

**Forty-fifth session of the Council  
Vienna, 11-13 July 2016**

**Report of the session**

1. The forty-fifth session of the Council of the Federation of Associations of Former International Civil Servants (FAFICS) was held from 11 to 13 July 2016 at the headquarters of the International Atomic Energy Agency (IAEA) in Vienna.
2. The session was formally opened on the morning of 11 July. The FAFICS Bureau had met during the previous week on 7 July. The Standing Committee on Pension Issues had convened under the chairmanship of Gerhard Schramek in the morning of 8 July, while the Standing Committee on ASHI Issues chaired by Georges Kutukdjian had met during the afternoon of the same day.

**Opening session**

3. The President, Linda Saputelli, declared the meeting open on 11 July at 10.05 a.m.
4. Jerry Barton, President of ARICSA, the host association, welcomed the delegates to Vienna (see Appendix 1 for list of participants). ARICSA, the fifth largest member association, was happy to host the Council meeting and he wished the participants an enjoyable and productive three days in Vienna. He also provided details of the social events that had been organised for the Council session and explained certain technical and logistical arrangements.
5. Speaking on behalf of Yukiya Amano, Director-General of the IAEA, Janice Dunn Lee, Deputy Director-General and Head of Management bade the participants welcome.
6. She stressed that the IAEA was most happy to host FAFICS on its premises. She acknowledged the contribution that retirees had made, and continued to make, to the common system. She described the current difficulties besetting the agencies and organisations. The retirees' active and engaged participation together with their collective wisdom and institutional memory complemented the youthful energy and dedication of the present generation of United Nations staff.
7. The IAEA maintained close ties with ARICSA and provided much of the infrastructure that the association required, while, for their part, the retirees contributed to many IAEA activities, participating in pre-retirement seminars and working on various committees. The outcome

was a mutually beneficial form of cooperation that was also reflected in the responsibilities that IAEA assumed on behalf of staff and retirees in various United Nations fora, such as the International Civil Service Commission (separation) and the Pension Board. In the latter body, the role of FAFICS as the recognised representative of retirees was strengthened by the Federation's ever-increasing membership.

8. Financial security and good health were essential to maintaining independence and keeping control of one's life. It thus followed that for retirees, securing pensions and having high quality after-service health insurance assumed major importance. The health of the UNJSPF and the efficient handling of pension requests would be one of the major topics to be debated in the course of the Council's deliberations. The delays in processing the pensions for newly separated retirees were of significant concern to the IAEA as well. She looked for strong, constructive support from FAFICS at the upcoming Pension Board when that issue was taken up.
9. The provision of high-quality health insurance would doubtless be another hot topic on the Federation's agenda. Although started from a purely financial viewpoint, the issues were complex and involved two basic principles: respect for the acquired rights of staff and retirees and securement of adequate funds to meet ASHI obligations.
10. In concluding, Janice Dunn Lee wished Council every success in its deliberations, despite the heavy agenda that lay ahead, and paid tribute to the contribution to the common system that the participants had made during their careers. She assured them of every possible continued support.

#### **Agenda item 1: Adoption of the agenda**

11. Council considered the provisional agenda (document Council 44/2015/D.1 Rev.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 before and during its deliberations is reproduced in Appendix 3.

#### **Agenda item 2: Election of the Presiding Officer and Rapporteur**

12. Council elected Alan Prien (FFOA) to preside over the session. Peter Lillie (ARICSA) was elected rapporteur.

#### **Agenda item 3: Admission of new members**

13. The Secretary, Jay Sundaresan, introduced the agenda item and announced that AGAFNU-Guinea had applied to join the Federation.

The association that currently had 27 members met the criteria for admission as a full member. The application also enjoyed the full support of the delegations from AAFNU-Burkina Faso and AAFNU-Niger. Regrettably the association's President, Pathé Diallo, was not able to attend the present session, but had sent a note of gratitude.

14. Council approved the admission of AGAFNU-Guinea as a full member and welcomed the new member association with a round of applause.

#### **Agenda item 4: Report of the President**

15. The President presented her report (document Council 44/2015/D.6 (see Appendix 4)).
16. She opened her statement by thanking Jerry Barton, the President of ARICSA for the lengths to which his association had gone to ensure the success of the Council session and to Pierre Traoré for his indefatigable efforts in enlarging the membership of the Federation.
17. In the course of her presentation, Linda Saputelli focused on the developments in the Pension Fund following the introduction of the new integrated pension adjustment system (IPAS) and the current recruitment difficulties in the Investments Management Division. Although the introduction of IPAS in August 2015 had worked seamlessly for existing retirees, not one of whom had reported a delay; new retirees had not been so fortunate. She expected an in-depth discussion on the matter in the course of the Council session.
18. The President pointed to the work that had been undertaken in respect of after-service health insurance, in particular on the issues related to the suitability of national health insurance schemes and their possible introduction into the ASHI schemes.
19. She also spoke of the work carried out by the Bureau and the need to ensure, to the degree possible, that the members of the Bureau assumed an active role on behalf of the Council.
20. In closing, the President summarised some of the issues to be addressed in the course of the Council session. She was confident that given the extensive prior debate in the Standing Committees, Council would be able to focus on determining the outcome of its deliberations and drafting the relevant recommendations.
21. **Council took note of the President's report and thanked the author for the comprehensive details that she had provided in her oral report, which would be made available in written form.**

## **Agenda item 5: Pension issues**

### **(a) Delays in payment of benefits: new pensioners and surviving spouses**

22. Before taking up the issue of delays in payment suffered by new pensioners and surviving spouses, one delegation asked that the Pension Fund secretariat be urged to ensure that the issuance of the quarterly reports detailing each retiree's benefits be improved. The last such report had been issued at the end of the second quarter in 2015.
23. Delegations described the extent of the delays in payment; those delays had caused appreciable suffering, not to speak of financial hardship. Some associations spoke of delays of more than six months, while in certain countries delays had lasted as much as eight to ten months. To many of those affected by the processing crisis, it seemed that only at a relatively late stage were countermeasures taken to deal with the backlog.
24. One delegation described how the association in Japan had adopted a distinctive practical approach to the problem. It organised annual seminars for retirees at the United Nations University with links to other UN offices in the country, at which retirees could address their questions to a staff member of the Pension Fund secretariat who was on leave in Japan. The fact that the staff member concerned was very client-oriented and had authorised access to the Pension Fund database facilitated the communication process, although the staff member on her own could not address the entire payments problem. The exercise was more in the nature of trouble-shooting and its adaptability to other facilitate countries was uncertain.
25. FAO had also benefited from the presence of the CEO/Secretary of the Fund and the Representative of the Secretary-General (RSG) for Investments on their visit to Rome to discuss shortcomings. Concerted efforts on the part of the Staff Pension Committee, the FAO Administration and the Pension Fund Secretariat had met with success.
26. Despite such instances, most associations had received complaints from retirees. Associations found themselves confronted with the task of solving individual cases: no mean task that was complicated by the Pension Fund's failure to respond or even acknowledge receipt of messages. The whole process did not seem to have any milestones against which progress could be measured. In some cases, future retirees were even coming to the retiree associations to seek advice on their submissions.

27. The burden was now clearly shifting towards the individual retiree and self-service against a backdrop of a website that was neither updated nor working. The options open to those who did not have means of digital communication were unknown.
28. Surviving spouses were another particularly vulnerable group. One association had prepared a booklet advising, for example, that retirees prepare a file for their surviving spouses with all the requisite documents. The aim was to facilitate the paperwork and help alleviate matters in a time of extreme distress.
29. One delegation asked whether the Pension Fund secretariat's apparent insensitivity to the abnormal delays was attributable to: (i) the lack of resources; or (ii) the failure to have contingency measures in place prior to shifting to IPAS in case things went wrong. The latter move would have alleviated the stress and financial difficulties that new retirees and surviving spouses of recently deceased retirees currently faced. The delegation considered that failure a lack of respect on the part of the Fund. It urged the Pension Fund secretariat to undertake a close re-examination of its operations, determine the lessons it had learned and establish whether a repetition of the current situation could be avoided and the entire backlog absorbed by the end of September 2016.
30. The approach to solving the problem should not be purely descriptive, but analytical. Legal obligations incumbent on the Pension Fund and compensation for the financial burden that new retirees and surviving spouses had had to bear should be explored, all the more so as the Pension Fund rules and regulations in their current form had no provisions pertaining to compensation for delays in payment and the Fund would probably not accept responsibility. Hardship should be clearly demonstrated and those responsible for the delay identified. Delays in excess of six months, in particular, bore major fiscal repercussions for new retirees.
31. Instances of financial relief being provided by staff welfare funds providing interest-free loans and measures introduced by the Credit Union could not obscure the fact that people still had to draw on reserves that they had built up for other purposes. Although in the United States Federal Civil Service, retirees waited five months for the first payment of their pensions and that at the outset of the IPAS launch, a cautionary note had been struck advising new retirees to put money aside, that was of little comfort to retirees awaiting a first payment of their pensions.

32. The closure of a number of peacekeeping missions at the end of 2015 had not been foreseen and the Pension Secretariat had been overwhelmed by the enormous influx of withdrawal settlements that had to be processed. If such circumstances were to reoccur, the Pension Fund secretariat would have to prepare for the growing number of early retirees and downsizing in a more effective manner.
33. Merely expressing regret or demonstrating empathy was not sufficient. It had to be remembered that the process involved three actors: the retirees, the organisations and the staff running the Fund secretariat. Staff members about to retire were not always given guidance on procedures; the organisations had to focus on getting the separation documents out on time<sup>1</sup>; and the Fund secretariat should be granted the requisite human resources.
34. **Given the large number of problems associated with the delay in payments to new retirees, Council identified a number of issues that should be addressed resolutely. Those were:**
  - **Improved communication with acknowledgement of inputs received and track kept of individual cases (milestones);**
  - **Treatment in pre-retirement seminars of the separation/documentary requirements so as to enable the Fund to process pensions in a timely manner;**
  - **Improved outreach by setting up Pension Fund hubs in Africa, Asia, Latin America and the Middle East;**
  - **Close cooperation between all parties involved in processing: the retirees, the secretaries of the Staff Pension Committees, the organisations and the Pension Fund.**

#### **(b) Report of the Standing Committee**

35. The Chair of the Standing Committee introduced the report (document Council45/2016/CRP 2). He thanked the rapporteur for having compiled the report and the Council participants for having contributed so positively to the discussions.
36. Council was informed that in the light of new data, it had transpired that the provisionally estimated deficit of 0.5 per cent of pensionable remuneration was in fact a surplus of 0.16 per cent.
37. Council considered the individual recommendations. They were found to reflect the discussion in the meeting of the Standing Committee that

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<sup>1</sup> In the case of peacekeeping operations, it sometimes took more than 400 days before the documentation was complete.

had been held the week previous. The Chair was commended for the efficiency with which he had conducted that meeting and the rapporteur for the excellence of the report.

38. **Council took note of the Standing Committee's report, together with the issues raised in the course of its deliberations, and adopted the recommendations and conclusions contained therein.**
39. Following the adoption of the report, one delegation commented on the fact that the Standing Committee only met at Council sessions. It was asked whether any activities had been taken up during the year. The Presiding Officer commented that pension issues were and had been taken up at length in the Bureau. The Chair of the Standing Committee recalled that up until 2014, the Committee had had some 15 focal points. Of those, only one had ever responded to documents sent. As a result, the Standing Committee on Pension Issues was opened up to the Federation's membership as a whole. He confirmed that the Bureau was the vehicle through which pension issues were addressed

**(c) Situation of the former UNJSPF participants in the former USSR, Ukrainian SSR and Byelorussian SSR**

40. Mikhail Gunar introduced the paper on the situation facing the former UNJSPF participants from the former USSR, Ukrainian SSR and Byelorussian SSR (document Council 44/2016/D.5c.).
41. The retirees' endeavours to seek a solution in all three successor states had still not met with success. No response had ever been received from the Secretary-General Ban Ki-moon. Mikhail Gunar thus suggested that all associations might write individual letters to the Secretary-General in the hope that they might attract more attention.
42. The President Emeritus recounted the history of the case, which dated back to 2007 when the Federation had sought to secure the services of a lawyer to defend the retirees affected on a pro bono basis. In 2011 endeavours had been made to hire for a flat fee of \$20,000 the services of the lawyer who had acted successfully on behalf of Kofi Annan. At a later juncture, members of the Russian Foreign Service had been sympathetic to the suggestion that *ex gratia* payments be made to the retirees concerned, only to find themselves blocked by their colleagues in the Ministry of Finance.
43. A number of delegations expressed their willingness to contribute to a solidarity fund (one spoke of donating US\$ 2,000) that could be drawn upon to hire the lawyer, were the offer still standing. At the same time,

the most appropriate court would have to be identified. One delegation suggested that the United Nations could ask for its money back. It was generally felt that after all the many years that had elapsed, enough was enough.

