendix 5 | Report of the Standing Committee on Pension Issues |
| Appendix 6 | Report of the Standing Committee on ASHIL Issues |
| Appendix 7 | Resolution 1 |
| Appendix 8 | Approved budget for 2011 |

Appendix 1

List of participants

Participants

| | |
|--------------------|--|
| President | Andrés Castellanos del Corral |
| AAFI-AFICS- Geneva | Gilbert Ferrari Roger Eggleston Katia Chestopalov Samuel Mbele-Mbong Jean-Paul Menu Wolfgang Milzow |
| AAFICS-Australia | Mary Johnson |
| AAFNU-Burkina Faso | Adama Pierre Traore |
| AAFU/AFUS-Paris | Georges Kutukdjian Witold Zyss Josiane Taillefer Jeanne Damlamian Karl Hochgesand Denis Lipinski |
| AEFNUC-Cuba | Ana Maria Gudz Robak |
| AEFNUP-Peru | Rosa Irene Otero de Rocha |
| AFICS-Addis Ababa | Tedla Teshome |
| AFICS-Argentina | Antonio Pio Oscar Larghi |
| AFICS-Chile | Mario La Fuente Adriana Gomez |
| AFICS-Kenya | Daniel Biau |
| AFICS M-Mauritius | Michael Atchia |
| AFICS-Moscow | Mikhail Gunar |
| AFICS-Netherlands | Anton Kruiderink Malika Akrouf |

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|-----------------------|---|
| AFICS-New York | Linda Saputelli Federico Riesco |
| AFICS-Philippines | Lydia Ontal |
| AFUNPI-Bangalore | D.V.S. Narasimhan M. Seenappa S.A. Janakiram |
| AFUNSOB-Bangladesh | Ahmed Hussain Mozammel Haq |
| ARICSA-Vienna | Jerry Barton Gerhard Schramek Peter Lillie |
| ASOPENUC-Colombia | Jorge Rincón Mantilla Helene Hasselbalch |
| BAFUNCS-U.K. | Pauline Barret-Reid |
| CAFICS/ACAFI-Canada | Mehir Ashraf |
| FFOA Rome | Alan Prien |
| FOA-Turin | Lyn Villacorta |
| IAFICS-Israel | Michael Suess |
| FAFICS Council Staff: | Jay Sundaresan Juan Mateu Lydia Ontal Margo Triouleyre |

Member Associations represented by proxy as of 23 June 2012

Member Association

AMAFINU-Mali
AEFSNU-Ecuador
AFICS-Bolivia
AFICS-Ukraine
AFUNO-New Zealand
APEFONU-Paraguay
PAFICS-Pakistan

Proxy Association

AFICS- Burkina Faso
ASOPENUC-Colombia
AFICS-Chile
AFICS-Moscow
AAFICS-Australia
AFICS-Chile
AFUNSOB-Bangladesh

Appendix 2

Agenda

1. **Adoption of the Agenda**
2. **Election of a Presiding Officer and Rapporteur**
3. **Report by the President**
4. **Admission of new members**
5. **Pension issues**
 - (a) Report of the Standing Committee
 - (b) Situation of the former UNJSPF participants from the former USSR, Ukrainian SSR and Byelorussian SSR
 - (c) Information on the use of the Emergency Fund of the UNJSPF
 - (d) Other pension issues
6. **Meeting with the Secretary/CEO of the UNJSPF and the Representative of the UN Secretary General on Investments**
7. **After-service health insurance and long-term care (ASHIL)**
 - (a) Report of the Standing Committee
8. **The functioning of the FAFICS Council**
 - (a) Implementation of the recommendations
 - (b) Improving the functioning of the FAFICS Council:
 - (i) Working groups and Standing Committees (rules of procedure)
 - (ii) The regional meetings and FAFICS Council
 - (iii) Subsidy for participation in FAFICS Council sessions
9. **Efforts to increase FAFICS membership**
10. **Advocacy efforts by FAFICS in support of the ideals and work of the UN system organisations**
11. **What can the UN system of organisations do for retirees**
12. **Reports on FAFICS representation at meetings**
13. **Administrative and financial questions**
 - a. Report by the Auditors
 - b. Proposed budget for the year 2013
 - c. Membership contribution rate
 - d. Interim report on the management of the budget for 2012
 - e. Appointment of the Auditors
14. **Election of FAFICS Officers**
15. **Appointment of FAFICS representatives to the Pension Board and its Audit Committee in 2013**
16. **Date and place of the 42nd session of the FAFICS Council**
17. **Other business**

Appendix 3

List of documents

Council pre-session documents (D-series)