44. Others spoke of all associations countersigning a letter from the President to the Secretary-General (a round robin).
45. **In the ultimate analysis, Council decided to put the idea of a joint letter on hold. It delegated the President to approach, together with the President emeritus, the Chef de Cabinet of the Secretary-General and apprise him of the history of the case, informing him that the Federation was considering legal action. At the same time, the President would follow up on any other openings, especially with the Secretary/CEO of the Fund. Were a legal brief to be prepared, the Treasurer would advise all associations of the possibility of contributing to a solidarity fund.**

#### **Agenda item 6: Meetings with the CEO/Secretary of the Fund and the RSG for Investments with Q&A**

46. Council met with Sergio Arvizu, the Secretary/CEO of the Fund, Paul Dooley, Deputy CEO of the Fund, Jaana Sareva, Chief, Risk Management and Legal Services Section, Lee Woodyear, Senior Communications Officer, Katrin Toomel, Policy Analysis Officer, and Alan Blythe, Head, Geneva Office
47. Sergio Arvizu gave a comprehensive overview of the current status of the Fund and related issues.
48. On the one hand, the Fund could point to a positive actuarial valuation and a number of prestigious awards that the secretariat had received for its work. Furthermore, the final audit report had confirmed that IPAS was a robust sustainable tool for the payment of entitlements and not one single existing beneficiary had been left behind.
49. On the other hand, the processing of pension payments for new retirees and surviving spouses had proven an arduous undertaking, despite processing levels 50 per cent above historical levels. At the same time, the delays were not attributable to the Fund secretariat alone. The problems started from the day of separation and the submission to the Fund secretariat of incomplete files on the part of the agencies and organisations. In that context, the submissions from some entities were often unduly delayed.



50. Staff had risen to the challenge. The entire caseload as at 1 March had since been processed, but given the unexpected upsurge in separations following the downsizing of peacekeeping operations, organisations and agencies alike, pressure had not let up in the meantime. The Secretary/CEO of the Fund conceded that implementing change was always a difficult undertaking in the United Nations. The current situation was confirmation thereof. He also conceded that the Fund's client services were outmoded and understaffed. Of the 46 posts requested over the period 2010-2015, only eight posts had been approved; in the current biennium the figure was 14 out of 24.
51. Steps were being taken to improve the image of the Fund and a dedicated communications function had been introduced. Lee Woodyear had been hired to head up that initiative. At a later stage in the meeting, he gave a brief presentation on the thrust of the communications improvement programme that he was envisaging.
52. The Secretary/CEO of the Fund also spoke of new technologies being introduced. He also hoped that the resources needed to establish hubs in Africa, Asia, Latin America and the Middle East would be granted, thus enabling the Fund to provide services closer to retirees in those regions. As retirees had doubtless seen, the Fund was shifting to digitised self-service operations and it hoped to establish a call-centre.
53. Paul Dooley, Deputy Secretary/CEO of the Fund, spoke of the good and bad times he had experienced in the course of twenty-five years with the Fund. Times were currently good, although the public perception was different. Retirees had a key role in changing that perception and the secretariat counted on their support. It could not be denied that staff morale in the secretariat was low as a result of the bad press and negativity engendered by the malicious claims about the putative takeover of the Fund. Ethical values and due process had gone by the board. Harassment was rife and certain members of the staff were pursuing their own agendas.
54. Following the presentations, the member associations raised a number of questions that focused primarily on delays in payment, communications, publicity and perception.

#### *Delays in payment*

55. The non-receipt of a pension was a retiree's worst nightmare. Given that three parties were involved, it was to be hoped that steps would be taken to ensure that staff members get their files in order, organisations submit paperwork on time and the Fund improve its delivery process.

Client services, which in one instance were described as 'a black hole', were in need of major improvement.

56. Separation was predictable; death was not. In order to avoid inordinate delays in payments to surviving spouses, it was suggested that all requisite documents (except the death certificate) be sent to the secretariat ahead of time. Furthermore, experience in other associations had shown that surviving spouses at times of great personal distress were being asked to provide marriage certificates and other documents proving that they had still been married to their late spouses. It was suggested that steps should be taken to reduce overlap and duplication in terms of the documentation that the Fund required. It was subsequently pointed out that the Fund did not always have complete files on all staff members, given that certain organisations did not forward hard copies.
57. Several associations asked about the length of time that retirees and surviving spouses whose files were complete would have to wait for their cases to be fully processed and payment initiated. In one particular case, a retiree had had to wait thirteen months as nobody in his former organisation or the Fund secretariat had replied to his letters. In another most distressing case, payments to two orphans had been inordinately delayed: their predicament was solved by others advancing funds. It would certainly help if people knew the names of the officers dealing with pension payments and related issues, as that would ease communication.
58. In UNESCO, staff resources had been reduced. As a result, potential retirees were coming to the retiree association for advice on their pensions. The Pension Fund could possibly encourage administrations not to cut back on posts dealing with pensions and social security issues.
59. Payments under the Emergency Fund had also been delayed in both India (Chennai) and Fiji. Emergency payments, it was stressed, deserved the highest priority.
60. One association pointed out that the former UNJSPF participants from the former USSR, Ukrainian SSR and Byelorussian SSR had suffered the longest delay. Their case was still unsolved.
61. It was stressed that retirees were human beings, not files. Disgruntled retirees invariably unloaded their frustration on to the local associations.

### *Communications*

62. Associations recognised that the period prior to the introduction of IPAS had not been perfect either. None the less, phone calls and e-mails were still not being answered. Although some associations spoke well of the relationship with both Fund offices, the latter's failure to reply to calls was a common complaint among other associations. It was thus good to hear of an initiative to improve communications and extend outreach by establishing regional hubs. It was hoped that local associations could work with those hubs.
63. It was suggested that as a means of assuring clients that their concerns were being addressed the secretariat might introduce computer-generated acknowledgements of receipt with an indication of the period within which action would be taken. Tracking systems similar to those used by courier services could also be introduced.
64. Associations in faraway countries and different time zones with no access to local United Nations offices had no option but to approach the Fund secretariat direct. One delegate confessed to her trepidation about the emphasis being given to a self-service system that was contingent on the quality of a website that was currently inoperative. In fact, the French version of the website differed from, and was not as comprehensive as, the English version. As for the usefulness of call centres, people should reflect on their experience with banks and telephone companies.
65. The associations were particularly concerned about the steps that would be taken to accommodate the different levels of ability in an ageing community and keeping those people in the communications loop.
66. Specific questions were raised about the delay in quarterly statements and the issuance of tax statements relating to pensions that should have been paid in 2015 and 2016.
67. Pre-retirement seminars could play a central role in alerting potential retirees to the documentary requirements and the various processes. It was hoped that they could also be extended to field duty stations. The positive experience of Japan and the support lent by the Fund secretariat to a retirement seminar at the United Nations University in Japan could serve as a good model.

### *Publicity and perception*

68. The criticisms voiced in the various petitions were grossly inaccurate, unlike the associations' concerns, which were on quite a different plane. Moreover, the criticism aimed at the secretariat staff was truly wounding and undermined staff morale. Staff should be given the credit they deserved. That notwithstanding, it was difficult dealing with outright lies. Furthermore, the smears had also extended to the President of FAFICS and her relationship with the Fund. In a 'sound bite world', little apparently could be done. It was felt that the Office of Internal Oversight Services should have intervened at an earlier stage.
69. One association spoke of the Fund having been in a state of denial where its problems were concerned. The perception on the part of beneficiaries and new retirees was not as positive as the technocrats' perception of IPAS as a good system.
70. In the ultimate analysis, the best publicity was a beneficiary in regular receipt of a pension.
71. In his reply, Sergio Arvizu admitted that the concerns expressed by the associations were not new to the Fund. In fact, over time the Fund had considered all the issues brought forward by the delegations. Risk assessments over the years had pointed to understaffing as being **the** prime problem. In an organisation with a large volume of beneficiaries in 190 countries, complex plan design and governance, an adequate staff complement was essential. 10 additional staff members would help to establish regional hubs and meet local needs in terms of language and closer links with retirees associations. Best practices had been drawn upon to develop a hybrid model for client services. The Fund would leverage technology to ensure better self-service facilities and an improved website. Organisations had come to appreciate the role they played in a tri-partite operation. Dashboards would be incorporated in an end-to-end process that permitted identification of the stage that a file had reached.
72. Other improvements would include: (i) a senior management analysis of human and technical resource requirements for the end-to-end process; (ii) the establishment of a mini task force on survivors and disability cases; and (iii) closer linkage with the human resource processes in organisations and the Human Resources Network.
73. Setting up a call centre would permit secretariat staff to focus on completing value-added tasks. At present, the secretariats were processing 1,300 cases each month and on average some 6-8 weeks were needed to complete each individual case. The initial backlog had

been in the order of 3,300 cases on account of the introduction of IPAS. By the end of March 2016, 69.3 per cent of that backlog had been dealt with and by the end of May 2016 that figure stood at 97.2 per cent. As at 1 July 2016, the backlog had been completely processed and the caseload stood at 700. Since the introduction of IPAS, the processing workload had risen by 50 per cent: an amazing upward trend for a mature fund. Improving the operations of the Fund was akin to changing the tyres on a moving car.

74. In her response, Jaana Sareva spoke of it being heart-warming to hear the associations' comments. The Fund was not over the hump yet. Its critics would not listen to reason or accept factual information and their campaign affected everybody. A statement from the Federation would certainly help to allay fears. Paul Dooley expressed appreciation for the Federation's support.
75. In his presentation on communications, Lee Woodyear spoke of the need for the FAFICS member associations to provide facts and intervening with the Fund on behalf of their constituents. The priority being given to improving communications was the right approach as other people were currently writing the narrative – much to the detriment of the Fund. The Fund needed to take back the narrative. His aim was to have the Fund relate its own narrative in a firm and assertive manner, complemented by a re-launch of a new website in 2017.
76. The session with the Secretary/CEO of the Fund was followed by a session with Carol Boykin, the Representative of the Secretary-General (RSG) for Investments. She was accompanied by Herman Bril, the newly recruited Director of the Investment Management Division (IMD).
77. In her presentation on the status of the Fund's investment, the RSG spoke of the past fifteen months being a period of higher than normal market volatility, the overall impact of which had been dampened by the Fund's broad diversification across markets and asset classes. She was convinced that the Fund was well positioned relative to its objectives.
78. The asset allocation was relatively conservative and traditional; no investments were made in hedge funds. The Fund was aligned with the objective of achieving the long-term real rate of return of 3.5 per cent. The strategic asset allocation policy had undergone some changes in the past month, with decreases in global fixed income, global equities and cash and short-term, and increases in alternative investments and real assets. Capital had been preserved in a challenging period, growth

of +2.68 per cent to date in the current year. The Fund was on track to achieving the long-term real rate of return of 3.5 per cent.

79. In terms of the market value of the assets, the trend line was positive. The plan was conservatively managed and the funded status was strong (91%). Retirees' benefits were secure.
80. The first tranche of questions addressed the Fund's underperformance relative to the market, the distribution of funds across countries, adequacy of funds for pension payments and the variances in the weekly and quarterly reports issued by the Fund.
81. In her reply, the RSG stated that the Fund had not achieved the 3.5 per cent target in 2015. It had overperformed in the first six months of that year only to drop in the months thereafter. On the basis of the figures for the first six months of the current year, the Fund was well positioned in terms of its long-term policy. However, she had no crystal ball, although she was encouraged by current trends on the stock market.
82. At present funds were diversified across 120 countries in all asset classes, some 50 per cent of which were in US dollars, but not all in the same country. She confirmed that the funds were available for the payment of pensions. The variances in the timing of the Fund's weekly and quarterly reports were attributable to the need to reconcile the lagged figures used in much of the incoming data.
83. The second tranche of questions addressed the staffing situation in the IMD, the increasing gap between inflow and outflow given the ever-increasing age of the retirees, investment in carbon-heavy industries and the impact of an increase in assets on the 3.5 per cent real return.
84. In her reply, the RSG spoke of there being five vacancies at the senior level and 16 vacancies at other levels, details of which she would send to the Secretary for onward transmittal to the member associations. Delays were attributable, inter alia, to lengthy classification procedures. Furthermore, it was essential to ensure fairness throughout the process, have as broad a reach as possible and give favourable consideration to internal candidates.
85. Retirees would account for an ever-increasing segment of the population served by the Fund; with retirees living longer, the relationship between inflow and outflow would inevitably develop further and the gap would widen, although the actual extent of that change over time was unknown.

86. The Fund exercised prudence where carbon-heavy industries were concerned. Like-minded funds had also adopted divestiture policies, primarily in relation to coal mining. The RSG was conscious of the Principles for Responsible investment and the Asset Owners Disclosure Project and their ratings. The Fund had initially purchased green bonds that were economically and environmentally sound, but the supply of competitively priced bonds was limited. The carbon footprint of the Fund's portfolio had not yet been revealed for want of standardised evaluation data.
87. As for the impact of an increase in assets, the RSG explained that an improvement in the market situation could indeed have an impact on the targeted real rate of return.
88. The third tranche of questions addressed the membership of the Investments Committee, the Fund's underperformance observed by the Assets and Liabilities Monitoring (ALM) Committee and the possible reduction in the 3.5 per cent real return target mooted by the Investments Committee.
89. Carol Boykin reported that the composition of the Investments Committee was complete. Eight members were on board, one of whom, however, might be resigning. A highly regarded candidate was in the offing.
90. The RSG was reminded that given the underperformance, the ALM Committee had called for an analytical report relating to strategic asset allocation and tactical asset allocation. Furthermore, volatility did not explain the gap between policy benchmarks and actual performance, while the absence of a senior risk manager should surely have called for some form of countermeasure.
91. In her reply, Carol Boykin pointed out that the Fund had outperformed the policy benchmarks by 10 percentage points in 2015. The ex-ante and ex-post attribution analysis, however, would only be available some weeks after the Pension Board had met. The Board had also asked about strategic asset allocation and tactical asset allocation; it appeared more inclined to heed the former over the latter. Some grounds for optimism persisted. The volatility observed to date could be seen as being more in the nature of standard deviation. As for the external study of risk, the RSG asked that she be given time that would allow her to get the risk officer in place first, as he/she might well offer added value.
92. As for reducing the 3.5 per cent target, the RSG could not change the target. She had to work with what she was given by the 'actuarial side

of the house'. One delegation suggested that the Investments Committee had been more concerned about the near-term achievement of the target, which was still attainable in the long term.

**(a) FAFICS positions at the Pension Board**

93. **In the light of the discussions with both the Secretary/CEO of the Fund and the RSG for Investments and after a brief, intensive exchange of ideas, Council decided that the best approach for the FAFICS representatives to the Pension Board would be to:**

**(i) Act in accordance with the decisions and recommendations that had emerged from the discussion in plenary of pension issues and ASHI (see paragraphs 34 and 103); and**

**(ii) As appropriate, draw on the knowledge they had acquired during the debate with the Secretary/CEO of the Fund and the RSG.**

94. In the ensuing discussion of the above approach, it was pointed out that the 'bullets' in paragraphs 34 and 103 were indicators in the sense that they were designed to alert the FAFICS representatives to issues, but the listing was not exhaustive or restrictive. The representatives were reminded of the importance that the member associations attached to effective client services and the avoidance of stopgap measures, when staff resources were merely shifted around from one section of the Fund secretariat to another instead of fresh staff resources being recruited to meet defined needs. FAFICS had every confidence in its representatives' ability to work effectively and efficiently in the interests of the Federation.

**Agenda item 7: After-service health insurance (ASHI) issues**

**(a) Report by the Standing Committee**

95. Georges Kutukdjian introduced the report (document Council 45/2016/CRP 3). After thanking the Vice-Chair and the rapporteur, Jean Bacon, for their support throughout a very protracted discussion, he paid tribute to his colleagues on the High Level Committee on Management Finance and Budget Network (HLCM FB) Working Group on ASHI.

96. The report had focused on the eight recommendations, in particular the recommendation pertaining to the value of national health insurance schemes and the eligibility of staff members for primary coverage under those schemes. The Committee had also addressed the situation



regarding the funding of health insurance liabilities. Attention was drawn to the fact that the mandate of the HLCM FB Working Group had been extended to study further options for increasing efficiency and containing costs and specific proposals that were to be presented to the United Nations General Assembly at its 71<sup>st</sup> session. The schedule related to the conduct of that study was very tight. Other issues of particular significance had been: acquired rights and the concept of 'one size fits all'

97. In the ensuing discussion, both the rapporteur and the FAFICS representatives on the Contact Group of the HLCM FB Working Group were commended for their work.
98. Among the many issues raised, concern was expressed over the concept of 'one size fits all'; in the opinion of the participants, the concept was neither desirable nor viable. The International Civil Service Commission did not consider health insurance to be a common system matter. Concern was also expressed about the use of national health insurance schemes as a primary provider of health insurance: an issue on which the Federation should seek consensus. As had been demonstrated by the reports prepared by the member associations in Latin America, the 23 national health schemes in the region were not fit for purpose. On account of their patent inadequacies in terms of the care, those schemes could not provide the high quality medical treatment that United Nations retirees and their families should be assured. It was thus essential that member associations provide data on the national health systems in their countries for use in connection with the preparation of the Secretary-General's report on ASHI scheduled for issuance in March 2017. In the very near future, the HLCM FB Working Group would be sending out questionnaires to member states via their missions at the United Nations in New York in order to obtain information on the individual countries' national health schemes. **In response to a query from one delegation, it was agreed that member associations should send information on their national health schemes to the Secretary no later than 16 September, who would forward the information received to the Chair and Vice-Chair of the Standing Committee on ASHI for their review.**
99. Notes of caution were struck by various delegations in respect of the preference of some bodies for the pay-as-you-accrue approach and that of the Advisory Committee on Administrative and Budgetary Questions for pay-as-you-go. Whether organisations sought resources via pay-as-you-go or pay-as-you-acquire, the decision to opt for full funding or otherwise should be left to the individual agencies and organisations. From the standpoint of the retirees, the overriding issue

was a matter of quality: ensuring the adequacy of medical services for all retirees.

100. One delegation reminded the participants that national health schemes were subject to national law over which organisations and agencies had no control. Were countries to cut back on their health plans, supplementary insurance would cost more and entail greater costs to the organisations. The retirees might find their mobility restricted on account of the differences in the various schemes and the organisations would find themselves having to absorb the administrative burden of managing so many different schemes.
101. After-service health insurance was an acquired right. Not only had that been acknowledged by the United Nations, but depriving a staff member of the right to ASHI upon retirement would also constitute a violation of the principle of intergenerational solidarity.
102. Discussion turned to difficulties associated with health insurance coverage. In Bangladesh, for example, where coverage was provided via CIGNA, retirees on small pensions found themselves having to: (i) pay higher contributions; (ii) accept a lower rate of reimbursement, if they opted for treatment abroad; and (iii) forgo Ayurveda medicines and treatment that Vanbreda had previously reimbursed. In Cuba, retirees encountered difficulties in obtaining certain medical products, while in India, a growing number of retirees were alerting the local associations to the coverage-related difficulties they were encountering.
103. **Given the large number of problems associated with after-service health insurance, Council identified a number of issues that should be addressed resolutely. Those were:**
  - **Reaffirmation of the principle that after-service health care was an essential component of the conditions of employment and a social matter – not a financial matter;**
  - **Protection of retirees' acquired rights;**
  - **Rejection of one size fits all: ASHI not a common system issue**
  - **Rejection of mandatory incorporation of national health insurance schemes as the primary health plan;**
  - **Any consideration of the feasibility of using national health plans to be left to the discretion of the organisations, due consideration being given, inter alia, to the legal aspects and the negative impact on retirees' mobility; and**
  - **'Pay-as-you-go' still a viable option for Member States: insistence on full funding would tempt others to take the**

**national health insurance route on grounds of cost containment.**

104. In the concluding stages of the discussion on the agenda item, when noting the Standing Committee report (see Appendix 6), Council reconfirmed the breadth of the problems that presented themselves in connection with ASHI. In addition to the bullets listed in paragraph 103, Council reiterated the need to follow up on all eight recommendations presented in the report not only within the context of the HLCM FB Working Group, but also in relation to those ASHI-related issues that confronted the member associations as they sought to safeguard the rights of retirees at the local level.

**Agenda item 8: Quadrennial report to ECOSOC for the period 2011-2014**

105. The Secretary introduced the quadrennial report describing the activities of FAFICS over the period 2011-2014 that would ultimately be submitted to the Economic and Social Council (ECOSOC). The Federation had prepared the summary in accordance with the strict parameters stipulated by the United Nations Non-Governmental Liaison Service (NGLS) that had since vetted the report and recommended its transmission to ECOSOC.
106. Consultative status to ECOSOC provided NGOs such as FAFICS with access to the Council, as well as to its many subsidiary bodies. By virtue of that status, FAFICS had been invited as the sole NGO to address the Council on reform in the United Nations a few years back.
107. The highly compressed report had been based on far lengthier texts submitted by member associations describing their activities over the past four years. A sample of those lengthier submissions had been collated and presented to Council as background information (see document Council 45/2016/CRP 4).
108. In the ensuing discussion, a number of delegations, including ARICSA, AAFNU-Niger and AFICS-Argentina, pointed out that their submissions had been omitted from the background paper. The Secretary agreed to include those inputs in a revised version of the document Council 45/2016/CRP 4. Associations were encouraged to prepare brief reports of their activities each year so as to simplify the process of submitting text for the quadrennial report, the next issue of which was scheduled for 2018.
109. **Council took note of the quadrennial report.**

## **Agenda item 9: FAFICS Statutes**

### **(a) Amendment of Articles 6 and 8**

110. On behalf of a number of associations from Latin America, AFICS-Argentina presented the proposed amendments to Articles 6 and 8 of the Federation's Statutes that had been drafted by AFICS-Uruguay as substantiation of the arguments in favour of modifying the two articles in question. In 1979, the Federation had introduced simple majorities on the basis of one association, one vote, except for budgetary decisions and amendments to the Statutes that required a weighted majority. In 2007, double majorities were introduced as a compromise between simple and weighted majorities. That notwithstanding, it was argued that in line with long-standing United Nations practice, the Federation could adopt the simple majority rule for all decisions on which consensus could not be reached.
  
111. In the ensuing debate, it was recalled that the issue had last been discussed at the Council session in 2014, even though it had never been necessary to take a vote and the principle of consensus had proven useful throughout. The President reminded Council of the agreement that the issue would only be re-opened, if there were substantive reasons for so doing.
  
112. Several delegations pointed out that if a system worked and was not broken, it did not need to be fixed. FAFICS meant a lot to its smaller members, whose survival hinged on the Federation's expertise. Small and large associations faced the same problems and the very uniformity of the common difficulties made no distinction between small and large. Member associations were not sovereign states; hence the analogy with Article 2 of the United Nations Charter that spoke of sovereign states was not applicable to a group of associations with fluid membership comprised of members of different origins and citizenship. The associations were not unique national and cultural associations. Their members were drawn from all over the world. In a common-sense world, if a system worked, it should be retained. Given the challenges confronting the Federation at present, it was hardly the time to debate virtual or theoretical problems.
  
113. Associations accepted the rule that contributions were paid according to the number of members. In the unlikely event that a vote was necessary, the possibility of the article being invoked should be

accepted. The overriding principle was solidarity with all retirees; associations should not press for changes that might lead to dysfunctionality. The Federation should live with things as they were until a real problem occurred.