1. D.1 Adoption of the Provisional Agenda
2. D2. Election of a Presiding Officer and Rapporteur
3. D3. Report by the President
4. D4. Admission of New Members
5. D.5 Pension Issues - Report of the FAFICS Representatives to the 58th Session of the UNJSPB following the 40th Council Session in Geneva
6. D.5b Situation of the former UNJSPF participants from the former USSR; Ukrainian SSR and Byelorussian SSR
7. D5c Information on the use of the Emergency Fund of the UNJSPF
8. D5d Other Pension Issues – Note by AAFI-AFICS Geneva
9. D6 Meeting with the CEO/secretary of the UNJSPF and representative of the UN Secretary-General on Investments
10. D7a After-Service Health Insurance and Long-Term Care (ASHIL)- Report of the Standing Committee
11. D8a Functioning of the FAFICS Council-Implementation of the recommendations of the Council
12. D8bi Improving the Functioning of FAFICS Council-Proposal by AFICS Uruguay-Working Groups and Standing Committees – Rules of Procedures
13. D.8bii Improving the Functioning of FAFICS Council-Proposal by AFICS Uruguay-The Regional Meetings and the FAFICS Council
14. D.8iii Improving the Functioning of FAFICS Council-Proposal by AFICS Uruguay-Subsidy for participation in FAFICS Council
15. D.10 Advocacy efforts by FAFICS in support of the Ideals and Work of the UN System Organizations - Report by AFICS Geneva as focal point for Consolidating/Summarizing advocacy activities of member associations, including celebration of UN Day for submission to the 41st FAFICS Council
16. D.10 add.1 Advocacy efforts by FAFICS in support of the ideals and work of the UN System Organizations – Report from Addis Ababa
17. D10 add2 FAFICS activities as an NGO in consultative status with ECOSOC and the Advocacy of the Ideals and Work of the UN System – Quadrennial Report to ECOSOC for the year 2007-2010
18. D12 Reports of FAFICS representation at meetings
19. D13a. Report by the Auditors, including Income and Expenditure for the year 2011 and Balance sheet as at 31 December, and membership information as at 31 December 2011
20. D13b. Administrative and Financial Questions – Proposed Budget for the year 2013

21. D13d. Administrative and Financial Questions - Interim report on the Management of the Budget for 2012
22. D14. Note by the FAFICS Secretary – Call for nominations for election of the officers of the Federation
23. D14. add1 Election of Officers- Candidates nominated for Election of the Officers of the Federation
24. D15 Appointment of FAFICS Representatives to the Pension Board and its Audit Committee

In-session documents (Conference Room Papers (CRPs))

CRP.1 Provisional List of Participants as of 23 June 2012

Appendix 4

PRESIDENT'S REPORT

Mr. Presiding Officer, Mr. Eric Falt
Assistant Director-General of UNESCO for External Relations and Public Information
Mr. President and other Officers of AFUS-Paris, hosts to the 41st Council
Mr. Witold Zyss, President Emeritus of FAFICS
Members of the FAFICS Bureau,

Dear colleagues, representatives of FAFICS Member Associations present,

First of all, I wish to welcome you, representatives of FAFICS Member Associations to the 41st Session of the FAFICS Council that will be meeting from today, 26 June, through Friday, 29 June 2012.

On behalf of our Federation I would like to extend to AFUS-Paris our deep appreciation for accepting to host this meeting, for the excellent facilities provided, and for making the other arrangements that we shall enjoy throughout the period of the Council. In this respect, allow me to give special recognition on your behalf to the President of AFUS-Paris, Mr. Georges Kutukdjian, and to the members of the Executive Committee of the Association, in particular its Vice-President and Vice-President of FAFICS, Mme. Josiane Taillefer, liaison for all arrangements. Indeed, no effort has been spared to make this a successful meeting.

I am saddened to recall that during the period 2011-2012, FAFICS experienced the loss of several valuable, dedicated colleagues who, over the years, had contributed their capabilities to the Federation. I refer firstly to the passing of Ms. Angela Butler, Executive Secretary of FAFICS for several years, who left a lasting contribution to the Federation; the demise of FAFICS Vice-President Emeritus, Mr. Eduardo Alberral, founder and President of AAFIB-Brazil for several years, a towering figure in our midst; Mr. Carlos Alberto Goulart, President of AAFIB-Brazil, an effective and active participant in our Council; Mr. Fernando Pimenta Alves,

Deputy Auditor and former Vice-President of AAFIB-Brazil; and Mr. Tomas Lopez, founder and former President of ASOPENUC-Colombia. FAFICS has extended to their Associations and families, sympathies on their losses, which are also ours, as they shall be sorely missed.

At its present session, the Council is expected to approve admission of AFUNIC-Nicaragua and AFICS-Japan. With their most welcome admission, FAFICS will have achieved 52 Member Associations, a higher number than the target of 50 that I had set out to reach when elected in 2008 for the first time to the presidency. At that time we had 42 Member Associations and just over 17,000 affiliates. Today, having surpassed the 19,000 mark, we must continue to strive to reach the target of 20,000 affiliates world-wide. Unfortunately, AFICS-Senegal's admission continues to be on hold as FAFICS awaits the receipt of the modified text of their status, despite the Council's previous endorsement in accordance with FAFICS requirements.

Today, without a doubt, the global presence of the Federation through its Member Associations meets FAFICS' world-wide representation of the entire retiree community of the United Nations System of Organizations. The pace of efforts to foster and assist several associations continues to culminate not only in the establishment of the most recent associations in Nicaragua and in Japan, but also in increases in FAFICS membership.