114. The delegate from AFICS-Uruguay stated that he had been attempting to introduce the changes to the two articles for many years. In response to the delegate's efforts and persistence, Council recalled that the current statutes were the outcome of intensive efforts across the Federation, to which the associations in Latin America had been party. Although everybody was entitled to have second thoughts, it was also pointed out that the statutes were not to the disadvantage of any region or sub-region. Distinctions were not made on the grounds of size.
115. **In summing up, the Presiding Officer thanked all those who participated in the detailed discussion, at the end of which a majority was clearly in favour of maintaining the status quo until such time as a reason for change became apparent. Council so decided.**

#### **Agenda item 10: Administrative and financial questions**

##### **(a) Report of the Auditors for the year ending 2015**

116. The Treasurer introduced the Auditors' report for the year ended 31 December 2015 (document Council 45/2016/D.10a). He explained the various tables and reported that a number of member associations had since paid their arrears. Council felt that an endeavour should be made to ascertain the reasons for non-payment. If financial constraints were the reason, wealthier associations might absorb the costs. On the other hand, if the associations were in the doldrums, the Federation could help to revive activities. Pursuant to rule 2.8 b, Council might exclude from membership a member or associate member which had, for three consecutive years, not paid the fees levied by the Council. The procedure for collecting membership fees was such that the deadline for payment was first set for 31 March each year, whereafter regular reminders were sent to the associations in arrears.
117. In response to a query, the Treasurer explained that the reserve shown in the tables had been earmarked to deal with unexpected situations, such as contingency travel or the need for modern technology.
118. **Council took due note of the report for the year ended 31 December 2015. Given the auditors' confirmation that the books**

**had been correctly kept and the financial situation and the results of the year gave a true and fair view of the affairs of the Federation and in keeping with the Auditors' recommendation, Council approved the balance sheet and the income and expenditure statement of the Federation for the year ended 31 December 2015.**

119. In concluding the sub-item of the agenda, Council thanked the auditors for the scrupulous and conscientious manner in which they had gone about their task.

**(b) Interim report on the management of the budget for 2016**

120. The Treasurer presented the interim report on the management of the budget for 2016 (document Council 45/2016/D.10b) and elaborated on the income and expenditures as well as the status of contributions up to 5 July 2016.
121. **Council took note of the interim report on the management of the budget for 2016 and commended the Treasurer on his financial prudence.**

**(c) Proposed budget for 2017**

122. The Treasurer introduced the proposed budget for the year 2017 (document Council 45/2016/D.10c). He explained that the budget for 2017 was comparable to the previous year's budget, further to which no proposal had been made to raise the membership fee. He pointed to a change that would be made to the expenditure estimates for 2017 following the decision by FICSA to grant FAFICS free membership in recognition of the support and advice that the Federation had given to FICSA over many years.
123. A query was raised about the lack of a comparative table showing the budget as adopted the previous year, whereas the Auditors had annexed to their report one such table for the budget years 2013-2017. The Treasurer explained that the comparative table would be attached once the document had been revised so as to reflect any changes that might emerge from the discussion of the budget. He was urged, however, to attach a comparative table to the budget proposal in future years so as to facilitate consideration of any budgetary issues prior to the budget being adopted.
124. The President confirmed the adequacy of the funds budgeted, while the Secretary confirmed that funds earmarked for office supplies were sufficient as new office equipment had been acquired in the previous

and current year. Similarly, activities related to the website did not bear budgetary implications as all activities related to the website were carried out by volunteers. He paid tribute to the excellent work of Doug Helland. One delegation pointed out that the membership figure cited for her association was slightly understated to the order of some US\$ 18; similar adjustments might also apply to other associations where the data used applied to 2015 or earlier.

125. **Council took note of the proposed disbursements and approved the budget for 2017. (see Appendix 5).**

**(d) Appointment of the Auditors**

126. Council was informed that the Auditors, Messrs Ventura Garcia Garnateo and Mohammed Rharha, had expressed their willingness to accept re-appointment. Council expressed its gratitude.

**Agenda item 11: Election of Officers**

127. 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 (document Council 45/2016/D.11). He introduced the slate of candidates and oversaw the election process, at the very outset of which Abu Khaled Masood Ahmed (AFUNSOB) withdrew his candidature for the position of Vice-President. Michael Atchia (AFICS-Mauritius) and Eduardo Croci (AFICS-Uruguay) were appointed polling officers. They oversaw the ballot procedures for the election of seven Vice-Presidents.

128. **Linda Saputelli was elected President by acclamation.**

129. **The outcome of the election of seven Vice-Presidents, which owing to a tie extended over two rounds, was as follows:**

**Six persons were elected to the post of Vice-president in the first round with the following votes:**

- |                       |          |
|-----------------------|----------|
| • Jerry Barton        | 21 votes |
| • Adriana Gomez       | 23 votes |
| • Ari Toubou Ibrahim  | 24 votes |
| • Warren Sach         | 25 votes |
| • Junko Sato          | 26 votes |
| • Marashetty Seenappa | 26 votes |

**A run-off election was required on account of a tie:**

- **Katia Chestopalov**                      **19 votes**
- **Josiane Taillefer**                      **19 votes**

**The result of the run-off election in the second round of voting was:**

- **Katia Chestopalov**                      **18 votes**
- **Josiane Taillefer**                      **13 votes**

**Katia Chestopalov was thus elected Vice-President**

**130. Jayaraman Sundaresan and Wolfgang Milzow were elected by acclamation to the post of Secretary and Treasurer, respectively.**

**131. The newly elected members would assume office immediately.**

**132. Council also elected the Chair and Vice-Chair/Rapporteur for the Standing Committee on ASHI. The persons elected were:**

<b>Chair:</b>	<b>Georges Kutukdjian</b>
<b>Vice-Chair/Rapporteur:</b>	<b>Katia Chestopalov</b>

**It was not necessary to elect the Chair and Vice-Chair of the Standing Committee on Pension Issues as Gerhard Schramek and Warren Sach were just beginning the second year of their two-year term.**

**133. In closing the elections, the Presiding Officer wished those elected every success in their endeavours on behalf of FAFICS.**

**Agenda item 12: Appointment of FAFICS representatives to the Pension Board and other bodies in 2017**

**134. On the recommendation of the President, Council appointed the following persons to represent the Federation in their capacity as FAFICS representatives to the Pension Board in 2017:**

- **Linda Saputelli**
- **Gerhard Schramek**
- **Warren Sach**
- **Marashetty Seenappa**
- **Marco Breschi**
- **Louis-Dominique Ouedraogo**

**135. Katia Chestopalov, Georges Kutukdjian, Warren Sach and Gerhard Schramek would continue to represent the Federation on**



**the HLCM FB Working Group on ASHI.** Given the singular importance of ASHI-related issues, Council expressed the hope that more advance notice would be given of the Working Group meetings and the documents distributed in a timely manner.

136. **The President informed Council that Hazelein Featherstone had replaced Paula F. Saddler as the FAFICS representative on the Pension Board Audit Committee. Furthermore, Deborah Landey and Joan McDonald (alternate) had been nominated to replace Roger Eggleston on the Contact Group (spousal benefits under Articles 34 and 35) established by the Pension Board.**

#### **Agenda item 13: Date and place of the 46<sup>th</sup> session of the Council**

137. The date and place of Council sessions were determined by the venue and date selected for the session of the Pension Board. As soon as that information was available, Council would inform member associations, all of whom would be urged to participate in the session.
138. The President reminded those member associations submitting comments on the draft report to respect the deadline. The procedure would be identical to the one adopted the previous year. If found necessary, changes to the procedure would be introduced prior to the Council session in 2017. She hoped it would be possible to issue the report in a timelier manner than had been the case in 2015.
139. As for the upcoming session in 2017, a number of delegates requested that seating arrangements be in alphabetical order by acronym or city. Not only would that maintain the Federation's universality, but it would also ensure that delegates enjoyed the benefit of sitting close to, and exchanging views with, associations from other regions. **As for the upcoming session in 2017, seating arrangements would be in alphabetical order by acronym.**

#### **Agenda item 14: Other business**

140. A number of issues were raised under the agenda item.

##### *(a) Items for discussion at the 46<sup>th</sup> session of the Council*

141. The agenda of the 46<sup>th</sup> session of the Council should include items on:  
(i) a provision for an editor and a public relations officer in the Bureau;  
and (ii) membership promotion activities (see subpara c below). Item (i) that had been proposed by AFICS-Mauritius would first be taken up by the Bureau

*(b) Approach to the UNDP Administrator*

142. The member associations from the former USSR, Ukrainian SSR and Byelorussian SSR requested that a letter be sent to the UNDP Administrator reminding him of the understanding reached with previous Administrators on the provision of offices and other facilities to retiree associations in the countries where UNDP had offices. Initially the arrangement had worked well and in Bangladesh, for example, a letter instructing the Resident Coordinator to provide such facilities had proved most helpful.
143. Council recognised the need to repeat the request for the distribution of instructions to all UNDP offices to provide such assistance to retiree associations, whenever a new Administrator took up office. The President agreed to write such a letter to the new Administrator on the basis of previous drafts.

*(c) Membership promotion activities*

144. Mary Johnson described her efforts aimed at setting up an association in Fiji; Council encouraged her to continue with her endeavours. Pierre Traoré confirmed that the Fijians, who had wanted a meeting at the same time as the Pension Board, had also approached him, but he had heard nothing since. He thanked Mary Johnson for her initiative.
145. Pierre Traoré described developments in respect of Algeria (a small group that still lacked critical mass), Senegal (endeavours to get them to change their statutes to comply with FAFICS criteria had been successful), Côte d'Ivoire (initial enthusiasm needed to be revived), Chad (a new target country) and Belgium (likewise a new target country). Neither Liberia nor Tunisia had responded to telephone calls or e-mails. He also reported that Pathé Diallo, President of AAFNU-Guinea, had sent a message assuring FAFICS of his association's full commitment to the Federation.
146. BAFUNCS had made an unsuccessful attempt to set up an association in the Republic of Ireland, while the Secretary spoke of sights being set on Portugal, Iceland and the Caribbean region, possibly Trinidad and Tobago. The advantages to be gained by grouping islands together in one association were pointed out.
147. The FAFICS membership totalled 18,300 members as against a total of some 73,000 United Nations retirees in receipt of a pension. Room for expansion was ample. The Secretary undertook to distribute a

breakdown of the individual associations' membership figures. Of the Federation's member associations, only 54 per cent had been represented at the current session. The aim should be to have an attendance of 100 per cent at the upcoming session. Member associations should encourage associations in neighbouring countries to attend and so swell the ranks. At the same time, membership in the individual associations could be augmented by offering members certain attractive benefits, such as special retiree ID cards, social events and community activities, viz. a blood donation campaign.

### **Closure of the session**

148. The President thanked the participants for their contribution to the success of the meeting. She placed on record her gratitude to the host association and the hospitality extended to the participants by the ARICSA team. She also paid tribute to the work of the Secretary and Treasurer who had contributed to the efficiency of the meeting and praised the people 'behind the scenes' who had worked unflaggingly in the Standing Committees. She expressed her appreciation to the Presiding Officer and the rapporteur. In closing, she wished everybody a safe journey home.
149. Georges Kutukdjian expressed the willingness of his association, AFUS, to translate into French articles and input for the website. He also joined all the other associations who had made valedictory statements - Argentina, Bangladesh, Ethiopia and Niger – thanking the President, Vice-Presidents, Secretary, Treasurer, the Rapporteur and the Presiding Officer for having made the meeting such a success.
150. The Presiding Officer also expressed his wholehearted thanks to ARICSA for the lengths to which the association had gone to assure the success of the meeting.
151. In the very final stages of the session, 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.
152. The Presiding Officer thanked everybody for having contributed so effectively to the debate and declared the session closed at 12.35 p.m. on 13 July 2016.