Last April, following my request for a courtesy visit, the Secretary of FAFICS and I met in Bern with the President and Treasurer of ARPUPU, the Association of Retirees of the United Nations Postal Union, in order to mutually familiarize each other with our respective Organizations and to explore possibilities of the eventual membership of ARPUPU, with close to 200 affiliates residing in different continents, as a member of FAFICS. While there was a positive reaction to our initiative, further discussions will be necessary.

As of today, a process for the creation of associations in Cyprus and Nepal is underway and new focal points point towards the future emergence of associations in Africa, such as in Benin, Chad, Guinea, Central African Republic, Niger and Côte d'Ivoire, thanks to a diligent campaign of VP Adama Pierre Traore. The existing Focal Points in Fiji with other Pacific Islands, Afghanistan and Spain remain in varying degrees of potential organization. Furthermore, we have continued to encourage Member Associations to address letters inviting all former international civil servants residing in the country to join them. These letters, forwarded thanks

to the solid cooperation of the Secretariat of the Pension Fund, have already resulted in membership increases in AFICS-Philippines and AFICS-Mauritius (extended to Seychelles, Comoros and Madagascar). Similar results are expected with recent letters sent from AFICS-Nigeria to all beneficiaries in that country and to those residing in Cyprus from the Interim Group, recently organized with the assistance of Anders Tholle, FAFICS Honorary Secretary.

In retrospect, since I began my tenure, the Federation has not only been strengthened by a larger membership, but has also gained ground by quickly improving gender balance in its structure, once this issue emerged as requiring a rapid solution. Today we can all take note of the positive results with satisfaction, though our work must continue to strengthen institutionally, as necessary. In that respect, and as mentioned in my first report to the Council in 2009, I encouraged Associations in a common region to consider getting together, similar to those in Latin America, to exchange experiences and views on issues of theirs and of general concern with a view to bring them to the Council for possible further action. So far a possible meeting in Africa has not yet come to fruition because of the cost for most Associations in the region. However, efforts should continue to find sources of financing jointly with those Associations.

FAFICS, as a voice of 65,000 beneficiaries of the United Nations Joint Staff Pension Fund, is committed to the defense of their benefits and rights before the relevant UN bodies, irrespective of whether or not they are affiliated with FAFICS .

Since reporting it to you last year, FAFICS continued participating in the Search Committee for the selection of candidates for the post of CEO of the Pension Fund and Secretary of the Board with Roger Eggleston and myself as representatives. The two year process will conclude when the forthcoming Pension Board session will choose one from among three candidates for the position, the most important in our pension system, out of 262 applicants. The new CEO will assume the post as of 1 January 2012, thereby replacing CEO Bernard Cocheme, with whom we have maintained excellent relations . As was the case with his predecessors, FAFICS looks forward to continue them with the new incumbent.

Fundamentally and primarily, FAFICS is concerned with all issues relating to pensions and health plans on a sine qua non basis. Accordingly, it devotes considerable time and effort to

them, following with keen interest and concern the status of our Pension Fund – these days more than ever because of the volatile stage of world finances. Indeed, we must continue to support the defined benefits plan of our pension system rather than an unpredictable defined contribution plan. Although the latest actuarial evaluation as at 31 December 2011 shows a deficit of 1.87%, while our pensions remain secure up to the mid-term, there should be no room for complacency on our part, as we must keep vigilant in safeguarding our pensions as beneficiaries.

As recognized partners of the UN Pension Fund, with representatives in the Pension Board, we are fully aware of the need to be prudent in our demands for improvement of benefits because of the times we are facing; nevertheless, that stance should not be misunderstood to imply that we are relinquishing our position nor our concerns on a number of issues, such as, inter alia:

- a) The long-awaited restoration of the 0.5% to our pensions, pending since 1982, as the first priority as soon as it is financially possible, both as a matter of principle and a matter of right;
- (b) Recognition by the Pension Board of the voting right of FAFICS, heretofore not acknowledged though full participation with representatives at the Board and all its Working Groups and Committees, though consensus primes in practically all decisions;
- (c) FAFICS support for and assistance on the extension of the age of separation from service of UN System staff up to 65 years of age, with adequate, optional transitional measures for those in service, as a matter of paramount importance to the preservation of our defined pension plan so that there will not be a need to resort to new economic measure after the mid-term that would impact negatively on our pensions and on those staff joining the pension system. However, such extension is still unwisely and rigidly opposed by some UN System Organizations that do not acknowledge that service and the pension system are inseparable, and not two worlds apart, that must correspond and be protected at all stages;
- (d) FAFICS continuing to insist on the reduction of contributory service for a spouse to be entitled to a pension from 10 to 5 years despite the fact that the Board reached an impasse in 2009 on the matter after the objection of the Executive Heads, though supported by the Participants, the Governing Bodies and the Pension Fund Secretariat;
- (e) As also recommended by the Working Group on Plan Design, reduction of the minimum period of contributory service from the present policy of 6 months to 2 months, thereby providing for another source of increase of funds to the Pension Fund and an improvement in the

conditions of service of new staff, especially those comprised within the scope of the rejuvenation of UN service;

(f) An important point would be for FAFICS to promote a change in the calculation of the Consumer Price Index, the CPI, upon which pension increases are based. Until now, only when the CPI reaches 2% or above, as at 31 December of a given year, is an upward adjustment of pensions introduced. It would be more equitable if the adjustment were to be based on a yearly average applicable to the trigger point, than only to the last month of the year – and that without losing sight of assessing a case for a reduction of the trigger point percentage from its present 2% to a more desirable reduced level between 1 and 1.5%;

(g) Another challenging issue of much importance is the need for guidelines for the interpretation and application of corrective measures by the CEO of the Pension Fund to aberrant situations contemplated in Article 26 of the Pension Fund Rules and Regulations. An official document on the matter prepared by the Pension Fund will be before the coming Pension Board session and FAFICS will have an opportunity to participate in its discussion.

(h) Moreover, an issue of deep concern to me as President of FAFICS, to my predecessors, and to the Council is the continuation of the unresolved situation of pensions of the former staff of the former USSR, Ukrainian SSR and Byelorussian SSR, which year after year comes up – and rightfully so – before the Council. This has been brought to our attention by AFICS-Moscow and recently also by AFICS-Ukraine, on behalf of their affected constituencies and others affected, including those from Byelorussia. Thanks to FAFICS, as the only channel left to them to reach out to the Pension Board and the General Assembly as its parent body, they are provided with an update every year on the non-observance of their pension benefits, as contained in the Transfer Agreement of 1980, which was approved and subscribed to by the General Assembly and the governments of the then USSR, the Ukrainian SSR and Byelorussian SSR. FAFICS must continue to be of support to the victims of such violations of their fundamental rights in order for them to receive compensation for their transferred UN pension contributions while in UN System service to the Central State Bank of the then USSR;

(i) FAFICS should and will continue defending the preservation of the double track pension adjustment system, while aware that there may be situations of pensions in a given country requiring its suspension; however, in such cases the consequences of the contemplated action should be communicated with due warning, within a minimal time frame to those to be affected,

to enable them to re-adjust their economies so as not to have to face an abrupt change in their up-to-then pension income and the resulting deleterious effect, like in Kenya. Conversely to a suspension of the double track is FAFICS' reiterated request to the Pension Board to allow a pensioner to return to the dollar track, at least once and subject to certain conditions, given the uncertainty of currencies. Inasmuch as FAFICS was informed by the CEO that this would involve actuarial costs and impose an additional administrative burden on the Fund at a time when it is facing difficulties, it would be practically impossible to obtain its approval, though the FAFICS Bureau at its meeting of this year decided "to resort to pressing for this option at a later period."

(j) Last, but not least among other issues of importance to the Federation is the unresolved hardship of the application of bank charges to UN pensions, monthly affecting individual purchasing power in many countries. In particular, the matter has been raised in recent years by the UN General Assembly because of its negating impact on small pensions, the review of the special measures under Chapter E of the Pension Adjustment System and the lack of any increase since 1995 resulting from them.

As the Council is aware, FAFICS finally succeeded in having a study of this issue conducted by the Pension Fund Secretariat with the support of ICSC as part of the review of Pensionable Remuneration. A written report has been submitted to the Pension Board for its consideration and further instruction, on which our Federation will have to express at the Board session some negative criticism to several aspects of its content, while supporting that the matter be further examined.

FAFICS welcomes new positive developments in the application of the Emergency Fund by UNJSPF. Extension of its use to beneficiaries affected by natural disasters proved to be effective in the first case in Haiti, because of the earthquake, and secondly in Thailand with last year's destructive floods. Use of AFICS-Thailand as a partner and intermediary that helped the Pension Fund reach many affected beneficiaries further increased the Fund's trust in the usefulness of the FAFICS Member Associations network, which also yearly helps the Fund locate beneficiaries who fail to respond to requests for Certificates of Entitlements. However, we look

forward to more flexible and quicker handling of single applicant requests for relief from the Fund.

Regarding After-Service Health Insurance (ASHI), we must also continue to be vigilant and concerned with safeguarding the rights of UN System retirees for a protected After-Service Health plan, whichever and wherever, as a matter of social security. As you will recall from our previous Council, a UN General Assembly resolution resulting from the discussions on costs and liabilities focused on staff entitlements like staff health plans and provision of after-service health insurance. A report was requested from the Secretary-General regarding the existing coverage and scope of After-Service Health Insurance plans. As a result, FAFICS has offered to be involved in its preparation, inasmuch as the continuation of health insurance plans for UN retirees is an essential component of international benefits, as well as acquired rights. As you will recall a questionnaire was sent to all members of FAFICS by the Standing Committee of FAFICS on ASHIL eliciting information on national health plans' requirements with a view to strengthening our position on the need to preserve ASHI.