## **Appendices**

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 After-service Health Insurance (ASHI) Issues
Appendix 7	Approved budget for 2017

## **Appendix 1**

### **List of participants**

<b>President</b>	Linda Saputelli
<b>Presiding Officer</b>	Alan Prien
<b>Secretary</b>	Jay Sundaresan
<b>Treasurer</b>	Wolfgang Milzow
<b>Rapporteur</b>	Peter Lillie
<b>AAFI-AFICS-Geneva</b>	Odette Foudral Katia Chestopalov Samuel Mbele-Mbong Jean-Paul Menu
<b>AAFICS-Australia</b>	Mary Johnson
<b>AAFNU-BF Burkina Faso</b>	Adama Pierre Traore Louis Dominique Ouedraogo
<b>AAFNU-N-Niger</b>	Ari Toubo Ibrahim Sani Chaibou
<b>AAFU/AFUS-Paris</b>	Georges Kutukdjian Josiane Taillefer
<b>AEFNUC-Cuba</b>	Ana Maria Gudz Robak
<b>AFICS-Addis Ababa</b>	Tedla Teshome
<b>AFICS-Argentina</b>	Isabel Kantor Marisa Manus Judit Luraschi Valentina Leibo

<b>AFICS-Chile</b>	Mario La Fuente Adriana Gomez
<b>AFICS-Japan</b>	Junko Sato
<b>AFICS-Kiev</b>	Aleksey Kostomarov
<b>AFICS-Mauritius</b>	Michael Atchia
<b>AFICS-Moscow</b>	Mikhail Gunar Mark Tseshkovskiy Robert Guman
<b>AFICS/New York</b>	Warren Sach
<b>AFICS-Philippines</b>	Lydia Ontal Ruth Villanueva Batten
<b>AFICS-Uruguay</b>	Eduardo Nestor Croci Brea
<b>AFIJUB-Spain</b>	Miguel A. Espinar-Sierra
<b>AFUNPI-India</b>	Marashetti Seenappa Magdalene Chand Janakiram Sreeivas Ayyar D.V. Narasimhan
<b>AFUNSOB-Bangladesh</b>	Abu Khaled Masood Ahmed Mah Jabeen Masood Ahmed Hussain MD Fazlur Rahaman
<b>ARICSA-Vienna</b>	Jerry Barton Gerhard Schramek Elisabeth Swaton Manijeh Torabi Olaf-Michael Stefanov Werner Blenk
<b>ASOPENUC-Columbia</b>	Helene Hasselbalch
<b>BAFUNCS-UK</b>	Enid Steward Goffman Ben Goffman

**CAFICS- Canada**

Jean Bacon

**FFOA-Rome**

Alan Prien  
Marco Breschi

**IAFICS-Israel**

Michael Suess

**Emeritus President**

Andrés Castellanos

**PROXIES:**

**ASSOCIATIONS**

AAFICS-Australia

AAFNU-BF Burkina-Faso

AFICS-Argentina

AFICS-Chile

AFICS- Philippines

**FOR**

AFUNO-New Zealand

AMAFINU-Mali

AAFIB-Brazil

AFPNU-Mexico

APEFONU/AFICS-  
Paraguay

AFICS-Netherlands

AFICS-Kenya

## APPENDIX 2

### AGENDA

1. Adoption of the Agenda
2. Election of the Presiding Officer and the Rapporteur
3. Admission of new members
4. Report of the President
5. Pension issues
  - (a) Delays in payment of pension benefits: new pensioners and surviving spouses
  - (b) Report of the Standing Committee
  - (c) Situation of the former UNJSPF participants in the former USSR, Ukrainian SSR and Byelorussian SSR
6. Meetings with the Secretary/CEO of the UNJSPF and the SG for Investments with Q&A
  - (a) FAFICS positions at the Pension Board
7. After-service health insurance and long-term care (ASHIL)
  - (a) Report by the Standing Committee
8. Quadrennial report to ECOSOC for the period 2011-2014
9. FAFICS Statutes
  - (a) Amendment of Articles 6 and 8
10. Administrative and financial questions
  - (a) Report of the Auditors for the accounts ending 2015
  - (b) Interim report on the management of the budget for 2016
  - (c) Proposed budget for 2017
  - (d) Appointment of the Auditors
11. Elections: FAFICS officers and Chairs/Vice-Chairs of the Standing Committees
12. Appointment of FAFICS representatives of the Pension Board and other bodies in 2017
13. Date and place of the 46th session of the Council
14. Other business



## Appendix 3

### List of documents

#### **Pre-session documents (D series)**

FAFICS-45th-D.1 -Provisional Agenda  
FAFICS-45th-D.1a-Provisional Work Programme  
FAFICS-45th-D.4 - Report of the President  
FAFICS-45th-D.5C - Situation of the former UNJSPF participants in the former USSR, Ukrainian SSR, and Byelorussian SSR  
FAFICS-45th-D.7 -ASHIL-Note by AFICS-Argentina  
FAFICS-45<sup>th</sup>- D.7a – Report of the Standing Committee on After-Service Health Insurance and Long-term Care (ASHIL)  
FAFICS-45th-D.8-Quadrennial Report  
FAFICS-45th-D.9a - FAFICS Statutes - Amendments of Articles 6 and 8- Paper by AFICS-Uruguay  
FAFICS-45th-D.9a add1 - FAFICS Statutes - Amendments of Articles 6 and 8- Paper by Afics-Argentina, AAFIB (Brasil), AFICS-Chile, AFICS-Uruguay  
FAFICS-45th-D.10a. Report of the Auditors for the accounts ending 2015  
FAFICS-45<sup>th</sup>- D.10b. Interim report on the management of the budget for 2016  
FAFICS-45th-D.10c. Proposed Budget for 2017  
FAFICS-45th-D.11- Candidates for Election to Bureau

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

CRP.1- Provisional List of Participants as of 13 July 2016  
CRP.2 - Report of the Standing Committee on Pension Issues  
CRP.3 – List of documents  
CRP.4 – Quadrennial Report (with sample of input from member associations)

## Appendix 4

### REPORT OF THE PRESIDENT

Dear Colleagues,

First, many thanks to ARICSA for hosting the 45th FAFICS Council. It has been awhile since FAFICS has met in this very special and beautiful city and I know I speak for us all when I say how happy we are to be here. On behalf of FAFICS I would like to extend special thanks to ARICSA President Jerry Barton and his team for the hard work that went into the preparation of this meeting.

In welcoming you all, I would also like to greet our newest member, AFICS-Guinea which after preparing its admission over the past couple of years is now ready to join us and will become the Federation's 59th member. At the last minute the President, Dr. Pathe Diallo informed us that he was unable to attend the Council and called on the FAFICS Secretary and our colleague Pierre Traore to present the credentials on his behalf. For Guinea and those associations still in the pipeline we have to thank Pierre Traore for his indefatigable efforts in enlarging our membership. Although the membership strategy he has launched is not featured on the agenda this year, I am sure we will find time over the next days to hear from Pierre where we stand on the admission of other associations.

As usual, our concerns this year center on the two matters on which our attention is most closely focused, pensions and after-service health insurance, or ASHI. We will have ample time during the Council to discuss and debate both, so at this point I will mention them, but briefly.

Pensions

As you know, the big change in the area of pensions since our last Council has been the implementation of the Integrated Pension Adjustment System, or IPAS. For those who may by now have forgotten the historical details, allow me to recall that IPAS was first conceived in 2007 by the present CEO who was then Deputy to the former CEO. Over the past 7 years the CEO and his staff have worked tirelessly on the redesign and integration of a series of outdated, piecemeal IT systems that were no longer capable of serving clients effectively. IPAS was finally launched last August and for us beneficiaries it was a resounding success; it went off without a hitch and there were no reports of missed or late payments. However, the results were somewhat mixed for some new pensioners and widows/widowers, though it soon became clear that delays were not caused by IPAS alone. When complaints first started to come in to AFICS associations, the Vice-Chair of the Pension Standing Committee Warren Sach and I met with the CEO and his colleagues on a continuous basis to find out what was causing

the delays, learn how they were being addressed and provide our views on ways to address them. We drew their attention to critical needs in areas of better communication and client services. Though we were informed that the Pension Fund secretariat was understaffed, we insisted that it was unacceptable for calls and emails to go unanswered. New beneficiaries were vulnerable economically and at a time when ties with their organizations had come to an end. In private discussion with the Fund leadership FAFICS insisted that these were critical issues that required immediate action.

Starting in March an all-effort effort was made by the Fund, in cooperation with the UN Department of Management, to complete the processing of all pending cases. It was particularly important for the Fund to work with the United Nations as it, along with the UN Funds and Programmes, had been among those organizations slowest to submit all necessary separation documents to the Fund. Although the Fund continues to receive some 1,000 new cases per month, by now the processing of new pensions is proceeding at a faster rate than ever before. It is regrettable that, whatever the reason, some new pensioners experienced delays and we would urge that efforts be made by all parties involved in the process to ensure that such gaps are not repeated.

Another pension-related matter of great concern to FAFICS over the past year was the number of on-going high-level vacancies in the Investment Management Division of the Fund. The Assets and Liabilities Monitoring Committee (ALM), on which two FAFICS members serve, found the situation so troubling, it wrote twice to the Secretary-General in both February and March to call to his attention the risk to our pensions posed by leaving these critical posts vacant. Within the last several weeks, there have been significant declines in international markets as a result of the referendum in the United Kingdom to exit the European Union. We will be interested to hear from the RSG what steps were taken to anticipate this event and position and protect the assets of our Fund.

We will have an opportunity in the course of this session to discuss all of these matters at length among ourselves, to hear and question the CEO and the RSG for the investments of the Fund, to consider what we have learned from them and prepare the FAFICS position before the Pension Board later this month.

On a final note on pension-related matters, positions held by FAFICS representatives became vacant in two Committees of the Pension Board over this past year. For the Audit Committee, FAFICS was given a rather tight deadline to inform the Fund of a replacement. After consulting a number of colleagues, I am pleased to announce that Hazelien Featherstone

will replace Paula Saddler whose non-renewable term on the Audit Committee ends this July. We are grateful to Ms. Saddler for her service and are pleased to have identified Ms. Featherstone who is so eminently suited for the function, having previously served as the Executive Secretary of the United Nations Board of Auditors. The other committee on which Roger Eggleston and Katia Chestopalov had been serving is the Contact Group on spousal benefits under Articles 34/35 of the UNJSPF regulations. With the resignation of Mr. Eggleston from FAFICS, the search for a replacement began and after a number of months Deborah Landey, Vice-President of AFICS/NY and Joan McDonald, AFICS/NY Governing Board member, agreed to become regular and alternate members, respectively.

### **Health insurance**

On ASHI there is also something new to report. The report of the Working Group on ASHI completed what has turned out to be only the first stage in its review. That report was presented to the General Assembly at its resumed session this past March. FAFICS requested permission of the Chair of the General Assembly's Fifth Committee to deliver a statement and it was ultimately granted. This was a most welcome first for the Federation. It is a step we believe was critically needed and which we hope can become a regular feature of Fifth Committee deliberations. Over the years, three separate staff unions have been granted access to the Fifth Committee and we believe it is high time that FAFICS be granted equal treatment. Our statement to the Fifth Committee was made available to the Federation and posted on the website. As just mentioned, it was decided that the Working Group on ASHI would continue during the coming year when it will enter into more depth on certain issues, among which is a review of the suitability of national health schemes being possibly introduced into ASHI. In this context we would urge that the Working Group draw on the experience of retirees in the United States with the government insurer Medicare B to avoid repetition of reimbursement and processing weaknesses, but also to be made aware of the possible unforeseen circumstances deriving from arrangements whereby retirees have been made almost solely responsible for their contract with the insurer. Once again we will have time to consider this matter in some detail and arrive at a consensus.

### **FAFICS Bureau**

The FAFICS Bureau continues to play a key role in steering the work of the Federation. It met most recently on 7 July to review the draft agenda which, however, had already been partially determined at its December 2015 meeting and looking back was, may I say, overly ambitious. I trust you are all familiar with the report of the December Bureau meeting which was made available shortly after it was held and which again this year was broad in both scope and substance. Let me add something I mentioned in my report

last year which was that because the Bureau represents the Federation as a whole, it is able to remove some burden from the Council by taking decisions that do not require deliberations by the Federation as a whole. This enables Council to make more efficient use of time at its annual meetings. As you know, this year we face an election of Vice-Presidents so I would ask members when electing the new Bureau to reflect on the competencies you would most like to see in your representatives, bearing in mind also other elements such as geography and gender. Once again, I would like to remind those running for office and those then elected that you will be expected to take an active role within the Bureau. This is why I have decided this year to ask the candidates to introduce themselves, give us a brief overview of their experience, how they see their role and what contribution we can expect from them. This will take place before the elections tomorrow.

### **Council agenda**

As usual, the Council agenda contains items which require decisions and others on which the Federation simply takes note. Although the quadrennial report to ECOSOC belongs to the latter category, I recommend it you for more than just a glance. Although the document before you consists of a compilation of all reports received in accordance with the reporting requirements, the Secretary will make the full reports as submitted to him available to Council. It provides a wealth of information about ways in which our colleagues continue to support the work of the United Nations. Another item which appears on the agenda is the amendment to articles 6 and 8 of the FAFICS Statutes. The item has a certain history in the Council, one which is certain to be recalled in the course of our discussion on this matter. You will of course already have noted that the agenda for the Council itself does not make specific mention of the numerous items being dealt with by the two Standing Committees on pensions and ASHI. Those who attended the Standing Committee meetings last Friday have seen that both agendas were substantive. Because in-depth discussion has already taken place in committee, Council is able to concentrate and deal only with the outcome and recommendations when it considers the Standing Committee reports in plenary. It is clear that if we did not work in this way, we might have to add another day or two to our Council meeting.