A new issue requiring support by the Council is a possible extension of health insurance plans to divorced spouses of both sexes, since when new provisions were incorporated years ago under Article 35 bis of the Pension Regulations regarding pensions for divorced spouses, these spouses and since then others similar have remained deprived of the fundamental right to join a UN health insurance plan. A comprehensive paper on the matter, contributed by AFICS-New York, deserves serious consideration.

As a worldwide network, FAFICS has increasingly been playing and fostering an advocacy role across its member Associations in support of the UN principles, goals and programmes, in accordance with its own statutes. Every year since assuming my function, I have asked all Member Associations to observe UN Day and Human Rights Day notwithstanding other important celebrations like the International Day of Older Persons. However, much of the success of FAFICS advocacy promotion depends equally on the advocacy activities of each Member Association at the local, national and/or international planes on which they interact; and on the degree of acceptance, respect and support provided by the UN System Organizations to the individual Associations at their respective sites, system-wide, including offices in the field.

Unfortunately, despite the laudatory recognition on the worth of the retiree community comprised in FAFICS Member Associations, as a network loyal to the UN System, these associations need to be appreciated by the respective administrations. From time to time, we in FAFICS receive unpleasant information to the contrary from Member Associations that experience difficulties in their smooth functioning by being deprived of minimal office space and/or the use of basic equipment and communication facilities. This, despite the 2001 specific instructions from the UNDP Administrator to field offices to provide full support and facilities to Associations of former international civil servants of the UN System Organizations located in those countries. Certainly there is need of better briefing to field offices by their respective administrations on their relations with AFICSs at their site.

Regarding the finances of the Federation, the Council will benefit from the detailed report prepared by the Treasurer, showing a surplus of \$7,722.68 unspent in 2011. This allowed us to address certain priorities, facilitating several subsidies for the travel of some of the Vice-Presidents and of a few members of the FAFICS delegation to the Pension Board, as well as to AFICS-Moscow. Unfortunately, assistance to enable AFICS-Myanmar to attend the Council through an improved offer on short notice could not be exercised by them due to many constraints.

With the growth of the Federation, so has the extent of the work of the President and its Secretariat increased. I take this moment to express my thanks to the FAFICS Secretary, Mr. Jay Sundaresan, to FAFICS Assistant-Secretary Mrs. Lydia Ontal, and to the FAFICS Treasurer, Mr. Juan Mateu for their dedication as volunteers to a frequently full time, very demanding job requiring personal and family sacrifice. Likewise, I am thankful to the members of the Bureau and Chairpersons and Vice-Chairpersons of the Standing Committees on Pension Issues and ASHIL for their contributions to the work of FAFICS and their support to the President. Last but not least, my reiterated gratitude to AAFI-AFICS Geneva and AFICS-New York for providing sustained support to the FAFICS Secretariat and to me as President.

At this point it behooves me to recognize the sustained cooperation that I have received during the year from the CEO of the Pension Fund and his staff, from the RSG for Investments, and the

Chairman of ICSC and his staff in particular. I would also like to express with gratitude on FAFICS' behalf to the United Nations Federal Credit Union (UNFCU) for its generosity in providing a sum of \$2,000 to FAFICS, in response to my request to UNFCU President Mr. Michael Connery to sponsor the FAFICS and AFUS co-hosted reception to welcome all participants.

I will not omit that I am standing before you with unavoidable mixed feelings after many years in your midst, where I have richly strengthened my international career since 1961 with many new friends, now members of my extended UN family, sometimes as a member of the representation of AFICS-New York to the Council before my years as its President and during them as well, including as one of the FAFICS Vice-Presidents until 2008, when I began my tenure as President of FAFICS with renewed re-elections. Indeed, I am deeply grateful to the Council for having extended to me what I will always regard as a lifetime honor and a privilege.

Je vous remercie. Muchas gracias.

I thank you.

Appendix 5

Report of Standing Committee on Pension Issues

1. The Chair opened the meeting and welcomed the participants. The agenda was adopted.

Preamble

2. The first round of discussions set the tone for the whole debate. The most recent actuarial valuation had shown a deficit of 1.87 per cent of pensionable remuneration. That, in turn, had brought about recognition of the need to protect the long-term financial viability of the Pension Fund by, for example, increasing the age of retirement. At the same time the deficit made it more essential than ever that FAFICS uphold its commitment to safeguarding the pensions of retirees and alleviating the plight of certain social groups, be it through the maintenance of the double track as well as the continuation of cost-of-living adjustments.

3. Those and other concerns were taken up under the various items on the agenda. The Standing Committee on Pension Issues took note of the recommendation of the Committee of Actuaries that it was not necessary to increase the contribution rate; however, it was of the opinion that the Pension Board should take remedial action. In the light of the foregoing, the Standing Committee on Pension Issues thought it was essential that FAFICS reconsider its pension priorities in order to protect beneficiaries as adopted by Council at its previous session in 2011.