### **Budget and secretariat resources**

Our budgetary situation remains healthy, even if our resources are not as great as we might like. One matter that the Bureau has been examining in the recent past is the functioning of the FAFICS Secretariat. It is a matter that the Bureau will continue to keep front and center in the coming year. With this, I count on your contributions to make this Council a successful one and hope you find the time to enjoy Vienna.

Linda Saputelli

## Appendix 5

### Report of the Standing Committee on Pension Issues

1. The Chair of the Standing Committee, Gerhard Schramek, opened the meeting at 10.00 a.m. and drew attention to the number of issues that the Committee would have to take up in the course of its debate.

#### **Agenda item 1: Adoption of the Agenda**

2. The agenda (document SCPI/2016/DOC/1) was adopted as submitted, it being understood that Article 35 *bis* would be taken up under agenda item 4 Other pension matters.

#### **Agenda item 2: Review of the issues on the agenda of the 63rd session of the Pension Board**

a) *Thirty-third actuarial valuation of the Fund as of 31 December 2015*

3. Since the Board document on the thirty-third actuarial valuation had still to be issued, the Vice-Chair, Warren Sach, described the current status. The consulting actuary had not yet completed his assessment as the data he required had only become available in mid-June. The provisionally estimated deficit as of 31 December 2015 stood at 0.5 per cent of pensionable remuneration as against the deficit of 0.72 per cent in the previous biennium. Things could thus be seen to be moving in the right direction. The deficit was well within the permissible band or 'safety margin' of 2 percentage points up or down, thus no changes in terms of benefits and contributions would have to be made. In short, there was no reason for substantive concern.

4. **In conclusion, the Standing Committee took note of the oral report and the slight improvement in the deficit.**

5. **As the estimated actuarial deficit would be within the 2 per cent range, no measures would have to be taken by the Board. However, it also meant that there was no manoeuvring space for improvements in benefits, as they would have incurred costs to the Fund.**

**NOTE: When considering the report of the Standing Committee on 11 July, Council was informed that in the light of new data, it had transpired that the provisionally estimated deficit of 0.5 per cent of pensionable remuneration was in fact a surplus 0.16 per cent.**

*(b) Report of the Assets and Liabilities Monitoring Committee/Investment Issues*

6. In introducing the executive summary of the third report of the Assets and Liabilities Monitoring (ALM) Committee (contained in document JSPB/63,R.27), the Vice-Chair said that the report in its entirety gave rise to greater concern than the outcome of the actuarial valuation.

7. FAFICS, which had two representatives on the Committee, had worked well with the ALM Committee, which had held four meetings in the past eight months, and appreciated its cohesive approach. The Federation shared the concerns that the Committee had expressed.

8. Given the worrisome underperformance of the Fund's investments against the policy benchmarks and the negative returns since the end of 2014, the ALM Committee had emphasised the importance of: (i) adhering to the selected strategic asset allocation; and (ii) identifying and implementing tactical asset allocation strategies that would contribute to generating positive returns that were essential to achieving the Fund's long-term investment objectives. Furthermore, the ALM Committee stressed the importance of interacting continuously and effectively with the Investments Committee on such issues as market trends and perspectives and their potential impact on the Fund's investments and its overall financial status.

9. The ALM Committee had put forward a series of recommendations, the first of which related to the Secretary-General adopting a clear investment policy with the strategic objective of maximising investment return within the Fund's risk appetite so as to meet at least the Fund' assumed real rate of return of 3.5 per cent over the long term that was currently **not** being achieved. In that context, an in-depth-review should be undertaken of the main practices, risk management and performance compared to other public pension funds or other best practice institutions.

10. The ALM Committee was concerned over the composition of the Investments Committee and ensuring that it gave advice to the representative of the Secretary-General (RSG) on investment policy and tactical investment strategies, including risk exposure. It was thus essential that the five key senior level posts in the Investments Management Division, including that of the Head of Risk Management, be filled without further delay, together with fourteen others that were currently vacant. A possible causal relationship between the vacancies and the Fund's underperformance was a matter of genuine concern. In that connection, the performance of the Fund and that of the RSG in the discharge of her responsibilities should be closely scrutinised.

11. In the ensuing discussion, it was suggested that the Federation should support the observations and recommendations of the ALM Committee to the full. The recruitment difficulties in the field of investment were attributed to a number of causes ranging from the higher salaries paid in the private sector to the common system's cumbersome classification and recruitment processes. It was reported that the ALM Committee had had several face-to-face meetings with RSG. She had explained that the bulk of the vacancy announcements had still to 'go to market': a situation that, in the opinion of the Standing Committee, merely heightened the concern over the lack of efficiency.

12. The Standing Committee also spoke of the need to: (i) restructure the weekly and other reports issued by the Pension Fund that cast light on the achievement of policy benchmarks and asset evaluation; and (ii) compare the Fund's performance to that of the market. It was the lack of leadership that hampered the performance of the Investments Management Division: a US\$ 50 billion fund called for active management. The concerns expressed by staff in that regard were legitimate.

13. As far as the Investments Committee was concerned, questions were raised about its composition and whether it analysed the performance of the RSG and the various shortcomings. While acknowledging the problems associated with IPAS and Umoja, not to speak of the upcoming election of a new Secretary-General, information was sought on the feasibility of finding allies who could work on the plethora of problems that defied simple solution.

14. It was reported that eight of the 9 regular members of the Investments Committee were in place; they enjoyed the support of two ad hoc members providing specific regional expertise. Portfolio performance, however, had hardly been discussed. It was confirmed that letters from the ALM Committee had 'energised' the RSG on the recruitment issue, further to which all members of the ALM Committee shared the same deep concerns over current investments.

**15. At the end of the discussion, it was agreed that shortcomings related to both investment performance and recruitment posed risks to the Fund. The Federation should thus support fully the recommendations and findings of the ALM Committee. The Standing Committee thanked the FAFICS representatives on the ALM Committee for their commitment and staying power.**

*(c) Application of paragraph 26 of the Pension Adjustment System*

16. In introducing the document (document SCPI/2016/DOC/2), the Chair pointed to the ambiguity of the provisions contained in paragraph 26. It was recalled that the Pension Fund Secretariat had set up its own internal body to



monitor the situation in countries where the local currency track had been introduced. The monitoring process was carried out on a semi-annual basis: a mechanism that FAFICS welcomed.

17. The Chair referred to paragraphs 11 to 16 of document SCPI/2016/DOC/2 that provided comments on the proposed new paragraph 26 as submitted by the Secretary/CEO of the Fund.

18. Despite a long-standing request on the part of FAFICS, the new paragraph 26 (a) did not provide for consultation with the local AFICS or the Federation prior to suspending the local currency track.

19. Furthermore, the present paragraph 26 (b) which described examples of economic situations that could lead to the suspension of the local currency track has been deleted. It was recalled that subparagraph (i) of that paragraph described an economic situation – very high inflation and a stable exchange rate – that had previously led to the local currency track being suspended in a number of countries. The new paragraph (b) as proposed would not cover such a situation.

20. The document also failed to mention the FAFICS proposal that consideration be given to the option of freezing benefits rather than suspending them. In the view of FAFICS, freezing pension benefits at the local currency level could avoid real hardship for those beneficiaries affected by full suspension of the local currency track. The Pension Fund, however, had never studied this proposal.

21. The Chair welcomed the new procedure proposed for the reinstatement of the local currency track in countries where it had been suspended. The Federation should support that new procedure.

22. One delegation pointed out that Argentina had been omitted from the list of countries where the local currency track had been suspended or not yet established. Furthermore, the same delegation stated that it would most probably not agree with the Chair's proposal that instead of being suspended, the local track be frozen for a limited period; it was unrealistic to set a time-line of six months. It was also impossible to determine in advance the time needed to reduce fluctuations in the value of a domestic currency vis-à-vis the US dollar, predict the rate of inflation and/or identify other economic inconsistencies. A freeze offered no clear advantage. In the ultimate analysis, it would merely be a prolongation of suspension. To the delegation's knowledge, no decision to suspend the local track had ever been reversed.

23. The delegation went on to point out that two new parameters for suspending the local currency track had been proposed. It was suggested that a third parameter should be added to paragraph 26 b):

*(iii) Where national data on CPI are significantly lower than the real inflation rate and so yield an artificially lower inflation rate are reported in tandem with artificially high values for the local currency that reduce the nominal value/ purchasing power of the pension benefits.*

24. The same delegation strongly supported subparagraph (iv) in paragraph 26 c). It also urged that once the decision had been taken to reinstate the local currency track, the retirees and other beneficiaries should be allowed to choose between remaining on the dollar track or returning to the local track. The proposal found favour with another delegation that also welcomed information being given to retirees and beneficiaries in pay status three months in advance of any suspension.

25. Another delegation submitted a plea that given the split opinion on suspension and the freeze, a comparative study on the benefits of the two approaches should be undertaken.

26. The constructive role of FAFICS had been acknowledged by the executive heads and the endeavours of the Federation had yielded a better outcome than those of the participants' representatives. That notwithstanding, one delegation noted with dismay the nonchalant attitude that the Pension Fund secretariat displayed towards proposals emanating from the retirees: its primary customers. It was essential that the Federation adopt a firmer attitude and so dismiss any allusions to FAFICS being in the pockets of the Pension Board or the administrations. It was essential that retirees be treated with greater respect.

**27. In conclusion, the Standing Committee supported the proposal for the reinstatement of the local currency track. It also agreed that the issue of consulting FAFICS and the local AFICS prior to the suspension of the local track should be taken up at the Board session, as should the rationale for deleting the original subparagraph (b) on aberrant results. It further urged that a study be carried out to determine the benefits of a freeze on, as distinct from suspension of, the local currency track.**

*(d) Review of the UNJSPF Appeal Procedures*

28. The Chair introduced the report (document SCPI/2016/DOC/3) and provided a brief history of the appeal procedures. More recently and following an extensive exchange of ideas with the Chief, Risk Management and Legal Services Section, in the Pension Fund secretariat, significant changes to the current appeal process had been secured. In future, the Committee would meet before the Board session and not at an evening session during the Board itself. The members of the Standing Committee would receive the dossiers of the appeals cases at least three weeks before it met, thus giving the members adequate time in which to review the case documents. The role of the Chair of the Committee would be strengthened and the Secretary/CEO of the Fund would no longer participate in the review of appeal cases, thus avoiding potential conflicts of interest and assuring the greater independence of the Committee as a review body. The rights of appellants would also be enhanced. Not only would the appellant have access to the respondent's answer, but he/she could also make additional comments thereon, with no further rejoinders or surrejoinders being permitted thereafter.

29. For the Standing Committee to succeed in its new role, it was essential that all groups should focus on nominating as representatives people who were knowledgeable about the regulations and rules of the Fund, the pension adjustment system and the Pension Fund's operations.

30. One delegation said that almost all its concerns had been met. It had hoped that it would ultimately prove possible to have all Standing Committee decisions posted on a website rather than maintaining the policy of all records of the Standing Committee being kept private and in the care of the Secretary of the Board.

**31. In conclusion, the Standing Committee agreed to support the proposals for improving the appeals process. It welcomed: (i) the greater degree of freedom accorded to the appellant; and (ii) the provision made for more transparency throughout the process.**

*(e) Status report on the Emergency Fund*

32. The Chair introduced the report (document SCPI/2016/DOC/4) that focused on the degree to which the Fund secretariat had exercised reasonable discretion and greater flexibility in approving payments from the Emergency Fund, in addition to introducing more effective outreach activities.

33. From the very outset of the discussion, delegations pointed to the imbalance in emergency fund payments when viewed from a regional or country standpoint, with North America and Europe accounting for the larger shares and Italy and France receiving the greatest number of payments. The Fund had continued to be underutilised on account of the applications being incomplete and thus failing to meet established guidelines, while the accountability requirements incurred inordinate delays. The utilisation of the

allocation available to the Emergency Fund had been less than 50 per cent in the past two biennia. As a number of delegations pointed out those failings made it all the more necessary that the Emergency Fund communicate more effectively in a transparent and comprehensible manner with retirees both before and during the application process and broaden its publicity activities concerning the availability of the Fund, especially through more effective outreach activities.