Item 2 a) 31st Actuarial valuation of the Fund as at 31st December 2011

4. The Vice-Chair introduced the paper (SCPI/2012/Doc/2) by taking the meeting through each paragraph of the document. The meeting took cognizance of the main finding that the valuation revealed an increase in the imbalance of the Fund from 0.38 to 1.87 per cent of pensionable remuneration. The meeting acknowledged that this it was a serious, but not a critical situation as it did not call for immediate action by the Pension Board.

Item 2 b) Small pensions

5. The Chair introduced the two documents (SCPI/2012/Doc/3 and Add.1) on this the item. He explained that the Board's document (R.32) should be considered as a stock-taking of the current situation on small pensions. The document presented data on the current number of small pension cases; however, it did not contain any recommendations for a possible change in small pension adjustment. The meeting accepted the recommendation of the CEO to carry out another study on the issue. However, the Committee expressed concern over the scope of the study as proposed by the CEO, which would go beyond small pension matters. The Committee saw no need to examine the COLD factors or the double track in the context of the provision of minimum benefits. The Committee thought it was essential that any further study on income replacement ratios should use more appropriate grade levels, e.g. G1 and G2, and an average length of service in the GS category of 24 years.

Item 2 c) Update on possible Increase in the normal age of retirement

6. The Committee considered the document (SCPI/2012/Doc/4). He drew participants' attention to the fact that the High Level Committee of Management (HLCM) had established a working group on the possible increase in the mandatory age of separation. The HLCM had accepted the recommendation of the working group that "while the Group finds no urgent need to modify

the existing mandatory age of separation, the Working Group would recommend an increase in the mandatory age of separation if there were an increase in the normal retirement age established by the Pension Fund”.

7. In the light of that recommendation and that of the Committee of Actuaries, who strongly recommended, “that increasing the normal retirement age should be a top priority for consideration of the Board”, the meeting unanimously concluded that FAFICS should support a timely increase in the normal age of retirement, as it would help to reduce the imbalance of the Fund.

Item 2 d) Plan design measures presented in the 2010 report of the Working Group on plan design

8. The Chair introduced the document (SCPI/2012/Doc/5), which summarised Document R.38 before the Pension Board. The latter document cited all the proposed changes to the regulations and the Pension Adjustment system that had been considered by the Board over the past years, including the proposals of the Working Group on plan design.

9. The Chair regretted that in the light of the current actuarial deficit of the Fund, it would be unlikely that the Board would look favourably on improvements in the regulations and the pension adjustment system that would incur costs to the Fund. The meeting endorsed the regrets expressed by the Chair and was concerned that implementation of priority items for FAFICS might be further delayed.

10. Therefore, in order to have a balanced approach, the meeting endorsed the need to support some proposals which would financially benefit the Fund, alongside some which would incur a cost to the Fund. The meeting was of the view that FAFICS should continue to pursue actively the possibility of implementing the elimination of the 0.5 per cent reduction in the first cost-of-living adjustment after retirement, amendments to Article 35 bis and elimination of negative cost-of-living adjustments. In terms of proposals that would yield gains to the Fund, FAFICS should support the proposed reduction in the eligibility period for participation from 6 months to 60 days and the increase in the normal retirement age.

Item 2 e) The Pension Board’s guidance on the status of participants under Articles 34/35 of the UN Joint Staff Pension Fund

11. The item and document (SCPI/2012/Doc/6) were introduced by Katia Chestopalov (AAFI-AFICS Geneva), who was one of the FAFICS representatives on the Contact Group established by the Pension Board. The group had worked very constructively over a year and had reached consensus on the definition of the term ‘spouse’ to be used administratively by organisations and the Pension Fund.

12. Participants drew attention to the difficulties that some members faced in relation to providing proof of non-traditional unions. It welcomed the proposed improvements in the relevant Administrative Rule B.3 of the UNJSPF. They were seen to ensure a consistent and uniform application of the Fund’s Regulations to all participants, irrespective of their employing organisations and prevailing HR policies.

Item 3 Application of Paragraph 26 of the Pension Adjustment System

13. The document (SCPI/2012/Doc/7) before the Standing Committee contained a summary of the Pension Board document R. 37. In the latter document, the CEO of the Fund reported on

the suspension of the local currency track in Kenya and in Venezuela in accordance with paragraph 26 of the Pension Adjustment System, in addition to addressing the shortcomings of paragraph 26. Moreover, he informed the Board that, “considering the complexity of the two-track feature, the change in the global economic environment relative to the US\$ as well as the limitations of paragraph 26 of the Pension Adjustment System, the CEO established an internal working group to consider these matters further”.

14. The meeting expressed its agreement with the CEO on the shortcomings of paragraph 26. However, the Committee expressed concern over the scope of the proposed study that focused primarily on cost issues and thus went beyond the technical shortcomings of paragraph 26. As outlined in document SCPI/2012/Doc/7, FAFICS had submitted in 2006 a note to the Pension Board on the improvement of the Pension Adjustment System, which had included specific proposals on paragraph 26. Those proposals had not been considered by the Board at the time, but still stood.

Item 3 a) Argentina

15. In addition the document before the Committee (SCPI/2012/Doc/8), a comprehensive presentation was given by the representative of AFICS-Argentina Dr Pio on that association’s request for the application of Paragraph 26 to the situation in Argentina; the issue was currently before the UN Staff Pension Fund Standing Committee and hence *sub judice*. The Committee acknowledged the support that FAFICS had lent the associations and the lengths to which the Federation had gone in the past on the issue. The Committee recognized that being a technical committee, it had to accept that at the present moment it had to await the decision of the UN Staff Pension Fund Standing Committee. It assured Dr Pio the Committee would return to the issue in due course.

Item 3 b) Kenya

16. In document (SCPI/2012/Doc/9), the Committee was informed that the CEO of the Fund had decided to suspend the local currency track in Kenya and Venezuela in accordance with his powers under paragraph 26. He had taken that decision in the light of the specific economic situation prevailing in the two countries: high inflation rates and limited fluctuations in the exchange rate in relation to the inflation rates.

17. The Committee accepted that the CEO had acted within his powers. However, it expressed concern over the timeliness of the action and the manner in which it had been carried out. The representative of AFICS Kenya described the hardship suffered by the beneficiaries, some of whom had seen their pensions drop by up to 40 per cent. The Committee noted that in both Kenya and Venezuela the CEO had not indicated the circumstances under which the decision to suspend the local currency track would eventually be reversed. The Committee felt that it would be beneficial if the Pension Fund booklet on the two-track system could be amended so as to be more informative and explicit on the consequences of opting for the two-track system.

Item 4 Composition of the Board

18. The Committee considered the document (SCPI/2012/Doc/10) prepared by Gilbert Ferrari (AAFI-AFICS Geneva) and expressed regret that the author had been unable to participate in the Committee’s deliberations. Nevertheless the Committee expressed its views on the proposed changes in the composition of the Board. The general feeling was that the proposals to improve the retirees’ representation on the Board at the expense of the participants’

representatives would bear adverse consequences for FAFICS and was thus unlikely to be well received by the participants.

Appendix 6

Report of the Standing Committee on After-Service Health Insurance and Long-term Care

Item 1: Adoption of the agenda

1. The Chair welcomed participants and suggested taking up items 2 and 3 of the agenda in tandem since they covered the same subject. The agenda was adopted with the foregoing proposed change.

Items 2 and 3: Update on the response of the United Nations Secretary-General to the request contained in UNGA Resolution 64/241 and review of the responses to the FAFICS Questionnaire to provide input to the UN Secretariat in respect of the UN Secretary-General's response

2. The item was introduced recalling the content of UN General Assembly resolution 64/241, which had been passed in 2009 calling for a report in 2012 on managing after-service health insurance liabilities. It had arisen in the context of the new accounting standards (IPSAS) at which time, because most organizations operated their health care coverage on a pay-as-you-go arrangement, a spotlight had been turned on the liabilities. Operative para.3 of the resolution called for a great deal of information; in particular, para. 3 (h) had somewhat alarmed retirees as it requested the United Nations Secretary General to report on "the financial and legal implications of changing, for current retirees and active staff members: (i) the scope and coverage of the after-service health insurance plans and (ii) the contribution levels." In 2010, FAFICS had passed a resolution expressing concern over the reference to possible changes for "current" retirees and asking to be involved in the response to the request from the General Assembly.

3. Over the last year, the Presidents of FAFICS and AFICS/NY together with the Chairs of the AFICS/NY Insurance Committee and the FAFICS Standing Committee on ASHIL had met informally on several occasions with the Chief of the Health Insurance and Disbursement Unit, Christophe Monier (who is responsible for drafting the report for the Secretary-General) to discuss the approach that would be taken and to offer the assistance of FAFICS. These meetings had been reassuring; it had become apparent that the report would concentrate on the situation in New York. In these discussions, FAFICS had pointed to the need to refer to the *raison d'être* of the original plans, with reference to Article 101 of the UN Charter and the relevant ILO conventions. Because UN staff were generally excluded from national social security systems even where such schemes existed, it was essential that adequate health care for United Nations system staff and retirees be ensured and retained.

4. It was recently learned that the report, originally scheduled for this year's General Assembly, would be postponed to its resumed session in 2013. This was perhaps an indication of lower priority or lesser urgency to the issue. It was also noted that the resolution clearly stated that the pay-as you-go principle, still the current one for most organizations, was one of the viable options to be included in the report.

5. To assist in the preparation of the report, FAFICS, with the cooperation of Christophe Monier, had devised a short questionnaire that had been circulated to member associations. A short document had been distributed; a more complete tabulation of the results and the original questionnaires were available for consultation. Information gleaned from the questionnaires

would be passed on to the drafters of the report, the driving idea being to protect ASHI, not to subject the policies of individual countries to scrutiny by the General Assembly. The overall message was that it was not possible for UN staff to return home after retirement and enjoy benefits that were in any way comparable to the health insurance coverage they enjoyed while in active service. This was why it was essential to retain ASHI plans.