34. Individual delegations spoke of the Fund's failure to follow up on its initial positive response to alleviating the plight of retirees who had fallen victim to natural disasters. Hopes had been raised only to be dashed by the silence that ensued on the part of the Pension Fund secretariat over an extended period. Local associations found themselves unable to obtain basic information from those operating the Fund. That criticism applied in particular to the management of payments related to the floods in Chennai in India (where the local retiree association had not even been provided with data on the number of families that had ultimately been assisted) and to the lack of follow-through on the alert sounded on the havoc wrought by the hurricane in Fiji. In both instances the retiree associations involved had no control over proceedings that were exacerbated by operational shortcomings in the Pension Fund secretariat.

35. Retiree associations found themselves often helping claimants who were unaware of the documentation required or unable to understand the content of the replies they had received that, on occasion, were even drafted in a language different to the original request. The severity of such cases was heightened when no local retiree association was to hand. At the same time, retiree associations could not get too deeply involved in individual cases on account of the various confidentiality provisions laid down by the Emergency Fund: a possible solution to that obstacle might be the acceptance by the Pension Fund secretariat of a statement by the claimant approving the release of information to the retiree associations. That avenue should be explored further.

36. Whereas one delegation pointed out that it was not really the task of local associations to carry out the work of the Pension Fund secretariat, other delegations were firmly convinced that local associations should be permitted to assist claimants during the application process and put forward a number of suggestions for bettering the situation. The proposals included: (i) holding a workshop during a Council session to alert the associations to the difficulties associated with the presentation of claims; (ii) setting up a focal point in the Pension Fund secretariat and allocating more staff resources to Emergency Fund operations; (iii) carrying over unspent funds from one biennium to the next; and (iv) having people work on improving procedures

and preparing template responses, possibly via a joint FAFICS/Pension Fund team. A proposal for a joint venture along the above lines had been made on an earlier occasion only to be dismissed by the Pension Fund secretariat on the grounds of confidentiality. The issue could be raised once again in the upcoming discussion with the CEO/Secretary of the Fund.

37. Delegations were also reminded of the fact that certain retiree associations ran relief fund operations that were open to all retirees. In the event of the Emergency Fund rejecting applications, claimants could submit an application to such funds.

38. It was also pointed out that the Secretaries of the Staff Pension Committees (SPCs) could adopt a more active role than simply acting as conduits for the submission of applications. At the same time, steps should be taken to ensure equal treatment for all countries and re-adjust the current regional imbalance in the allocation of funds. To do that, the Emergency Fund should provide the associations, particularly those in middle- and low-income countries, with all the necessary documentary support, while improving its client services throughout the application process.

**39. In conclusion and in the light of the suggestions brought forward, the Committee strongly reaffirmed the need for greater flexibility on the part of the Pension Fund secretariat and fuller involvement of the Secretaries of the SPCs. The Committee also reiterated the conclusions it had adopted at the previous session of the Council that were still valid (see report of the forty-fourth session of the Council, paragraphs 96-97).**

*(f) Status report of the Contact group (spousal benefits under Articles 34/35)*

40. The FAFICS representative on the Contact Group, Katia Chestopalov, introduced the report (document SCPI/2016/DOC/5) that described the situation with regard to staff members in legal union being eligible for UNJSPF spousal benefits under Articles 34 and 35 of the UNJSPF regulations. Two years previous, the Secretary-General had issued new policy guidelines on determining the personal status of United Nations staff members for the purposes of United Nations entitlements. The policy adopted at that time specified that the staff member's personal status be determined by the competent authority where the status was established rather than determined by the laws of the staff member's country of origin. Most member organisations had followed suit and adopted a similar policy.

41. The Contact group had discussed at length the implications of the new policy and its legal, administrative, operational and financial consequences in terms of the current UNJSPF framework. Thanks to the constructive attitude displayed by the Contact Group and members of the Pension Fund secretariat that helped to overcome, inter alia, the paucity of data on non-standard unions, a proposal was going forward to the upcoming session of the Pension Board. In that proposal, the Contact Group had recommended that the Secretary/CEO of the Fund be instructed to revise the implementation guidelines as applicable to Articles 34 and 35 so as to align them with United Nations policy on the condition that the union was entered into lawfully, its legality was recognised by the competent authority at the location where the status was established, and the legal effects of the union were similar to those of marriage, in particular where the acquisition of pension rights was concerned.

42. In the ensuing discussion it was recognised that it was indeed time for the Pension Board to expand the definition of 'spouse'. Consistent recognition throughout the common system and in all countries was essential. It would undoubtedly make life easier for the individuals concerned.

**43. In concluding the debate, the Committee agreed to support the proposal put forward by the Contact Group.**

44. The Chair also reported that he had received a copy of an e-mail that the Chairman emeritus of AFUNPI had sent to the former President of AFICS-Argentina raising the issue of marriage certificates being rejected at the time of a retiree's death and the surviving spouse being refused a benefit as a consequence thereof. In addition to pointing out that the Secretary/CEO of the Fund had provided a detailed response to the self-same issue during the meeting with the Secretary/CEO of the Fund and the RSG at the previous Council session (see report of the forty-fourth session of the Council, paragraphs 61-62), the Chair reminded delegations of the correct procedure for requesting the inclusion of items on the agenda and the submission of documents thereto.

45. Another delegation from the same region confirmed that, as the Secretary/CEO of the Fund had pointed out the previous year, the presentation of an affidavit had been accepted in lieu of a marriage certificate.

### **Agenda item 3: Representation of retirees on Staff Pension Committees**

46. The Chair introduced the report (document SCPI/2016/DOC/6/Rev.1) that highlighted the inconsistencies where the membership of retirees on SPCs was concerned. The complexity of the issue was compounded by the fact that Rule C.6 in Section C of the UNJSPF rules of procedure was

invariably interpreted as leaving the issue of retiree representation to the individual SPCs. The resultant variance in interpretation could be seen in the approaches adopted by the 23 different SPCs. The Federation had attempted in vain to elicit a position from the Pension Board that would, it was hoped at the time, have culminated in a request that the member organisations should ensure full representation of AFICS representatives in SPC meetings.

47. It was reported that FAO and UNESCO had accepted retirees on its SPC as of the previous year, unlike the IAEA that had consistently rejected such a move over the past five years. Retiree associations in organisations without any representatives on the SPC were urged to seek representation.

48. In the ultimate analysis, it was untenable that despite being fully represented on the Pension Board and serving on the Standing Committee of the UNJSPF, retirees were not represented on all SPCs.

49. Attention was drawn to the fact that there had been a major shift in the perception of retirees in the Pension Board. Previously allowed to speak on sufferance, the Federation was actively consulted on all issues. Pressure from the Pension Board would help to combat the negative attitude towards the retirees' representatives not infrequently displayed by the participants' representatives and heighten the credibility of retirees. Retirees represented the much-needed institutional memory of the organisations.

**50. In conclusion, it was remarked that for reasons of good governance, transparency and accountability, the fully inclusive representation of all parties on the SPCs was essential. The matter brooked no further delay. It was thus agreed that the Bureau would take up the issue at its meeting in December 2016 and determine the approach to be taken.**

#### **Agenda item 4: Other pension matters**

51. Two issues were addressed under the agenda item.

(a) *Pension adjustment*

52. The Chair drew attention to a note related to pension adjustments in Pakistan (document SCPI/2016/DOC/7) that had been requested as an additional agenda item. The problems alluded to clearly derived from; (i) a misunderstanding of the pension adjustment system; and (ii) an expectation that retirees on the dollar track in Pakistan should enjoy an annual adjustment based on the local CPI and not that of the United States.

53. In the second section of the paper, the Chair had provided details of the Federation's endeavours to secure a fair and reasonable solution in

respect of small and minimum pensions that would not incur too high a cost for the Fund. The interim solution had been a one-time adjustment of the small pension tables by 10 per cent that had entered into effect on 1 April 2016. The Pension Board had requested the Secretary/CEO of the Fund to work out a more permanent solution to the question of the linkage between the benefit provisions for small and minimum pensions. FAFICS would continue to contribute to that comprehensive review.

(b) Review of Article 35 *bis*

54. One delegation requested FAFICS to take up the revision of the Article with the Pension Fund. In the brief discussion thereafter, support for the FAFICS approach to Article 35 *bis* was reiterated. It was agreed that the Bureau would address the issue at its meeting in December 2016.

55. The Chair thanked the delegations for their contributions throughout the meeting and declared the meeting closed at 1.15 p.m.



## **APPENDIX 6**

### **Report of the FAFICS Standing Committee on After-Service Health Insurance and Long-term Care (ASHIL)**

#### **Adoption of the Agenda**

1. The provisional agenda (SC/ASHI/2016/DOC/1/REV) was adopted as submitted.

#### **HLCM FB Network Working Group on After-Service Health Insurance (ASHI)**

– Progress Report

2. The Chair of the Committee, Georges Kutukdjian, introduced and summarized the Progress Report by the HLCM FB Network Working Group on After-Service Health Insurance (ASHI) (SC/ASHI.2016/DOC/2) by the four FAFICS Representatives, himself, Katia Chestopalov, Gerhard Schramek and Warren Sach). He also made reference to a number of background documents on the subject, listed in paragraph 48 of the aforementioned report.

3. He then provided a resume of the general background on the subject, the point of departure of which had been United Nations General Assembly (UNGA) Resolution 68/244. He recalled that Part I of the Progress Report was based on a note provided by Gerhard Schramek to the FAFICS Council at its 43rd Meeting, and addressed the involvement of various bodies of the United Nations (UN).

4. The Chair indicated that the Working Group had been set up in 2012 by the Finance and Budget Network (FB) of the High Level Committee on Management (HLCM) and that, upon its request in November 2014, FAFICS had been invited to participate in its work. He described the expansion of its terms of reference in 2014, as described in Part II of the Progress Report, and highlighted the meetings held by that Working Group (20 video conferences and two two-day face-to-face meetings) which culminated in the Report of the Secretary-General on “Managing after-service health insurance liabilities” (A/70/590) issued in December 2015. He stressed the points which the FAFICS Representatives had underlined during the meetings, namely:

that ASHI was not only a financial matter, but was primarily a human resource issue; that ASHI should be addressed as an essential component of the conditions of employment within the UN; that the principle of ASHI was an acquired right of in-service staff as well as retired staff; that a “one size fits all” scheme for the entire UN system organizations was neither a viable nor a portable solution for the UN system. The Chair also made reference to a questionnaire which had been drawn up by the Working Group to collect relevant data from all UN institutions and organizations.

5. The Chair stressed two important issues set out in Part III (Highlights) of the Progress Report: the cost of benefits in the health insurance plans surveyed which, in 2014, amounted to almost US\$ 732 million and support of the view that rights benefitting staff at the time of retirement are inalienably acquired during their period of service.

6. In reviewing Part IV of the Progress Report, the Chair drew attention to Recommendations 1 to 8 set out therein in the context of the four pillars under which the HLCM FB Network WG on ASHI had been addressing the subject. He highlighted in particular that the question of potential use of national health insurance plans had been one of the most difficult to deal with. The Working Group’s recommendation in this respect (Recommendation 4) was as follows: “The Working Group proposes to continue to support organizations that will further explore the value of national health insurance schemes in the context of United Nations system health insurance plans and in a framework whereby those plans would act as supplementary plans to level up the present terms and conditions provided to active and retired staff. The Working Group proposes that organizations approach Member States about broadening the eligibility of officials for primary coverage under those schemes. That concerns mainly retirees and their eligible dependents, but might also be extended to the active staff population in certain situations. Organizations should evaluate the appropriateness, practicality and financial effects of incorporating into their health insurance plans the requirement to enrol in a national insurance scheme with contributions to the national plan being borne by the organization plan.”

7. The Standing Committee took note of the recommendations of the ACABQ in relation to the recommendations of the Working Group and decision of the UN General Assembly, detailed in Part IV of the Progress Report, as well as the follow-up action thereon, set out in Part V of the report.

8. The Chair concluded his presentation by asking for guidance from the Standing Committee on what should be the position of the FAFICS Representatives when the HCLM FB Network Working Group resumed its work in September.