6. A discussion followed in which the following issues were raised: (1) the need to provide health insurance coverage to widows of UN staff living on small pensions whose spouses had opted out of ASHI and because of their age and lack of income could not afford private health insurance; (2) the possibility of requesting insurance providers to make free coverage available to retirees who had not claimed benefits for a number of years; (3) the importance of recognizing that the provision of health care insurance was a matter of solidarity amongst all those who were insured; (4) the evidence that attention was increasingly being paid by member states to the costs of the provision of health care insurance to staff and retirees in Organizations' of the United Nations as well as in other international organizations which were not members of the United Nations system.

7. In addition to continuing to continue to monitor closely the situation in respect of the preparation of the Secretary General's report, the Standing Committee decided to maintain this overall issue of the costs of health care insurance as an ongoing, permanent issue on the agenda of the ASHIL Standing Committee.

Item 4: Changes in organizations' health insurance schemes, including data on contribution levels (SC/ASHIL/2012/DOC/3)

8. A comprehensive database, divided into 10 sections, had been created for this purpose and was regularly updated by the CEB Secretariat. To ensure that the latest information was included, the Standing Committee needed to keep abreast of the Focal Points on ASHIL in all associations.

9. In a review of changes and potential changes in Organizations' health insurance schemes, concern was expressed for the need to reformulate the data-base *inter alia* to incorporate certain new elements including information on the representation of retirees in organizations' health insurance management committees. Karl Hochgesand (AAFU/AFUS-Paris) agreed to undertake an initial review of these data elements with a view to incorporating such new elements and streamlining other aspects of the presentation of the data. As an adjunct to the data-base, it was suggested that where self-insured insurances had carried out actuarial studies of their respective schemes, these should be circulated to the focal points in the Standing Committee.

10. Noting that retirees now made up approximately a third of the contributing participants in the several health insurance schemes, it was proposed that a resolution be addressed to the Council calling for the representation of retirees in the management of organizations' health funds where such arrangements did not already exist. (The text of the resolution will be circulated separately).

Item 5: Developments in respect of US Medicare Part B

11. It was pointed out that this was a US government insurance scheme available only to permanent residents in the US. In July 2011, the US had made enrolment in the scheme

mandatory for those between the ages of 65 and 75. Savings costs were not yet available, but a US-based actuary firm that had calculated ASHI liability overall indicated that the total liability would be about 8 per cent lower as a result of the implementation of the Medicare B policy. This was, however, looking at expenses for the next 30 years.

Item 6: Extension of ASHI benefits to divorced spouses

12. Document SC/ASHIL/2012/DOC/4 set out the background on this issue and proposed some possible solutions for discussion. It was pointed out that many of the assumption based on social interactions were no longer valid in today's world. The structure of families had changed, yet the organizations' rules and regulations did not reflect the changed reality. A degree of discrimination still prevailed in this respect. This was an issue that should have been treated much earlier and was a matter of fairness.

13. It was proposed that it be recommended to the Council that this was an important issue requiring that all those involved in health insurance arrangements in the different organizations take it up through the staff unions or directly with the administrations.

Item 7: Other ASHI issues

14. There being no other business, the Standing Committee was adjourned.

Appendix 7

Resolution 1

Resolution on the participation of retirees in the management committees of the organizations' health insurance schemes

The forty-first session of the FAFICS Council meeting in 2012:

1. Noting that the number of retirees participating in and paying contributions to the Organizations' health insurance schemes had risen to approximately one third of the number of participants in those insurance schemes;
2. Aware that the presence and participation of retirees in the management of the Organizations' health insurance schemes varied; these ranged from instances in which retirees were formally present as voting members to situations in which retirees were neither present nor voting;
3. Invites member associations in locations where health insurance schemes are also located to make every effort to ensure that the formal participation of retirees in the committees of management of the scheme are enshrined in the rules and procedures of the scheme itself, where this is not already the case;
4. Pending the adoption of such measures, requests member associations to make contact directly with the relevant Organization administrations and, as appropriate, the staff associations, to ensure that representatives of retirees are enabled both to be present and to make interventions in the health insurance management committees on matters pertaining especially to retiree participants in the respective insurances.

Appendix 8
Approved budget for 2013

All income and expenditure estimates are in US dollars, unless marked otherwise

INCOME ESTIMATES FOR 2013

| | | |
|---|------------|---------------|
| Members' contributions (18,100 x \$1.35 = 24,435) | rounded up | 24,500 |
| (including one or two new Associations) | | |
| Bank interest | | 300 |
| Total estimated income | | 24,800 |

ESTIMATED EXPENDITURES FOR 2013

| | | |
|-------------------------------------|----------|---------------|
| Travel expenses | | 20,700 |
| Hospitality | | 550 |
| Secretarial Assistance | | 2,000 |
| Contributions | | 600 |
| CoNGO membership | US\$ 300 | |
| FICSA membership | CHF 300 | |
| Equipment | | 0 |
| Office supplies | | 650 |
| Bank charges | | 200 |
| Communications | | 100 |
| Total estimated expenditures | | 24,800 |