9. Clarification was provided on the problem of funding health insurance liabilities, which had become evident with the introduction of IPSAS standards, and the need for organizations to put aside sufficient funds to cover those liabilities. It was noted that the liabilities occurred at the time persons entered into service with the UN and that many organizations had not set aside sufficient funds.

10. The Vice-Chair of the Standing Committee, Katia Chestopalov, indicated that most of the members of the Working Group were from the FB Network. The HR Network had three representatives, whose input had been noticeably limited, while FAFICS had made its voice heard throughout the deliberations in the Working Group. She further informed the Standing Committee that, upon the recommendation of the ACABQ, the General Assembly had decided to extend the mandate of the Working Group “in order to study further options for increasing efficiency and containing costs, and put forward specific proposals regarding those matters to the General Assembly at its 71st Session”. She added that any information which could be provided by FAFICS member associations would be useful for the continuing work of the Working Group, as would information provided by Member States in response to the survey which would be carried out shortly.

11. The ensuing discussion focussed on the acquired rights aspect, the use of national health plans, and the “one size fits all” idea.

12. Concerning the acquired rights aspect, the Standing Committee considered that this was a fundamental human resources issue, central to the consideration of this subject. The legal implications thereof were pointed out, and the Standing Committee noted also that cutting someone off from health insurance upon their retirement would constitute a violation of the principle of intergenerational solidarity. The point was made that this could be considered as a human rights issue for both staff and retirees.

13. The Standing Committee recalled that it was the UN Legal Adviser who had stressed to the General Assembly that health insurance in retirement was part and parcel of the conditions of employment; this had been accepted by the General Assembly.

14. With regard to the use of national health schemes, many member associations spoke of the situation in their countries. The Standing Committee was made aware that there could be many problems in taking this approach, and noted that these schemes were variable in quality throughout the world and that neither national health schemes nor any health insurance mechanisms existed in many Member States, particularly in developing countries. Also to be taken into account were the financial aspects of national health schemes taking on board UN retirees who had not

contributed throughout their working lives to such schemes, as well as possible tax implications, and the strain on often already overburdened schemes that an influx of retirees into a national health scheme could impose. A view was put forward that national health schemes should be a secondary means of provision of health insurance, not the primary means.

15. The Standing Committee was informed that the Working Group was at the fact-finding stage concerning national health insurance schemes.

16. The Standing Committee could not support the “one size fits all” idea, and stressed that health insurance was definitely not a Common System issue.

17. It was submitted to the Standing Committee that, if ASHI disappeared, there could be an effect on the geographical distribution of staff, a pillar of UN recruitment policy. The Standing Committee also noted that when ASHI was set up in the 1970’s, it had been for expats who had no health insurance in their own country.

18. The Standing Committee was informed that FICSA was also now participating in the HLCM FB Working Group, although at the beginning FAFICS had spoken also for the staff and had stressed from the beginning that the benefits of the current health insurance arrangements must not be diminished; and that any gap in funding was the responsibility of the employer organizations.

19. The Chair concluded, in the light of the discussion, that there was a need to go back to basics and that, for the continuing deliberations of the HCLM FB Network Working Group, the four FAFICS representatives would develop a document recalling the fundamental principles involved. The document should also stress the pitfalls for retirees having to rely on national health schemes; that this was not only a first-world issue; and that a system-wide approach was not desirable or viable in that the health insurance schemes of all the organizations had their specific and particular features. The Standing Committee accepted this conclusion, bearing in mind there was an overarching need to ensure that cost-effective health insurance be available for all retirees as well as the same scope of coverage and quality of care and benefits would be provided.

20. A suggestion was made that continuing with “pay-as-you-go” for the time being was a pragmatic solution. The Standing Committee acknowledged that, while this was potentially more financially onerous, it would be in the best interest of retirees. The Standing Committee recalled that the Working Group had recommended a pay-as-you-accrue approach. ACABQ, however, had recommended continuing the present pay-as-you-go option. In this context, it was noted that IPSAS would require a waiver to

accept that balance sheets would show a big deficit.

21. The Chair underlined that it was important that all FAFICS member associations provide factual information, by mid-September 2016 at the latest, about their respective national health systems. It was recalled that information on national health plans was available in reports of the OECD. AFICS/NY was specifically requested to provide information on the experience acquired in the United States since the introduction of Medicare B.

22. The Standing Committee agreed with the suggestion of the Chair that the subject be put on the agenda for the next Bureau meeting with a view to developing the strategy going forward. With respect to the timing of upcoming events on the subject, the Chair explained that replies to the questionnaire were expected by the end of September 2016. The HCLM FB Working Group would look at these as soon as they were available and continue its work in October/November 2016. The report of that group would not be ready before January 2017. The Secretary-General's report on ASHI would be issued in March 2017, to be reviewed by the ACABQ and the HLCM FB Working Group during the month of March and then submitted for consideration by Fifth Committee and the General Assembly.

23. The Chair emphasized that the UN General Assembly wanted to make decisions on this matter in the medium term and that FAFICS must continue to participate in the HCLM FB Network Working Group.

### **Inappropriateness of the Use of National Health Plans for Beneficiaries and eligible dependants in Latin American countries as a mandatory requirement in the United Nations Insurance System**

24. AFICS Argentina presented the above-cited report, as had been submitted in document Council 45/2016/D.7, which included an Annex detailing the features of the national health plans of the following Latin American countries: Argentina, Bolivia, Brazil, Colombia, Chile, Mexico, Paraguay, and Peru.

25. The Standing Committee expressed its appreciation for the work undertaken in this respect and noted that the report contained valuable information with respect to the continuing work of the Standing Committee and of the FAFICS Representatives in the HCLM FB Working Group.

### **CIGNA – Adjustments to the contributions of MIP ASHI participants – Note from the UNDP HQ**

26. The President of FAFICS, Linda Saputelli, introduced the Note from UNDP HQ as presented in document SC/ASHI/2016/DOC/4 concerning a

new procedure for the collection of ASHI contributions by direct deduction from periodic pension payments, the reason for the new procedure being that it had come to light that there had been many discrepancies in the administration of the MIP scheme.

27. The Standing Committee noted the information in the report and concluded that FAFICS should continue to monitor the issue. The Standing Committee thanked UNDP for addressing this matter and hoped it would successfully resolve the situation for MIP participants working in the field.

### **Other matters**

28. The Standing Committee was informed that FAFICS had been apprised of some problems of reimbursement by Cigna of medical claims. FAFICS would continue to monitor the situation.

## Appendix 7

### Proposed budget for the year 2017

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#### Introduction

1. In accordance with article 5.9 of the Rules of Procedure stipulating that budget proposals shall be sent to member associations at least three months prior to the annual Council session, the proposed budget for 2017 is submitted in the present document.

2. The Council, at its 37<sup>th</sup> session in 2008, decided that budget proposals should be balanced and that the rate of contributions should be adjusted to cover expenditures in order to avoid future deficits. At its 42<sup>nd</sup> session in 2013, the Council approved a contribution rate of USD 1.50, to be applicable as of 2014.

#### Budget overview

4. The Secretary and the Treasurer have prepared this budget proposal for 2017 in line with the above.

#### Income estimate for 2017

Income item	USD
Member contributions (18,300 X USD 1.50)	27,450
Interest income	150
Total estimated income	27,600

## Observations

### 5. Membership contributions

The estimate of contributions by member Associations is based on preliminary membership data as at 1 January 2016, and as declared by the Associations. Some of the membership data are not yet up to date and relate to previous years. The income is calculated using an estimate of total membership of 18,300.

### 6. Bank interest

The estimate for interest earnings in 2017 is USD 150. This reflects extremely low interest rates that are not expected to rise soon.

## Expenditure estimates for 2017

Expenditure item	USD
Travel	7,500
Participation in Bureau meetings	11,000
Representation	4,300
Official functions	600
Secretarial assistance	2,000
Equipment	-
Office supplies	500
Bank charges	400
Communications	200
Contributions	300
Miscellaneous	800
Total estimated expenditure	27,600

## Observations

7. The former budget line "Travel expenses" has been split into three lines, "Travel", "Participation in Bureau meetings", and "Representation" in order to increase transparency and clarity of the proposal for this major expenditure item.

### 8. Travel

This budget line covers the travel and partial daily subsistence allowance of the President, the Secretary and, if necessary, the Treasurer attending the 46<sup>th</sup> session of the FAFICS Council as well as the 2017 mid-term meeting of the Bureau. It is assumed that in 2017 the FAFICS Council will again be held at the same location as the session of the UN Joint Staff Pension Board.



9. Participation in Bureau meetings

USD 11,000 are budgeted to support Vice-presidents, Special Advisors to the Bureau and a rapporteur attending the mid-term Bureau meeting held in Geneva.

10. Representation

This budget line meets the cost of participation in advocacy activities of importance to FAFICS, such as with the UN 5<sup>th</sup> Committee, ICSC, FICSA, and to promote the FAFICS position on specific items like ASHI. It should be noted that, following a decision of the 44<sup>th</sup> Council, a reserve of USD 6,000 has been set up to be used, if necessary, as additional funding of such activities.

11. Official functions

This item will cover the traditional annual lunch offered by FAFICS to the CEO of the UNJSPF and his senior staff. It may also cover some hospitality offered by the President.

12. Secretarial assistance

This item is intended to cover temporary assistance during the 2017 Council session.

13. Equipment

Purchase of equipment is not planned for 2017.

14. Office supplies

This item covers the cost of stationary.

15. Bank Charges and Communications

The amounts are budgeted in line with current expenditure figures.

16. Contributions

The budget item covers the FAFICS annual contribution to FICSA.

17. Miscellaneous

The budget line has been introduced following a proposal made at the 43<sup>rd</sup> session of the FAFICS Council in Rome.

18. A comparative table showing budgets and actuals of prior years will be issued as an addendum to the present document.

Annex 1: **FAFICS MEMBERSHIP AS AT 1 JANUARY 2016**

(Based on data at hand on 1 April 2016. An asterisk indicates that the figure is from 2015 or earlier)

AFICS-Argentina	150
AAFICS-Australia	248 *
ARICSA-Austria	1231
AFUNSOB-Bangladesh	200
AAFNUB-Benin	25
AFICS-Bolivia	50 *
AAFIB-Brazil	152
AAFNU-Burkina Faso	110
CAFICS/ACAFI-Canada	635
AFICS-Chile	530
ASOPENUC-Colombia	147 *
ACAFNU-Brazzaville-Congo	154 *
ARNUC-Kinshasa-Congo	75 *
ACEFUN-Costa Rica	45
AEFNUC-Cuba	46 *
AFICS-Cyprus	74
AEFSNU-Ecuador	49 *
AFICS-Egypt	37 *
AFICS-Addis Ababa	497 *
AAFU/AFUS-France	1500 *
APUNG-Greece	27 *
AFUNPI-Bangalore-India	408
UNPA-New Delhi	398 *
AFUNPR-Indonesia	90 *
IAFICS-Israel	22
FFOA-Rome-Italy	2224
FOA-Turin-Italy	114
AFICS-Japan	71
AFICS-Kenya	40 *
AFICS-Lebanon	50 *
AFICS-MSB Malaysia, Singapore and Brunei	37
AMAFINU-Mali	78
AFICS, Mauritius	27 *
AFPNU-Mexico	100
IGFICS-Myanmar	50 *
RUNSAN-Nepal	62 *
AFICS-Netherlands	187
AFUNO-New Zealand	46 *
Nicaragua	20 *

Niger	48	
AFUNCS-Nigeria	64	*
PAFICS-Pakistan	70	
APEFONU-Paraguay	28	*
AEFNUP-Peru	70	
AFICS- Philippines (5 associated members)	118	
AFICS-Russia	7	(230 members receive no UN pension)
AFIJUB Spain	150	
AFICS-Sri Lanka	50	*
AAFI-AFICS-Geneva	3373	
UNAPATA-Tanzania	52	*
AFICS-Thailand	320	
ATAFONU-Togo	47	*
AFICS-Kiev Ukraine	3	(28 members receive no UN pension)
BAFUNCS-United Kingdom	790	*
AFICS-New York	2880	
AFICS-Uruguay	90	*
Associated Members:		
ARICSCAM, Cameroon	19	*
UNPAS, Somalia	67	*
<b>Provisional total</b>	<b>18247</b>	